

# Egypt - MENA's growth driver

Although the Egyptian economy has not been immune to the effects of the Covid-19 pandemic, its remarkable success story has continued as much of the world slips into recession. Under President Abdel Fattah Al-Sisi, Egypt was one of the world's best-performing economies in 2020. Growth is underpinned by favourable demographics, a huge domestic market, and a strategic geographic position at the crossroads of Africa and the Middle East. As Al-Sisi explained at an investment conference in Sharm el-Sheikh, Egypt has much to offer:

"The march of Egypt to the future will continue. Egypt is open to the whole world. We are committed to moving forward with the development and modernization of the Egyptian economy. There are 30 million people at the age of employment - Egypt is a youthful country."

Within his first 100 days in office, Al-Sisi announced dozens of new infrastructure projects to secure long-term investment and curb unemployment. But as he told media in a 2018 interview, reforms extend beyond that:

"We established the Supreme Council for Investment, which provides a broad



Abdel Fattah Al-Sisi  
President of Egypt

framework for investment policy and plans its implementation. The role of the council is to review the state's investment policies, determine the priority activities and projects for specialised sectors, establish the framework for the administrative and legislative reforms, and identify and eliminate impediments that investors encounter."

These efforts are bearing fruit. FDI inflows have risen by more than 30% since Al-Sisi became president, and exports are surging. Trade volumes are expected to rise further in the coming years on the back of an important new trade deal, the African Continental Free Trade Agreement, which came into effect in 2019. Al-Sisi explained the benefits it will offer, both domestically and across the continent, in a speech last year:

"Enforcement of the free African zone will contribute to increasing the trade and investment among the continent's countries. These circumstances and expectations make it incumbent upon us to find solutions in a bid to turn the continent to an international industrialization centre due to provide millions of new jobs, attract more foreign direct investments and raise rates of growth."

## Obourland for Food Industries Launching regional expansion

Expected to be the only economy in the Middle East and North Africa (MENA) region to achieve growth in 2020, Egypt is reasserting itself as one of the region's most dynamic economies. The country's GDP will grow by 3.5% in 2020 according to International Monetary Fund forecasts, while the rest of MENA is expected to slip into recession due to the coronavirus pandemic and related lockdowns. The most populous country in the Arab World, with a market of nearly 100m people, Egypt benefits from its demographic strengths as well as its location between Africa, Asia, and Europe, and its diversified economy.

Despite the global economic crisis triggered by covid-19, Egypt's food exports grew by 2% in the first nine months of the year, to \$2.6bn, according to official figures. Processed food exports account for 14% of non-oil exports, and major economies including the United States and Saudi Arabia are among Egypt's top-five food export markets.

One of the companies driving the growth of exports is Obourland for Food Industries, established in 1999 but Ashraf Hamed Sherif, just three years after he graduated. Originally focused on ice-cream, the



Ashraf Hamed Sherif  
CEO - Obourland for Food Industries

company switched to producing a wide range of cheese products and in 2005 formed a partnership with global packaging leader Tetra Pak. Established as a brand of quality and value in Egypt, Obourland is now looking to expand into new markets in the Gulf and Africa.

"We already export to five countries, and we're going to Tanzania in April," says Sherif. "We are open to new ideas and opportunities, and we're looking for distribution partners that can help us grow our business in Africa and the Middle East." With international growth in mind, Obourland has diversified beyond its traditional white cheese products over the past three years, and has added products

including milk and processed cheese juice to its portfolio.

In the first nine months of 2020, Obourland's revenues grew 6% to \$130m, with gross profit rising 14% to \$31.5m. The company achieved a gross profit margin of 24%, up 22% on the same period of 2019, partly thanks to the installation of three new production lines at the beginning of the year, lower packaging costs, and sourcing of cheaper raw materials, taking advantage of falling commodity prices. Thus Obourland continues to be an attractive proposition for investors, with an ROI of 28.66% in the twelve months to September 2020. The company was listed on the Egyptian Exchange in one of the most successful IPOs of recent years, with the family retaining a 60% stake. After a tumultuous decade for Egypt, Sherif is ready to expand his brand, and his country's, globally.

"It is very important, particularly at this time, to promote Egypt and Obourland, as a brand," he says. "Obourland is associated with the best Egyptian cheese; now with new projects abroad, it will not only be local."



# Evergrow Partner for Growth

The worldwide covid-19 pandemic and associated lockdowns have hit the global economy hard in 2020. But as the international economy recovers, it is becoming clear that countries that reacted quickly and decisively to support economic activity will be strongly-placed to take advantage of the next round of growth. One of these is Egypt, where the government announced a \$6.4bn stimulus package and a range of measures designed to power business through the crisis. As noted by KPMG in a September 2020 overview, these included a 9% cut in electricity tariffs for industry; the central bank allocating \$1.2bn to support the stock exchange; and immediate financing for the import of key commodities.



Mohamed El Khesheh  
Chairman - Evergrow

Many of these measures are targeted at the crucial industrial sector, which accounted for 16.7% of GDP in the 2017/18 fiscal year, according to a study by PWC. Manufactured goods made up 47% of exports in 2017, making them a crucial foreign currency earner. The government has set ambitious targets for industry value-added to account for 18% of GDP by 2030, with the aim of raising sector growth to 10% annually.

Leading Egyptian fertiliser producer, Evergrow aims to be a key part of this story, partnering with foreign investors and international counterparts to expand its position globally. The company has leveraged its three decades experience in the industry, and Egypt's competitive advantages, to become a regional leader, and is the partner of choice for investors looking to participate in the remarkable growth of the African fertiliser market. Founded as a trading company in the 1990s when Egypt liberalised its fertiliser sector, it launched manufacturing activities in 2006 with a \$400m investment in a plant focused on sulfate of potassium, Calcium Chloride, NPK fertilisers, and calcium nitrate, benefitting from Egypt's relatively low-cost base and geographical location. Evergrow is now a diversified and fully integrated company with a strong core of production activity.

"We have a newly-appointed expert management team, backed up by a very strong technical team," says Eng.

Mohamed El Khesheh, Evergrow's chairman. "Our advantage is that we have a view of the whole field, knowing all sides of the business, from trade to manufacturing. We know what the market needs, and we're the best-known company bridging between global and local markets."

The company offers partners technical advantages including three ISO certificates, and an additional certificate for exporting to the European Union (REACH), the world's largest economy. Existing partners include leading European companies which buy Evergrow's products and sell it under their own brands. Its long experience of exporting to markets with stringent import standards and high competition - including Japan, the USA, and Canada, as well as the EU - provide a guarantee of quality for buyers.

The company currently exports to more than 70 markets worldwide, and is continuing the expansion of its production capacity to keep pace with its global expansion. As such, it is open for co-investors in its production complex, which currently has capacity to produce 400,000 tons of potassium sulfate, 110,000 tons of calcium chloride, 290,000 tons of sulphuric acid, and 40,000 tons of phosphoric acid. "This project is one of the top projects in the sector anywhere in the world," says El Khesheh. "It's unique."

Evergrow is focusing on expansion in Africa in particular. The continent

currently accounts for around a third of the company's sales, a proportion it aims to increase to 50%. Market intelligence firm Mordor Intelligence forecasts that the African fertiliser market will grow by 5.1% annually between 2020 and 2025, and offers "the greatest growth opportunities with respect to fertilizer consumption" globally. Meanwhile, Evergrow will continue to develop its position in Europe, and look to build market share in Latin America.

The company is open to a range of investment partners to power this expansion. "We are very keen on accepting private equity and we are preparing the company for a PE partnership," says El Khesheh. "It depends on what the partner can offer."

Evergrow's leadership will prioritise investors with knowledge of the fertiliser sector, financial investors capabilities, or those with strategic market knowledge of areas where the company intends to grow. Partners will tap into not only Evergrow's strengths, but Egypt. "We have low labour costs, climate and resources to produce quality fertilisers, ports on the Mediterranean and Red Sea, and a strategic market position," El Khesheh says. "Through our quality, we represent Egypt as well."





# Palm Hills Developments

## From strength to strength

Egypt's unbelievable recent growth trajectory was impacted by Covid-19, but the country has weathered the storm much better than most others. GDP had already soared in recent years, rising from 2.9% in 2014 to hit 4.4% in 2015, 5.3% in 2018, and 5.6% in 2019. While expansion will moderate as a result of the pandemic, Egypt is one of the world's few large economies expected to avoid a recession in 2020, with GDP growth forecast to hit 3.5% this year.

Real estate is an especially popular sector for investors, as Egypt is one of the few countries in the region to offer off-plan sales. Recent currency devaluation has also improved the foreign investment case, meaning companies like Palm Hills Developments, an undisputed leader in Egyptian real estate, will continue to play an important role in the country's development.

As an innovative, fully integrated developer with a deep history and long track record of successful project delivery, Palm Hills has been driving Egypt's economic growth since it was established 21 years ago. The company has gone from strength to strength over the years, cementing its brand and reputation as a top player in the industry with investments in residential, hospitality, commercial, and mixed-use projects.

Yaseen Mansour, chairman and CEO of Palm Hills, has a very clear understanding of what sets his company apart from the competition:

"We have put a lot of effort in strengthening our brand. At the end of the day you must look at every developer and see which one is more efficient and has more added value; and we're working on both these fronts. We're working on being efficient in our buildings, we're working on design, marketing and the brand we have, and implementing new technologies, such as artificial intelligence."

At the same time, a wave of government investment in infrastructure in the years since 2013 has created the perfect conditions for new investment and projects. Billions were channeled into new projects that increased employment and incomes, and had the added benefit of reducing travel times to areas just outside of Cairo, further bolstering Palm Hills' activities.

"We've seen unbelievable infrastructure projects recently, the likes of which haven't been seen for the last 50-60 years in Egypt. Infrastructure is the key to boosting employment, so we were able to employ



**Yaseen Mansour**  
CEO - Palm Hills Developments

a lot of people very quickly to solve this big unemployment problem. All the new infrastructure has also helped developers realize the 'closeness of land:' what was once two hours away in 2012 is maybe now 15-20 minutes away, which has created appetite for real estate to develop areas outside of Cairo," Mansour explained.

Palm Hills is the developer of choice for both Egyptians and foreign investors, and a trusted government partner, collaborating closely with public officials to ensure value-added offerings including foreign residency for its buyers. It has risen to the top through successful delivery of dozens of world-class projects.

The company began building its massive portfolio with the launch of Palm Hills

October and its extension, followed by Palm Hills Bamboo, marking the beginning of a series of niche, high-end offerings that continued with an expansion into eastern Cairo with the Palm Hills Katameya project.

With a clear view in mind to diversify its offering beyond luxury real estate, Palm Hills turned its attention to new growth areas and a host of diverse real estate products, developing affordable units for new families with the launch of The Village, Village Gate, Village Gardens, and Village Avenue in eastern Cairo, as well as Palm Parks and Casa in the west.

From there the company expanded to the Mediterranean Sea and Red Sea with projects including Hacienda Bay, Hacienda White, and Tawaya. More residential



More recently, Palm Hills launched the first Palm Hills located outside of Cairo, the Palm Hills Alexandria, as well as Hale Town, a flagship wellness and medical hub, and Golf Central, the company's first office development, which was announced in 2019. It is also moving to develop the first Egyptian boutique hotels on the North Coast, Mazeej and Le Sidi.

Today the company's portfolio spans more than 13.3 million sq m. All told, these projects are home to nearly 6000 residential units varying in size from 150 to 2000 sq m, while 70% of their land has been allocated to lush greenery and multifaceted landscapes. Projects in west Cairo have nearly 200,000 sq m of dedicated service and retail facilities serving residents and visitors. Palm Hills employs more than 500,000 people directly and indirectly, making it a pillar of the Egyptian economy.

The company's financial track record has also been stellar in recent years: in 2018, the total number of units sold rose by 45% y-o-y to 3102, while sales revenues rose by 18% y-o-y to hit \$800 million. Commercial sales surged by a remarkable 168%, and the company was also able to cut its debt by 45% in 2018.

Growth continued last year, with new sales rising by 20% y-o-y to hit a record \$950 million, while cash flow operations hit an all-time high of \$110 million. Net profits rose by 4% in the same year to hit \$54.1 million, while the company's net profit margin rose by three percentage points to hit 14%.

Perhaps most significantly, Palm Hills attained record-breaking sales in the three months to December 2020, despite the challenges brought

on by the pandemic. Its Q3 earnings report tells an equally positive story: new sales rose by 42% y-o-y to hit \$190 million, putting the company on track to meeting its annual sales target of \$770 million.

"When Covid happened, in Egypt, like everywhere else, it was difficult. We had a very difficult April, for example. But in the real estate sector we've seen a very good recovery beginning in May, and things were even better in June 2020. In fact this year was probably the best June ever for the company as far as sales," Mansour recounted.

Palm Hills' strong focus on customer satisfaction also helped it mount an extremely effective response to the first wave of the Covid-19, as Mansour described:

"Regarding Covid19 we did a pretty good job as a company, we wanted to ensure our customers were safe and satisfied. We also felt we had to give back to the country, so we donated to the Ministry of Health; we gave them a 200-bedroom hotel we own in Cairo for free, with food and everything included. For our clients we offered on-call doctors and maintained space in the donated hotel for those who needed it. We also supplied masks, gloves, sanitizers to homes, and we sanitized their homes for free. It created a family feeling with our clients and community."

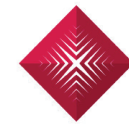
As the company looks to the future and post-Covid recovery, Mansour has his sights set on its biggest and most ambitious project yet: Badya, the Creative City. Stretching across 3000 acres, Badya is a fully integrated smart city and the jewel in the Palm Hills portfolio. Although

is one of Egypt's most innovative real estate developments, it has been designed with affordability in mind.

Architects incorporated urban planning principles that maximize natural features and reduce exposure to the elements, significantly bringing down the cost of air-conditioning. Units are also designed for maximum water efficiency, with the end result of both these measures being a 40% reduction in the cost of living. Smart sensors enable maintenance crews to detect problems immediately, and the city will also include renewable energy components such as solar panels. Because of this, Badya is the first "new city" in the Middle East that will be in full compliance with UN sustainability principles.

"Badya is a dream," said Mansour, "We've gained so much experience since we first started decades ago, and it is this experience that makes Badya possible. We're creating an integrated community, but one that also offers exclusivity, including facial recognition security systems and face entry. As it is a cognitive city, we also have plans to build two universities and an unmatched sporting club. We've put a lot of effort and our knowledge and know-how into this project, and I think it is the future of Palm Hills."

A company evolving from strength to strength.



**PALM HILLS**  
DEVELOPMENTS



# Banque du Caire

## New Momentum

Egypt's economic growth could surge to 5.4% in 2022, according to a November 2020 review by ratings agency Standard&Poor's, as the competitive advantages of the Arab World's most populous country reassert themselves. S&P forecasts solid growth of 2.5% in the 2020/21 fiscal year, despite the setbacks of the coronavirus pandemic and associated global recession. The agency reaffirmed its "stable" outlook for Egypt's credit rating. Egyptian Minister of Finance Mohamed Maait noted that S&P praised the government's reform programme, and its rapid response to the economic consequences of the covid crisis.

The economy's strength is driving the growth of the banking sector, as increasing numbers of Egyptians open accounts, existing customers see rising incomes, and as the opportunities for bank lending increase thanks to flourishing businesses and a growing number of major projects. According to the Central Bank of Egypt, Egyptian banks' total financial position reached \$430bn in August 2020, up 4.2% year-on-year. Deposits, loans, investments, and assets abroad all increased.

This is the strong environment in which Banque du Caire, one of the country's top-ten banks, expects to launch its initial public offering (IPO). The offering by the state-owned bank, postponed from 2020 due to the covid crisis, is keenly anticipated by international investors. "We were ready to launch our IPO in March, and we had meetings with the world's largest investors abroad," says CEO Tarek Fayed. "The sentiment is very good, and appetite from investors is very positive."

The IPO would be the biggest sale of state assets in Egypt since 2008, and an affirmation of the government's commitment to economic reform. It also underlines the success that Banque du Caire's board has had since its appointment in 2018, bringing a new strategy and new energy to one of Egypt's oldest banks. The focus has been on building a fully-fledged full-service bank, with strengths in operations ranging from credit cards through digital banking to microfinance. The new leadership

leverages a brand with strong recognition from nearly seven decades in operation, 3m clients, and around 250 branches nationwide. This has helped the bank grow strongly domestically, while also being a partner of choice for foreign investors in Egypt.

"We have gained large corporate clients, and on the retail side last year we acquired 300,000 new clients," says Fayed. "We've managed to increase our card business, we were named the number one bank in terms of growth by Mastercard last year, and have been recognized by the best bank in Egypt in this business."

The board has put an emphasis on investment in both human capital and technology, the two crucial elements for success in banking in the 21st century. It has strengthened relationships with both retail and corporate clients, and revamped many of its departments, including its Debt and Structured finance department. As a state-owned bank, Banque du Caire is well positioned as a financial partner for public-private partnerships in infrastructure development. Egypt has invested more than \$10bn in PPPs since 1990, and the current government is a strong supporter of involving private partners. Banque du Caire's growing strengths in large-scale finance put it in pole position in this market.

"We have started to cement a leading role in the Debt and Structured finance market," says Fayed. "In the past Banque du Caire was perceived as a participant in big syndications, but now we arrange



Tarek Fayed  
CEO - Banque du Caire

the syndications and we received a lot of mandates during the last year to lead syndications in the market."

It is indicative of the bank's diversification that another core strength is its micro-finance portfolio, where it has a market share of 25%, with more than 200,000 clients, and a portfolio of around \$400m. Financial inclusion is a key goal both for Egypt and for Banque du Caire as an institution; most of its microfinance clients have not worked with the banking system in the past. The bank aims to grow its microfinance client base by 30-40% per year, capitalising on another of its strengths, digitisation.

Banque du Caire's digital services include internet banking, mobile banking, and a mobile wallet. The latter has seen explosive growth, from a few thousand subscribers in 2018 to 600,000 now, in addition to 1.9 m customer of Etisalat, cash.

Fayed is confident that, as the Covid-19 crisis recedes, Egypt will continue to reap the rewards of its reform programme, and continue to be a magnet for promising investments.

"The government and Central Bank have embarked upon a very bold and comprehensive reform programme," he says. "Since this reform programme we've seen very strong and stable economic growth of 5%-plus per year. Foreign investments have positive sentiment about the Egyptian economy."



# Infinity

## The future of renewables

Egypt has mobilised nearly \$16bn in financing from a range of sources since the beginning of the covid-19 crisis, according to the World Bank, reflecting increasing investor confidence after a tumultuous decade. In its overview of the Egyptian economy, the World Bank noted that the International Monetary Fund has extended a \$5.2bn standby agreement package plus a \$2.8bn stopgap loan, while Egypt has tapped international markets for a \$5bn sovereign Eurobond, a \$0.75bn sovereign green bond, and a \$2bn loan from a consortium of banks led by UAE lenders. This support during the global recession has been secured thanks to Egypt's improving fiscal and macroeconomic position after several years of reforms.

With a population nearing 100m and growing at 2% per year, and this robust economic background, Egypt's electricity demand is expected to soar over the next 15 years, requiring another 100GW of capacity, according to African Energy, a consultancy.

The government aims to generate 42% of the country's electricity from renewable sources by 2035, providing a huge opportunity for renewable investors - and the country's leading renewables company, Infinity.

Infinity is a leading partner of the Benban Solar Plant, widely-recognised as the world's largest solar power complex. Located near the southern city of Aswan, it has installed capacity of 1.8GW and was commissioned in December 2019. The complex's low running costs have helped bring down electricity prices in Egypt, benefitting the broader economy.

Infinity was born out of the challenge of Egypt's 2012 power shortages, when the entrepreneurs behind the company developed a solar power unit with battery back-up for household use. These were designed to replace expensive and polluting diesel generators used by Egyptians during brownouts, particularly as there were also fuel shortages. This made the company a pioneer in the Egyptian solar industry.

"We learned hard lessons, but the benefit we got out of it was that we learned solar technology, and how it works," says

Infinity CEO Mohamed Mansour, who had puzzled over the lack of solar development in sunny Egypt since seeing solar panels on trips to Europe in the 1990s. "We were fortunate to have a two-year headstart."

When Egypt introduced its feed-in tariff (FIT) scheme for renewable producers in 2014, Infinity was able to be a first mover. It was the first company to close projects under the FIT programme, and has cemented its position as market-leader, now operating six utility-scale projects with a total installed capacity of 235.95 MWp. "When the renewables programme was established it was very easy for us to jump on the opportunities," says Mansour. "Then we showed in that first round that we are able to make things happen. We are very hands-on, and pride ourselves on knowing the business, getting our hands dirty. The regional team here constructed a 1MW station ourselves, putting in the panels and the cables."

As such, Infinity is a partner of choice both for foreign investors and the government. Its first developments were with German solar leaders ib vogt and Solizer, which benefitted from Infinity's on-the-ground expertise, while Mansour notes that his team also learned from its German counterparts' experience in the business. In 2015, Mansour met representatives of the European Bank for Reconstruction and Development (EBRD). The bank was impressed with Infinity's results, and started to collaborate with the company on its projects. In January 2020, the EBRD



Mohamed Mansour  
CEO - Infinity

invested \$60m to become a shareholder in Infinity. The funds will support the Egyptian company's pipeline of renewable energy and electricity distribution projects, as well as electric vehicle charging stations.

"The EBRD has seen how we operate and how we get things done, and we're honoured to work with them," says Mansour. "It opens the doors to many other future investors."

The investment comes alongside a joint venture between Infinity and Abu Dhabi's renewable energy company Masdar, which will see Masdar invest in Infinity's projects and support its expansion in Africa and Levant. Having received these votes of confidence from major international investors and acknowledging the Egyptian government's commitment to reform and supporting businesses, Infinity's value proposition is a direct testimony of the growth potential Egypt has to offer.

"Over the past eight years, an industry has been created that was not previously there," says Mansour. "What I say to foreign investors is that the legal framework is in place, and the demand is there, and will continue to grow. The fundamentals are here, and the sky is the limit."





# Eastern Company

## 100 years of excellence

The Egyptian economy has been remarkably resilient in the face of major external headwinds in 2020, supported by a robust and growing export base. The United Nations Conference on Trade and Development reports that merchandise exports more than doubled between 2005 and 2019 to end the year at \$29 billion, and exports are expected to resume a steady growth path as the world emerges from the worst of the Covid-19 pandemic.

Manufactured items accounted for nearly half of total exports in 2019, and the country's vast and diverse manufacturing base has played a crucial role in supporting rapid recent economic expansion. The sector accounts for nearly 20% of economic activity, and it will remain an important economic pillar in the years to come. This leaves Eastern Company well-positioned to maximize new investment as it moves to expand its new high-growth markets.

Eastern Company's history is rich and deep. It was first incorporated in Egypt a century ago under a decree issued by Sultan Ahmed Fouad, and stands today as the country's leading cigarette manufacturer and distributor. Eastern Company was the first state-owned enterprise to launch a governmental initial public offering in March 2019, raising \$110 million by selling a 4.5% stake to investors on the Egyptian Exchange, and investors have been flocking to it ever since. Hany Aman, CEO of Eastern Company, explained how important the company is to Egypt's economy:

"We are the biggest company in the Egyptian stock market, we are the biggest contributor to the government tax and budget, and we are the company of Egypt. We hold a 72% market share in Egypt. The company itself is an installation for most of the international investors. All of them hold our stocks and never sell them. Even during the pandemic, we managed to deliver to our investors dividends that were 42% higher

than the year before."

Egypt is the world's 16th-largest market of tobacco consumers, and Eastern Company is the sole manufacturer of cigarettes in the country, and in addition to its own-brand market share, it also manufactures cigarettes for leading international tobacco companies. Its contract manufacturing business recorded a compound annual growth rate of 22% between 2007 and 2019.

The company's reputation as a trusted partner of choice is further cemented by its institutional investors, which include LGM Investments, Fundsmith, Coronation Fund Managers, Allan Gray, Franklin Templeton Investments, Ashmore, and Russell Investments.

Strong domestic demand, particularly during the pandemic, has supported Eastern Company's enviable financials. In the nine months to April 2020, earnings per share rose by 9.2% y-o-y, while net profits rose by 8.1% y-o-y to hit \$200 million. But as Aman explained, his company's is setting its sights beyond Egypt's borders:

"We have a great product to sell, and there's a lot of people that appreciate our product, it is very competitive. We are looking to the future and to new export markets depending on the product. For cigarettes, we are targeting the Arab world, for the mu'assel we have Europe and the US, and there are many options for cigars. We're turning to Africa as we believe there is a big opportunity for our products there, and we are also

examining the potential for diversification into e-cigarettes."

Domestically, it is also active in rolling out new products and brands, most recently the Cleopatra Black Label cigarettes, Robusto and Mini Verona cigars, Cleopatra Queen soft and hard packs, and two new varieties of the Cool cigarette.

As it celebrates its centennial anniversary, Eastern is committed to maintain its leading role in the sector by maintaining a sharp focus on customer satisfaction, and shifting its attention to advanced technologies used in tobacco production to bolster the socio-economic benefits it already offers the Egyptian economy. With that in mind, Aman is open to new strategic partnerships and investment agreements that will help the company expand its international footprint. These could include distributors active in any of its target markets, or any new foreign investors looking for stable and profitable long-term ventures.

"During the first 100 years of this company's existence, we have been delivering more value for our investors year over year, especially over the last two years. We as a company have built a strong foundation of trust with many global firms and big investors, and we have never let them down. We don't talk about what we'll do, we just do it. This is why we've thrived for 100 years, and we believe that we can do another 100, so we are preparing ourselves for the next century," Aman concluded.



Hany Aman  
MD & CEO - Eastern Company

# Egypt Post

## Developing the digital economy

New growth drivers are emerging in Egypt in the wake of the Covid-19 pandemic. With a domestic population of more than 100 million people, most of whom are still unbanked, Egypt offers huge opportunities to investors in the financial services sector. The Egyptian Postal Authority, or Egypt Post, is a key player in a drive to boost financial inclusion that is being spearheaded by the Central Bank of Egypt and Ministry of ICT. Together, these entities are set to transform the country's economy through digital development.

One of the oldest government institutions in the country, Egypt Post was established in 1865, and renamed the Egyptian Postal Authority in 1982. Over the centuries it has played a critical role in the country's development, and continues to do so today, most recently with the completion of a national postcode project in 2020. Dr. Sharif M. Farouk, chairman of Egypt Post, explained the important efforts the authority is making to adapt and innovate in unprecedented times:

"We have more than 4000 branches in all of the governorates of Egypt, including 43 logistics centers, three of which are internal offices of exchange located in Cairo International Airport, Alexandria, and Port Said. This gives us the edge to serve our clients better. Digital transformation will definitely help us in bundling all our products, and in making strategic deals with international firms, not only in bank savings, but also in logistic services. Logistics in particular has become fundamental after Covid-19."

Egypt Post is playing a leading role in Egypt's digital transformation, after the government partnered with the United Nations Conference on Trade and Development in 2017. Under plans with UNCTAD, the government hopes to increase e-commerce's GDP contribution to 2.32%. These plans will support Egypt Post's efforts become a services and financial hub for the entire country, and Dr. Farouk is channeling considerable effort into removing barriers to e-commerce and , providing efficient infrastructure to improve access to financial services including electronic

payments. With more than 22.6 million clients, the authority is well-positioned to expand existing infrastructure and kick-start the country's digital transformation. It is already making major progress.

The authority is actively rolling out new technology and processes to build capacity in data and physical security, mobile app technology, and adoption of geo-space intelligence systems for delivery services. It has also moved to launch micro-savings products, micro-credit, and insurance services in partnership with licensed entities.

In September 2020, for example, Egypt Post signed an agreement with First Abu Dhabi Bank Egypt to provide financial services, including remittance disbursement from Egyptians working abroad, through Egypt Post branches. The authority will also offer payments services and prepaid credit cards under the deal.

"We are in the process of constructing new infrastructure to boost connectivity, financial services, logistics, and government services, and we've already successfully launched 1600 branches. We aim to finish the remaining 2400 by 2021. As a result of these efforts, we're seeing interest from many international companies, which will build on our existing relationships with major global partners. They all wanted to use our capabilities," Dr. Farouk explained.

He is also channeling considerable effort into removing barriers to e-commerce, recognizing the enormous potential Egypt holds for expansion in this area. Egypt Post has already moved to implement an ambitious e-commerce strategy by incorporating ITMs and QR



Dr. Sharif M. Farouk  
Chairman - Egypt Post

codes into its operations, with the aim of expanding its service offerings to small- and medium-sized enterprises seeking to export abroad.

Egypt Post has won international accolades for its recent efforts, receiving an Excellence Award for best postal development from the Africa Postal Union at its 40th anniversary celebrations in Arusha this year.

As he continues spearheading efforts to modernize Egypt Post, bolster financial inclusion, and unlock the country's e-commerce industry, Dr. Farouk is setting his sights on attracting new foreign companies to the market. Egypt Post has already proved that it can provide quality services, audits, and automation, with a promise of total transparency in security and cash as it moves to forge stronger partnerships. Wise investors should take note, he argued:

"Egypt Post is opening its door to any international company that wants to reach a huge domestic customer base and the wider African continent. We've already launched our e-commerce portal, and we are collaborating with some African nations. These efforts benefit from the support of the Prime Minister. We're also working closely with stakeholders in Egypt, including government partners in customs, and at the Ministry of Finance. The next step is shaking hands with international firms and big names in Europe."

