



OER

Oman Business Prospects 2024 and Ahead

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Budget 2024 at a glance

	RO' million	
	2024	2023 Preliminary
Income		
Oil	5,915	6,883
Gas	1,575	2,000
Other revenue	3,520	3,330
Total	11,010	12,213
Expenditure		
Civil ministries	4,453	4,420
Defence & security	3,070	3,000
Debt service	1,050	1,200
Development	900	1,100
Others	680	342
Subsidies	1,497	1,220
Total	11,650	11,282
Deficit/ Surplus	(640)	931



Budget deficit trend

	RO' Billion
2018	2.7
2019	2.6
2020	4.4
2021	1.2
2022	+1.1
2023	+0.9
2024	0.6

Budget highlights

Oil and gas revenue represents 68% of the total revenue

Non-oil and gas represents 32% of the total revenue

VAT collection RO 635 million and Corporate Tax RO 630 million

Dividend from OIA RO 800 million.

Oil price at US\$ 60 for 1,131,000 barrels a day (2023-US\$82)

Budget highlights

Social Protection System RO
560 million(2023-RO 384
million)

Development expenditure RO
900 million(RO 1,100 million in
2023)

Projects of development impact
RO240 million(RO 200 million in
2023).



Some new initiatives

- 1. Subsidized interest on housing loan. Approximately 60,000 Omani families to obtain this loan .**
- 2. Oman Future Fund, capital allocated RO 2 billion. Aim is to stimulate private sector and support SMEs.**
- 3. Social Protection Fund, RO 560 million for elderly, children, widows, orphans and persons with physical challenges. RO 750 million for social insurance programs.**



OER top 20 listed companies results- 2023 highlights

- **All companies declared profit.**
- **ROE of companies range from 0.6 % to 48.8 %.**
- **Net profit of companies range from 0.1 % to 34.3 %.**
- **Market cap increased by 10%.**



OER top 20 – 2023 results

	RO'M	RO'M	%
	31-Dec-23	31-Dec-22	Growth
Revenue	9,160	8,211	12%
Net profit	945	836	13%
Total assets	50,281	46,492	8%
Equity	7,171	6,477	11%
Share capital	3,383	2,736	24%
Market cap	7,781	7,061	10%
Net margins	10%	10%	
RoE	13%	13%	
Price to Book value	1.09	1.09	



OER top 20 – 2023 results by sectors

	31-Dec-23			31-Dec-23			31-Dec-23		
	Revenue	Revenue	Growth	Net profit	Net profit	Growth	Equity	ROE	NP
	RO'M	RO'M	%	RO'M	RO'M	%	RO'M	%	%
Service sector (8)	5,498	5,174	6%	434	399	9%	2,133	20%	8%
Financial sector (8)	2,897	2,334	24%	486	419	16%	4,760	10%	17%
Industrial sector (4)	764	702	9%	24	17	41%	277	9%	3%
Total (20)	9,159	8,210	12%	944	835	13%	7,170	13%	10%

Key business trends and development

Use of generative AI tools

Cybersecurity

Digital transformation

Innovative solutions

Customer experience

**Importance of
human touch**

Other side of the coin - Case study

Two shareholders, Omani and Expatriate start a business, register a limited liability company with a capital of RO 250,000 in 2009.

The company starts operations modestly with annual sales of RO 4 million in 2010 and peaking at RO 14 million in 2017.

The business was well supported by one bank but in 2020 during covid, the bank applied brakes on further facilities.



History of revenue, profit/loss and borrowings of the company

	RO'000	RO'000	RO'000	
Year	Revenue	Profit/-loss	Borrowings	% of revenue
2020	5,266	(417)	8,229	156%
2019	5,004	(1,786)	7,937	159%
2018	7,835	(2,385)	8,849	113%
2017	14,944	(5)	9,658	65%
2016	13,356	154	8,930	67%
2015	14,668	171	7,430	51%
2014	11,893	253	5,349	45%
2013	11,346	248	2,312	20%
2012	7,592	180	1,053	14%
2011	6,366	182	686	11%
2010	4,172	225	726	17%

Balance sheet of the company

		31 Dec. 2020
		RO'000
Capital		490
Accumulated losses		(3,180)
Members accounts		1,973
Net equity		(717)
Properties		5,399
Current assets		
Receivables		3,525
Related party receivable		2,408
Total current assets		5,933
Total assets		11,332
Liabilities		
Payables		1,995
Staff liabilities		391
Bank borrowings		8,229
Total liabilities		10,615
Net assets		717
Adjusted net equity		(1,691.00)



Status of the lenders

Bank securities for the total loans of RO 8.2 million

Mortgage of properties - value of properties in the financial statements RO 5.4 million

Current forced value of properties RO 3.5 million

Personal guarantees of two shareholders (omani and expatriate)

Bank faces a write off of RO 4.7 million

What went wrong with this Company

**Governance issues
with shareholders**

**Diversion of
funds**

Lenders not diligent

**Weak
management**

**Audited
financials –tick
in the box**

**Funding issue
–debt / equity**



Root cause of success

The real success of any business depends on the value system of the shareholders and culture of the company.

- Integrity**
- Respect for individuals**



If you don't have integrity, you have nothing. You can't buy it. You can have all the money in the world, but if you are not a moral and ethical person, you really have nothing.

Thank you and good wishes.

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