



# BEYOND ENERGY



الشركة العمانية للغاز الطبيعي المسال ش.م.م

**Oman LNG LLC.**

ANNUAL REPORT 2017



H.M. Sultan Qaboos Award  
for Voluntary Work 2017

# ANNUAL REPORT 2017

WINNER OF  
H.M. SULTAN QABOOS AWARD  
FOR VOLUNTARY WORK 2017



الشركة العمانية للغاز الطبيعي المسال ش.م.م

**Oman LNG L.L.C.**

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 @OmanLNG

 Oman LNG

 omanlngllc



عمان للغاز الطبيعي  
Oman LNG LLC.



Sunaisilah Fort - Sur  
One of our key restoration projects



HIS MAJESTY SULTAN QABOOS BIN SAID



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# AT A GLANCE

**+350**

Million US\$ - amount invested in over 6,000 SIP projects and initiatives across the country



**24.8**

Million Man-Hours without Lost-Time Injury (LTI)



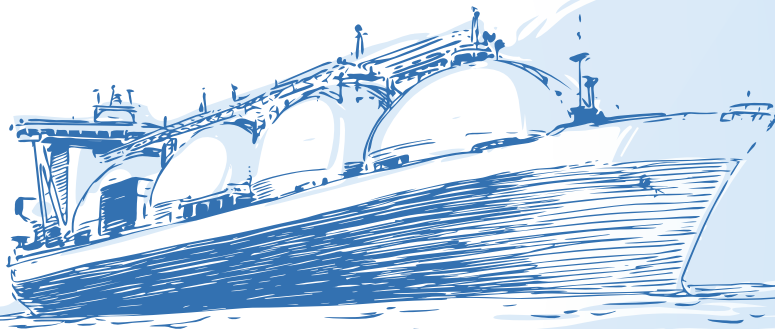
**1.5%**

Of Company's Net Income After Tax (NIAT) dedicated for Social Investment Programmes (SIP)



**667**

Number of Staff



**87%**

Omanisation - Oman LNG has remained at the forefront of attracting and retaining the best talent



**10%**

Of staff sponsored by the Company for higher education programmes



**5%**

Of staff are undergoing professional qualification, sponsored by the Company



**+98%**

Pacesetting Reliability of LNG Trains



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Nurturing talent development

## OMAN LNG IN BRIEF

Oman Liquefied Natural Gas LLC (Oman LNG) is a joint venture established by a Royal Decree in 1994 and operates under the laws of the Sultanate of Oman. The Company engages in the business of producing and selling Liquefied Natural Gas (LNG) and its by-product Natural Gas Liquids (NGLs).

Oman LNG undertakes project operations and related activities essential to liquefy, store, transport and market Oman's natural gas and to deliver LNG to customers. The Company operates three liquefaction trains with a nameplate capacity of 10.4 million tonnes per annum (mtpa).

The Company's activities contribute to the Government's objectives of diversifying the economy. Oman LNG's liquefaction plant is located on the coast at Qalhat near Sur in the South Sharqiyah Governorate and its head office is in Muscat.



# 3

## LIQUEFACTION TRAINS

**10.4 MILLION**

Tonnes per annum (mtpa)

Oman LNG's safety trend continues to break records in terms of incident-free production and delivery. Goal Zero is the lodestar; a target that was achieved in both Personal and Process safety.

# OUR VISION

The Best At What We Do

# OUR MISSION

- To produce, market and deliver LNG safely, reliably and profitably
- To develop our business and employees to their full potential
- To be a trusted partner in the sustainable development of Oman and its people

# OUR CORE VALUES

## INDIVIDUAL BEHAVIOUR

### Integrity

- Living the Oman LNG values
- Doing what is right even if no one is watching

### Professionalism

- Producing quality work at all times
- Efficiency and effectiveness in carrying out assigned roles and responsibilities

### Accountability

- Delivering on promises based on agreed targets
- Demonstrating ownership of mandated assignments

## ORGANISATIONAL BEHAVIOUR

### Team Work

- Collaborating with others to deliver organisational objectives
- Value differences and leverage diversity

### Care and Respect

- Listening to concerns of stakeholders
- Respecting diversity
- Considering stakeholders' needs

### Empowerment

- Having confidence and trust in delegated responsibilities to staff to execute tasks competently
- Coaching and mentoring to continuously develop staff

## BUSINESS BEHAVIOUR

### Transparency and Fairness

- Engage staff/stakeholders in an open, transparent and timely manner
- Provide equal opportunity to all staff without prejudice
- Impartiality in staff reward and recognition
- Build courage to give objective feedback

### Reputation and Loyalty

- Compliance with the law and business principles in order to maintain credibility with stakeholders and the license to operate
- Uphold business interests at all times without breaching organisational confidentiality

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# STRATEGY MAP

## THE BEST AT WHAT WE DO



**R: Maximise Value Contribution to Stakeholders and Sustainable Development of Oman**

**R1: Expand our Investment Activities**

**R2: Drive Cost Leadership**

**R3: Optimise Market Value**

### RESULT EXCELLENCE

**P3: Assure Commitments to our Customers**

**P1: Be a Trusted Partner and Sustain License to Operate**

**P2: Ensure Commitment and Plant Reliability**



### PARTNERSHIP EXCELLENCE

### OPERATIONAL EXCELLENCE

**O1: Produce, Optimise, Market and Deliver LNG Safely, Reliably and Profitably**

**O2: Improve and Streamline Internal Process**

**O3: Excel in HSSE and Risk Management**



### TEAM EXCELLENCE



**T2: Foster a Culture of Collaboration / Teamwork**

**T1: Optimise Utilisation of our Business Technology and Team**

**T3: Attract, Develop and Retain the Best People for the Right Job**

# BOARD OF DIRECTORS



**H.E. Dr. Mohammed bin Hamad Al Rumhy**  
Minister of Oil and Gas,  
Government of Oman,  
Chairman of the Board of Directors of  
Oman LNG L.L.C.



**H.E. Dr. Khalifa bin Abdullah Al Barwani**  
Chief Executive Officer,  
National Centre for Statistics and Information  
Government of Oman,  
Deputy Chairman of the Board of Directors  
of Oman LNG L.L.C.



**Saif bin Hamad Al Salmani**  
Director General of Planning  
and Projects Evaluation,  
Ministry of Oil and Gas,  
Government of Oman



**Suleiman bin Salim Al Adi**  
Director General of Survey  
and Tax Agreements,  
Ministry of Finance,  
Government of Oman



**Haitham bin Yousef Al Zadjali**  
Head of Pension,  
Ministry of Finance,  
Government of Oman



**Christopher Breeze**  
Shell Country Chairman  
and General Manager,  
Shell Development Oman L.L.C.



**Atsushi Fujii**  
General Manager,  
Middle East Natural Gas  
Business Department,  
Natural Gas Business Division,  
Energy Business Group,  
Mitsubishi



**Asje Tempelman**  
Vice President,  
Ventures East,  
Shell Integrated Gas



**Ken Yamamura**  
General Manager,  
Natural Gas Div. II,  
Energy Business Unit II,  
Mitsui and Co. Ltd



**Elias Kassis**  
Director Middle East and  
North Africa Exploration  
and Production,  
TOTAL



**Jong Ho Lee**  
Vice President,  
Korea LNG Limited



**Dr. Antonio Jose Da Costa Silva**  
Chairman of the Management  
Commission,  
Partex Oil and Gas



**Haruo Maeda**  
General Manager,  
Natural Gas Business Department,  
Energy Division No.1,  
ITOCHEU Corporation\*



**Harib bin Abdullah Al Kitani**  
Chief Executive Officer,  
Oman LNG



**Wladi Rabiej**  
General Counsel  
and Company Secretary,  
Oman LNG

\*ITOCHEU Corporation attends all Board Meetings but does not have voting rights on the Board.



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# CHAIRMAN'S MESSAGE

After three years of contraction across the industry, it is an agreeable task to be able to report 2017 as something of a turnaround year, a welcome herald of expansion returning to Oman LNG. The global gas price trend does appear to have bottomed out for the near term at least and, despite some recent retracements, to have entered a modest uptrend. Even more encouraging however, is the news from the Khazzan gas field, and that is where true expansion now lies, spelling brighter prospects for our company and its stakeholders, the most important of which is the country we proudly serve.

As we approached 25 million man-hours by year-end and almost as many kilometres driven without a Lost-Time Injury (LTI), and that in a context of substantially increased production, we can be proud to have sealed for another year our reputation as a company that places a no-compromise value on personal safety and asset integrity. We will continue to maintain these high standards as our plant adapts to handle the additional gas input in 2018. Our winning of the 'LNG Facility of the Year' award at the 2nd International LNG Summit in Barcelona in April, and most recently Shell's 2017 'Gas Plant of the Year' award, reflects very deservedly on our team's performance in all circumstances and in every area of endeavour.

The last quarter of 2017, saw the arrival of early feed gas from the giant Khazzan field which, when fully operational, will fulfil a substantial amount of the country's ever-growing gas supply needs, going a long way to securing our energy future over the coming decade. With the new stream feeding straight into the overhang of spare capacity at our plant, we are happy to report that all three liquefaction trains are now operating at almost full capacity. Even more satisfying is the fact that our partnership with BP has come not only in upstream operations, but more importantly venturing a new long term Sales and Purchase Agreement (SPA) with BP Singapore.

We have already undertaken improvements to adapt our plant to the expanded production volumes, and further work is planned. With rising domestic demand squeezing export revenue in recent years, we are now well on our way to recovering a healthier export-domestic allocation balance. If and when the

market strengthens, we will be well placed to extract more revenue from exports without slowing growth at home.

Even when our company's ambitious corporate goals were tested, our strongly embedded programme of community partnership and service made no concessions to austerity. Oman LNG is the first Omani company ever to win His Majesty Sultan Qaboos Award for Voluntary Work twice, honoured for the second time in 2017. Further afield, our social investment achievements were recognised during the Arab Best Awards 2017. This is high praise indeed.

Commerce and technology are the two key moving parts in the growth engine of Oman LNG, working in tandem to enhance Oman LNG's value for the local economy and the lives of Omani people. Oman LNG continues to drive enhancements in both these areas to further flourish the business through the benefits gained of additional feed gas, while maintaining strong relations with existing and potential customers.

We have earned some relief in 2017 ending the year in a moderately healthy financial state. With the efficiencies sustained during the lean years, we enter 2018 in a spirit of well-founded optimism and expanding revenue.

Finally, on behalf of every member of the workforce of Oman LNG, Board of Directors, management and contractors - I would like to convey our appreciation to His Majesty Sultan Qaboos bin Said for his wisdom, guidance and support to this industry and also to the Government of Oman for its unremitting commitment to the progress of both the business and its workforce.

**H.E. Dr Mohammed bin Hamad bin Saif Al Rumhy**  
Minister of Oil & Gas and Chairman  
of the Board of Directors of Oman LNG

# CORPORATE GOVERNANCE

## SHAREHOLDERS

## BOARD OF DIRECTORS

### Shareholder Committees:

Technical-  
Joint-  
(Personnel, Finance,  
Commercial)

### Board Committees:

-Audit Committee

## CHIEF EXECUTIVE OFFICER

- Deputy CEO & Chief Human Resources Officer
- Deputy CEO for QLNG Affairs & Financial Expert
- Chief Financial Officer
- Chief Commercial Officer
- Chief Operating Officer
- Chief Marketing Officer
- Chief Investment & Corporate Services Officer
- Chief Executive Officer (Oman LNG Development Foundation)

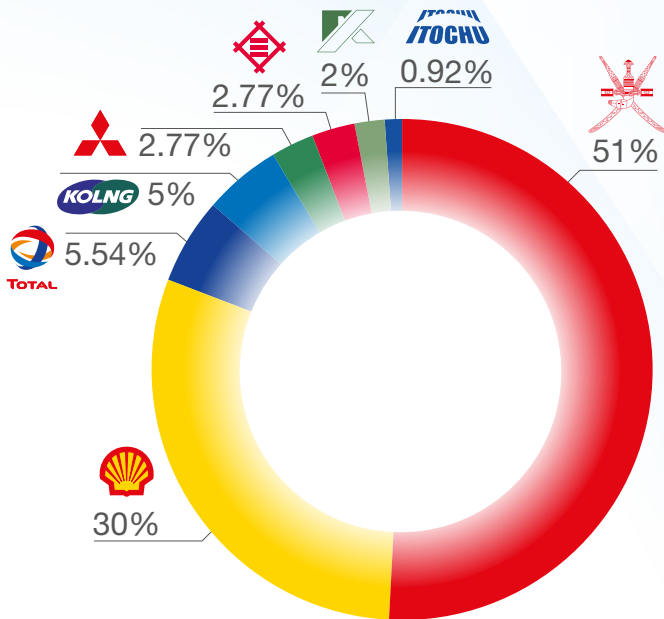
## BOARD COMPOSITION

The Board of Directors comprises a maximum of fourteen (14) non-executive members as follows: Government of the Sultanate of Oman: seven (7) members, including the Chairman and the Vice-Chairman; Shell: two (2) members; other shareholders (except Itochu Corporation): one (1) member each. Itochu Corporation is represented at Board meetings by an Itochu nominee who has no voting rights.

## BOARD ACTIVITIES IN 2017

In 2017, the Board of Directors met in March, June and November, in Muscat where the company is headquartered. At the first meeting in March, the Board reviewed/approved the 2016 corporate performance and scorecard. It also endorsed the financial statements and final dividend for approval by Shareholders at the General Meeting. Following the recommendation of the Board, the General Meeting of the Shareholders approved the appointment of PricewaterhouseCoopers (PwC) as the company's external auditors for the year 2017. Furthermore, the Board received an update presentation by the Management in respect of a number of cost optimisation opportunities and special projects to enhance the plant's utilisation and production efficiencies. In the June board meeting, the Board set the business plan assumptions for the subsequent five years and was informed about progress in respect of plant related projects. Furthermore, the Board approved updates to the company's treasury policy and investment policy. At the November meeting, the Board approved the Proposed Business Plan 2018–2022 and the 2018 Operating and Capital Budgets. The Integrated Assurance Plan 2018 was reviewed and approved by the Board, as well as an update to the Authorized Banking Signatories of the company. Furthermore, the CEO presented his report for the year 2017 to the Board. One of the key highlights was the special international recognition of the Company's operational excellence, by being awarded the prestigious 'LNG Facility of the Year' award during the 2nd International LNG Summit in Barcelona, which was followed by receiving the 'Gas Plant of the Year' award from Shell. There were several changes in the Board membership in 2017: the Government appointed Mr. Saif Al Salmani as additional representative to the Board in November, Mr. Kyojung Lee of Korea LNG was succeeded by Mr. Jong Ho Lee and Mr. Kwanghoi Kim was succeeded by Mr. Kyojung Lee, Mr. Yoshinobu Satomi of Mitsubishi was succeeded by Mr. Atsushi Fujii and Mr. Tadao Yamamoto was succeeded by Mr. Shunsuke Kobayashi, Mr. Mohammed Zaki of Total was succeeded by Mr. Yves Le Bail and Mrs. Sue Shi of Shell was appointed to the Board.

## SHAREHOLDERS



## SHAREHOLDERS' COMMITTEES

The Shareholders' Committees were established under the Shareholders' Agreement to assist the Board in an advisory capacity. There are four committees which address 1) Technical 2) Personnel 3) Financial and 4) Commercial matters and meet prior to each Board meeting. Each shareholder has the right to be represented on each Shareholder Committee. To improve efficiency, the Personnel, Financial and Commercial Committees meet jointly, whilst the Technical Committee sits separately. The Shareholder Committees do not take decisions for the company, but review and endorse the management recommendations for the Board of Directors to approve. Each committee met three times during 2017. As planned, these meetings were prior to the meetings of the Board.

## THE AUDIT COMMITTEE

The purpose of the Audit Committee is to provide an independent oversight of the systems of internal controls and financial reporting processes through a review of the quality, independence and effectiveness of internal and external audits. The Audit Committee reports directly to the Board of Directors via its Chairman and comprises non-executive members as follows: Government of the Sultanate of Oman: three (3) representatives, including the Chairman; Shell: one (1) member; Non-Shell Shareholders: one (1) representative chosen in rotation; Any Shareholder: one (1) technical representative agreed by the shareholders.

The Audit Committee met three times in 2017. The meetings were attended by the Chief Internal Auditor and the Chief Executive Officer. The Chief Financial Officer was present when the Statutory Financial Audit and Management Letter were presented by the Statutory External Auditor. To ensure independence, the Chief

Internal Auditor reports directly to the Chairman of the Audit Committee. In line with best practice, the Internal Audit department adopts a risk-based methodology in proposing and executing its audit programme. Several assurance audits were also carried out by external parties, including the Company's External Auditors, Shareholders, International Standards Organizations (ISO), and the Technical Advisor.

During the 2017 meetings, the audits carried out during the year were reviewed by the committee for levels of compliance with the Company's control framework. As part of its mandate to ensure that effective control is in place, the committee tracked the management's compliance with proper and timely closure of agreed audit actions. The Committee also reviewed audit reports, the management letter and associated Financial Statements for 2016 audited by the Statutory External Auditors for endorsement by the Board of Directors.

## THE COMPANY MANAGEMENT

The Management of the Company implements an Enterprise-wide Risk Management (ERM) approach that provides a proactive framework of risk management and mitigates risks and their potential impacts on the achievement of the Company's strategic objectives and goals. Each identified risk is assessed and appropriate measures are introduced to provide all reasonable assurances that threats will not materialise and in the event they do any adverse impact is minimised. The process and identified risks are reviewed annually.

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“The Board received an update presentation by the Management in respect of a number of cost optimisation opportunities and special projects to enhance the plant's utilisation and production efficiencies. In the June board meeting the Board set the business plan assumptions for the subsequent five years and was informed about progress in respect of plant related projects. Furthermore, the Board approved updates to the company's treasury policy and investment policy.”

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Turtle Reserve - Ras Al Jinz.  
Oman LNG's Gift to the Nation 2005.

# CHIEF EXECUTIVE'S SUMMARY

As we enter 2018, we continue to meet all challenges with the best solutions on offer by technology, human creativity and productivity. There were several highlights for Oman LNG in 2017, the most significant an unwavering strong safety performance of approximately 25 million man-hours without a Lost-Time Injury (LTI). New gas supply arriving from the Khazzan field in late September, positions us well for the forthcoming years. We had been preparing for this development with the initiation of plant upgrades and value chain adjustments to deal with the additional volumes. Its arrival ahead of schedule found us ready, and delivered an unexpected addition to our balance sheet from late-year market sales.

## HEALTH, SAFETY AND ENVIRONMENT

Our safety record is unbroken and for that we have to thank both a resilient company culture and also the efforts of personnel across the entire supply chain. By end of 2017, we completed nearly 25 million LTI-free days, over a million for every year of our existence. Each new barrier broken merely raises the bar. Our 'Care, Dilemmas and Risk Normalisation' exhibition culminated another successful year of safety events.

## HUMAN RESOURCES

As a company, we are blessed with a superbly talented and self-motivated team, and yet it is always gratifying to receive external recognition that is derived from outstanding performance of staff. We take every step to ensure our staff reach their full potential, and with the Talent Management initiative, we aim to identify unexplored talent among personnel. Our commitment towards developing talent and embracing the advancement of women in our company to take senior positions remains strong.

## ENHANCEMENTS

The Readiness Plan 2018 (RP18) prepares the production facility for maximum possible availability and utilisation from 2018, while enhancing asset reliability and shareholder value. We successfully executed two train shutdowns and two utilities shutdowns, upgraded Train 1 and 2 and are making pioneering strides with our Power Project, for which the Final Investment Decision was granted in November 2017.

## COLLABORATION

A fit companion to the new ground-breaking opportunities is the collaboration with PDO signed in August. We will exchange knowledge and expertise in all disciplines across the industry, enhancing our shared strategy of retaining more of the industry's oil and gas wealth in Oman. The agreement builds on a strong existing relationship between our two companies.

## MARKETING

Oman LNG's strong relations with markets and potential customers abroad, coupled with exemplary safety and reliable LNG deliveries, facilitated the delivery of various spot cargoes worldwide. Sales highlights for the year included a 7-year, 1.1 mtpa supply, Sales and Purchase Agreement (SPA) with BP Singapore starting as of January 2018.

## OMAN LNG DEVELOPMENT FOUNDATION (ODF)

From the outset, our social investment policy has been broad in its reach, contributing to enhancing the quality of life for the community, promoting public safety and environmental protection. These are enormously satisfying projects to be involved with and we are grateful to have been recognised for our contribution with awards received at home and abroad. One of our most gratifying moments in 2017 was receiving the HM Sultan Qaboos Award for Voluntary Work for the second time; the highest achievement for Corporate Social Responsibility (CSR) in Oman.

## RECOGNITIONS

We have been blessed with recognitions from our reputable partners in the Oil and Gas industry. Shell, an international industry leader and Oman LNG shareholder, awarded Oman LNG with 'Gas Plant of the Year' in Singapore in October, which crowned a year that had many positive developments for our company. Earlier that year in April, we were awarded 'LNG Facility of the Year' by our industry peers at the 2nd International LNG Summit in Barcelona. These recognitions are a tremendous validation of our achievements as a team working seamlessly, tirelessly and to the highest of standards to process and deliver LNG, safely and reliably.

## RESULTS

We have had to manoeuvre our way around challenges without abandoning our core objectives as a company with important national responsibilities. Financially, 2017 was an improvement on 2016, positioning Oman LNG well for the future.

The management and staff of Oman LNG, who worked hard throughout the year, are extremely grateful for the continued guidance of our shareholders, the Board of Directors and its Chairman throughout 2017. We also recognise the opportunities that have been created for all of us, made possible by the visionary leadership of His Majesty Sultan Qaboos bin Said and the Government of Oman.

We pray to the Almighty to shower His Majesty with good health.

**Harib Al Kitani**  
Chief Executive Officer

# MANAGEMENT TEAM



**Harib Al Kitani**  
Chief Executive Officer



**Amor Al Matani**  
Deputy Chief Executive Officer  
and Chief Human Resources Officer



**Hafidh Al Harthy**  
Deputy CEO for Qalhat LNG Affairs  
and Financial Expert



**Raja Murad**  
Chief Operating Officer



**Ahmed Al Zakwany**  
Chief Financial Officer



**Saif Al Harthy**  
Chief Corporate Services  
and Investment



**Mahmoud Al Balushi**  
Chief Commercial Officer



**Mohammed Al Naseeb**  
Chief Marketing Officer (QLNG)



**Khalid Al Massan**  
Chief Executive Officer  
Oman LNG Development Foundation



**2017**

**YEARS OF  
EXCELLENCE**

Plant reliability is a company focus about which there can be no complacency, and one that occupies a great deal of our strategic planning, irrespective of the market and other factors. Plant reliability is under constant review, tested periodically and rigorously and, in 2017, with exceptional success.



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EMPLOYING  
AND  
NURTURING  
LOCAL TALENT



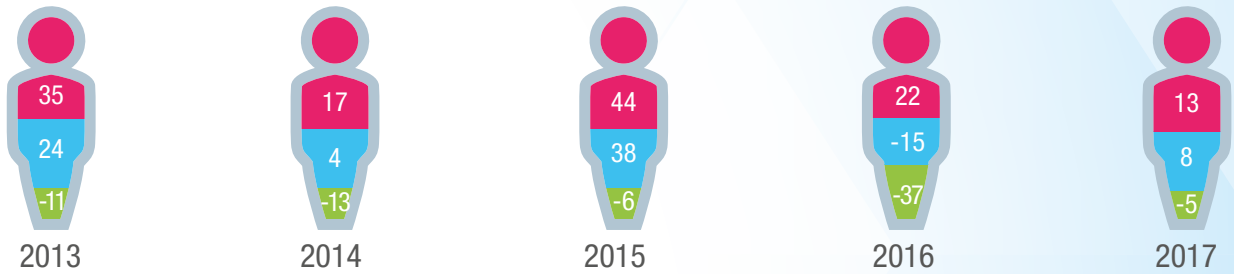
**KEY HIGHLIGHTS**

- Talent Management, a new initiative embraced by Oman LNG, helps identify unexplored talent among personnel. The initiative, overseen by a Talent Development Committee, will coordinate all decisions and actions relevant to the identification of talents and potential development in the broad context of Omanisation.
- Successful go-live of “iCare” a web-based tool that automates sharing of corporate information; with the spin-off effect of enhancing employee engagement and promoting a collaborative working environment.
- Oman LNG went live with the on-demand learning tool “iLearn”, an e-learning platform that is universally accessible for maximum learning convenience.
- Under the Empowering Women Programme, Oman LNG continues to identify and groom female talent, encouraging women through a variety of initiatives to reach their highest potential.

**IN NUMBERS**

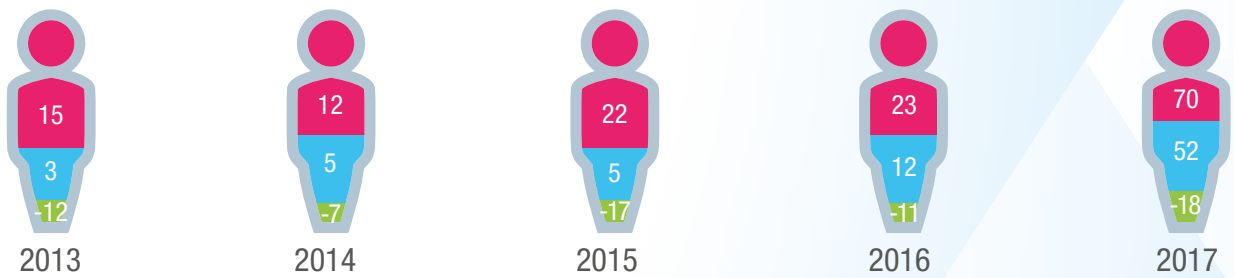
- Total Staff: 667
- Omani Staff: 534
- Omanisation: 87%\*
- 19 Omanis on short and long term assignments
- 177 Enrolled in apprenticeships
- 1,581 Training enrolments
- 40 Interns as potential future talent supply

OMANI JOINERS & LEAVERS



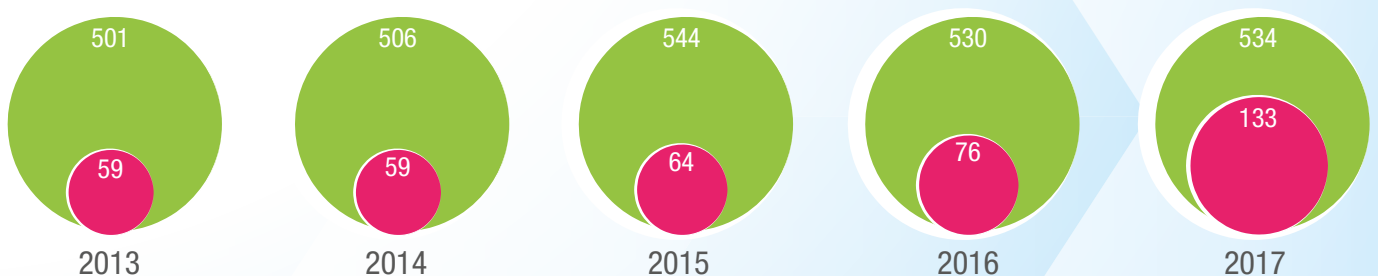
OMANIS: Joiners Leavers Net Intake

EXPATRIATE JOINERS & LEAVERS



EXPATRIATES: Joiners Leavers Net Intake

EMPLOYMENT PROFILE



Expatriates Omanis

\*Omanisation rate is 80.1% for our major projects. Most expatriate-occupied posts are temporary.



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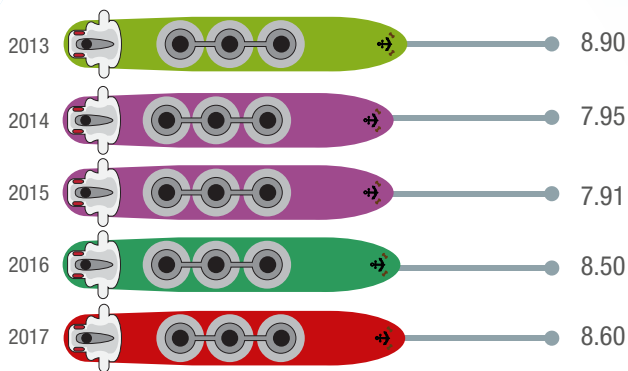
SAFE AND  
RELIABLE  
PRODUCTION

## KEY HIGHLIGHTS

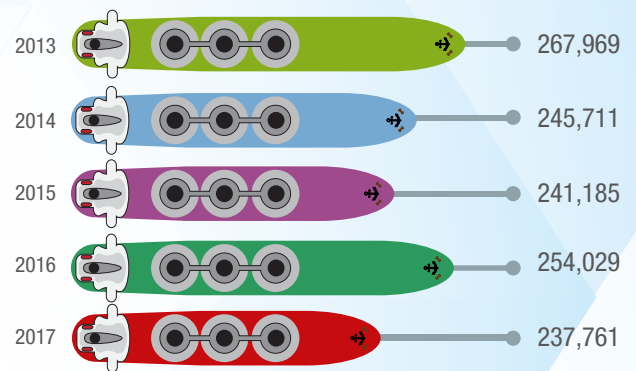
- The anticipated changes to the gas supply environment were smoothly handled by Oman LNG thanks to the Readiness Plan 2018 (RP18).
- Executed successfully with excellent deliverables: two train shutdowns (Train 1 and 2) and two utilities shutdowns (GTG 2 and 3).
- Train 1 and 2 have been upgraded to process leaner gas from new gas developments in Oman.
- Oman LNG is leading the field in gas engine technology for power generation in the LNG industry, motivated by the twin goals of sustainable greenhouse gas reduction and energy conservation, both beneficiaries of the new Power Project.
- The Oman LNG Board of Directors issued the Power Project Final Investment Decision (FID) in November 2017.
- The Environmental license for the Independent Power Project has now been issued.

## IN NUMBERS

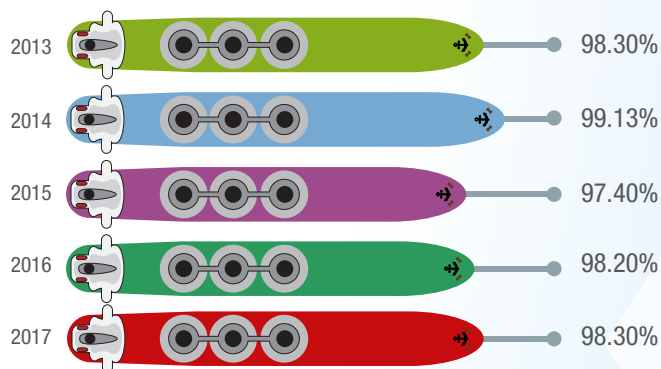
- LNG Production: 8.6 mtpa
- LNG Capacity: 10.4 mtpa
- Unused Capacity: 1.8 mtpa
- Reliability: 98.3%
- Utilisation: 75%
- NGL production: 237,761 (MT)



LNG PRODUCTION IN MILLION TONNES



NGL PRODUCTION IN TONNES



PLANT RELIABILITY





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PROTECTING THE  
ENVIRONMENT AND  
CARING FOR PEOPLE

### KEY HIGHLIGHTS

- A remarkable personal safety milestone was achieved, with a record-breaking number of days without a Lost-Time Injury (LTI), both in man-hours worked and kilometres driven.
- Numerous safety engagements were held during 2017, culminating in an exhibition demonstrating the theme of the Safety Day: 'Care, Dilemmas and Risk Normalisation.'
- The Behaviour-based Safety Programme was initiated in August, a further step on the journey to enhance and maintain a robust safety culture. We completed the initial two phases of this 4-phase programme, focusing on diagnosis and leadership.
- 100% of legacy waste removed trans-boundary for final disposal.

### IN NUMBERS

- 24.8 million LTI-free man-hours
- 2,762 days without LTI
- 91 days without any Total Recordable Cases (TRC)
- 944 days without a Tier 1 Process Safety Event
- 71 days without a Tier 2 Process Safety Event
- 23.28 million kilometres driven safely without LTI

## 12 LIFE SAVING RULES



Do not walk under a suspended load



Do not smoke outside designated smoking areas



No alcohol or drugs while working or driving



While driving, do not use your mobile and do not exceed speed limits



Conduct gas tests when required



Obtain authorisation before entering a confined space



Follow prescribed journey Management Plan



Protect yourself against a fall when working at height



Wear your seat belt



Work with a valid Work Permit when required



Verify isolation before work begins and use the specified life protecting equipment



Obtain authorisation before overriding or disabling safety critical equipment

## KEY PERFORMANCE INDICATORS





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## Pioneering in Corporate Social Responsibility

From the outset, our social investment policy has been broad in its reach, contributing to enhancing the quality of life for the community, promoting public safety and environmental protection. These are enormously satisfying projects to be involved with.





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FOR VOLUNTARY WORK 2017

# GLOBAL AMBASSADORS THROUGH LNG SALES



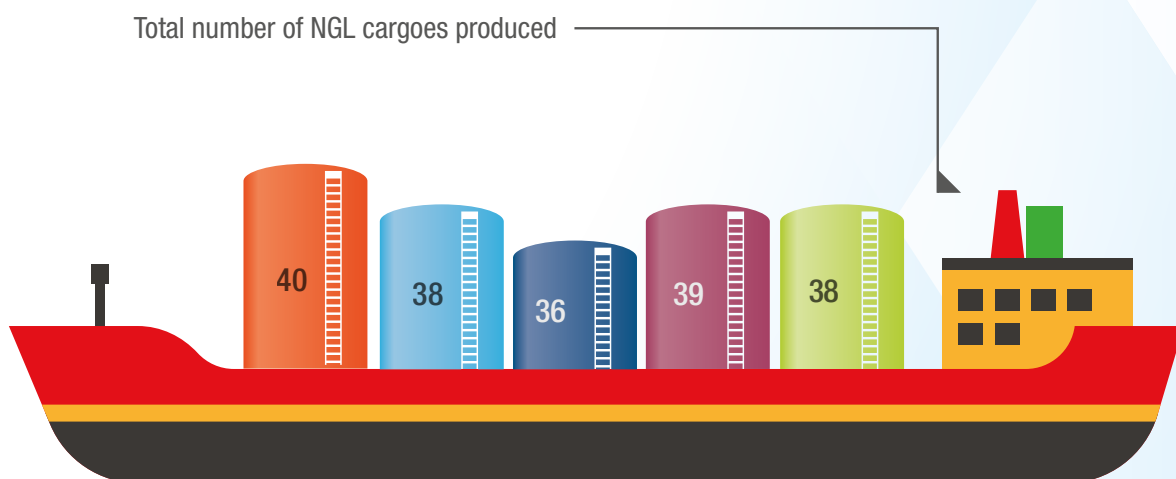
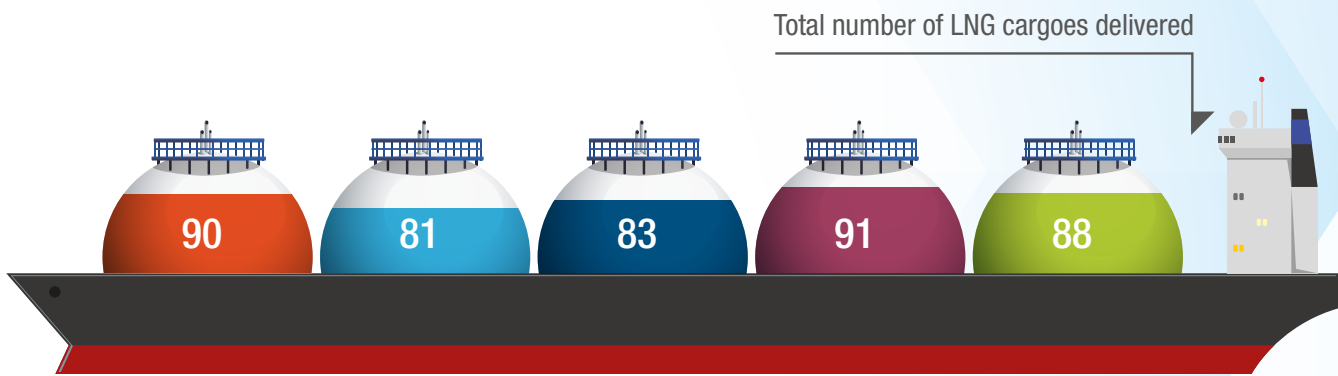
### KEY HIGHLIGHTS

- Oman LNG signed a Sales and Purchase Agreement (SPA) for the supply of LNG to BP Singapore for 7 years starting from 2018, lifting 1.1 million tonnes per annum (mtpa). The Oman LNG and BP collaboration boosts the global LNG market.
- The production, sale and delivery of four spot cargoes, to India, UAE and Japan respectively, created added value.
- Maintained our outstanding reliability in supplying markets with clean energy, despite burgeoning domestic gas needs.
- All exports were carried out safely and reliably and without major incidents or injuries across the supply chain.

### IN NUMBERS

- 134 LNG cargoes loaded from Oman LNG's plant in Sur: 88 for Oman LNG, 4 of which were spot cargoes, and 46 on behalf of Qalhat LNG.
- 38 NGL cargoes were lifted.
- Sohar LNG was utilised for 147 days, serving various customers and partners globally.
- Achieved Shipping Utilisation of 40.3%.

## COMMERCIAL ACTIVITIES



● 2013   ● 2014   ● 2015   ● 2016   ● 2017



WINNER OF  
H.M. SULTAN QABOOS AWARD  
FOR VOLUNTARY WORK 2017

FINANCIAL  
PERFORMANCE

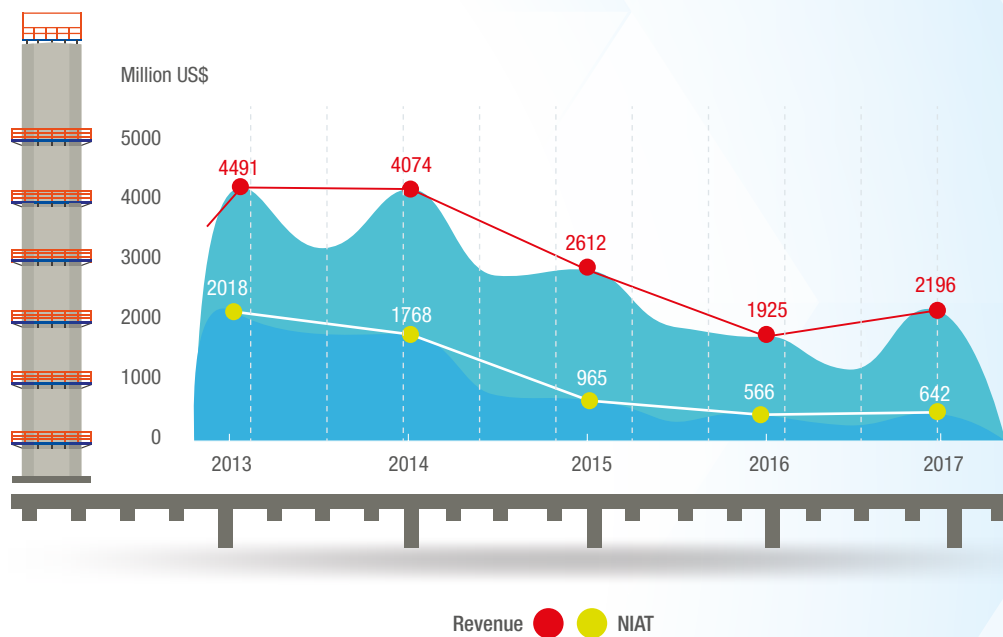
### KEY HIGHLIGHTS

- Despite the slight increase in oil prices compared to 2016, it was a challenging year for the industry whereby both the company's revenue and Net Income After Tax (NIAT) were impacted.
- Oman LNG continued its strategy on cost optimisation, focusing on Contract Optimisation Reviews, improving process efficiencies through the LEAN implementation programme and achieving cost savings in various areas of the business without compromising on quality and safety.
- Due to a significant unplanned advance payment for feed gas amounting to US\$ 230 million as of 31st December 2017, the company expected to take a short term overdraft facility during the year to cover for any cash shortfall. However, through rigorous cash management, this was avoided, resulting in a significant saving in interest cost.
- During 2017, Oman LNG transferred US\$ 83 million worth of assets to Oman LNG Development Foundation as part of the accumulated fund for the company's Social Investment Programme (SIP).

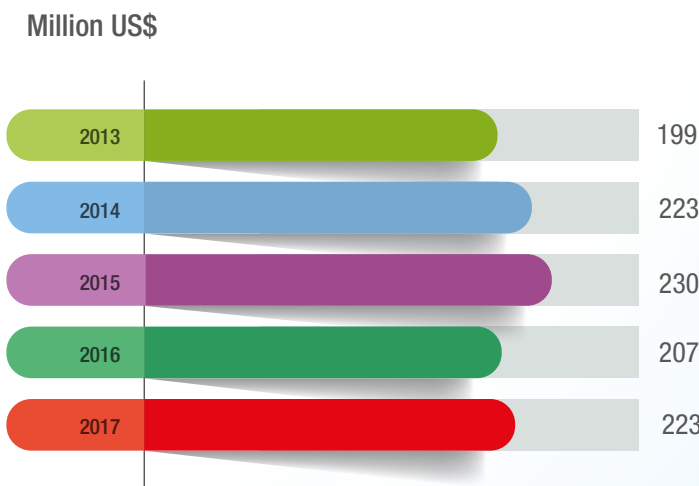
### IN NUMBERS

- Revenues: US\$ 2,196 million
- NIAT: US\$ 642 million

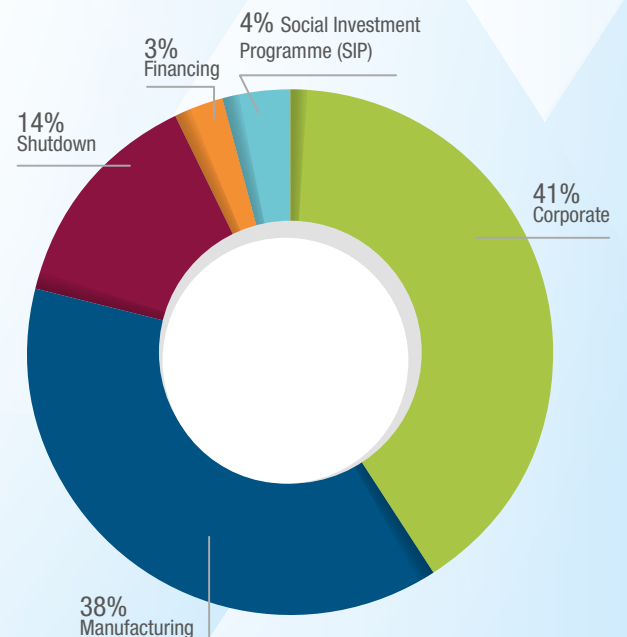
## REVENUE VS. NET INCOME AFTER TAX 2013-2017



## HISTORICAL OPEX 2013-17



## OPEX 2017 (ACTUAL)





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QALHAT LNG

**SHAREHOLDERS**

Government of Oman, Oman LNG, Union Fenosa, Itochu Corporation, Osaka Gas Australia Pty, and Mitsubishi Corporation.

**HISTORY**

Qalhat LNG began operations in 2005 with a single train that made up the third liquefied natural gas production unit at the plant in Qalhat, Sur. The train is operated by Oman LNG on behalf of Qalhat LNG.

Qalhat LNG has three long-term Sales and Purchase Agreements (SPAs) for a total contracted volume of approximately 3.3 million tonnes per annum (mtpa).

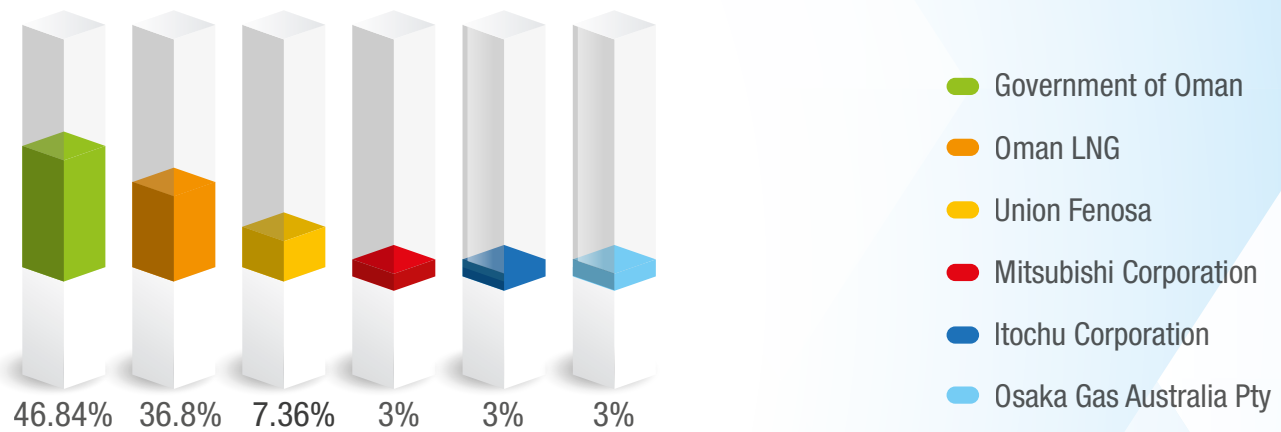
The agreements to supply LNG include a 20-year SPA with Spain’s Union Fenosa Gas (1.65 mtpa), a 17-year SPA with Japan’s Osaka Gas (0.8 mtpa) and a 15-year SPA with Mitsubishi Japan (0.8 mtpa).

On 1<sup>st</sup> September 2013, the management of Qalhat LNG integrated with Oman LNG.

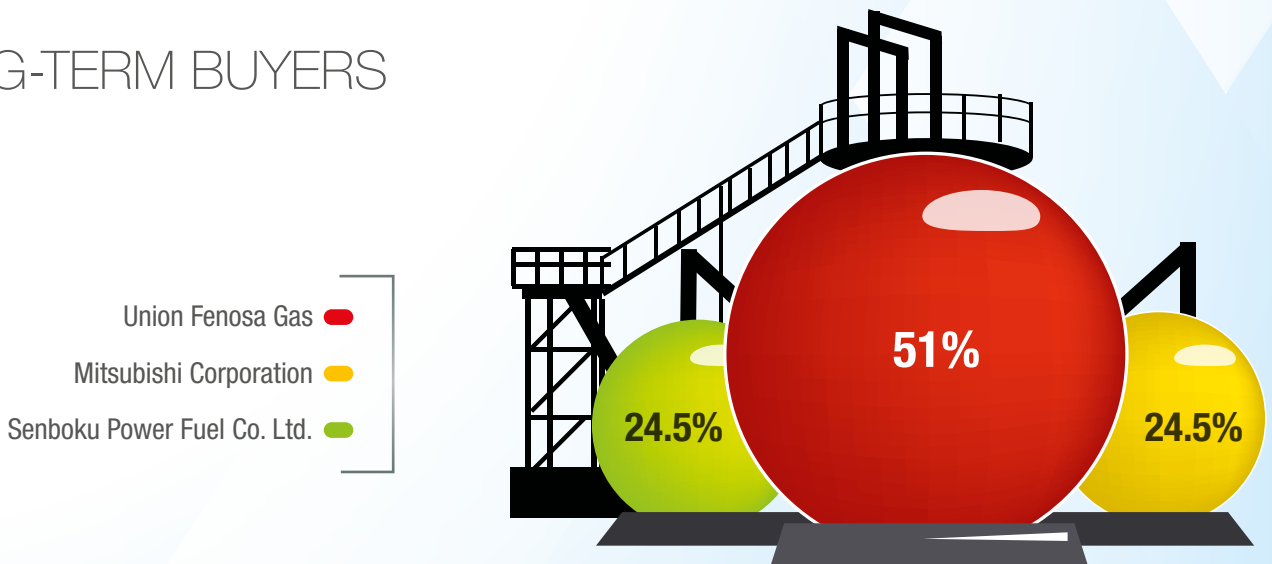
**FINANCIAL HIGHLIGHTS OF QALHAT LNG FOR 2017**

- Total revenue in 2017 amounted to US\$ 1,003 million.
- Shipping optimisation achieved a reduction in cost of US\$ 24 million.
- Effectively managed surplus funds to offset financing cost and achieved a cost saving of US\$ 2.7 million.
- A total of US\$ 170 million was paid to the lenders in 2017 reducing the outstanding loan to US\$ 45 million.
- Investments generated a return of 16% in 2017.
- Successfully diverted 29 cargoes from 2017 Annual Delivery Plan.

SHAREHOLDERS



LONG-TERM BUYERS





Partnering with the Community

WINNER OF  
H.M. SULTAN QABOOS AWARD  
FOR VOLUNTARY WORK 2017

# OMAN LNG DEVELOPMENT FOUNDATION

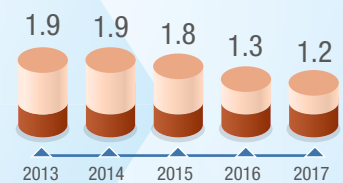
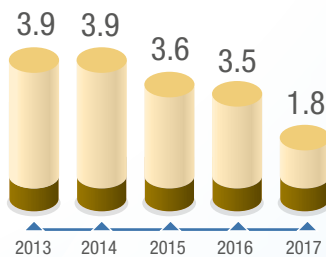
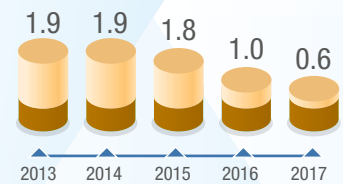
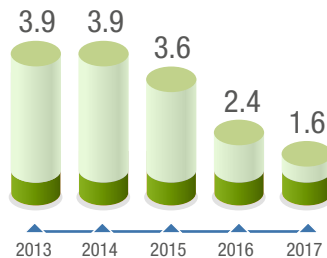
## KEY HIGHLIGHTS

- Oman LNG Development Foundation (ODF) continues to be a force for good in the country, by making a difference on subjects that touch peoples' lives, and by sharing knowledge and expertise for the benefit of people at large.
- Marking our footprint in the Arab world as a pioneering CSR leader, ODF received the biggest recognition of all; His Majesty Sultan Qaboos Award for 'Best Company in Voluntary Work 2017', as well as the 'Best Company in Social Investment 2017 in the Arab World' by Arab Best Awards, among others.
- 2017 witnessed the birth of the investment wing that underpins the main objectives of ODF to create added value to Oman LNG, shareholders, community and our beloved country at large.
- The new HAS International School established as a subsidiary LLC is moving forward rapidly, expected to open its doors by August 2018, will leverage our contribution to the community, and highlight our commitment towards the sustainability of our second-to-none CSR model.
- The Social Return on Investment (SROI) report indicated the areas of 'supporting people with disabilities' (for every 1 Rial invested, 6 Rials in value generated), and 'science and robotic labs' (for every 1 Rial invested, 8 Rials in value generated) ensuring the Foundation's social investment direction is adding value.

## KEY PROJECTS

- Funding the purchase of critical equipment to enhance learning opportunities for the Students with Disabilities Unit at Sultan Qaboos University.
- Financing the development of Sur remote villages - Phase 3 (Concrete Roads).
- Extending the establishment of the Robot labs initiative in various governorates.
- Financing the purchase of much sought-after medical equipment in various governorates in Dakhliyah, North Sharqiyah and Al Wusta.
- Funding the construction of the Isolation Ward at Sur General Hospital.
- Financing the purchase of medical utilities for the Kidney Dialysis Unit in Bousher.
- Enhancing tourism by equipping the Omani Craftsman House in Al Hamra.
- Financing the Purchase of Equipment for the Welding and General Mechanics Departments at Seeb Vocational College.

## KEY SUSTAINABILITY INDICATORS (US\$ MILLION)



# نلامس حياة الناس TOUCHING LIVES



دعم جميع أطراف المجتمع  
SUPPORTING ALL OF SOCIETY



الاستثمار في التعليم  
INVESTING IN EDUCATION



مختبرات الروبوت التعليمية  
NOVEL ROBOTIC LABS INITIATIVES



تمكين الشباب  
EMPOWERING YOUTH



# رحلة التميز JOURNEY OF EXCELLENCE

