

EGYPT

Ancient Egyptian Hieroglyphs

Gateway to MENA region and beyond

As it reclaims political stability, Africa's second-largest economy after South Africa is carving out a new path to growth and prosperity in the Middle East and North Africa (MENA).

Blessed with a young and skilled population, a business-friendly head of state, and one of the most diversified economies in the region, Egypt has all it needs to achieve sustainable development. Having withstood revolution and upheaval during the past decade, the resilient country of pyramids and fascinating history has unveiled a wealth of reforms and opportunities to engage investors and help it become a more competitive nation.

Under the leadership of President Abdel Fatah al-Sisi, who inaugurated a new Parliament in January 2016, Egypt has bounced back into the global business arena with gusto. While tourism may be taking a backseat in the light of instability, many attractions lure investors: Egypt enjoys a wide range of preferential trade agreements, a competent workforce and, with 90 million people, the largest population in the Arab world, with more than 80% of its GDP built on household consumption.

In terms of infrastructure, Egypt launched an expansion of the Suez Canal in 2015, and is now overseeing three mega-projects, in the form of the Suez Canal Corridor Development, the North Coast Development, and the Golden Triangle Development, which will create new industrial, mining and manufacturing opportunities. By bringing private investment to the fore, al-Sisi clearly means business. The U.K., the largest foreign investor in the country, has spawned more than 900 companies there

in areas as diverse as oil and gas, financial services, pharmaceuticals and telecommunications. British investments have supported the strong economic recovery of Egypt since 2014 and the subsequent economic and political stabilization.

Bridging the Housing Gap

Some 10,000 companies are investing more than \$25 billion in Egypt's new landscape.

Indeed, Mostafa Kamal Madbouly, Minister of Housing, Utilities and Urban Communities is upbeat: "Construction is now one of the most advanced sectors within Egypt and the wider region," he says.

Remarkably, the country's huge population lives on just 7% of the land area in Egypt—the remaining 93% is desert. The challenge for the government is to increase the inhabited area from 7% to 12% within the next 15 years. "By the end of this year, we will have built 250,000 housing units—we expect our target of 1 million homes to be achieved within the next three to four years," Madbouly says. "The government is also implementing a wide network of highways, which will lead to the new, uninhabited areas. These highways act as a development corridor.



Magued Sherif
Managing Director, SODIC

HUMAN DEVELOPMENTS

Building on a history of two decades of successful operations, SODIC is one of Egypt's leading real-estate development companies.

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SODIC

Within 40 years, our population is expected to increase to 180 million, so as a government, we must be able to transfer the issue of social housing from being just a “project” into a sustainable plan.”

For developers like Cairo-based SODIC, the demand for high-quality housing, commercial and retail spaces has been a boon. The listed company, which has brought award-winning large-scale developments to the market, has enjoyed a six-fold increase in market capitalization over the last three years, generating outstanding long term returns for shareholders and placing the company at the forefront of the market.

“We have a good solid track record and we are well-positioned in the market to continue doing sustainable business in this segment,” says Managing Director Magued Sherif. “The high-income segment is somewhere between 5%-8% of the entire demand and that still represents a good market for us to operate in. At SODIC, we want to create developments that people enjoy living in. We want to create communities. We care about our customers and for that reason, we invest in innovative approaches and deliver solutions that will positively improve their quality of life.

“We are working on a number of initiatives to support smart communities,” he continues. “These initiatives involve proper planning from the very beginning to create working communities. We investigate and invest constantly in future trends in order to develop and improve our communities. And that results in a ripple effect on Egypt’s entire housing market.”

A Treasure Trove for Energy Hunters

While Egypt is usually associated with its unique historical treasures, the country is also home to large reserves of oil and natural gas. Recent natural gas finds have put the nation back on the energy map, and the government is eager to restore the country to its former status as a regional hub for energy. Listed on the Abu Dhabi Securities Exchange, Dana Gas, MENA’s largest private natural gas company, boasts assets in Egypt, the Kurdistan region of Iraq and the UAE, and is geared up for continued expansion and growth. To offset outstanding debts from the Egyptian government, Dana Gas established a Gas Production Enhancement Agreement that will allow it to sell the government’s share as well as its own on the international market. The company is investing more than \$35 million over three years. “For a company our size, with a \$1 billion market capitalization, this is a substantial amount of money to be investing in Egypt and a clear sign of our commitment to the country,” says CEO Patrick Allman-Ward.

For those investors looking to access the industry from a secure and informed local standpoint, INGAZ is an excellent first port of call. Totally professional, with 10 years of expertise to call upon, INGAZ supplies and assists energy plants, oil refineries and gas plants with parts, engineering and consultancy services, technical support and project management. “The momentum in the market presents a lot of opportunities for our company,” says Managing Director Mohamed Al Alamy. “We work closely with a number of international partners, offering tailor-



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Egypt’s man of steel possesses golden vision



Egyptian Steel is investing in state-of-the-art plants to provide for GDP growth.

Given his dedication to investing in his country, his employees and his business, dynamic Egyptian entrepreneur Ahmed Abou Hashima is a champion of teamwork, winning strategies and targeting new goals.



Ahmed Abou Hashima
Chairman & CEO

His highly successful group, Egyptian Steel, was established in 2010, but is already an important player in the ambitious North African nation as its multiple modern, and environmentally friendly factories produce vital raw materials for major infrastructure projects.

With substantial investment flowing into the country, Egyptian Steel’s portfolio of rebars, billets and wire rods has helped the public and private sectors create a robust manufacturing base that boosts GDP growth and socioeconomic development.

Heavy investment in new plants has paid rich dividends, and Egyptian Steel’s 830,000-tonne/year facility at Beni Suef will showcase its cutting-edge technology, manufacturing expertise and eco-friendly focus when it comes onstream in mid-2016. “This plant is the first of its kind in the Middle East and only the third such facility in the world,” Abou Hashima explains. “It is revolutionary because it uses 60% less energy and generates 30% fewer emissions. We have an identical plant scheduled to open next year at Al Ain Al Sokhna. The future is green steel.”

Emphasizing Egypt’s strategic location and vast market of 90 million consumers, Egyptian Steel’s chairman and CEO sees a wealth of lucrative opportunities in various economic sectors for investors from countries like the U.K. His group is spearheading this investment drive. “Our strategy is to continue to invest in Egypt and diversify our investments within the construction materials sector. We have already submitted a request for a cement plant license,” he adds. “Our new environmentally friendly plants will increase our market share to 20%. For the long term, I envision Egyptian Steel as a one-stop shop for all building materials, not just steel.”

Egyptian Steel

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made services according to their needs and delivering the highest levels of quality and support.”

One of the longer-established Egyptian players, Saad El-Din Group is present in a diverse range of mineral fields, including gas, fertilizers, salt and agricultural development.

“When President al-Sisi took over, he immediately solved our energy problems by providing the electric capacity and establishing new agreements with the Gulf States to supply Egypt with all the oil and gas the country needed. Furthermore, he managed to change the investment policy for the energy sector, something I consider to be an important milestone,” says Chairman Mohamed Saad El-Din. “The Zohr gas field will be a game changer, and will hopefully help Egypt regain its status as a gas exporting country in the future.”

The Road Ahead

The media, and the role of journalism in particular, are vital in a progressive and modern society: and national newspaper Al-Ahram has for 140 years played a significant role in ringing the changes. And it is looking forward to harnessing development and enlightenment in the society for centuries to come. Editor-in-chief Mohamed Abdel-Hady Allam issued the following statement: “In the last three years, the government has shown unprecedented cohesion and determination in implementing a new constitution to complete building a modern and democratic state. The nature of the constitution is to maintain public freedoms and safeguard the homeland against any threats that would jeopardize national unity. The burden on the shoulders of the interim authority was immense, and when President al-Sisi came to power, it was clear he had a lot of work to do. The new administration has adopted a solid approach to revamping the infrastructure, roads, sewage systems, public

housing, water, and transportation. The seriousness of the presidency and government has been proven in the move to solve the electricity shortage that had reached a critical stage. New contracts with global companies managed to fill the gap in a short space of time. The role of the new legislature in enhancing and improving the environment will be critical to the investment climate in Egypt.”

In addition to investment, a different skills set is needed to deliver Egypt's development goals. Leading the way is the Badr University in Cairo (BUC), set up by Cairo for Investment and Real Estate Development (CIRA), which has pioneered a first-class, nonprofit, private learning base in an urban setting to light the way for Egypt's future. As the name suggests, CIRA is a private company active in different fields, including real estate. But it is chiefly focused on education.

“Over the next five years, we plan to build more than 100 schools across Egypt. This will increase our student numbers from around 20,000 today to more than 150,000,” says Dr. Hassan El-Kalla, BUC's founder and chairman. “We are eager to make a real difference and are confident we can do that. We want BUC to become Egypt's Harvard-equivalent—a center of excellence. We look to the U.K. as an important source of knowledge and inspiration.”

Meanwhile, celebrating its 10th anniversary this year, the British University in Egypt (BUE) is now ranked among the top private universities in the Middle East and North Africa region, having been voted first place among Accredited Private Universities in Egypt and 12th Place Overall in Public and Private Universities in Egypt by the Arab Region University Ranking. Working on the British model, BUE started out in partnership with Loughborough University, with three faculties: engineering, business administration and political science.

A decade later, the University is now linked to London South Bank

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Wafik Bardissi
Chairman and CEO, Minapharm

and offers four new faculties: energy engineering and environment, arts and humanities, tourism and hotel management, and law. It also offers a nursing program validated by Queen Mary University. As Ahmed Mohamed Hamad says: "We are implementing the Law Faculty in September of this year and next year will have our first graduates from the Faculty of Pharmacy and Dentistry. This is a very exciting time for us. And we remain always open to new international partnerships."

A Pharma Leader

As a prominent base for the manufacture of both new and generic pharmaceuticals, Egypt is an easy stepping stone from which to enter the fast-growing African market.

At the forefront of this revolution is Minapharm, with one of the broadest high-quality product portfolios in the industry. In addition to producing lifesaving and life-enhancing medicines, Minapharm is adopting an international operation platform for biotechnology and cellular engineering, and making affordable medicines based on scientific solutions and technologies.

Its acquisition of ProBioGen was a first for the industry, Chairman and CEO Wafik Bardissi explains. "Acquiring a European company was seen as unconventional and caused surprise and excitement for many observers," he says. "We are also investing in our own new state-of-the-art facility here in Egypt, which should be operational by the end of 2018. We employ Egyptian specialists and foster an innovation culture. The establishment of this Egyptian bioengineering research community



The British University in Egypt: 10 years of excellence.

www.bue.edu.eg

can be considered as a milestone in Egypt's pharmaceutical history. Having a strong R&D base here in Egypt gives us a competitive advantage when it comes to pricing. For instance, we are able to offer new immunotherapy products, which are normally very expensive, at affordable prices because we manufacture them straight from the cell to the protein. We're able to supply the full value chain here in Egypt. The new facilities will not only allow us to strengthen our position in the regional market, which is our main focus in the short- and medium-term, but also will allow us to look at opportunities beyond our region."

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