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Konu : Mısır Konsolosluğu Ticaret Servisi Bürosu İstanbul

**TÜM ODA VE BORSALARA  
(Genel Sekreterlik)**

İlgi : Mısır Konsolosluğu Ticaret Servisi Bürosu'nun 28.12.2023 tarihli e-posta mesajı.

İlgi yazıda, Süveyş Kanalı Ekonomik Bölgesi'nde aşağıdaki alanlarda yatırım fırsatları bulunduğu belirtilmekte olup detaylı bilgiler ekteki dokümanlarda iletilmektedir.

1. İlaç Üretimi
2. Aktif İlaç İçerikleri Üretimi
3. Otomotiv Üretimi
4. Tıbbi Cihaz Üretimi
5. Güneş Enerji Sistemi Üretimi

Bilgilerini ve ilgili üyelerinize duyurulmasını rica ederim.

Saygılarımla,

*e-imza*Sarp KALKAN  
Genel Sekreter Yardımcısı

EK:

- 1- 1-SC\_ZONE\_Pharmaceuticals\_4986107 (42 sayfa)
- 2- 2-SCZONE\_APIs V2 (1)\_4986108 (33 sayfa)
- 3- 3-SCZONE\_AUTOMOTIVES (2)\_4986109 (30 sayfa)
- 4- 4-SCZONE\_Medical devices V2\_4986110 (28 sayfa)
- 5- 5-SCZONE\_SOLAR PVs (1)\_4986111 (36 sayfa)



INTEGRATED ROUTE ⇌ ONE DESTINATION ■ INTEGRATED ROUTE ⇌ ONE DESTINATION ■ INTEGRATED ROUTE ⇌ ONE DESTINATION ■ INTEG

SC° ZONE

INVEST IN MANUFACTURING  
OF PHARMACEUTICALS

المنطقة الاقتصادية لقناة السويس  
SUEZ CANAL ECONOMIC ZONE

## EXECUTIVE SUMMARY

### PHARMACEUTICAL MANUFACTURING AS YOUR INVESTMENT OPPORTUNITY

- Egypt's pharmaceutical market has been outpacing its regional peers, reaching \$6.2bn in 2021, with a forecasted CAGR of 16% towards 2026
- Generic and biosimilar drug sales are expected to grow at 17% CAGR through 2026, making local manufacturing a highly attractive investment
- Almost 75% of the region's pharma market is met by imports (\$22bn) with significantly high demand for biologics and biosimilars.
- 55% of Egypt's pharma exports are towards the MENA region (\$179.9mn) and 21% are towards Africa (\$68.7mn)

### EGYPT AS YOUR LONG-TERM BUSINESS PARTNER

- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% (2022-2025)
- EGP2.3tn invested into infrastructural developments over the past 7 years
- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool
- The country boasts some of the most competitive labor & electricity prices amongst its peers, alongside various free trade agreements that facilitate profitable production & exports

### SCZONE AS YOUR UNIQUE INVESTMENT DESTINATION

- Well-connected to the modern road network of Egypt and enjoys direct connection to the new Suez-canal tunnels
- Offers direct financial incentives such as a 0% customs tax, a 0% VAT tax, and an export support program among other indirect incentives
- Enjoys special customs regime and trade regulations on top of being a one-stop shop for registrations, permits, licenses, and bureaucratic processes in general



# 001

CHAPTER ONE

# WHY INVEST IN PHARMACEUTICALS







# With the Largest Pharmaceutical Market in the MENA Region, Egypt offers Significant Investment Opportunities for Drug Manufacturing



## SC°ZONE'

■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

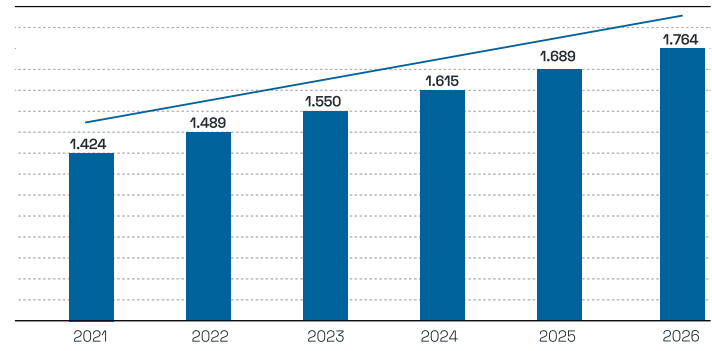
## THE GLOBAL PHARMACEUTICALS MARKET IS GROWING AT A 4.4% CAGR

- The global pharmaceuticals market is estimated at \$1.4tn in 2021 and is expected to grow at 4.4% CAGR through 2026 to approx. \$1.8tn
- Oncology and neurology lead growth, forecasted to grow 9–12% and 6–9% CAGR respectively through 2026
- Global trade value of pharmaceutical goods has increased by nearly 12% from \$1.4tn in 2020 to \$1.5tn in 2021
- The consumption of pharmaceuticals worldwide continues to increase due to changes in clinical practices and the growing demand for drugs for treating aging-related and chronic diseases

- Four groups of pharmaceuticals are the most relevant: cholesterol-lowering, antidepressant, antihypertensive and antidiabetic drugs
- Strong growth in emerging markets and new brands in developed markets will lift global spending through 2026

### GLOBAL PHARMA MARKET SIZE (\$BN)

↑ CAGR+4.4%



## PHARMACEUTICAL MANUFACTURING IS OF HIGH STRATEGIC IMPORTANCE AND A KEY PILLAR IN EGYPT'S FUTURE VISION

- The Pharmaceutical industry is one of the oldest strategic industries in Egypt
- Egypt has given great priority towards achieving self-sufficiency in medicine, adopting policies focusing on developing medicines at the various stages of the industry
- Pharmaceutical manufacturers to expand and increase production in order to target more lucrative markets where drug prices are rising.



# +150

DRUG FACTORIES IN  
EGYPT IN 2022

# EGP80<sub>bn</sub>

TOTAL INVESTMENTS  
IN DRUG PRODUCTION  
IN 2019

# 16%

Y-O-Y GROWTH OF  
PHARMACEUTICAL  
MARKET  
(2021 - 2026)

## RECENT INITIATIVES SHOW THE STRONG GOVERNMENT SUPPORT TO STRENGTHEN THE PHARMACEUTICAL ECOSYSTEM IN EGYPT

### 001

#### LAUNCH OF EGYPTIAN DRUG AUTHORITY (EDA)

- With the approval of the executive articles related to a new Egyptian Drug Authority (EDA) in April 2020, the agency has officially assumed responsibility for pharmaceutical-related matters, including drug registration and pricing, marketing authorization renewals, and price reviews
- This initiative aims to increase transparency and efficiency of drug registration procedures

### 002

#### IMPLEMENTATION OF A COMPREHENSIVE MEDICAL INSURANCE SYSTEM

- Egypt is progressing in its plans to roll out a comprehensive health insurance system, and provide health coverage to all Egyptians
- This ambitious project is expected to have a positive impact on driving pharmaceutical volume growth in the market despite a potential negative impact on price growth

## 003

PUBLIC PROCUREMENT  
VIA UNIFIED  
PROCUREMENT AGENCY  
(UPA)

- A shift to consolidated procurement on a much larger scale was signaled in 2019, when the government approved a law outlining the responsibilities of a new agency that will handle all medical-related procurement, including pharmaceuticals, in the public sector. UPA aims to ensure an equitable access of medicinal and health technology products
- UPA could have positive impact on new entrants as it will facilitate the Market Access for the innovative product portfolio in tender channel for companies such as Takeda. On the other hand, procurement regulations could be biased towards local manufacturers

## 004

MEDICINE CITY GYPTO  
PHARMA

- In April 2021, Egypt inaugurated Gypto Pharma, the Largest Pharma City in the Middle East and Africa with a production capacity of almost 150 million packs of medicine annually.
- The pharma city “Gypto pharma” is constructed on a big space of 180,000 sq m, divided into two very large factories, which include 20 production lines in which all pharmaceutical forms are manufactured through the highest technology in pharmaceutical manufacturing worldwide. volume growth in the market despite a potential negative impact on price growth

## 005

VAT EXEMPTION ON  
PHARMACEUTICALS

- On January 31st, 2022, the Egyptian Ministry of Finance announced the VAT exemptions due to the coronavirus pandemic.
- The announcement includes VAT exemptions on medicine, the active substances used in the production of medicine, serums, vaccines, blood and its derivatives, blood collection bags and family planning methods
- This is expected to lower local manufacturing costs and consequently increase production volumes

## 006

## AFRICA HEALTH EXCON

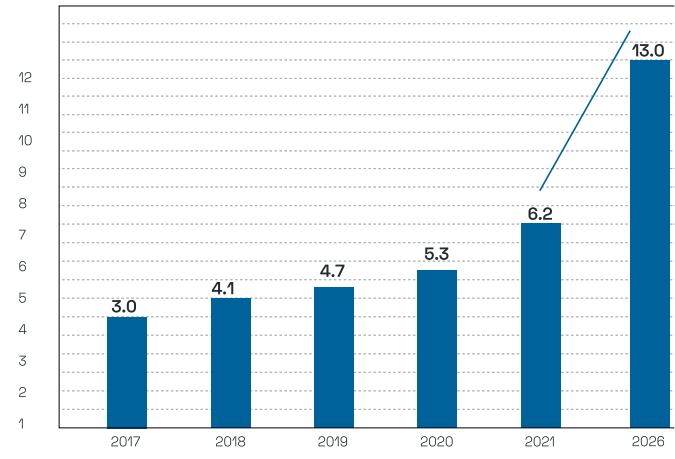
- Egypt held the 1st “Africa Health ExCon”, the biggest medical exhibition and conference on the continent at Al Manara International Conference Center in New Cairo in June 2022 with the participation of 400 members of healthcare chamber members alongside a number of international and national companies operating in the medical sector, topped by AUPP and the Arab Hospitals Federation
- The 1st “Africa Health Excon”, which is held under the theme: «Your Gate to Innovation and Trade» constitutes a pivotal hub for trade and investment in Africa, in addition to being the biggest sustainable platform in the health sphere, enabling participants exchange views, expertise and work out solutions for health problems facing the health sector across Africa.

## EGYPT HAS A FAST-GROWING PHARMACEUTICAL MARKET WITH SALES EXPECTED TO REACH \$13BN BY 2026

- Egypt's pharma sales are mainly driven by out-of-pocket expenditure as consumers find self-medication to be the cheapest form of treatment.
- Spending on pharmaceuticals is relatively high, contributing to around 25-30% of Total Health Expenditure (THE)
- One of the key drivers behind the industry's growth is the rapidly growing chronic disease burden that has accompanied the ageing and fast-growing population, particularly driving the growth of higher value prescription medicines in Egypt

### PHARMACEUTICAL SALES, \$ BILLION

+16%



\* using average currency exchange rate 2021-2016



SC°Z■NE'

SUPPORTS A FLEXIBLE  
PRODUCTION AT SCALE

Aging populations and increases in chronic diseases such as cancer, cardiovascular diseases and diabetes, accelerate the demand for prescription drugs in the region



SC°Z■NE'

■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

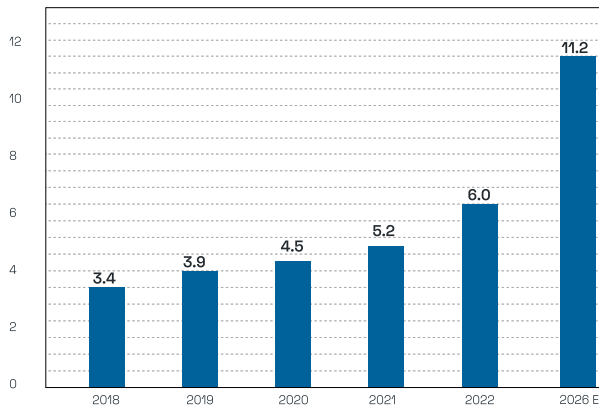
■ RESILIENT ECONOMIC GROWTH



# THE STRUCTURE OF EGYPT'S PHARMACEUTICAL MARKET MAINTAINS AN ATTRACTIVE LOCAL MANUFACTURING ENVIRONMENT

## PRESCRIPTION MEDICINE DOMINATES

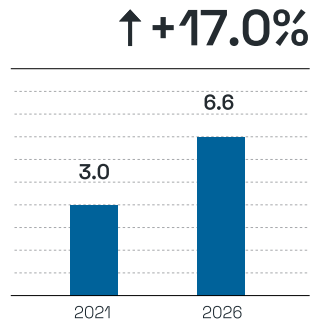
PRESCRIPTION DRUG SALES, \$BN



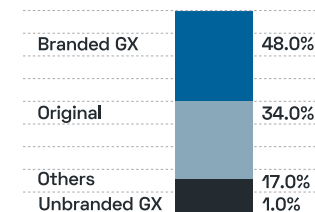
- With \$11.2BN in Sales Forecasted by 2026, more than 85% of Egypt's pharma sales are prescription drugs, leading to a sustainable growth in demand of pharmaceuticals.
- Rapidly growing chronic diseases, accompanied by the ageing and fast-growing population and the emergence of respiratory, heart, and cardiovascular diseases are driving the growth of higher-value prescription medicines in Egypt.

## GENERIC DRUGS HAVE A SIGNIFICANT SHARE

GENERIC DRUG SALES, \$BN



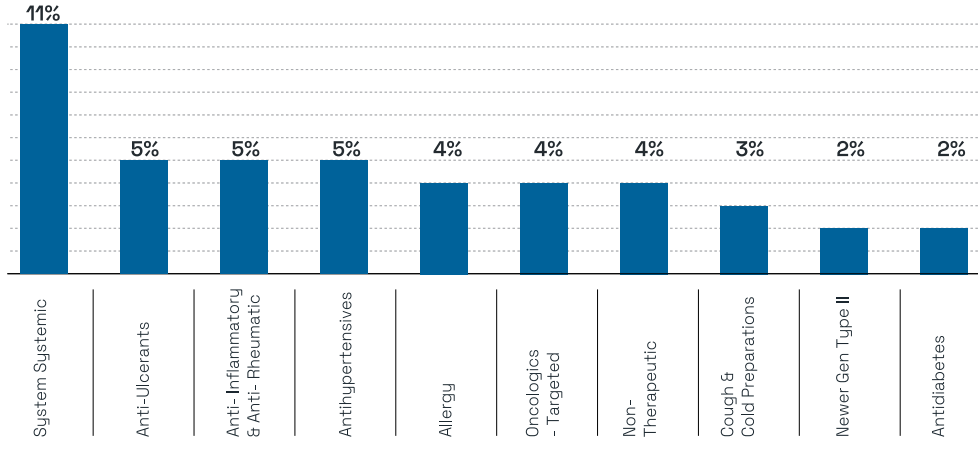
DRUG SALES DISTRIBUTION BY TYPE (%)



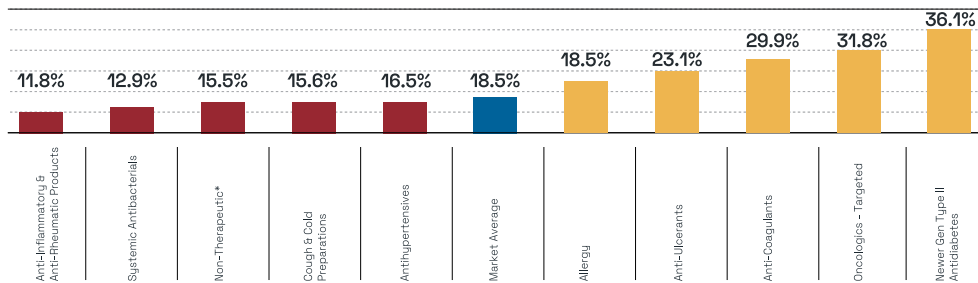
- Generic and biosimilar drug sales are expected to grow at 17% CAGR through 2026, with biosimilars growing at more than 20% CAGR driven by the prevalence of oncology and autoimmune diseases, making local manufacturing a highly attractive investment

## TOP THERAPY AREAS IN EGYPT

PERCENTAGE SHARE OF TOTAL SALES PER THERAPY AREA IN EGYPT 2021



RESPECTIVE SALES CAGRS FOR TOP THERAPY AREAS IN EGYPT 2017-2021



Sources: IQVIA

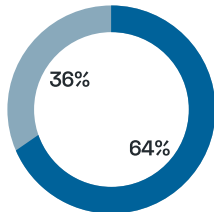
- The top 100 best selling drugs in Egypt, include 19 antibiotics and 9 analgesics and anti-inflammatories
- Augmentin is at the forefront in terms of value with 1% of the market size Hybiotic in terms of the number of units
- Analgesics are one of the most selling drug group in Egypt, the most famous of which is Brufen
- The Top 10 therapy areas together constitute approx. 43% of value sales.
- Systemic Antibacterials is the top therapy area in Egypt.
- Newer Gen Type II Antidiabetes and Oncologics - Targeted have witnessed the fastest sales growth during the period 2017-2021 with 36.1% and 31.8% respectively

## EGYPT'S LOCAL DRUG MANUFACTURING IS DRIVEN BY PRIVATE INVESTMENTS BY LARGE MULTINATIONALS

001

LOCAL MANUFACTURING ON THE RISE

### PHARMACEUTICAL MARKET BREAKDOWN (SALES VOLUME)



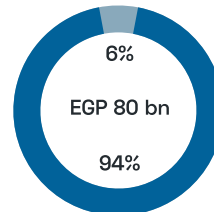
■ LOCAL PRODUCTION ■ IMPORTS

- Egypt has the second-largest share of locally manufactured drugs in the MENA region (in terms of sales volume), second only to Algeria with 77.5%
- Local drug sales value amounted to \$2.9BN in 2021

002

THE PRIVATE SECTOR DRIVES LOCAL DRUG MANUFACTURING

### TOTAL INVESTMENTS IN DRUG PRODUCTION



■ PRIVATE SECTOR ■ PUBLIC SECTOR

- 30.8% increase in pharmaceutical factories in Egypt (2015-2022)
- 40% increase in the drug production lines (2015-2022)

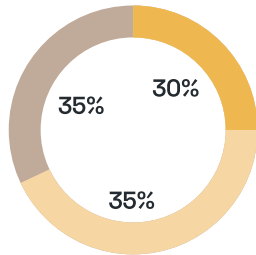


- Foreigners' FDI contribution amounted to 27% of the total issued capital inflow, while Arabs contributed to 3.7%, throughout the period from 1970 to the end of 2021

## 003

## MULTINATIONALS DOMINATE THE MANUFACTURING MARKET

### MARKET SHARE OF THE DRUG MARKET IN EGYPT



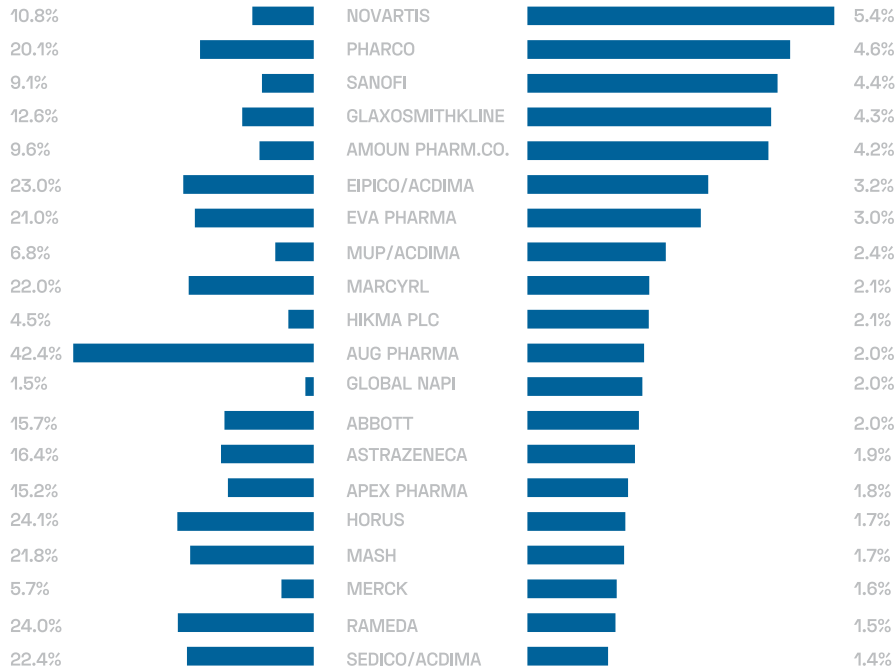
- MULTINATIONALS: LOCAL MANUFACTURING
- MULTINATIONALS: THROUGH CMOs
- LOCAL MANUFACTURERS (GENERIC MEDICINES)



- Egypt currently has 152 drug factories, with more than 20 foreign pharmaceutical companies operating in the market whether through local manufacturing or representative offices
- About 1,200 pharmaceutical companies outsource their drug manufacturing to local manufacturers ( toll/contract manufacturing).

## THE LARGEST MULTINATIONAL PHARMA CORPORATES ARE PRESENT IN EGYPT

GROWTH RATE PER  
COMPANY MAT AUG 2022



MARKET SHARE PER  
COMPANY AUG 2022

## 12 EGYPTIAN

## 8 FOREIGN

- NOVARTIS & PHARCO lead the market with 5.4% and 4.6% shares respectively
- The top 20 pharma companies in Egypt control more than half (53%) of the total pharma market value
- Domestic players have been witnessing the fastest growth, with AUG PHARMA and HORUS achieving 42% and 24% annual growth rates (MAT AUG 2022)
- The top 20 foreign multinationals control more than 37% of total pharma market sales

- 53% share of imported medicines of total sales value

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- 55% of Egypt's pharma exports are towards the MENA region, and 21% towards Africa.

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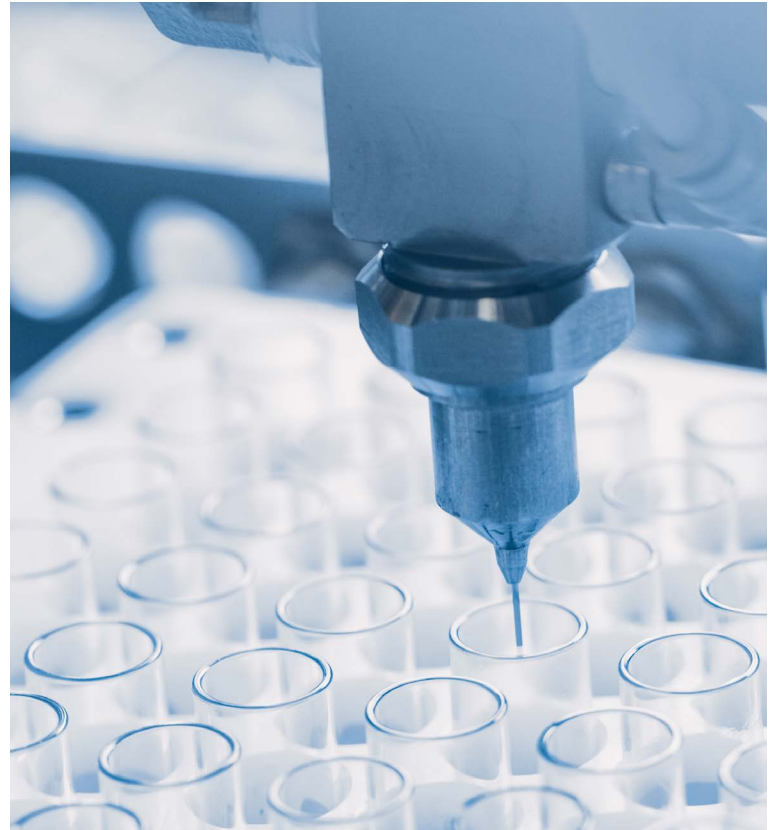
- Egypt aims to support pharmaceutical manufacturers to expand and increase production to target more lucrative markets where drug prices are rising

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- This reduces import dependence and costs for manufacturers, increases production capacity, and achieves economies of scale while gradually lowering drug prices to consumers

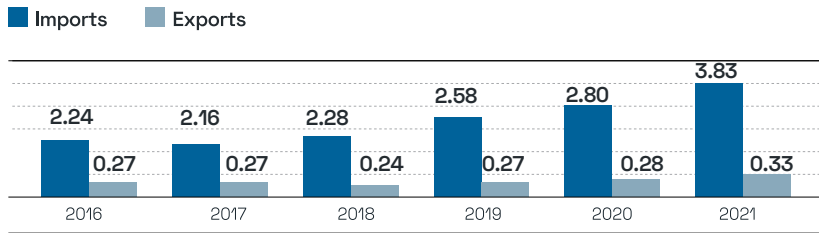
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- Most exports will continue to target other markets in the MENA region, with a focus on Saudi Arabia, the United Arab Emirates, Iraq, Sudan, Jordan, and Romania

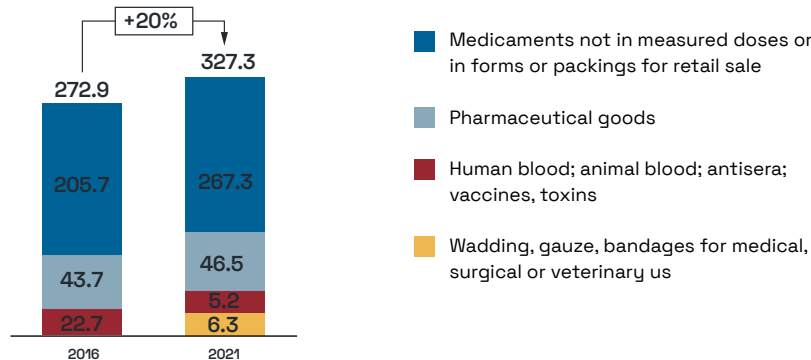


# ANTIBIOTICS AND VITAMINS ARE THE FASTEST-GROWING MEDICAMENT CATEGORIES AMONG EGYPT'S PHARMA EXPORTS

EGYPT'S MEDICAMENTS AND PHARMACEUTICALS GOODS TRADE, \$ BILLION



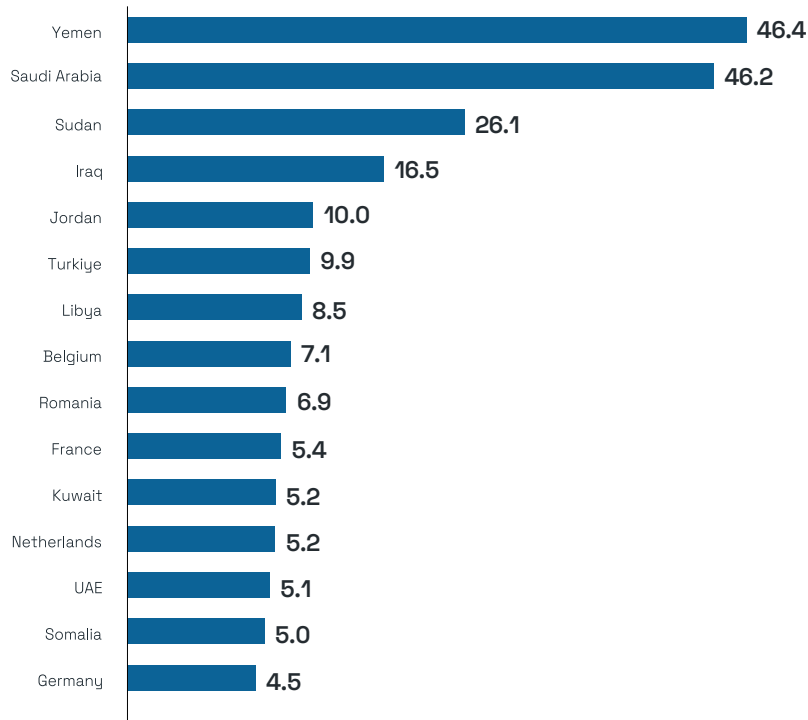
EGYPT'S PHARMA EXPORTS



- 53% of Egypt's total medicine sales are of imported medicines
- Egypt's pharma exports have grown by 20% since 2016, reaching \$327MN in 2021
- Antibiotics and Vitamins achieved the highest growth rates among exported medicaments, with 45.5% and 25.7% CAGRs respectively 2017-2021
- Exports of Human/animal blood, vaccines, ..etc have increased by 141% y-o-y, reaching \$6MN in 2021

## 55% OF EGYPT'S PHARMA EXPORTS ARE TOWARDS THE MENA REGION

Egypt's Top Pharmaceutical Export Destinations, \$Mn

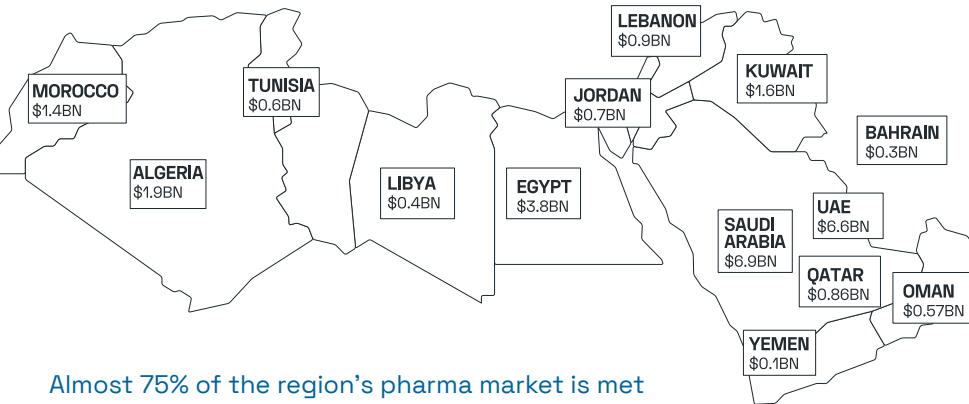


- 55% of Egypt's pharma exports are towards the MENA region, and 21% towards Africa.
- Egypt aims to support pharmaceutical manufacturers to expand and increase production to target more lucrative markets where drug prices are rising
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- Most exports will continue to target other markets in the MENA region, with a focus on Saudi Arabia, the United Arab Emirates, Iraq, Sudan, Jordan, and Romania



## THE MENA REGION OFFERS THE STRONGEST EXPORT POTENTIAL FOR EGYPTIAN DRUG MANUFACTURING, VALUED AT NEARLY \$30BN

### MENA PHARMA IMPORTS EXCEEDS \$22BN 2021



Almost 75% of the region's pharma market is met by imports with significantly high demand for biologics and biosimilars

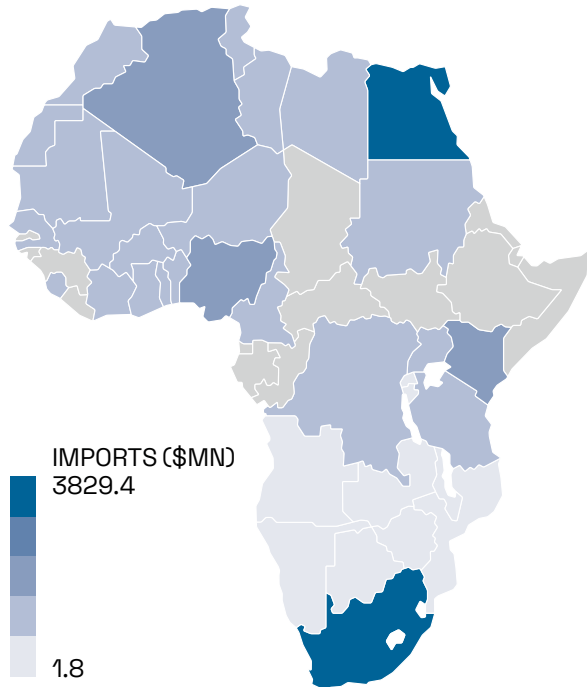
- KSA and Egypt are the two biggest pharma markets in MENA in terms of total market value of pharmaceutical sales with \$8.5 Bn and \$6.2 Bn respectively

- MENA accounts for nearly 3% of the global pharma imports value, with KSA and UAE being the largest 2 importers of pharmaceuticals, at \$6.9 BNn and \$6.6 BN in 2021
- MENA market represents a strong export opportunity for Egypt, with a high prevalence of oncology and autoimmune diseases, developed regulation framework, as well as longer life expectancy (74 years in MENA vs 61 in Sub-Saharan Africa)

- A high spending power and a cultural preference for expensive foreign brands in the GCC has resulted in more than 85% of pharmaceuticals in the market being imported – which can be partially met by Egypt through the GAFTA Trade Agreement

## IN ADDITION TO THE LOCAL MARKET DEMAND, FAST-GROWING PHARMACEUTICAL MARKET IN AFRICA ENHANCE INVESTMENT OPPORTUNITIES

### AFRICA'S PHARMA IMPORTS EXCEED \$20BN 2021



- The pharmaceutical market in Africa is set to grow even faster than the expected domestic growth in Egypt with more than 20% CAGR towards 2026

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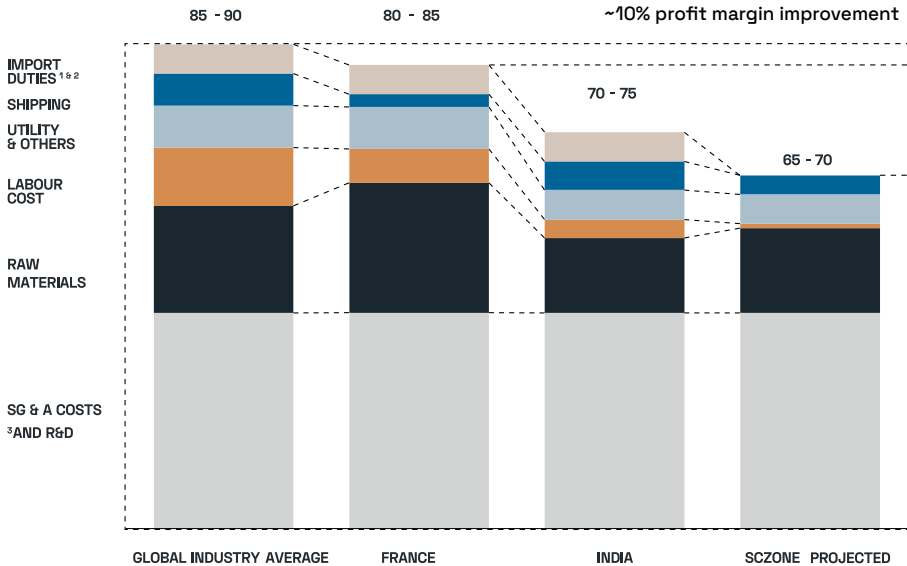
- The SCZONE in Egypt provides the most attractive investment destination for global manufacturers to serve domestic markets in Africa
  - Highest quality standards to ensure a GMP readiness for local drug manufacturers
  - Proximity to African markets and ease of logistic access via road and sea

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- Egypt is the largest importer of pharmaceuticals in Africa with \$3.8 BN in 2021 followed by South Africa (\$3 BN), Algeria (\$1.9 BN), and Morocco (\$1.4 BN), which can partially be met by Egypt through the AfCFTA Trade Agreement

# IN THE SCZONE CAN ACHIEVE IMPROVED PROFIT MARGINS DUE TO TAX EXEMPTIONS FROM THE SCZONE AND LOW LABOUR AND ENERGY COSTS IN EGYPT

## PHARMACEUTICAL MANUFACTURING COST AS % OF REVENUE (GLOBAL AVERAGE VS SCZONE)



1 Assumed import tariffs of 5% for global and India companies when selling to African countries

2 Assumed no import duties for raw materials purchased by SCZone players and when selling to other African countries due FTA

3 Includes all the selling, general and administrative expense and R&D spending

## INVESTORS WOULD BENEFIT FROM EGYPT AND SCZONE'S UNIQUE OFFERINGS

### EGYPT ACHIEVES AN EDGE OVER INDIA ON IMPORT DUTIES BASED ON THE 2 MAIN TRADE AGREEMENTS IN AFRICA:

- Greater Arab Free Trade Agreement (GAFTA), covering key markets such as Algeria, Morocco, Tunisia and others.
- Common Market for Eastern and Southern Africa (COMESA), covering key markets such as South Africa & Kenya



Advantageous financial incentives from the SCZONE, due to:

- No import duties on raw materials purchased
- No tariff charges on selling to other African countries (free trade agreements)



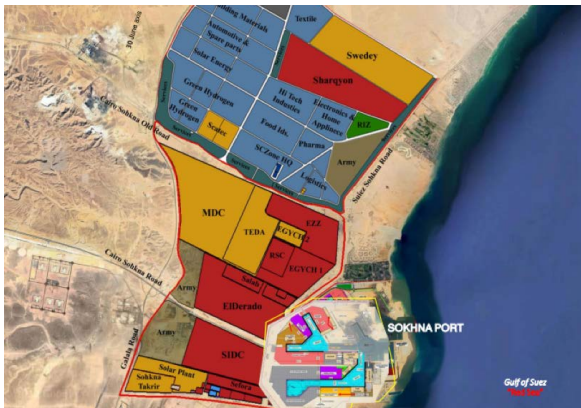
# YOUR FACTORY WILL BE LOCATED IN A SPECIALIZED INDUSTRIAL CLUSTER WITH ACCESS TO ALL REQUIRED FACILITIES



SCZONE OFFERING AN AREA OF 230 KM<sup>2</sup> IN **EAST PORTSAID INDUSTRIAL ZONE**

### UTILITIES:

- Sea Water Desalination Plant (New EPS City) 150,000 M<sup>3</sup>/day.
- A Wastewater Treatment plant (capacity of 100,000 M<sup>3</sup>/day).
- Sewage Lifting Stations / 4 X 500 Ltr/S.
- Electricity Substation (125\*2 MVA)
- Electricity Substation under construction
- (175\*2 MVA) + 3 Electricity networking Projects
- Fiber Optics Cables



SCZONE OFFERING AN AREA OF 300 KM<sup>2</sup> IN **SOKHNA INDUSTRIAL ZONE**

### UTILITIES:

- Sea Water desalination plant with a capacity of more than 100,000 M<sup>3</sup>/day
- Waste-water treatment plant with a capacity of 35,000 M<sup>3</sup>/day
- Portable Facility with a capacity of 2,000 M<sup>3</sup>/day Wastewater Treatment

## PHARMACEUTICAL MANUFACTURING IN THE SCZONE GUARANTEES A SEAMLESS VALUE CHAIN

### READILY AVAILABLE APIs

- %90 of APIs required for drug production are imported
- The SCZONE is targeting to establish API manufacturing facilities, with a strategic goal of becoming a regional API production hub

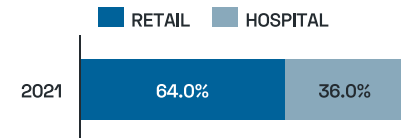
### COST EFFICIENT MANUFACTURING

- 355K+ experts and workers in the field of drug production
- Egypt promotes cost efficiency in the form of low labor costs with an average of 53 working hours per week and an estimated average monthly wage of EGP 5000 (\$210)
- Egypt has more than 350 drug factories, and more than 700 active production lines, operating in compliance with the highest quality and security standards

### COST EFFICIENT MANUFACTURING

- Egypt has 1,383 drug stores and about 75,000 pharmacies, of which 671 are private
- 63% of Egypt 's hospitals are privately owned
- The retail sector constitutes the largest share with 64% of market sales

Pharma Sales per Distribution Channel 2021





## INVESTMENT PROFITABILITY PROFILE, NET CASH FLOW OVER 10 YEARS (\$MM)

## PRELIMINARY BUSINESS PLAN

KEY FINANCIAL PERFORMANCE METRICS

REVENUE IN \$MM

**~8-9 YEARS**

Estimated time  
to recover full  
investment

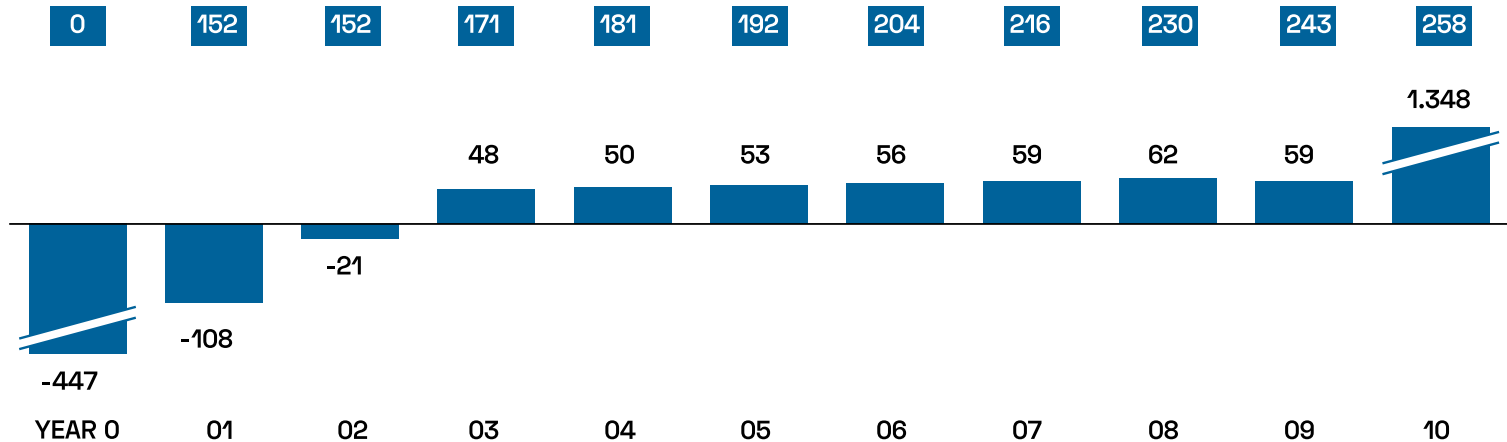
**~\$200-250 M**

NPV4

**~12-14%**

IRR calculated over  
10 years

## CASHFLOW PROFILE (IN \$MN)



1. Based on a Capex requirement at a range of \$3500 and \$4500 per square meter and Capex spending split 70%, 20% and 10% in the first three years respectively
2. Anchored on an average revenue generation of 1600 USD per s.q.m based on similar metric of regional players
3. Aligned with financial incentives offered by the SCZone
4. Terminal value growth assumed at a conservative level of 4% below market growth
5. Calculated based on the average beta for the global pharmaceutical industry and adjusted for Egypt specifics risk/premium



## POTENTIAL FINANCIAL RETURNS: ILLUSTRATIVE BUSINESS CASE FOR AN INDIVIDUAL COMPANY INDICATES NPV OF ~\$230 MN WITH CAPEX OF ~\$600 MN OVER A 10 YEAR INVESTMENT SCHEDULE

FOR A MID-SIZED PHARMACEUTICAL PLAYER, OPERATING A 150,000 SQM FACILITY



### BUSINESS CASE INPUTS

Total Capex <sup>1</sup> (\$m)	~700-600
Tax exemption based on Capex (%)	50%
Egypt market capture % (end state)	~1.5%
Africa market capture (end state)	1%
End state revenue <sup>2</sup> (\$m per year)	~260
Net profit margin <sup>3</sup>	25-30%
WACC <sup>5</sup>	~9%
Interest on debt	3%

INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



INTEG

# 002

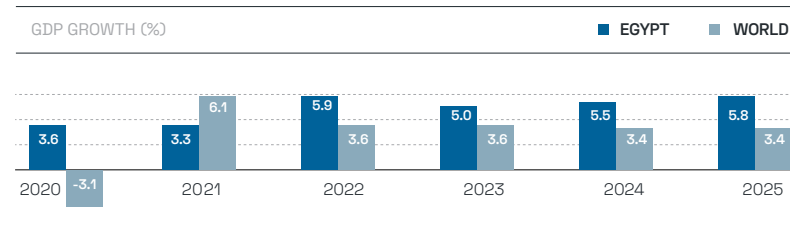
CHAPTER TWO

## WHY EGYPT



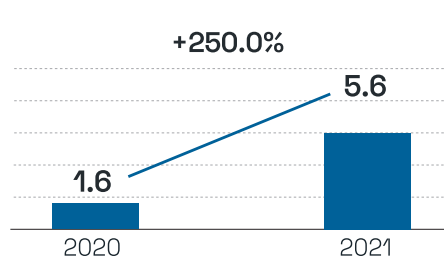
# EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

## GROWTH RATE EXCEEDING GLOBAL AVERAGES

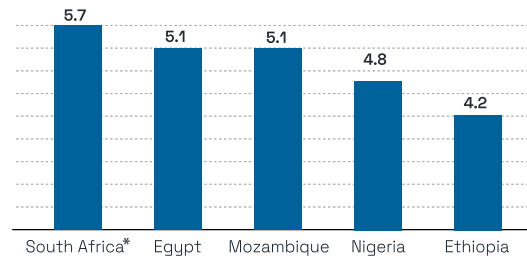


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

## GREENFIELD INVESTMENTS (\$BN)



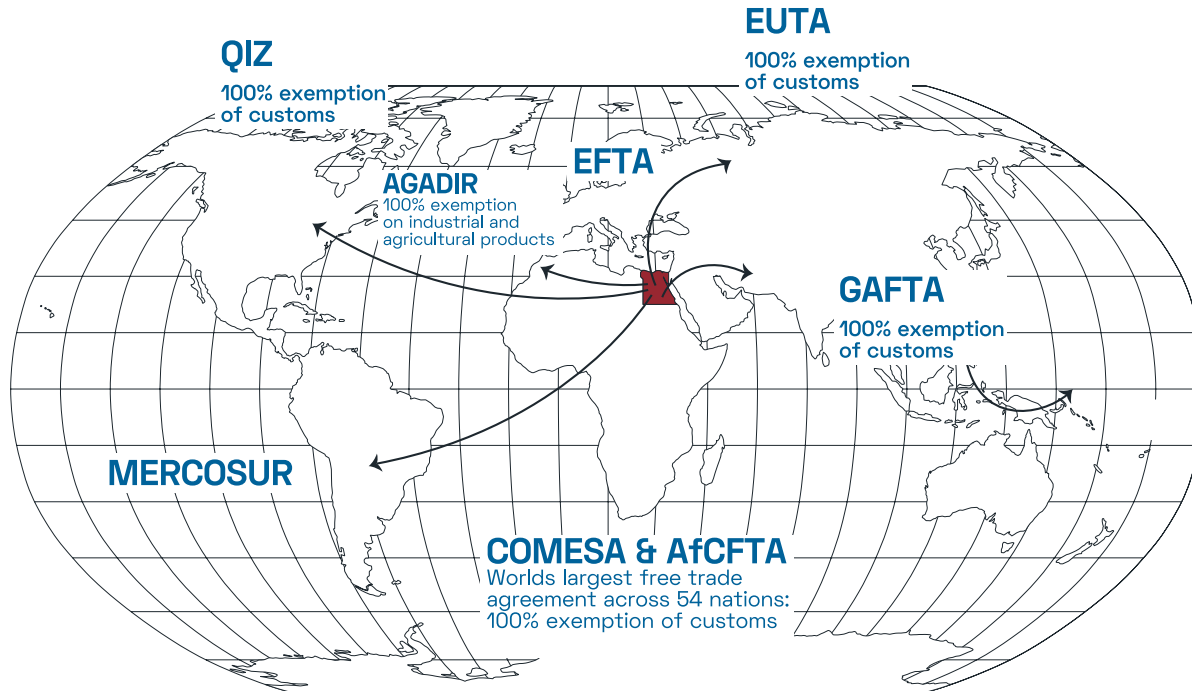
## FOREIGN DIRECT INVESTMENT (\$BN)



\*South Africa FDI excludes Naspers & Prosus \$35 BN deal

- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool

# WITH 12% OF GLOBAL TRADE PASSING THROUGH THE SUEZ CANAL, EGYPT IS STRATEGICALLY LOCATED AND SUPPORTED BY REGIONAL FREE TRADE AGREEMENTS



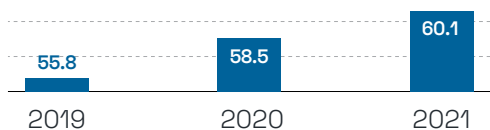
EGYPT IS THE  
**2nd**  
LARGEST  
FDI RECIPIENT  
IN AFRICA

# THE GOVERNMENT’S RECENT ECONOMIC AND STRUCTURAL REFORMS ARE BEARING FRUIT

## LEGISLATIVE AND INSTITUTIONAL REFORMS

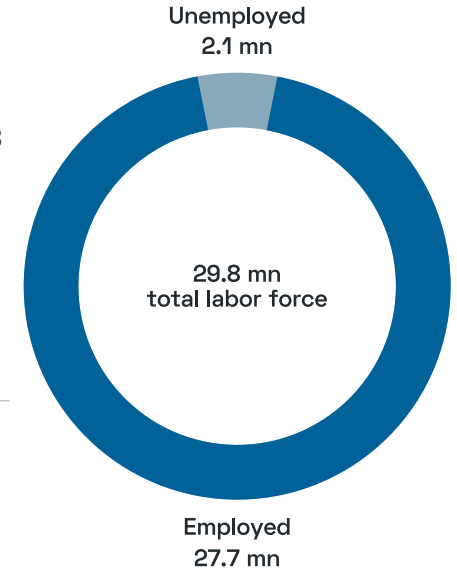
- Facilitating trade by automated customs system “Nafeza” [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

## EASE OF DOING BUSINESS SCORE



## LABOR MARKET AND TALENT DEVELOPMENT

- Large and skilled labor force of 29.8 million people
- 85.8K graduates from higher technical institutes
- >150,000 teachers registered in TVET system
- >2 million students enroll in the Technical Education & Vocational Training (TVET) program annually



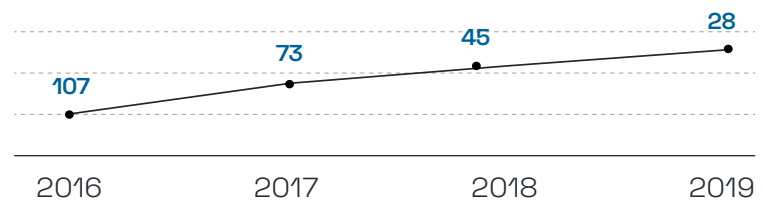
## EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

### INFRASTRUCTURE AND CONNECTIVITY

- EGP2.3tn invested into infrastructural developments over the past 7 years
- EGP1.1tn designated for road network development between 2014-2024, resulting in the construction of 7000km of newly developed roads and maintenance of 5000km of existing roads
- EGP387bn invested into the energy sector between 2014-2021, which saw Egypt achieving an electricity production surplus of >25% in 2022
- EGP50bn invested in upgrading existing airports, alongside the construction of 5 new airports in key areas across Egypt
- \$12.4bn allocated to the "National Ports Development Plan" launched in 2017 to increase total cargo tonnage handled per year from 120mn tons to 370mn tons by 2030
- 28% of total government investments allocated to the transportation sector in FY 2022/2023, of which EGP176bn are earmarked for the National Authority for Tunnels
- National high speed electric train spanning 1000 km, connecting sea- and land ports to cities and industrial areas, set to have its first phase completed in early 2023 at an investment cost of about \$8.7bn



### QUALITY OF ROADS INFRASTRUCTURE, RANK



Latest publication of GCI is of 2019

INTEGRATED ROUTE »

ONE DESTINATION ■

INTEGRATED ROUTE »

ONE DESTINATION ■

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ONE DESTINATION ■

INTEG

# 003

## CHAPTER THREE

# WHY SCZONE



## THE SCZONE PROVIDES AN INVESTOR-FRIENDLY BUSINESS ENVIRONMENT THAT IS A CORNERSTONE FOR EGYPT'S NATIONAL DEVELOPMENT PLANS

# 455

MILLION SQM2  
TOTAL LAND AREA

# 6

SEA PORTS

# 4

INDUSTRIAL ZONES

# 3

MAIN OPERATORS IN  
THE PORT

# 14

INDUSTRIAL  
DEVELOPERS

# >95

OPERATIONAL  
COMPANIES IN THE  
PORTS

# >300

OPERATIONAL  
ESTABLISHMENTS

# 100K+

DIRECT JOBS  
CREATED

01

WEST ←  
PORTSAID PORT  
ميناء غرب  
بورسعيد ←

02

EAST →  
PORTSAID PORT  
ميناء شرق  
بورسعيد →

03

ALARISH  
PORT  
ميناء  
العريش

04

ADABYIA  
PORT  
ميناء  
الأديبة

05

SOKHNA  
PORT  
ميناء  
السخنة

01 A

EAST → PORTSAID  
INDUSTRIAL ZONE  
المنطقة الصناعية  
شرق بورسعيد

02 B

WEST ← QANTARA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
غرب قنطرة

03 C

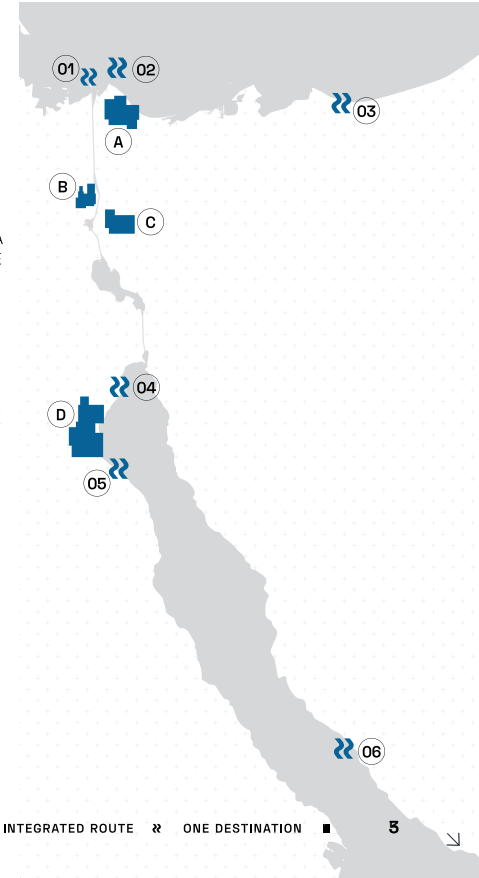
EAST → ISMAILIA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
شرق الإسماعيلية

04 D

SOKHNA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
السخنة

06

ALTOR  
PORT  
ميناء  
الطور





# SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE [SUEZ CANAL] WITH

## REGIONAL CONTEXT

1.3 BN

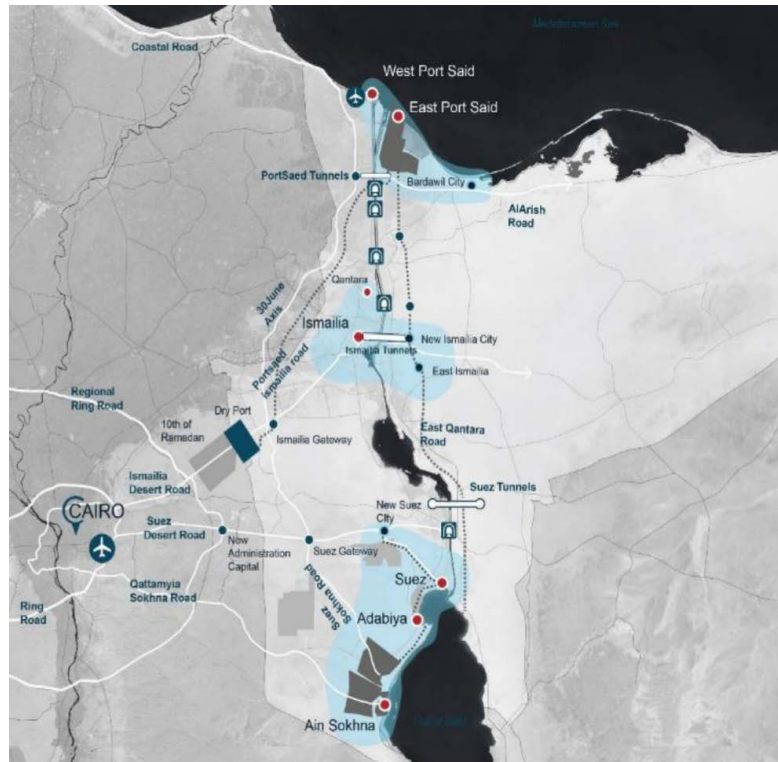
GROSS CARGO  
TRAFFIC/YEAR

12%

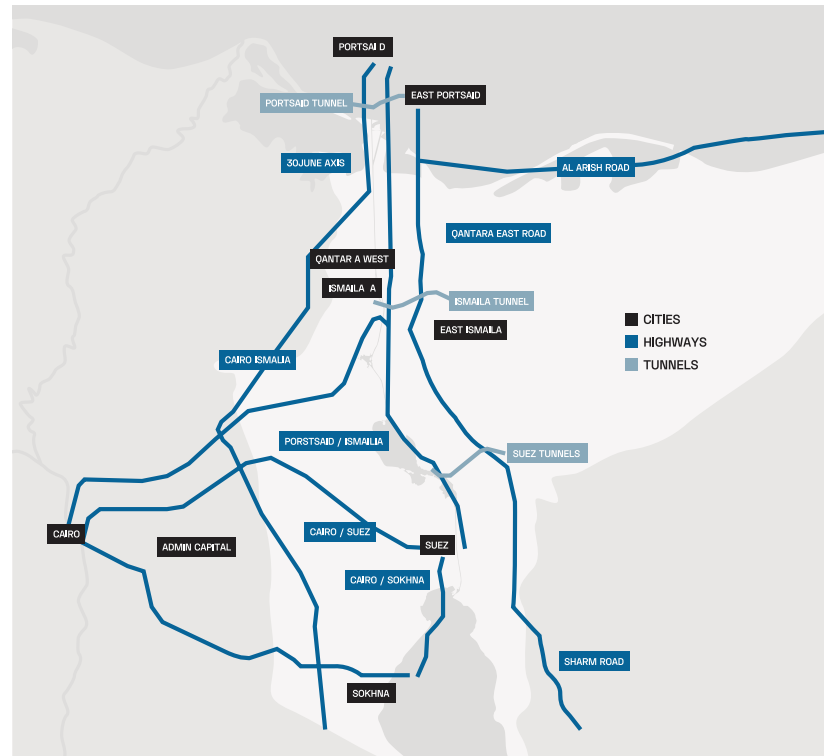
INTERNATIONAL  
TRADE/YEAR

>20K

SHIPS/YEAR



## THE SCZONE IS WELL CONNECTED TO EGYPT'S MODERN ROADS, RAIL AND AIRPORT NETWORK



SCZONE is well connected to the modern roads network of Egypt and enjoys direct connection to the new Suez Canal tunnels, facilitating transportation between its two banks.

## THE SCZONE'S SERVICES FACILITATE KEY PROCEDURES FOR INVESTORS



### SPECIAL CUSTOMS REGIME AND TRADE REGULATIONS

- Create an integrated industrial community
- Establish a logistic platform to serve international trade
- Reduce costs and time of shipments release
- Simplify and ease import/export regulations

### ONE-STOP SHOP

Providing convenient integrated services under one ceiling

- New Establishments & Companies registrations
- Issuing all Licenses (construction & operation... etc)
- Extracting the work permits
- Issuing residency permits for the foreign investors

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCIVE BUSINESS ENVIRONMENT IN THE SCZONE [1/2]

### DIRECT FINANCIAL INCENTIVES

#### 0% CUSTOM TAX



- 0% customs on all projects' components imported from abroad under the condition of exporting the final products
- Custom tax applied on imported components only when exporting to the local market

#### 0% VALUE ADD TAX



- 0% VAT applied on all local and foreign imports required for manufacturing, production and operation
- 14% VAT is only applied when exporting final products from SCZONE to the domestic market

#### CORPORATE TAX REFUND ( INCENTIVES FOR 7 YEARS )



- Discount on Tax (net profit) equivalent to 50% of the project investment costs such that the incentive does not exceed 80% of the paid-in capital

#### EXPORT SUPPORT PROGRAM



- Industrial manufacturers for export purposes at SCZONE will benefit from the program
- Enhancing the price competitiveness at foreign markets

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCIVE BUSINESS ENVIRONMENT IN THE SCZONE [2/2]

### INDIRECT INCENTIVES

#### “THE LEGAL FRAMEWORK”



- SCZONE established and empowered by the special economic zones Law No. 83/2002 which gave a legal framework that reinforces; Flexible, Autonomous and Decision in a single place

#### “ONE-STOP-SHOP SERVICES”



- New Establishments & Companies registrations
- Issuing all Licenses (construction & operation.. etc)
- Extracting work permits
- Issuing residency permits for foreign investors

#### EXPORT & IMPORT REGULATION



- Special rules governing imports and exports from the SCZONE
- Reduced cost & time of regulatory examination of shipments
- Treating end industrial products as local products

#### NEW CUSTOMS GUIDE 2020 & DIGITAL TRANSFORMATION



- Creating an integrated industrial community
- Establishing a logistic platform to serve international trade
- Reducing release time of shipments

#### 5-YEAR RESIDENCY PERMIT FOR THE FOREIGN INVESTORS



- Foreign investors have the right to obtain residency for a period of 5 continuous years, renewable for similar periods throughout the duration of the project

# CONTACT US TO LEARN MORE ABOUT INVESTMENT OPPORTUNITIES

WE WILL SUPPORT YOU EVERY STEP IN THE WAY, FROM CONCEPTUALIZATION TO IMPLEMENTATION

001 CONSIDER

002 EXPLORE

003 PLAN

CONTACT US  
INVEST@SCZONE.EG

INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



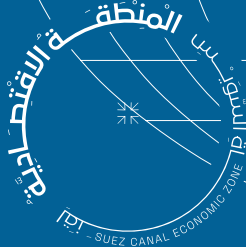
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# SC°ZINE

INVEST IN API  
MANUFACTURING





## EXECUTIVE SUMMARY

### API MANUFACTURING AS YOUR INVESTMENT OPPORTUNITY

- Global pharmaceutical companies are looking to diversify their supply chain and lower their dependency on traditional countries in Asia Pacific, taking lessons from the impact of the pandemic on the global supply chains

Egypt has the largest and fastest-growing

- pharmaceutical market in the region valued at \$6.2bn, with more than 152 drug manufacturing factories, importing more than \$2 Bn worth of APIs annually

A huge investment opportunity to manufacture APIs in Egypt is driven by

- the growing trend towards localizing pharma manufacturing, creating export opportunities to the large pharmaceutical market in the MEA region valued at >\$70BN

### EGYPT AS YOUR LONG-TERM BUSINESS PARTNER

- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% (2022-2025)
- EGP2.3tn invested into infrastructural developments over the past 7 years
- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool
- The country boasts some of the most competitive labor & electricity prices amongst its peers, alongside various free trade agreements that facilitate profitable production & exports

### SCZONE AS YOUR UNIQUE INVESTMENT DESTINATION

- Well-connected to the modern road network of Egypt and enjoys direct connection to the new Suez-canal tunnels
- Offers direct financial incentives such as a 0% customs tax, a 0% VAT tax, and an export support program among other indirect incentives
- Enjoys special customs regime and trade regulations on top of being a one-stop shop for registrations, permits, licenses, and bureaucratic processes in general

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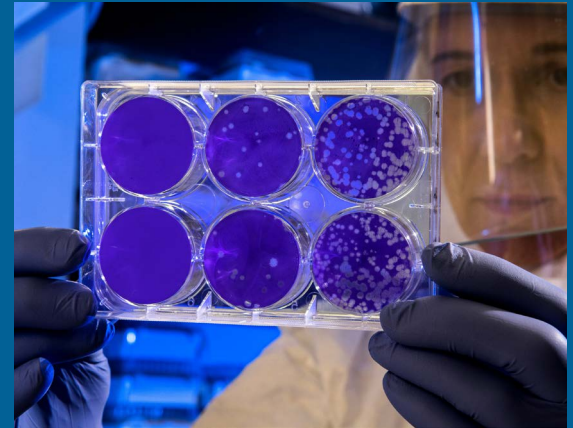
## 001

CHAPTER ONE

WHY INVEST IN API  
MANUFACTURING



# With the Largest Pharmaceutical Market in the MENA Region, Egypt offers Significant Investment Opportunities for API Manufacturing



## SC°ZONE'

■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

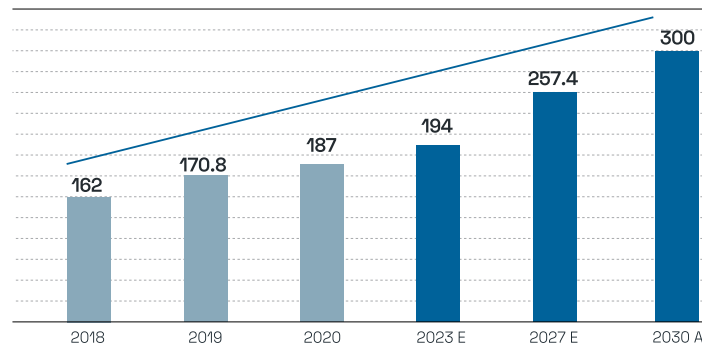
## THE GLOBAL API MARKET IS GROWING AT A CAGR OF 6%, TARGETING 300BN USD IN 2030

### KEY MARKET TRENDS TO CONSIDER FOR API MANUFACTURERS

- The increased prevalence of chronic diseases is driving the global pharmaceutical market growth and the need for active ingredients
- Global pharmaceutical companies are looking to diversify their supply chain and lower their dependency on traditional countries
- Targeted therapies require personalized medicine for smaller population sizes, which require a higher degree of flexibility in production facilities
- Reduced prices for APIs will drive demand, but will make existing locations less attractive due to inflated labor costs

### THE GLOBAL API MARKET (BILLION USD)

↑ CAGR+6%



**API PRODUCERS WITH A RESILIENT STRATEGIC MANUFACTURING POSITIONING WILL BENEFIT MOST FROM THESE TRENDS**

SC°ZONE'

IS THE PERFECT PARTNER FOR  
PROGRESSIVE CMOS

The shift towards personalized medicine and production of small molecule APIs requires a stronger diversification with continuous and flexible manufacturing



SC°ZONE'

■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

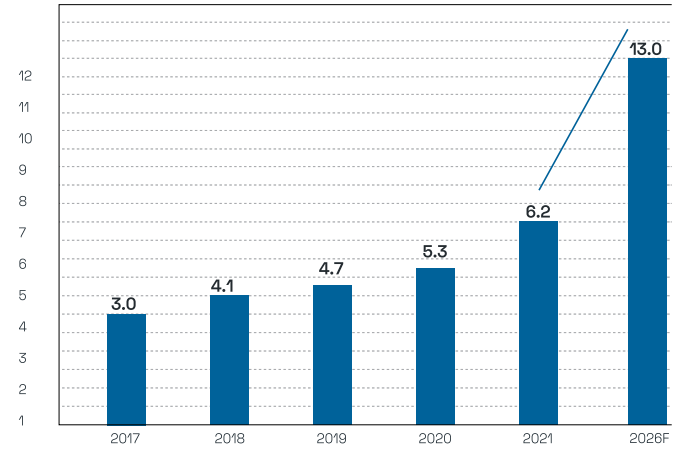
■ RESILIENT ECONOMIC GROWTH

## EGYPT HAS A FAST GROWING PHARMACEUTICAL MARKET WITH SALES EXPECTED TO REACH \$13 BN BY 2026

- Egypt's pharma sales are mainly driven by out-of-pocket expenditure as consumers find self-medication to be the cheapest form of treatment.
- Spending on pharmaceuticals is relatively high, contributing to around 25-30% of Total Health Expenditure (THE).
- One of the key drivers behind the industry's growth is the rapidly growing chronic disease burden that has accompanied the ageing and fast-growing population, particularly driving the growth of higher value prescription medicines in Egypt

### PHARMACEUTICAL SALES, \$ BN\*

+16%

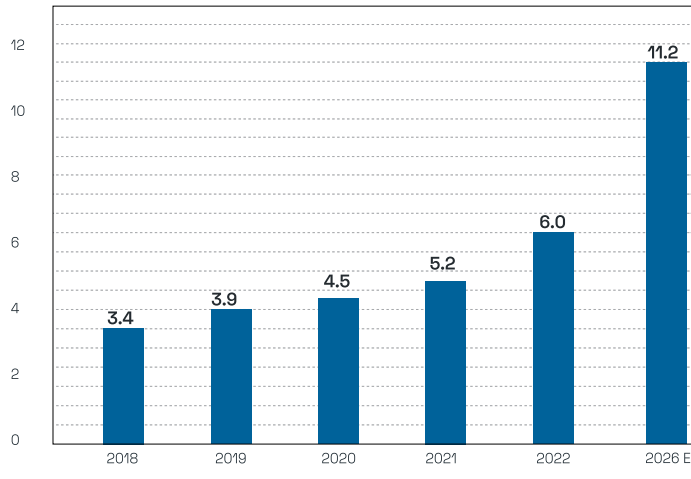


\* Using average currency exchange rate 2016-2021

## THE STRUCTURE OF EGYPT'S PHARMACEUTICAL MARKET MAINTAINS AN ATTRACTIVE LOCAL MANUFACTURING ENVIRONMENT

### PRESCRIPTION MEDICINE DOMINATES

#### PRESCRIPTION DRUG SALES, \$BN

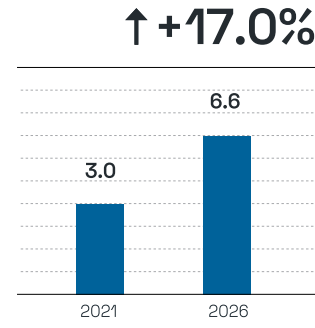


- With 184bn EGP in Sales in 2026, more than 85% of Egypt's pharma sales are prescription drugs, leading to a sustainable growth in demand of pharmaceuticals

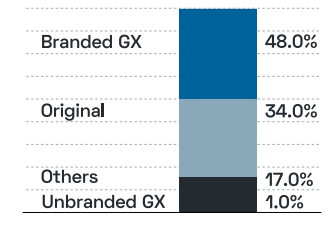
Sources: IQVIA, Fitch solutions, Ntsal Analysis

### GENERIC DRUGS HAVE A SIGNIFICANT SHARE

#### GENERICS DRUG SALES, \$BN



#### DRUG SALES DISTRIBUTION BY TYPE (%)



- Generic drug sales, including branded and unbranded drugs, are expected to grow at 17% CAGR through 2026, making local manufacturing a highly attractive investment



SC°Z°NE'

SUPPORTS A FLEXIBLE  
PRODUCTION AT SCALE

Aging populations & increases in chronic diseases such as cancer, cardiovascular diseases & diabetes, accelerate the demand for APIs in the region



SC°Z°NE'

■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

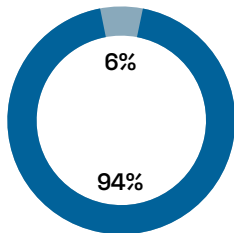


## MORE THAN 150 LOCAL DRUG FACTORIES RELY MOSTLY ON IMPORTED APIs VALUED AT \$2.3BN, PRESENTING STRONG OPPORTUNITIES FOR LOCAL API MANUFACTURING

# 152

DRUG FACTORIES  
IN 2022

Currently more than 150 local factories manufacture pharmaceuticals



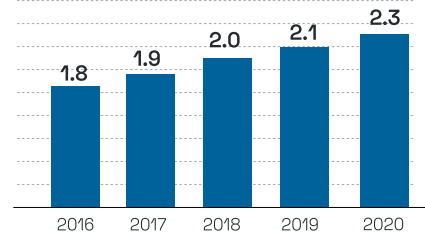
■ Private Sector ■ Public Sector

94% of investments in local drug manufacturing is driven by the private sector

# \$2.3bn

VALUE OF IMPORTED  
APIs IN EGYPT

### EGYPT'S API IMPORTS, \$ BN



# 90%

OF APIs  
IMPORTED

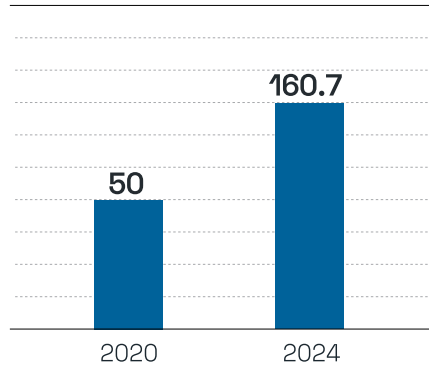
Despite the strong growth and position of local pharmaceutical manufacturing, more than 90% of all API's are imported.

Hardly any local API manufacturing exists

## IN ADDITION TO THE LOCAL MARKET DEMAND, FAST GROWING PHARMACEUTICAL MARKET IN AFRICA ENHANCES INVESTMENT OPPORTUNITIES

### AFRICAN PHARMA MARKET (\$BN)

**CAGR+20%**



The wider pharmaceutical market in Africa is set to grow even faster than the expected domestic growth in Egypt, with hardly any local API manufacturing capabilities established

### MORE THAN 95%

of all API's in Africa are imported



The SCZone in Egypt provides the most attractive investment destination for global manufacturers to serve domestic markets in Africa

- Highest quality standards to ensure a GMP readiness for local API manufacturing
- Proximity to African markets & ease of logistic access via road and sea

## STRONG EXPORT OPPORTUNITIES WITH INCREASING DEMAND, COVERED BY FTAs FOR EGYPT

Beyond the domestic market demand in Egypt, multilateral trade agreements with the largest pharmaceutical manufacturing countries exist



- Removing tariffs on all trading industrial products
- Total API imports of \$96.18BN in 2019 for the EU 27
- Egypt is one of 4 countries in Africa, 8 in MEA region that have FTA with EU



- Among 55/54 African Union nations: by Feb 41, 2022 countries deposited their instruments of ratification.
- Removing customs and tariffs.
- The pharmaceutical market in Africa has a CAGR of 20% in the coming years.
- African countries import between 95% to 99% of their required medicine.



- Conditional duty-free access to the largest pharma & API market
- The North American API market is valued at \$67.9BN in 2019
- Currently both Jordan and Israel have FTAs with the US (separate from QIZ)

## STRONG EXPORT OPPORTUNITIES WITH INCREASING DEMAND, COVERED BY FTAs FOR EGYPT



- Eliminating most tariffs among members
- The Middle-East API Market is expected to reach \$19.5BN by 2026 from \$11.1BN in 2016 with a CAGR of 5.9%
- A high spending power and a cultural preference for expensive foreign brands in GCC has resulted in 85% of pharmaceuticals in the country being imported, which can be partially met by Egypt through the GAFTA Trade Agreement



- Reducing customs duties
- In 2019, Latin America imported an API value of \$2.7BN from China alone (8% of China's API exports)
- Egypt is one of only 2 countries in the MEA region that has an FTA with Mercosur countries

## STRONG OPPORTUNITY FOR INVESTMENT IN LOCAL API MANUFACTURING EXISTS WITH SIGNIFICANT EXPORT POTENTIAL

# 4-8

New proposed  
factories

The existing market Gap in local API manufacturing creates a significant opportunity for new factories.

# 5%

Reduction of import  
value

Each new API factory with an average plant capacity of 2000 TPA is expected to reduce Egypt's API imports by 5%.

# \$130mn

Export Value

In addition to capturing a fair share of the local markets, each factory can achieve an annual **export value of over \$130MN.**



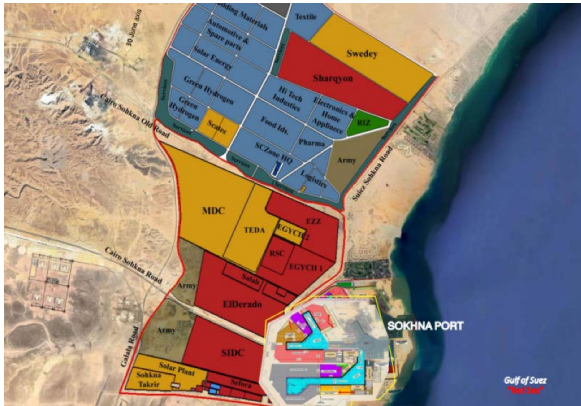
## THE API FACTORY WILL BE LOCATED IN A SPECIALIZED INDUSTRIAL PHARMACEUTICAL AND API CLUSTER WITH ACCESS TO ALL REQUIRED FACILITIES AND UTILITIES



SCZONE OFFERING AN AREA OF 230 KM<sup>2</sup> IN  
**EAST PORTSAID INDUSTRIAL ZONE**

### UTILITIES:

- Sea Water Desalination Plant (New EPS City) 150,000 M<sup>3</sup>/day.
- A Wastewater Treatment plant (capacity of 100,000 M<sup>3</sup>/day).
- Sewage Lifting Stations / 4 X 500 Ltr/S.
- Electricity Substation (125\*2 MVA)
- Electricity Substation under construction
- (175\*2 MVA) + 3 Electricity networking Projects
- Fiber Optics Cables



SCZONE OFFERING AN AREA OF 300 KM<sup>2</sup> IN  
**SOKHNA INDUSTRIAL ZONE**

### UTILITIES:

- Sea Water desalination plant with a capacity of more than 100,000 M<sup>3</sup>/day
- Waste-water treatment plant with a capacity of 35,000 M<sup>3</sup>/day
- Portable Facility with a capacity of 2,000 M<sup>3</sup>/day Wastewater Treatment

SC°ZONE'

PROVIDES A HOLISTIC  
ENVIRONMENT FOR THE HIGHEST  
CGMP PRODUCTION



An API is only as valuable as its  
purity – across raw materials,  
synthesis, production and  
storage capabilities

SC°ZONE'

■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

## API MANUFACTURING IN THE SCZONE GUARANTEES THE HIGHEST PRODUCTION STANDARDS AND A SEAMLESS VALUE CHAIN

### PHARMA GRADE CHEMICALS



The majority of APIs used are synthetic, for which Egypt has a strong supply of pharma grade chemicals. Biological raw materials are mainly imported

### HIGHEST GMP STANDARDS



Egypt has competitive labor costs, available machinery and equipment, and professional infrastructure

### ACCESS TO GLOBAL AND LOCAL MARKETS



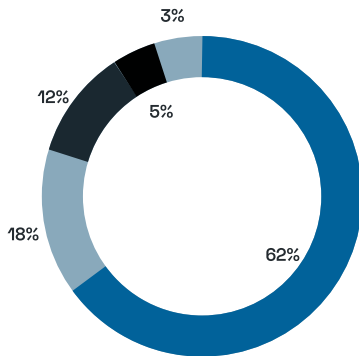
The strategic location of the SCZONE on a global trade route and its proximity to Africa, the Middle East and Europe provide a unique platform for global exports





## CHEMICAL SYNTHESIS APIS DOMINATE THE EGYPTIAN MARKET

### API TYPES USED IN EGYPT



- Chemical
- Biological
- Semisynthetic
- Both biological & chemical

### NEARLY 70%

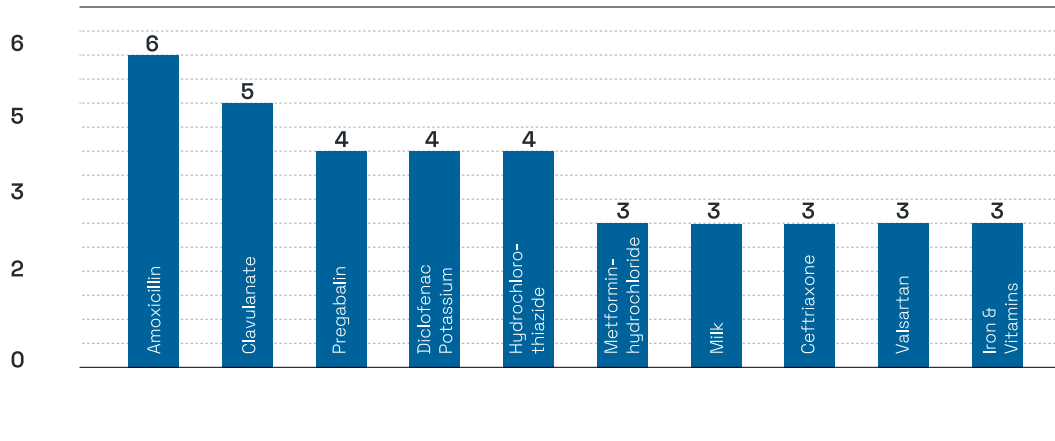
OF THE APIS OF THE BEST-SELLING DRUGS IN EGYPT (2019) ARE THE RESULT OF CHEMICAL SYNTHESIS MANUFACTURING, WHICH IS IN LINE WITH THE GLOBAL TREND.

**30% are the result of BIOLOGICAL SYNTHESIS MANUFACTURING**

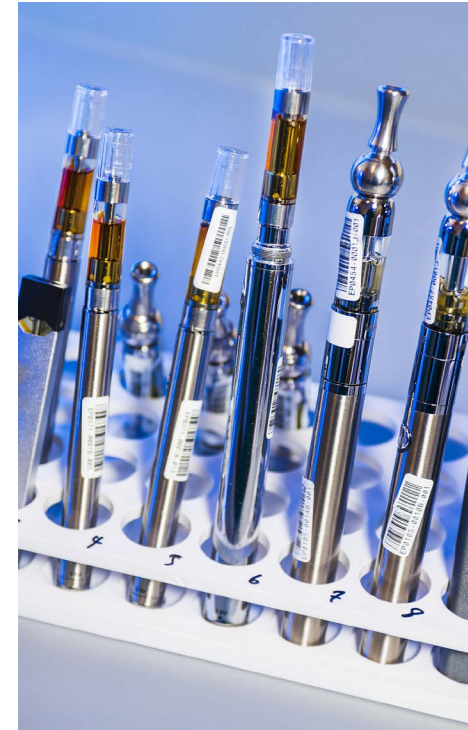


## BIOLOGICAL SYNTHESIS APIs ARE DEMANDED BY THE TOP 2 BEST-SELLING DRUGS IN EGYPT

### APIs FOR THE TOP 100 BEST SELLING DRUGS IN EGYPT



- The APIs of the top 2 best-selling drugs in 2019 (Augmentin, Hibiotic), which are amoxicillin and clavulanate, are based on a biological synthesis
- Most Molecular and Micro-Biology products are currently imported



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ONE DESTINATION



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# 002

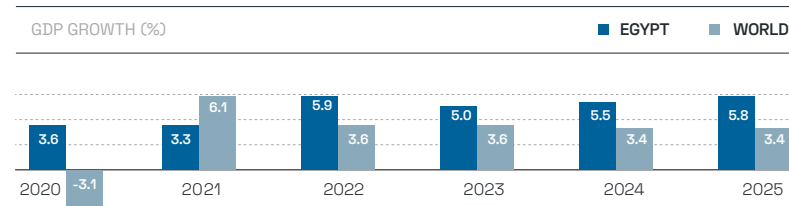
CHAPTER TWO

## WHY EGYPT



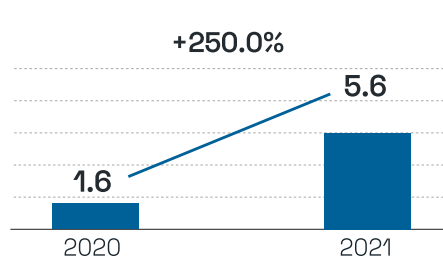
## EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

### GROWTH RATE EXCEEDING GLOBAL AVERAGES

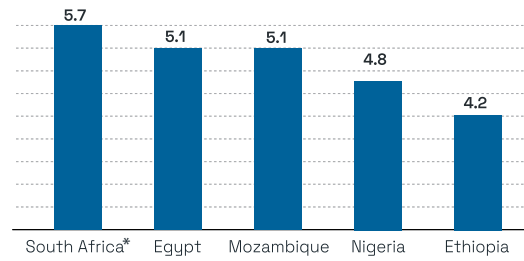


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

### GREENFIELD INVESTMENTS (\$BN)



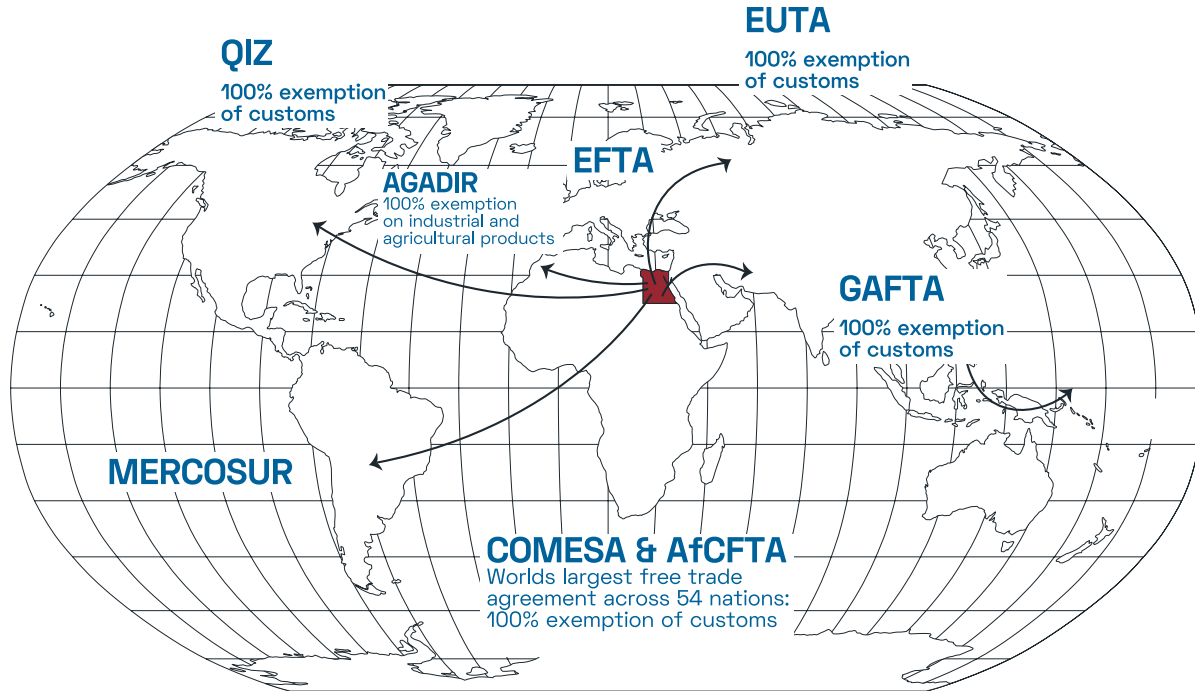
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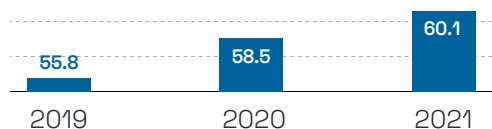
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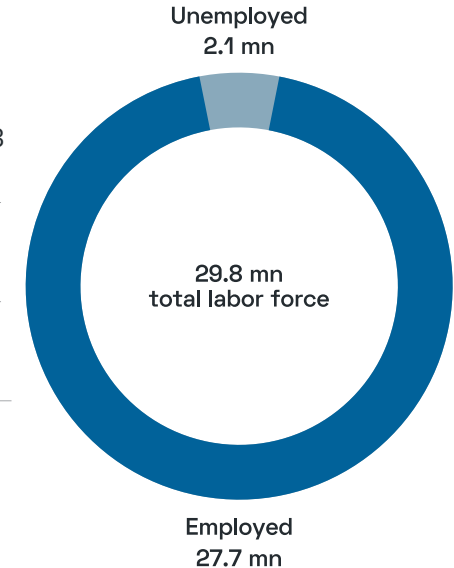
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### EASE OF DOING BUSINESS SCORE



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- >2 million students enroll in the Technical Education & Vocational Training (TVET) program annually



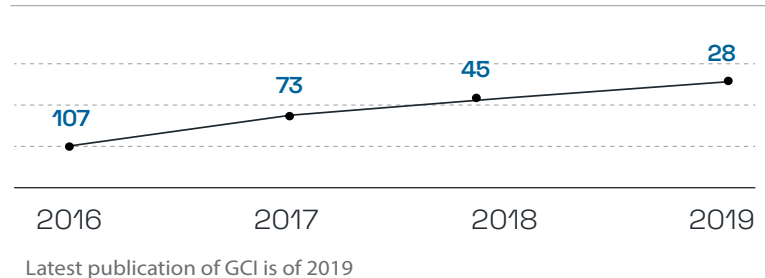
## EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

### INFRASTRUCTURE AND CONNECTIVITY

- EGP2.3tn invested into infrastructural developments over the past 7 years
- EGP1.1tn designated for road network development between 2014-2024, resulting in the construction of 7000km of newly developed roads and maintenance of 5000km of existing roads
- EGP387bn invested into the energy sector between 2014-2021, which saw Egypt achieving an electricity production surplus of >25% in 2022
- EGP50bn invested in upgrading existing airports, alongside the construction of 5 new airports in key areas across Egypt
- \$12.4bn allocated to the "National Ports Development Plan" launched in 2017 to increase total cargo tonnage handled per year from 120mn tons to 370mn tons by 2030
- 28% of total government investments allocated to the transportation sector in FY 2022/2023, of which EGP176bn are earmarked for the National Authority for Tunnels
- National high speed electric train spanning 1000 km, connecting sea- and land ports to cities and industrial areas, set to have its first phase completed in early 2023 at an investment cost of about \$8.7bn



### QUALITY OF ROADS INFRASTRUCTURE, RANK



INTEGRATED ROUTE » ONE DESTINATION ■ INTEGRATED ROUTE » ONE DESTINATION ■ INTEGRATED ROUTE » ONE DESTINATION ■ INTEG

# 003

## CHAPTER THREE

# WHY SCZONE





## THE SCZONE PROVIDES AN INVESTOR-FRIENDLY BUSINESS ENVIRONMENT THAT IS A CORNERSTONE FOR EGYPT'S NATIONAL DEVELOPMENT PLANS

# 455

MILLION SQM2  
TOTAL LAND AREA

# 6

SEA PORTS

# 4

INDUSTRIAL ZONES

# 3

MAIN OPERATORS IN  
THE PORT

# 14

INDUSTRIAL  
DEVELOPERS

# >95

OPERATIONAL  
COMPANIES IN THE  
PORTS

# >300

OPERATIONAL  
ESTABLISHMENTS

# 100K+

DIRECT JOBS  
CREATED

01

WEST ←  
PORTSAID PORT  
ميناء غرب  
بورسعيد ←

02

EAST →  
PORTSAID PORT  
ميناء شرق  
بورسعيد →

03

ALARISH  
PORT  
ميناء  
العرش →

04

ADABYIA  
PORT  
ميناء  
الأديبة →

05

SOKHNA  
PORT  
ميناء  
السخنة →

01 A

EAST → PORTSAID  
INDUSTRIAL ZONE  
المنطقة الصناعية  
شرق بورسعيد →

02 B

WEST ← QANTARA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
غرب قنطرة ←

03 C

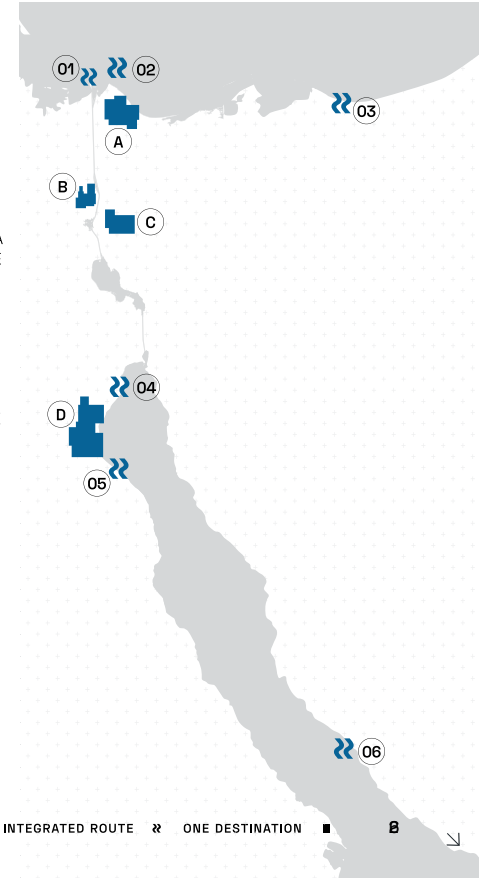
EAST → ISMAILIA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
شرق الإسماعيلية →

04 D

SOKHNA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
السخنة

06

ALTOR  
PORT  
ميناء  
الطور →



# SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE [SUEZ CANAL] WITH

## REGIONAL CONTEXT

1.3<sup>BN</sup>

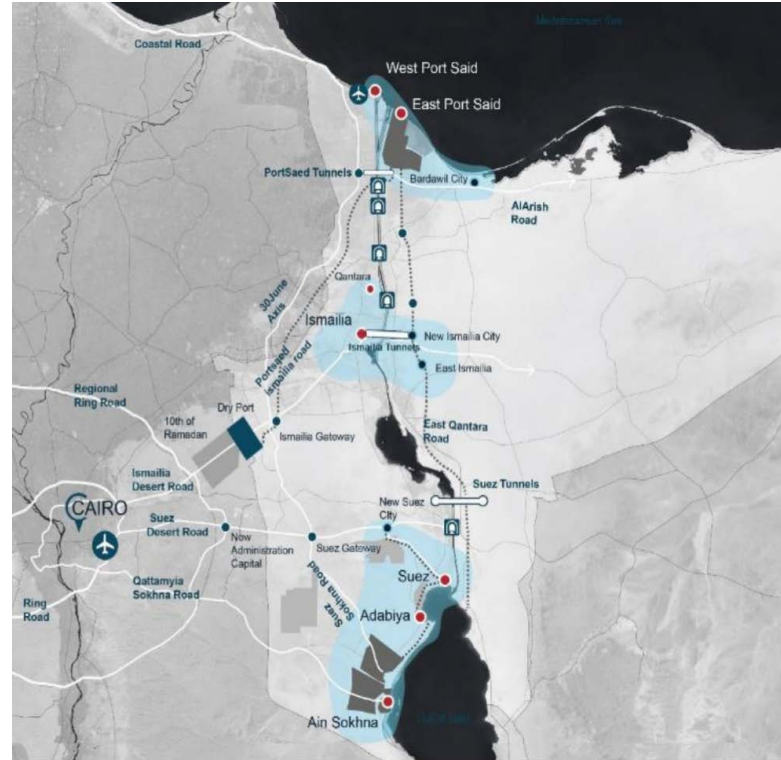
GROSS CARGO  
TRAFFIC/YEAR

12%

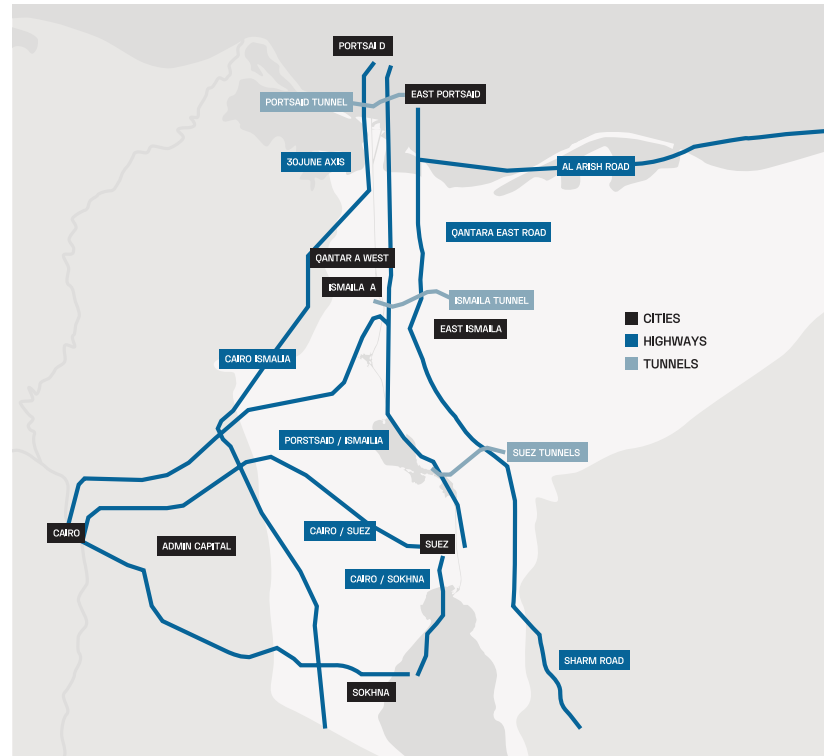
INTERNATIONAL  
TRADE/YEAR

>20K

SHIPS/YEAR



## THE SCZONE IS WELL CONNECTED TO EGYPT'S MODERN ROADS, RAIL AND AIRPORT NETWORK



SCZONE is well connected to the modern roads network of Egypt and enjoys direct connection to the new Suez Canal tunnels, facilitating transportation between its two banks.

## THE SCZONE'S SERVICES FACILITATE KEY PROCEDURES FOR INVESTORS



### SPECIAL CUSTOMS REGIME AND TRADE REGULATIONS

- Create an integrated industrial community
- Establish a logistic platform to serve international trade
- Reduce costs and time of shipments release
- Simplify and ease import/export regulations

### ONE-STOP SHOP

Providing convenient integrated services under one ceiling

- New Establishments & Companies registrations
- Issuing all Licenses (construction & operation... etc)
- Extracting the work permits
- Issuing residency permits for the foreign investors

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCIVE BUSINESS ENVIRONMENT IN THE SCZONE [1/2]

### DIRECT FINANCIAL INCENTIVES

#### 0% CUSTOM TAX



- 0% customs on all projects' components imported from abroad under the condition of exporting the final products
- Custom tax applied on imported components only when exporting to the local market

#### 0% VALUE ADD TAX



- 0% VAT applied on all local and foreign imports required for manufacturing, production and operation
- 14% VAT is only applied when exporting final products from SCZONE to the domestic market

#### CORPORATE TAX REFUND ( INCENTIVES FOR 7 YEARS )



- Discount on Tax (net profit) equivalent to 50% of the project investment costs such that the incentive does not exceed 80% of the paid-in capital

#### EXPORT SUPPORT PROGRAM



- Industrial manufacturers for export purposes at SCZONE will benefit from the program
- Enhancing the price competitiveness at foreign markets

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCIVE BUSINESS ENVIRONMENT IN THE SCZONE [2/2]

### INDIRECT INCENTIVES

#### “THE LEGAL FRAMEWORK”



- SCZONE established and empowered by the special economic zones Law No. 83/2002 which gave a legal framework that reinforces; Flexible, Autonomous and Decision in a single place

#### “ONE-STOP-SHOP SERVICES”



- New Establishments & Companies registrations
- Issuing all Licenses (construction & operation.. etc)
- Extracting work permits
- Issuing residency permits for foreign investors

#### EXPORT & IMPORT REGULATION



- Special rules governing imports and exports from the SCZONE
- Reduced cost & time of regulatory examination of shipments
- Treating end industrial products as local products

#### NEW CUSTOMS GUIDE 2020 & DIGITAL TRANSFORMATION



- Creating an integrated industrial community
- Establishing a logistic platform to serve international trade
- Reducing release time of shipments

#### 5-YEAR RESIDENCY PERMIT FOR THE FOREIGN INVESTORS



- Foreign investors have the right to obtain residency for a period of 5 continuous years, renewable for similar periods throughout the duration of the project

## CONTACT US TO LEARN MORE ABOUT INVESTMENT OPPORTUNITIES

WE WILL SUPPORT YOU EVERY STEP IN THE WAY, FROM CONCEPTUALIZATION TO IMPLEMENTATION

001 CONSIDER

002 EXPLORE

003 PLAN

CONTACT US  
INVEST@SCZONE.EG

INTEGRATED ROUTE

ONE DESTINATION

INTEGRATED ROUTE

ONE DESTINATION

INTEGRATED ROUTE

ONE DESTINATION

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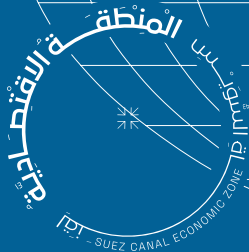


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# SC°Z°INE'

INVEST IN AUTOMOTIVE  
MANUFACTURING



## EXECUTIVE SUMMARY

### AUTOMOTIVES AS YOUR INVESTMENT OPPORTUNITY

- Global electric vehicle stock is forecasted to reach 270MN units by the year 2030, up from 18MN in 2021
- Egypt's National Strategy for Developing The Automotive Industry (AIDP) has shown strong commitment to the industry and has already engaged several local and global partners, with special focus on EV manufacturing
- EVs assembled in Egypt can supply rising global demand and will benefit from the support of the Egypt-EU Association Agreement among other trade agreements
- Light vehicle assembly to cater for local demand is a secondary investment opportunity in Egypt

### EGYPT AS YOUR LONG-TERM BUSINESS PARTNER

- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% (2022-2025)
- EGP2.3TN invested into infrastructural developments over the past 7 years
- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool
- The country boasts some of the most competitive labor & electricity prices amongst its peers, alongside various free trade agreements that facilitate profitable production & exports

### SCZONE AS YOUR UNIQUE INVESTMENT DESTINATION

- Well-connected to the modern road network of Egypt and enjoys direct connection to the new Suez-canal tunnels
- Boasts direct financial incentives such as a 0% customs tax, a 0% VAT tax, and an export support program among other indirect incentives
- Enjoys special customs regime and trade regulations on top of being a one-stop shop for registrations, permits, licenses, and bureaucratic processes in general

INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



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## 001

CHAPTER ONE

WHY INVEST IN  
AUTOMOTIVE  
MANUFACTURING



Powered by the Egyptian  
Automotive Industry  
Development Program  
(AIDP), car assembling and  
manufacturing offer vast  
opportunities in Egypt



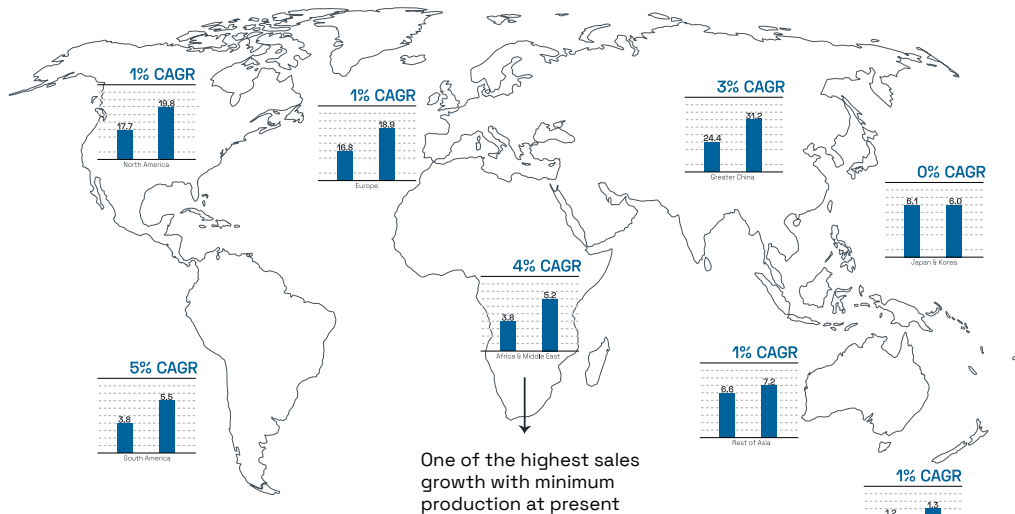
SC°Z■NE'

■ UNIQUE LOCATION

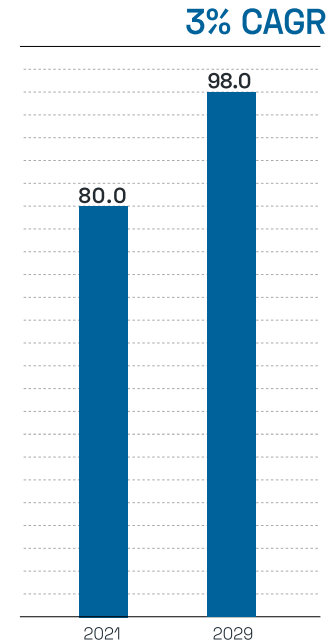
■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

# THE GLOBAL AUTOMOTIVE & COMPONENT MARKET IS GROWING AT 3%, WITH MEA EXPERIENCING HIGH GROWTH RATES

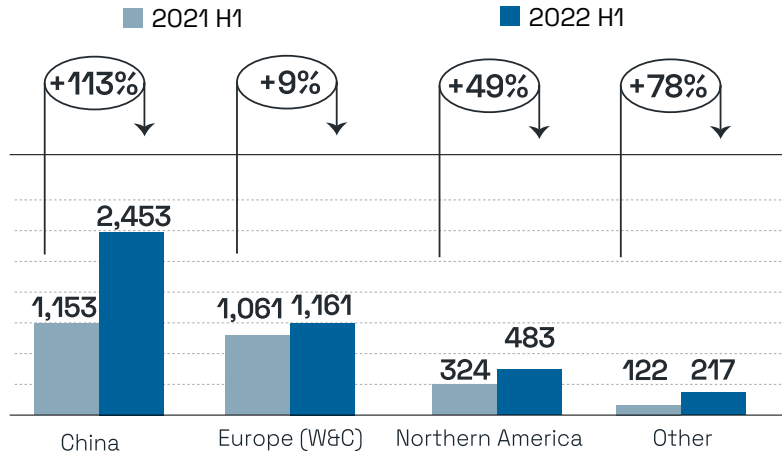


## GLOBAL LIGHT VEHICLE MARKET (MN UNITS)

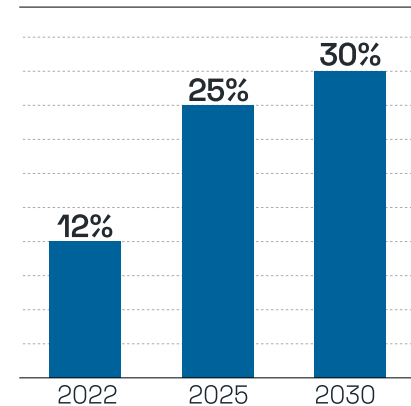


## THE GLOBAL MARKET IS SHIFTING TOWARDS ELECTRIC VEHICLES

### BEV & PHEV SALES IN TOP MARKETS (THOUSAND)



### GLOBAL EV SALES (% OF TOTAL CAR SALES)



- Consumer interest in electric vehicles (EVs) is driven by lower fuel costs, environmental consciousness, a better driving experience, and strong support from government policy
- The number of electric vehicles sold globally has grown from 55,000 vehicles in 2011 to **7MN** vehicles in 2021
- **4.3MN** new BEVs and Plug-in Hybrid Electric Vehicles (PHEVs) were sold in H1 2022 with a y-o-y **increase of 62%**

The government of Egypt  
launched The National Strategy  
for Localizing the Automotive  
Industry in June 2022

Egypt is on track to become  
the main gateway for vehicle  
manufacturing and assembly in  
Africa and emerging markets



SC°Z■NE'

■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

# EGYPT'S NATIONAL STRATEGY FOR DEVELOPING THE AUTOMOTIVE INDUSTRY (AIDP) EMPHASIZES ELECTRIC VEHICLES MANUFACTURING AND SEEKS TO LOCALIZE CAR PRODUCTION [1/2]

## ANNOUNCED PARTNERSHIPS FOR EV MANUFACTURING:



Local production of e-bus fleet started in 2020 as part of an agreement between China's Foton Motor and Egypt's Ministry of Military Production



Chinese company Geely signed an MoU with the National Organization for Military Production for local production of electric LVs



Al Mansour Automotive and General Motors signed an MoU concerning electric LV production



Stellantis, owner of Peugeot, Citroen, and Chrysler announced plans to build a factory for electric cars production



Egypt's first electric car distributor set up by state-owned firms El Nasr Automotive and the National Automotive Company (NATCO)



The Arab Organization for Industrialization launched an electric smart bus manufacturing system in cooperation with China's Wanxiang Group



## EGYPT'S NATIONAL STRATEGY FOR DEVELOPING THE AUTOMOTIVE INDUSTRY (AIDP) EMPHASIZES ELECTRIC VEHICLES MANUFACTURING AND SEEKS TO LOCALIZE CAR PRODUCTION [2/2]

### EGYPT'S AIDP REFLECTS SERIOUS COMMITMENTS TO ESTABLISH LOCAL AUTOMOTIVE MANUFACTURING




















- The government signed a four-way MoU to establish a joint car manufacturing complex in East Port Said, with a capacity to manufacture **75,000 vehicles annually** as a first stage
- SCZONE aims to create an **assemblage of feeding industries as part of AIDP**
- Multinational automotive companies have expressed their interest in joining the complex with an increase in capacity of up to 100,000 within five years

The Supreme Council for Automotive Industry has established a fund to finance the environmentally friendly car industry

The International Energy Agency, in which Egypt is one of its association countries, has acknowledged Egypt as one of the handful new EV market entrants in 2021, highlighting its bright prospects in being a key player in global EV trade






## EGYPT'S GLOBAL-LOCAL PARTNERSHIPS HAVE PROVEN SUCCESSFUL AND PRESENT MORE ROOM FOR GROWTH

[1/2]

Manufacturer	Capacity	OEMs	Plant type
El Mansour	 120,000	 	CKD CKD
Ghabbour Auto	 75,600	   	CBU/CKD CBU/CKD CBU/CKD CKD
Egyptian German Automotive	 45,000	 	CBU/CKD CKD
Seoudi - Renault/Nissan	 36,000		CBU/CKD
Arab American Vehicles	 17,500	 	CKD CKD
Bavarian Auto Group	 15,000	 	CBU/CKD CKD

## EGYPT'S GLOBAL-LOCAL PARTNERSHIPS HAVE PROVEN SUCCESSFUL AND PRESENT MORE ROOM FOR GROWTH

[2/2]

Manufacturer	Capacity	OEMs	Plant type
Geyushi	11,000		CKD
Seoudi-Suzuki	9,600		CBU CKD
Al Amal	5,000	  	CBU/CKD CBU CKD

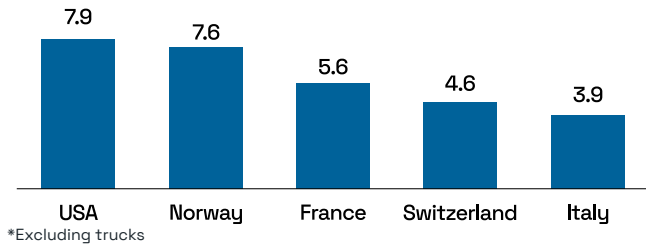
**SCZONE's consortium with its MoU partners will strengthen public-private partnerships and engage its growing global partner base**

**The SCZONE recently formed an agreement as part of a Japanese- French alliance to implement a rollover vehicle station (RORO) to facilitate the on-loading and off-loading of manufactured vehicles**

## ELECTRIC VEHICLES ASSEMBLED IN EGYPT HAVE THE POTENTIAL TO SUPPLY GLOBAL DEMAND

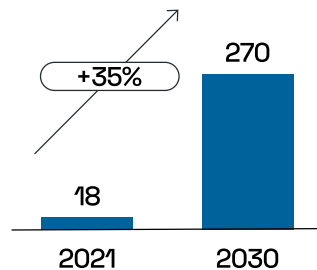
### TOP GLOBAL NET IMPORTERS OF EVs\* 2021 (\$BN)

TOTAL IMPORTS: \$174BN



### GLOBAL EV STOCK 2021-2030 (MN)

Global EV stock may surpass 270MN to reach 350MN if the 2050 Net Zero Emissions goal is implemented



### THE EGYPTIAN AUTOMOTIVE INDUSTRY HAS THE POTENTIAL TO CONTRIBUTE TO GLOBAL EV MANUFACTURING

- Governments around the world have announced pledges and targets that promise rapid increase in the number of EVs
- The global EV stock (excluding two and three-wheelers) will rise significantly from 18MN in 2021 to 270MN vehicles by 2030 and may reach 350MN if the 2050 Net Zero Emissions goal is implemented

## ELECTRIC VEHICLE SALES IN EUROPE HAVE INCREASED BY 65% IN 2021, SIGNALING A HUGE OPPORTUNITY FOR EGYPT

**\$150BN**

Current European EV market size

**17.8% CAGR**

2022 - 2027

- **Egypt's trade agreements with Europe**, such as the **Egypt-EU Association Agreement** and the **Egypt-EFTA Free Trade Agreement**, as well as other regions set the ground for export opportunities of EVs
- Establishing an **EV assembly factory** that exports to the EU as well as to emerging and growing markets, such as the MEA, is an appealing proposition given the sustained growth of global demand

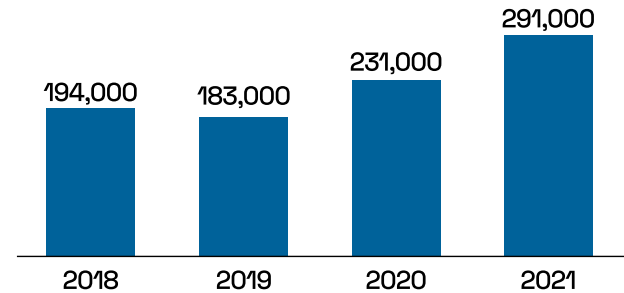


## LIGHT VEHICLE ASSEMBLY TO CATER FOR LOCAL DEMAND IS A SECONDARY INVESTMENT OPTION

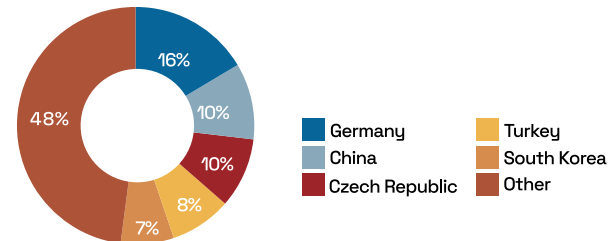
### LOCAL AUTOMOTIVE ASSEMBLY IS A NECESSARY STEP TO MEET LOCAL DEMAND

- While demand for automotives continues to grow, supply chain disruptions and import restrictions have created a market gap
- Egypt surpassed Nigeria to become the **top passenger car importer** in Africa in 2021 when its imports stood at **\$3.4BN**
- The estimated revenue earned by Egyptian automotive retail and wholesale trade and repair was valued at EGP788BN in 2020

### AUTOMOTIVE UNIT SALES IN EGYPT, 2018-2021

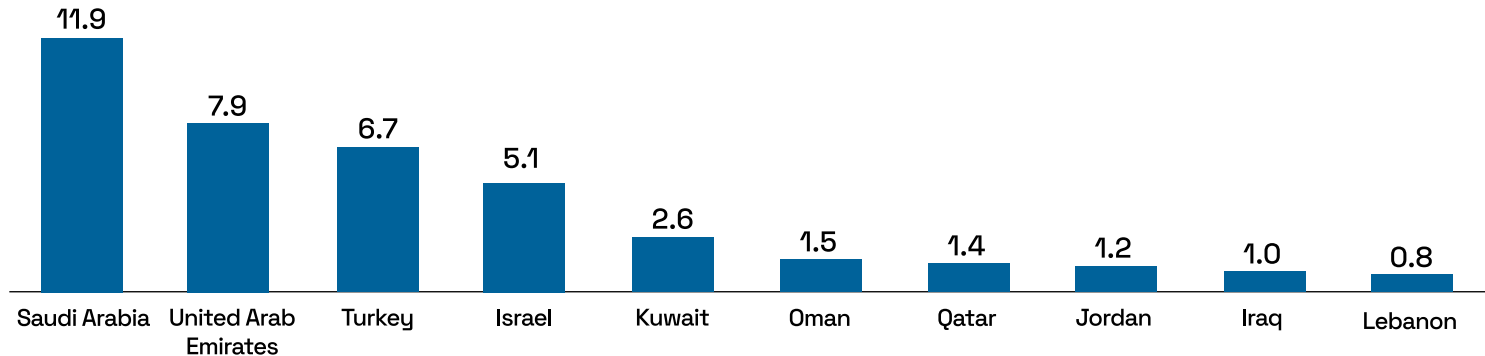


### MAIN IMPORT ORIGINS OF AUTOMOTIVES FOR EGYPT, 2021

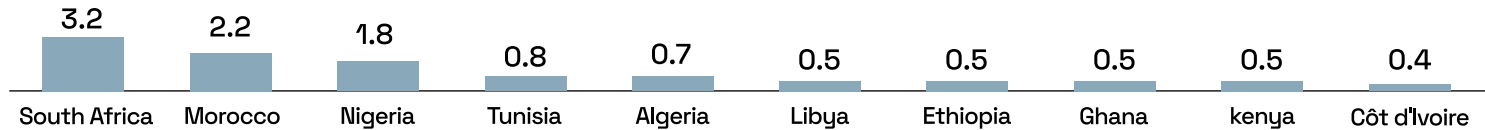


## REGIONAL TRADE PARTNERS ARE POTENTIAL DESTINATIONS FOR EGYPTIAN AUTOMOTIVE EXPORTS

TOP IMPORTERS OF PASSENGER CARS IN MIDDLE EAST\* 2021 (\$BN)



TOP IMPORTERS OF PASSENGER CARS IN MIDDLE EAST\* 2021 (\$BN)



\*Excluding Egypt

## YOUR FACTORY WILL BE LOCATED AT THE HEART OF EAST PORT SAID'S INTEGRATED ZONE

**EAST PORT-SAID (EPS) INDUSTRIAL ZONE IS ON A TOTAL AREA OF 64 KM<sup>2</sup> DESIGNATED TO RECEIVE VARIOUS MANUFACTURING ACTIVITIES AND A WIDE RANGE OF INDUSTRIAL CLUSTERS :**

- Automotive Assembly, Feed industry and Rolling stock
- Textiles & Ready-made Garments
- Home Appliances & Electronics
- Construction & Building Materials
- Engineering Equipment & Machinery
- Electric Power Industry
- ICT / Hardware
- Pharmaceuticals
- Food Processing
- SME Cluster Park Development
- Logistics HUB & Services

### UTILITIES

- Sea Water Desalination Plant (New EPS City) 150,000 M<sup>3</sup>/day
- A Wastewater Treatment Plant (capacity of 100,000 M<sup>3</sup>/day)
- Sewage Lifting Stations / 4 X 500 Ltr/s
- Electricity Substation (125\*2 MVA)
- **Electricity Substation** under construction (175\*2 MVA) +
- **3 Electricity networking Projects**
- Fiber Optics Cables
- Natural Gas is available





INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



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002

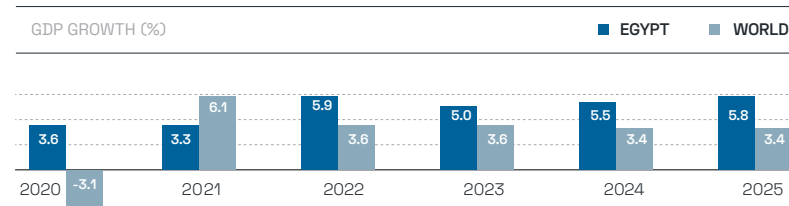
CHAPTER TWO

WHY EGYPT



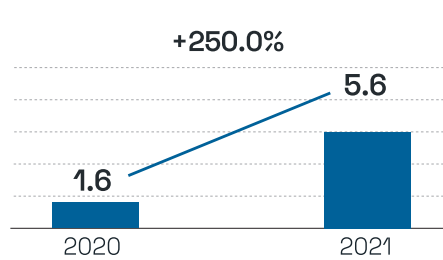
## EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

### GROWTH RATE EXCEEDING GLOBAL AVERAGES

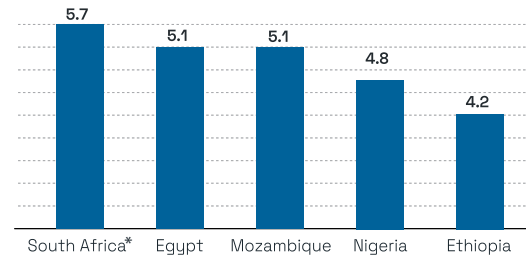


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

### GREENFIELD INVESTMENTS (\$BN)



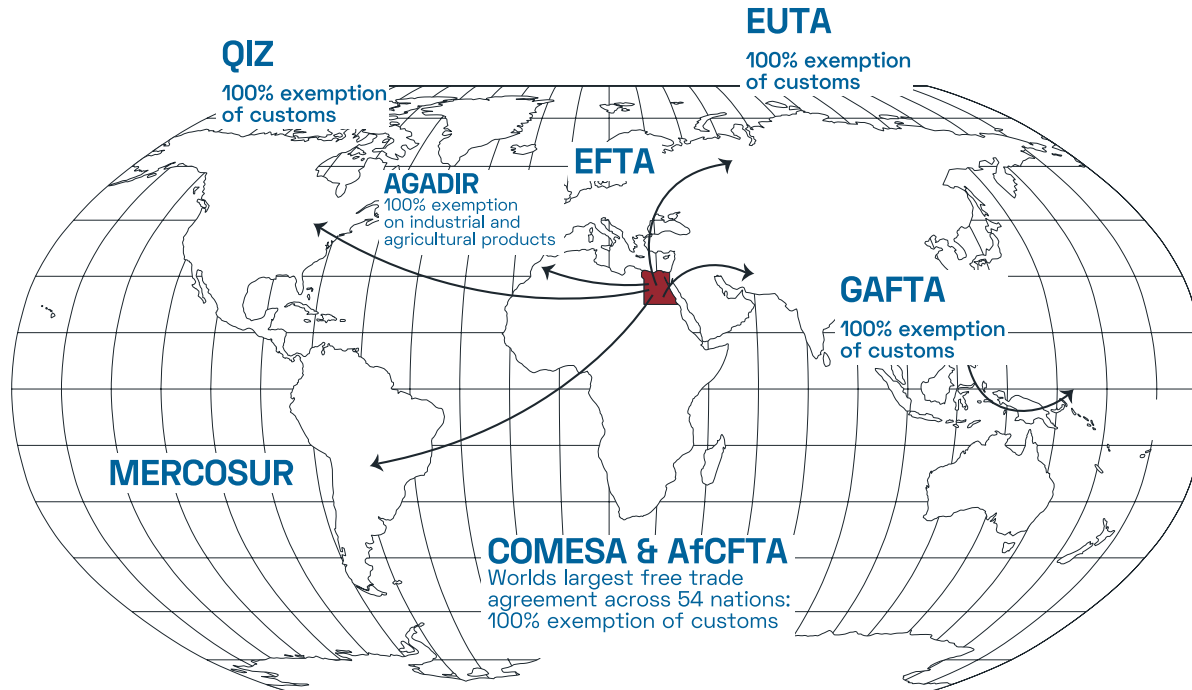
### FOREIGN DIRECT INVESTMENT (\$BN)



\*South Africa FDI excludes Naspers & Prosus \$35 BN deal

- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool

## WITH 12% OF GLOBAL TRADE PASSING THROUGH THE SUEZ CANAL, EGYPT IS STRATEGICALLY LOCATED AND SUPPORTED BY REGIONAL FREE TRADE AGREEMENTS



EGYPT IS THE

**2nd**

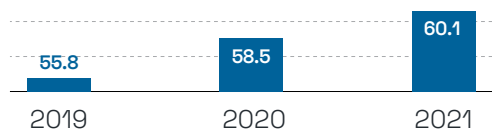
LARGEST  
FDI RECIPIENT  
IN AFRICA

# THE GOVERNMENT’S RECENT ECONOMIC AND STRUCTURAL REFORMS ARE BEARING FRUIT

## LEGISLATIVE AND INSTITUTIONAL REFORMS

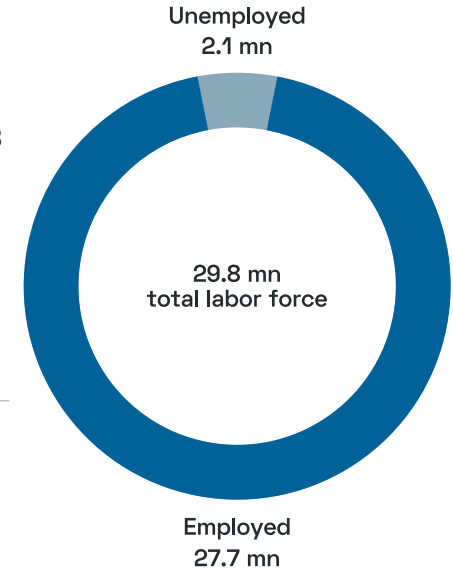
- Facilitating trade by automated customs system “Nafeza” [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

## EASE OF DOING BUSINESS SCORE



## LABOR MARKET AND TALENT DEVELOPMENT

- Large and skilled labor force of 29.8 million people
- 85.8K graduates from higher technical institutes
- >150,000 teachers registered in TVET system
- >2 million students enroll in the Technical Education & Vocational Training (TVET) program annually



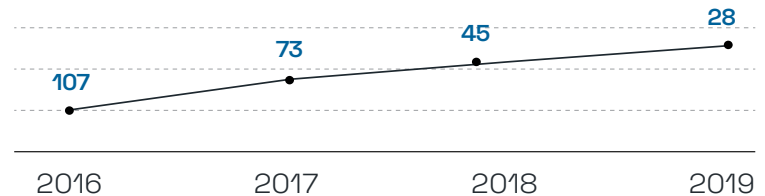
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### QUALITY OF ROADS INFRASTRUCTURE, RANK



Latest publication of GCI is of 2019

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# 003

CHAPTER THREE

## WHY SCZONE



## THE SCZONE PROVIDES AN INVESTOR-FRIENDLY BUSINESS ENVIRONMENT THAT IS A CORNERSTONE FOR EGYPT'S NATIONAL DEVELOPMENT PLANS

# 455

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TOTAL LAND AREA

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OPERATIONAL  
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WEST ← QANTARA  
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غرب قنطرة ←

03 C

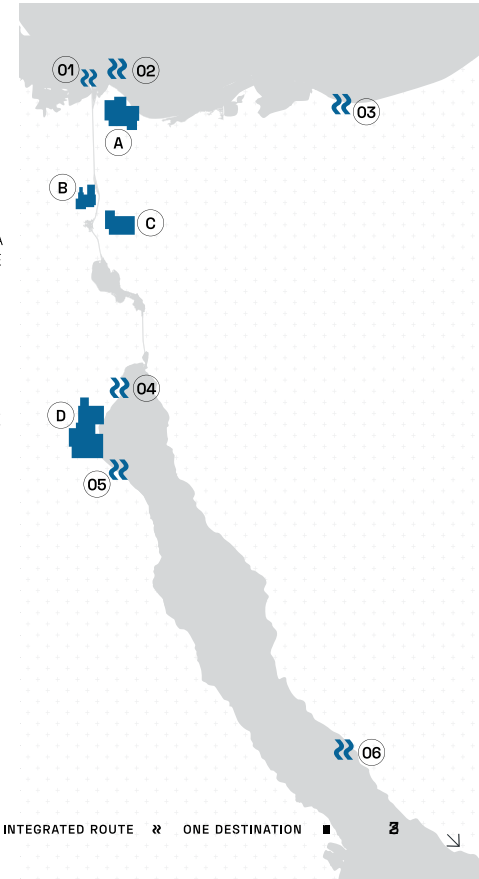
EAST → ISMAILIA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
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04 D

SOKHNA  
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ALTOR  
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الطور →



# SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE [SUEZ CANAL] WITH

## REGIONAL CONTEXT

1.3<sup>BN</sup>

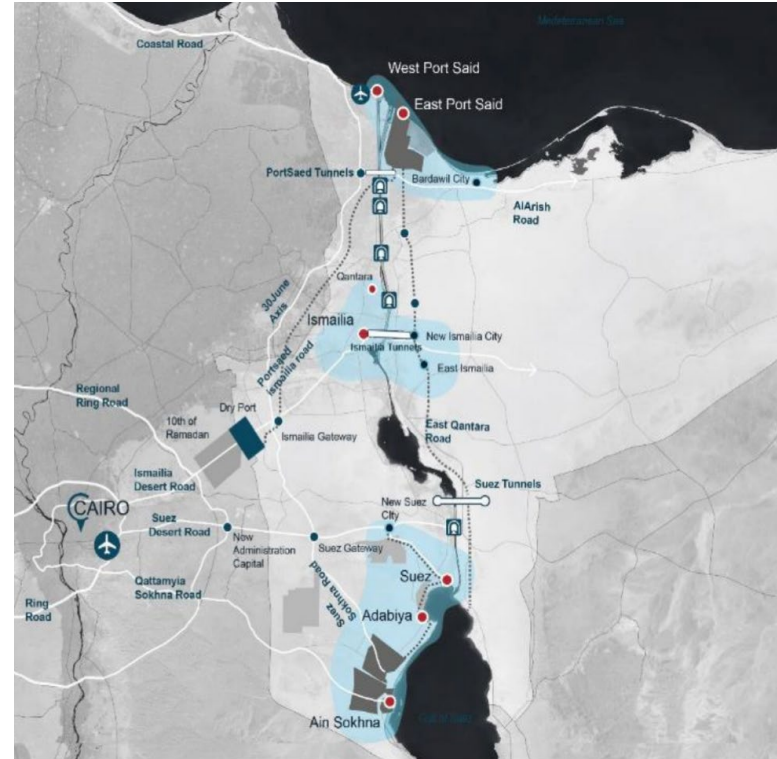
GROSS CARGO  
TRAFFIC/YEAR

12%

INTERNATIONAL  
TRADE/YEAR

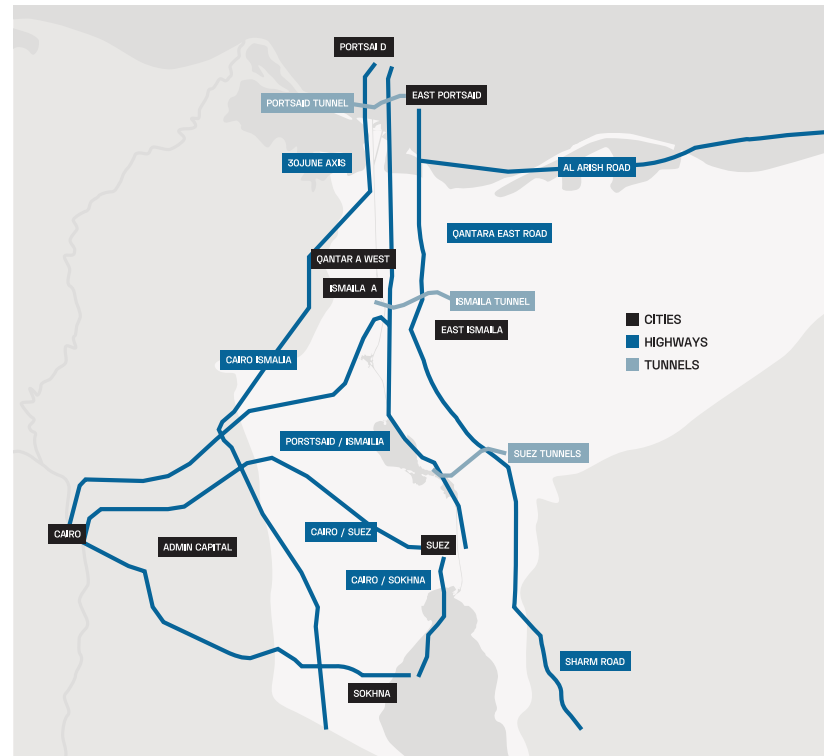
>20K

SHIPS/YEAR





## THE SCZONE IS WELL CONNECTED TO EGYPT'S MODERN ROADS, RAIL AND AIRPORT NETWORK



SCZONE is well connected to the modern roads network of Egypt and enjoys direct connection to the new Suez Canal tunnels, facilitating transportation between its two banks.

## THE SCZONE'S SERVICES FACILITATE KEY PROCEDURES FOR INVESTORS



### SPECIAL CUSTOMS REGIME AND TRADE REGULATIONS

- Create an integrated industrial community
- Establish a logistic platform to serve international trade
- Reduce costs and time of shipments release
- Simplify and ease import/export regulations

### ONE-STOP SHOP

Providing convenient integrated services under one ceiling

- New Establishments & Companies registrations
- Issuing all Licenses (construction & operation... etc)
- Extracting the work permits
- Issuing residency permits for the foreign investors

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCIVE BUSINESS ENVIRONMENT IN THE SCZONE [1/2]

### DIRECT FINANCIAL INCENTIVES

#### 0% CUSTOM TAX



- 0% customs on all projects' components imported from abroad under the condition of exporting the final products
- Custom tax applied on imported components only when exporting to the local market

#### 0% VALUE ADD TAX



- 0% VAT applied on all local and foreign imports required for manufacturing, production and operation
- 14% VAT is only applied when exporting final products from SCZONE to the domestic market

#### CORPORATE TAX REFUND ( INCENTIVES FOR 7 YEARS )



- Discount on Tax (net profit) equivalent to 50% of the project investment costs such that the incentive does not exceed 80% of the paid-in capital

#### EXPORT SUPPORT PROGRAM



- Industrial manufacturers for export purposes at SCZONE will benefit from the program
- Enhancing the price competitiveness at foreign markets

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCIVE BUSINESS ENVIRONMENT IN THE SCZONE [2/2]

### INDIRECT INCENTIVES

#### “THE LEGAL FRAMEWORK”



- SCZONE established and empowered by the special economic zones Law No. 83/2002 which gave a legal framework that reinforces; Flexible, Autonomous and Decision in a single place

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- New Establishments & Companies registrations
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- Special rules governing imports and exports from the SCZONE
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#### NEW CUSTOMS GUIDE 2020 & DIGITAL TRANSFORMATION



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WE WILL SUPPORT YOU EVERY STEP IN THE WAY, FROM CONCEPTUALIZATION TO IMPLEMENTATION

001 CONSIDER

002 EXPLORE

003 PLAN

CONTACT US  
INVEST@SCZONE.EG

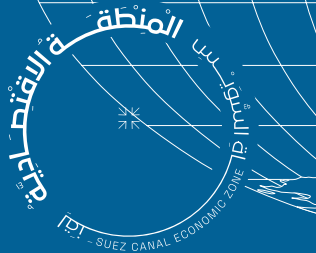
INTEGRATED ROUTE » ONE DESTINATION ■ INTEGRATED ROUTE » ONE DESTINATION ■ INTEGRATED ROUTE » ONE DESTINATION ■ INTEG

GRATED ROUTE ⇨ ONE DESTINATION ■ INTEGRATED ROUTE ⇨ ONE DESTINATION ■ INTEGRATED ROUTE ⇨ ONE DESTINATION ■ INTEGRATED ROUTE



# SC°ZONE

INVESTMENT OPPORTUNITIES  
FOR MEDICAL DEVICES  
MANUFACTURING



## EXECUTIVE SUMMARY

### MEDICAL DEVICES AS YOUR INVESTMENT OPPORTUNITY

- The global medical devices market is estimated at \$342bn in 2021 and is forecasted to grow at a CAGR of 6% to reach \$456bn by 2026
- The Egyptian medical devices market is expected to grow at a CAGR of 7-9% towards 2026. Egypt has large diagnostic imaging and consumables segments constituting 24.4% and 14.6% market shares respectively
- A huge market opportunity arises from the surging excess demand for locally produced high-tech medical devices, especially considering Egypt's plans to upgrade its healthcare infrastructure and the fast-growing private healthcare sector
- Large export opportunities exist through the MEA region, as KSA and South Africa are the 2 largest importers of medical devices with \$1.6bn and \$1bn import values respectively, followed by the UAE (\$960 Mn)

### EGYPT AS YOUR LONG-TERM BUSINESS PARTNER

- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% (2022-2025)
- EGP2.3tn invested into infrastructural developments over the past 7 years
- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool
- The country boasts some of the most competitive labor & electricity prices amongst its peers, alongside various free trade agreements that facilitate profitable production & exports

### SCZONE AS YOUR UNIQUE INVESTMENT DESTINATION

- Well-connected to the modern road network of Egypt and enjoys direct connection to the new Suez-canal tunnels
- Offers direct financial incentives such as a 0% customs tax, a 0% VAT tax, and an export support program among other indirect incentives
- Enjoys a special customs regime and trade regulations on top of being a one-stop shop for registrations, permits, licenses, and bureaucratic processes in general





GRATED ROUTE ⇄ ONE DESTINATION ■ INTEGRATED ROUTE ⇄ ONE DESTINATION ■ INTEGRATED ROUTE ⇄ ONE DESTINATION ■ INTEGRATED ROUTE ⇄ ONE DESTINATION ■ INTEGRATED ROUTE

# 001

## CHAPTER ONE

# WHY INVEST IN THE MANUFACTURING OF MEDICAL EQUIPMENT



GRATED ROUTE ⇨ ONE DESTINATION ■ INTEGRATED ROUTE ⇨ ONE DESTINATION ■ INTEGRATED ROUTE ⇨ ONE DESTINATION ■ INTEGRATED R

# With the Largest Healthcare Sector in the Middle East, Egypt offers Significant Investment Opportunities for Medical Device Manufacturing

SC°Z■NE'

■ UNIQUE LOCATION

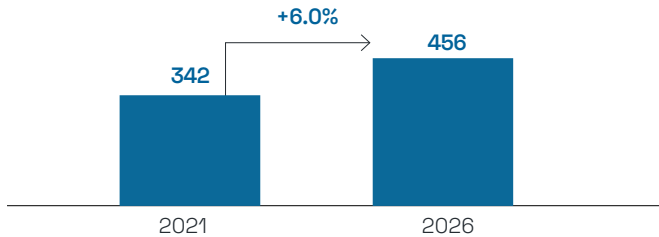
■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

## THE GLOBAL MEDICAL DEVICES MARKET HAS GROWN BY 33% OVER THE PAST 5 YEARS

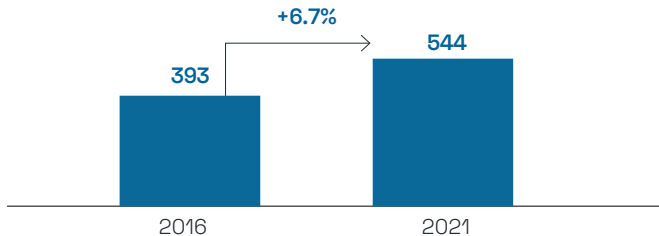
### GLOBAL MEDICAL DEVICES MARKET

[\$BN]



### GLOBAL TRADE VALUE OF MEDICAL DEVICES 2021

[\$BN]



\*Includes HS item Numbers: 9018, 9019, 9020, 9021, & 9022 (excl. 902219 & 902229)

Source: UNComtrade, Fitch Solutions, Statista, Ntsal Analysis



- The global medical devices market is estimated at \$342bn in 2021 and is forecasted to grow at a CAGR of 6% to reach \$456bn by 2026
- Technological advancements are modernizing medical devices, leading to an increasing use of smart gadgets, remote patient monitoring devices, and improving patient data collection, leading to better healthcare outcomes
- The global **trade value** for medical devices has increased by 38.4% through the past 5 years, growing from \$393bn in 2016 to \$544bn in 2021

## EGYPT'S TOTAL SPENDING IN THE HEALTHCARE SECTOR REPRESENTS 5% OF ITS GDP WITH A STRONG GROWTH AND INVESTMENT TO LOCALIZE DEVICE MANUFACTURING

EGP **27.5** BN

GOVERNMENT INVESTMENTS  
IN HEALTHCARE SERVICES

**18.2%**

GROWTH RATE OF  
HEALTHCARE SERVICES

**~5%**

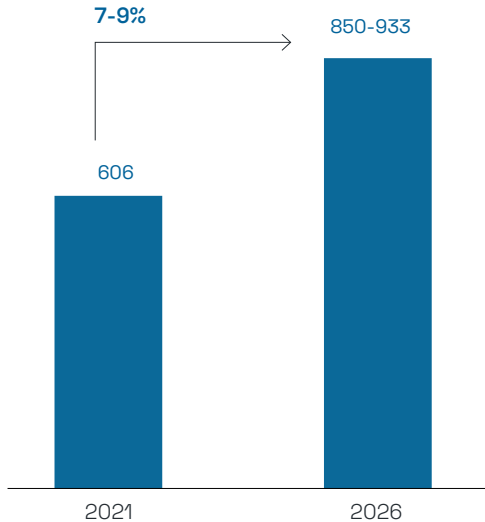
TOTAL HEALTHCARE  
EXPENDITURE TO GDP

- The healthcare sector in Egypt is large compared to its neighbors in the Middle East
- The Egyptian government is committed to expanding and upgrading its healthcare system, offering a variety of opportunities for the medical device industry
- Egypt has increased its public investment by 205% over the past year to strengthen the healthcare system after the pandemic
- Recent Government initiatives towards developing the healthcare sector include:
  - The comprehensive health insurance plan with the geographic targeting of priority governorates.
  - The construction of 79 hospitals and 294 primary care units in nine governorates as well as adding 300 ambulances.
  - Working to raise the efficiency of 125 hospitals.
  - The new Medical City mega project in the New Administrative Capital.

## EGYPT'S MEDICAL DEVICES MARKET IS ONE OF THE FASTEST GROWING IN THE REGION

### EGYPT'S MEDICAL DEVICES MARKET

[\$MN]



- The Egyptian medical devices market was estimated at \$606mn by the end of 2021 and is forecasted to grow with a high-digit CAGR between 7-9% through the period 2021-2026
- The Egyptian market constitutes nearly 0.2% of the global medical devices market
- Egypt has a large diagnostic imaging segment considering its overall market size
- Due to the Covid-19 outbreak and the resulting healthcare crisis, the Egyptian government pledged to improve its regulation of the healthcare sector
- As a result, there is a clear boost in the purchase of medical devices by the private sector and a proliferation of privately-owned hospitals and clinics, which has steeply raised the demand for medical and lab equipment

## INCREASING FUTURE DEMAND BASED ON MODERNIZATION OF A HIGH NUMBER OF TREATMENT FACILITIES AND HIGH IMPORT DEPENDENCY

5,424 as of 2020

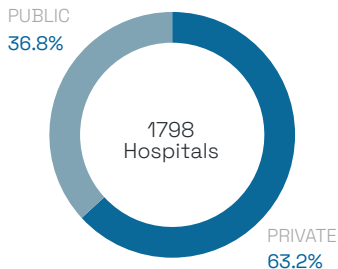
TREATMENT FACILITIES  
(EXCLUDING HOSPITALS)

\$442 MN

VALUE OF IMPORTED MEDICAL OR  
SURGICAL INSTR. & APPL. IN 2021

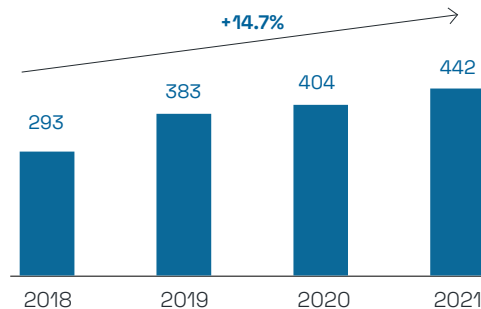
TOTAL HOSPITALS IN EGYPT

Data as of 2020



EGYPT'S MEDICAL OR SURGICAL INSTR.  
& APPL. IMPORTS

[\$MN]



- Egypt has a large number of medical treatment facilities to serve the growing population
- Increasing affordability based on the new universal healthcare will further strengthen the capability to invest and upgrade medical devices and products
- Egypt's increasing urbanization rate and growing disposable income, coupled with an aging population, are creating a sizable demand for devices of varying complexity, including cardiac pacemakers and orthopedic implants
- Currently, Egypt's demand for medical devices is met with a significant share of imports

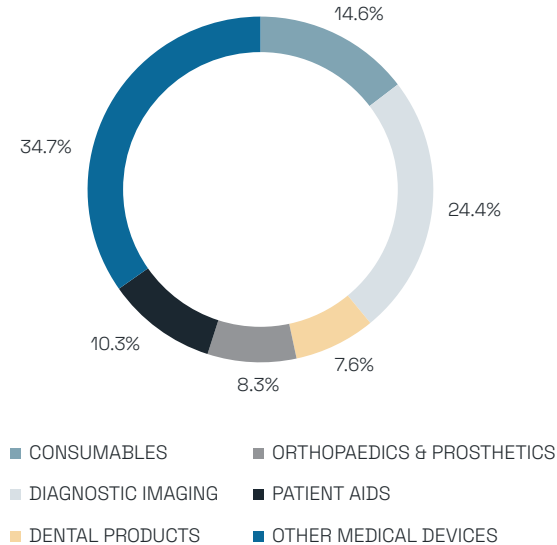


Egypt targets to lower its reliance on imported medical devices, encouraging investments in more advanced medical device manufacturing to move up the industry's value chain

SCZONE SUPPORTS A FLEXIBLE PRODUCTION AT SCALE

## WHILE THE MEDICAL DEVICE MARKET IS DIVERSE, CONSUMABLES AND DIAGNOSTIC IMAGING ARE TWO KEY PILLARS OF FUTURE MARKET GROWTH

### MEDICAL DEVICE MARKET BY PRODUCT AREA



## 133 MEDICAL DEVICE MANUFACTURING & MAINTENANCE COMPANIES

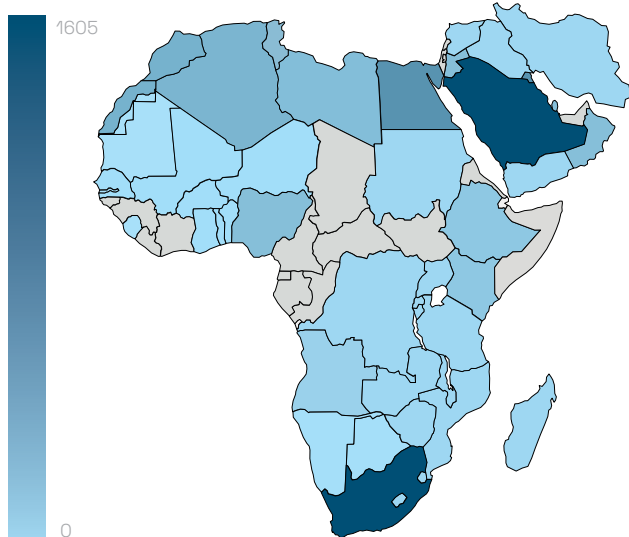
- There are 133 companies in Egypt that manufacture medical devices
- Consumables and diagnostic imaging provide significant opportunities for investors in Egypt



## MEA'S MEDICAL DEVICES MARKET IS FORECASTED TO REACH \$13.5BN BY 2027

### MEA'S MEDICAL DEVICES IMPORTS EXCEED \$8.5BN

IMPORT VALUE \$MN



- The medical devices market in MEA is estimated at \$8.5bn in 2021 and is forecasted to grow with a high single-digit CAGR of 8% to reach \$13.5BN by 2027
- Gulf countries imported over \$3.5BN worth of medical devices in 2021
- KSA and UAE are the two top importers of medical devices in the MENA region, with \$1.6BN and \$960mn worth of imports respectively in 2021
- South Africa is the largest importer of medical devices in Africa with imports worth more than \$1BN in 2021, followed by Egypt in the second place. Morocco and Alegria rank third and fourth with \$324MN and \$296MN respectively
- Egypt's Free Trade Agreements, namely GAFTA and AfCFTA, support the export opportunities in the region

## INVESTMENT OPPORTUNITIES EXIST IN HIGH-TECH MEDICAL DEVICES

### MEDICAL DEVICES CATEGORIES BY DEGREE OF COMPLEXITY

HIGH TECH

#### DIAGNOSTIC EQUIPMENT

Devices that are characterized by complexity and technological sophistication, and includes capital equipment (e.g., computed tomography scanners and magnetic resonance imaging devices)

#### THERAPEUTICS

Devices of varying complexity that can be implantable (e.g., cardiac pacemakers and orthopedic implants) or non-implantable (e.g., ventilators and infusion pumps). This category also includes intravenous diagnostic kits

#### SURGICAL INSTRUMENT

Devices that assist in various surgical procedures, such as cosmetic and endoscopic surgeries. Examples include forceps, scissors, and dental drills.

#### DISPOSABLES

The lowest-tech category of devices. These goods are mostly hospital supplies such as bandages and rubber gloves, but also includes basic intravenous diagnostic technologies

LOW TECH

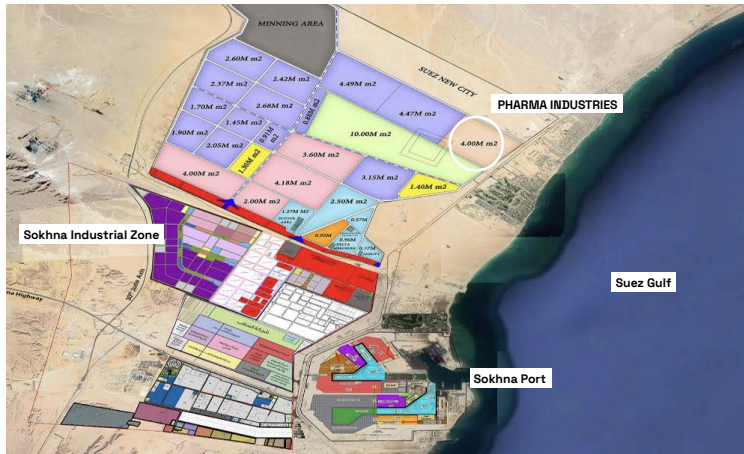
- Egypt's medical device market is largely reliant on imports (nearly 90% supplied by imports)
- Local production is limited to basic disposables/consumables and other medical supplies
- Technical Medical Diagnostic and Therapeutic equipment, such as radiography and ultrasound apparatus, vital statistic monitors, dialysis machines, and laboratory microscopes are imported and distributed by only a handful of companies that benefit from low import tariffs

**A huge market opportunity arises from the surging excess demand for locally produced high-tech medical devices, especially considering Egypt's plans to upgrade its healthcare infrastructure and the fast-growing private healthcare sector**



# YOUR FACTORY WILL BE LOCATED IN A SPECIALIZED INDUSTRIAL CLUSTER WITH ACCESS TO ALL REQUIRED FACILITIES

SCZONE OFFERING AN AREA OF 300 KM<sup>2</sup> IN  
**(1) SOKHNA INDUSTRIAL ZONE**



SCZONE OFFERING AN AREA OF 230 KM<sup>2</sup> IN  
**(2) EAST PORTSAID INDUSTRIAL ZONE**



# MEDICAL DEVICE MANUFACTURING IN THE SCZONE GUARANTEES A SEAMLESS VALUE CHAIN

## 001 R&D

- R&D is the highest-value segment of the GVC for medical devices and accounts for an estimated 60% of the final cost of medical device production
- It includes the prototype, regulatory approval, process development, and sustaining engineering

\$3.5BN EGYPT'S ANNUAL  
EXPENDITURE ON R&D

74K+ PHYSICS AND ENGINEERING  
GRADUATES ANNUALLY

## 002 MANUFACTURING AND ASSEMBLY

### MANUFACTURING

### ASSEMBLY

- Manufacturing and assembly represent the lowest value-added stages of the medical device GVC. This stage of the GVC is usually outsourced to low-labor-cost economies, as a result of its lower associated added value
- Manufacturing and assembly activities include software development, electronics development, plastics molding, packaging, sterilization, etc.

AVAILABILITY OF  
REQUIRED MATERIALS  
FOR MANUFACTURING  
& ASSEMBLY IN EGYPT:

- Resin
- Metals
- Chemicals
- Textiles

COMPETITIVE COST AND RELATIVELY  
QUALIFIED LABOR FORCE

## 003 POSTPRODUCTION

### DISTRIBUTION

### MARKETING AND SALES

### POST-SALES SERVICE

- The three final stages in the GVC are considered high-value-added activities.
- Low-tech products (disposables and surgical equipment) are generally marketed and sold in bulk to wholesale distributors, whereas high-tech products tend to be sold directly to hospital administrators or specialty care facilities.

NEARLY 1800 HOSPITALS AND 5424 OTHER  
TREATMENT FACILITIES

NEARLY EGP 2MN ANNUAL CONSUMPTION OF  
MEDICAL SUPPLIES PER HOSPITAL

121K DOCTORS AND 30K DENTISTS

5MN INPATIENTS AND 43MN OUTPATIENTS  
ANNUALLY

GRATED ROUTE ⇌ ONE DESTINATION ■ INTEGRATED ROUTE ⇌ ONE DESTINATION ■ INTEGRATED ROUTE ⇌ ONE DESTINATION ■ INTEGRATED ROUTE ⇌ ONE DESTINATION ■ INTEGRATED ROUTE

# 002

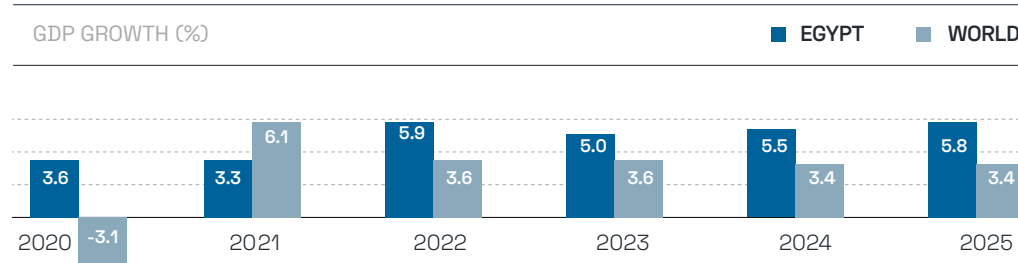
## CHAPTER TWO

# WHY EGYPT



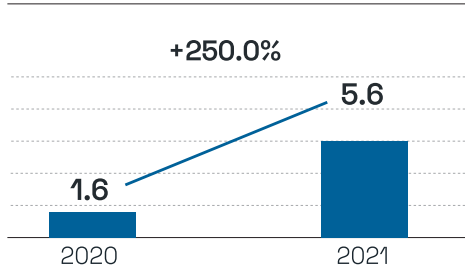
## EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

### GROWTH RATE EXCEEDING GLOBAL AVERAGES

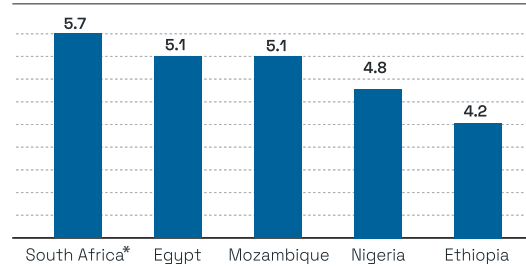


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

### GREENFIELD INVESTMENTS (\$BN)



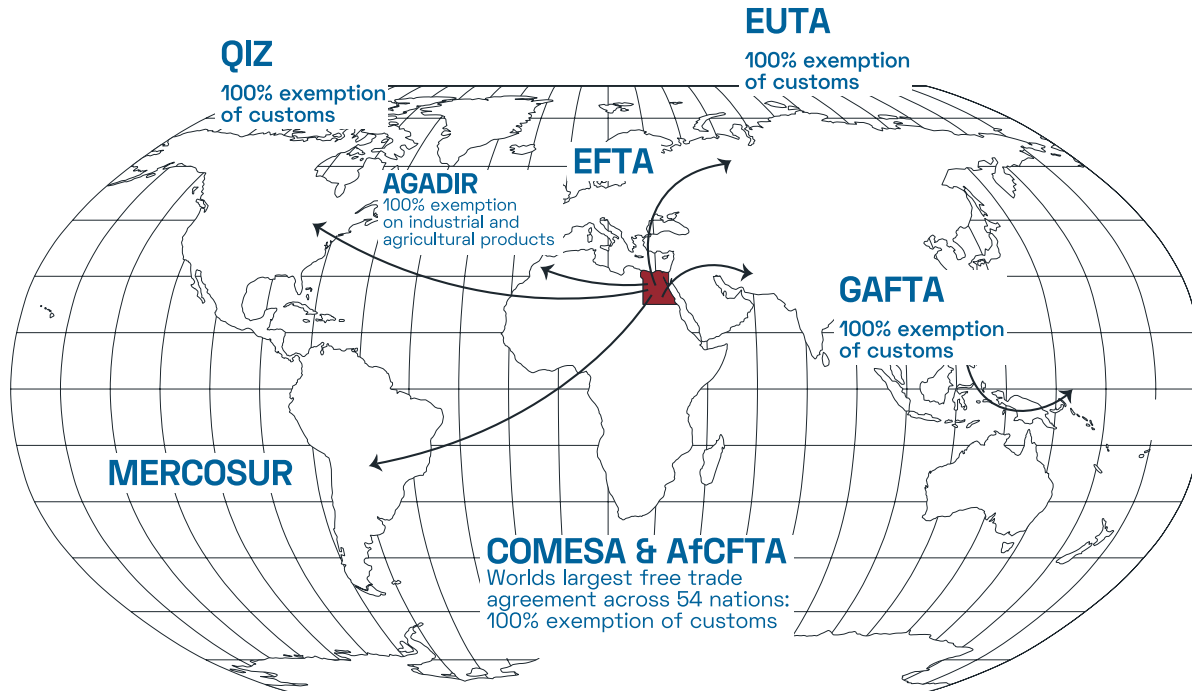
### FOREIGN DIRECT INVESTMENT (\$BN)



\*South Africa FDI excludes Naspers & Prosus \$35 BN deal

- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool

# WITH 12% OF GLOBAL TRADE PASSING THROUGH THE SUEZ CANAL, EGYPT IS STRATEGICALLY LOCATED AND SUPPORTED BY REGIONAL FREE TRADE AGREEMENTS



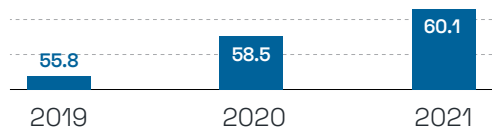
EGYPT IS THE  
**2nd**  
LARGEST  
FDI RECIPIENT  
IN AFRICA

## THE GOVERNMENT'S RECENT ECONOMIC AND STRUCTURAL REFORMS ARE BEARING FRUIT

### LEGISLATIVE AND INSTITUTIONAL REFORMS

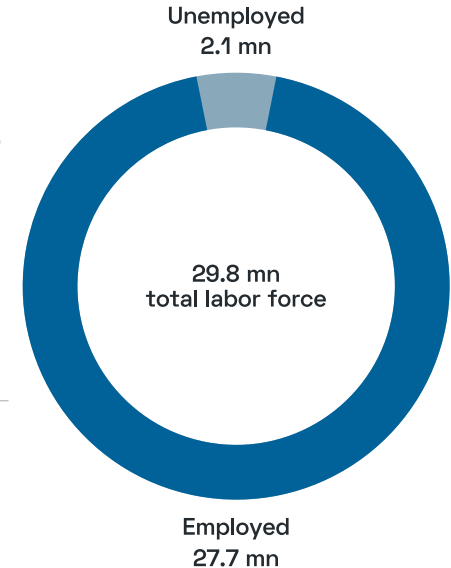
- Facilitating trade by automated customs system "Nafeza" [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

### EASE OF DOING BUSINESS SCORE



### LABOR MARKET AND TALENT DEVELOPMENT

- Large and skilled labor force of 29.8 million people
- 85.8K graduates from higher technical institutes
- >150,000 teachers registered in TVET system
- >2 million students enroll in the Technical Education & Vocational Training (TVET) program annually





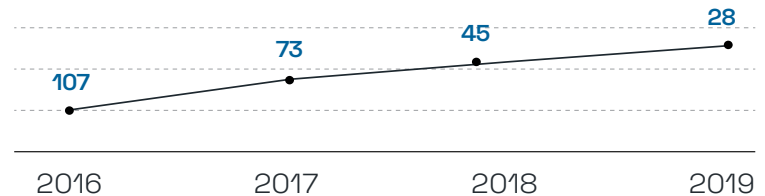
# EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

## INFRASTRUCTURE AND CONNECTIVITY

- EGP2.3tn invested into infrastructural developments over the past 7 years
- EGP1.1tn designated for road network development between 2014-2024, resulting in the construction of 7000km of newly developed roads and maintenance of 5000km of existing roads
- EGP387bn invested into the energy sector between 2014-2021, which saw Egypt achieving an electricity production surplus of >25% in 2022
- EGP50bn invested in upgrading existing airports, alongside the construction of 5 new airports in key areas across Egypt
- \$12.4bn allocated to the "National Ports Development Plan" launched in 2017 to increase total cargo tonnage handled per year from 120mn tons to 370mn tons by 2030
- 28% of total government investments allocated to the transportation sector in FY 2022/2023, of which EGP176bn are earmarked for the National Authority for Tunnels
- National high speed electric train spanning 1000 km, connecting sea- and land ports to cities and industrial areas, set to have its first phase completed in early 2023 at an investment cost of about \$8.7bn



## QUALITY OF ROADS INFRASTRUCTURE, RANK



Latest publication of GCI is of 2019

# 003

CHAPTER THREE

## WHY SCZONE



## THE SCZONE PROVIDES AN INVESTOR-FRIENDLY BUSINESS ENVIRONMENT THAT IS A CORNERSTONE FOR EGYPT'S NATIONAL DEVELOPMENT PLANS

# 455

MILLION SQM2  
TOTAL LAND AREA

# 6

SEA PORTS

# 4

INDUSTRIAL ZONES

# 3

MAIN OPERATORS IN  
THE PORT

# 14

INDUSTRIAL  
DEVELOPERS

# >95

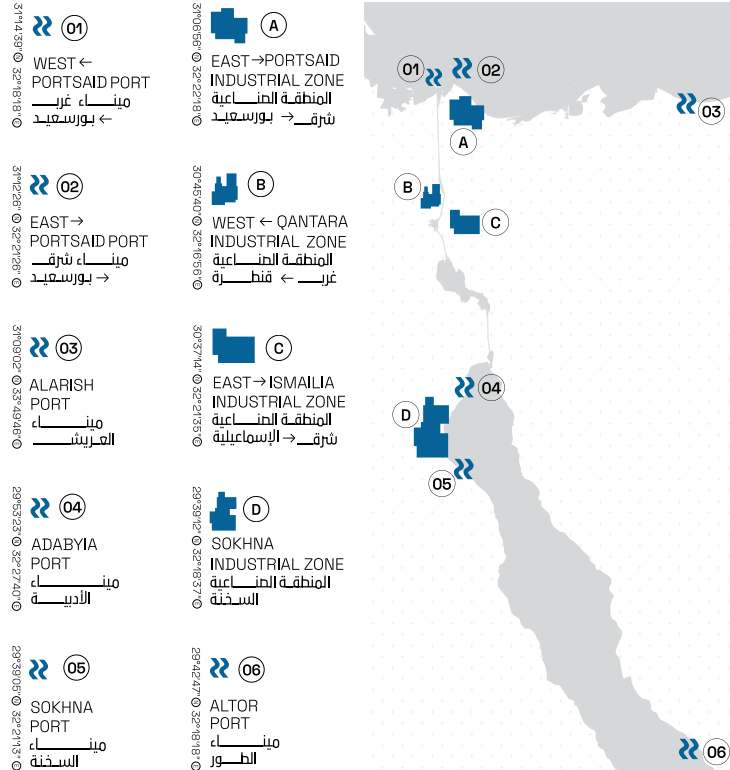
OPERATIONAL  
COMPANIES IN THE  
PORTS

# >300

OPERATIONAL  
ESTABLISHMENTS

# 100K+

DIRECT JOBS  
CREATED



## SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE [SUEZ CANAL] WITH

### REGIONAL CONTEXT

1.3<sup>BN</sup>

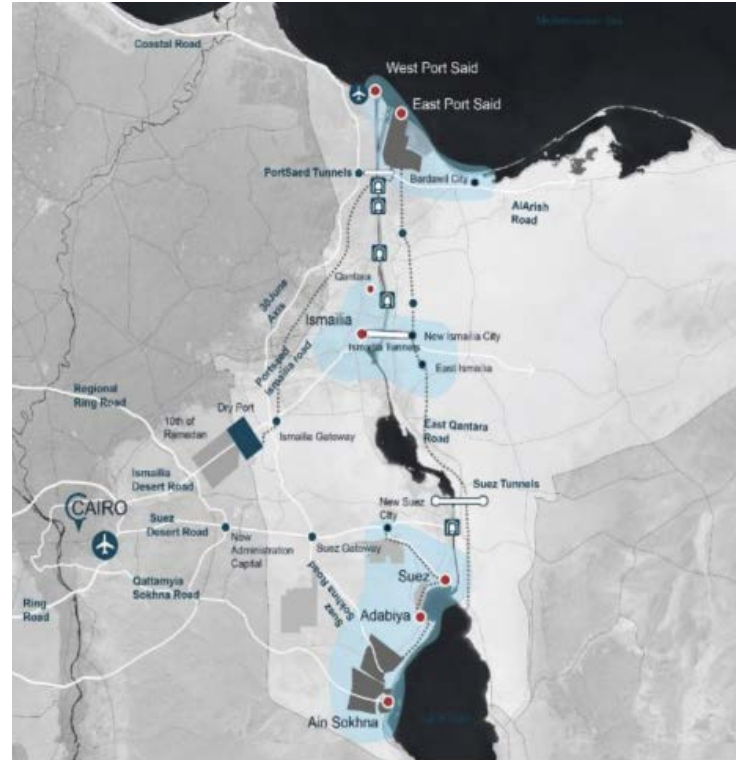
GROSS CARGO  
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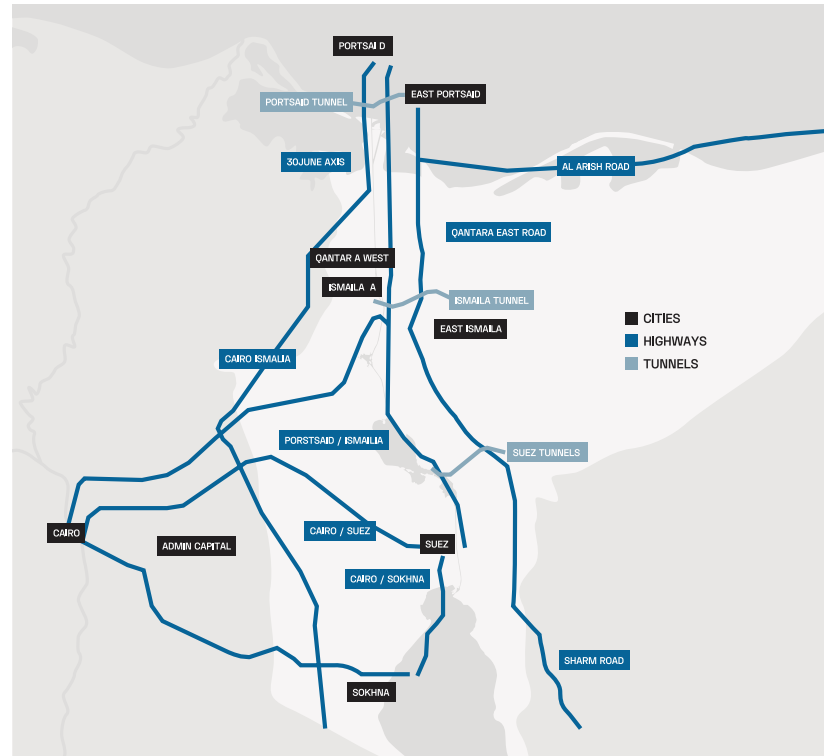
INTERNATIONAL  
TRADE/YEAR

>20K

SHIPS/YEAR



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SCZONE IS WELL CONNECTED TO THE MODERN ROADS NETWORK OF EGYPT AND ENJOYS DIRECT CONNECTION TO THE NEW SUEZ CANAL TUNNELS, FACILITATING TRANSPORTATION BETWEEN ITS TWO BANKS

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#### 5-YEAR RESIDENCY PERMIT FOR THE FOREIGN INVESTORS



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WE WILL SUPPORT YOU EVERY STEP IN THE WAY, FROM CONCEPTUALIZATION TO IMPLEMENTATION

001 CONSIDER

002 EXPLORE

003 PLAN

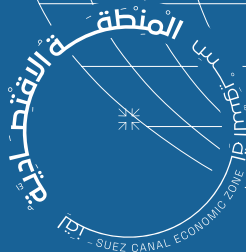
CONTACT US  
INVEST@SCZONE.EG

INTEGRATED ROUTE & ONE DESTINATION ■ INTEGRATED ROUTE & ONE DESTINATION ■ INTEGRATED ROUTE & ONE DESTINATION ■ INTEGRATED ROUTE & ONE DESTINATION ■ INTEGRATED ROUTE & ONE DESTINATION

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# SC°ZONE'

INVEST IN MANUFACTURING  
OF SOLAR PVS



## EXECUTIVE SUMMARY

### SOLAR PV AS YOUR INVESTMENT OPPORTUNITY

- Solar PV is forecasted to lead the renewable energy growth with a rate of 8% annually, as it becomes the lowest-cost option for renewable electricity generation
- With Egypt having one of the largest operating solar capacity, as well as ~ 3000 kWh/M<sup>2</sup> of direct solar radiation annually, Solar PV sees a huge potential to satisfy local market needs
- Aligned with Egypt's Vision, Solar PV Manufacturing is an integral part of SCZONE'S planned green fuel production hub, serving both the local and global markets

### EGYPT AS YOUR LONG-TERM BUSINESS PARTNER

- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% (2022-2025)
- EGP2.3tn invested into infrastructural developments over the past 7 years
- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool
- The country boasts some of the most competitive labor & electricity prices amongst its peers, alongside various free trade agreements that facilitate profitable production & exports

### SCZONE AS YOUR UNIQUE INVESTMENT DESTINATION

- Well-connected to the modern road network of Egypt and enjoys direct connection to the new Suez-canal tunnels
- Offers direct financial incentives such as a 0% customs tax, a 0% VAT tax, and an export support program among other indirect incentives
- Enjoys a special customs regime and trade regulations on top of being a one-stop shop for registrations, permits, licenses, and bureaucratic processes in general

INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



INTEG

## 001

CHAPTER ONE

WHY INVEST  
IN SOLAR PV

Egypt is considered a “sunbelt” country with 2,000 to 3,000 kWh/m<sup>2</sup> of direct solar radiation annually.

Solar PV Manufacturing Sees a Huge Potential to Satisfy Market Needs.



SC°ZONE'

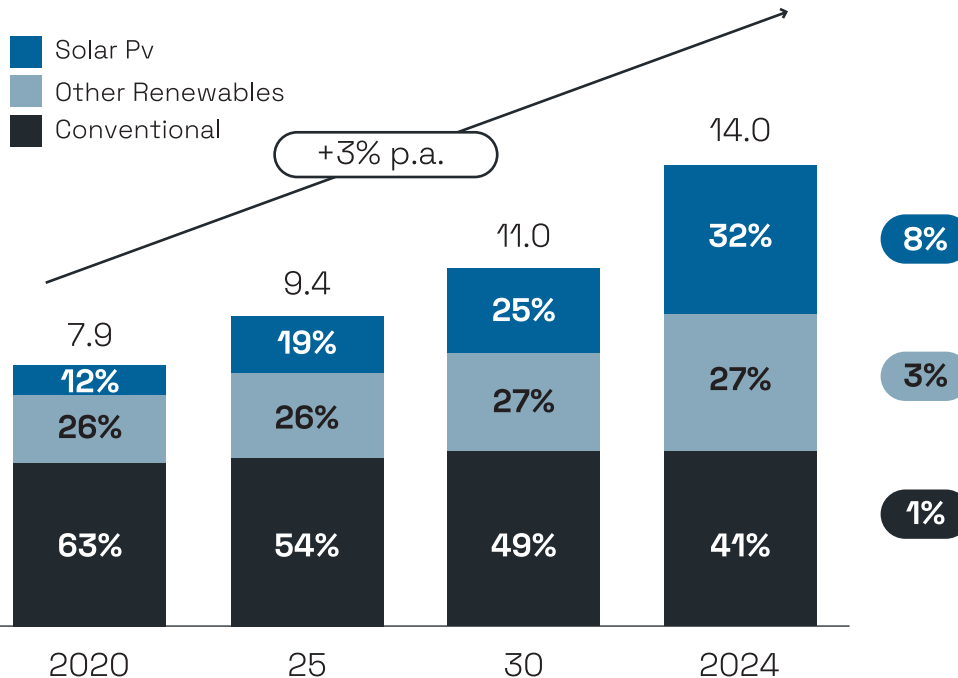
■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

## RENEWABLE ENERGY IS EXPECTED TO GROW AT A LARGE SCALE WITH SOLAR ENERGY LEADING THE WAY

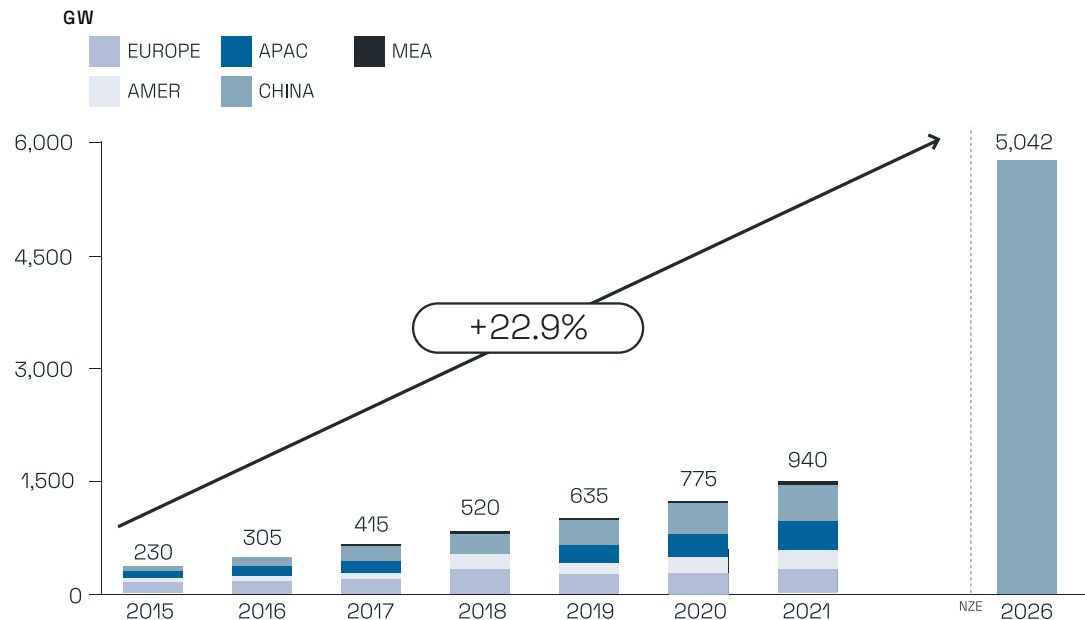
### GLOBAL ENERGY SUPPLY, IN TERAWATT



- Global solar PV industry is forecasted to grow at 8% annually ; a much higher rate than other renewables
- Solar energy will account for ~32% market share by 2040 compared to 12% today

## GROWING GLOBAL DEMAND IS REFLECTED IN THE GROWTH OF SOLAR PV CAPACITY

### TOTAL SOLAR PV INSTALLED CAPACITY

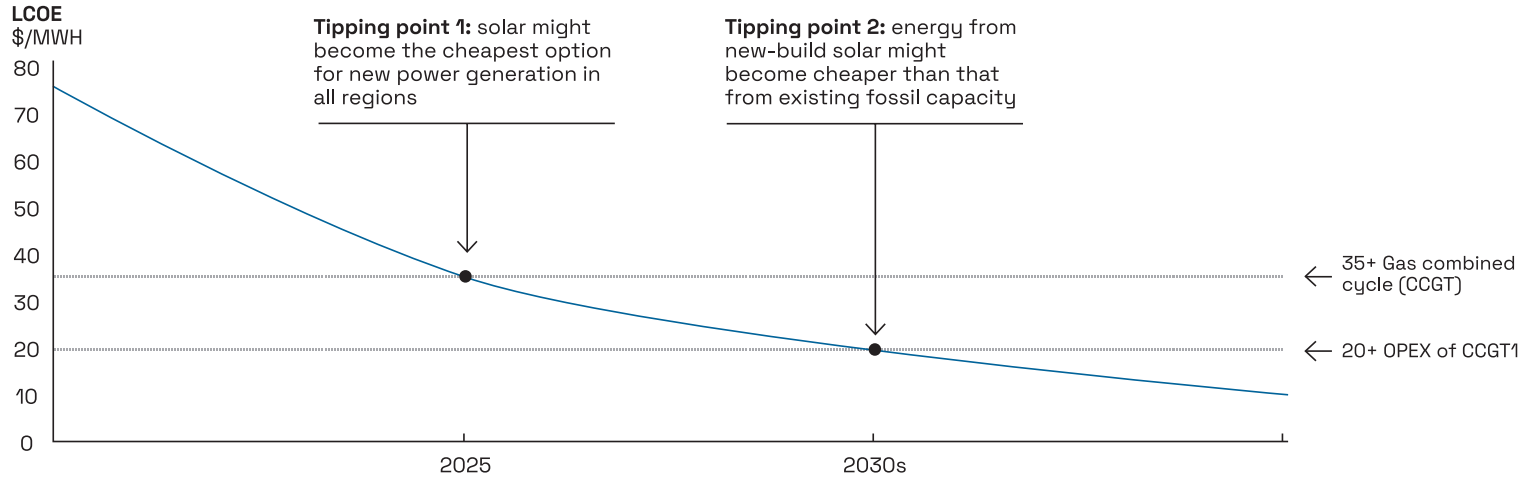


- Over 940 GW of solar capacity installed by end of 2021
- 2nd largest absolute generation growth of all renewable technologies
- Solar PV is becoming the lowest-cost option for new electricity generation in most of the world
- However, average annual generation growth of 25% in the period 2022-2030 is needed to follow the Net Zero Emissions by 2050 Scenario
- This corresponds to more than a threefold increase in annual capacity deployment until 2030





## TWO SIGNIFICANT TIPPING POINTS IN PRICE MIGHT FURTHER ACCELERATE SOLAR PV ADOPTION

### TIPPING POINTS MAY LEAD TO SIGNIFICANT INCREASE IN SOLAR PV ADOPTION









# COSTS OF MANUFACTURING SOLAR PVS ARE DECLINING DUE TO TECHNOLOGICAL IMPROVEMENTS ACROSS THE VALUE CHAIN, INCREASING THE GLOBAL GROWTH POTENTIAL [1/2]

## SOLAR UPSTREAM VALUE CHAIN



-  Initial ramp-up, but still very low volume
-  Standard solution

Technology evolution will lead to future cost reductions – Crucial to understand and anticipate developments








	RELEVANT TECH TRENDS	CURRENT STATE	COMM. READINESS	LCOE RED. POTENTIAL
<b>PRODUCTION EQUIPMENT</b>	<ul style="list-style-type: none"> <li>Shift from relying on std. equipment of ex-ternal vendors towards customized tools, or even captive production equipment</li> </ul>	Business model shifts in evaluation		Medium
	<ul style="list-style-type: none"> <li>Continuation of productivity &amp; quality enhancement (e.g., throughput, yield)</li> </ul>	Ongoing	n/a	Medium
<b>WAFER LEVEL</b>	<ul style="list-style-type: none"> <li>Shift to larger wafer sizes to lower cost (requires new production equipment)</li> </ul>	Ramping at very selective OEMs		Medium
	<ul style="list-style-type: none"> <li>Wafer thickness &amp; Kerf loss reduction</li> </ul>	Ongoing	n/a	Low
	<ul style="list-style-type: none"> <li>Commercialization of <b>Cz n-type</b></li> </ul>	Ramping at very selective OEMs		Low
<b>CELL LEVEL</b>	<ul style="list-style-type: none"> <li>Cells with n-type base material including bifacial functionality</li> </ul>	Commercially available		Medium
	<ul style="list-style-type: none"> <li>PERC (rear-side passivation) for p-type</li> </ul>	Commercially Available		Medium
	<ul style="list-style-type: none"> <li>Continuation of cell eff. increases by process improvements (metallization, doping, texturing) &amp; cell concepts (TopCon)</li> </ul>	Ongoing		Low to Medium

# COSTS OF MANUFACTURING SOLAR PVS ARE DECLINING DUE TO TECHNOLOGICAL IMPROVEMENTS ACROSS THE VALUE CHAIN, INCREASING THE GLOBAL GROWTH POTENTIAL (2/2)

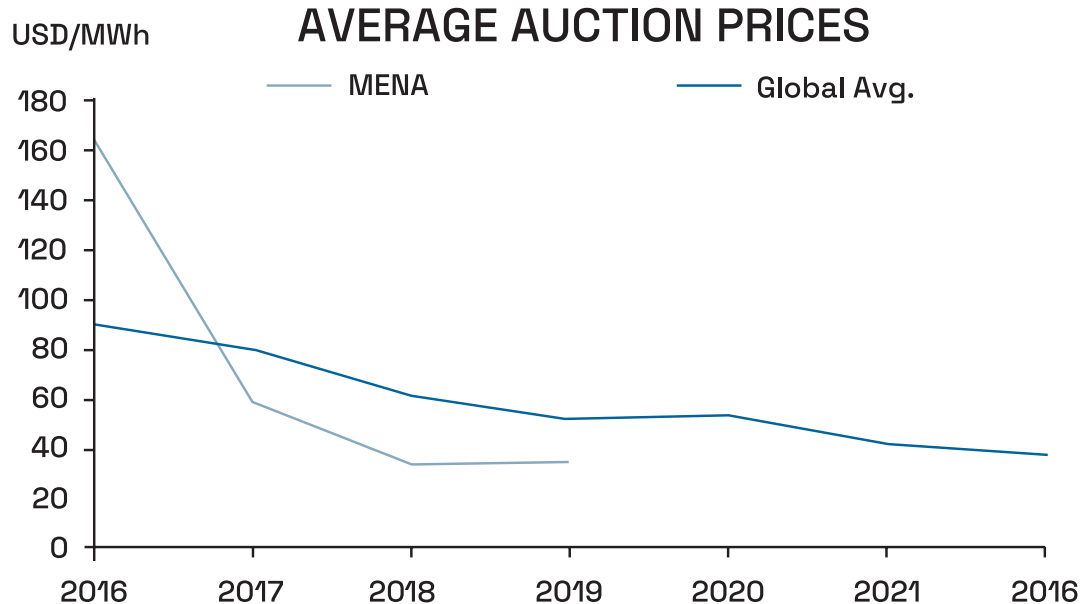
## SOLAR UPSTREAM VALUE CHAIN

-  Initial ramp-up, but still very low volume
-  Standard solution

Technology evolution will lead to future cost reductions – Crucial to understand and anticipate developments

	RELEVANT TECH TRENDS	CURRENT STATE	COMM. READINESS	LCOE RED. POTENTIAL
<b>SOLARCELL LEVEL</b>	<ul style="list-style-type: none"> <li>■ <b>Tandem cell</b> structures based on silicon base with <b>perovskite layer</b> increases cell efficiency up to 28%</li> </ul>	Lab-Scale	Unclear	Medium to High
	<ul style="list-style-type: none"> <li>■ <b>Bifacial modules</b> capturing indirect sunlight through albedo effect</li> </ul>	Commercially Available		Medium to High
<b>MODULE LEVEL</b>	<ul style="list-style-type: none"> <li>■ <b>High watt class products</b> (&gt; 500/600W) reducing cost of handling &amp; sub-structure</li> </ul>	Ramping at selective OEMs		Medium to High
	<ul style="list-style-type: none"> <li>■ <b>Module aesthetics</b> becoming more important</li> </ul>	Commercially Available		Zero
	<ul style="list-style-type: none"> <li>■ <b>Product diversification</b> (e.g., flex, color, embedded electronics, form factor)</li> </ul>	Commercially Available		Zero
<b>SYSTEM LEVEL</b>	<ul style="list-style-type: none"> <li>■ <b>Pre-fabrication of modules</b> – e.g., CEP mobile tracker solutions</li> </ul>	Commercially Available		Low
	<ul style="list-style-type: none"> <li>■ <b>Simplified ground-mounting</b> systems – e.g., PEG east/west system</li> </ul>	Commercially Available		Low
	<ul style="list-style-type: none"> <li>■ <b>Digital planning &amp; engineering process</b> to increase efficiency</li> </ul>	Increasing deployment		Medium

## AVERAGE AUCTION PRICES FOR SOLAR PV ARE DECLINING, WITH MENA BEING ONE OF THE MOST COST-EFFICIENT REGIONS



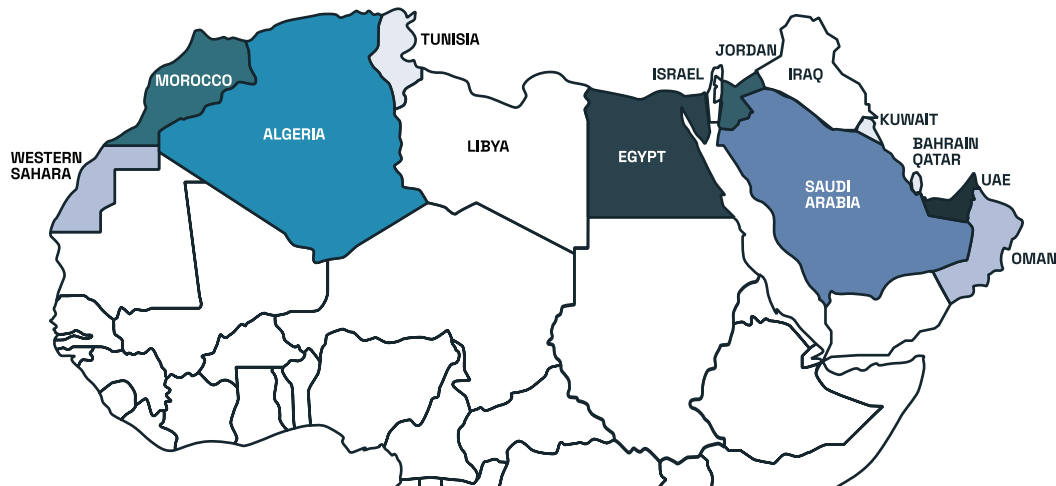
- Recent bid prices for Solar PV technologies for projects to be commissioned by 2023 range from \$20/MWh to \$50/MWh, corresponding to a 45-50% reduction in contract prices since 2017
- Trends in regional average auction prices differ based on tender designs, funding mechanisms, and government policies on auctions
- The average auction prices in the Middle East have fallen below global averages, particularly due to Solar PV projects in the UAE
- All in all, falling auction prices are expected to increase solar PV investments, leading to increasing demand for solar panel installations

## EGYPT'S OPERATING SOLAR CAPACITY IS ONE OF THE LARGEST IN THE MENA REGION

### OPERATING UTILITY SCALE SOLAR CAPACITY IN ARAB SPEAKING COUNTRIES

COUNTRY CAPACITY (MW)

UAE	2600
EGYPT	1882
Jordan	1048
Morocco	702
Algeria	434
Saudi Arabia	376
Oman	130
Western Sahara	105
Tunisia	20
Kuwait	20
Qatar	15
Lebanon	0
Bahrain	0
Iraq	0
Palestine	0
Yemen	0
Libya	0
Syria	0



Increasing domestic solar energy capacity indicates growing demand, showing large potential for offtake of solar PV manufacturing

## EGYPT'S OPERATING SOLAR CAPACITY IS ONE OF THE LARGEST IN THE MENA REGION

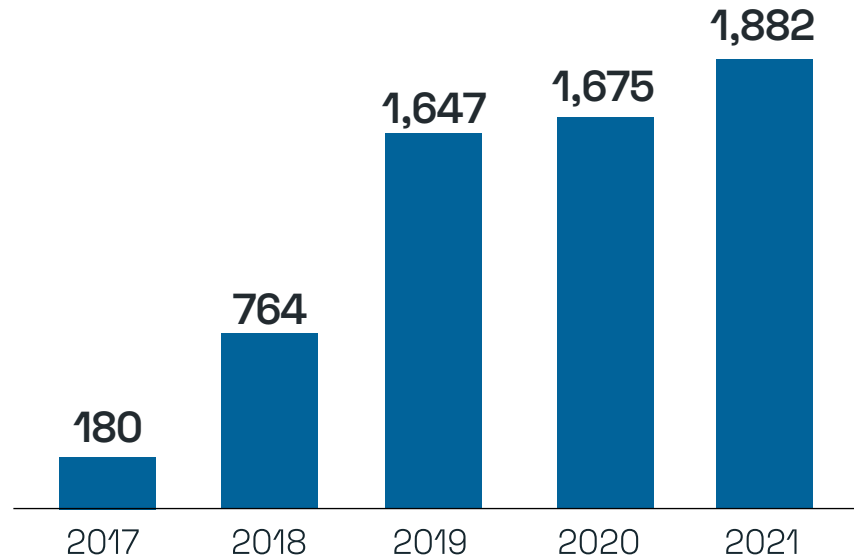
1,882 MW

OPERATING  
SOLAR CAPACITY

2<sup>nd</sup>

LARGEST OPERATING  
SOLAR CAPACITY IN  
THE MENA REGION

### TOTAL SOLAR ENERGY CAPACITY IN EGYPT, -2017 2021 IN MW



## EGYPT'S VISION TO BECOME A GLOBAL ENERGY LEADER BY 2030 SIGNALS HUGE POTENTIAL FOR SOLAR PV MANUFACTURING

SOLAR ENERGY IS INCENTIVIZED BY  
THE GOVERNMENT'S VISION...

Up to  
53%

Of Egypt's electricity  
could be generated  
from renewable  
sources by 2030

22%

Solar PV is set to be reached  
in the fuel mix for electricity  
production by 2035

Egypt's Solar Plan

Targets to install 3500 MW of  
solar power plants by 2027

2022

... AND SUPPORTED BY RENEWABLE ENERGY  
REGULATIONS

The recent growth of solar capacity in Egypt has  
been driven by government support

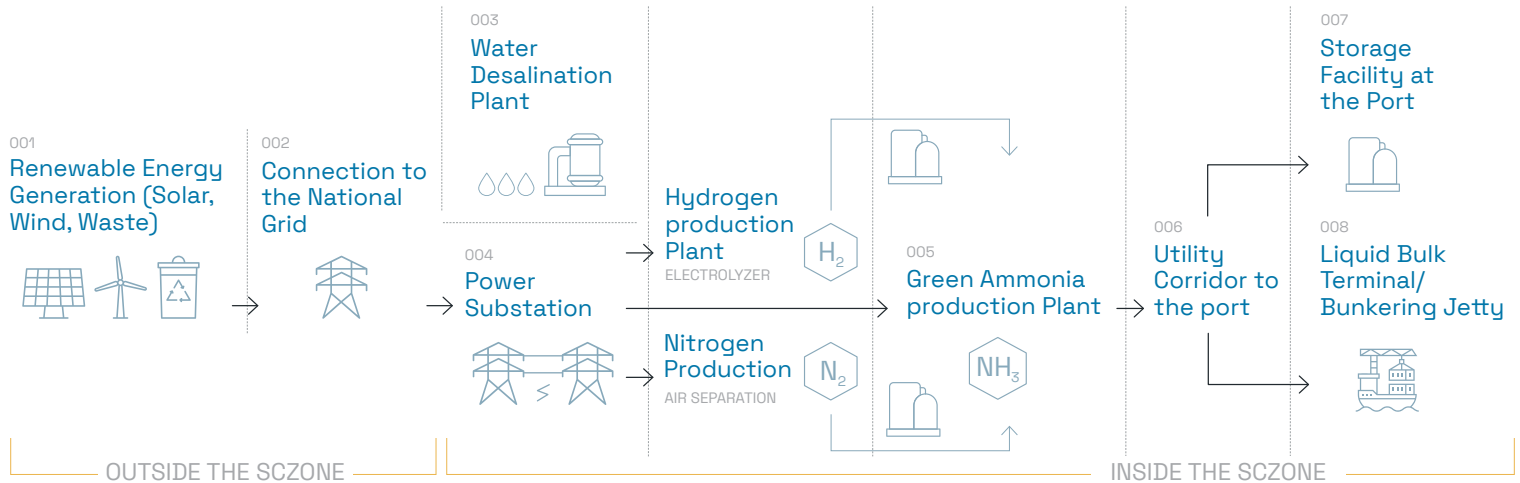
Prime Ministerial  
Decree no.  
104/2022

*Revised incentives for feeding  
industries for new and  
renewable energy projects  
such as solar panels and their  
components, and solar power  
plants' components*

*Investment projects established  
after the entry into force of the  
law will benefit from a "special  
investment incentive" by way  
of deduction from their net  
taxable income, as follows:  
**50% deduction from the  
investment costs***

# ALIGNED WITH EGYPT'S VISION, RENEWABLE ENERGY IS AN INTEGRAL PART OF SCZONE'S NEW GREEN FUEL CLUSTER WITH PV MANUFACTURING IN FOCUS

## CORE ELEMENTS OF THE GREEN FUEL PRODUCTION VALUE CHAIN



## FEEDING INDUSTRIES AND SERVICES

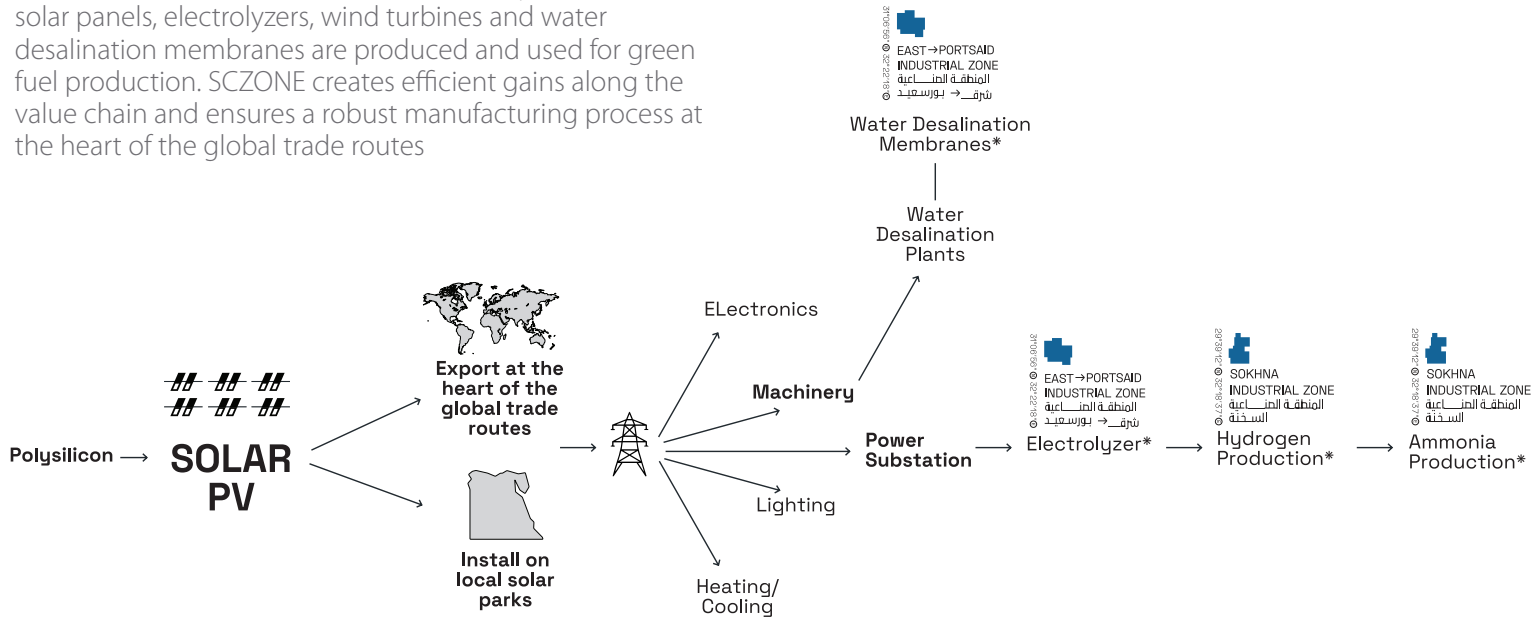
- Wind turbines manufacturing
- Solar PV manufacturing
- Water Desalination Membranes Manufacturing
- Electrolyzer Manufacturing
- Maintenance center
- Training services

SCZONE plans to host a complete green fuel production hub supported the feeding industries, where wind turbines, solar panels, electrolyzers, and water desalination membranes are produced to create efficient gains the value chain and ensure a robust manufacturing process at the global trade routes



# SOLAR PANELS PRODUCED IN THE SCZONE CAN BE EXPORTED OR INSTALLED DOMESTICALLY TO POWER EGYPT'S NATIONAL GRID

The SCZONE aims to build a complete ecosystem, where solar panels, electrolyzers, wind turbines and water desalination membranes are produced and used for green fuel production. SCZONE creates efficient gains along the value chain and ensures a robust manufacturing process at the heart of the global trade routes

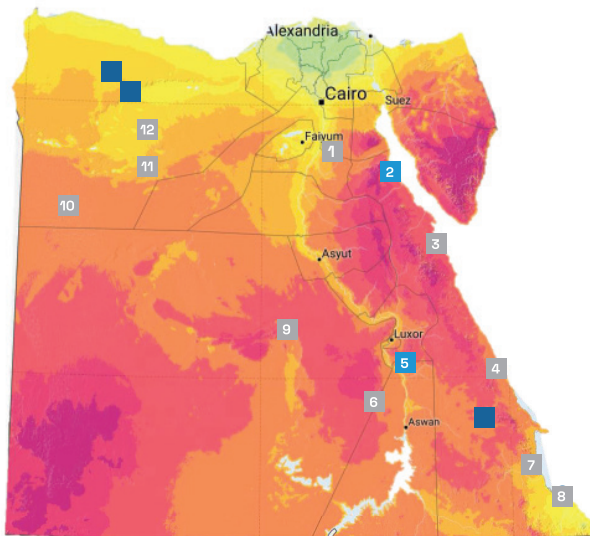


\*Refer to industry pitch pack for more information

Please note that this is only a simplified ecosystem representation; Source: Ntsal Analysis, SCZONE

# INCREASING DOMESTIC RENEWABLE ELECTRICITY DEMAND IN THE INDUSTRY SECTOR SHOWS LARGE POTENTIAL FOR SOLAR PV MANUFACTURING

1



## PHOTOVOLTAIC POWER POTENTIAL INCREASES ATTRACTIVENESS OF NEW SOLAR PV INSTALLATION, INDICATING DOMESTIC DEMAND FOR SOLAR PV MANUFACTURING

PROJECT	SIZE
1 Kuraymat	20 MW
2 Zaafarna	*50 MW
3 Hurghada	20 MW
4 Marsa Alam	6 MW
5 Kom Ombo	*200 MW
	*50 MW
	26 MW
6 Benban	1800 MW
7 Shalateen	5 MW
8 Abu Ramad	2 MW
9 Darb al arbaeen	0.5 MW
10 Siwa	10 MW
11 Abu Minqar	0.5 MW
12 Al Farafa	5 MW

### SELECTIVE MARKET PLAYERS

- New solar PV projects were launched in recent years with Benban (2018) being one of the largest operating solar parks worldwide
- Potential solar projects see large opportunities due to increasing investments in renewable energy generation with large areas of high PVOUT still untapped
- There are \$37bn+ investments in the SCZONE in renewable energy generation
- Renewable electricity demand for the industry sector is increasing
- In the SCZONE specifically, renewable energy demand is increasing to power electrolyzers

Egypt has a negative trade value of Photosensitive /photovoltaic/LED semiconductor devices of -\$70 M indicating a domestic demand gap that needs to be filled



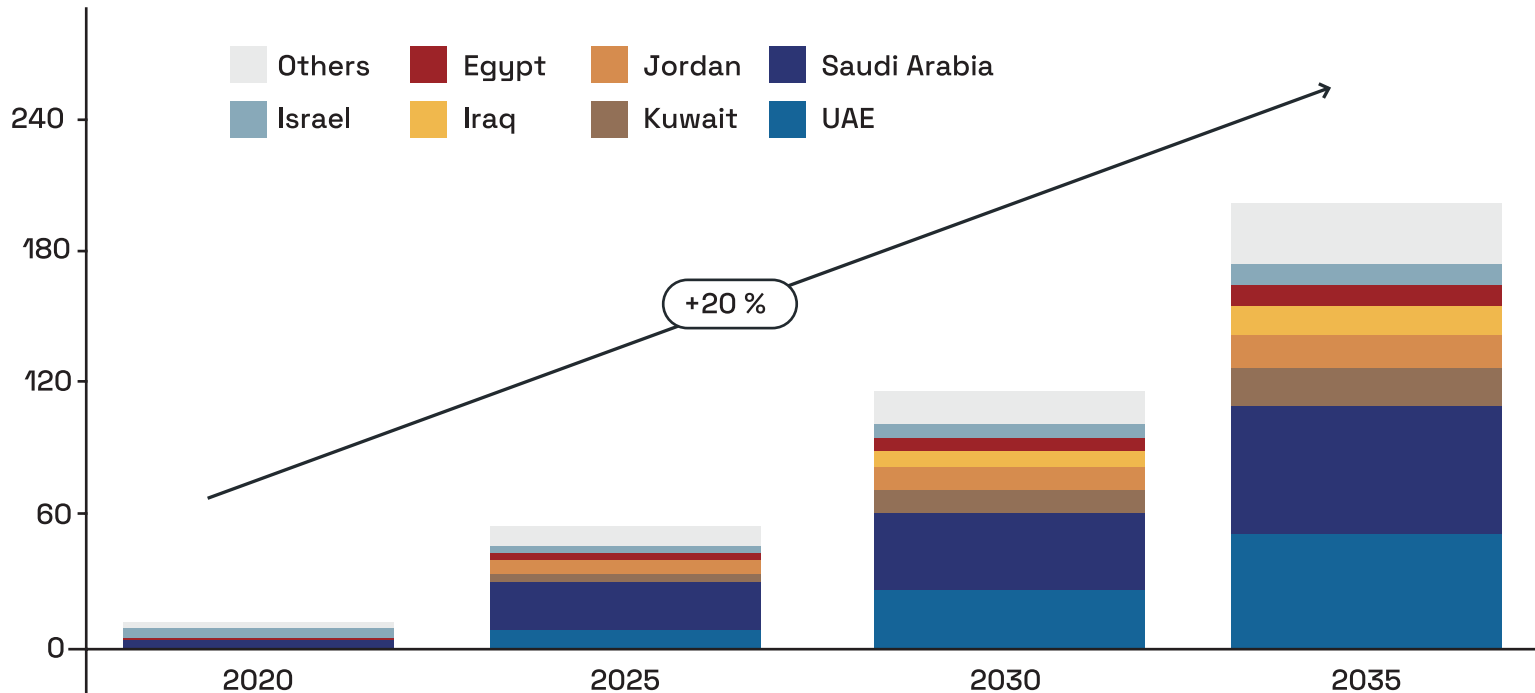
Established  
Under Development  
Potential

Long term average of PVOUT, period from 1994 (1999 in the Northeast) to 2018



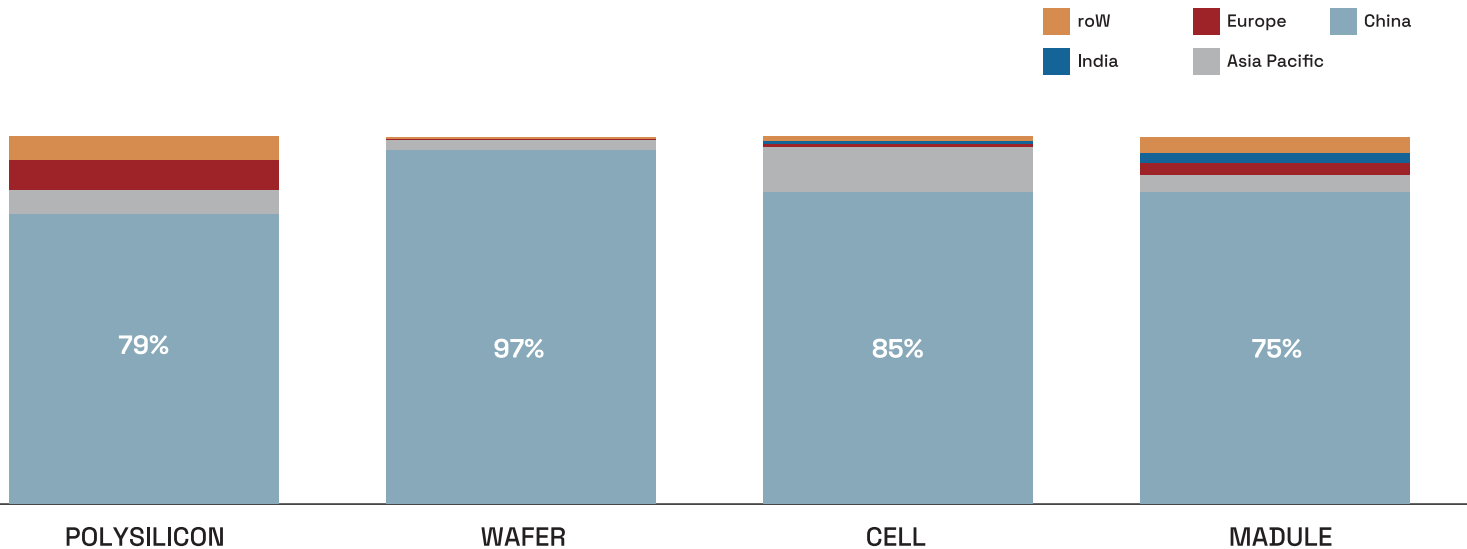
## IN ADDITION TO THE DOMESTIC EFFORTS, PLANNED INSTALLATIONS IN THE MIDDLE EAST ARE GROWING AT A FAST PACE

### MIDDLE EAST, PROJECTED SOLAR CAPACITY IN GW



## EVEN THOUGH CHINA CURRENTLY DOMINATES THROUGHOUT THE PV VALUE CHAIN...

### SHARE OF MANUFACTURING CAPACITY BY COUNTRY/REGION 2021

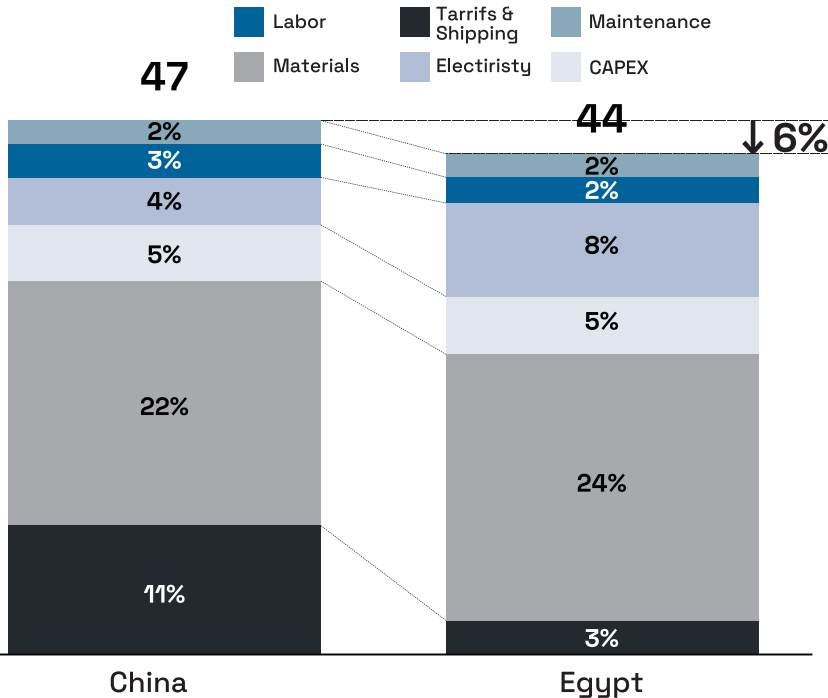


■ The total value of global solar PV related trade increased by more than 70% YOY to reach \$40B in 2021.

■ China made up 55% of global solar panel manufacturing capacity in 2010, increasing to a share of 84% in 2021.

# EGYPT IS ~6% MORE COST COMPETITIVE THAN CHINA IN SOLAR PV MANUFACTURING, GIVEN 0 IMPORT TARIFFS FOR EGYPT AND REDUCED LOGISTICS COST

## TOTAL MANUFACTURING COST, US CENTS/WATT



### EGYPT'S COMPETITIVE ADVANTAGE

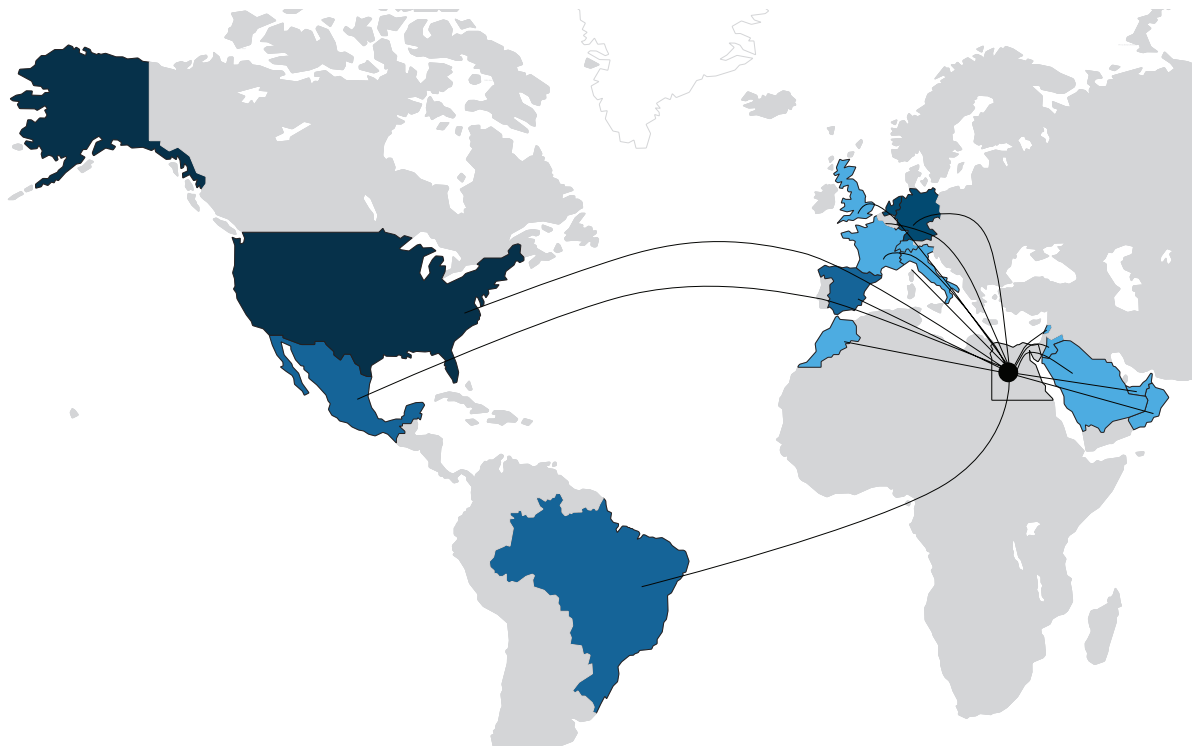
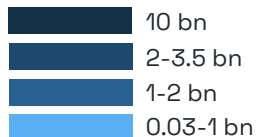
- No tariffs combined with lower shipping costs offsets the other (energy, materials) advantages that China has vs Egypt
- This is primarily driven by 0 import tariffs for Egyptian goods, compared to ~15-20% tariffs on Chinese products in Africa
- Potential to offer country diversification opportunity for manufacturers
- Creating export opportunities

Source: IHS, NREL, Mckinsey, press search

# HENCE LOCAL MANUFACTURING IN EGYPT PROVIDES THE OPPORTUNITY TO SATISFY THE GLOBAL MARKET NEEDS [1/2]

## TOP IMPORTERS OF PHOTSENSITIVE/ PHOTOVOLTAIC/LED SEMICONDUCTOR DEVICE

Import value 2020, in \$



Source: OEC; Data excludes Libya and Sudan as no import data is available

## HENCE LOCAL MANUFACTURING IN EGYPT PROVIDES THE OPPORTUNITY TO SATISFY THE GLOBAL MARKET NEEDS [2/2]



- The US imported Photosensitive/ photovoltaic/LED semiconductor devices in 2020 worth \$10 bn
- Duty-free entry into the USA



- The European Union imported Photosensitive/ photovoltaic/LED semiconductor devices in 2020 with an import value of more than \$13 bn
- Egypt is one of 4 countries in Africa and 8 in the MEA region that have FTA with EU
- Elimination of customs duties on almost all industrial products



- GAFTA countries imported Photosensitive/ photovoltaic/LED semiconductor devices worth \$940 mn in 2020\*
- Elimination of tariffs



- Brazil alone imported more than \$1.1 bn worth of Photosensitive/ photovoltaic/LED semiconductor devices
- Egypt is one of only 2 countries in the MEA region that has an FTA with Mercosur countries
- Reduction of customs duties on agricultural commodities

# ILLUSTRATIVE BUSINESS CASE FOR INDIVIDUAL COMPANIES INDICATES NPV OF ~\$550M WITH CAPEX OF ~\$500-\$600M OVER A 10 YEAR INVESTMENT SCHEDULE

For A 3.0 Gw Cell And Module Manufacturing Facility

## BUSINESS CASE INPUTS

Total Capex<sup>1</sup> (\$m) ~500-600

Land Requirement (km<sup>2</sup>) ~0.8-0.9

Tax exemption based on Capex (%) 50%

Global market capture %<sup>4</sup> (end state) <0,001%

End state revenue (\$m per year) ~300-400

Net profit margin<sup>3</sup> 15-18%

WACC ~7%

Interest on debt<sup>2</sup> ~2-3%

Land lease rate (\$/sqm) ~3-4%

Terminal value growth 2%

## INVESTMENT PROFITABILITY PROFILE, NET CASH FLOW OVER 10 YEARS (\$M)

### KEY FINANCIAL PERFORMANCE METRICS

X REVENUE IN USD MILLION

~5-6 YEARS

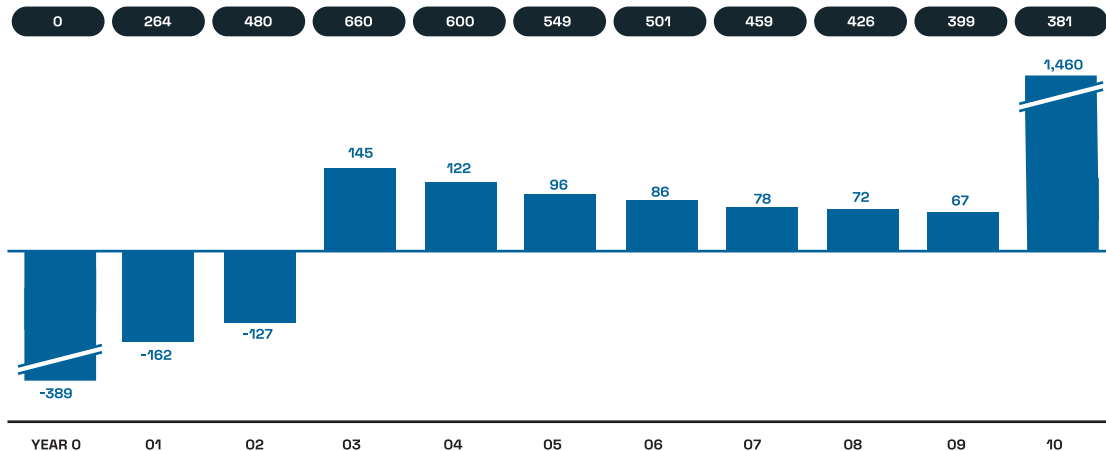
~\$500-\$600 M

~14-16%

ESTIMATED TIME TO RECOVER FULL INVESTMENT

NPV<sup>4</sup>

IRR CALCULATED OVER 10 YEARS



1. Based on a Capex requirement at a range of \$600 and \$1000 per square meter and Capex spending split 33%, 33% and 33% in the first three years respectively  
 2. 50% debt to equity ratio

3. Aligned with financial incentives offered by the SCZone  
 4. Assumed full capacity of the plant delivered equal to approx. 0,0003% of global market share



INTEGRATED ROUTE



ONE DESTINATION



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ONE DESTINATION



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ONE DESTINATION



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# 002

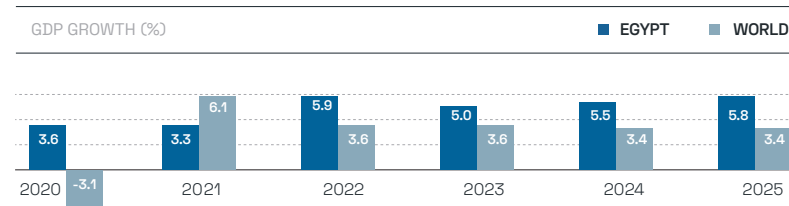
CHAPTER TWO

## WHY EGYPT



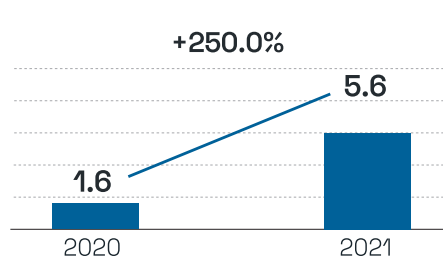
## EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

### GROWTH RATE EXCEEDING GLOBAL AVERAGES

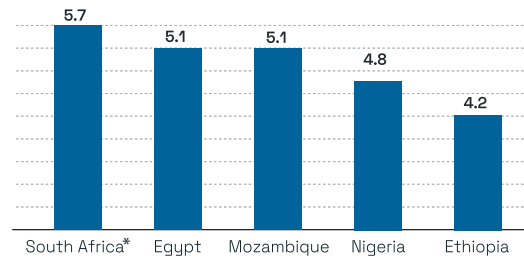


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

### GREENFIELD INVESTMENTS (\$BN)



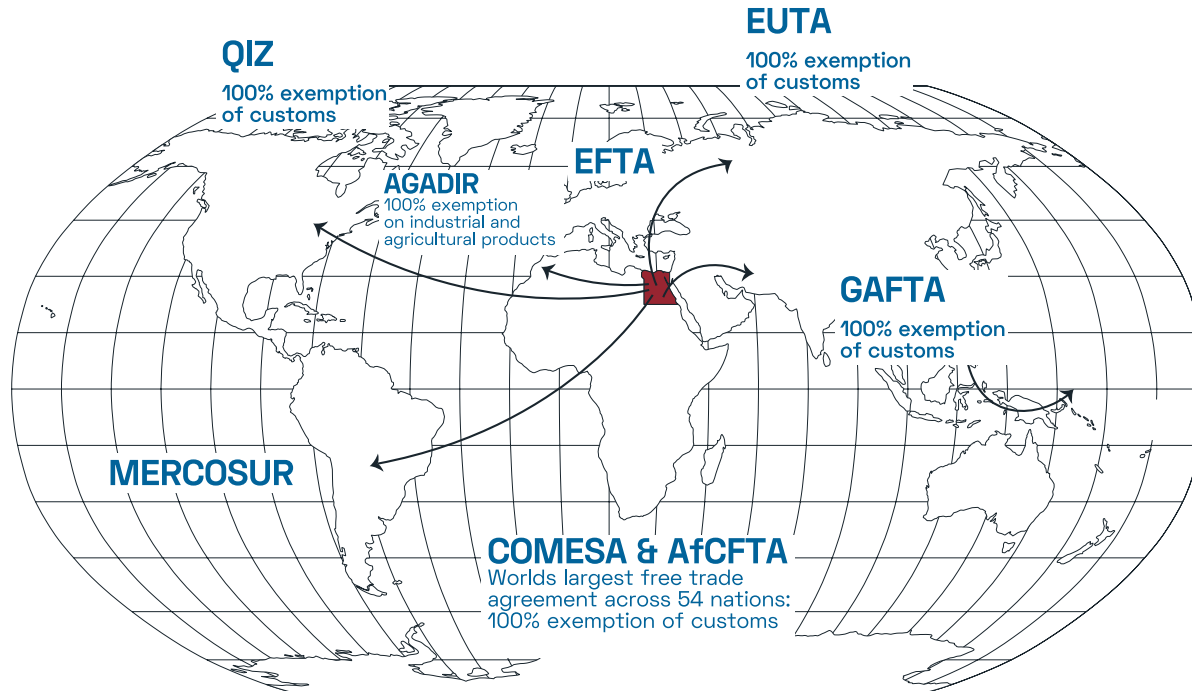
### FOREIGN DIRECT INVESTMENT (\$BN)



\*South Africa FDI excludes Naspers & Prosus \$35 BN deal

- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool

## WITH 12% OF GLOBAL TRADE PASSING THROUGH THE SUEZ CANAL, EGYPT IS STRATEGICALLY LOCATED AND SUPPORTED BY REGIONAL FREE TRADE AGREEMENTS



EGYPT IS THE

**2nd**

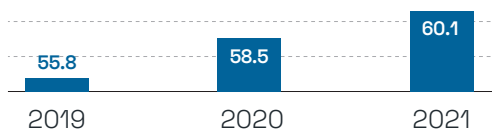
LARGEST  
FDI RECIPIENT  
IN AFRICA

# THE GOVERNMENT’S RECENT ECONOMIC AND STRUCTURAL REFORMS ARE BEARING FRUIT

## LEGISLATIVE AND INSTITUTIONAL REFORMS

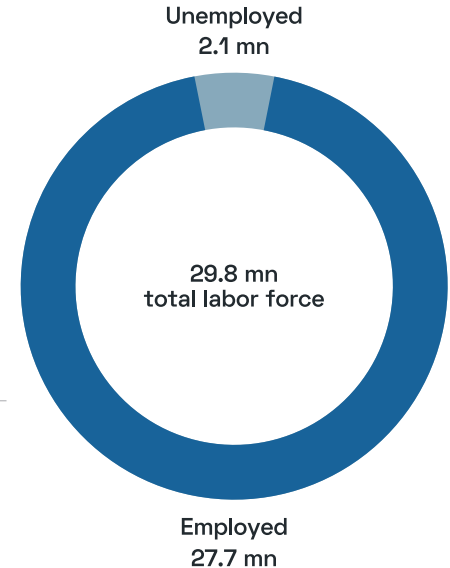
- Facilitating trade by automated customs system “Nafeza” [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

## EASE OF DOING BUSINESS SCORE



## LABOR MARKET AND TALENT DEVELOPMENT

- Large and skilled labor force of 29.8 million people
- 85.8K graduates from higher technical institutes
- >150,000 teachers registered in TVET system
- >2 million students enroll in the Technical Education & Vocational Training (TVET) program annually



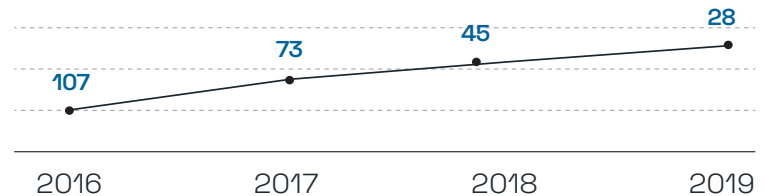
## EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

### INFRASTRUCTURE AND CONNECTIVITY

- EGP2.3tn invested into infrastructural developments over the past 7 years
- EGP1.1tn designated for road network development between 2014-2024, resulting in the construction of 7000km of newly developed roads and maintenance of 5000km of existing roads
- EGP387bn invested into the energy sector between 2014-2021, which saw Egypt achieving an electricity production surplus of >25% in 2022
- EGP50bn invested in upgrading existing airports, alongside the construction of 5 new airports in key areas across Egypt
- \$12.4bn allocated to the "National Ports Development Plan" launched in 2017 to increase total cargo tonnage handled per year from 120mn tons to 370mn tons by 2030
- 28% of total government investments allocated to the transportation sector in FY 2022/2023, of which EGP176bn are earmarked for the National Authority for Tunnels
- National high speed electric train spanning 1000 km, connecting sea- and land ports to cities and industrial areas, set to have its first phase completed in early 2023 at an investment cost of about \$8.7bn



### QUALITY OF ROADS INFRASTRUCTURE, RANK



Latest publication of GCI is of 2019

INTEGRATED ROUTE » ONE DESTINATION ■ INTEGRATED ROUTE » ONE DESTINATION ■ INTEGRATED ROUTE » ONE DESTINATION ■ INTEG

# 003

CHAPTER THREE

## WHY SCZONE



## THE SCZONE PROVIDES AN INVESTOR-FRIENDLY BUSINESS ENVIRONMENT THAT IS A CORNERSTONE FOR EGYPT'S NATIONAL DEVELOPMENT PLANS

# 455

MILLION SQM2  
TOTAL LAND AREA

# 6

SEA PORTS

# 4

INDUSTRIAL ZONES

# 3

MAIN OPERATORS IN  
THE PORT

# 14

INDUSTRIAL  
DEVELOPERS

# >95

OPERATIONAL  
COMPANIES IN THE  
PORTS

# >300

OPERATIONAL  
ESTABLISHMENTS

# 100K+

DIRECT JOBS  
CREATED

01

WEST ←  
PORTSAID PORT  
ميناء غرب  
بورسعيد ←

02

EAST →  
PORTSAID PORT  
ميناء شرق  
بورسعيد →

03

ALARISH  
PORT  
ميناء  
العرش →

04

ADABYIA  
PORT  
ميناء  
الأديبة →

05

SOKHNA  
PORT  
ميناء  
السخنة →

01 A

EAST → PORTSAID  
INDUSTRIAL ZONE  
المنطقة الصناعية  
شرق بورسعيد

02 B

WEST ← QANTARA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
غرب قنطرة

03 C

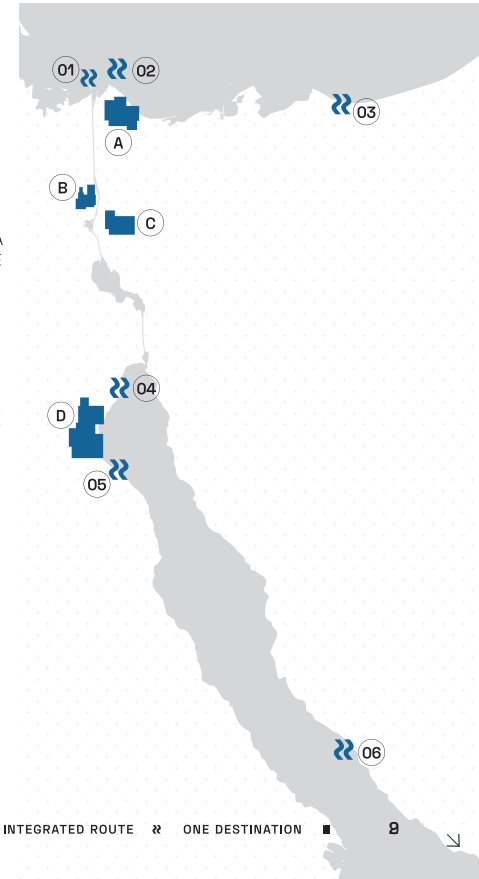
EAST → ISMAILIA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
شرق الإسماعيلية

04 D

SOKHNA  
INDUSTRIAL ZONE  
المنطقة الصناعية  
السخنة

06

ALTOR  
PORT  
ميناء  
الطور



# SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE [SUEZ CANAL] WITH

## REGIONAL CONTEXT

1.3 BN

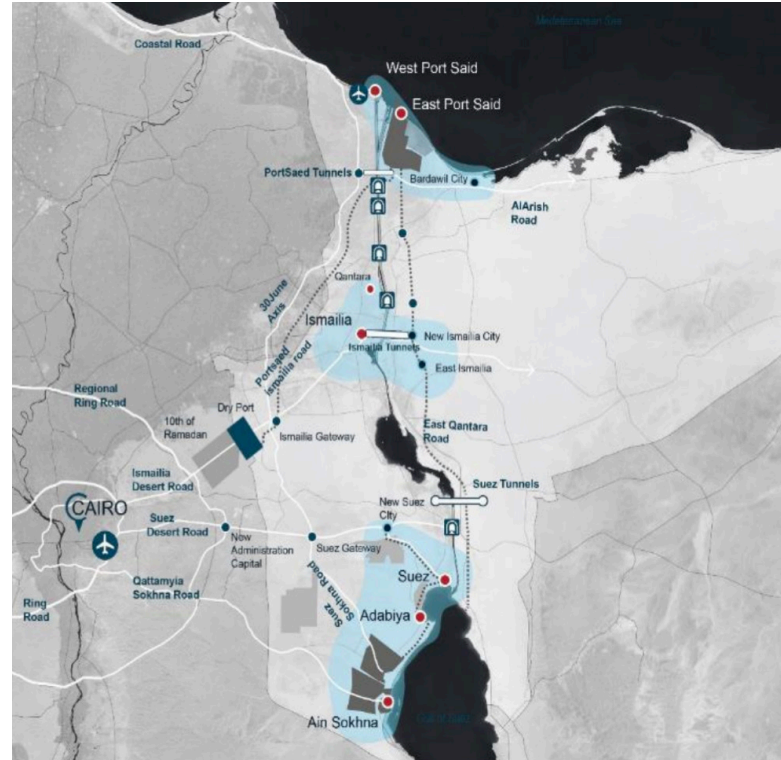
GROSS CARGO  
TRAFFIC/YEAR

12%

INTERNATIONAL  
TRADE/YEAR

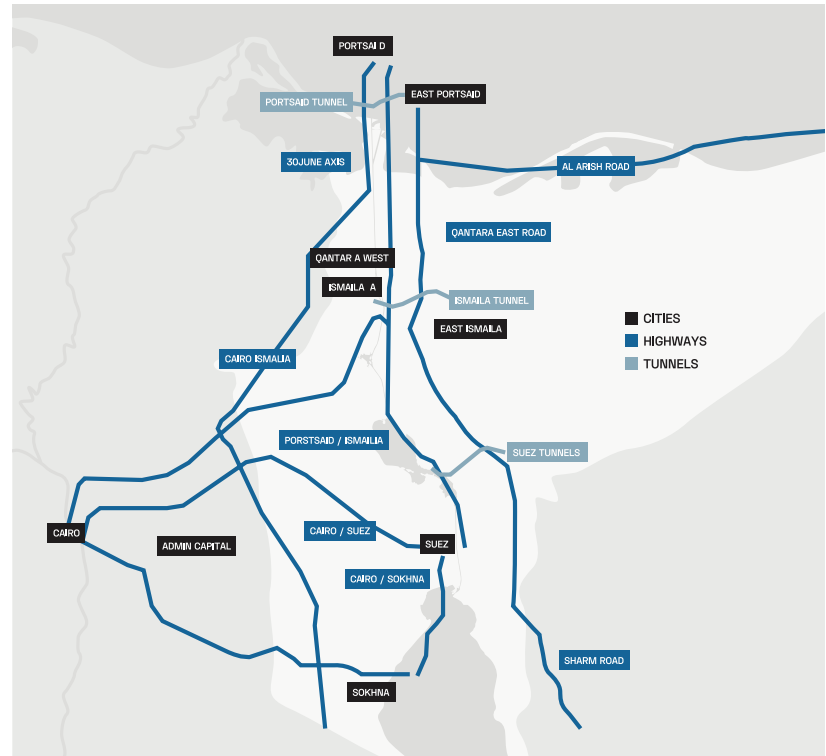
>20K

SHIPS/YEAR





## THE SCZONE IS WELL CONNECTED TO EGYPT'S MODERN ROADS, RAIL AND AIRPORT NETWORK



SCZONE IS WELL CONNECTED TO THE MODERN ROADS NETWORK OF EGYPT AND ENJOYS DIRECT CONNECTION TO THE NEW SUEZ CANAL TUNNELS, FACILITATING TRANSPORTATION BETWEEN ITS TWO BANKS

## THE SCZONE'S SERVICES FACILITATE KEY PROCEDURES FOR INVESTORS



### SPECIAL CUSTOMS REGIME AND TRADE REGULATIONS

- Create an integrated industrial community
- Establish a logistic platform to serve international trade
- Reduce costs and time of shipments release
- Simplify and ease import/export regulations

### ONE-STOP SHOP

Providing convenient integrated services under one ceiling

- New Establishments & Companies registrations
- Issuing all Licenses (construction & operation... etc)
- Extracting the work permits
- Issuing residency permits for the foreign investors

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCIVE BUSINESS ENVIRONMENT IN THE SCZONE [1/2]

### DIRECT FINANCIAL INCENTIVES

#### 0% CUSTOM TAX



- 0% customs on all projects' components imported from abroad under the condition of exporting the final products
- Custom tax applied on imported components only when exporting to the local market

#### 0% VALUE ADD TAX



- 0% VAT applied on all local and foreign imports required for manufacturing, production and operation
- 14% VAT is only applied when exporting final products from SCZONE to the domestic market

#### CORPORATE TAX REFUND ( INCENTIVES FOR 7 YEARS )



- Discount on Tax (net profit) equivalent to 50% of the project investment costs such that the incentive does not exceed 80% of the paid-in capital

#### EXPORT SUPPORT PROGRAM



- Industrial manufacturers for export purposes at SCZONE will benefit from the program
- Enhancing the price competitiveness at foreign markets

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCIVE BUSINESS ENVIRONMENT IN THE SCZONE [2/2]

### INDIRECT INCENTIVES

#### “THE LEGAL FRAMEWORK”



- SCZONE established and empowered by the special economic zones Law No. 83/2002 which gave a legal framework that reinforces; Flexible, Autonomous and Decision in a single place

#### “ONE-STOP-SHOP SERVICES”



- New Establishments & Companies registrations
- Issuing all Licenses (construction & operation.. etc)
- Extracting work permits
- Issuing residency permits for foreign investors

#### EXPORT & IMPORT REGULATION



- Special rules governing imports and exports from the SCZONE
- Reduced cost & time of regulatory examination of shipments
- Treating end industrial products as local products

#### NEW CUSTOMS GUIDE 2020 & DIGITAL TRANSFORMATION



- Creating an integrated industrial community
- Establishing a logistic platform to serve international trade
- Reducing release time of shipments

#### 5-YEAR RESIDENCY PERMIT FOR THE FOREIGN INVESTORS



- Foreign investors have the right to obtain residency for a period of 5 continuous years, renewable for similar periods throughout the duration of the project

# CONTACT US TO LEARN MORE ABOUT INVESTMENT OPPORTUNITIES

WE WILL SUPPORT YOU EVERY STEP IN THE WAY, FROM CONCEPTUALIZATION TO IMPLEMENTATION

001 CONSIDER

002 EXPLORE

003 PLAN

CONTACT US  
INVEST@SCZONE.EG

INTEGRATED ROUTE

ONE DESTINATION

INTEGRATED ROUTE

ONE DESTINATION

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