

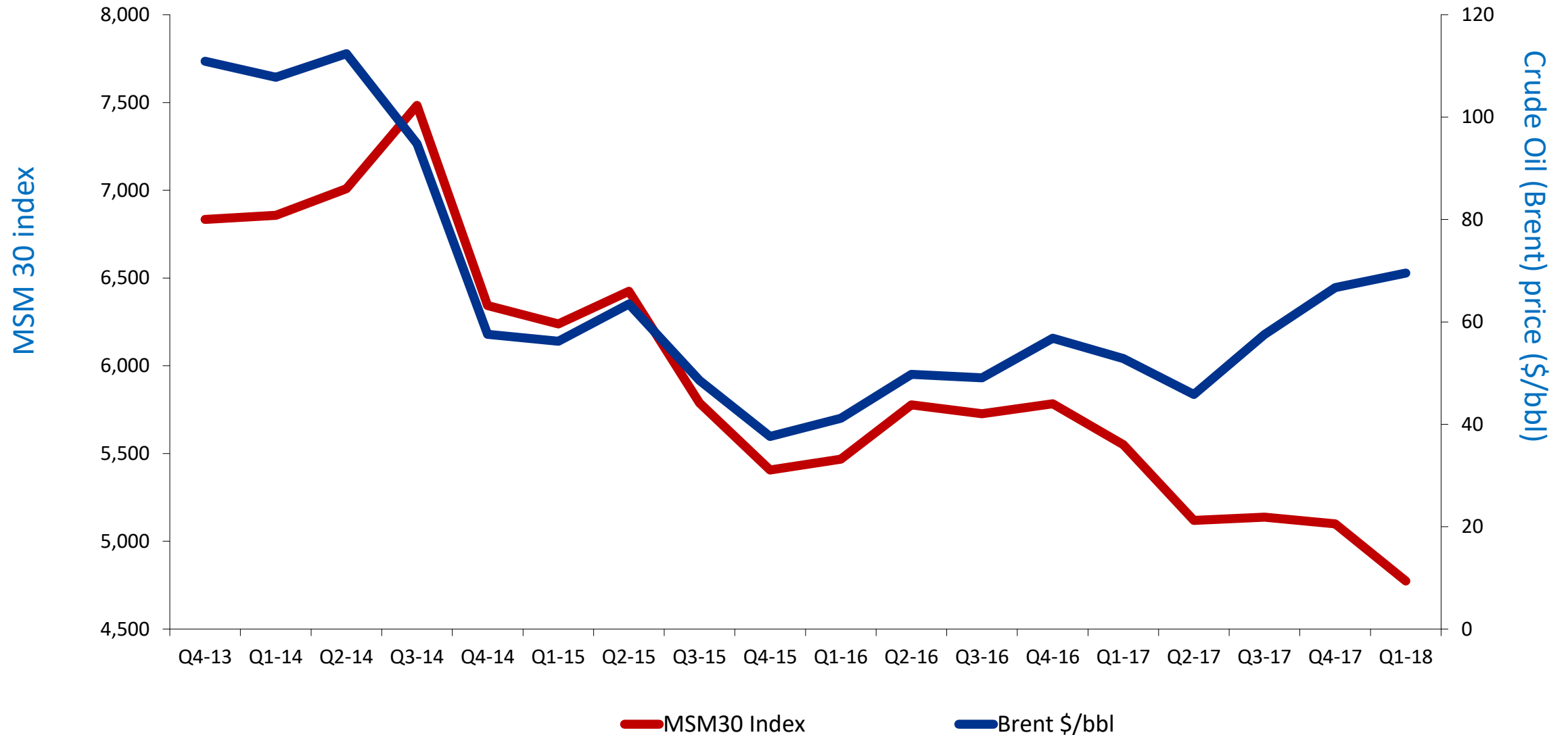
New Economic Realities **- one year later....**

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The current economic scenario

MSM 30 and Crude Oil (Brent) price correlation



OER Top 20 Companies Overall results 2016 / 2017

Total income

RO 5.2 billion

↑ 13%

RO 4.6 billion

↑ 6%

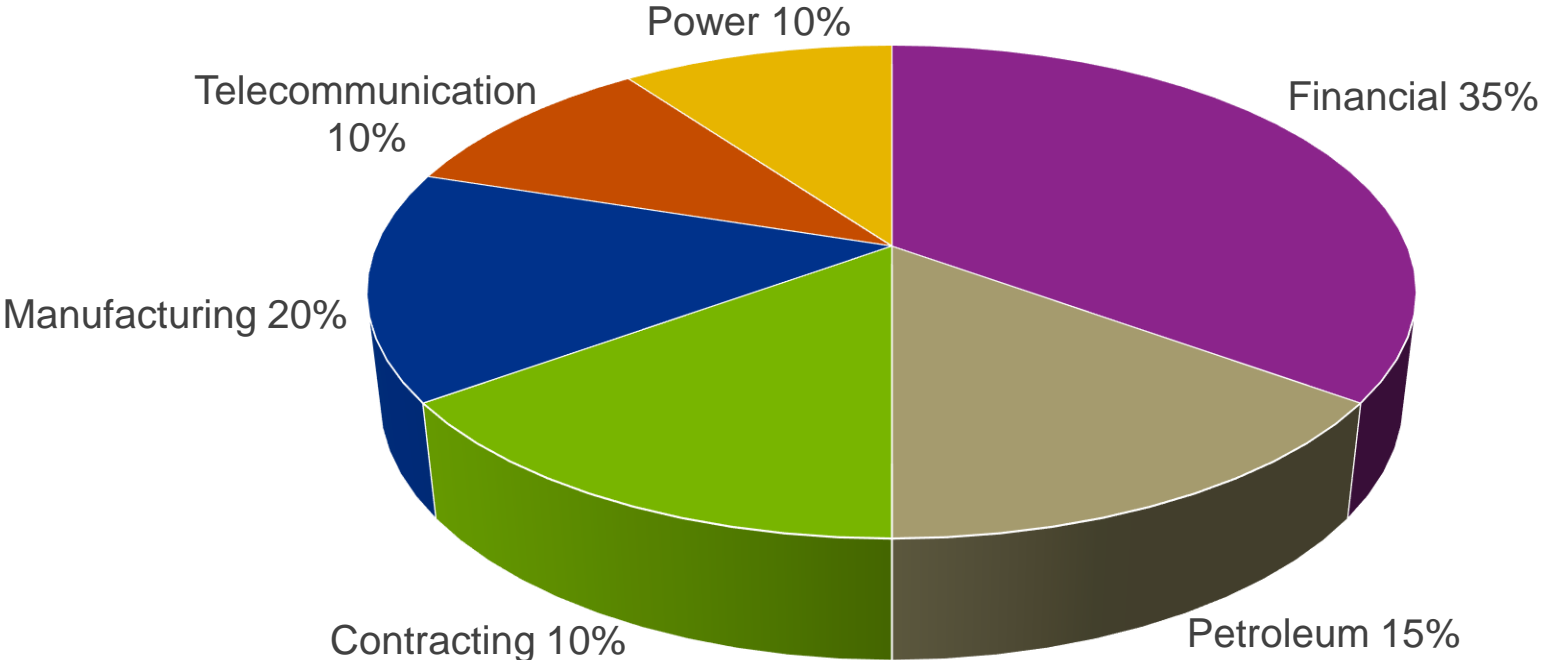
Total net profit

RO 0.54 billion

↓ 10%

RO 0.6 billion

↓ 6%



Certain Vital Indicators – 6 main sector's OER Top 20

Income

	2016	2017
Banking	↑ 13%	↑ 17%
Contracting	↓ 7%	↓ 10%
Petroleum	↑ 16%	↑ 15%
Manufacturing	↓ 12%	↑ 9%
Telecommunication	↑ 5%	↑ 29%
Power	↓ 3%	↑ 8%

- Income increased in all sectors except contracting -

Certain Vital Indicators – 6 main sector's OER Top 20

		Net Profit	
	<i>2016</i>		<i>2017</i>
Banking	↓ 1%		↓ 2%
Contracting	↓ 9%		↓ 6%
Petroleum	↓ 5%		↓ 18%
Manufacturing	↓ 3%		↓ 18%
Telecommunication	↑ 5%		↓ 15%
Power	↓ 20%		↓ 46%

- Profits continues to be under pressure all sectors -

Certain Vital Indicators – Banking Sector (7 OER listed)

	2016	2017
Bank loan (increased by RO 1.4 billion)	↑ 9%	↑ 7%
Bank deposits (increased by RO 0.6 billion)	↑ 4%	↑ 3%
Net profit	↓ 1%	↓ 2%
Loan losses	↑ 11%	↑ 3%
Interest income	↑ 13%	↑ 10%
Interest expenses	↑ 37%	↑ 29%

Interest spread: 2017 - 61%; 2016 – 67%; 2015 – 73%

- Margins continues to be under pressure -

Certain Vital Indicators – OER Top 20 Companies

Employment cost

2016

2017

Banking

↑ 6%

↑ 2%

Contracting

↓ 6%

↓ 3%

Petroleum

↑ 7%

↔ 0%

Manufacturing

↑ 3%

↑ 5%

Telecommunication

↓ 1%

↑ 2%

Power

↓ 14%

↔ 0%

**Total employment cost in 2016 - RO 600 million; 2017 - RO 606 million
- Marginal increase -**

Managing in a downturn

Managers who see economic strife only as a threat are missing out on an ideal opportunity to implement change and instill better practice.

Most managers look for golden opportunities when the good times are rolling. This is a mistake. The best opportunities often arise during downturns.

Managing in a downturn – Management of HR

Ask managers not to cut cost, but ask them how to systematically identify and eliminate waste on an ongoing basis.

During downturn, listening to employees and setting realistic goals helps to maintain trust and dedication.

Fear of lay-offs pervades the workplace as negative economic news accumulates and it can be difficult to motivate staff – but this is when you need them most.

Handling staff well now can pay high dividends when good time returns.

Challenges ahead for the Corporate Sector

Cash flows – delayed payments

Income tax – broadening base

Value Added Tax – new tax

Labour law - regulations

OER top 20 financial performance – 2016 / 2017

	<i>2016</i>	<i>2017</i>
Net equities	RO 5 billion	RO 4.6 billion
Marked capitalisation	RO 6 billion [20% above book value]	RO 5.4 billion [17% above book value]
Revenue to net profit	14%	10%
Net profit to net equities	12%	11.7%

Focus area for the Corporate Sector

	2016		2017	
Revenue	RO 4.6b			RO 5.2b
Other costs	RO 3.4b	72% Efficiency	77.8%	RO 4.05b
Employment	RO 600m	14% Productivity	11.6%	RO 606m
Net profit	RO 600m	14%	10.6%	RO 544m

Managing in a downturn – Key focus area

- Focus on cash and working capital management
- Run a lean and efficient organisation
- Focus on people

... wait for the economic upturn
to grab the opportunities . . .

Thank you