

## Management Review

Today Nawras is very well recognised for doing things differently – indeed our customers all expect us to be different from the market place. We constantly seek new and better ways to surprise, delight and enthuse our customers. As we strive to be pleasingly different our watchwords are also caring and excellent; caring in the sense of being open and honest with our customers, our partners and our shareholders, listening to them, and striving to build close relationships; and excellent by delivering user-friendly services that leave our customers with a lasting sense of satisfaction.

People are our business. They are at the centre of everything we do. In 2011 we increased our workforce to over 1,000 including the addition of 150 new positions for Omanis at the request of the Government of Oman, a request that everyone at Nawras enthusiastically embraced as we are a company, a Family, that is always willing to play its part in social initiatives that bring real benefits to Oman.

As we have grown as a Family, continued growth in our business was the defining theme of Nawras' performance in 2011, with substantial advances in key areas: mobile revenues, home broadband and voice, and geographical coverage. At the same time, the Company placed tremendous efforts in driving cost efficiencies and in leveraging the benefits of belonging to the Qtel Group.

The growth in our fixed-line business in 2011 was particularly encouraging, especially as 2011 was our first full year of operation in this sector, having launched home broadband and voice services only in June 2010. In the past 12 months, broadband traffic alone has increased from 1 terabyte a day to 18 terabytes a day, underlining the extent of our coverage and the enthusiastic customer response to our new service.

Roughly one-quarter of our customers now use mobile broadband regularly, with about 50 per cent connecting by broadband at least once a month. Even so, there is still significant potential for further expansion. We can set up home broadband connections almost immediately, with free introductory offers enabling customers to 'plug and play'. Following the success of our trial with Haya Water, in providing fibre-to-the-home (FTTH), our objective is to have over 30,000 homes enjoying Nawras services via fibre optic cable within the next five years.

Total customer numbers declined slightly during 2011, primarily due to changes in regulatory rules for counting the prepaid mobile customer base and a reduction in the permissible number of SIM cards one person may hold. Nevertheless, prepaid customers still exceed 1.75 million, and the number of home broadband and voice customers increased by 251% to 27,000.

Additionally we witnessed significant benefits of our retention programme following the launch of the new Elite Program and upgrade of our Elite Club. Elite Club members now benefit from silver, gold, and platinum level rewards, and earn redeemable points for more than 1.4 million members.

Our sales network expanded, ending 2011 with six distributors, 26 Nawras stores, 107 premium dealers, over 1,000 standard dealers, and 15,000 recharge outlets. In the coming year, we plan to introduce a

franchise concept to launch more Nawras stores, giving young Omani entrepreneurs the opportunity to participate in the Nawras growth story.

### Maintaining our advantage

The Sultanate has one of the best-performing private sectors in the Middle East region and is generally a prosperous environment, backed by a sound economy that benefits from the prevailing high oil prices and sound government policies. During 2011 the country continued to grow and was largely unaffected by the political disruptions experienced in other countries in the region.

Although on the face of it Oman might appear to be reaching mobile saturation, the favourable conditions and growth as well as certain demographic and socio-economic factors work in favour of continued growth.

About 45 per cent of Oman's population is under the age of 25, and half of those again are under 12. Every year, a new generation of prospective customers enters the telecommunications market and drives rapid and sustained growth in the mobile sector. We also have a growing expatriate population with about 300 new people entering Oman every week, a result of the extensive infrastructure projects being implemented or planned. All these new comers to the Sultanate are potential customers, and our goal is to introduce them to our services and retain their long-term loyalty to Nawras.

We certainly have all the ingredients in place to do so – and to maintain our growth in all market segments. We are now benefiting from our investment in setting up our own international gateway and international sea cable infrastructure. This investment enables Nawras to offer state of the art international services and to cater for anticipated data growth over the coming years. We are now prepared for the next generation of telecoms and the next phase in the company's growth.

In tandem with these developments, and in close cooperation with the Qtel Group, we will continue to upgrade and modernise our network so that we can continue to provide the best and latest services to the widest number of people. However, technological resources and superiority are only a beginning. What really matters is how we apply these resources to give our customers the range of innovative products and quality of service that they have come to expect from Nawras.

### Increasing customer satisfaction – investing in people

I am delighted that we have seen an upward trend in our customer satisfaction surveys. From 87 per cent in 2010, we are now consistently achieving 92 per cent customer satisfaction, illustrating the results of our emphasis on living the customer experience throughout our training and development programmes while striving for excellent quality in every area of our activities.

A contributory factor has been our sustained investment in people, particularly customer-facing champions and everyday on-the-job training. The appointment of our Chief Customer Experience Officer – the first in the Qtel Group – further reinforces our strengths in this area, always seeking to simplify the way we talk and help customers, all led by the customer experience, rather than responding reactively.

We lead the way in developing the role of women in business, with Nawras internally and in the wider Omani economic environment. In collaboration with the British Council, we have grown our involvement in the Springboard programme which enables women to grow their potential not only in the workplace but also in the family and community. Nawras actively celebrates and sponsors Omani Women's Day activities as part of its efforts to recognise the significant contribution of women to the nation.

Nawras already has a high ratio of female staff (more than one-third of our family), and initiatives of this nature underline the company's commitment to encouraging and assisting women to achieve their goals. They also bolster our reputation as an employer of choice, demonstrated in 2011 by a 17 per cent increase in staff numbers in a single day, to our knowledge the biggest pro-rata expansion by a company in Oman's private sector. Our employee engagement continues to be high and our staff turnover low reflecting the fact that the Nawras workplace is a very positive environment and all employees are considered part of the wider Nawras Family.

We now have a total staff complement of 1,019 – up 13 per cent on 2010 – who are now being housed in our excellent and caring new main office, the Nawras Campus, located in the new Muscat Grand Mall building in Khuwair, Muscat.

### Growing our corporate business

The Muscat Grand Mall building, a large-scale mixed-use commercial, retail, and residential development, provides extensive new business potential for us, as well as relieving the space pressure caused by outgrowing our existing premises. Nawras will provide broadband and WiFi services to tenants and customers at the centre, where we will also have opportunities for highly visible branding of our name and advanced business solutions including FTTx services.

Bespoke offerings are typical of our pleasingly different approach to developing our business segment, identifying key areas of need and demand and designing appropriate responses. In 2011, we became the first telecom provider in the Middle East to offer a prepaid service for our business customers – another reason we have been able to secure and retain about 50 per cent of the top mobile corporate customers in Oman.

It is particularly encouraging that we increasingly attract government departments. We now have dedicated account management to serve the public sector, and are delighted to include among our clients the Ministry of Finance, the Ministry of Defence, the Royal Court, Air Force Hospital, Sultan Qaboos University Hospital, and the Oman Airport Management Company.

We will continue with the integration of fixed and mobile broadband services and through continued focus on customer friendly product development, segmented offerings and use of different communication channels, secure a healthy share of the growing broadband market. This is particularly relevant in the corporate segment, where we can build on our existing presence to develop specialist bundled packages and bulk data offerings.

Our international cable which came fully operational from October 2011 is integral to supporting our development of an extended portfolio of advanced telecommunications services such as global Ethernet, MPLS-based VPN, Managed Security, IaaS, and global Telepresence. It also reduces international interconnection costs and national and international transmission lease-line costs, and gives us end-to-end quality control.

As a result, we are now in a position in Oman to provide multinational corporates and the bigger domestic companies with products and services that meet their requirements in terms of speed, quality, and cost.

### Building on success

Looking ahead, we will build on the proven principles that have served us so well to date. Although we will undoubtedly face continued fierce market competition, we have the benefits of a stable and prosperous economic environment coupled together with our proven record of consistent performance and achievement over the past seven years.

In broad terms, we aim to grow mobile revenues faster than the market, develop new revenue streams, and maintain our focus on cost-efficiency. As our intensive capital expenditure programme matures, we will benefit from overall cost reduction and growth in our fixed-line and mobile business. We also have the opportunity to win a significant share of the growing market for broadband; our integrated and reliable products and services will help gain more corporate business; and we can reduce costs for international traffic by exploiting our sea cable and global gateway.

At the same time, we can take a greater share of international carrier business, while selling spare capacity to other network providers and service operators.

Specifically, delivering customer value will be a priority more than ever. We know that our customers are becoming increasingly sophisticated and our goal is not just to match but to lead their expectations. Our challenges are to be led by customer experience and to respond with an approach that embodies the smartness and empathy that has always been a Nawras characteristic.

To do so, segmentation of offers and services, backed by attractive promotions and innovative offers, will become more detailed and finely ground as we optimise the resources we have available in broadband, and new generation technologies – for mobile and fixed-line customers.

### Nawras 'firsts'

The innovative spirit continued, with Nawras Backstage presenting NE-YO Live in Muscat and the MyNawras HD App for iPad being launched. The new Elite program introduced Silver membership as well as rewards for receiving calls and the Elite Club expanded to include Silver membership. On the product side, our 'firsts' included Bill Analyser, Rannati copy tune service, Emsakeyah, Qasas Al-Anbeya, Eazaz Al Qur'an Arabic and Qur'anic services. Our 6+6 international offer gave customers six free minutes after making an international call lasting six minutes and we launched a prepaid solution for

postpaid customers. For Business customers we introduced free Internet Performance Reports and Business Mousbak prepaid service – a first for the region and not just Oman.

### Working together - the Nawras family

Nawras has a vision to enrich the lives of people in Oman through better communications services and a mission to be the employer and communications provider of choice. The Nawras family – as we call it – embraces its core values of being caring, excellent, and pleasingly different in every aspect of the business and nowhere is this more important than in the “people” department. This was amply demonstrated during 2011.

Our first annual get together – ‘All Hands’ – was in 2006. Starting with fewer than 100 Nawras people, the whole company got together on one day to share experiences and talk about plans for the coming year. Six years later, Nawras has taken a tremendous leap forward. The Nawras family members number some 1,100 and it is becoming impossible to find a venue in Muscat that is large enough to accommodate everyone, even though All Hands is now held over two days to allow everyone to participate.

All Hands includes not only all direct Nawras staff but also service providers such as cleaners, drivers, and contract staff. Everyone in the company is able to voice a question or concern to members of the Executive Committee team during an open floor discussion.

In response to the Government request to hire graduates early in 2011, Nawras welcomed an additional 134 trainees. Their enthusiasm, combined with the company’s customer-friendly culture, is further enhancing the service provided to Nawras customers. Many of these newest recruits are now working in customer-facing and technical roles where they are helping to personalise the face of the company. The wave of appointments also created development opportunities for existing employees, nine of whom were rotated as trainers in the People Department.

Internal recruitment is now a priority, with 96 of 150 positions filled in this way during the year. Hiring policy is based on ensuring that Nawras appoints the best candidates for each role, and the company continues to build its reputation as an employer of choice in Oman.

All new family members are warmly welcomed and a message is sent out to the rest of the family to let everyone know about the new joiner and the role they will be performing. A Nawras handbook is given out on the first day to provide a comprehensive introduction to the company, as well as lots of helpful information to speed up the settling-in process.

Dedication and innovation is rewarded at Nawras. Along with bonuses and sales incentives, the company provides financial and non-financial recognition through a number of different schemes. These include ‘employee of the month’ for customer champions in the contact centre, spot awards to recognise one-off special performances or achievements, and the CEO award for an outstanding contribution by an employee or team. Further incentives include the encouragement, long-service, and beyond the call of duty awards on special projects.

The 'Springboard' training programme for the development of women has produced 50 graduates. The first group to complete the programme were so motivated by the experience that they went on to organise a public event in 2011 called 'We Care' which attracted hundreds of visitors, promoted small entrepreneurial businesses, and raised a substantial amount for charity. The event was so successful that participants have been asking Nawras to hold the second 'We Care', which is now in the planning stages.

The biggest reward for the Springboard ladies was to know that their combined efforts had helped women to succeed in reaching out to new customers, while gaining confidence to go on with their businesses. In addition, more than OMR 2,600 was raised for National Association of Cancer Awareness. A total of four Springboard workshops have now been held, and the fifth is already fully subscribed.

The 'Ruwaad Al-Nawras' programme for graduates aims to fast-track talented Omanis by giving them specialist training to become telecommunications professionals. The programme attracted more than 2,500 applications for 33 places.

Following a four-day induction, the first entrants took up positions in network engineering, marketing, IT, finance, human resources, legal, and sales. As they rotate throughout the sections they are gaining knowledge and a wider understanding of the many facets of the business. They benefit further from Ericsson University in Canada giving regular sessions to encourage and support their development, and one-to-one meetings with the graduate coordinator who follows each individual's progress with their respective department manager.

The programme will finish with fully trained graduates who are potential Nawras leaders, trained and well-equipped to take on challenges ahead. They will be graduating in April 2012.

As part of a continuing investment in people, 40 Nawras staff have qualified for a diploma from the UK's Institute of Leadership and Management. A further 23 are currently on this internationally recognised award programme that is designed to develop and sharpen leadership competency and skills.

Nawras offers flexible hours and pays 30 working days of annual leave and 15 days for Hajj leave, as well as maternity and paternity leave, marriage leave, compassionate leave, patient escort leave, and time to take part in national sports and cultural events. Very competitive compensation packages are offered based on merit, which helps to retain employees.

An open-plan working style throughout the company, including top management, encourages a free flow of ideas and smooth communication. There are no closed office spaces.

As well as training for products and services, help is offered for personal development through academic education assistance in support of individual performance and development plans.

Support for Nawras family members includes child education assistance, telecom service benefits as well as medical and long-term disability expenses.

**Growing our brand**

Our focus in 2011 was to maintain close links to the Omani community, bringing excitement and quality to every activity and thereby ensuring Nawras remains the leading telecom brand within Oman and the wider region.

The quality and value of our brand is already firmly established, and its status was further underlined in 2011 by a series of awards endorsing a wide range of diverse aspects – from innovation to website excellence, executive leadership, and organisational expansion.

A significant push in brand activities during the year saw extensive upgrades in various areas. The award-winning youth brand Shababiah was re-launched with a new look and feel, creating a totally young web presence and a social media excitement that has generated intensive and long-lasting customer enthusiasm. Backed with live entertainment by '30 Seconds to Mars', the launch attracted more than 4,000 youngsters aged 16 to 25.

The Nawras corporate and consumer brand was also completely reviewed and restructured, resulting in a major facelift that will be introduced in early 2012. The new Comprehensive Brand Guideline is all-inclusive and will visually change the way Nawras speaks and presents itself to its customers, encompassing every single operational aspect of the company internally and externally.

Throughout the year, the Nawras brand has been very evident in the entertainment world, indelibly linked to well-attended live music events and a radio presence unmatched by our rivals.

The growth of broadband usage, whether by mobile or fixed channels, enables us to further strengthen the Nawras brand by leveraging social media and networks. We talk to customers and share our thoughts and experiences, creating key brand-building opportunities as Oman rapidly becomes connected to the web.

## Awards

Throughout its short history, Nawras has established an enviable reputation for winning many prestigious local, regional, and international awards in recognition of its achievements within the telecoms industry, or the corporate world as a whole. This tradition was maintained during 2011 with Nawras honoured with Outstanding Leadership 2010 award at the TMT Finance Middle East Awards and for the Best IPO in the Middle East 2010 from EMEA Finance magazine.

Asia's Best Employer Awards recognised Nawras for Innovation in HR Strategy and Alam Al-Iktisaad Wal A'mal conferred its Best Performing Company – Large Cap award. At the Global HR Excellence Awards, Nawras came first in the Strategic Leadership category, followed by the Corporate Finance Award at ACT ME Deals of the Year, and Organisational Expansion of the Year from CommsMEA.

Nawras has always featured prominently at the Oman Web Awards and 2011 was no exception, winning five awards: Diamond Award Website of the Year and taking the Gold Award for [www.nawras.om](http://www.nawras.om) and [www.bawabaty.om](http://www.bawabaty.om), the Silver Award for [www.shababiah.om](http://www.shababiah.om), and the Bronze Award for the Ali Al Habsi microsite.

## Acknowledgments

In closing, I take great pleasure in extending my sincere thanks and appreciation to all our customers and my colleagues for the progress and the achievements that we recorded in 2011. We are in a people business and without doubt the people who make up the Nawras 'family' become stronger with each passing year. We can be confident that their skills and dedication will stand us in good stead as we embark on another exciting stage of the Nawras journey.

Ross Cormack

Chief Executive Officer