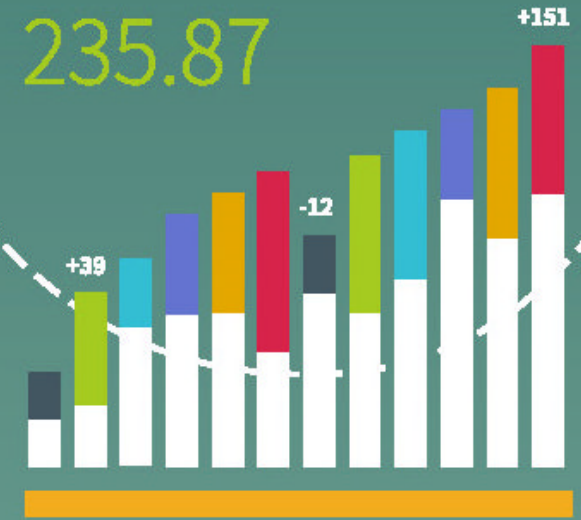


اُورپک  
Orpic

Challenges  
facing  
Orpic  
growth

235.87



# Overview Oman

*Oman is the ideal location for businesses looking for a stable vantage point to access the booming Middle East, African and Asian markets*



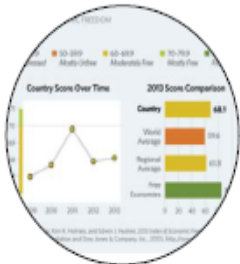
**Political & Economic Stability**

- Continued **political stability** since 1970- WEF rated **top 10 most secure countries**
- Total population of 3.7 million including approx. 1.5 million expatriate
- **Strong Economic Growth** (GDP growth of 5% in 2012 and 2013)
- National economy based on the principles of justice and the **free market**
- Large trends towards **privatization**, even in public goods such as utilities
- Low public debt (3% of GDP) and low inflation



**Geographic Advantages**

- Located on the **axis of the GCC, Asia and Africa** on the Indian Ocean
- More centrally located than Persian Gulf, **2 days closer than UAE or KSA**
- Direct trade routes to growing GCC market as well as India and Africa
- Resource abundant (oil, natural gas, copper, marble, limestone, gypsum, chromium)



**Favorable Business Environment**

- Ranked above regional average in Economic Freedom, Ease of Doing Business, Transparency and Economic Competitiveness
- 3 Free Zones and 9 Industrial Estates
- WTO member, TRIPS (IP)
- World Intellectual Property Organization (WIPO)
- 7<sup>th</sup> out of 144 nations in Gov't services for improved business performance (WEF)



**Modern Infrastructure**

- \$34bn allocated for infrastructure 2011-2016
- Project spending of \$7bn per on average year over the last decade
- 4 new airports and 2 expansions (2014)
- 5 large-scale modern ports with accompanying logistics and industrial zones
- \$15bn rail project to connect 9 cities to GCC
- Over \$3bn will go into improving connectivity through highways

The slide features a dark red background on the left with the text 'Orpic Overview' in white. On the right, a map of Oman is shown with a dashed yellow border. The map is divided into two shades of grey. The word 'Oman' is written in a light grey font at the bottom of the map. Two locations are labeled: 'Sohar' in the north and 'Muscat' in the east. Four yellow circles with white numbers 1, 2, 3, and 4 are overlaid on the map. Circles 1, 2, and 3 are clustered near Sohar, while circle 4 is near Muscat. Two circular inset images are positioned above the map: the top-left one shows an industrial refinery at sunset, and the top-right one shows a complex network of white pipes and machinery.

# Orpic

## Overview

### **Oman Oil Refineries and Petroleum Industries Company.**

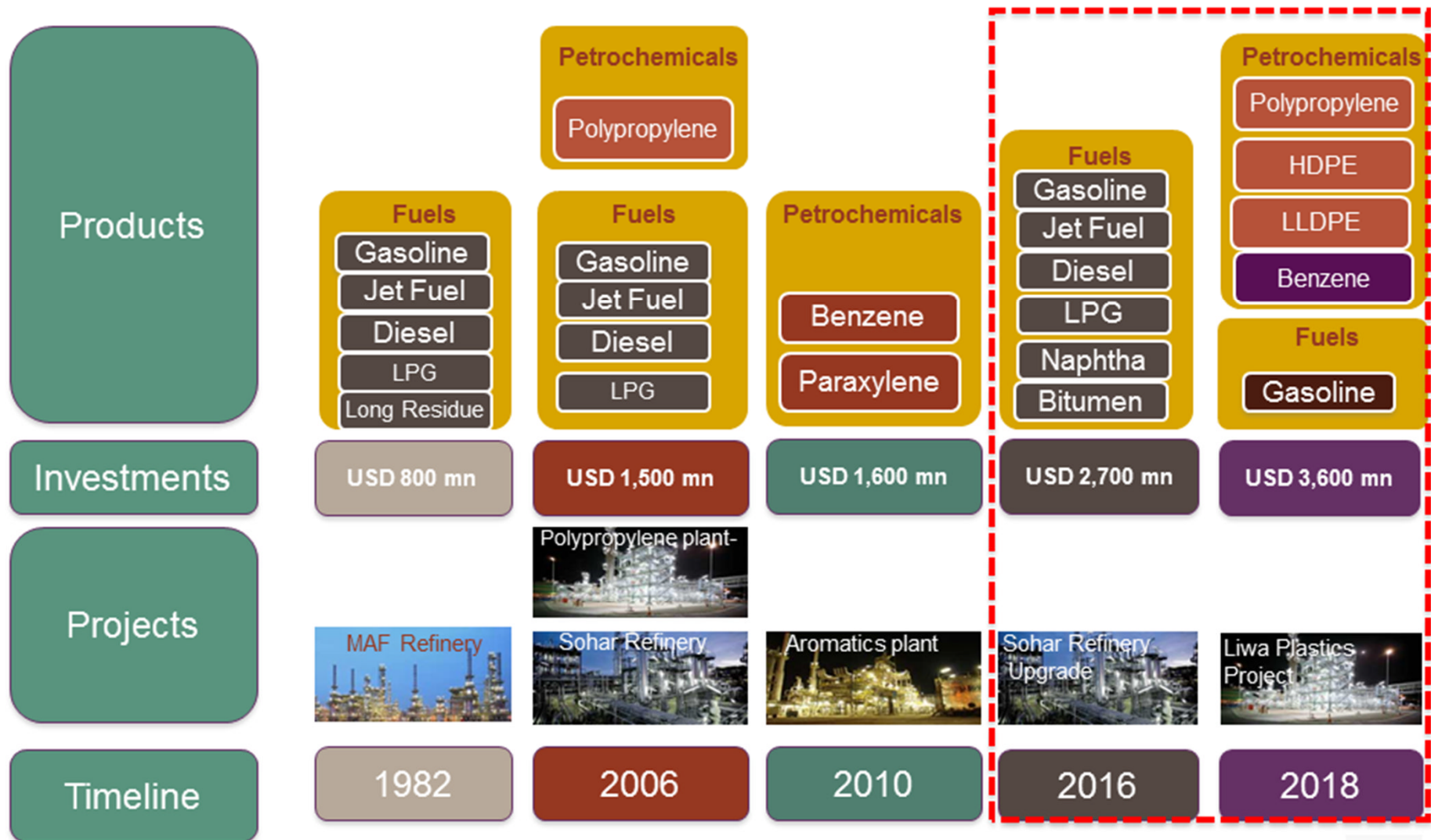
- Created from the integration of three companies - Oman Refineries and Petrochemicals Company LLC (ORPC), Aromatics Oman LLC (AOL) and Oman Polypropylene (OPP) -2011
- The first Refinery was established in Mina Al-Fahal in 1982
- 75% Owned by Ministry of Finance + 25% by Oman Oil Company.

# Strategic Growth

Three major projects will fuel Orpic's transformation from a national oil refinery to an international integrated refining and petrochemicals company:

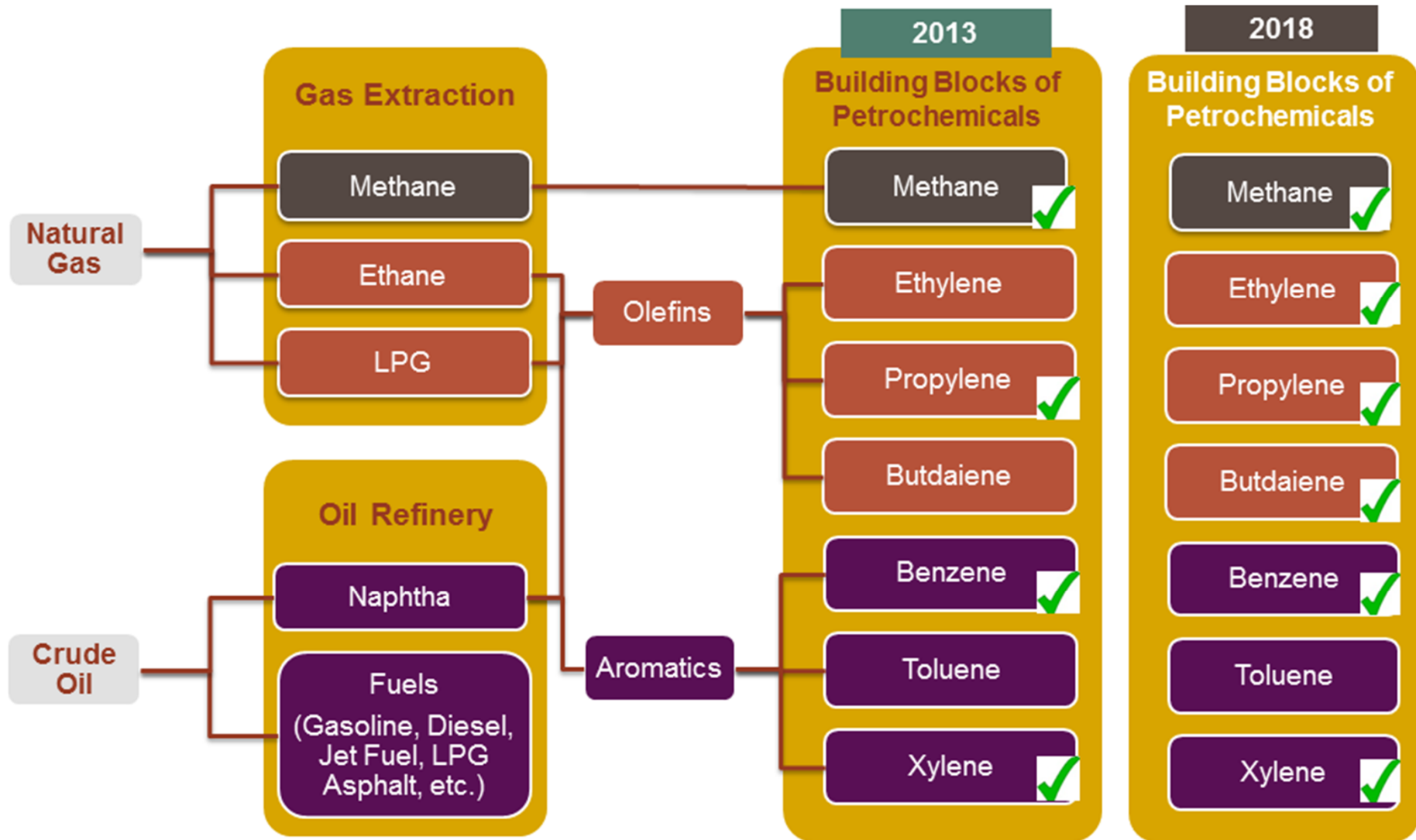


# Orpic Overview



Key products only are indicated

# Strategic Growth



Law  
and  
Regulation

Talent  
Management

Risks

Key  
Challenges

Process  
and  
System

Integrating  
new assets

Community

Product  
and Profit  
Challenges



# Law and Regulation



- New project need to comply with local laws, regulations and policies
- State and federal laws and regulations, professional standards, and technical standards, environmental requirements.



# Talent Management



## ATTRACT

- Location (Sohar) – Limited medical facilities, education, lack of township, “Lack of belongingness”
- Environment - limited pool of right caliber Omanis, competition from other projects

## DEVELOP

- Invest in high quality trainee and not average caliber although this would cost more in the short term shall payoff in the long term.
- Lack on in grown cadre for future manning. Not doing enough for sustainability.
- Knowledge transfer

## RETAIN

- Provide clear career path
- Higher studies with lock in
- Focus on alternatives not just salary but work life balance.
- Need a structured retention plan.

# Talent Management



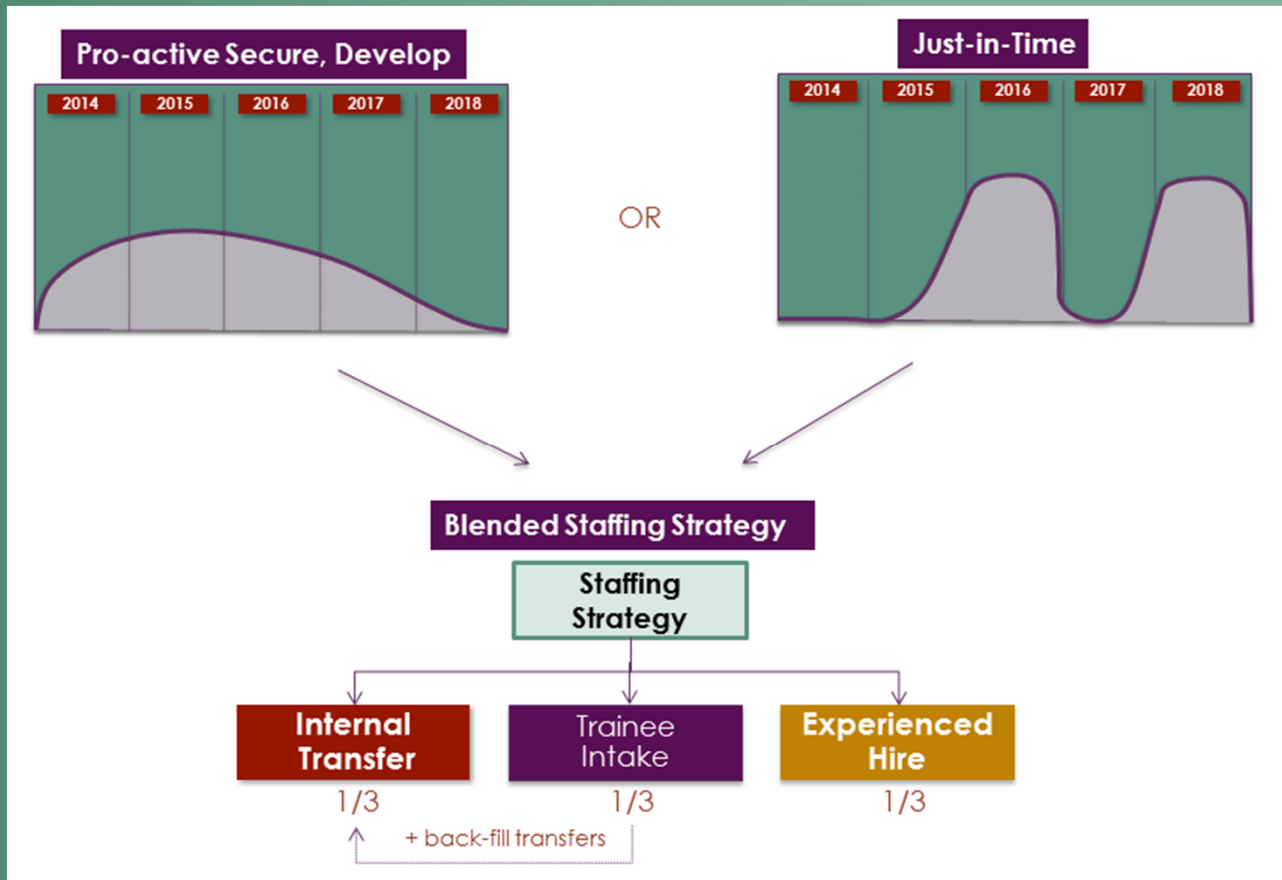
**Talent Management**

**Deploying  
Technology to  
source CVs, Pre-  
selected pool  
sourcing**

**Communicate  
Employee Value  
Proposition to Orpic  
staff.**

**Leadership  
development  
program**

# Talent Management



# Process and System



**Right Process**

**Right System**

**Data base supporting  
decision making**

**Integrated system  
connectivity/linkage  
for smooth operation**

**connectivity/linkage  
for smooth operation**

# Process and System



SRIP support in reduction of emission

MSP reduce traffic of trucks transportation

Emission control system to regular monitor  
(Sox, Nox, Flaring)

Right Management information system

Stakeholder engagement such as Ministry of environment and other related parties



# Community



**Build a strong partnership with various stakeholders (Community, Government and NGOs)**

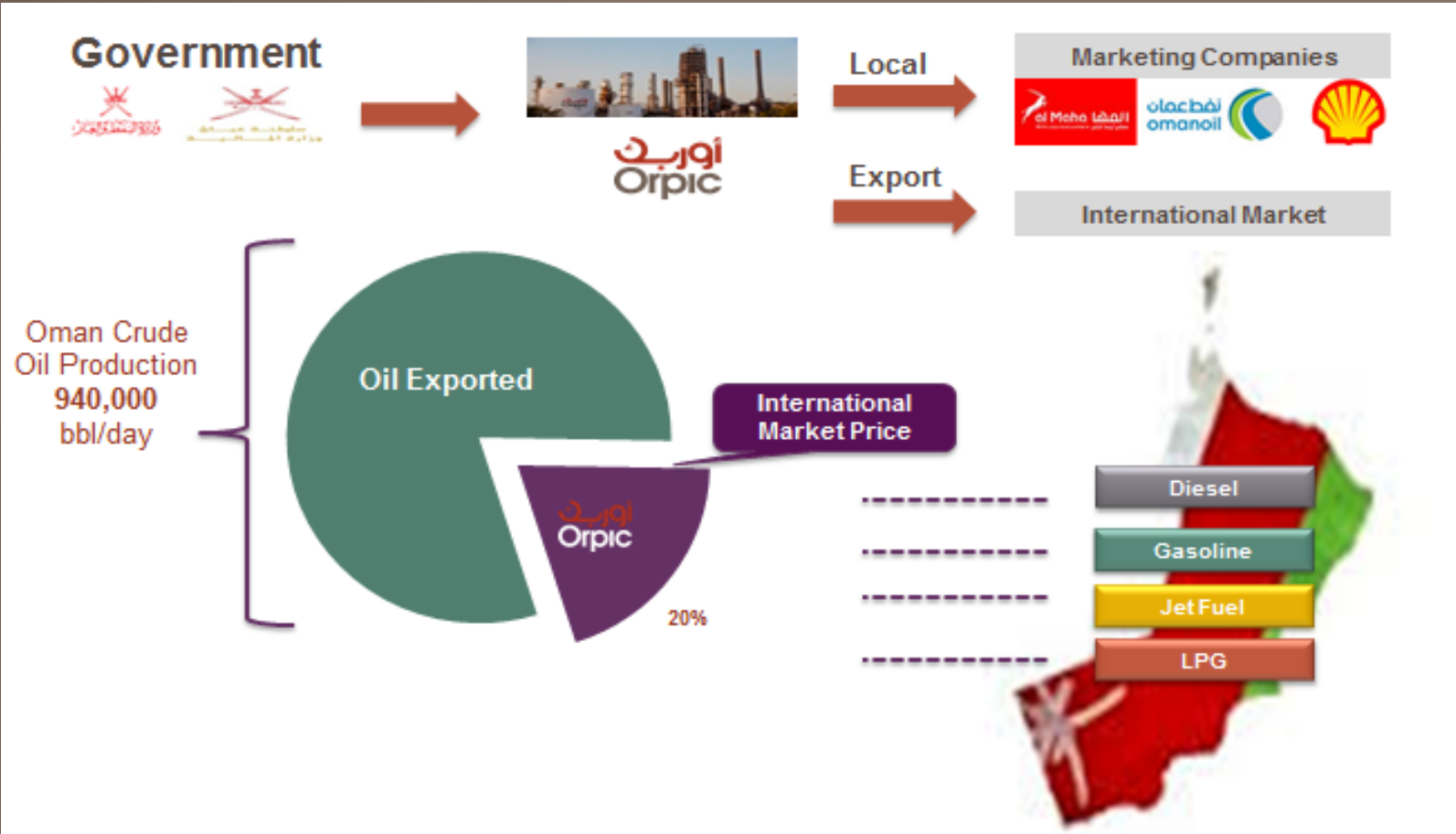
**Enhance Orpic visibility to all stakeholders and understanding Orpic Grow Strategy**



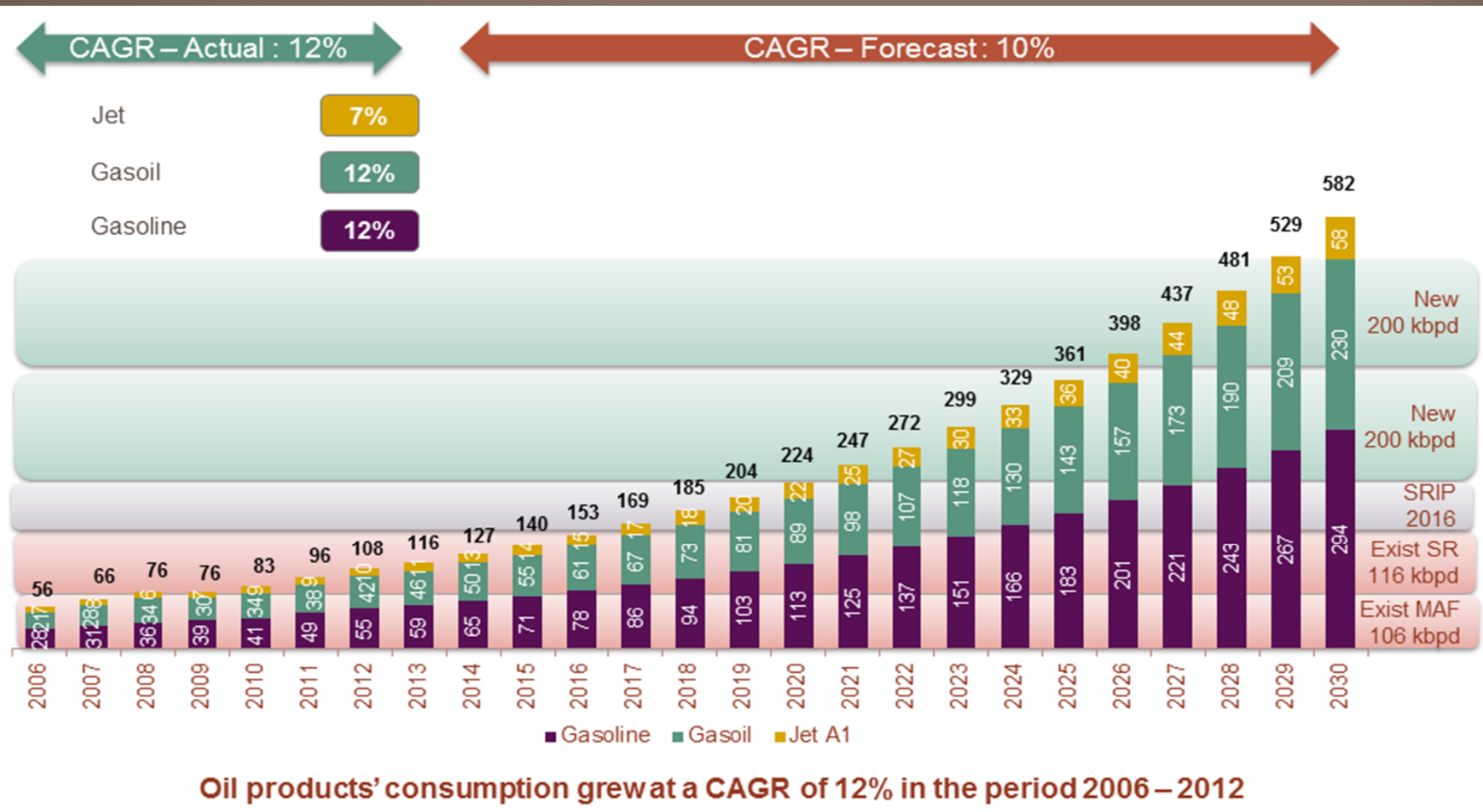
**Maximize cost effective purchases from national suppliers and support SME's.**



# Product and Profit Challenges



# Challenge of increase of growing economy





# Challenge of increase of growing economy



**Optimizing our Process  
Utilization of existing  
Assets**

**Meeting the Local Fuels  
Demand.**

**Quality of Raw Materials**

**Optimize the current refinery  
and petrochemical flows to  
improve motor gasoline sales  
and increase benzene  
production.**

**Produce two new types of  
polymers (HDPE and  
LLDPE) along with  
increased polypropylene  
production**



# Integrating new assets



- Integration of new projects with existing plants/assets
- Ensuring connectivity/linkage between old and new assets, and smooth operation



# Integrating new assets



**Impact of the new strategic growth projects on existing working assets and ensure their smooth integration;**

**integration points between the three growth projects and ensure they are addressed effectively;**

**Growth projects are fully aware of each other's deliverables and outcomes to ensure the impact of such deliverables and outcomes on these projects are managed;**

**Projects are fully aware of each other's deliverables and outcomes to ensure the impact of such deliverables and outcomes on these projects are managed;**

**Identify any additional opportunities or advantages that result from the integration of the 3 growth projects with existing business.**

**Avoid silo working and they are regularly assessing and identifying integration points and risks to other projects and Orpic business;**

**Process changes to existing business outcomes/deliverables of the 3 growth projects are identified and planned;**

**Identify any additional opportunities or advantages that result from the integration of the 3 growth projects with existing business.**

# Logistics



**Supplier reluctance to tender for Orpic contracts**

**Inadequate tools to monitor compliance for an organization of the size of Orpic**

**Default by the EPC JV partners as they bag several other projects beyond their capacities, affecting resource allocation to Grow projects leading to project delay**

**Non availability of suitably qualified contractors/personnel due to market forces and escalation in staff cost leading to project delay**

**Delays in clearing machinery/equipment at Sohar Port**

**Change in scope of work and/or poor management of changes during detailed design and execution leading to cost increase**

**Delays in tendering process due to complexity of structure and high number of bids to be evaluated**

# Supply Chain Logistics



**Additional increase of demand Depot Management**

**Additional Pipeline Connection between Refineries and Depots**

**Additional Jetty required at Ports**

**Managing increase on Domestic Demand**

**Retails station integration with central monitoring for subsidies products**

**Long process with customs clearance**

**Change of Customs Regulations**

# Risks



**Difficult to retain competent/critical resources, contractors due to competition.**

**Failure to recruit experienced staff**

**Attracting the Right Talents with the right experience due to market competition**

**Cost over run with Mega projects when introducing new systems**

**Operations unplanned downtime resulting from frequent unplanned shutdown or extended planned shutdown (reliability issues)**

**Failure to comply with laws and regulations**

**Incorrect and/or inappropriate assumptions in formulating business continuity and disaster recovery plans**

**Community Related concerns and not aware on Organization future plans**

ありがとうございました

Thank you!