



## Chairman's Statement

On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG, for the three-month period ended 31 March 2021.

One year ago, two crises struck: The COVID-19 pandemic and the collapse in oil price. The scale of social and economic disruption is unprecedented. There is profound change to the way people live and work. Even when a semblance of normality is restored, life as we knew it – business as we knew it – shall not be the same.

Our company met new challenges head on. We kept people safe and protected, we kept clients operational, we kept our business profitable. We provided efficient frontline services with a positive outlook and a duty of care. Our responses have been resilient, innovative and effective.

Out of these challenges comes new opportunity, for which we are ready.

### Financial performance

#### RS Consolidated

	Rial Million		USD Million	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Revenue	<b>25.8</b>	28.9	<b>67.0</b>	75.1
EBITDA	<b>5.7</b>	7.1	<b>14.8</b>	18.4
Operating profit	<b>3.9</b>	5.2	<b>10.1</b>	13.5
Net profit after tax	<b>2.7</b>	4.1	<b>7.0</b>	10.6
Net profit after non-controlling interest	<b>2.1</b>	3.2	<b>5.5</b>	8.3

Q1 2020 results precede the full economic impact of the COVID-19 pandemic. This impact, of lower revenue and higher costs, continues to affect performance in 2021. Despite this, the outlook for the company is positive.

## **Oil & Gas**

As the oil price plummeted in the first quarter of last year, many oil & gas clients sought an urgent review of costs and prices. This cost reduction phenomenon spread across all sectors and many government contracts. We worked with our clients, to reduce scope, where practicable, and find savings. We have managed the fine balance to help our clients and remain profitable. We have also retained all major contracts that have been re-tendered during this period, including the prestigious IFM contract for bp Khazzan.

At the same time, the contractor workforce in the oil & gas fields has reduced in number. Part through cost saving initiatives, part in a reduction of capital expenditure on new projects, and part minimizing numbers on site as a response to COVID-19. Short-term visitors to site have been kept close to zero, with exceptions only for emergency. Average occupancy across the oil & gas field operations has fallen from 94% in Q1 2020, to 79% in 2021. This has assisted in the effort to keep people protected and keep vital oil & gas fields operational.

The oil price has recovered to a viable level over the intervening year and we may expect a gradual increase in activity and occupancy, especially once the pandemic is under greater control across the whole country.

## **Renaissance Village Duqm**

By the end of March 2020 occupancy at Renaissance Village Duqm had crossed 16,000, over 90% of the available capacity at that time. As the pandemic took hold, occupancy fell to 10,500. Clients appreciated the many measures we took to suppress the pandemic within our perimeter. Occupancy has since risen to 13,800. With ongoing projects understandably falling behind schedule under the current circumstances, we can expect a gradual increase in occupancy during the year as travel and quarantine restrictions are lifted.

The SEZAD authority and major projects in Duqm, including the OQ8 development of Duqm Refinery, have set minimum standards for worker welfare. These standards are aligned with International Labour Organisation (ILO) and the requirements for attracting international investment and finance to fund major projects.

Renaissance Village Duqm is 100% compliant with all the required standards. Unfortunately, some contractors used the pandemic as an excuse to cram their workforce into villas, apartments and makeshift portacabin clusters on residential land, with appalling standards of food safety, poor sanitation and hygiene, no recreation or lifestyle facilities and zero fire security.

We are grateful to OPAZ, SEZAD, OQ8, Ministry of Labour, ROP, Duqm Municipality, the Wali's Office and other authorities in Duqm for their intervention to stamp out this malpractice, where some employers are willing to treat their workforce in an inhuman way for perceived short-term gain.

The government of Oman and major clients value the correlation between the minimum standards and health, safety, security, welfare and productivity. This is essential to attract foreign direct investment to the country to drive economic diversification and create jobs.

## **Services**

Our company provides essential IFM, Soft FM and Hard FM services at more than 100 contract locations. Once again, the measures we have taken to combat the virus have kept clients operational. However, revenues are affected in various ways, in particular the closure of our retail outlets at certain locations, or reduced footfall during more limited opening hours. We expect revenue volumes to increase once the country has suppressed the current wave of virus infections.

## **Opportunity**

In the sphere of Services and Facilities Management (FM) clients are looking for higher standards at lower costs. They want services solutions that are safer and greener. They want relevant digital and technological solutions; and the most efficient automation. They want maximum In-Country Value. Here in Oman, ICV must include more well-paid productive jobs for Omanis.

All these things were important pre-COVID and pre-2020. Post-COVID and the economic earthquake of 2020, they are imperative. And the good news for Renaissance is all these things are integral to our brand offerings and our continuous improvement journey.

Many of our blue-chip clients have required these qualities in services for years. Going ahead, these solutions shall be required universally in every service contract.

There are other areas of opportunity where the direction of travel is also in the Renaissance sweet spot of capabilities:

#### *Worker Welfare*

All of Renaissance's clients require the best possible welfare for their workforce at ILO standards, or better, but at efficient and affordable cost. The early outbreaks of the pandemic occurred in over-crowded accommodation that did not meet minimum standards of human dignity. That has never been the country's standards and in a post-COVID world, authorities will stamp down on unacceptable standards of accommodation and welfare for workers.

#### *Outsourcing, IFM, PPP*

The out-dated model of cyclical 2-to-3-year tenders for single services is often counter-productive. It promotes continuity of the status quo, is not conducive to developing an Omani workforce, and does not encourage long-term investment for continuous improvement.

Longer-term 7-to-10-year Integrated Facilities Management (IFM) contracts allow clients and IFM service providers to work together on raising standards, lowering costs, investing in Omani workforce development, and investing in innovation. They allow for life-cycle care of buildings and assets. They allow for nurturing local SMEs in the lower-tier sub-contract opportunities.

The government's commitment to Public Private Partnership (PPP) shall create new opportunities for companies like Renaissance to deliver private investment for the public good, as we have done with Renaissance Village Duqm.

## *Diversity*

Renaissance's business is contained in a single word: Services. But the range of services solutions we provide is wider than ever. In recent years we have diversified profitably into Waste Management, Utilities and a broader range of B-to-B and B-to-C Hard FM Services. Our success in these new markets, where we are providing safer, greener solutions to delighted customers, means we are poised for growth as the government privatises and others outsource these services.

## *New Tenders, New Territories*

We are currently competing in some major tenders here in Oman and elsewhere in the region, notably UAE where we have a footprint and Qatar where we seek to gain a foothold. If we are successful in some of these tenders, the scale of some of the opportunities is transformational.

## *People*

Our people have delivered services the length of our supply chain to the frontline of the pandemic. Their diligence and resilience show what this company is made of. For this reason, we have every confidence in our ability to compete and grow through the many opportunities that will play to our strengths in a post-COVID world.

## **Tribute**

We express our thanks and support for His Majesty Sultan Haitham. Everyone admires the government's sure-handed response to the pandemic. His Majesty's leadership in implementing necessary measures to drive economic and structural reform, provides a platform for local and international investment in Oman's future, backed by the confidence and optimism of the 2040 Vision.

Samir J. Fancy  
Chairman