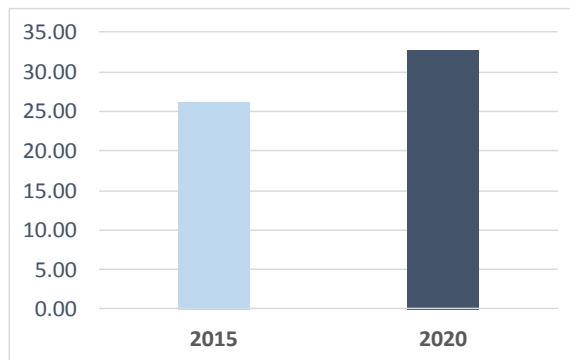


Oman's Ninth Five-Year Development Plan (2016-2020)

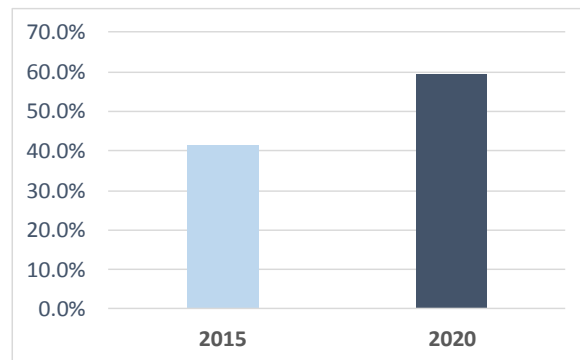
Prudent and realistic goals

Key Figures	Actual Average (2011 - 2015)	Estimated Average (2016 - 2020)
Average crude price (\$/barrel)	96.7	55.0
Crude Production (000 barrels per day)	935.0	990.0
GDP at constant prices (growth rate)	3.3	2.8
Oil activities (growth rate)	2.3	0.2
Non-oil activities (growth rate)	5.8	4.3
Investments as % of GDP	27.2	28.0
Inflation (%)	1.9	2.9

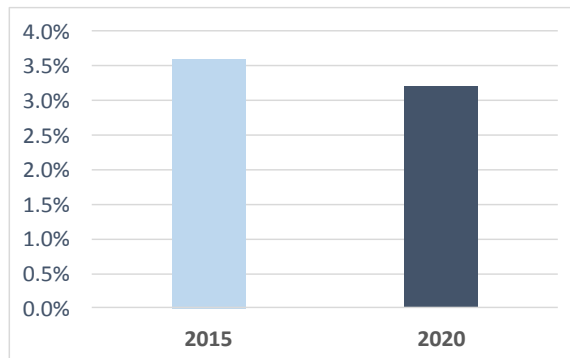
GDP at Current Prices (RO bn)



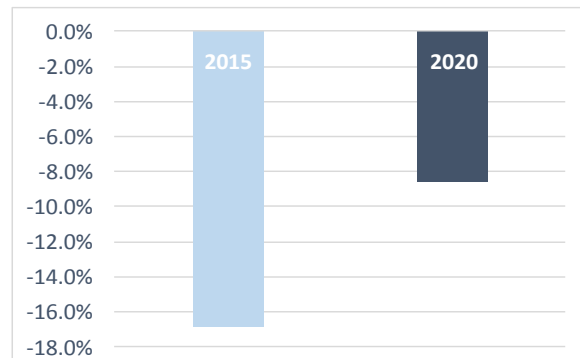
Private Sector contribution in local investments



Real GDP growth rate %



Surplus / (Deficit) % of GDP



Source: Media, Plan Statement, OABINVEST

Key Goals

- ❖ To achieve an average annual GDP growth rate of 3%
- ❖ To reduce the contribution of oil in GDP at current prices from 44% in 8th five year plan to 26%.
- ❖ To maintain inflation rate within safe levels at an average of 2.9%.
- ❖ Focus on private sector and activate the public-private partnerships (PPPs)
- ❖ Create job opportunities
- ❖ Focus on SMEs

Key promising Sectors

- ❖ Manufacturing
- ❖ Transportation and logistics
- ❖ Tourism
- ❖ Fisheries
- ❖ Mining

Key Challenges

- ❖ Volatility and low oil prices.
- ❖ Creating jobs
- ❖ Geopolitical tensions in the region.
- ❖ Acceleration of the diversification process
- ❖ Minimize the elasticity towards external shocks.

Key developments

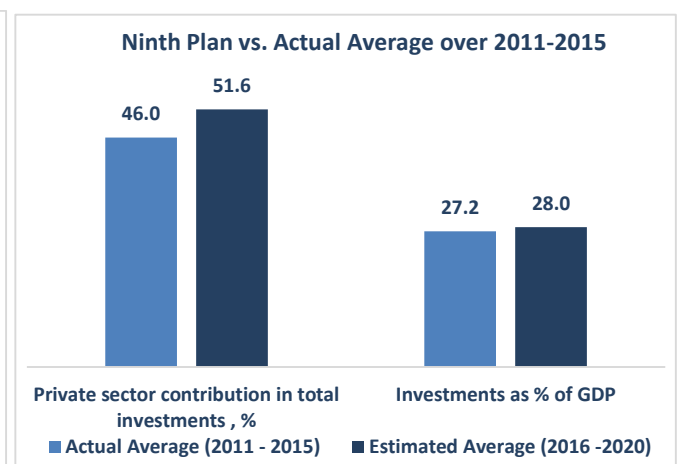
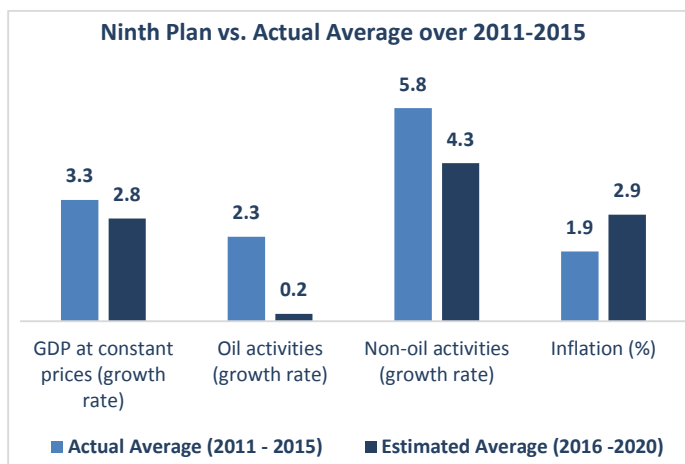
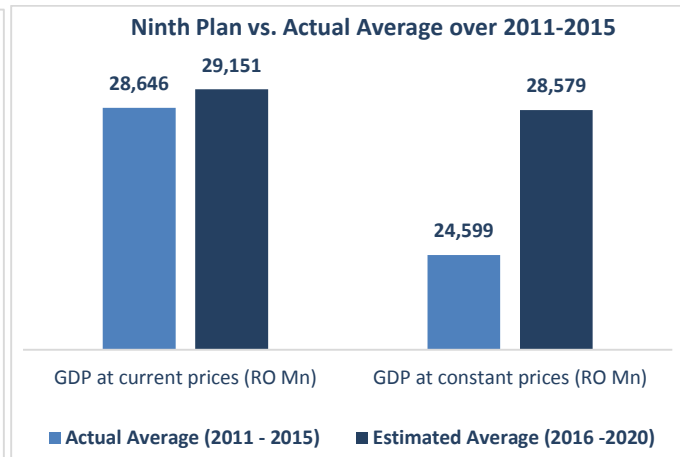
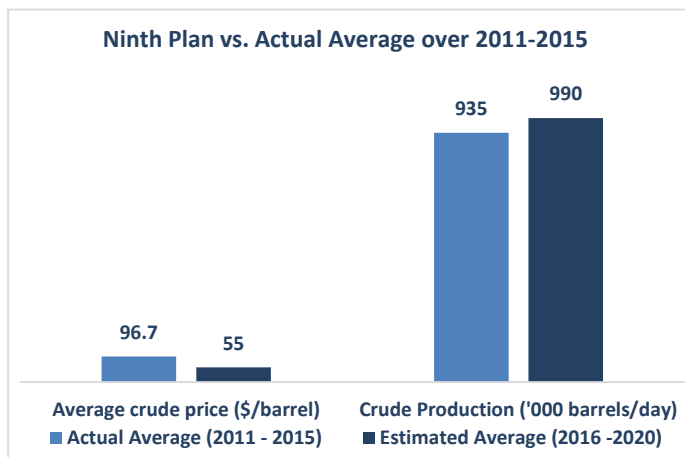
- ❖ Prioritizing of spending on projects
- ❖ Establishment of general department within the Supreme Council for Planning to coordinate with ministries and specialized institutions.
- ❖ Dynamic plan; goals and procedures are subject to changes on developments
- ❖ Key projects through the public private partnerships (PPPs)
- ❖ New projects to be considered after first three years.

Summary

The 9th Five-Year Plan for the Sultanate, which is the last of the series of 5-Year Plans for the Vision 2020, reflects prudent and realistic goals. Many items have been revised when compared with actual averages observed over 2011-2015. The aim is to cut non-core expenditure in favour of additional attention towards investment spending on selected key programs and projects. Private sector role is the backbone of the plan and the government have already been engaged in supporting this view through either the public private partnerships (PPPs) or providing additional facilities.

As per the Ninth plan statement, total targeted investments at RO 41bn to be funded by 52% from private investments with the balance coming from public investments. The private investments shall be in commodities production activities (32.6%), services activities (37%) and 29% in infrastructures. Targeted projects for private sector (on either individual or partnership basis) cover Oman railway, tourism structures within Port Sultan Qaboos, Port Khasab, South Batinah Logistics Area, some fisheries projects, Ad Dhahirah Economic Area and Shinas Port. Historically, the government succeeds in engaging private sector in vital sectors such as power and water. Thus, we expect similar achievements in the current and upcoming plans.

The Ninth Vs the Eight



Source: Plan Statement, OABINVEST, Media

The promising sectors

The 9th Five-Year Plan (2016-2020) maintains focus on economic diversification, welfare and social benefits enhancement, and at the same time drive to boost the private sector. To support this view, five prime sectors are targeted. These are: 1) manufacturing, 2) transportation and logistics, 3) tourism, 4) fisheries and 5) mining. Over 500 programs and policies to be activated in relation to those sector. The reason for choosing these five sector in our view is mainly its untapped potential and country's determination to transform from an oil producing country to a diversified mix. Apart from that these sectors have the ability of creating significant number of jobs, bearing also in mind the low Omanization rates. Oman is a commodity rich country and further exploration into the mining sector would be utmost important in the wake of further subsidy cuts to reduce operating costs. Last but not the least, geographical location of Oman, has placed it as business and logistic hub for traffic across continents of Europe, Asia and Africa.

1. Manufacturing:

It is estimated to contribute 15% to the GDP by 2020 (Oman vision). The 1H'15 contribution stood at 9.3% while 10% for FY'14. It is worth stating that the average annual growth rate during the 8th five-year plan stood at 18.4%.

The major ongoing project within the sector is Liwa Plastic Industries Complex, which is expected to create around 13,000 jobs (1,000 direct, 12,000 indirect). Key facts about the project:

- Will contribute by 2 – 3% to GDP.
- The total cost is around \$ 6.4bn, to be funded by international financial institutions (60%), local banks (20%) and government as well as Oman Oil Company (20%).
- It will result in Oil Refineries and Petroleum Industries Co (Orpic) contribution to GDP to reach 9% by 2020.
- It will enable Oman, for the first time, to produce polyethylene. This form of plastic is rated high in terms of global demand. It represents 40% of the total plastic applications worldwide.

2. Transportation and logistics

Oman continues to focus on establishing itself as major trans-shipment center for traffic across continents of Europe, Asia and Africa. One of the key goals is to place Oman within top 30 in the World Bank Logistic Performance Index by 2020. In FY'14, the country was ranked 59 out of 160. The country is well placed to act as a redistribution point for east and central Africa. According to Oman Logistics Strategy (SOLS) 2040, handling shipments, with a particular focus on efficiency and cost is to remain under focus. Moreover, the strategy aims to double employment by 2020 to 80,000 jobs. It also looks for doubling the industry's contribution to the economy to RO 3bn by 2020. As per the Ninth plan statement, transportation, storage and telecom shall grow on annual average at constant prices by 5% during the plan.

Key projects within the sector include:

- Duqm, the sleeping giant
 - Billions of dollars to be invested.
 - Port, dry dock complex, an international airport, industrial and special economic zone are some of the projects in addition to Duqm refinery.
 - The Special Economic Zone launched much initiative to attract private investors resulting in many on ground key investments.
- Oman Rail Project
 - The estimated total length of the Oman National railway network is 2135km
 - The total investments is projected between RO 5 – 6bn.
- The South Al Batinah Logistics Area
 - It is 95 square kilometers in size

- it includes four main activities: logistics services, commercial activities, light industries and public services
- full development to be completed by 2030

In addition to above, the ongoing expansion in Muscat International Airport, establishing new airports, ports, free zones and infrastructure are few to name about the hyperactivities within transport and logistic sector.

3. Tourism

As per ministry of tourism, tourism sector direct contribution to the GDP is expected to increase from around 2% to 5% by 2020. The added value of the sector reached RO 724mn by the end of 2014, the same sources stated. The strategy for tourism is based on two foundations 1) a series of tourist facilities in one location, 2) the distinctive tourist experiences. It is expected that more than 100,000 jobs will be created within the sector by 2024. There are around 39 projects in various stages of design, construction or tendering including, Oman Exhibition and Convention Centre, Wadi Bani Habib and the Al Hoota Cave redevelopment, the Duqm frontier town and Ras Al Hadd development. The country emphasis on archaeology, conservation, and natural beauty is a key distinguishing factors from its neighbors.

Key projects within the sector include:

- Madinat Al Irfan
 - It is a mixed used development project and investments to be in billions of dollars.
 - It is expected to generate notable inbound revenues, and through Public Private Partnerships model, it is targeted to contribute around RO 450-500mn annually to the GDP upon completion
- The waterfront development around Port Sultan Qaboos
 - It is a partnership between the private sector and pension investment funds
 - Planned investments around RO 500mn
 - Expected to provide 12,000 direct jobs and 7,000 indirect jobs
 - Shall attract 70% of the tourists visiting the port to tour the Sultanate

4. Fisheries

The focus is mainly to boost fisheries production from currently around 200,000 tonnes per year to around 480,000 tonnes by 2020 and to create additional 20,000 jobs, as per Under-Secretary for Fisheries Wealth. It is expected that by 2020, the direct return from fishing and fish processing activities to be around RO 739.2mn. Key projects within the sector include the Duqm Fishery Harbour with estimated investments of RO 100mn in addition to the adjoining industrial fisheries cluster.

5. Mining

Although, mining and quarrying contributed only 0.4% to the GDP in 2014 and 0.5% in 1H'15, the mining sector increased by 20% YoY in 2015. The new mining law shall ease the procedures and attract more investments in the sector. Moreover, the discovery of sizeable reserves of minerals such as gold, copper and rare earth shall boost the growth in the coming years. Key projects within the sector include mineral processing and refining facilities in the Port of Duqm's industrial zone. On different note, it is worth stating that port of Duqm plans to start export of minerals for the first time in February. The port has already set up facilities of its break bulk terminal for exporting 50,000 tonnes of dolomite as the first shipment. Another key development is related to recent key move about the launching of RO 100mn mining development company called Mining Development through a partnership between government' funds, Oman oil company and Oman National Investments Development Company (Tanmia). As per the plan statement, it is expected to register an average increase of 6% during the plan in constant prices.

Appendix

9th Five-Year Development Plan (2016 - 2020) estimates						
RO'mn unless stated otherwise	2016	2017	2018	2019	2020	Average
Average Daily production ('000 barrels)	990	990	990	990	990	990
Average price (\$/Barrel)	45	55	55	60	60	55
Revenues						
Net Oil Revenues	4,560	5,490	5,480	6,020	6,010	5,512
y-o-y %		20.4%	-0.2%	9.9%	-0.2%	
% of Total Revenue	53.0%	56.0%	53.2%	54.2%	53.2%	53.9%
Gas Revenues	1,590	1,675	1,840	1,950	2,050	1,821
y-o-y %		5.3%	9.9%	6.0%	5.1%	
% of Total Revenue	18.5%	17.1%	17.9%	17.6%	18.1%	17.8%
Current Revenues	2,400	2,575	2,920	3,070	3,180	2,829
y-o-y %		7.3%	13.4%	5.1%	3.6%	
% of Total Revenue	27.9%	26.3%	28.3%	27.7%	28.1%	27.7%
Capital Revenues	20	25	25	25	25	24
y-o-y %		25.0%	0.0%	0.0%	0.0%	
% of Total Revenue	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%
Capital Repayments	30	35	35	35	35	34
y-o-y %		16.7%	0.0%	0.0%	0.0%	
% of Total Revenue	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%
Total Revenues	8,600	9,800	10,300	11,100	11,300	10,220
y-o-y %		14.0%	5.1%	7.8%	1.8%	
Public Expenditures						
Current Expenditures	8,700	9,060	9,640	10,065	10,385	9,570
y-o-y %		4.1%	6.4%	4.4%	3.2%	
% of Total Public Expenditure	73.1%	71.3%	72.5%	72.4%	73.7%	72.6%
Investment Expenditures	2,650	3,050	3,100	3,245	3,095	3,028
y-o-y %		15.1%	1.6%	4.7%	-4.6%	
% of Total Public Expenditure	22.3%	24.0%	23.3%	23.3%	22.0%	23.0%
Participation and Other Expenses	550	590	560	590	620	582
y-o-y %		7.3%	-5.1%	5.4%	5.1%	
% of Total Public Expenditure	4.6%	4.6%	4.2%	4.2%	4.4%	4.4%
Total Public Expenditures	11,900	12,700	13,300	13,900	14,100	13,180
y-o-y %		6.7%	4.7%	4.5%	1.4%	
Deficit	(3,300)	(2,900)	(3,000)	(2,800)	(2,800)	(2,960)
% of Total Revenues	38.4%	29.6%	29.1%	25.2%	24.8%	29.0%

Source: Plan's Statement, Media, OABinvest

Investment Management Group – Oman Arab Bank



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من سوق مسقط للأوراق المالية
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