

# Refining & Petrochemicals

MIDDLE EAST



## INTEGRATING OMANI ENERGY LEGACY

For OQ, integration is about growth and making more possible for our customers and employees alike, says **Ahmed Al Jahdhami**,  
**Downstream CEO, OQ**

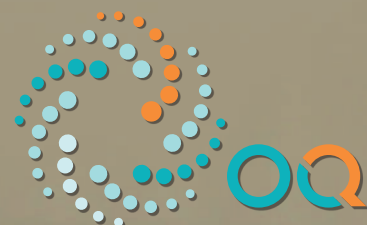


# INTEGRATING LEGACY OF DIVERSE EXPERTISE AND TALENTS

OQ - a diversified energy company created at the end of 2019 by integrating nine legacy energy companies - serves as a catalyst to optimise solutions for its partners and clients, and spans the entire hydrocarbon value chain, from upstream to midstream and downstream, including supply and trading sectors. "The integration makes all of our units stronger, more efficient, more agile and innovative," says

**Ahmed Al Jahdhami, Downstream CEO, OQ**

WORDS: MARTIN MENACHERY







The global presence of OQ Trading is also continuing to build on the company's well-established trading capabilities and platform. It provides a perfect global reach to OQ's growing system volumes, for example commissioning of Duqm refinery.

At the end of 2019, OQ was created by integrating nine legacy energy companies in Oman, under the leadership of Oman Oil Company and Orpic. It was an obvious strategic move for the companies involved.

The nine different, state-owned Omani companies – Oman Oil Company, Orpic, Oman Oil Company Exploration and Production, Oman Gas Company, Duqm Refinery, Salalah Methanol Company, Oman Trading International, OXEA, and Salalah Liquefied Petroleum Gas – had the potential to do so much more as a single entity, and to achieve economies of scale along with savings by combining all their resources, and beginning to share systems, such as procurement and ERP. It was a simple choice to make, although not necessarily simple to achieve.

As a global, integrated energy player, OQ representing Oman, puts the company on a different footing. OQ has more than 6,500 employees and operations in 16 countries.

#### FACTBOX

## 6,500 employees

OQ has more than 6,500 employees and operations in 16 countries.

OQ Chemicals is based in Germany while OQ Trading is based in Dubai. That was true before when these companies were independent units.

Ahmed Al Jahdhami, took over as Downstream CEO in the rebranding process to OQ. Explaining how the creation of OQ repositions Oman in the energy landscape, globally and regionally, Al Jahdhami says: "We are in a much more competitive position now, regionally and globally. The new brand and the integration it represents allow us to take a much larger entity out into the world. For OQ, integration is about growth and making more possible for our customers and employees alike."

#### Global ambitions

With the right combination of business streams, OQ has established itself as a global integrated energy player in its true essence. With assets across 16 countries, and an advantaged position in Oman, the company believes the pathway is set to explore opportunities globally across all streams – upstream, refining, chemicals, trading, retail and alternative energy.

"We aspire to enhance Oman's footing, as a global player by leveraging existing expertise and partnerships to exploit the available time window for hydrocarbons, simultaneously, future proofing our business by expanding our presence in a diverse range of businesses," notes Al Jahdhami.

"With strong growth prospects in the emerging markets, we could see the potential of OQ collaborating to provide support to the growing energy needs by penetrating the retail sector in these markets. African and Asian



The Liwa Plastics Industries Complex (LPIC) will put Oman on the map in the international petrochemicals marketplace, reinforcing OQ's position as a significant player.

markets specifically showcase enormous opportunities."

The global presence of OQ Trading is also continuing to build on the company's well-established trading capabilities and platform. It provides a perfect global reach to OQ's growing system volumes, for example commissioning of Duqm refinery. Expanding global trading offices, product range and developing multi-region capability is an area the company is looking at as a potential of growth.

#### Optimising Oman's hydrocarbon value chain

The OQ integration helped Oman enhance preparedness for the future. In other words, it provides a platform to have more holistic view of the end-to-end operations, from oil exploration to sale of refined and chemical products, under one roof. The enhanced control over the process and flow of information is the key enabler of value-based management approach adopted to prioritise and maximise value creation for customers.

**"I give each of the OQ downstream businesses a specific focus depending on its challenges and nature without losing sight of the future trends."**

*Ahmed Al Jahdhami, Downstream CEO, OQ*

"As an integrated player, we are also able to create additional value by optimising system volumes end-to-end across upstream, refining, chemicals, trading and retail. Therefore, we can confidently say that the consolidation proposition created a more robust entity, better equipped to grow and face unforeseen challenges like Covid-19," Al Jahdhami remarks.

#### Cost competitiveness in energy operations

With the challenges that downstream businesses are facing globally, cost competitiveness is a strategic imperative and is translated in a unit cost objective in the business planning. OQ uses industry benchmarking to find its cost competitive

position to identify the gap to the desired position.

"Operational excellence is key in this business. We look at variable cost optimisation through energy efficiency measures, loss reduction, catalyst and chemical consumption, and look at fixed cost efficiencies in routine and turn-around maintenance, technical services, manpower productivity and seek excellence in procurement," comments Al Jahdhami.

"The whole cost optimisation is translated in targeted improvement initiatives as part of the operational excellence programme. Use of technologies like digitalisation and artificial intelligence, competence development and staff behaviours are key enablers."





At its plant in Oberhausen, Germany, OQ produces intermediates and derivatives.

**“We aspire to enhance Oman’s footing, as a global player by leveraging existing expertise and partnerships to exploit the available time window for hydrocarbons, simultaneously, future proofing our business by expanding our presence in a diverse range of businesses.”**

#### OQ focus on people

Developing competent people in downstream business is a longer cycle than other industries due to the complexity of the assets. “OQ is known for its talented and passionate employees. We take that serious and talent management is high on our agenda. We employ and develop local talents in our different locations and we provide opportunities for cross-postings into

different locations to develop global leaders,” Al Jahdhami asserts.

When asked about how the integration of the nine energy companies will impact the ongoing energy projects in Oman, Al Jahdhami remarks: “Integration has helped OQ sustain its growth projects through the difficult times of covid-19. The resilience of our people and the collaborative approach we take with our contractors and suppliers have been key to

progressing our projects. The integration makes all of our units stronger, more efficient, more agile and innovative.”

#### Key role for downstream sector

OQ’s downstream operation is of unique strategic importance as it provides for Oman’s transportation fuel and extracts more value from the country’s hydrocarbon output.

On one hand, OQ downstream is comprised of oil and gas based products. It is the primary provider for Oman’s transportation fuel, which is the backbone of the country’s economic growth. OQ downstream is continuing to fulfil the strategic responsibility while ensuring efficiencies in the value chain.

On the other hand, OQ’s downstream value chain not only enhances value of country’s hydrocarbon molecule but



also produces products that touch many consumer sectors, reducing correlation with oil prices. The sector provides for more consumer centric businesses with relatively less volatile demand, therefore, providing more resilience to the business. To address energy transition, OQ downstream can focus towards monetising value from key end-user sectors like plastics, speciality chemicals and is exploring investment in green products.

#### Key challenges faced during the integration

Most mergers and acquisitions are between two parties, occasionally three. Bringing nine entities together is certainly a new and unique challenge. Integrating systems, while challenging, may be the easier part of any integration programme.

“Integrating the culture amongst employees from nine different entities is the more exciting and rewarding challenge. This has been at the heart of the ‘Integrated Leadership Team’ agenda since the beginning. Declaring victory too early is dangerous, however, I am proud of what we have achieved so far on having a unified culture with values of ‘Care, Share and Dare’ being well entrenched into the hearts and minds of most of our employees,” points out Al Jahdhami.



OQ Chemicals, one of the world’s largest suppliers of oxo products, offers its customers worldwide a well-matched product portfolio along the entire value chain of oxo chemicals. The above image shows the OQ Chemicals’ plant in Bay City, Michigan, US.

#### New and unique opportunities

With OQ’s enhanced focus on sustainability, OQ has set up an Alternative energy business unit with green downstream products being one of its pillars. OQ has a unique and advantaged position with most of its footprint being in Oman.

The location and the abundance of renewable resources in Oman makes OQ well geared for the energy transition. Expanding OQ chemicals, formerly known as OXEA, is also a key focus area for the future with investments brought closer to markets.

#### Responsibilities and challenges in the new role

The new responsibilities include overlooking an international business in different continents since OQ downstream business is in Oman, Germany, Netherlands, USA and China, which provides different challenges, including different country regulations.

When asked about how he manages in the new role, Ahmed notes: “Having talented and passionate leaders is key to the success of any executive, and that I am blessed with. Each of the businesses has a completely different challenge. The refineries and petrochemicals are challenged due to lower margins around the world, where focus is driven into the operational excellence and cost optimisation.

“On the other hand, the specialty chemicals business is focused greatly on customers’ requirements and driven heavily by R&D and innovation. Therefore, I give each of the OQ downstream businesses a specific focus depending on its challenges and nature without losing sight of the future trends,” Al Jahdhami emphasises.

#### Future role of OQ in the energy landscape

The world is changing. With Covid-19 in place, we have seen some major irreversible shifts in global energy landscape and secular trends. Fortunately for OQ, the perfectly timed integration supported the company’s resilience and positioned it well to manage in these tough times. With the Oman’s vision 2040 under the new leadership, the entrepreneurial growth vehicle is set to demonstrate its unique value proposition to the customers, partners and all stakeholders.

“With much more resilient and agile integrated entity in place, we are more competitively placed, both regionally and globally. Therefore, moving forward, we foresee OQ, with a more diversified portfolio, representing Oman at regional and global level, offering unique growth propositions on equal footings and making more possible,” Al Jahdhami concludes. **REFM**