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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

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001

CHAPTER ONE

WHY INVEST IN PHARMACEUTICALS



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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

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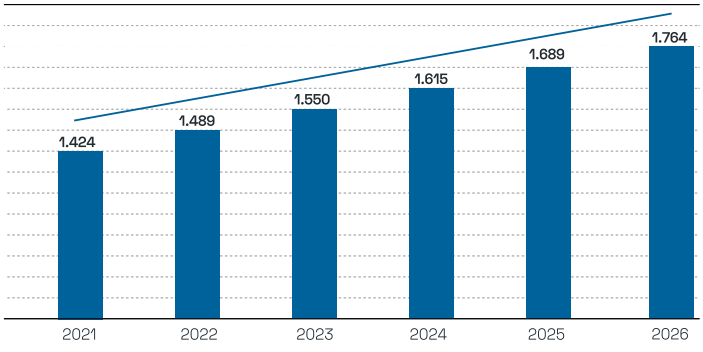
THE GLOBAL PHARMACEUTICALS MARKET IS GROWING AT A 4.4% CAGR

- 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%



Sources: IQVIA, National Library of Medicine (NLM), National Center for Biotechnology Information (NCBI), Canadian Institute of Health Research (CIHR), UN Comtrade

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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

EGP80bn

TOTAL INVESTMENTS IN DRUG PRODUCTION IN 2019

16%

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

Sources: General Authority For Investments (GAFI), Egyptian Cabinet, CAPMAS, Egyptian Center for Economic Studies (ECES), Ntaar Analyses

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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

Sources: IQVIA; EDA; URA; Ministry of Finance; Egyptian Cabinet; Wood; eFinance

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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

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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.

Source: SCR, Ministry of Finance, Egyptian Cabinet, Local media outlets

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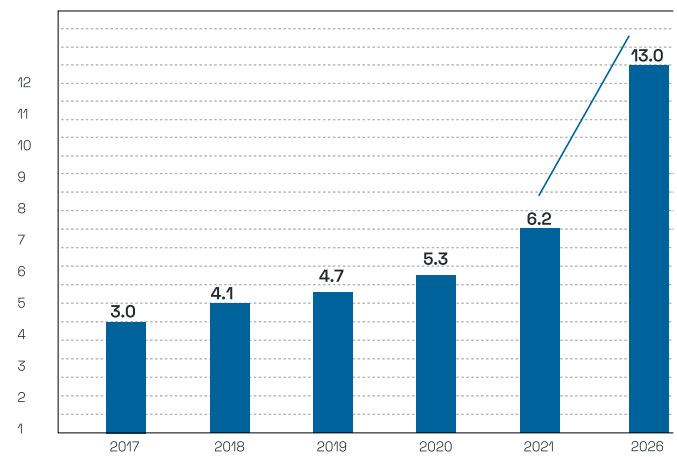
EGYPT HAS A FAST-GROWING PHARMACEUTICAL MARKET WITH SALES EXPECTED TO REACH $13BN BY 2026

- 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

World Bank, IQVIA, Fitch Solutions, IMS, University of Queensland, School of Public Health Helmpolis University, Ntsal Analysis

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SC°ZONE'

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°ZONE'

- UNIQUE LOCATION
- HIGHEST QUALITY STANDARDS
- RESILIENT ECONOMIC GROWTH

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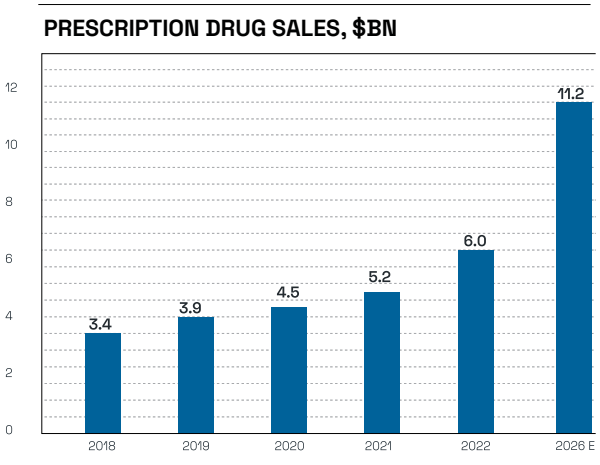
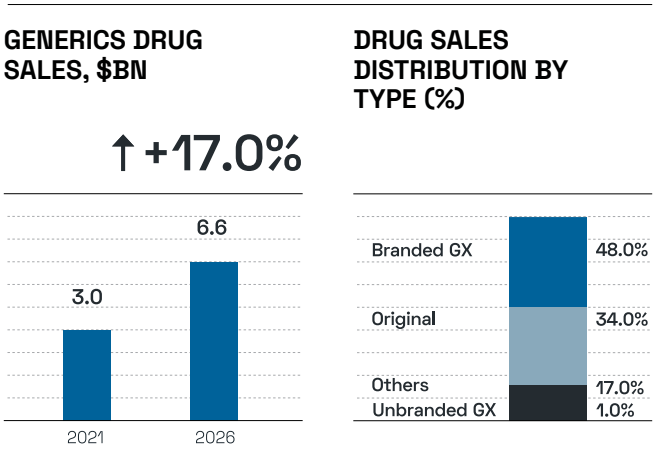
THE STRUCTURE OF EGYPT'S PHARMACEUTICAL MARKET MAINTAINS AN ATTRACTIVE LOCAL MANUFACTURING ENVIRONMENT

PRESCRIPTION MEDICINE DOMINATES



- 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 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

Source: Fitch solutions, IQVIA, Evaluate Pharma, Nasdaq

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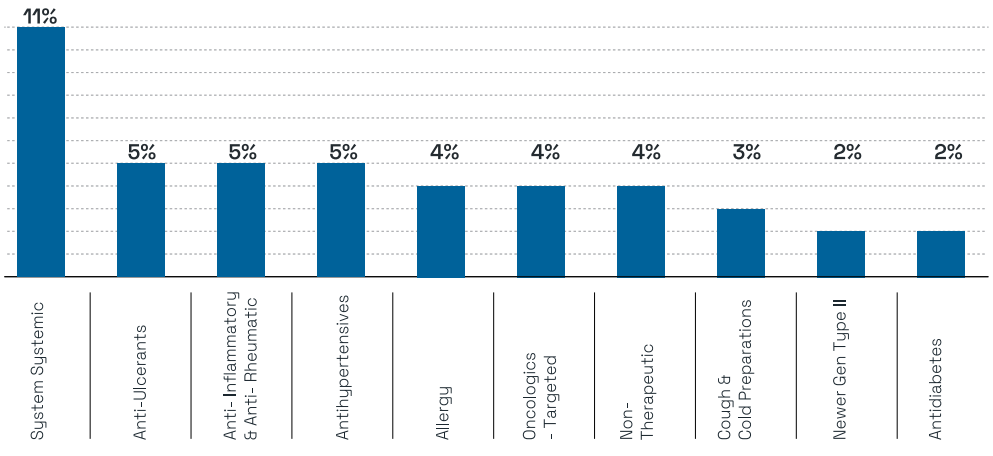
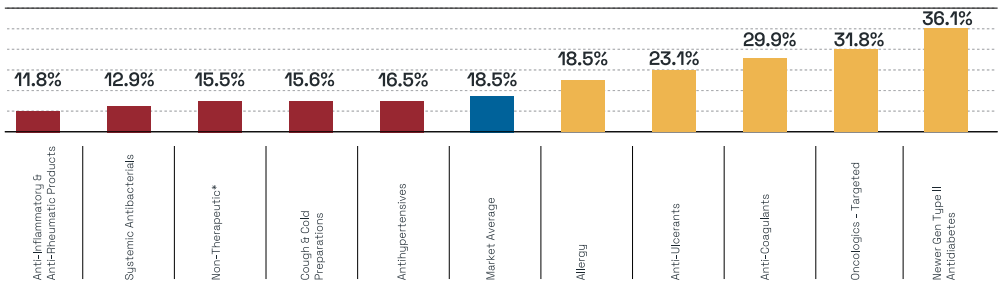
TOP THERAPY AREAS IN EGYPT

PERCENTAGE SHARE OF TOTAL SALES PER THERAPY AREA IN EGYPT 2021



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



- 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 fasted sales growth during the period 2017-2021 with 36.1% and 31.8% respectively

Source: IQVIA

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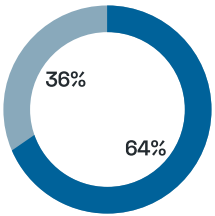
EGYPT'S LOCAL DRUG MANUFACTURING IS DRIVEN BY PRIVATE INVESTMENTS BY LARGE MULTINATIONALS

001
LOCAL MANUFACTURING ON THE RISE

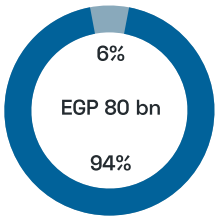
PHARMACEUTICAL MARKET BREAKDOWN (SALES VOLUME)



- 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



- 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

Sources: CAPMAS, ECES, IQVIA, Egyptian Cabinet, Vasdaq Analysis

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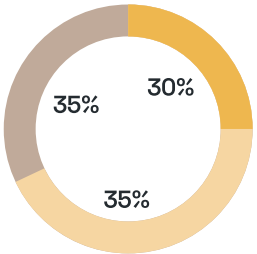
003

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).

Sources: CAFI Egyptian Cabinet, Pharmaceutical Outlook, El Alamein Chamber, Metal Analysis

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THE LARGEST MULTINATIONAL PHARMA CORPORATES ARE PRESENT IN EGYPT



12 EGYPTIAN

8 FOREIGN

- NOVARTIS & PHARCO lead the market with 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

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- 53% share of imported medicines of total sales value
- 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
- This reduces import dependence and costs for manufacturers, increases production capacity, and achieves economies of scale while gradually lowering drug prices to consumers
- 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



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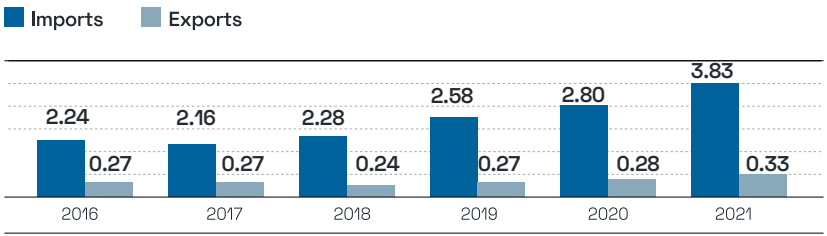
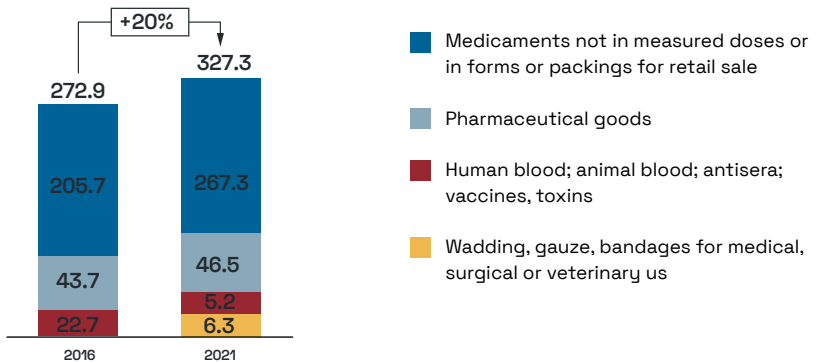
ANTIBIOTICS AND VITAMINS ARE THE FASTEST-GROWING MEDICAMENT CATEGORIES AMONG EGYPT'S PHARMA EXPORTS

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

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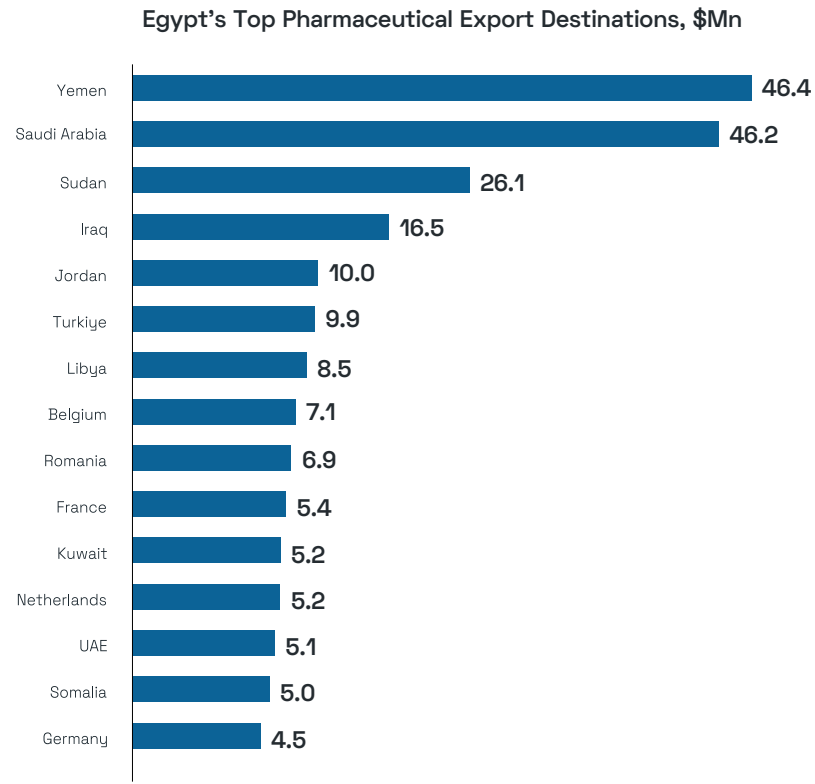
55% OF EGYPT'S PHARMA EXPORTS ARE TOWARDS THE MENA REGION



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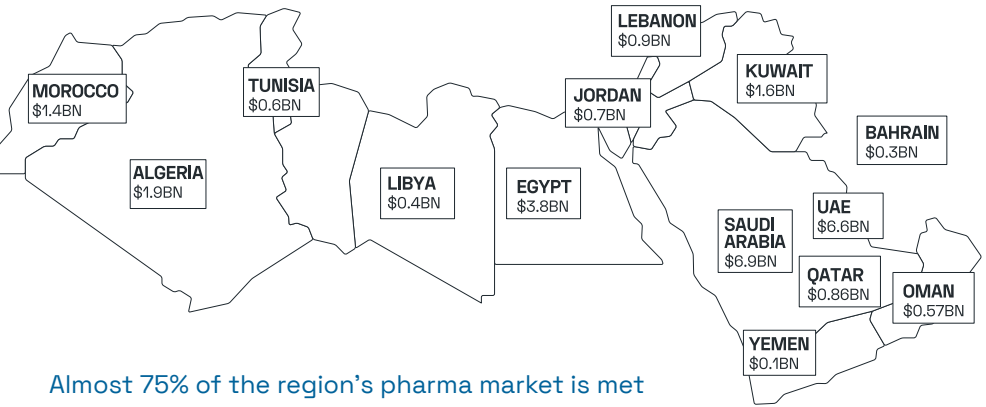
THE MENA REGION OFFERS THE STRONGEST EXPORT POTENTIAL FOR EGYPTIAN DRUG MANUFACTURING, VALUED AT NEARLY $30BN

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

- 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)

- 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
- 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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
Evrak sorgulaması https://odaborsaebys.tobb.org.tr:443/tso-sanliurfa-envision/Validate_Doc.aspx?eD=BSMZ1KK9S&eS=12053 adresinden yapılabilir.

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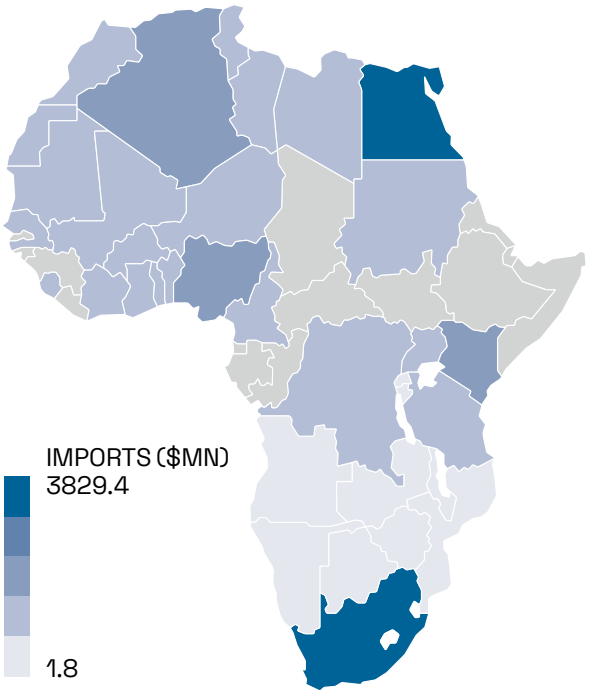
IN ADDITION TO THE LOCAL MARKET DEMAND, FAST-GROWING PHARMACEUTICAL MARKET IN AFRICA ENHANCE INVESTMENT OPPORTUNITIES

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

- 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

- 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

Source: UN Comtrade, Crimson Klasi analysis

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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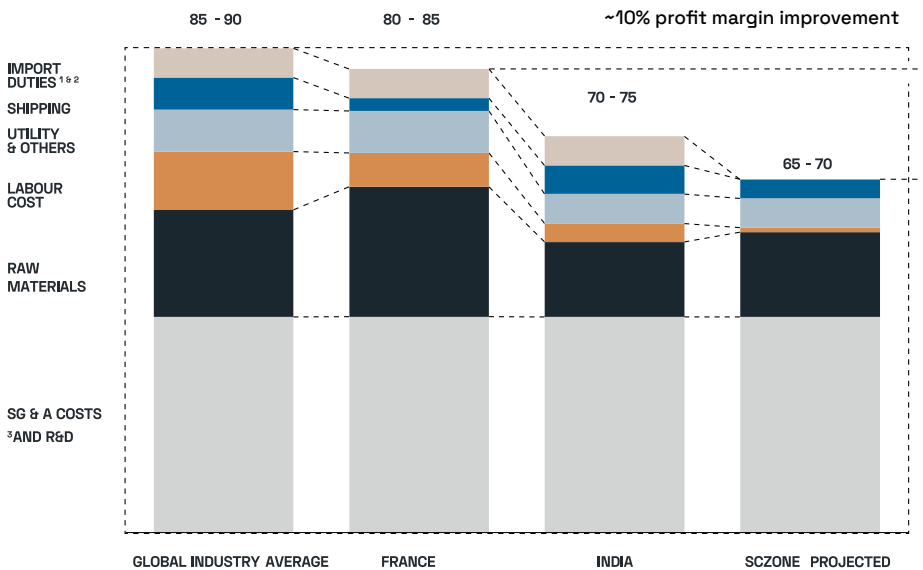
IN THE SCZONE CAN ACHIEVE IMPROVED PROFIT MARGINS DUE TO TAX EXEMPTIONS FROM THE SCZONE AND LOW LABOUR AND ENERGY COSTS IN EGYPT

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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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)



Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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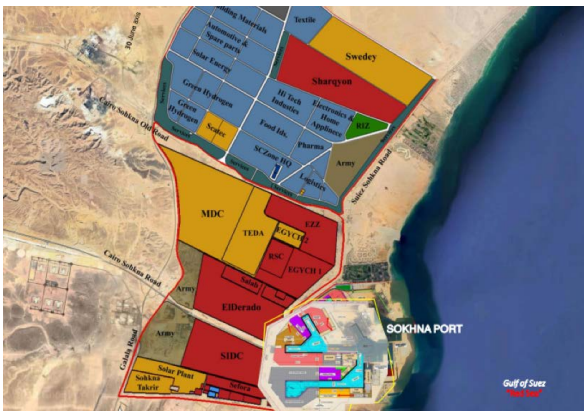
YOUR FACTORY WILL BE LOCATED IN A SPECIALIZED INDUSTRIAL CLUSTER WITH ACCESS TO ALL REQUIRED FACILITIES



SCZONE OFFERING AN AREA OF 230 KM² IN
EAST PORTSAID INDUSTRIAL ZONE

UTILITIES:

- Sea Water Desalination Plant (New EPS City) 150,000 M³/day.
- A Wastewater Treatment plant (capacity of 100,000 M³/day).
- Sewage Lifting Stations / 4 X 500 Ltr/S.
- Electricity Substation (125*2 MVA)
- ElectricitySubstation under construction
- (175*2 MVA) + 3 Electricity networking Projects
- Fiber Optics Cables



SCZONE OFFERING AN AREA OF 300 KM² IN
SOKHNA INDUSTRIAL ZONE

UTILITIES:

- Sea Water desalination plant with a capacity of more than 100,000 M³/day
- Waste-water treatment plant with a capacity of 35,000 M³/day
- Portable Facility with a capacity of 2,000 M³/day Wastewater Treatment

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

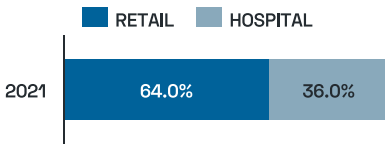
COST EFFICIENT MANUFACTURING

- 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



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INVESTMENT PROFITABILITY PROFILE, NET CASH FLOW OVER 10 YEARS ($NM)

KEY FINANCIAL PERFORMANCE METRICS

PRELIMINARY BUSINESS PLAN

REVENUE IN $MN

~8-9 YEARS

Estimated time to recover full investment

~$200-250 M

NPV4

~12-14%

IRR calculated over 10 years

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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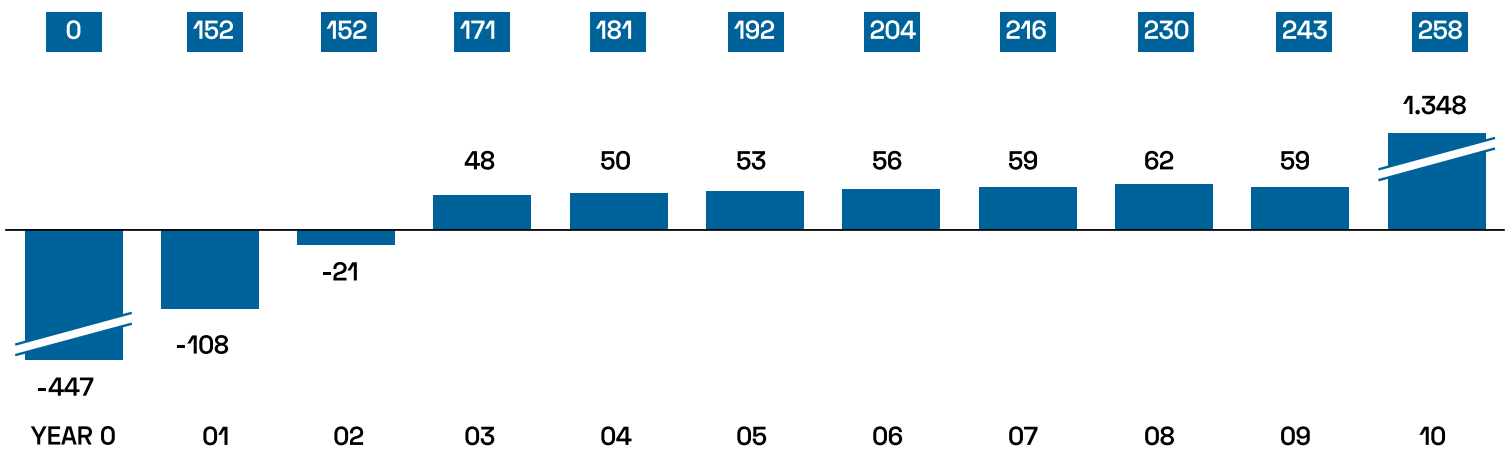
CASHFLOW PROFILE (IN $MN)



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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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 Capex1 ($m)	~700-600
Tax exemption based on Capex (%)	50%
Egypt market capture % (end state)	~1.5%
Africa market capture (end state)	1%
End state revenue2 ($m per year)	~260
Net profit margin3	25-30%
WACC5	~9%
Interest on debt	3%

Source: Elaboration

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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Gelen Tarih Sayı: 03.01.2024 - 12053



002
CHAPTER TWO
WHY EGYPT

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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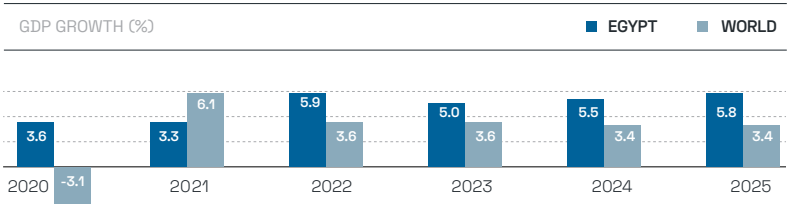
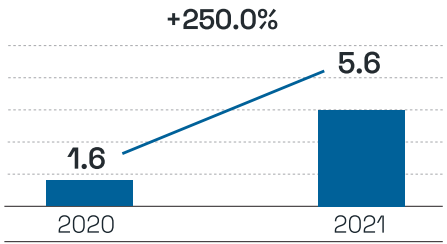
EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

GROWTH RATE EXCEEDING GLOBAL AVERAGES

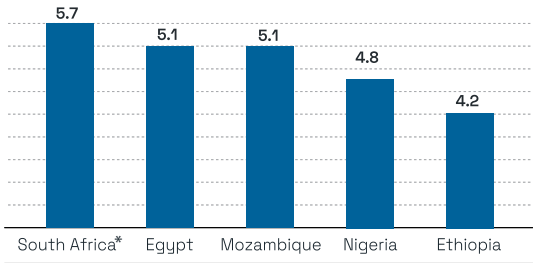


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

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

Bu belge 5070 sayılı Elektronik İmza Kanununa Göre Güvenli Elektronik İmza ile imzalanmıştır.
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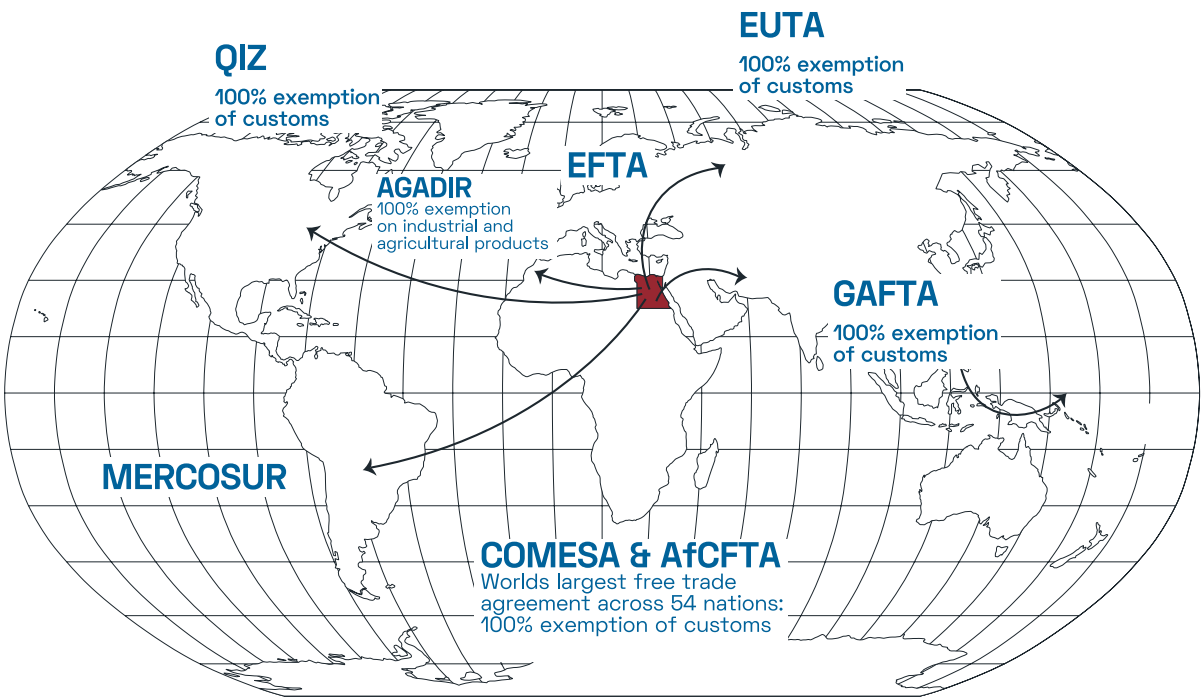
WITH 12% OF GLOBAL TRADE PASSING THROUGH THE SUEZ CANAL, EGYPT IS STRATEGICALLY LOCATED AND SUPPORTED BY REGIONAL FREE TRADE AGREEMENTS



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

Source: General Authority for Investments (GAFI)

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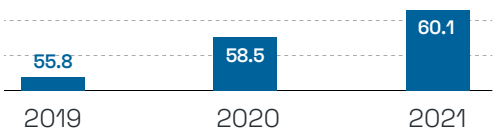
THE GOVERNMENT'S RECENT ECONOMIC AND STRUCTURAL REFORMS ARE BEARING FRUIT

LEGISLATIVE AND INSTITUTIONAL REFORMS

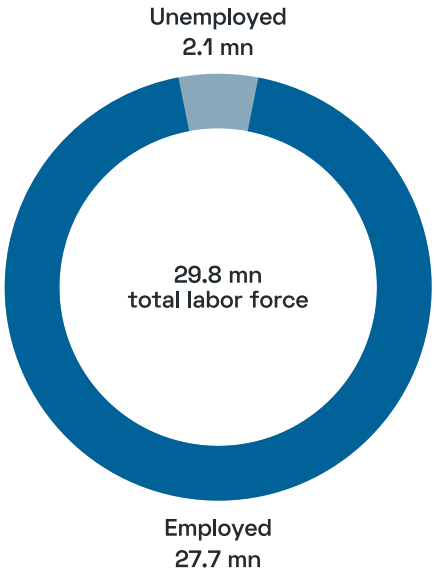
- Facilitating trade by automated customs system "Nafeza" [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

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



Sources: CAPMAS Egypt in Figures 2021; World Bank Doing Business, GCI, US ITA, Egypt Today

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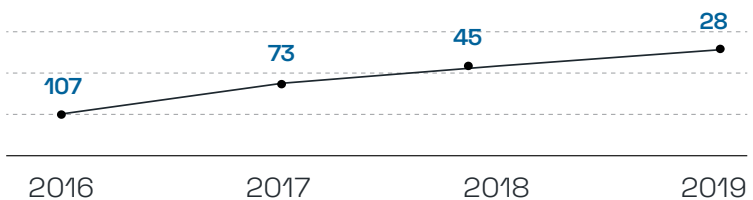
EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

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

Sources: Enterprise Egypt, Egypt today, Al Ahram, IDSC, MPED "7 Years of Building" Report, Amcham

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003

CHAPTER THREE

WHY SCZONE

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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

31°14'35"N 32°18'18"E
01 WEST ← PORTSAID PORT
ميناء غرب بورسعيد ←

31°12'26"N 32°21'26"E
02 EAST → PORTSAID PORT
ميناء شرق بورسعيد →

30°59'02"N 32°49'49"E
03 ALARISH PORT
ميناء العريش

29°53'23"N 32°27'40"E
04 ADABYIA PORT
ميناء الأدبية

29°39'06"N 32°21'13"E
05 SOKHNA PORT
ميناء السخنة

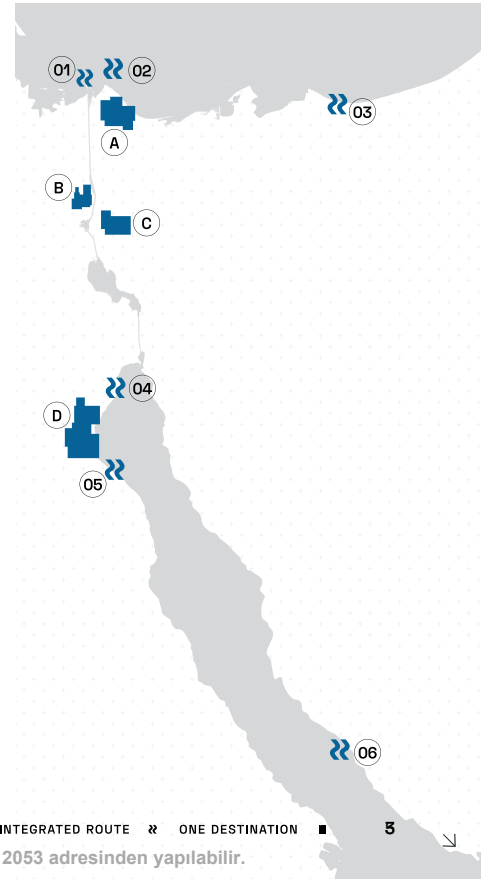
30°06'56"N 32°22'18"E
A EAST → PORTSAID INDUSTRIAL ZONE
المنطقة الصناعية شرق بورسعيد →

30°05'40"N 32°49'59"E
B WEST ← QANTARA INDUSTRIAL ZONE
المنطقة الصناعية غرب ← قنطرة

30°37'14"N 32°21'05"E
C EAST → ISMAILIA INDUSTRIAL ZONE
المنطقة الصناعية شرق الإسماعيلية →

29°59'12"N 32°18'37"E
D SOKHNA INDUSTRIAL ZONE
المنطقة الصناعية السخنة

29°42'47"N 32°18'18"E
06 ALTOR PORT
ميناء الطور



INTEGRATED ROUTE » ONE DESTINATION ■

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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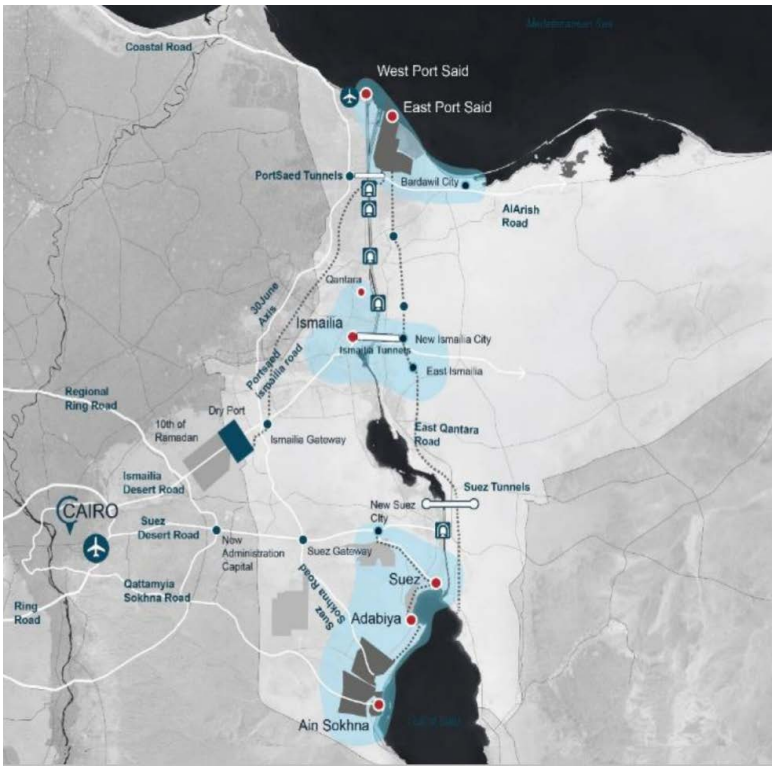
SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE (SUEZ CANAL) WITH

REGIONAL CONTEXT

1.3 BN
GROSS CARGO TRAFFIC/YEAR

12%
INTERNATIONAL TRADE/YEAR

>20K
SHIPS/YEAR



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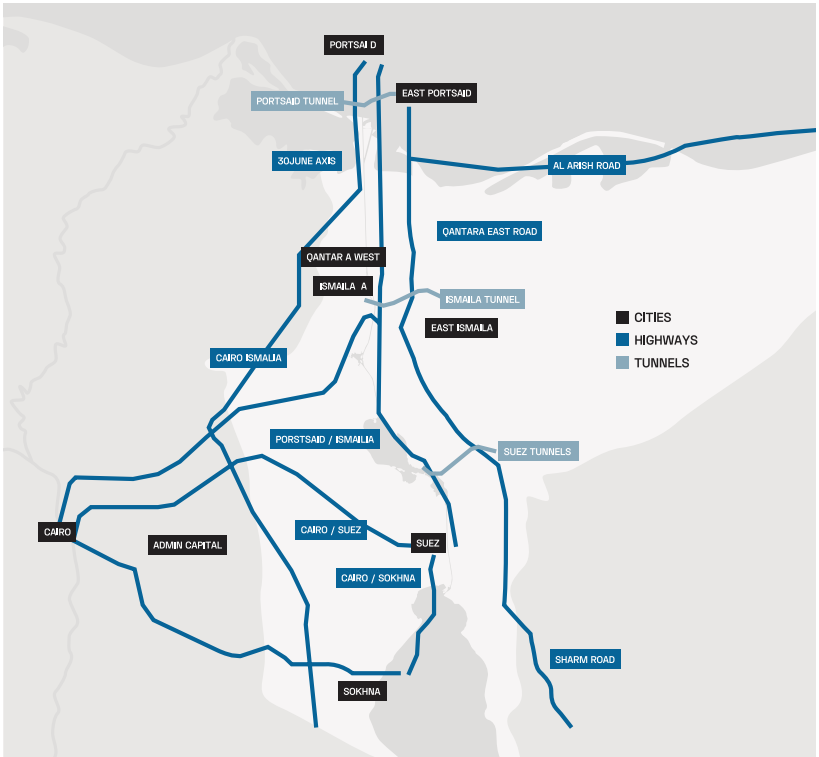
THE SCZONE IS WELL CONNECTED TO EGYPT'S MODERN ROADS, RAIL AND AIRPORT NETWORK



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

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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

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

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

EXPORT SUPPORT PROGRAM

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

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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

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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

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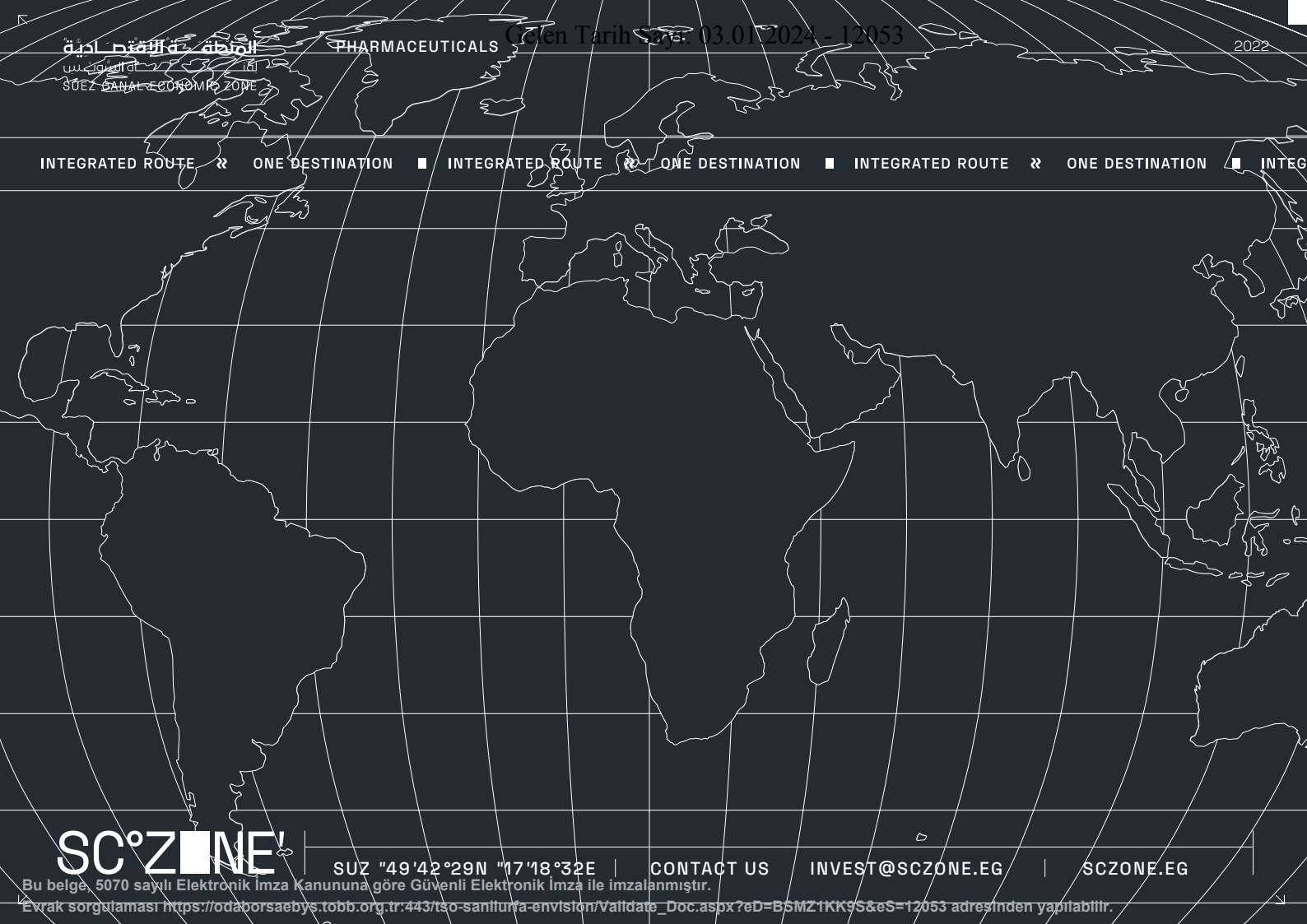

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EXECUTIVE SUMMARY

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

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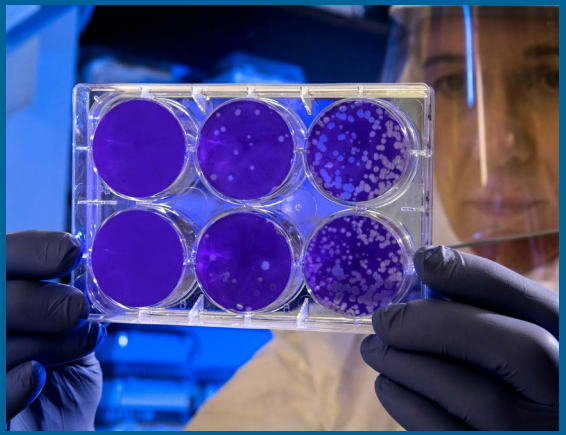
With the Largest Pharmaceutical Market in the MENA Region, Egypt offers Significant Investment Opportunities for API Manufacturing



SC°ZONE'

- UNIQUE LOCATION
- HIGHEST QUALITY STANDARDS
- RESILIENT ECONOMIC GROWTH

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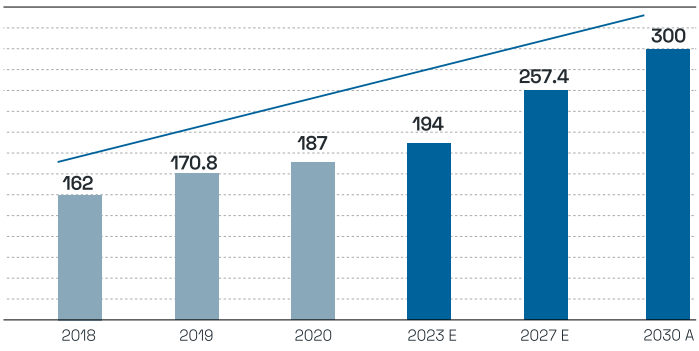
THE GLOBAL API MARKET IS GROWING AT A CAGR OF 6%, TARGETING 300BN USD IN 2030

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

Global Market reports, Ntsal Analyses, SP Gobal, Contract Pharma, CPHI, KPMG, Atheneum

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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

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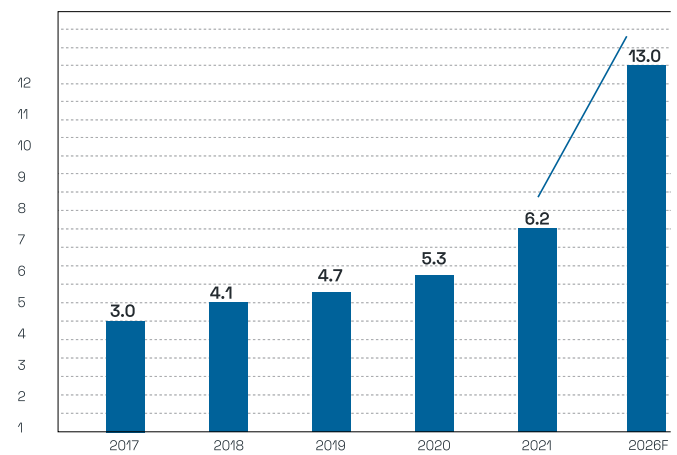
EGYPT HAS A FAST GROWING PHARMACEUTICAL MARKET WITH SALES EXPECTED TO REACH $13 BN BY 2026

- 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

World Bank, IQVIA, Fitch Solutions, IMS, University of Queensland School of Public Health, Heliopolis University, Ntsal Analysis

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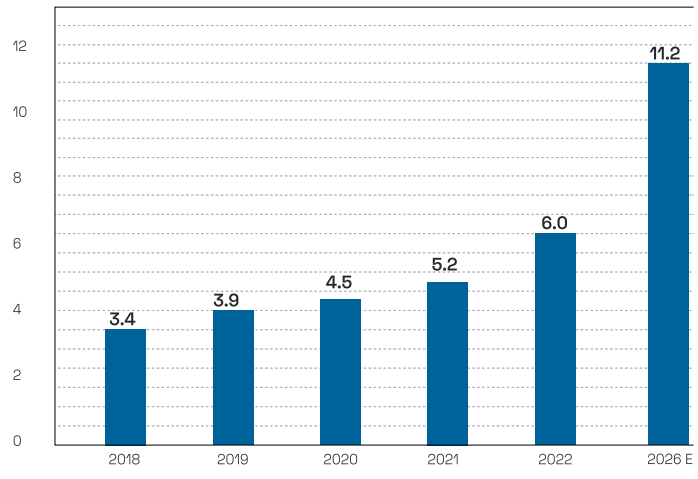
THE STRUCTURE OF EGYPT'S PHARMACEUTICAL MARKET MAINTAINS AN ATTRACTIVE LOCAL MANUFACTURING ENVIRONMENT

PRESCRIPTION MEDICINE DOMINATES

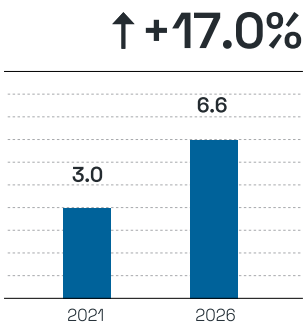
PRESCRIPTION DRUG SALES, $BN



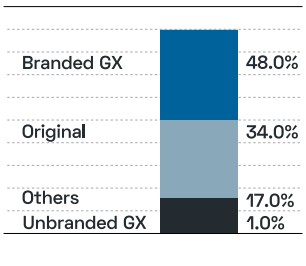
- With 184bn EGP in Sales in 2026, more than 85% of Egypt's pharma sales are prescription drugs, leading to a sustainable growth in demand of pharmaceuticals

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

Sources: IQVIA, Fitch solutions, Ntsal Analysis

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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

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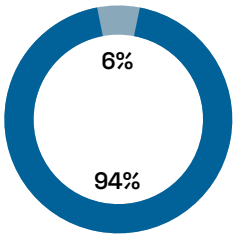
MORE THAN 150 LOCAL DRUG FACTORIES RELY MOSTLY ON IMPORTED APIs VALUED AT $2.3BN, PRESENTING STRONG OPPORTUNITIES FOR LOCAL API MANUFACTURING

152

DRUG FACTORIES IN 2022

Currently more than 150 local factories manufacture pharmaceuticals

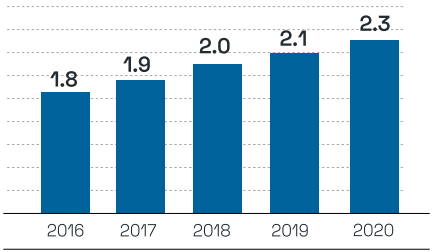


94% of investments in local drug manufacturing is driven by the private sector

$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

Sources: CAFI Pharmaceutical Cosmetics & appliances Chamber, Reuters, Egyptian Cabinet, ECES, Ntsal Anlasyis

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile İmzalanmıştır.
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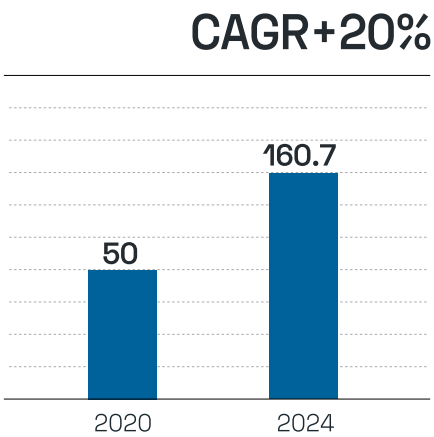
IN ADDITION TO THE LOCAL MARKET DEMAND, FAST GROWING PHARMACEUTICAL MARKET IN AFRICA ENHANCES INVESTMENT OPPORTUNITIES

AFRICAN PHARMA MARKET ($BN)



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

Sources: University Of Pretoria, Council for Scientific & Industrial Research, Ntsai Analysis

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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)

Sources: European Commission, ITC, Center for export development, ITA USA, EFTA, Organization of American States, Ministry of Foreign Affairs, UNComtrade

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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

Sources: European Commission, ITC, Center for export development, ITA USA, EFTA, Organization of American States, Ministry of Foreign Affairs, UNComtrade

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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.**



Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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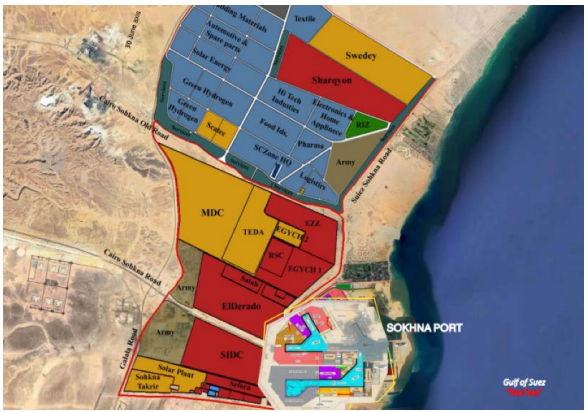
THE API FACTORY WILL BE LOCATED IN A SPECIALIZED INDUSTRIAL PHARMACEUTICAL AND API CLUSTER WITH ACCESS TO ALL REQUIRED FACILITIES AND UTILITIES



SCZONE OFFERING AN AREA OF 230 KM² IN
EAST PORTSAID INDUSTRIAL ZONE

UTILITIES:

- Sea Water Desalination Plant (New EPS City) 150,000 M³/day.
- A Wastewater Treatment plant (capacity of 100,000 M³/day).
- Sewage Lifting Stations / 4 X 500 Ltr/S.
- Electricity Substation (125*2 MVA)
- ElectricitySubstation under construction
- (175*2 MVA) + 3 Electricity networking Projects
- Fiber Optics Cables



SCZONE OFFERING AN AREA OF 300 KM² IN
SOKHNA INDUSTRIAL ZONE

UTILITIES:

- Sea Water desalination plant with a capacity of more than 100,000 M³/day
- Waste-water treatment plant with a capacity of 35,000 M³/day
- Portable Facility with a capacity of 2,000 M³/day Wastewater Treatment

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SC°Z■NE'

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°Z■NE'

- UNIQUE LOCATION
- HIGHEST QUALITY STANDARDS
- RESILIENT ECONOMIC GROWTH

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

PHARMA GRADE CHEMICALS

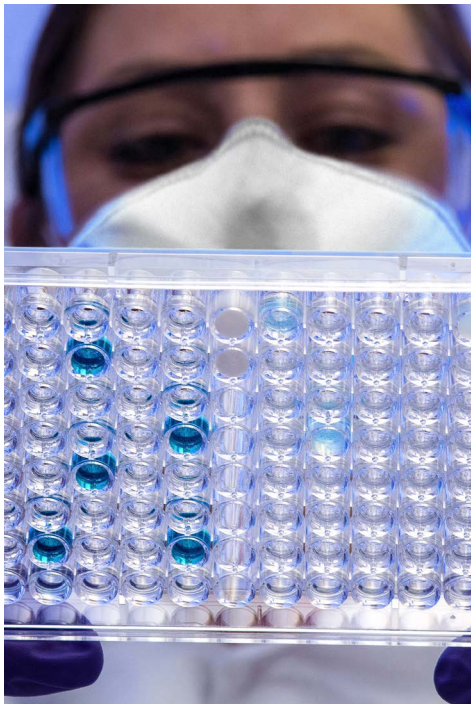
The majority of APIs used are synthetic, for which Egypt has a strong supply of pharma grade chemicals. Biological raw materials are mainly imported

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



Sources: FDA, ECES, Laboratories 1, Ntsal Analyses

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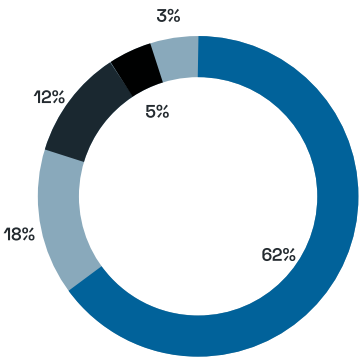
CHEMICAL SYNTHESIS APIS DOMINATE THE EGYPTIAN MARKET

API TYPES USED IN EGYPT



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



Sources: FDA, Bepacedu

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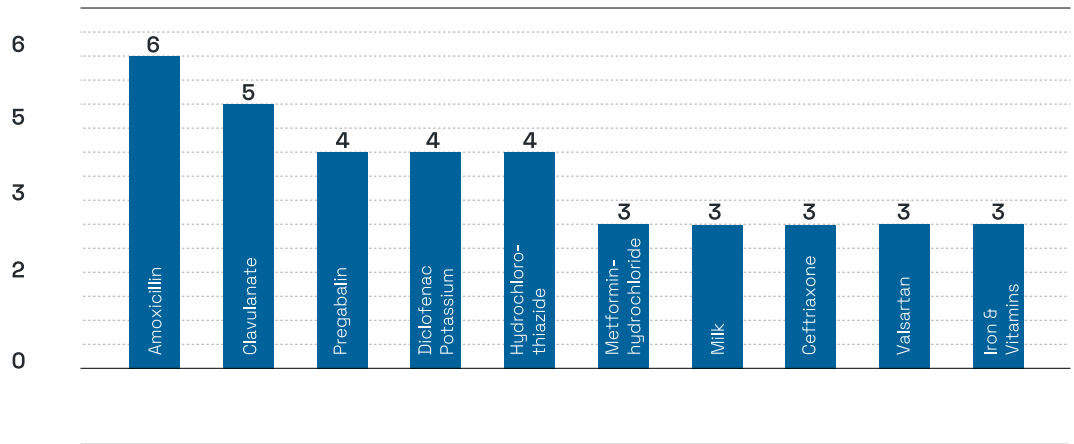
BIOLOGICAL SYNTHESIS APIS ARE DEMANDED BY THE TOP 2 BEST-SELLING DRUGS IN EGYPT

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

Sources: FDA, Bepacedu

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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002
CHAPTER TWO
WHY EGYPT

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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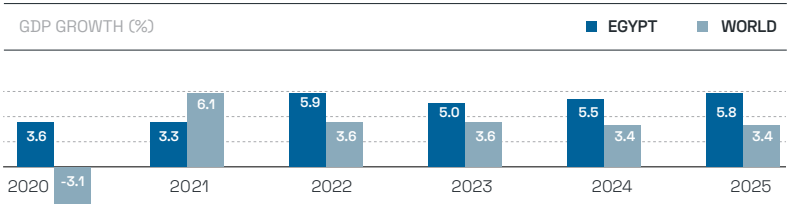
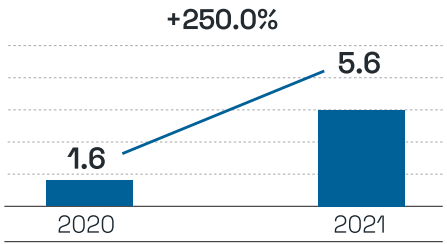
EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

GROWTH RATE EXCEEDING GLOBAL AVERAGES

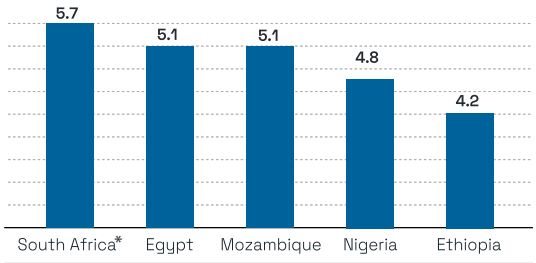


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

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

Bu belge, 5070 sayılı Elektronik İmza Kanununun 5. Güvenli Elektronik İmza ile imzalanmıştır.
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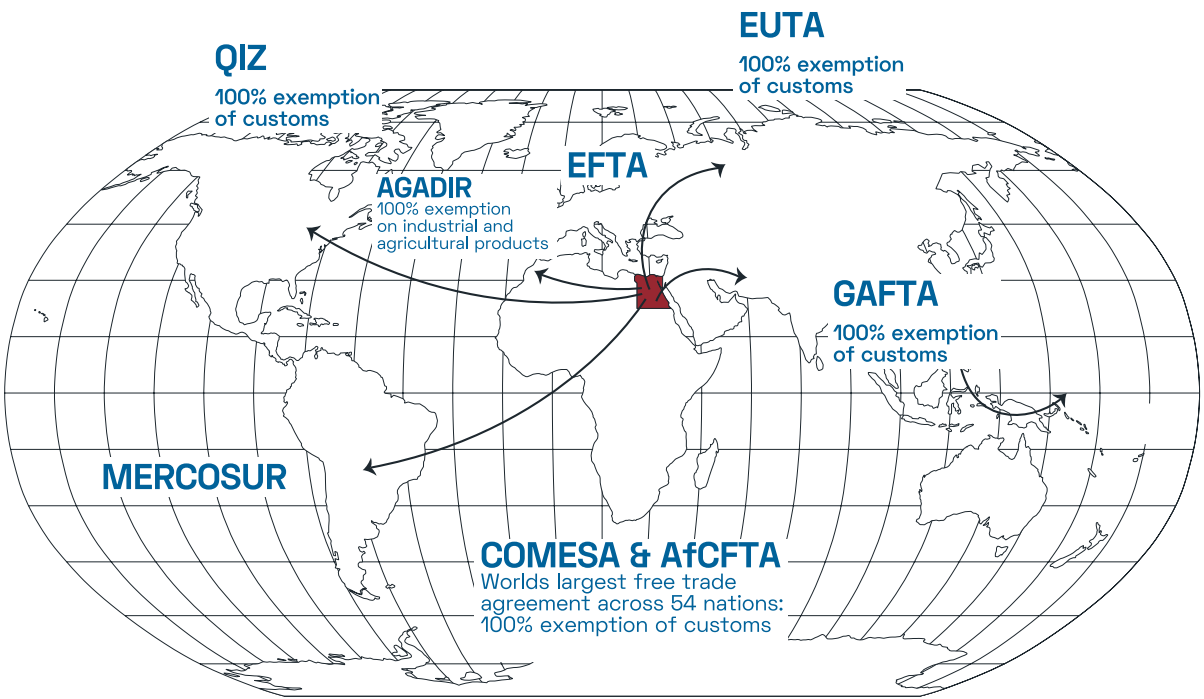
WITH 12% OF GLOBAL TRADE PASSING THROUGH THE SUEZ CANAL, EGYPT IS STRATEGICALLY LOCATED AND SUPPORTED BY REGIONAL FREE TRADE AGREEMENTS



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

Source: General Authority for Investments (GAFI)

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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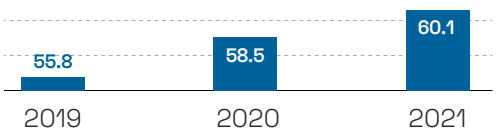
THE GOVERNMENT'S RECENT ECONOMIC AND STRUCTURAL REFORMS ARE BEARING FRUIT

LEGISLATIVE AND INSTITUTIONAL REFORMS

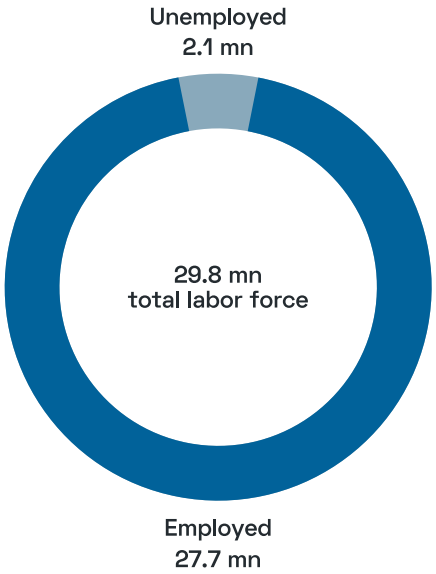
- Facilitating trade by automated customs system "Nafeza" [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

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



Sources: CAPMAS Egypt in Figures 2021; World Bank Doing Business, GCI, US ITA, Egypt Today

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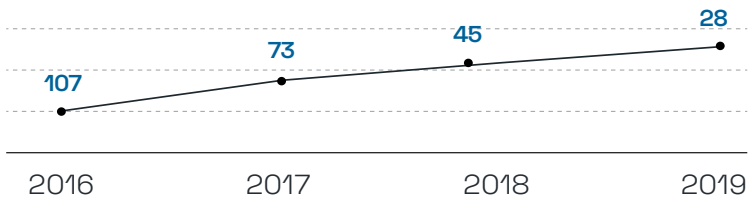
EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

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

Sources: Enterprise Egypt, Egypt today, Al Ahram, IDSC, MPED "7 Years of Building" Report, Amcham

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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003

CHAPTER THREE

WHY SCZONE

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

31°14'35"© 32°18'18"© 01 WEST ← PORTSAID PORT ميناء غرب بورسعيد ←

31°12'26"© 32°21'26"© 02 EAST→ PORTSAID PORT ميناء شرق بورسعيد →

30°59'02"© 32°36'46"© 03 ALARISH PORT ميناء العريش

29°53'23"© 32°27'40"© 04 ADABYIA PORT ميناء الأدبية

29°59'05"© 32°31'13"© 05 SOKHNA PORT ميناء السخنة

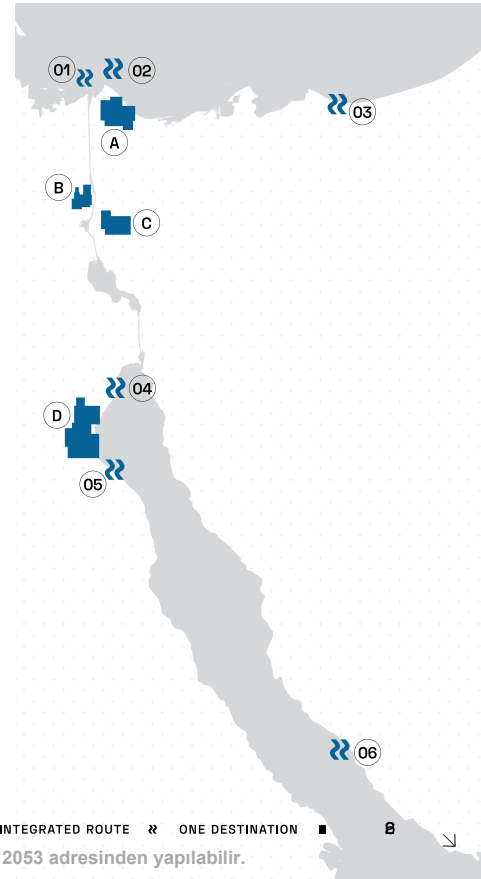
30°06'56"© 32°22'18"© A EAST→PORTSAID INDUSTRIAL ZONE المنطقة الصناعية شرق→ بورسعيد

30°05'40"© 32°16'59"© B WEST ← QANTARA INDUSTRIAL ZONE المنطقة الصناعية غرب ← قنطرة

30°57'14"© 32°21'35"© C EAST→ ISMAILIA INDUSTRIAL ZONE المنطقة الصناعية شرق→ الإسماعيلية

29°59'12"© 32°31'37"© D SOKHNA INDUSTRIAL ZONE المنطقة الصناعية السخنة

29°42'47"© 32°18'18"© 06 ALTOR PORT ميناء الطور



INTEGRATED ROUTE ONE DESTINATION

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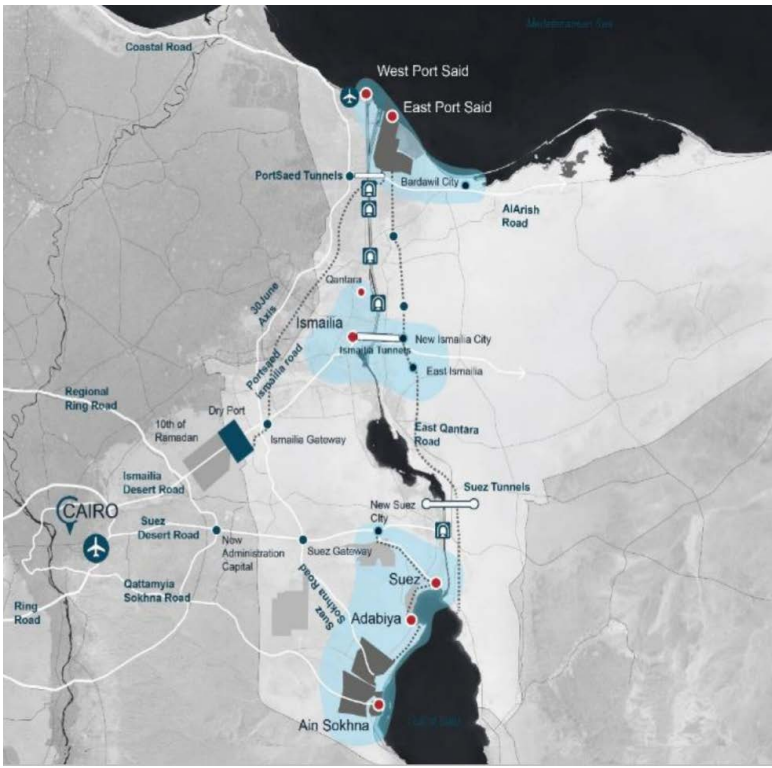
SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE (SUEZ CANAL) WITH

REGIONAL CONTEXT

1.3 BN
GROSS CARGO TRAFFIC/YEAR

12%
INTERNATIONAL TRADE/YEAR

>20K
SHIPS/YEAR



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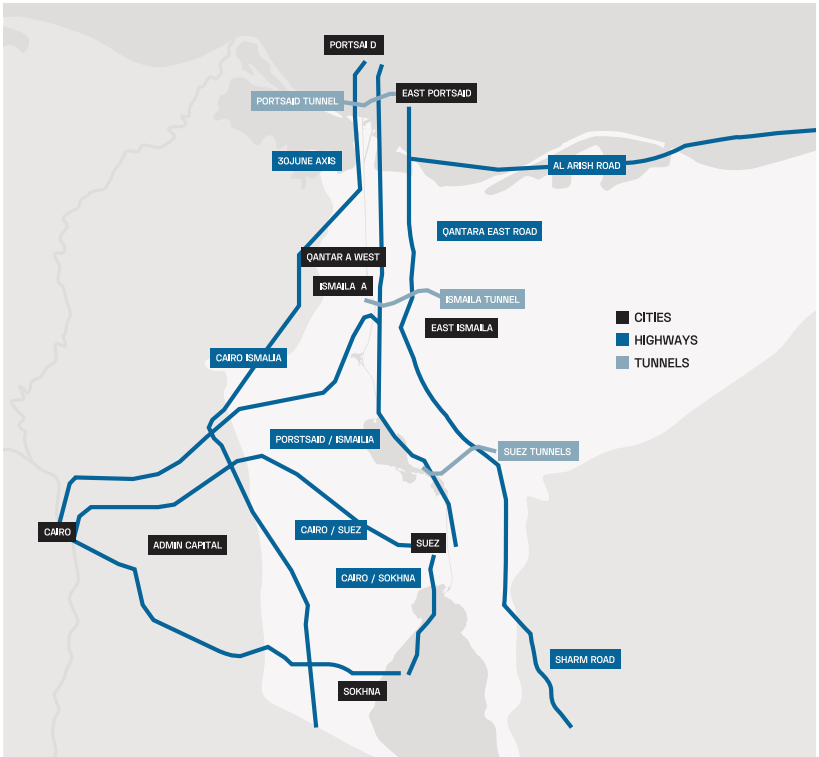
THE SCZONE IS WELL CONNECTED TO EGYPT'S MODERN ROADS, RAIL AND AIRPORT NETWORK

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



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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

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

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

EXPORT SUPPORT PROGRAM

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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

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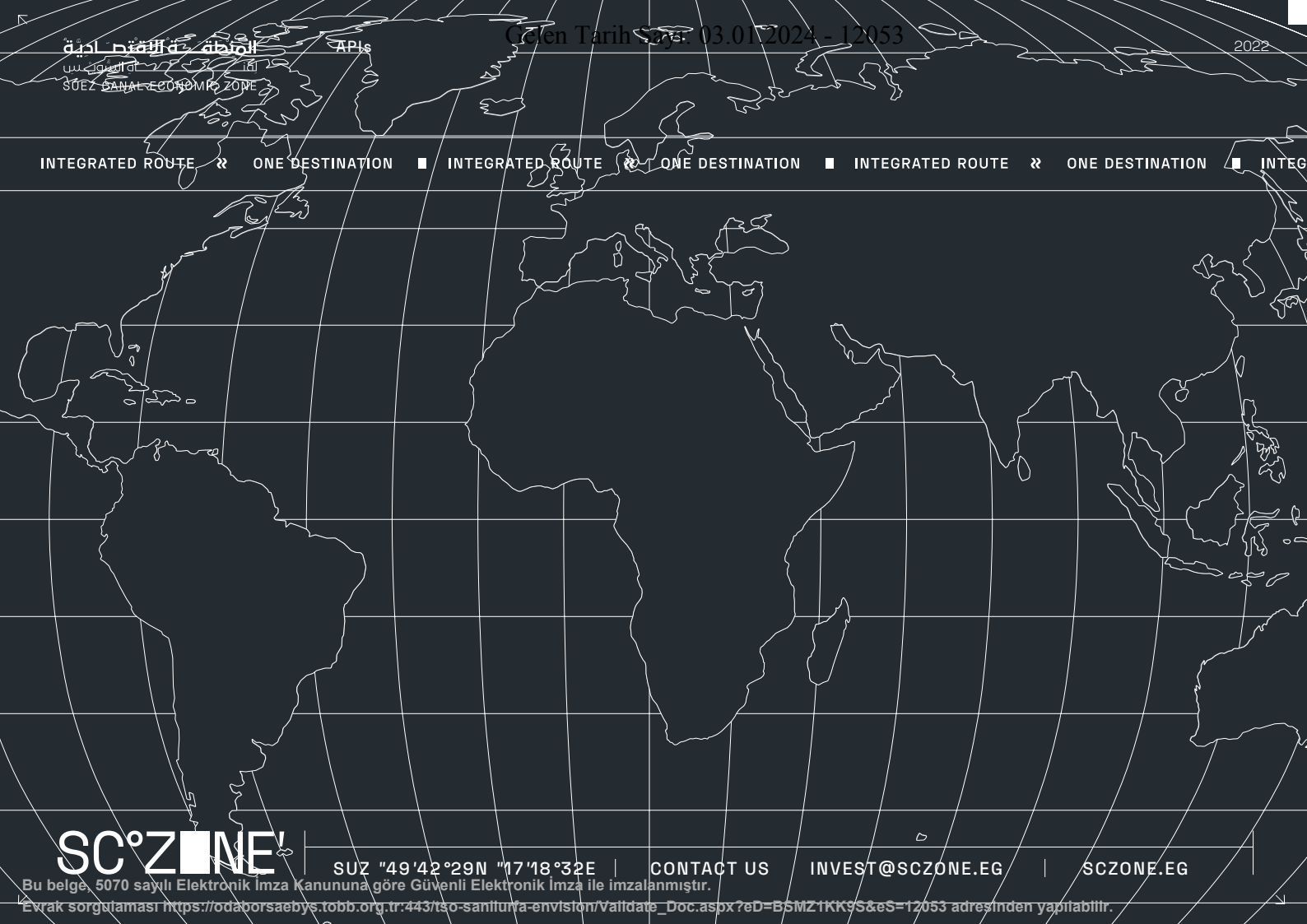

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EXECUTIVE SUMMARY

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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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Gelen Tarih Sayı: 03.01.2024 - 12053

001

CHAPTER ONE

WHY INVEST IN AUTOMOTIVE MANUFACTURING



Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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Powered by the Egyptian Automotive Industry Development Program (AIDP), car assembling and manufacturing offer vast opportunities in Egypt



SC°ZONE'

- UNIQUE LOCATION
- HIGHEST QUALITY STANDARDS
- RESILIENT ECONOMIC GROWTH

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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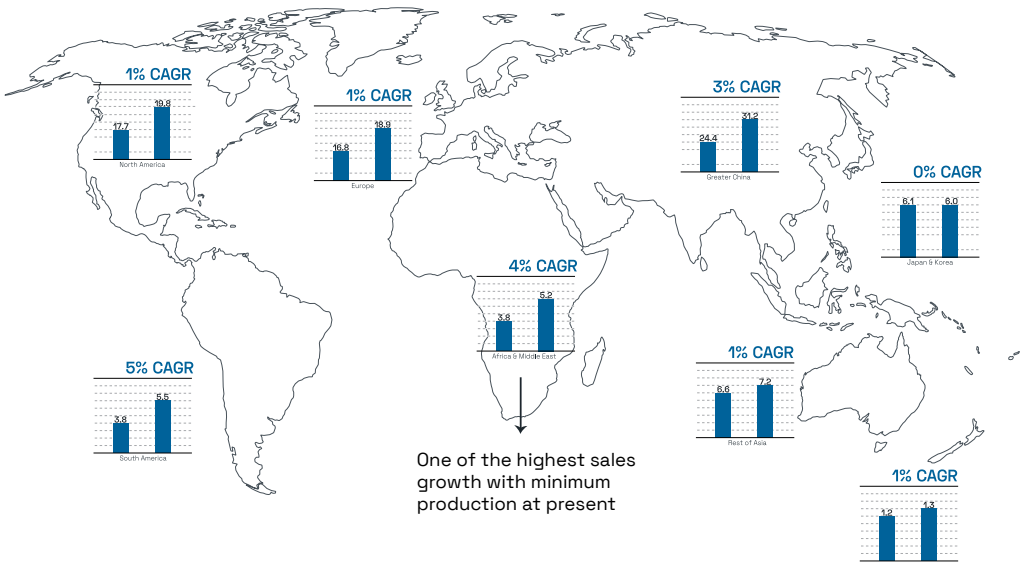
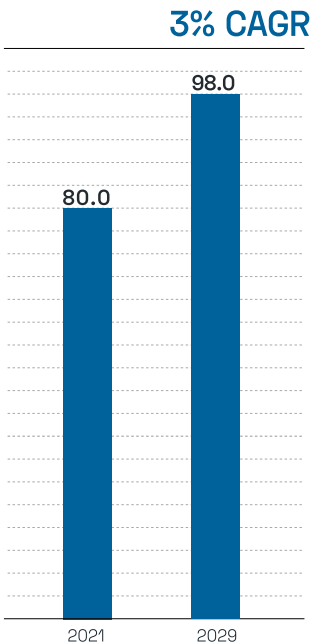
THE GLOBAL AUTOMOTIVE & COMPONENT MARKET IS GROWING AT 3%, WITH MEA EXPERIENCING HIGH GROWTH RATES



One of the highest sales growth with minimum production at present

GLOBAL LIGHT VEHICLE MARKET (MN UNITS)



Source: IHS Markit

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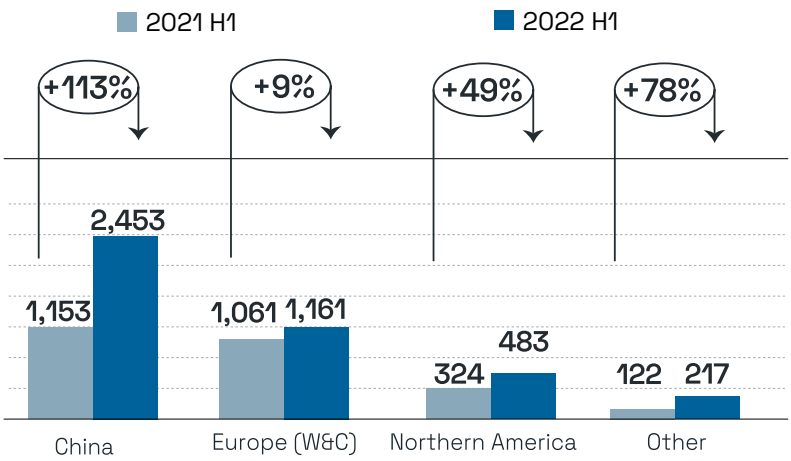
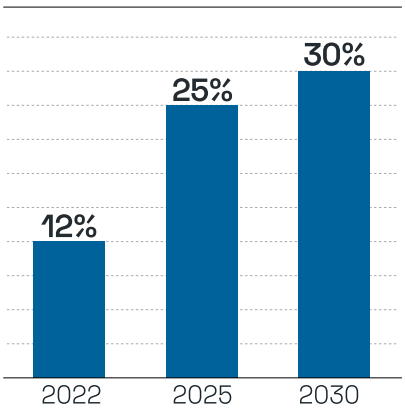
THE GLOBAL MARKET IS SHIFTING TOWARDS ELECTRIC VEHICLES

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%**

Sources: Statista, HIS Markit, Deloitte, IEA, EVVolumes

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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Gelen Tarih Sayı: 03.01.2024 - 12053

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



Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
Evrak sorgulaması https://odaborsaebys.tobb.org.tr:443/tso-sanliurfa-envision/Validate_Doc.aspx?eD=BSMZ1KK9S&eS=12053 adresinden yapılabilir.

Gelen Tarih Sayı: 03.01.2024 - 12053

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:

FOTON	GEELY	GM	STELLANTIS		WANXIANG GROUP
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

Source: Al Ahram

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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

Sources: Al Ahram, IEA

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Gelen Tarih Sayı: 03.01.2024 - 12053

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	CHEVROLET SUZUKI	CKD CKD
Ghabbour Auto	75,600	CHERY HYUNDAI GEELY Karry	CBU/CKD CBU/CKD CBU/CKD CKD
Egyptian German Automotive	45,000	DAIMLER KIA	CBU/CKD CKD
Seoudi - Renault/Nissan	36,000	NISSAN	CBU/CKD
Arab American Vehicles	17,500	Jeep TOYOTA	CKD CKD
Bavarian Auto Group	15,000	BRILLIANCE JINBEI	CBU/CKD CKD

Sources: IHS Automotive, McKinsey Expert interview, Al Ahram

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Gelen Tarih Sayı: 03.01.2024 - 12053

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

[2/2]

Manufacturer	Capacity	OEMs	Plant type
Geyushi	11,000	FAW	CKD
Seoudi-Suzuki	9,600	SSANGYONG SUZUKI	CBU CKD
Al Amal	5,000	BYD KING LONG LADA	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

Sources: IHS Automotive, McKinsey Expert interview, Al Ahram

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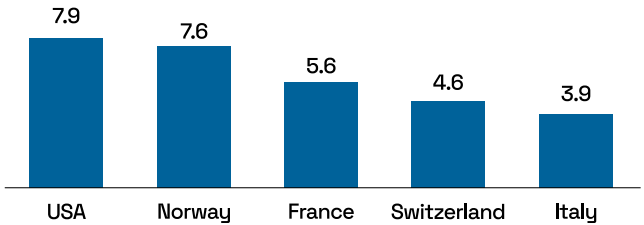
Gelen Tarih Sayı: 03.01.2024 - 12053

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

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

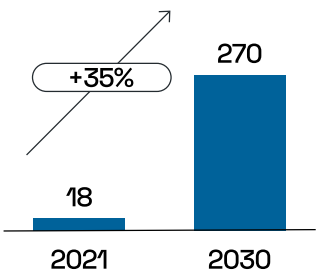
TOTAL IMPORTS: $174BN



*Excluding trucks

GLOBAL EV STOCK 2021-2030 (MN)

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



Sources: IEA, ITC

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

- Governments around the world have announced pledges and tragets that promise rapid increase in the number of EVs
- The global EV stock (exluding 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

Bu belge, 5070 Sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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Gelen Tarih Sayı: 03.01.2024 - 12053

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

Source: Ntsal Analysis, Statista, Visual Capitalist

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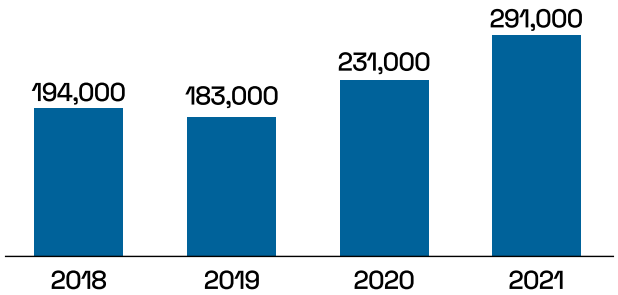
Gelen Tarih Sayı: 03.01.2024 - 12053

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

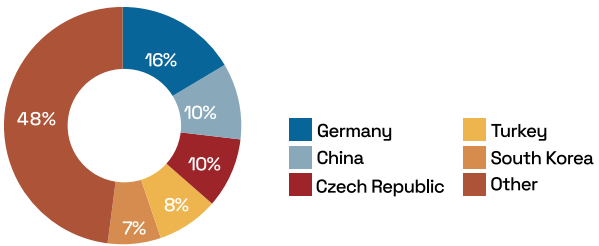
LOCAL AUTOMOTIVE ASSEMBLY IS A NECESSARY STEP TO MEET LOCAL DEMAND

- 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



Sources: Ntsal analysesi ITC, Al Ahram, Automotive Information Council

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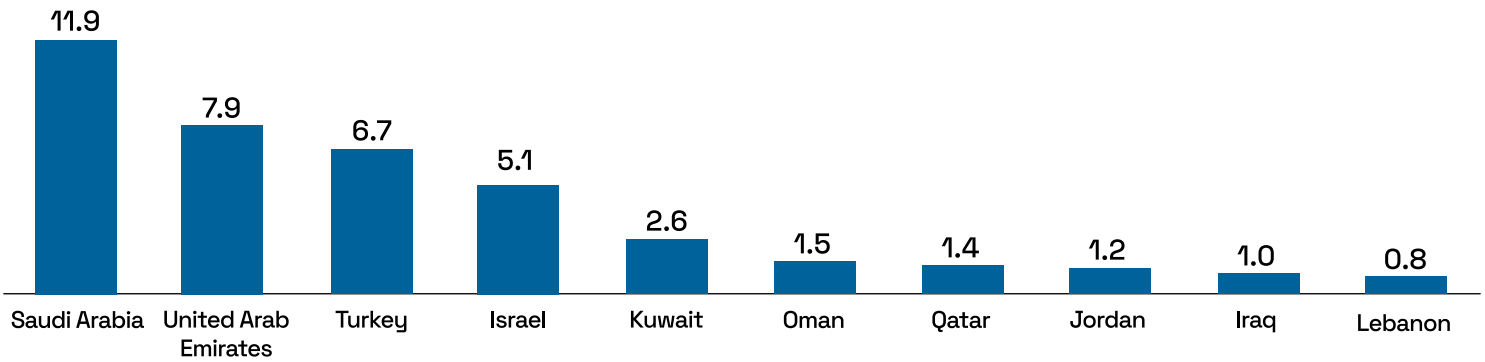
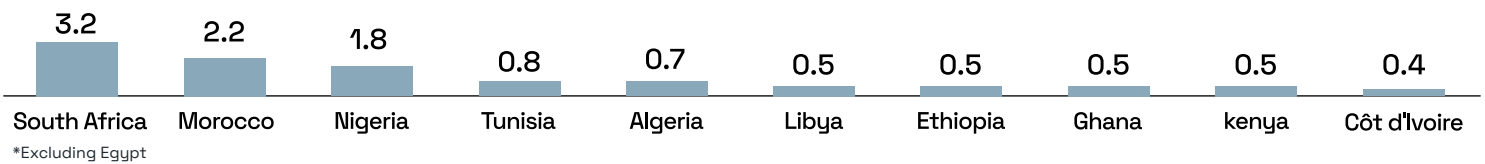
Gelen Tarih Sayı: 03.01.2024 - 12053

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

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Gelen Tarih Sayı: 03.01.2024 - 12053

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 KM² 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 M³/day
- A Wastewater Treatment Plant (capacity of 100,000 M³/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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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Gelen Tarih Sayı: 03.01.2024 - 12053



002

CHAPTER TWO

WHY EGYPT

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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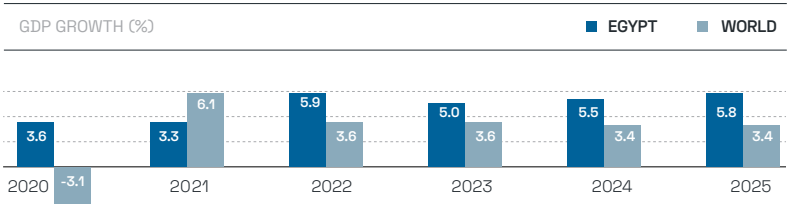
Gelen Tarih Sayı: 03.01.2024 - 12053

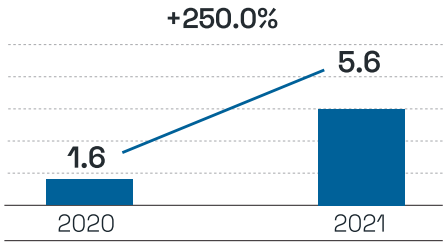
EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

GROWTH RATE EXCEEDING GLOBAL AVERAGES

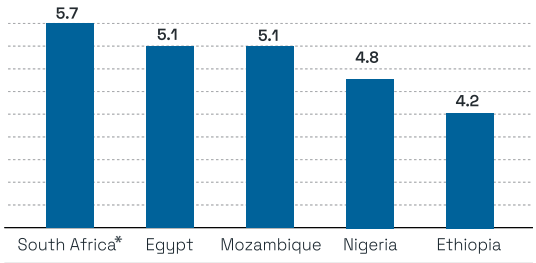


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

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

Bu belge 5070 sayılı Elektronik İmza Kanunu'na Güvenli Elektronik İmza ile imzalanmıştır.
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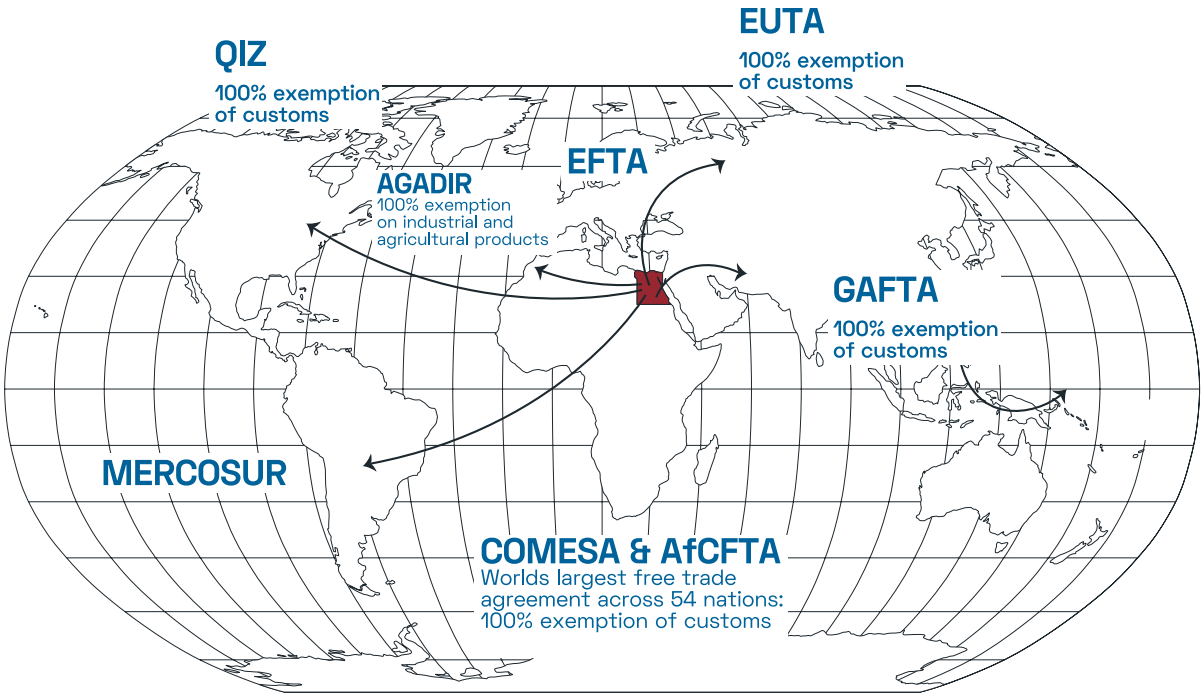
Gelen Tarih Sayı: 03.01.2024 - 12053

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

Source: General Authority for Investments (GAFI)

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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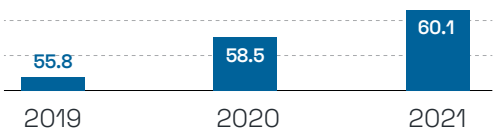
Gelen Tarih Sayı: 03.01.2024 - 12053

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

LEGISLATIVE AND INSTITUTIONAL REFORMS

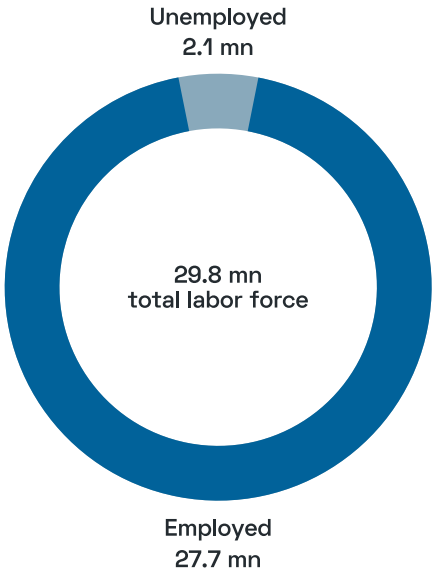
- Facilitating trade by automated customs system "Nafeza" [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

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



Sources: CAPMAS Egypt in Figures 2021; World Bank Doing Business, GCI, US ITA, Egypt Today

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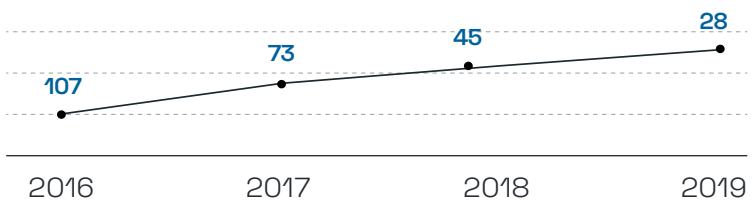
EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

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

Sources: Enterprise Egypt, Egypt today, Al Ahram, IDSC, MPED "7 Years of Building" Report, Amcham

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Gelen Tarih Sayı: 03.01.2024 - 12053



003

CHAPTER THREE

WHY SCZONE

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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 الأدبية

05 SOKHNA PORT
ميناء السخنة

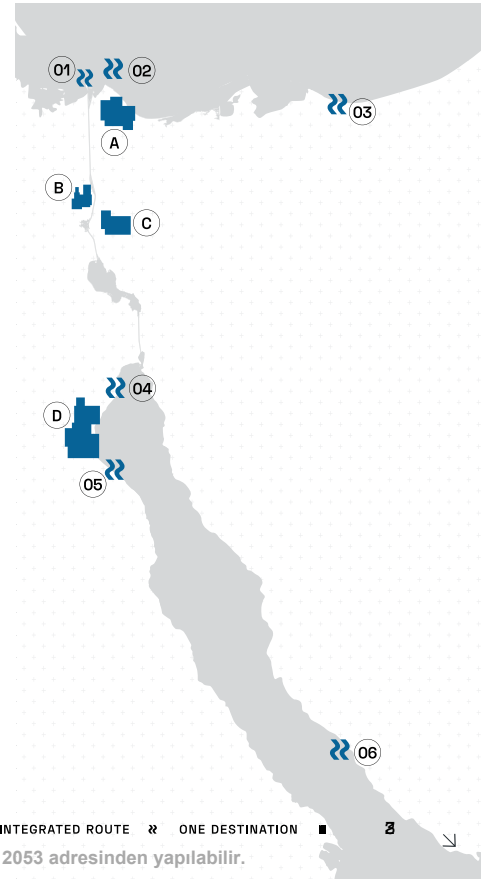
06 ALTOR PORT
ميناء الطور

A EAST → PORTSAID INDUSTRIAL ZONE
المنطقة الصناعية شرق بورسعيد →

B WEST ← QANTARA INDUSTRIAL ZONE
المنطقة الصناعية غرب ← قنطرة

C EAST → ISMAILIA INDUSTRIAL ZONE
المنطقة الصناعية شرق الإسماعيلية →

D SOKHNA INDUSTRIAL ZONE
المنطقة الصناعية السخنة



INTEGRATED ROUTE ONE DESTINATION

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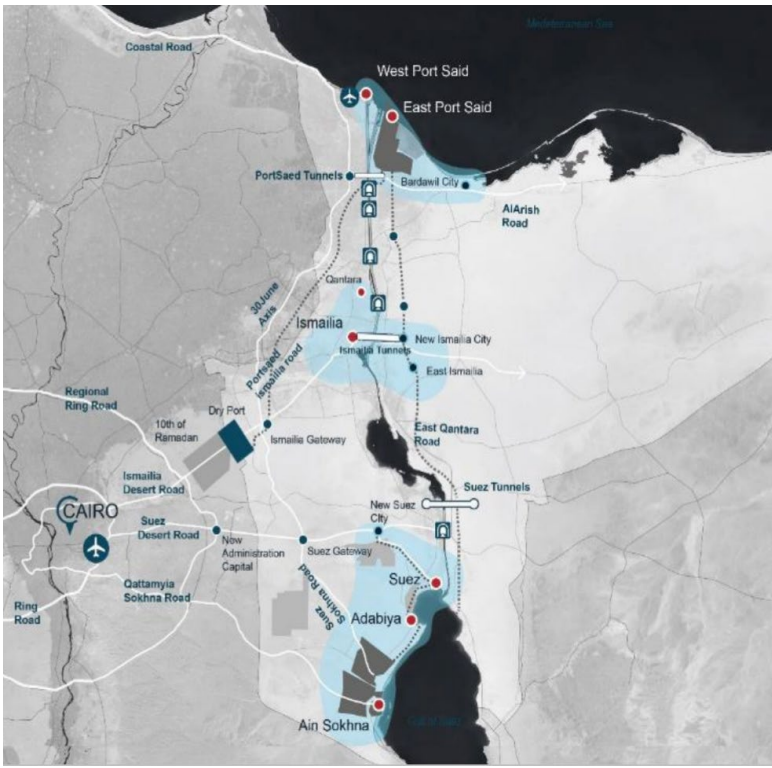
SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE (SUEZ CANAL) WITH

REGIONAL CONTEXT

1.3 BN
GROSS CARGO TRAFFIC/YEAR

12%
INTERNATIONAL TRADE/YEAR

>20K
SHIPS/YEAR



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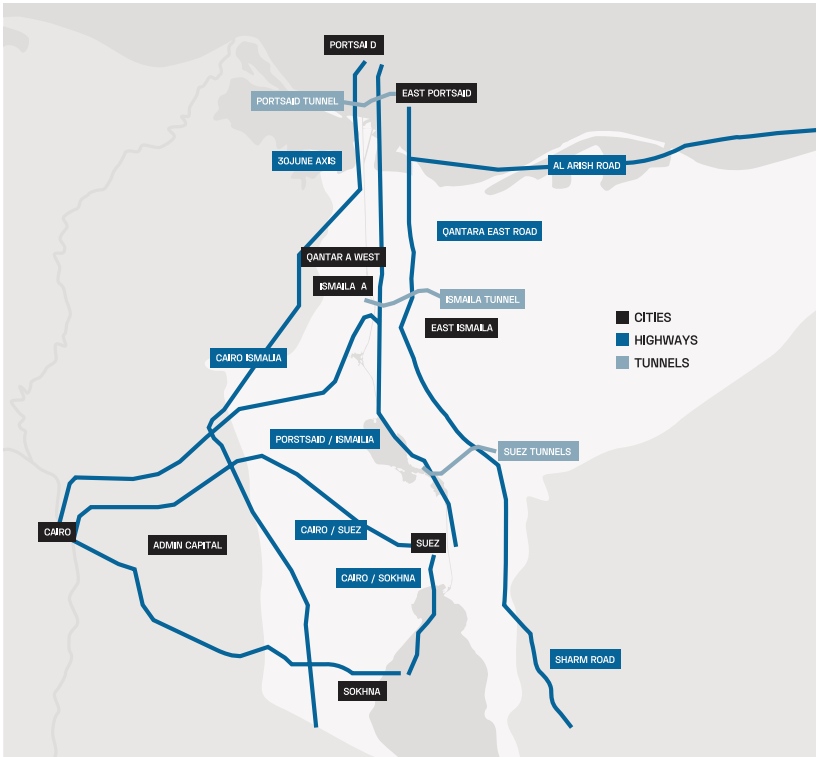
Gelen Tarih Sayı: 03.01.2024 - 12053

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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
Evrak sorgulaması https://odaborsaebys.tobb.org.tr:443/tso-sanliurfa-envision/Validate_Doc.aspx?eD=BSMZ1KK9S&eS=12053 adresinden yapılabilir.

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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

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

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

EXPORT SUPPORT PROGRAM

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

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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

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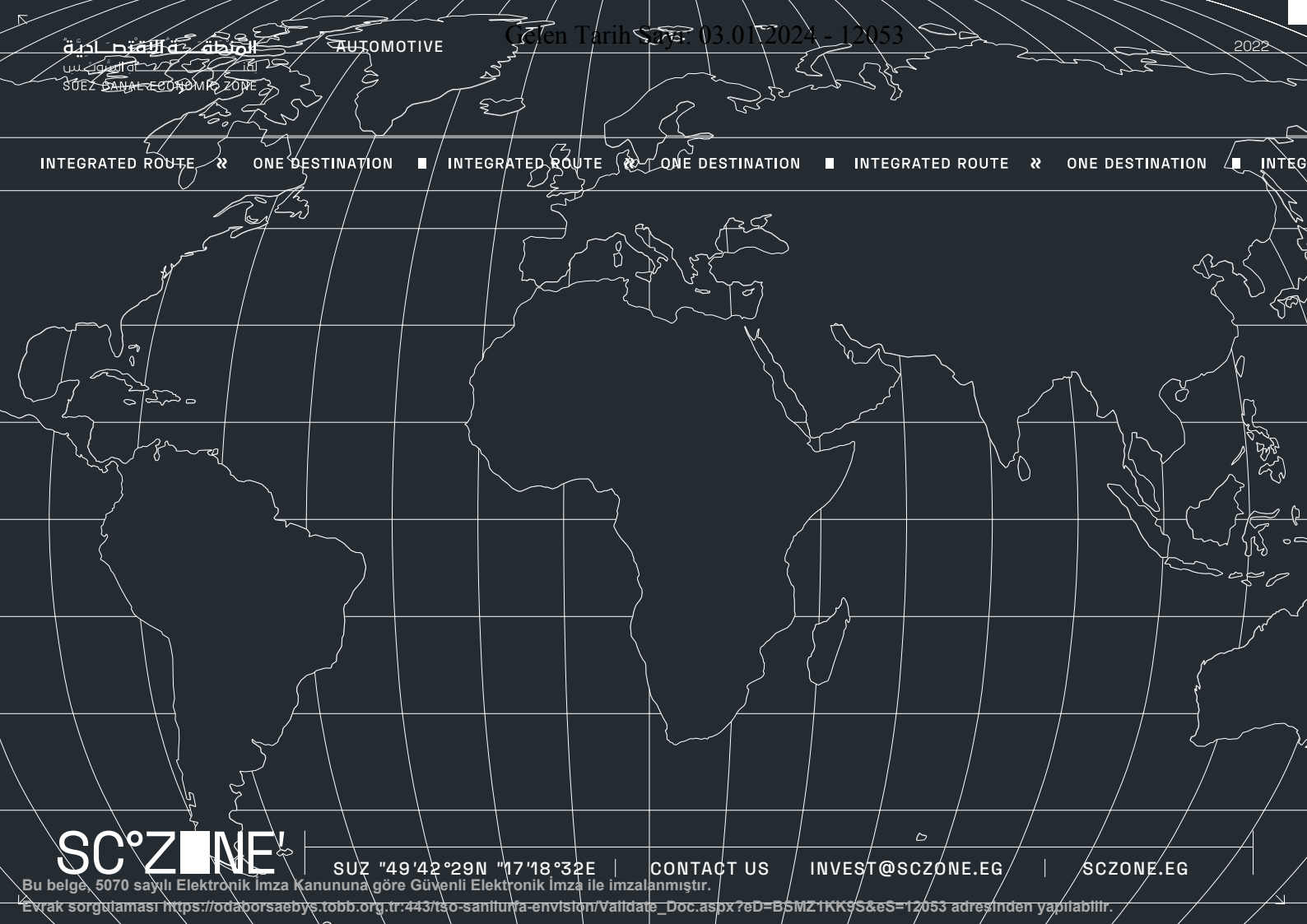

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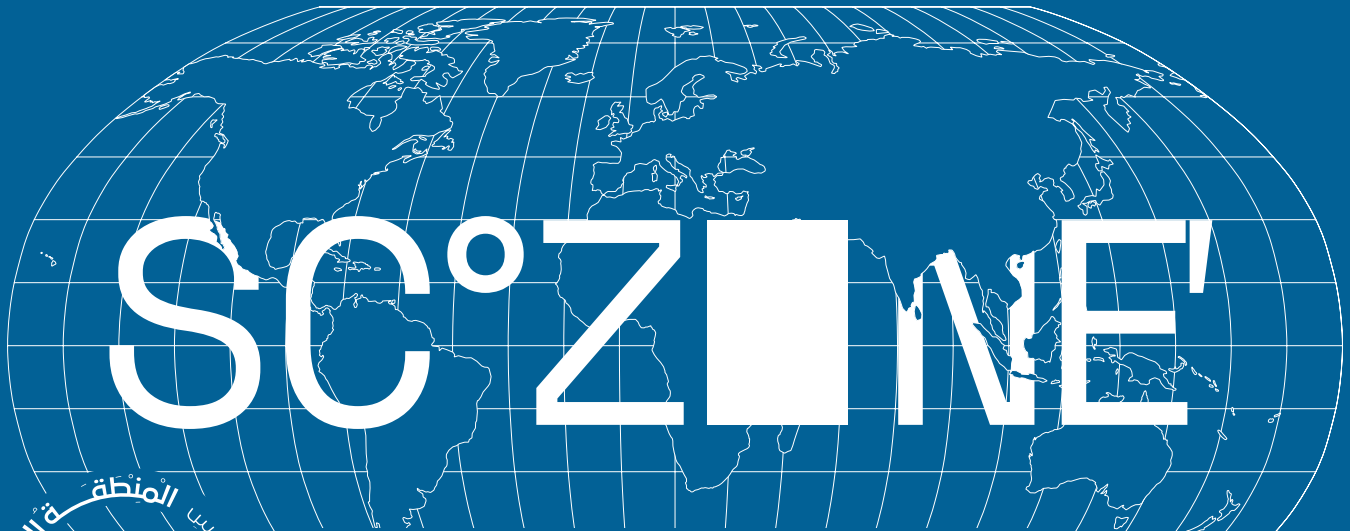
المنطقة الاقتصادية لقناة السويس
SUEZ CANAL ECONOMIC ZONE

MEDICAL DEVICES

2022

GRATED ROUTE » ONE DESTINATION ■ INTEGRATED ROUTE » ONE DESTINATION ■ INTEGRATED ROUTE » ONE DESTINATION ■ INTEGRATED R



SCZONE

INVESTMENT OPPORTUNITIES FOR MEDICAL DEVICES MANUFACTURING

MEDICAL DEVICES

SUEZ 48°42'20"N 17°18°32E

SCZONE.EG

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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001

CHAPTER ONE

WHY INVEST IN THE MANUFACTURING OF MEDICAL EQUIPMENT



Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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With the Largest Healthcare Sector in the Middle East, Egypt offers Significant Investment Opportunities for Medical Device Manufacturing

SC°ZONE'

- UNIQUE LOCATION
- HIGHEST QUALITY STANDARDS
- RESILIENT ECONOMIC GROWTH

المنطقة الاقتصادية لقناة السويس
SUEZ CANAL ECONOMIC ZONE

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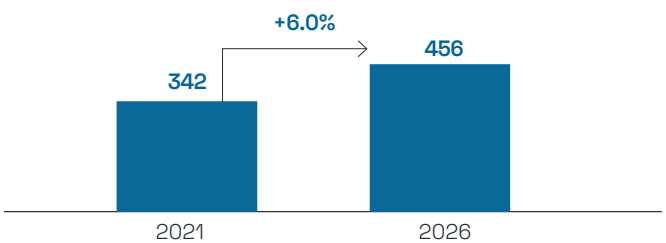
THE GLOBAL MEDICAL DEVICES MARKET HAS GROWN BY 33% OVER THE PAST 5 YEARS

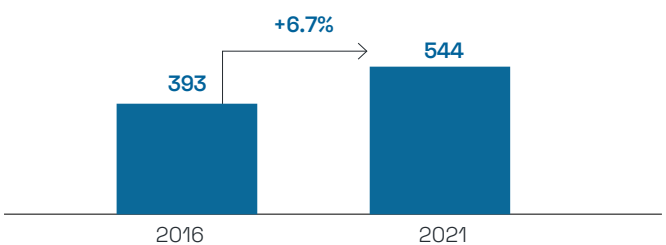
GLOBAL MEDICAL DEVICES MARKET

[$BN]

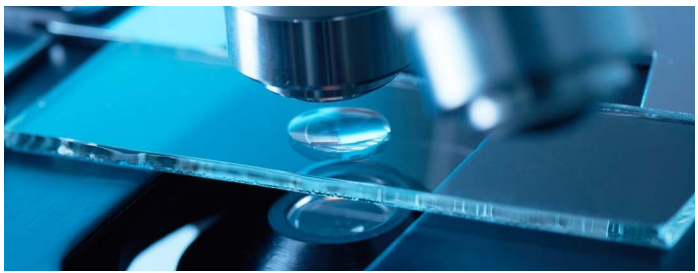


GLOBAL TRADE VALUE OF MEDICAL DEVICES 2021

[$BN]



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



- 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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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.

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik imza ile imzalanmıştır.
Evrak sorgulaması https://odaborsaebys.tobb.org.tr:443/tso-sanliurfa-envision/Validate_Doc.aspx?eD=BSMZ1KK9S&eS=12053 adresinden yapılabilir.

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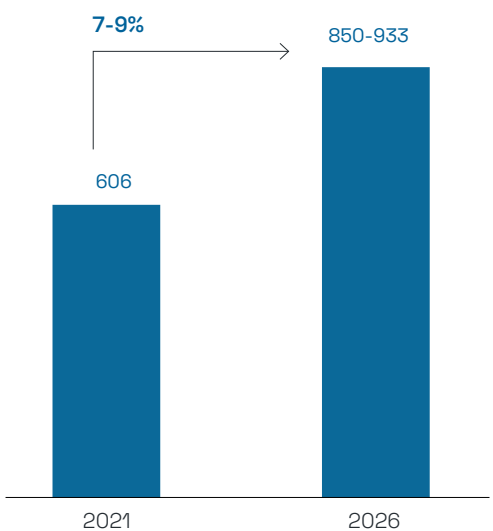
EGYPT'S MEDICAL DEVICES MARKET IS ONE OF THE FASTEST GROWING IN THE REGION

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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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INCREASING FUTURE DEMAND BASED ON MODERNIZATION OF A HIGH NUMBER OF TREATMENT FACILITIES AND HIGH IMPORT DEPENDENCY

5,424 as of 2020

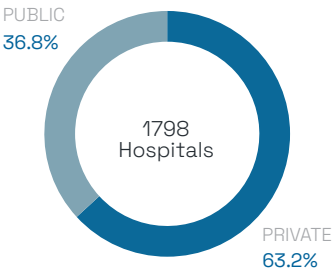
TREATMENT FACILITIES (EXCLUDING HOSPITALS)

$442 MN

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

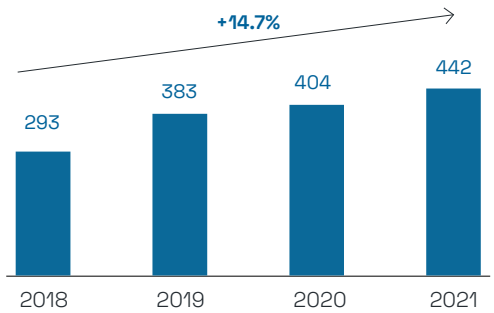
TOTAL HOSPITALS IN EGYPT

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

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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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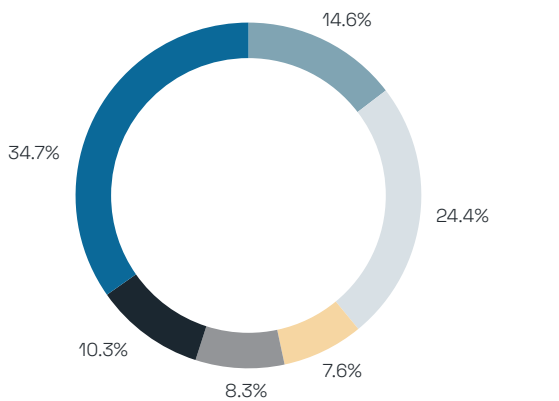
WHILE THE MEDICAL DEVICE MARKET IS DIVERSE, CONSUMABLES AND DIAGNOSTIC IMAGING ARE TWO KEY PILLARS OF FUTURE MARKET GROWTH

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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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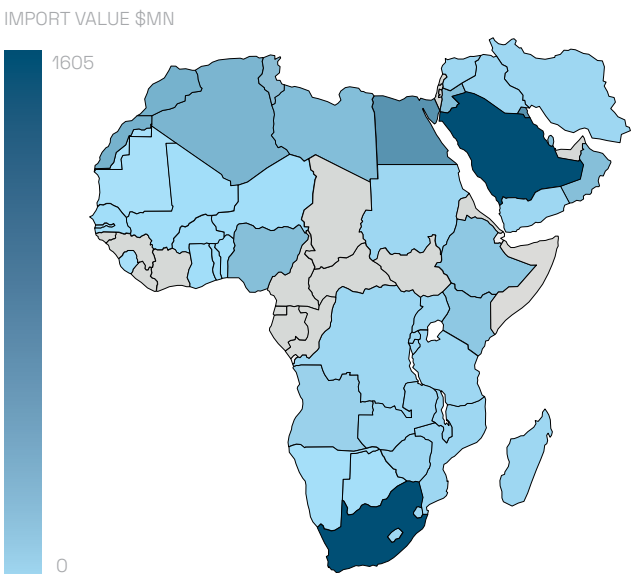
MEA'S MEDICAL DEVICES MARKET IS FORECASTED TO REACH $13.5BN BY 2027

MEA'S MEDICAL DEVICES IMPORTS EXCEED $8.5BN



- 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

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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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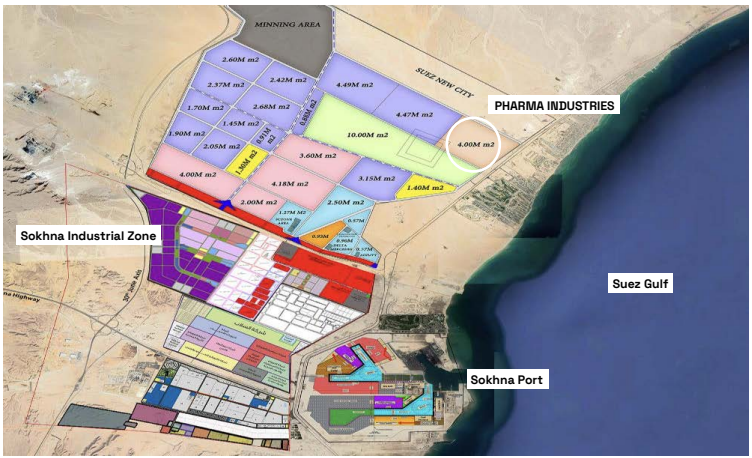
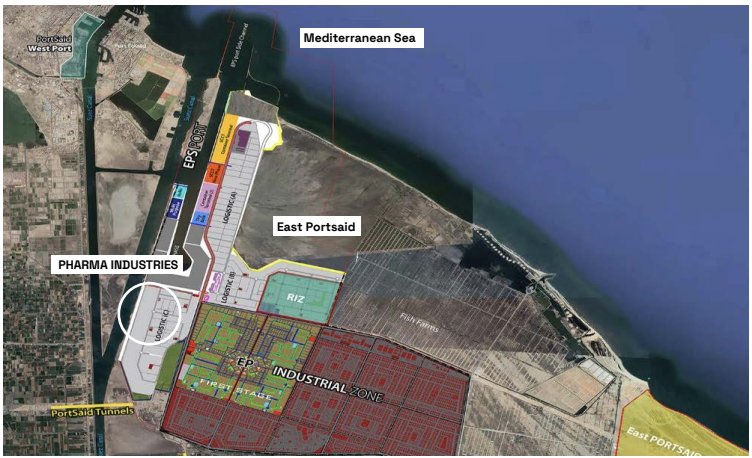
YOUR FACTORY WILL BE LOCATED IN A SPECIALIZED INDUSTRIAL CLUSTER WITH ACCESS TO ALL REQUIRED FACILITIES

SCZONE OFFERING AN AREA OF 300 KM² IN
(1) SOKHNA INDUSTRIAL ZONE



SCZONE OFFERING AN AREA OF 230 KM² IN
(2) EAST PORTSAID INDUSTRIAL ZONE



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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 valueadded 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

Data: University Bureau of International Commerce and Economics (CABMEC); World Bank

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002

CHAPTER TWO

WHY EGYPT

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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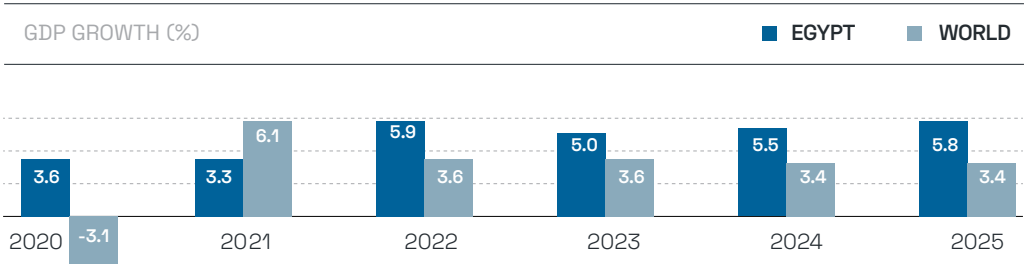
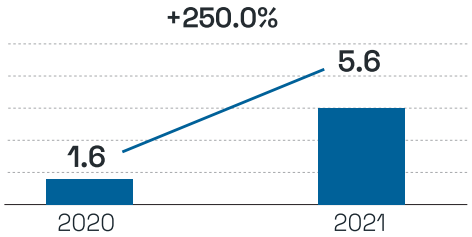
EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

GROWTH RATE EXCEEDING GLOBAL AVERAGES

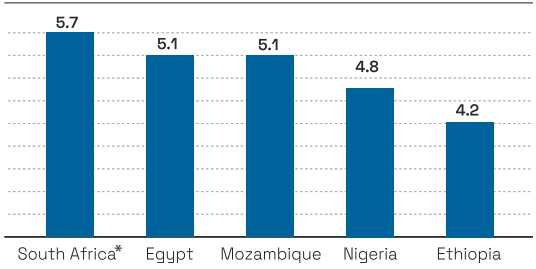


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

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

Bu belge, 5070 sayılı Elektronik İmza Kanunu'na Güvenli Elektronik İmza ile imzalanmıştır.
Evrak sorgulaması https://odaborsaebys.tobb.org.tr:443/tso-sanliurfa-envision/Validate_Doc.aspx?eD=BSMZ1KK9S&eS=12053 adresinden yapılabilir.

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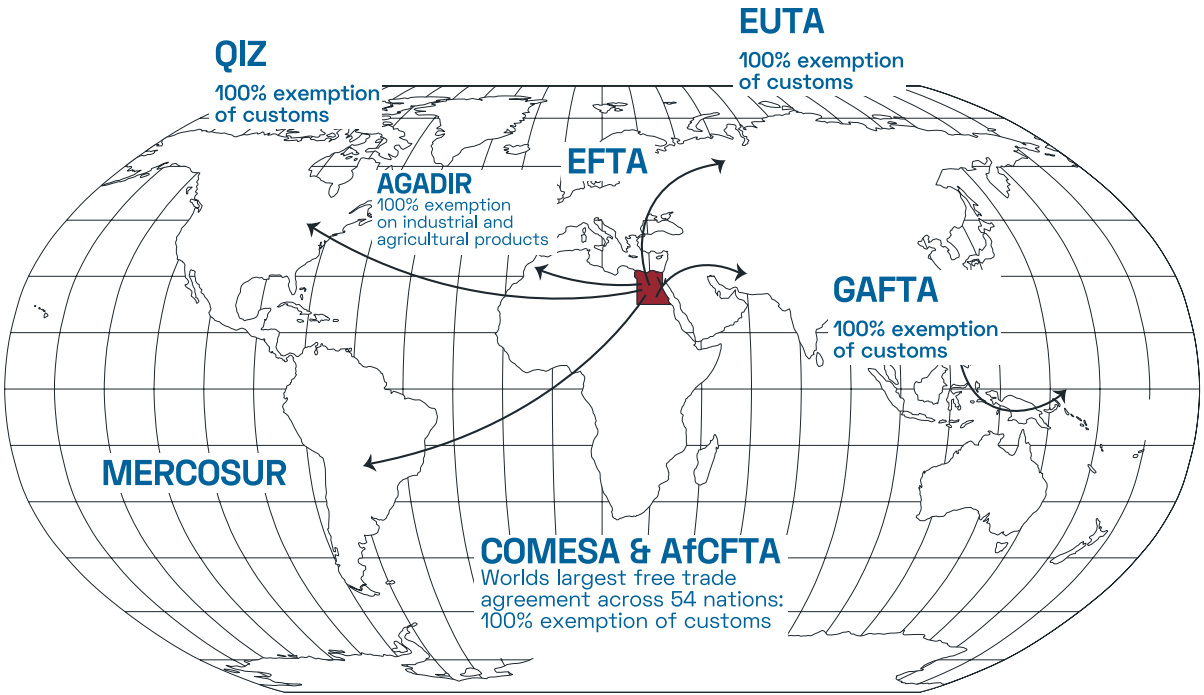
WITH 12% OF GLOBAL TRADE PASSING THROUGH THE SUEZ CANAL, EGYPT IS STRATEGICALLY LOCATED AND SUPPORTED BY REGIONAL FREE TRADE AGREEMENTS



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

Source: General Authority for Investments (GAFI)

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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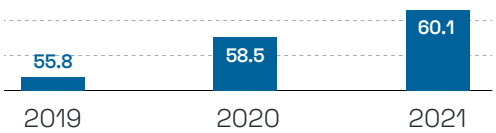
THE GOVERNMENT'S RECENT ECONOMIC AND STRUCTURAL REFORMS ARE BEARING FRUIT

LEGISLATIVE AND INSTITUTIONAL REFORMS

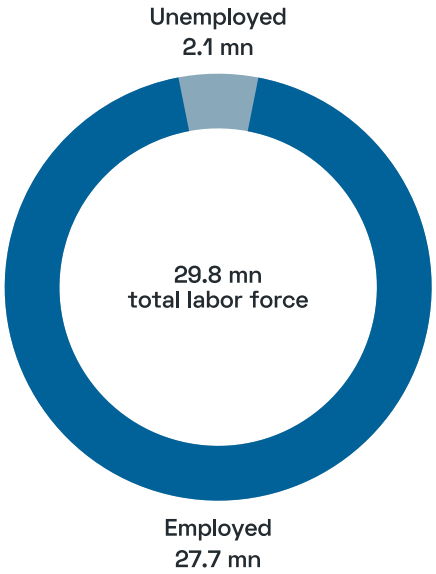
- Facilitating trade by automated customs system "Nafeza" [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

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



Sources: CAPMAS Egypt in Figures 2021; World Bank Doing Business, GCI, US ITA, Egypt Today

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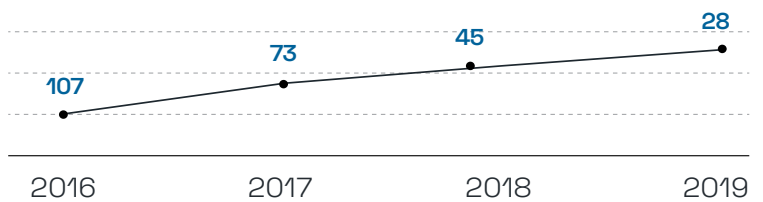
EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

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

Sources: Enterprise Egypt, Egypt today, Al Ahram, IDSC,MPED "7 Years of Building" Report, Amcham

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003

CHAPTER THREE

WHY SCZONE

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

31°14'35" 32°18'18"
01 WEST ← PORTSAID PORT
ميناء غرب بورسعيد ←

31°12'26" 32°21'26"
02 EAST → PORTSAID PORT
ميناء شرق بورسعيد →

30°59'02" 32°29'46"
03 ALARISH PORT
ميناء العريش

29°53'23" 32°27'40"
04 ADABYIA PORT
ميناء الأدبية

29°39'06" 32°21'13"
05 SOKHNA PORT
ميناء السخنة

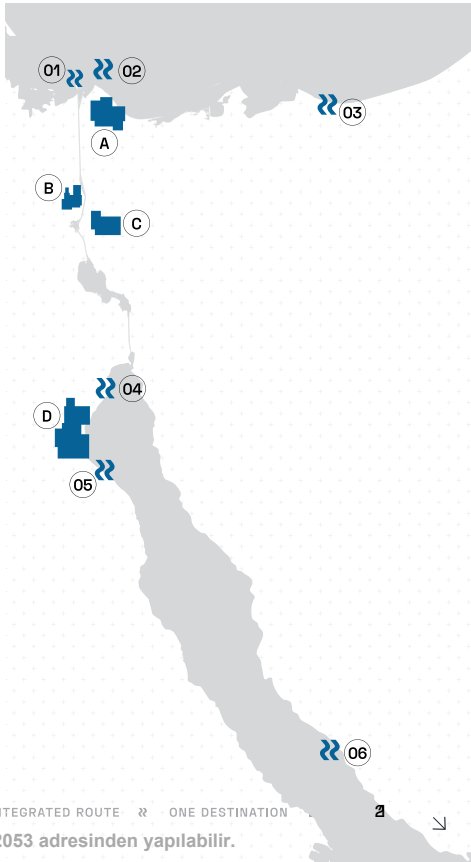
30°06'56" 32°22'18"
A EAST→PORTSAID INDUSTRIAL ZONE
المنطقة الصناعية شرق← بورسعيد

30°05'40" 32°16'59"
B WEST ← QANTARA INDUSTRIAL ZONE
المنطقة الصناعية غرب ← قنطرة

30°37'14" 32°21'15"
C EAST→ ISMAILIA INDUSTRIAL ZONE
المنطقة الصناعية شرق→ الإسماعيلية

29°59'12" 32°16'37"
D SOKHNA INDUSTRIAL ZONE
المنطقة الصناعية السخنة

29°42'47" 32°18'18"
06 ALTOR PORT
ميناء الطور



INTEGRATED ROUTE » ONE DESTINATION

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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



Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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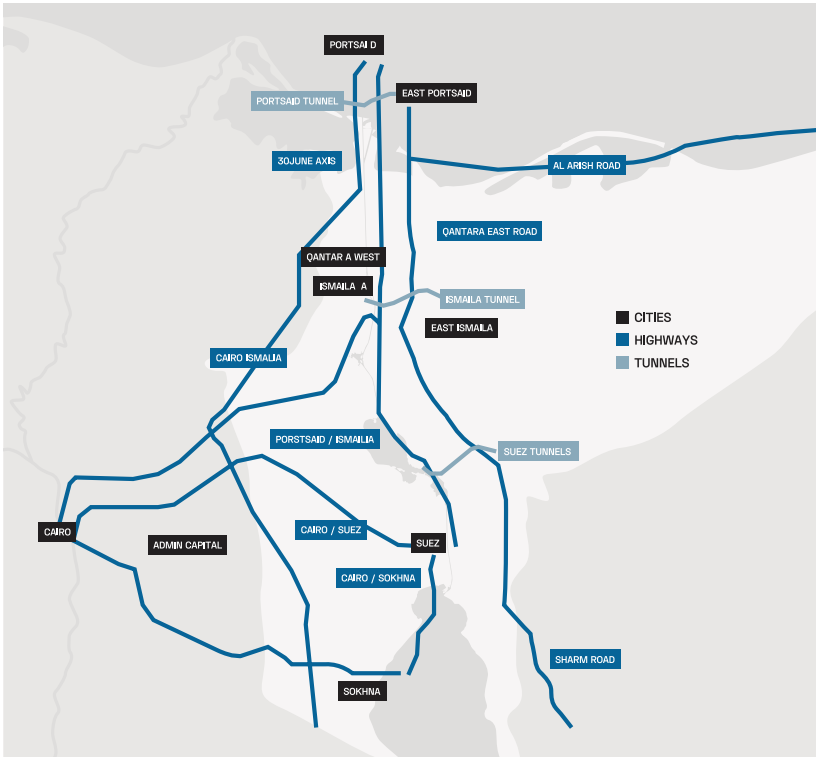
Gelen Tarih Sayı: 03.01.2024 - 12053

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



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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

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

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

EXPORT SUPPORT PROGRAM

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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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Gelen Tarih Sayı: 03.01.2024 - 12053

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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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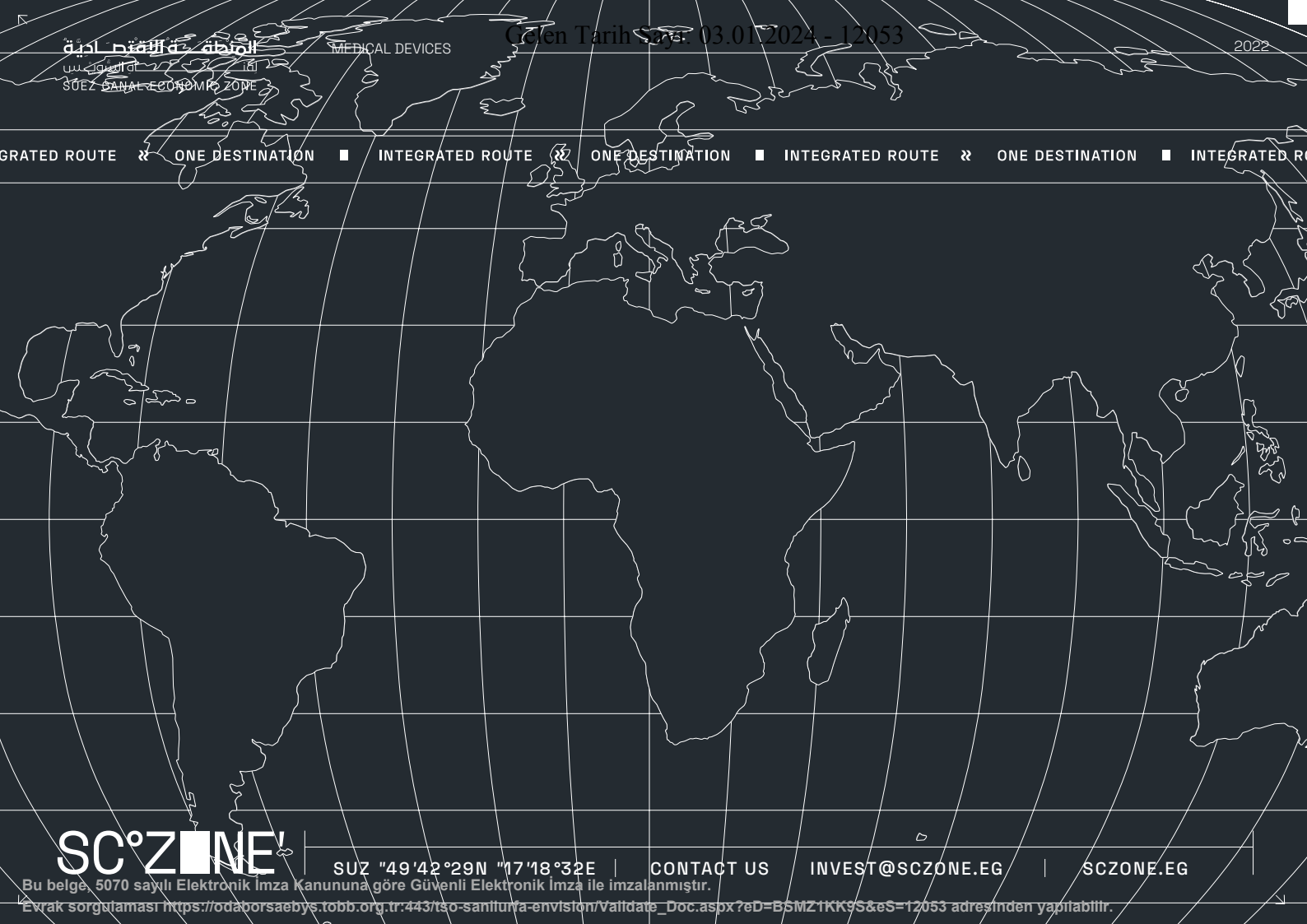

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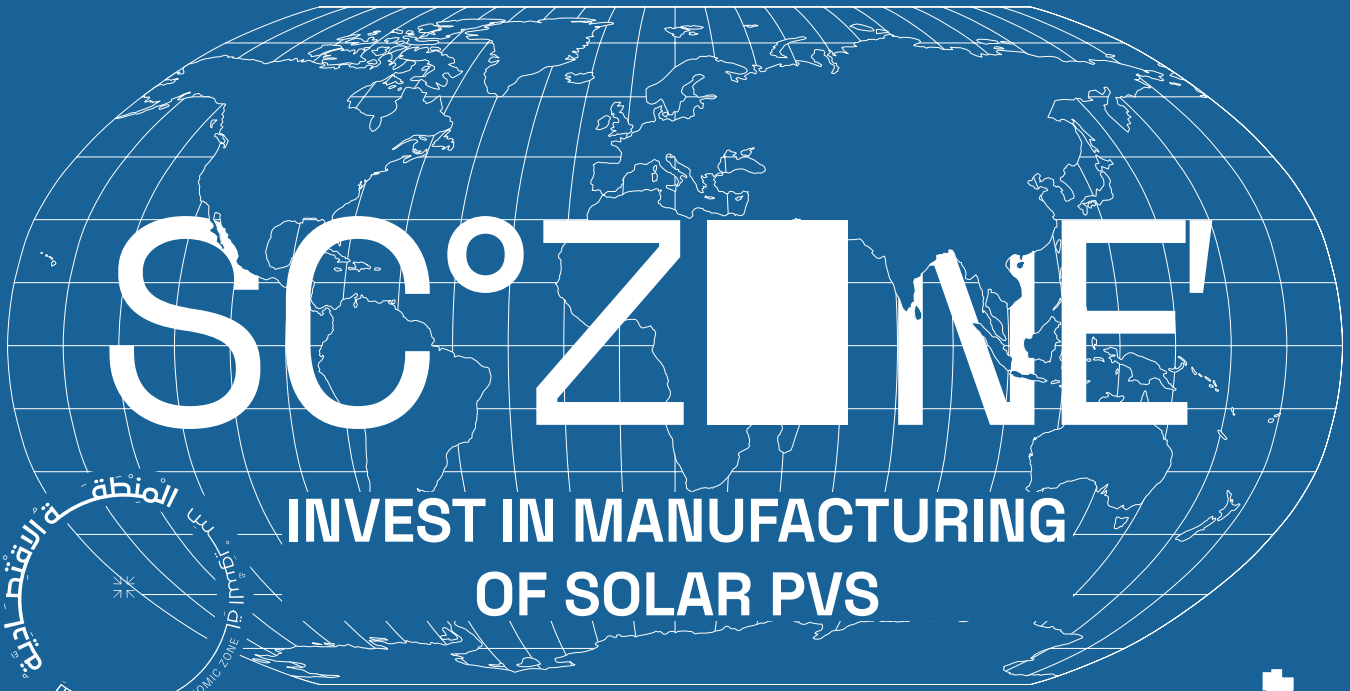
المنطقة الاقتصادية لقناة السويس
SUEZ CANAL ECONOMIC ZONE

SOLAR PV

2022

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



SCZONE

INVEST IN MANUFACTURING OF SOLAR PVS

المنطقة الاقتصادية لقناة السويس
SUEZ CANAL ECONOMIC ZONE

SOLAR PV | SUZ "49'42°29N "17'18°32E | SCZONE.EG

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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^2 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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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001

CHAPTER ONE

WHY INVEST IN SOLAR PV



Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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Egypt is considered a "sunbelt" country with 2,000 to 3,000 kWh/m² 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

Source: International Trade Administration

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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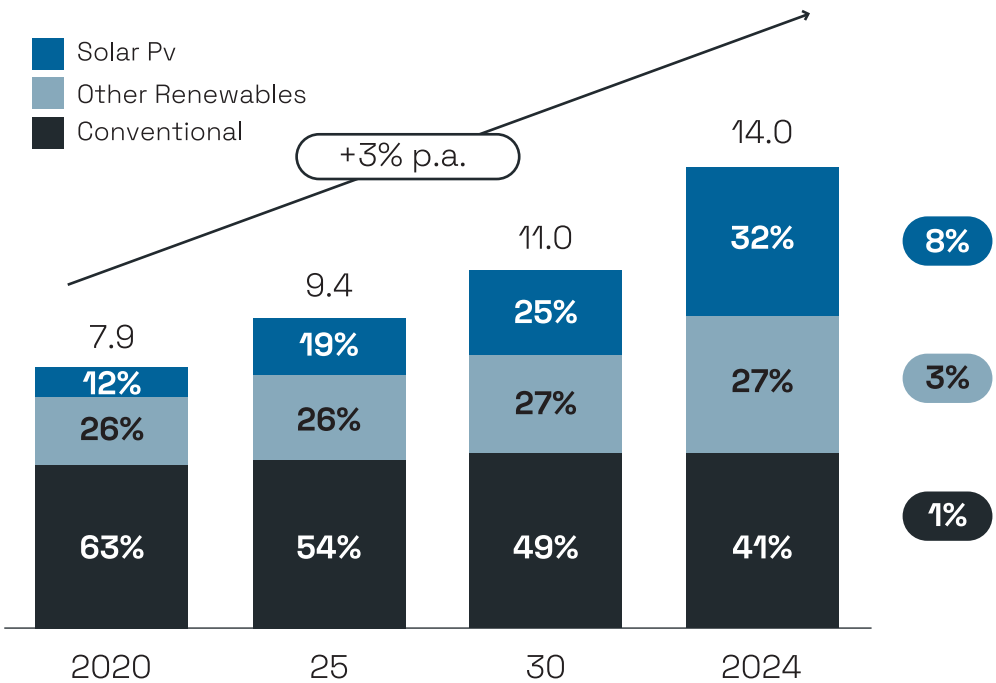
RENEWABLE ENERGY IS EXPECTED TO GROW AT A LARGE SCALE WITH SOLAR ENERGY LEADING THE WAY

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

Source: Energy Insight Bloomberg NEF Emerging Economies 2017 X% X% X% CAGR

Bu belge, 5070 Sayılı Elektronik İmza Kanununa göre güvenli elektronik imza ile imzalanmıştır.
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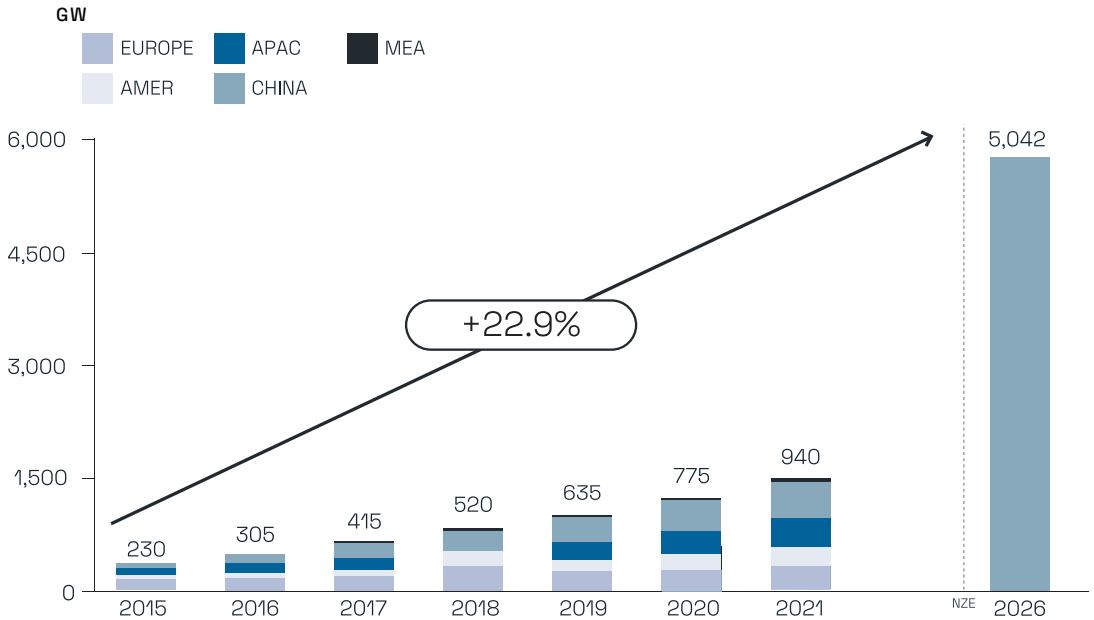
GROWING GLOBAL DEMAND IS REFLECTED IN THE GROWTH OF SOLAR PV CAPACITY

TOTAL SOLAR PV INSTALLED CAPACITY



Source: IEA, Solar Power

- 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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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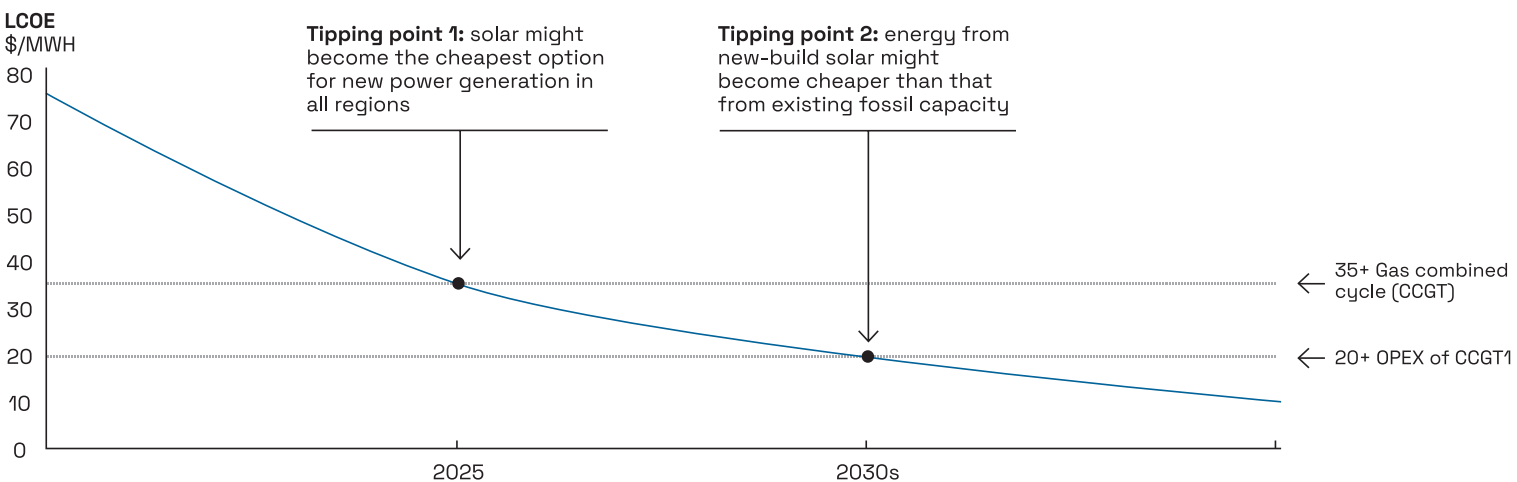
TWO SIGNIFICANT TIPPING POINTS IN PRICE MIGHT FURTHER ACCELERATE SOLAR PV ADOPTION

TIPPING POINTS MAY LEAD TO SIGNIFICANT INCREASE IN SOLAR PV ADOPTION



Source: Bloomberg New Energy

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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
PRODUCTION EQUIPMENT	■ Shift from relying on std. equipment of ex-ternal vendors towards customized tools, or even captive production equipment	Business model shifts in evaluation		Medium
	■ Continuation of productivity & quality enhancement (e.g., throughput, yield)	Ongoing	n/a	Medium
WAFER LEVEL	■ Shift to larger wafer sizes to lower cost (requires new production equipment)	Ramping at very selective OEMs		Medium
	■ Wafer thickness & Kerf loss reduction	Ongoing	n/a	Low
	■ Commercialization of **Cz n-type**	Ramping at very selective OEMs		Low
CELL LEVEL	■ Cells with n-type base material including bifacial functionality	Commercially available		Medium
	■ PERC (rear-side passivation) for p-type	Commercially Available		Medium
	■ Continuation of cell eff. increases by pro-cess improvements (metallization, do-ping, texturing) & cell concepts (TopCon)	Ongoing		Low to Medium

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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
SOLARCELL LEVEL	■ **Tandem cell** structures based on silicon base with **perovskite layer** increases cell efficiency up to 28%	Lab-Scale	Unclear	Medium to High
	■ **Bifacial modules** capturing indirect sunlight through albedo effect	Commercially Available		Medium to High
MODULE LEVEL	■ **High watt class products** (> 500/600W) reducing cost of handling & sub-structure	Ramping at selective OEMs		Medium to High
	■ **Module aesthetics** becoming more important	Commercially Available		Zero
	■ **Product diversification** (e.g., flex, color, embedded electronics, form factor)	Commercially Available		Zero
SYSTEM LEVEL	■ **Pre-fabrication of module**s – e.g., CEP mobile tracker solutions	Commercially Available		Low
	■ **Simplified ground-mounting** systems – e.g., PEG east/west system	Commercially Available		Low
	■ **Digital planning & engineering process** to increase efficiency	Increasing deployment		Medium

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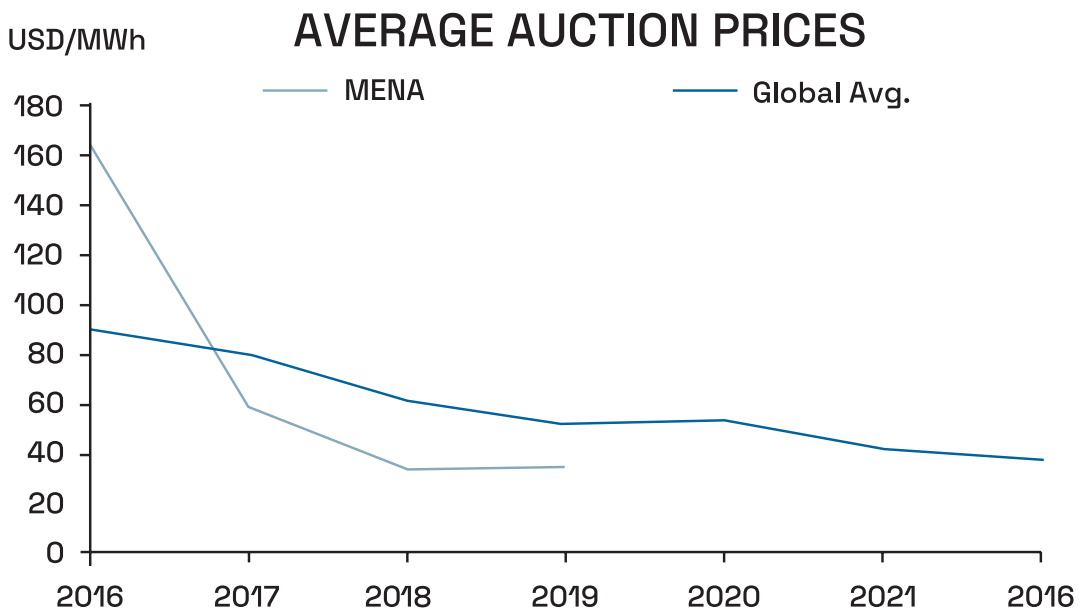
AVERAGE AUCTION PRICES FOR SOLAR PV ARE DECLINING, WITH MENA BEING ONE OF THE MOST COST-EFFICIENT REGIONS



- 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

Source: IEA 2022

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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

Source: Global Energy Monitor; IRENA; Renewable energy market analysis; WHO; Statista

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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EGYPT'S OPERATING SOLAR CAPACITY IS ONE OF THE LARGEST IN THE MENA REGION

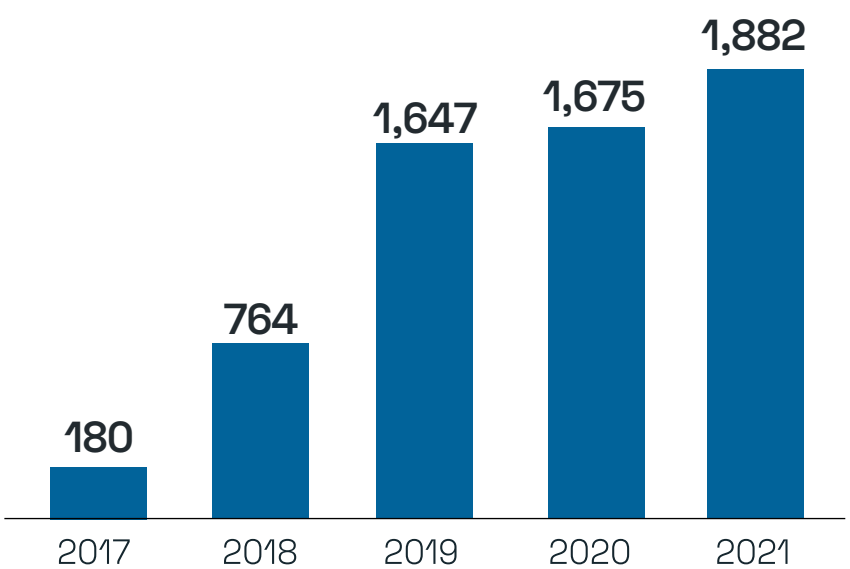
1,882 MW

OPERATING SOLAR CAPACITY

2nd

LARGEST OPERATING SOLAR CAPACITY IN THE MENA REGION

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



Source: Global Energy Monitor; IRENA; Renewable energy market analysis; WHO; Statista

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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

... AND SUPPORTED BY RENEWABLE ENERGY REGULATIONS

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

2022

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**

Source: IEA, Egypt Vision 2030, IRENA Egypt Renewable Energy

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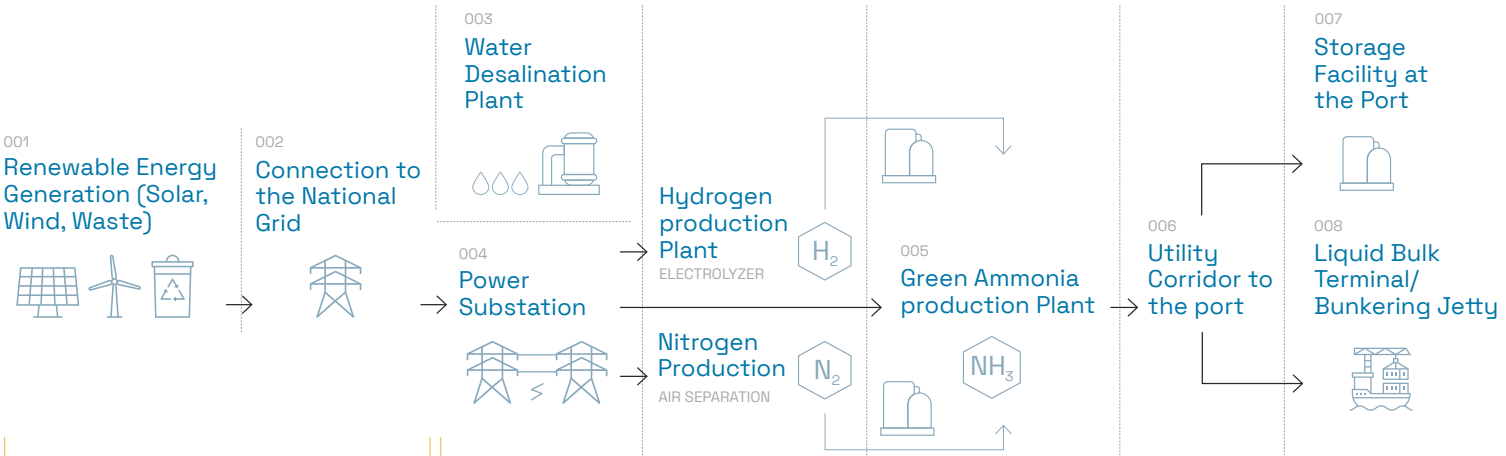
ALIGNED WITH EGYPT'S VISION, RENEWABLE ENERGY IS AN INTEGRAL PART OF SCZONE'S NEW GREEN FUEL CLUSTER WITH PV MANUFACTURING IN FOCUS

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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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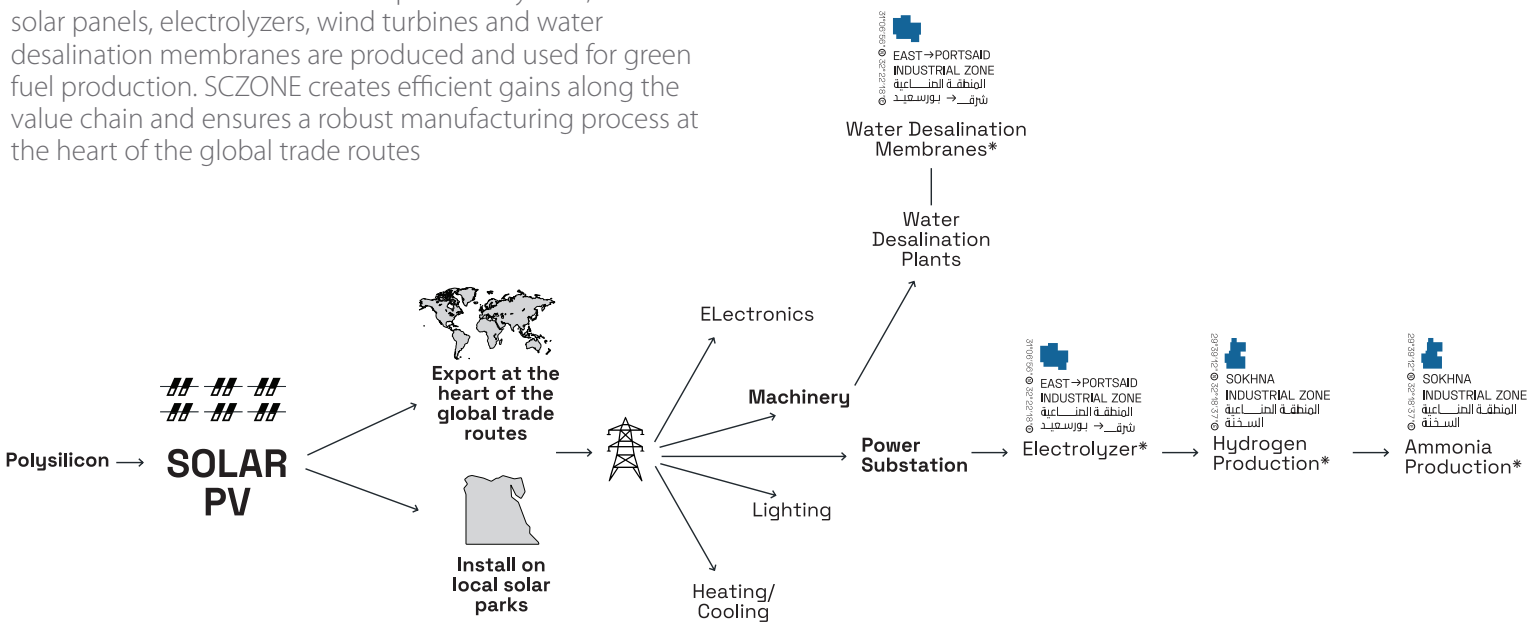
SOLAR PANELS PRODUCED IN THE SCZONE CAN BE EXPORTED OR INSTALLED DOMESTICALLY TO POWER EGYPT'S NATIONAL GRID

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

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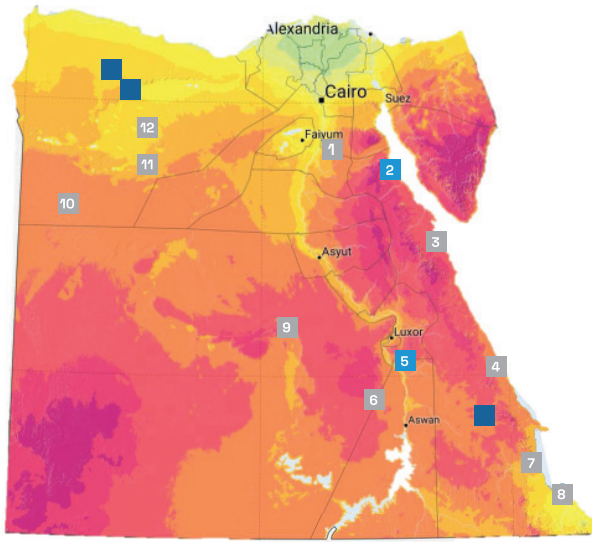
INCREASING DOMESTIC RENEWABLE ELECTRICITY DEMAND IN THE INDUSTRY SECTOR SHOWS LARGE POTENTIAL FOR SOLAR PV MANUFACTURING

1



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

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**

Source: World Bank Group, Global Solar Atlas, Solargis, IRENA, NREA analysis | PVOUT - Photovoltaic Power Potential

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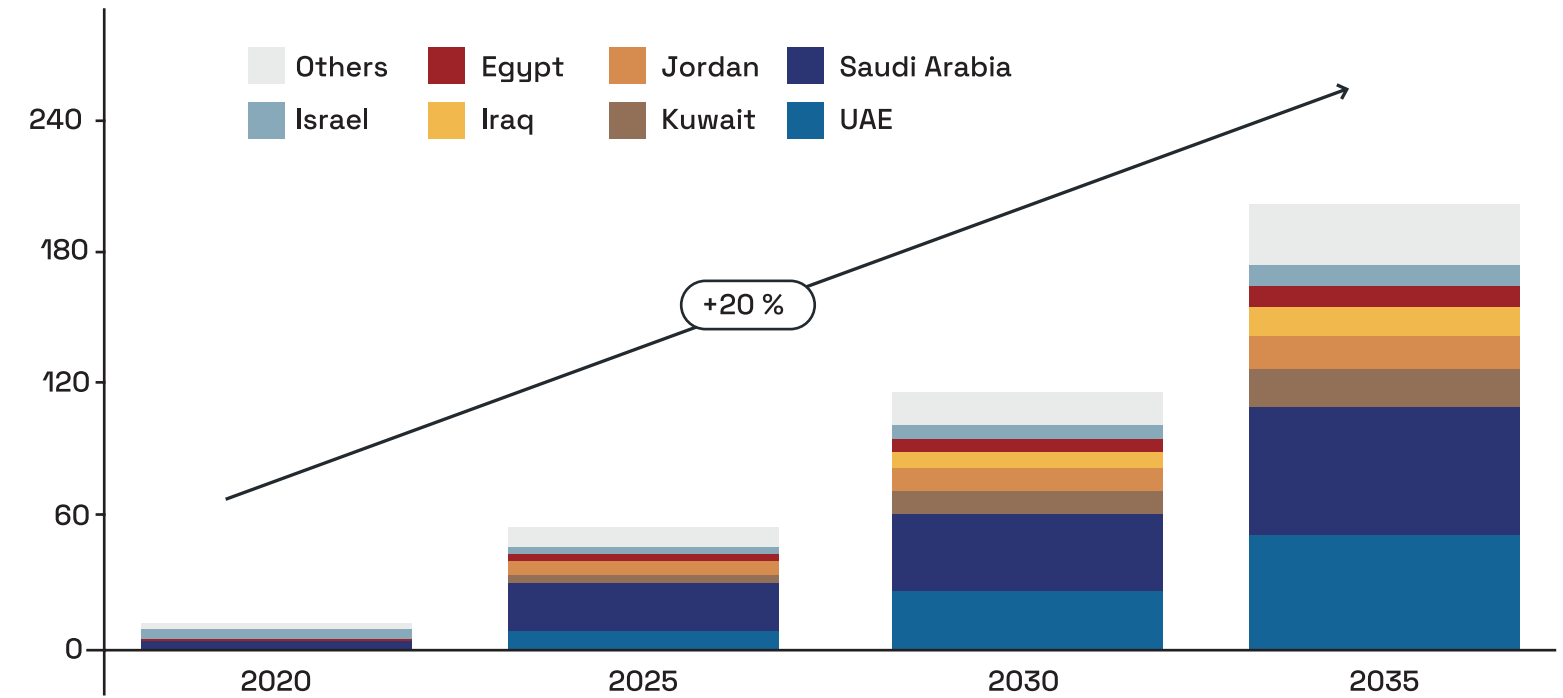
IN ADDITION TO THE DOMESTIC EFFORTS, PLANNED INSTALLATIONS IN THE MIDDLE EAST ARE GROWING AT A FAST PACE

MIDDLE EAST, PROJECTED SOLAR CAPACITY IN GW



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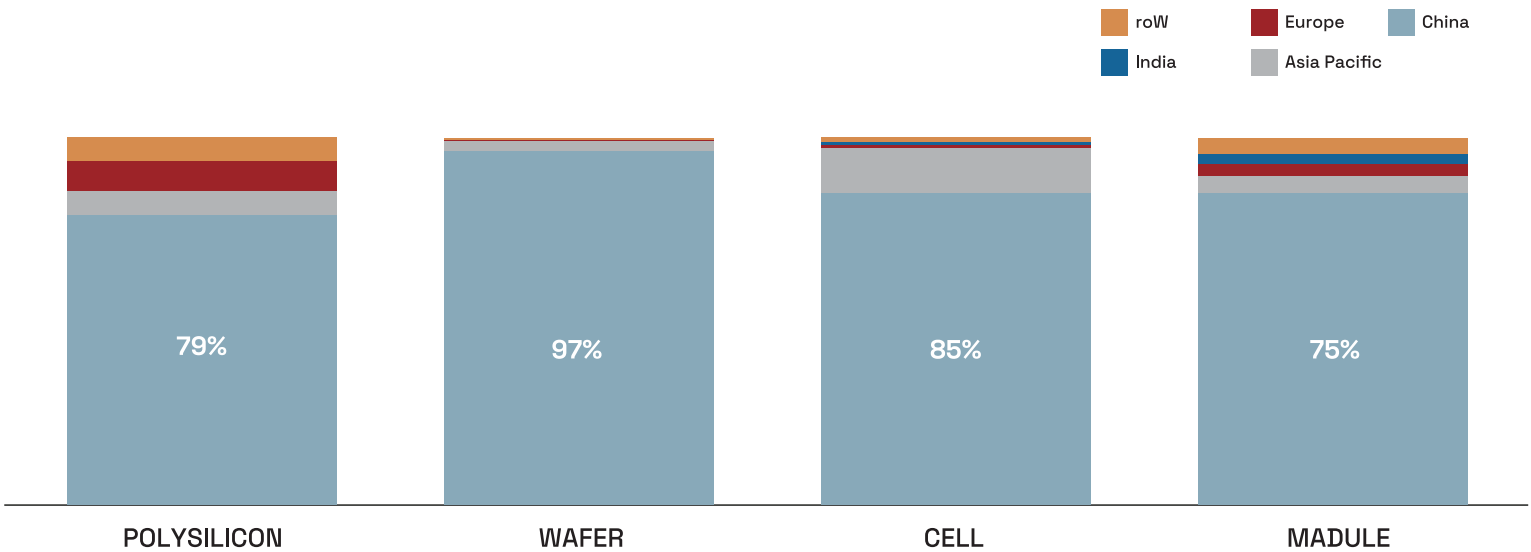
EVEN THOUGH CHINA CURRENTLY DOMINATES THROUGHOUT THE PV VALUE CHAIN...

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 202.1

Source: IEA 2022

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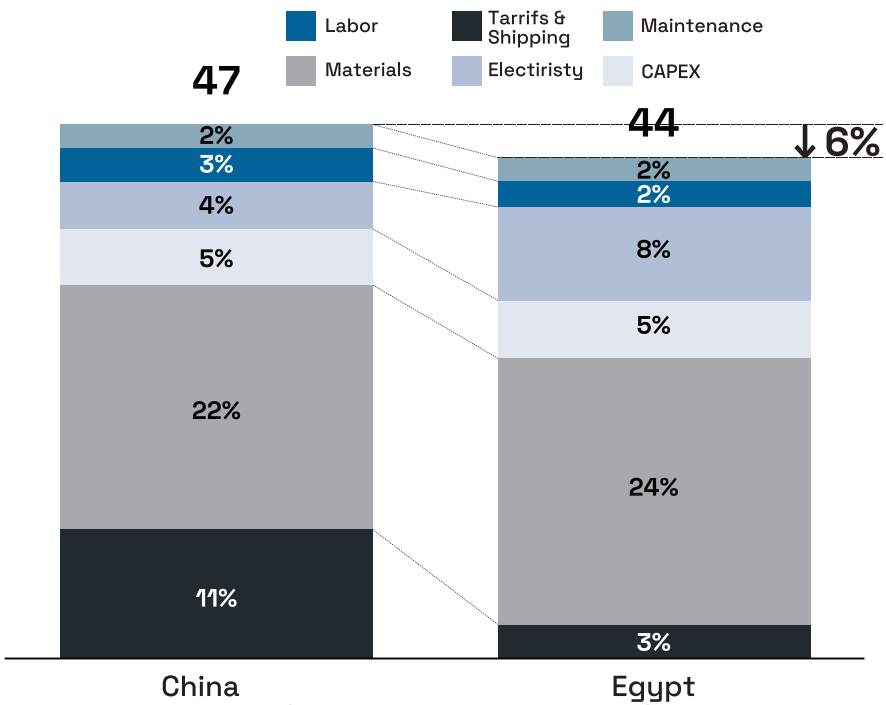
EGYPT IS ~6% MORE COST COMPETITIVE THAN CHINA IN SOLAR PV MANUFACTURING, GIVEN 0 IMPORT TARIFFS FOR EGYPT AND REDUCED LOGISTICS COST

TOTAL MANUFACTURING COST, US CENTS/WATT



Source: EIU, IHS, NREL, McKinsey, press search

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

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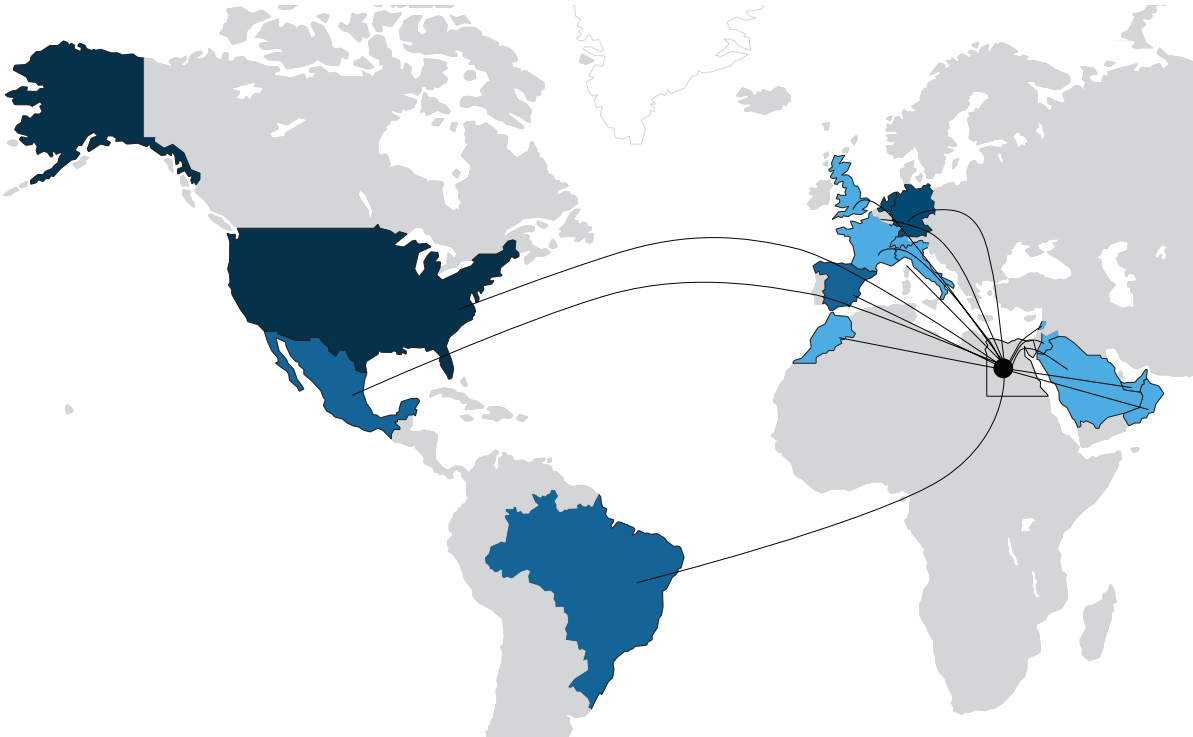
HENCE LOCAL MANUFACTURING IN EGYPT PROVIDES THE OPPORTUNITY TO SATISFY THE GLOBAL MARKET NEEDS (1/2)

TOP IMPORTERS OF PHOTOSENSITIVE/ PHOTOVOLTAIC/LED SEMICONDUCTOR DEVICE



Import value 2020, in $

- 10 bn
- 2-3.5 bn
- 1-2 bn
- 0.03-1 bn

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

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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

Source: OEC

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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[1] ($m)	~500-600
Land Requirement (km2)	~0.8-0.9
Tax exemption based on Capex (%)	50%
Global market capture %[4] (end state)	<0,001%
End state revenue ($m per year)	~300-400
Net profit margin[3]	15-18%
WACC	~7%
Interest on debt[2]	~2-3%
Land lease rate ($/sqm)	~3-4%
Terminal value growth	2%

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

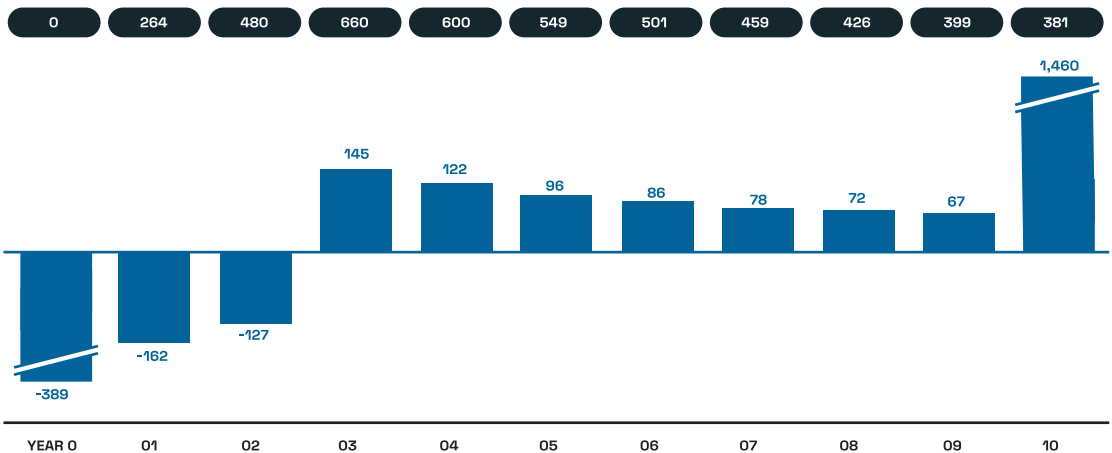
KEY FINANCIAL PERFORMANCE METRICS

X REVENUE IN USD MILLION

~5-6 YEARS
ESTIMATED TIME TO RECOVER FULL INVESTMENT

~$500-$600 M
NPV4

~14-16%
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 of the project
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

Bu belge, 5070 Sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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002

CHAPTER TWO

WHY EGYPT

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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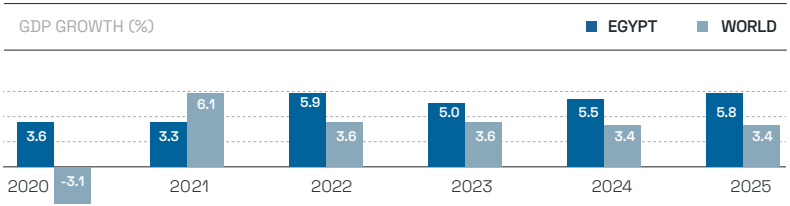
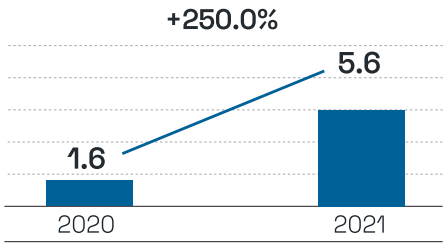
EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

GROWTH RATE EXCEEDING GLOBAL AVERAGES

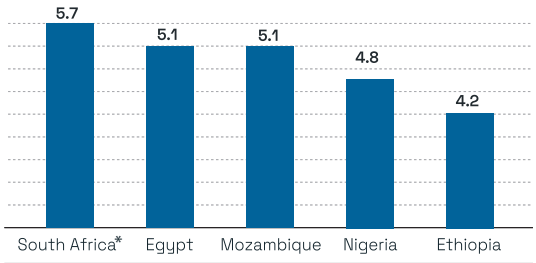


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

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

Sources: IMF WEO, UNCTAD World Investment Report 2022

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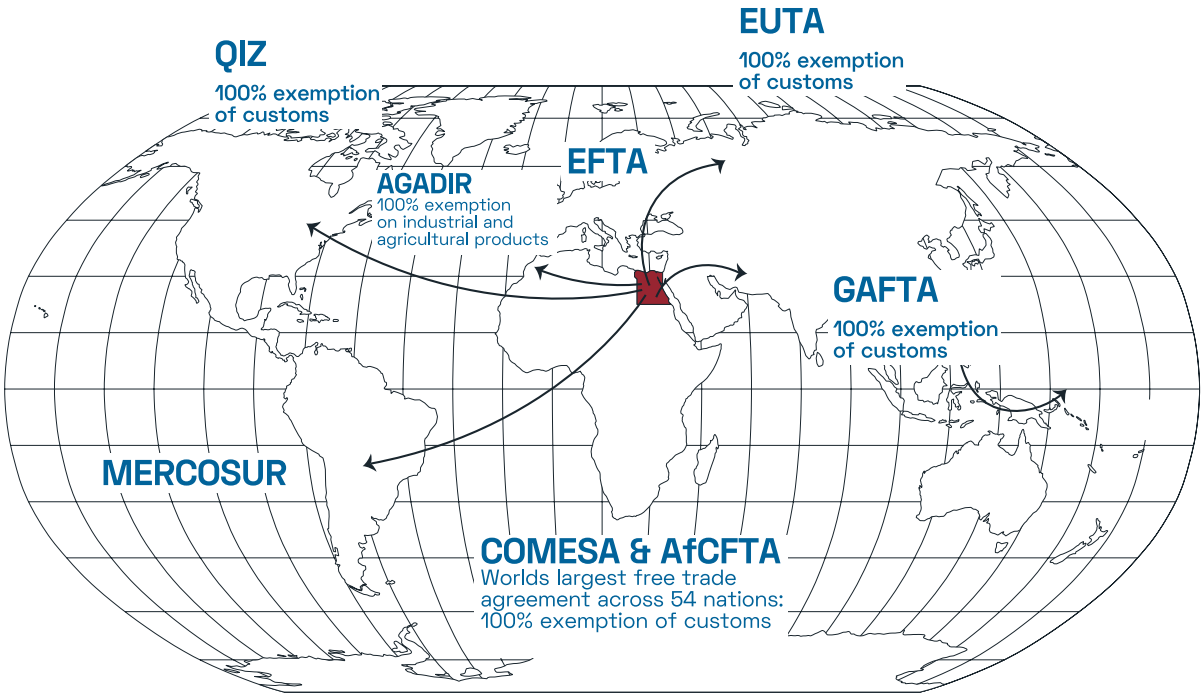
WITH 12% OF GLOBAL TRADE PASSING THROUGH THE SUEZ CANAL, EGYPT IS STRATEGICALLY LOCATED AND SUPPORTED BY REGIONAL FREE TRADE AGREEMENTS



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

Source: General Authority for Investments (GAFI)

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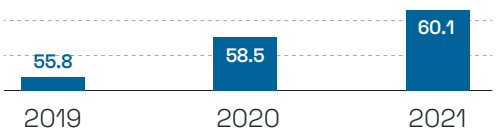
THE GOVERNMENT'S RECENT ECONOMIC AND STRUCTURAL REFORMS ARE BEARING FRUIT

LEGISLATIVE AND INSTITUTIONAL REFORMS

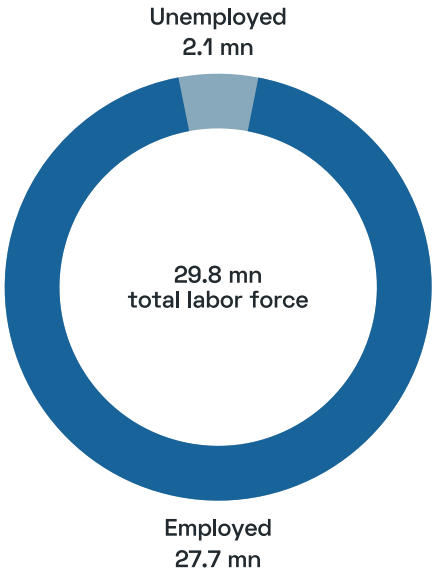
- Facilitating trade by automated customs system "Nafeza" [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

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



Sources: CAPMAS Egypt in Figures 2021; World Bank Doing Business; GCI; USITA; Egypt Today

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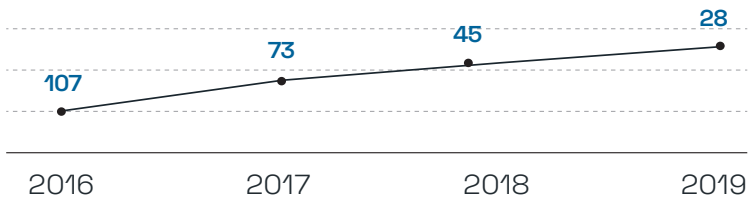
EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

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

Sources: Enterprise Egypt, Egypt today, Al Ahram, IDSC, MPED "7 Years of Building" Report, Amcham

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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003

CHAPTER THREE

WHY SCZONE

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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

31°14'39"N 32°18'18"E — 01 — WEST ← PORTSAID PORT — ميناء غرب بورسعيد ←

31°06'56"N 32°22'18"E — A — EAST → PORTSAID INDUSTRIAL ZONE — المنطقة الصناعية شرق بورسعيد →

31°12'26"N 32°21'26"E — 02 — EAST → PORTSAID PORT — ميناء شرق بورسعيد →

30°45'40"N 32°41'59"E — B — WEST ← QANTARA INDUSTRIAL ZONE — المنطقة الصناعية غرب قنطرة ←

30°59'02"N 32°49'46"E — 03 — ALARISH PORT — ميناء العريش

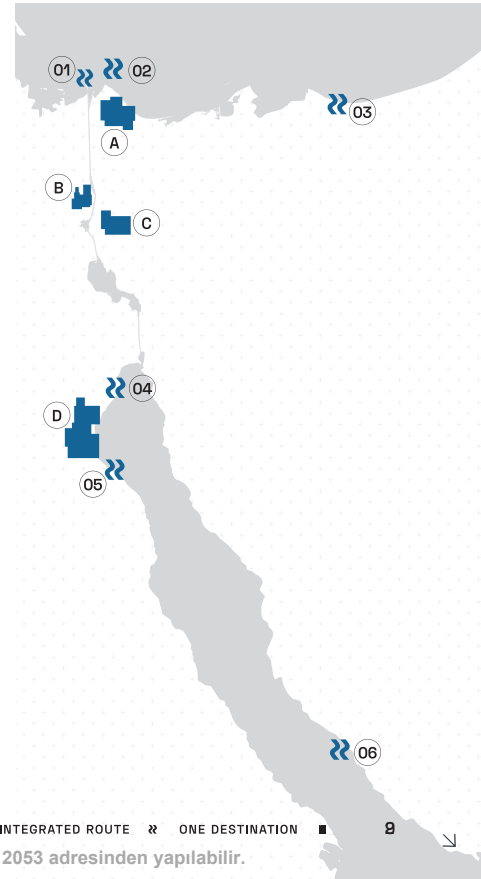
30°37'14"N 32°21'35"E — C — EAST → ISMAILIA INDUSTRIAL ZONE — المنطقة الصناعية شرق الإسماعيلية →

29°59'23"N 32°27'40"E — 04 — ADABYIA PORT — ميناء الأدبية

29°59'12"N 32°16'37"E — D — SOKHNA INDUSTRIAL ZONE — المنطقة الصناعية السخنة

29°39'06"N 32°21'13"E — 05 — SOKHNA PORT — ميناء السخنة

29°42'47"N 32°18'18"E — 06 — ALTOR PORT — ميناء الطور



INTEGRATED ROUTE ONE DESTINATION

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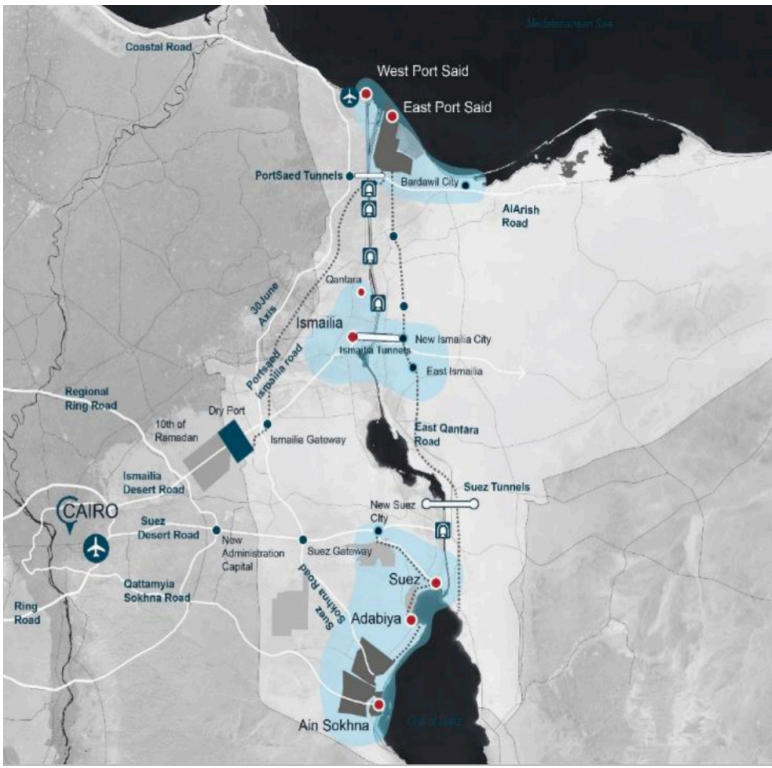
SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE (SUEZ CANAL) WITH

REGIONAL CONTEXT

1.3 BN
GROSS CARGO TRAFFIC/YEAR

12%
INTERNATIONAL TRADE/YEAR

>20K
SHIPS/YEAR



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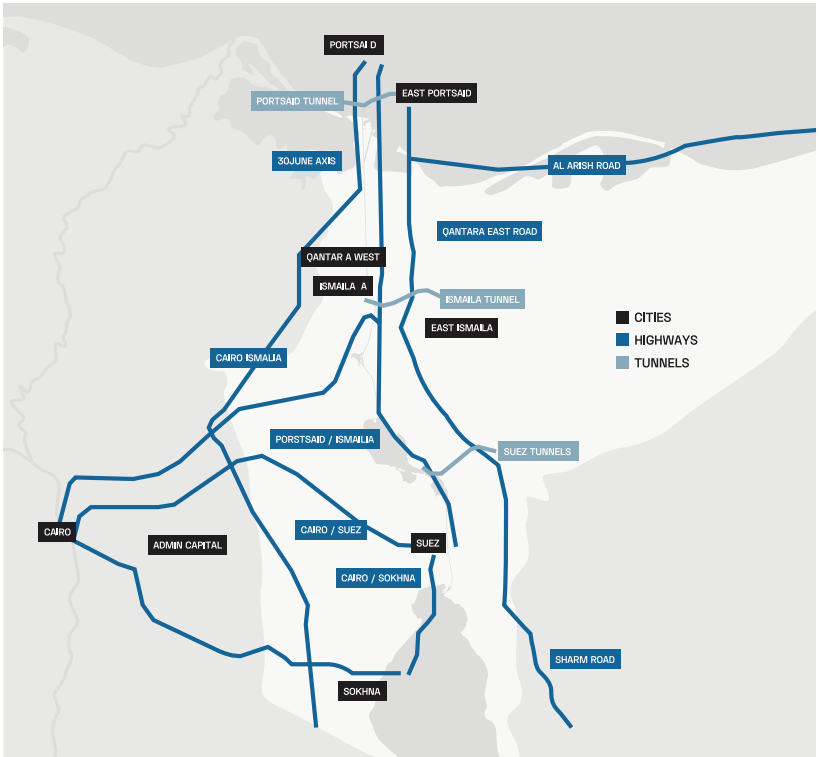
THE SCZONE IS WELL CONNECTED TO EGYPT'S MODERN ROADS, RAIL AND AIRPORT NETWORK

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



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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

Bu belge, 5070 sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile imzalanmıştır.
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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

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

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

EXPORT SUPPORT PROGRAM

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

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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

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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

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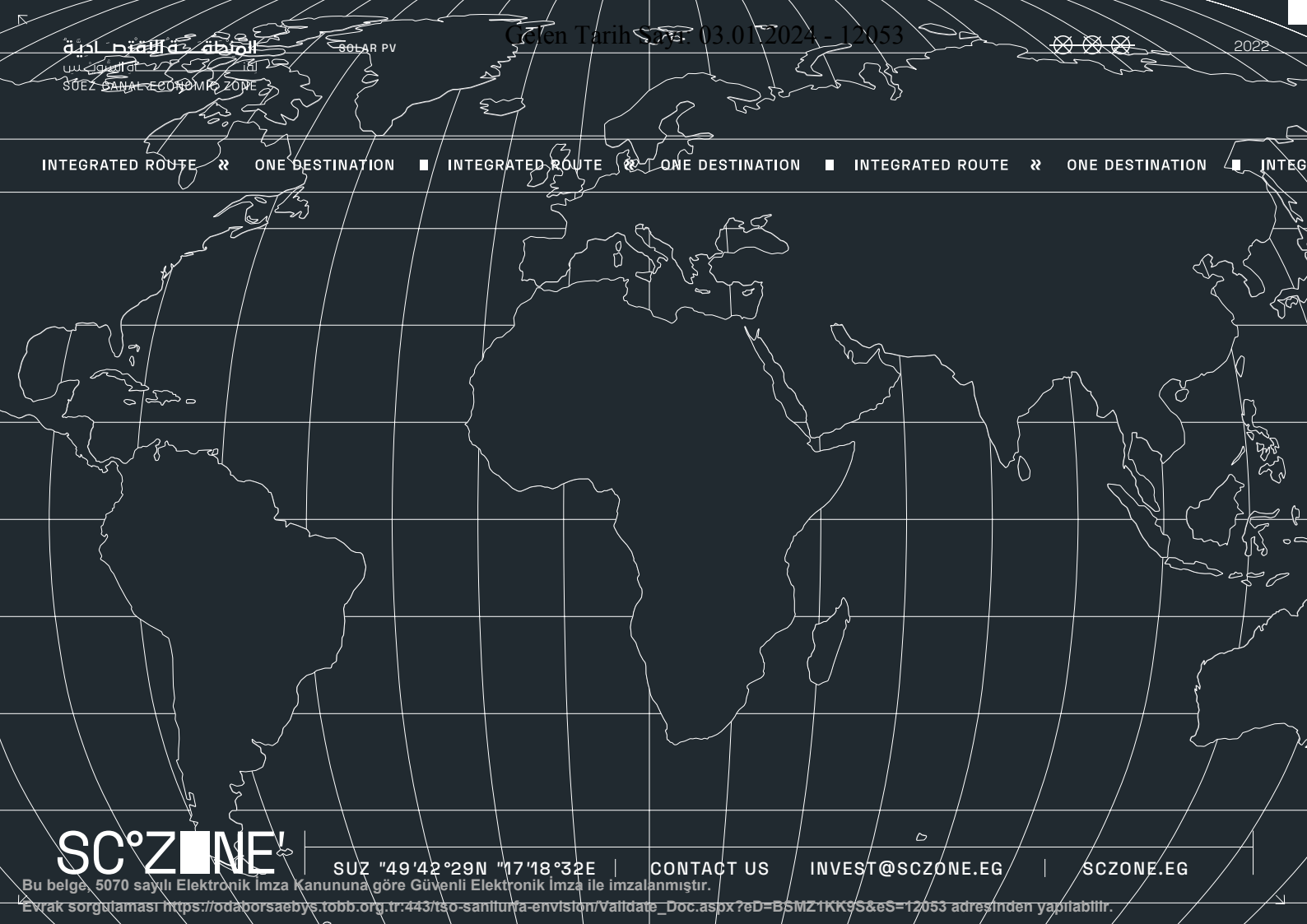

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