

# EGYPT

The Egyptian economy has quickly come back to life from the lockdown, to become the fastest growing country in Africa and the Middle East



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# EGYPT'S STRONG RECOVERY IS ALREADY UNDERWAY

TOURISM, CONSTRUCTION AND REAL ESTATE ARE ALL MOVING THE ECONOMY INTO A POSITIVE GROWTH

Egypt's on a roll. According to analysts, this ancient country is expected to record the highest growth over the coming years in the North Africa and Levant region despite the effects of the Covid-19 crisis.

Pre-pandemic, the Egyptian economy was set to grow by 5.5 percent in 2021 when in fact growth slowed to 3.5 percent for fiscal year 2020. But analysts say they see a definite recovery underway with a new surge in both output from the private sector and demand as the economy reopens.

A number of sectors are poised to rebound including tourism, construction and related industries, real estate, telecommunications, food and agriculture, logistics and transport, the oil services sector and industry.

## Certain Recovery

Tourism, which accounts for 10 per cent of the Egyptian economy, is a prime example of an industry set to relaunch.

The year 2020 was set to be a banner year for travel to Egypt with the opening of the Grand Egyptian Museum and a new airport in Giza, an easing of visa requirements and new internal flight routes to popular tourist destinations. And now 2021 will play that role.

Many of those new flights will be filled with foreign visitors heading for the famed resorts of the Red Sea, world-renowned for its breathtaking undersea life, fantastic beaches and warm welcome by the locals.

And regional hotel executives are eagerly waiting for guests to return, says Kamel Abou-Aly, the chairman of the Pickalbatros Hotels & Resorts chain.

"As soon as the pandemic is over, we will go back to growth for sure and we'll once



KAMEL  
ABOU-ALY

CHAIRMAN OF  
PICKALBATROS  
HOTELS & RESORTS

**"WE ARE DOING VERY WELL, WE HAVEN'T HAD ANY LOSSES SINCE THE REOPENING IN JULY"**

again have guests from all over Europe because there is no real competition with the Red Sea," he explains.

"We're very close to Europe, the Red Sea weather is fantastic in the winter and our prices are very reasonable. I think they'll be back very soon."

Pickalbatros Hotels & Resorts owns and operates a string of high-end resorts in the prime Egyptian Red Sea destinations of Hurghada, Sharm El Sheikh, Sahl Hasheesh and Marsa Alam. It has also recently opened a luxury property in Marrakesh, Morocco, where the group has been present for years.

An estimated 90 percent of the group's guests come from Europe, with countries like Germany, Ukraine, Poland, Serbia, the Czech Republic, the Netherlands and Belarus as its major markets.

Last year was very good for the hotel and resort chain as it boosted the number of rooms from 9,500 to 11,250 and carried out many renovations to its properties.

"We had big dreams as we had just begun to launch new products and new deals to make the group grow and it was looking

good," the chairman recalls.

"Our 2019 revenue was \$350 million from our Egyptian operations and around \$60 million from Morocco so we thought 2020 was going to be the year of tourism for Egypt, everything looked very promising and tour operators were very positive."

Abou-Aly describes the effect of the Covid-19 crisis as "a big shock, an earthquake" and says the hotel industry was in a state of panic for a number of months.

All of Pickalbatros' 16 hotels and resorts in the Red Sea region shut down for April, May and June but reopened in July and soon occupancy was around 50 per cent.

"I think we did a pretty good job in marketing and we worked very hard and very intelligently to make deals everywhere. We are now doing very well, for example, in our properties in Sharm El Sheikh," the chairman says, "and we haven't suffered any losses since July."

Government efforts to assist the private sector to get back on its feet paid off as well.

"No one wanted to take the responsibility to test tourists when they arrived. But the government did a really good job in taking action and finding solutions instead of imposing a total lockdown."

"Now you can have the PCR test done upon arrival at the Sharm El Sheikh and Hurghada airports. The authorities met with us, the private sector, in order to find the solutions so we could continue working and it was very successful," Abou-Aly says.

The chairman is cautiously optimistic about the future, noting that the group has seven projects under development in Egypt and predicts that tourism will come back "100 percent."

“And it’s not just the Red Sea resorts which Egypt offers the international tourist. There are also the wonders of Cairo, the pyramids, Luxor, Aswan and the Nile River.

“Overall, everything is moving in the right direction in Egypt with the government working well, massive new infrastructure projects, new airports, investment in education and health care.

“All of this” he argues, “will create new jobs for our young generation and all Egyptians really need this.”

**Construction Boom**

Tens of thousands of jobs have been created with more to come in the construction industry fueled by public-private partnerships and major infrastructure projects. The sector is expected to enjoy annual growth of almost 10 per cent between now and 2024.

Driving much of this growth are the government’s planned 14 new “smart” cities around the country with the crown jewel being the New Administrative Capital going up outside of Cairo.

On completion, the new capital will house government ministries, other agencies and foreign embassies along with support facilities, transportation networks and infrastructure projects, as well as office buildings.

Playing a major role in the New Administrative Capital is Income, a division of the IGI Group, and which is active in construction and development, electricity and power, transportation, gas, renewable energy, water and sanitation and petroleum and minerals.

“We are building the central business district of the new capital with 18 towers,” explains IGI Group and Income Chairman Hesham Sheta. “The owner of the project is the Ministry of Housing and it will have the tallest structure in Africa, the Iconic Tower.”

“It’s been a great three years for the group and we were doing equally well in 2020 when Covid-19 hit. At the new capital



**HESHAM SHETA**

**CHAIRMAN OF INCOME & IGI HOLDING**

**“EGYPT IS THE PERFECT BASE FOR COMPANIES OPERATING IN THE MIDDLE EAST AND AFRICA”**

site we had 9,000 workers, including 3,000 Chinese. They were locked in and the others sent home with pay.”

With all the employees tested and quarantined, work is slowly ramping up, yet full capacity should be reached by the end of 2020.

Income was also heavily involved in New Alamein designed as a major tourist destination on the Mediterranean Sea

“If you had gone to Alamein several years ago all you would have seen would be desert but now we have a complete city with lagoons and brand new infrastructure,” Sheta says.

“We and our Chinese partners started with high-rise residential towers of which there are now 24 and all of which are completely sold out. So we created this amazing city in just two and a half years!”

Sheta credits Egyptian President Abdel Fattah Al-Sisi with getting the country moving towards a state-of-the-art future which has inspired all Egyptians.

“I think that Sisi’s approach to these mega-projects and the pressure that he has put on all the stakeholders has trickled down to everyone,” he argues.

Along with their cooperation with the Chinese, IGI Group and Income are interested in other joint ventures with foreign partners and Income is currently in negotiations with several Norwegian companies in aquaculture.

“We have some 7,000 acres of agricultural land where we are expanding our activities and we want to turn this into aquaculture for exporting to Europe,” he explains.

“Egypt is in the perfect location for exporting as we are situated on two seas and it’s so easy to reach Europe, China, the rest of Asia and, of course, Africa from here.”

IGI Group has worked for 25 years with Acciona of Spain on infrastructure, solar power and waste treatment projects, and is in discussions with companies from the Gulf on real estate investment and the retail sector.

“If I were a European company wanting to expand its business in the Middle East and Africa I would choose Egypt as the perfect base of operations,” Sheta says.

“The Chinese are very smart and they are now investing here in steel, batteries, electric cars and other fields because they know we are the second-largest market in Africa with easy access to surrounding markets.”

“The government has done its work with the new transport, energy and telecommunications infrastructure,” the chairman says, “and now is the time for foreign investors to come here. We’re ready!”

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## High-End Design

Residential and office real estate and construction are also moving ahead at a quick pace with analysts noting that Egypt's property market remain a safe investment opportunity.

Demand for housing is being driven by the country's young demographic and an average population growth rate of 2.5 per cent aided by promising returns on investment.

And while low income housing has buoyed much of the growth, the luxury segment is also playing a major role in the building sector boom and one company, Hany Saad Innovations, is deeply involved in designing and constructing high-end residences, offices and other structures.

"I started this business myself back in 2003 armed with a degree in architectural engineering and studies in interior design from Milano," recalls founder and CEO Hany Saad.

"At that time I had no experience and no capital but I printed up some flyers and went all around Egypt offering my services as an interior designer but never got one call back in six months."

Taking a friend's advice to first gain experience so as to have a track record, Saad offered to do the interior design for another friend's house without charge.

That opened the door to further commissions and soon the company operated from a small studio with a staff of 20 to 25 which has now grown to more than 1,000 employees.

Turnover in 2019 was \$51 million.

"We are specialized in high-end projects and are vertically integrated from design to construction to delivery. Here in Egypt it's very hard to implement designs by others as we have limited trained labor and tools. So we do it all in house," the CEO explains.

One of Hany Saad Innovations' latest projects was the Garden 8 Garden Mall luxury commercial development in New Cairo in association with Misr Italia Properties.



HANY SAAD

CEO OF  
HANY SAAD  
INNOVATIONS

**"DEVELOPERS ARE DOING WELL AS EGYPTIANS HAVE AN ASSET AND INHERITANCE MENTALITY"**

Situated on 7,000 square meters, the mall consists of four floors, an underground parking garage and an exterior of lush, tropical gardens.

"We're also doing another mall in the New Administrative Capital with Castle Development so 2019 was a good year for us," Saad says.

"Covid-19 didn't really affect us. We work with a high-end clientele and they wanted us to continue working on their homes. But our design work outside of Egypt was impacted so this year's revenue will not be the same as last year."

Saad predicts that Egypt will soon be as booming as Dubai back in the day when hundreds of cranes pierced the skyline of that Gulf emirate.

"All developers here are doing very well because Egyptians believe in investing in real estate and have this asset mentality so they can leave them to the next generation," he explains.

"Egypt is no longer how people abroad imagine it, a country of pyramids and camels. People here are exposed to foreign influences, they are educated and it's so different now," he argues.

"The president and the government are leading the country towards unprecedented growth and potential and that is my message to the world."

## Investment Destination

Egypt's new urban developments and general real estate are also the focus of Maagaza Holding established in 2015 and which is active in two other sectors.

"We started off in real estate and general trading and in the former we are concentrating in all these new urban projects like New Capital City, New Alamein City and New Cairo," explains CEO Tarek Eladly.

"We work together with partner companies to promote and market all types of units whether commercial, residential or mixed use."

Maagaza Holding's trading division is involved in dealing commodity products like wheat, rice and diesel fuel between Egypt, other Middle Eastern countries and Europe, while its remaining division helps foreign investors in their activities in Egypt.

The real estate sector, the executive explains, was affected somewhat by the Covid-19 crisis but things are slowly coming back.

"Our market was very active up until March but between then and July it was very difficult as our clients didn't want to visit any projects or make decisions," he recalls.





TAREK ELADLY

CHAIRMAN OF  
MAAGAZA  
HOLDING

## “ENERGY, MANPOWER AND RAW MATERIALS ARE CHEAPER THAN IN THE GULF STATES”

“But in July it started to come back and by September it was getting back to normal.”

Real estate also plays a role in the company’s investor relations division which directs potential investors towards putting their money into real estate development as well as industry and the IT sector.

Eladly says the word is getting out globally that Egypt is a prime destination for investment due to its stable economy, growing markets in many sectors and business-friendly government.

“When interested clients who want to do business in Egypt approach us we connect them with the right local entity. Not only real estate but also industry, oil and gas, food and pharmaceuticals are all doing extremely well,” he explains.

“And don’t forget IT which is really taking off!”

The CEO praises new government efforts to help the potential investor such as easing red tape regarding the investment process as well as in other areas.



“Look at utilities, for example, with the government pouring all this money into energy infrastructure. And so you have cheap energy, manpower is still much cheaper than any of the Gulf states and we have low cost raw materials,” he says.

“Besides all these advantages there is no risk in the Egyptian market and all the companies here are expanding throughout Africa and the rest of the Middle East. All you need to do business are the right connections and that’s where we come in!”

### Positive Reforms

Cutting-edge connections are vital in this age of instant digital communications and the Egyptian government is spending billions of dollars to widen Internet broadband coverage, launch next-generation telecoms networks and build technology parks.

Actively involved in this mammoth effort is Mobiserve Egypt, a service provider for mobile operators and carriers, says Chairman and CEO Emad El Fakharany.

“We build telecom towers and build and maintain telecom data centers, in other words the whole value chain,” he explains.

Reliable communications were key to helping governments and citizens through the Covid-19 crisis and according to the executive it did not negatively impact the company.

“We ended up having a lot more work to do like keeping the data centers and the telecom sector working efficiently. Also important was minimizing any downtime so that during the lockdown here people were still connected without any interruptions.”

“Of course there were challenges but we helped people work from home efficiently and we didn’t really notice any change in our own business, except for having only 25 per cent of our staff come to the office,” he says.

“We didn’t lose anyone or lay anyone off and in fact we were working 24/7.”

Mobiserve Egypt was once part of Mobiserve Holding based in Dubai but has been independent since 2019 when turnover was between \$7 million and \$8 million.



EMAD  
EL FAKHARANY

CHAIRMAN  
& CEO OF  
MOBISERVE  
EGYPT

## “REFORMS AND INVESTMENT IN INFRASTRUCTURE HAVE ALL PAVED THE WAY FOR NEW FDI”



Turnover is expected to double this year, which was to be expected, the CEO says, adding that he believes there will be steady growth of 20 to 25 per cent in 2021.

“Our challenges now include finding the proper resources, human resources mostly but there are some financial aspects as well as our customers have some budget limitations,” El Fakharany explains.

Along with the way the Egyptian government handled the Covid-19 situation through the correct precautions and paying idle workers in the construction, tourism and other sectors, the executive says it was already imposing much needed reforms well before the crisis.

“These reforms have paved the way for increased foreign investment in Egypt such as new laws to encourage FDI to come here. And there have been billions of dollars spent on new and improved infrastructure which will attract investment as well.

“These reforms and the very intelligent way the government handled Covid-19 gives you an idea of how the country is taking serious and steady steps towards improvement and sustainability,” he says.



# HIGH DEMAND OF REAL ESTATE DRIVES GROWTH

## LARGE PUBLIC PROJECTS AND HIGH POPULATION GROWTH ARE THE MAIN DRIVERS FOR GDP GROWTH

Construction and real estate are on a roll in Egypt thanks to a burgeoning population, low interest rates and a government committed to creating a series of new towns around Cairo and along the Mediterranean coast to meet a demand that should continue well into the future.

According to analysts, Egypt's construction sector turned in a stellar performance in fiscal 2019, growing by almost 9 per cent to contribute 6.2 per cent of the country's GDP.

At the same time, the government is ploughing billions into environmentally-friendly and energy-efficient infrastructure while private operators are turning vast

swathes of the country into entire cities and modern developments, fueling not only the construction industry but also the real estate and building materials sectors.

Indeed, one estimate puts the total value of large projects currently in development at more than \$392 billion.

### Investment Opportunities

Involved in almost every facet of the construction and affiliated sectors is EL Attal Holding, founded in 1948 by two brothers as a textile and electrical goods company which over the following decades grew to become one of the country's key players in the industry with a huge role in today's developments.

"We've focused this year on projects in Cairo's New Capital and we're launching new endeavors on the North Coast and Sinai," explains CEO and Vice-Chairman Mohamed El Attal.

"Regarding the New Capital, land is very cheap there at around \$600 per square meter so it's very competitive," he says. "All government offices, foreign embassies and companies are moving there so I think the New Capital will be more famous than even Dubai in a short time."

El Attal also emphasizes that the New Ca-



pital is a great investment, arguing that the price of a square meter of land there could increase to between \$1,800 and \$2,400 and investors from all walks of life are buying property.

"We're all working hard to make the New Capital the most beautiful city in the Middle East and it's not just rich people but everybody, small investors, medium and large, are buying apartments or villas there," he says.

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**MOHAMED EL ATTAL**

CEO OF ELATTAL HOLDING

**“WE ARE WORKING TO MAKE THE NEW CAPITAL THE MOST BEAUTIFUL CITY IN THE REGION”**

He contrasts Egypt’s property market with those in the United Arab Emirates and Saudi Arabia where he says there are no new opportunities.

“But in Egypt, research has shown we need more than 1.2 million apartments every year. There are some 500 to 600 real estate companies active in everything from low-income housing to luxury villas to meet the rising demand.”

And El Attal Holding is well positioned to serve that demand. Its construction subsidiary, Attcon, carries out the construction, renovation and restoration of residential, industrial, commercial and public sector buildings ranging from housing developments, tourism complexes, hospitals and schools, to embassies, banks and universities.

AGD Scale Developments handles design, contracting and renovation services catering to small-scale residential and office buildings. A third subsidiary, Spatium, performs interior design and fine finishing, while Josur produces quality construction materials and home improvement supplies.

All these companies work together in creating El Attal’s most ambitious projects such as its so-called “compoundhoods”, residential developments offering high-class living in the New Capital. Similar projects are being planned on Egypt’s North Coast and in Ain Sukhna on the Red Sea’s Gulf of Suez.

And the holding company is looking

forward to further expansion, both domestically and beyond Egypt’s borders.

“In the next three years, I would like to have more than 20 projects in Egypt alone,” El Attal says. “We’ve had a lot of expansion in places like Malaysia and Saudi Arabia, but now we need to target Africa which is growing enormously.”

“So I feel our future is firmly fixed on rising countries like Ethiopia and Uganda where there are excellent opportunities for companies like El Attal Holding.”

**Optimistic Projections**

It’s not only Egyptian companies which are benefitting from the country’s booming construction and real estate sectors. Based in Abu Dhabi, the ACC Arabian Construction Company has a very active branch in Egypt, says Deputy Branch Manager Mohsin Khater.

“In 2019 we had residential, hospitality and office projects on the North Coast and in Cairo, and we are also involved in an oncology hospital in Egypt,” he explains.

ACC executives in Egypt were expecting 2020 to be equally active and were looking forward to signing contracts worth some \$200 million and feared a dramatic drop in business when the pandemic struck.

“But actually we were not very affected and we have managed to finish most of our work. At first there was a bit of a panic so we stopped working for a few days but then we took all the precautions to protect our employees and we were successful,” he says.

Financial Controller Ismail Magdy explains that the Egyptian branch turned in the best results in the ACC group in 2020.

“We are working in more than 12 countries and during the pandemic our branch performed better than the others. And that was true for the other branches in Africa as Cote d’Ivoire and Cameroon were better than the Gulf area and better than Europe.

“And in fact over the longer term, West



**MOHSIN KHATER**

DEPUTY BRANCH MANAGER OF ACC - EGYPT



**ISMAIL MAGDY**

FINANCE MANAGER OF ACC - EGYPT

Africa and Egypt will offer a lot of opportunities in our sector”, Magdy says. “The Gulf was booming for ten years but since 2015 with the war in Yemen and the drop in oil prices in 2019 almost all investment has stopped, including by the governments there.”

Along with branch offices in Egypt and in West Africa, ACC also works in Dubai, Saudi Arabia, Lebanon, the United Kingdom, Jordan and India. Its portfolio of projects includes residential, commercial, medical, financial and religious buildings as well as infrastructure and civil works construction.

The company also builds oil, gas and industrial plants, renewable energy projects, and is involved in turnkey contracting, value engineering and industrial equipment procurement and installation.



Both executives argue that the Egyptian sector has a rosy future.

"Business has not come back fully in 2020, although local developers are optimistic because there are a lot of projects now with the land bought, construction companies paid and sales and marketing going ahead," Magdy explains.

"Remember that in Egypt we're growing by 2.5 million people each year so that's creating its own demand."

And the deputy branch manager concurs.

"We're not expecting any major improvement in the first quarter of 2021 but things will get better in the second quarter," he predicts. "The coming vaccine against Covid-19 will help a lot in the real estate and construction sectors.

"So things are really looking up for 2021," Khatir says. "It will be like we are back in 2019!"

### African Ambitions

Supplying aluminum, glass and related products to the many major mega-projects in Egypt is the focus of Alunile which like many companies in the construction sector suffered only a minor hiccup in operations from Covid-19.

"The year 2019 was a very good year for



AHMED EL-GUINDY

CEO & MD OF ALUNILE

**"OUR TARGET IS TO HAVE AT LEAST TWO NEW PROJECTS IN AFRICAN COUNTRIES IN 2021"**

months when equipment and new machinery shipments were stuck in the countries of origin and things didn't get back to normal until the third quarter," he says.

Alunile lost between 30 and 40 percent of productivity but activity picked up after June. With its clients eager to make up for lost time, the company had to double production to meet the demand.

Through a strong partnership with prestigious Italy-based aluminum manufacturer AluK, Alunile produces a full range of aluminum systems including structural glazing, curtain walls, skylights, hinged and sliding doors and windows, thermal break doors and

us, it was a growth year and we had high hopes for 2020. Things looked promising for years to come," recalls CEO and Managing Director Ahmed El-Guindy.

"And surprisingly, the demand was there in 2020 despite the pandemic and we saw no project cancellations. Our only problem was that the lockdown affected our importation of raw materials from China and Europe.

"In the first half of the year we had six

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windows, wood-aluminum doors and windows and metal cladding.

The company also operates a coating facility for polyester powder and PVDF at one of the Middle East's most advanced processing facilities utilizing full convection tempering furnaces, a giant gantry cutting line, a robotic IG line for double and triple glazing and other cutting-edge machinery.

Annual revenue in 2019 was around \$40 million. Alunile employs 1,000 full-time workers and the executive proudly boasts that the company never outsources or subcontracts manufacturing or installation. "They are all our own people!" he says.

"Our work is mostly concentrated on big commercial landmark and private residential projects, and we only work with big developers," the CEO explains. "Residential projects represent 25 to 30 per cent of our volume and the rest comes from a mix of office buildings, retail malls and infrastructure projects like airports."

"Over the previous three years we grew by more than 25 per cent annually and we were expecting the same if not more in 2020. But it won't be far off."

Looking ahead, El-Guindy sees the com-

pany becoming a regional player in other Middle Eastern and African markets, especially the latter.

"We're looking for more projects in Africa where we are in discussions with some potential clients and our target for 2021 is to have at least two new projects in two different countries.

"Therefore, I hope that in three years or so I can tell you that we have doubled in growth and we'll be firmly established as a strong player in several African countries," he says.

### Long-term plans

Specialized metal coatings are more and more becoming a feature of the most prestigious projects across Egypt and a major manufacturer and supplier of this high-tech décor is the El Dawlia group which includes several subsidiaries such as El Dawlia 21 and Extrucoat 21.

"Our first company, El Dawlia, was founded in 1994 for treating metals and painting and ten years later we started Dawlia 21," says CEO Haitham El-Maghraby.

"Then in 2016 we launched another company, Extrucoat 21. Group turnover in 2019 was around \$45 million which was some 10 per cent over the previous year."

Dawlia 21 specializes in producing colored aluminum profiles offering a wide range of choices varying from ordinary colors to wood-effect and 3-D colors. Dawlia 21 controls 40 per cent of the local market and exports to several African and Middle Eastern countries.

The company uses electrostatic pow-



**HAITHAM EL-MAGHRABY**

VICE-CHAIRMAN & CEO OF DAWLIA 21 & EXTRUCOAT 21

**"OUR LONG TERM PLAN IS TO BE THE NUMBER ONE IN EGYPT AND TO EXPORT TO EUROPE"**

ders of four different types: epoxy powders, epoxy polyester powders, polyester powders and decorated polyurethane powders.

Its sister company, Extrucoat 21, manufactures architectural and industrial aluminum, as well as offering powder coating/wood effect services.

The group prides itself on adhering to the highest international standards and clients have taken note with much of the group's work gracing big-ticket government projects likes airports and housing projects, as well as private-sector structures.

As with many other construction companies in Egypt, the Covid-19 had some initial impact but things returned to normal fairly rapidly, the executive says.

"The government was very keen to continue its projects so although there were some restrictions and a curfew, they were lenient with most companies to keep doing business.

"National projects like the new capital and the airports were high priority for the



**HISHAM GHORAB**

MANAGING DIRECTOR OF STYLE DESIGN

government so they didn't stop. We predict that we'll see another 10 per cent in growth this year, just like in 2019," El-Maghraby says.

According to the CEO, there are three main reasons why construction has done so well over the past several years: there was pent up demand after the political problems a decade ago led to a falloff in investment; Egyptians like to put their money into real estate instead of banks; and population growth is fueling the need for new housing and entire new cities.

"You're also seeing people with money immigrating from troubled neighboring countries like Syria, Iraq, Libya and Yemen who are buying homes."

"So it looks good for the immediate future and will help us with our 10-year plan which we launched in 2018 with the goal of being the number one producer of aluminum in Egypt and to begin exporting to Europe," he says.

### Versatile and Competitive Quality

Egyptians are justifiably proud of their ancient culture, represented by the breathtaking monuments from the country's glorious past.

Nowadays, they are also taking pride in the many projects and buildings on the rise around the country, boasting cutting-edge design.

However, not only are the exteriors turning heads, but with the Giza-based company Style Design, architects and interior designers are creating bold interiors being one of the leaders in the industry.

"I am a trained architect and founded this company 34 years ago with my partner and engineer Ehab El Khodary," explains Managing Director Hisham Ghorab.

"We've gone through a lot of challenges and changes in the market since then. At the beginning, imports of materials were banned so we had very limited resources. So, we were doing design and contracting on the design-build model, especially with hospitality clients."

The company's big break came in 1994 when it landed contracts for three big hotels for U.S., Swiss and Spanish chains. Imports were opened again in 1998 and now Style Design has a portfolio of top design products from prestigious partners around the world.

Two years ago, the company was contracted by a large Egyptian conglomerate to build and contract a luxury resort and private villa project in the Caribbean island nation of Grenada, using Egyptian managers, technicians and local labor.

"We finished that project in less than a year and Style Design was recognized as a top-quality contractor. I'd like to have more projects like that, our prices are competitive, our employees are cheaper than Europeans and we're very versatile," the executive says.

Locally, Style Design is currently working on office projects for international tech companies including Oracle, Microsoft as well as SAP, and has contracted to design and furnish 20 state-of-the-art locations for MTS.

"Demand for our services is growing and we believe the most efficient marketing

**"OUR TEAM IS COMPETITIVE, VERSATILE AND STILL OFFERS THE BEST POSSIBLE QUALITY"**

method for us is word-of-mouth. When faced with challenging projects from demanding clients, we seek an opportunity with each obstacle. This creates value for money, trust and high-quality craftsmanship that we're providing," Ghorab explains.

"Right now, I'm looking for a local or international partner to take us to a higher level, a good match with a great developer.

"And it would be a success as Egypt is a great place to invest in, with special potential for the tourism industry because of our heritage, beaches, weather and unique culture," he says. "It's a very stable country, the economy is growing and things are looking to be moving in the right direction."



# FOOD INDUSTRY CONQUERS NEW WORLD TABLES

DOMESTIC AND FOREIGN DEMAND CATAPULT THE EGYPTIAN FOOD INDUSTRY TO NEW FOREIGN MARKETS

An increasing population, a growing youth demographic and the increasing prosperity across all sectors of society are fueling a boom in consumer spending in Egypt, including in the food and beverage sectors.

Over the past several years, food consumption has been registering a 10 percent annual rise with particularly strong demand for beverages such as soft drinks.

Egyptian producers are taking advantage of this growth to expand and diversify while international food giants like the Kellogg company and Nestle are buying stakes in local firms or investing in expanding their existing operations.

And industry sources say that along with food and beverage manufacturers, food distribution and supply chain companies are increasing their activities to meet this growing hunger for products among the Egyptian population.

## New Management

Riding this wave of consumer demand is Holw El Sham, one of the largest food processing companies in Egypt and the entire Middle East offering more than 170 products.

With 35 years of experience in the supply chain and manufacturing sectors including ten years in consumer food production, CEO Samir Elsebail took over the reins of the firm last summer and says he was pleasantly surprised at what he found.

"I discovered that Holw El Sham has a very strong manufacturing capability and



SAMIR ELSEBAIL

CEO OF HOLW EL SHAM

**"INTERNATIONAL PARTNERS WERE COUNTING ON US, SO PRODUCTION NEVER STOPPED"**

strong relations with some international brands," he recalls. "We've put in a strategic plan to double revenue from the current \$32 million by the end of 2023 and put in place a new executive team."

Unlike other sectors, Elsebail says that the domestic food industry profited from the Covid-19 crisis as the curfew forced people to stay at home and consumption surged.

"Everyone wanted to eat more at home and it was very positive for our business with sales increasing," he says. "At the same time our international co-manufacturing partners were counting on us so our production lines never stopped."

"Remember, this is a country of 100 million people and everyone has to eat that's why local food production was impacted in a positive way. Related industries also saw a positive impact as our products are excellent and even very competitive in foreign markets."

But the company's exports were hit as shipping and air transport closed down.

"We experienced logistics problems in April and May but around the beginning of August everything was back to normal and we have orders from the United Kingdom, the United States, Poland and other countries," he says.

Exports account for around 10 percent of Holw El Sham's business with sales in almost 30 countries in Africa, the Middle East, Europe, Asia and North America.

The CEO says he wants to double or eventually even triple export volume and now has the manufacturing capacity and the executive talent to do so with a new Quality and Food Safety Director.

"We're looking for new export markets and we need to focus on specific geographic regions and countries for our expansion."

Holw El Sham's extensive product line ranges from fruit juices, jellies and ice cream to cookies, cakes, candies, coffee, biscuits and chocolates. Many items are produced in tandem with international co-manufacturing partners like Mondelez, Cadbury, Nestle and Kraft.

Particularly popular are its Middle Eastern foods such as couscous, mahalabia and om ali puddings, zalabia fritter mix, basbousa cakes, halawa sweets, and qamar el din fruit rollups.

"Our strategic goal is to be the co-manufacturing hub in Egypt while growing locally and internationally," Elsebail explains.



The executive argues that Egypt is an excellent investment target for foreign firms looking to do well in both the domestic and export markets.

"After the revolution in 2011 this has become a safe country with new infrastructure being built and the government is putting a lot of effort into the 2030 strategic plan," he says.

"The goal is for annual exports to reach a value of \$100 billion by 2030 and right now we're only at \$26 billion so we have a lot of room to grow."

### Right Location

Exporting is the sole business of Alexandria-based Natura Agro-Trade, which ships preserved and frozen fruit and vegetables to markets in Europe and beyond, says founder and Managing Director Amr El-Meniawy.

"We started business with a project to ship fresh artichokes to Italy and then tried the local market for two years," the executive recalls. "But it didn't work out so we shut it down and now 100 percent of our products are exported."

Coming from a fifth generation of cotton and rice farmers, El-Meniawy bucked family tradition, took a bachelor's degree in security and law, and entered the police force.

Five years later, he returned to farming, negotiated the artichoke project with the Italian partners and realized that Egypt's proximity to Europe, low labor costs and favorable trade agreements created a fine opportunity.

In 2005, El-Meniawy used his savings to found Natura Agro-Trade to grow and ship produce not usually grown in Egypt such as artichokes, olives, peppers, asparagus and others for the European market.

"Our main product is canned fruits and vegetables which accounts for 90 per cent of our business," he explains, with retail clients selling the produce under their own house brands.

Natura-Agro has contracts with small farmers to provide the raw material to its processing facility. Along with artichokes, olives, peppers and asparagus, the company handles peaches, apricots, onions, pomegranates, vine leaves, green beans and oranges.



### "THE GOVERNMENT IS EASING ALL FOREIGN INVESTMENT IN THE EGYPTIAN FOOD SECTOR"

"A German company came to us five years ago and asked us to produce canned strawberries and that product is now 45 per cent of our total revenue.

"Our newest products are canned pomegranate in light syrup which is proving successful in the United Kingdom, and canned sweet potatoes," he says.

Being based in Alexandria is a double advantage for Natura, according to El-Meniawy.

"First of all, Alexandria has two ports so it's a logistical advantage regarding costs," he explains. "Secondly, we're just half an hour from El Beheria, one of the country's largest agricultural regions and where we get our produce."

In 2019, Natura Agro-Trade reported a turnover of \$7 million and had planned for further growth powered by a huge investment in upgrading its processing plant, introducing new products and expanding its new operation in the United States.

"Covid-19 didn't affect the company all that much except for cancellation and postponement of distribution contracts with hotels and restaurants as they were closed," the managing director says.

"Egypt was one of the countries which adapted very quickly to the crisis and our factory didn't stop working for a single day although at first we had a problem getting the produce from the farm to the factory because of the nighttime curfew."

"However, the government then decided to allow transportation and raw materials to be exempted from the curfew order. It just took 15 hours for the problem to be solved and I can't make a single negative comment about how the government handled the crisis," he says.

Looking to the future, El-Meniawy says he is focused on boosting market share in the United States with subsidiary Natura USA with the eventual goal of that market accounting for 25 per cent of company revenue by late 2021.

"Egypt has great potential for investment, we are seeing huge infrastructure and housing developments, the country is booming and the government is facilitating foreign investment in the food sector."

### Exporting Prowess

Another family operation which has enjoyed sterling success in export markets is Alwefak Al Saudi for Food Industries founded by the grandfather of General Manager Mahmoud Taha Elbanna.

"I'm the third generation as my grandfather started in the honey business, then my father took over and introduced our products into the Saudi market and we formed a partnership with a company there," he recalls.

Al Wefak Al Saudi manufactures a wide range of food products including honey, jams and jellies, olive oil, tomato paste, date syrup and molasses in various container sizes.

"We are Africa's largest manufacturer of single portion and mini-size containers of these quality products which are made to the strictest international safety standards," Elbanna says.





**MAHMOUD  
TAHA ELBANNA**

CEO OF  
AL WEFAK AL  
SAUDI

**“WE ARE VERY COMPETITIVE,  
WE HAVE OUR EXPERTISE AND  
THE RIGHT RAW MATERIALS”**

“Our production takes place in Egypt and now we export 85 per cent of output to 45 countries. And we’re the number one Egyptian exporter of honey and olive oil.”

The company’s most important export market is neighboring Saudi Arabia, followed by the rest of the Middle East, Africa, Asia and the United States, with new markets opening up in New Zealand and Australia.

“Saudi Arabia is growing the most, along with Asia and the United States. The latter has some trade problems with the European Union so that has benefitted us as well,” the executive explains.

“We are very competitive internationally because Egypt has the right raw materials at a good price and our company has the know-how and expertise in the field to present a high-quality and price-friendly product.”



Al Wefak Al Saudi’s main brand is Mero but also produces house brands for its many retail customers. It also supplies several international airlines.

Turnover was around \$14 million in 2019 and the coronavirus crisis had little impact on the company.

“It’s actually been good for us as our main product is honey and it’s full of natural ingredients which boost immunity,” he says. “We never closed our factory so I expect revenue in 2020 to rise by between 10 and 12 percent.”

“Now our biggest challenge we’re facing is the instability of the currency situation as the Egyptian pound is rising in value against the U.S. dollar and so we’re facing some issues with pricing.

“But I still see us enjoying stable growth over the foreseeable future and I hope to increase our market share, expand internationally and continue with our R&D for new products,” Elbanna says.

### International Partners

Celebrating its 20th anniversary in the fresh and frozen fruit export sector, Oriental Fruits has over the years expanded from regional operation to Europe and beyond.

“I started in a joint venture with a Swiss company to export fruit and vegetables to Switzerland and eventually decided to open my own company and began selling to Dubai and the Gulf countries,” recalls General Manager Shahira Fouad.

“We were exporting grapes, mangoes, melons and strawberries but when the market got flooded with Egyptian produce I decided to diversify.”

Focusing on nearby Europe, Oriental Fruits had a big success with grape exports and when there was a shortage of iceberg lettuce in Germany, the company rushed in to fill the demand.

Once firmly established in Europe, the company targeted Asia where it has done very well, last year shipping \$650,000 worth of grapes and \$950,000 worth of citrus fruits to Asian markets.

“So we were doing well in Asia but when the Covid-19 problem came along that market completely stopped. Then Europe became our biggest customer, especially for lemons,” the executive says.

“As you know, the fresh perishable food business is high risk but high return so you have to be very dedicated and sometimes the market doesn’t help you when prices drop below what you can make a profit on.”



**SHAHIRA  
FOUAD**

GENERAL  
MANAGER OF  
ORIENTAL FRUITS

**“PERISHABLE FRUIT BUSINESS  
IS VERY HIGH RISK, BUT THAT  
ALSO MEANS HIGH RETURNS”**

Along with citrus fruits, strawberries and grapes, Oriental Fruits ships fresh and dry garlic, dates and pomegranates and a variety of frozen produce.

As well as the Oriental brand, the company also trades under the Hola, Citrana, Berry Sweet and Tigoo brands.

Fouad says the company’s markets are coming back for certain products and looks forward to a prosperous 2020 despite the





rough patch at the beginning of the year.

"Now I expect that 2020 will be ending much bigger than 2019," she predicts. "The turnover so far this year is up by around 45 percent over the same period in 2019."

The general manager says her future plans involve getting into the food processing industry within three years and wants to have joint ventures with South African and Israeli partners.

"We've already discussed technical support and branding with the South Africans," she explains.

"Regarding Israel, they have a lot of know-how and variety in their products, and I'm willing to do business with them because despite the politics, business is business."

### Assured Quality

A veteran in the Egyptian fruit and vegetable business is Givrex, established in 1978 in Alexandria by Robert Mansour after working in the industry for more than 40 years.

Grown primarily in the rich soil of the Nile Delta, the company's produce ranges from artichokes, broccoli and sweet corn, to okra, broad beans and taro.

And that is only the frozen vegetables, its fruit offerings include Individual Quick Frozen (IQF) strawberries, figs, dates, guavas, pomegranates and apricots, as well as fruit pulps for juices and other uses.

Also in Givrex's product line are lentil, artichoke and broccoli creams, along with frozen vegetable pastes and roasted eggplant and peppers, as well as frozen artichokes, fava, molokhia green soup and Egyptian okra.

The company's products have received international ISO, BRC, HACCP and kosher certification, facilitating its exports to markets in Europe, Australia, the United States and neighboring Middle Eastern countries, catering for international as well as ethnic markets.

According to the company website, Givrex is dedicated to providing the highest standard of quality to consumers by following founder Mansour's motto: "If you have to do something, do it well. Otherwise, don't do it at all."



### Solid Expectations

Any visitor to the Middle East will come across the delightful sweet variously called halawa, halvah or halva made with sesame seed paste, sugar, spices and nuts.

And one of the oldest halawa producers is the Cairo-based food company REMD – El Rashidy El Asly, says CEO Abdelnaby Madkour.

"We are also one of the oldest companies in Egypt as El Rashidy El Asly, founded in 1888 and since then operated all that time in the original factory in downtown Cairo," he explains.

"But it is in the middle of the city and so it was hard to expand as the company grew so a few years ago we moved to our new facilities west of the capital to better turn out our growing list of products."

Since then, REMD has tripled its sales from \$4.7 million to \$13.3 million in 2019, with much of the increase coming from one of the company's newest product, a chocolate and hazelnut spread.

"The increase in the value of the dollar against the Egyptian pound made it expensive to import its competing products so we came up with our spread under the brand name Quickie.

"We also introduced the only halawa wafer bar in the world under the brand name Sakalans," he says.

REMD's chief product, of course, is halawa sold under the brand name El Asly. The company recently launched its new line of Picky peanut butters and markets dates under the 7 Dates brand.

Last year, the company finished its new manufacturing plant in west Cairo and began moving its last production lines there from central Cairo, with the aim of tripling production and opening up the opportunity for boosting exports.

"We were excited about the new factory and new production lines with high expectations for volume, sales and exports, hoping for 30 percent growth," Madkour recalls.

"But with Covid-19 this didn't happen. Now we see 2021 as our big year for



**"REMD IS ONE OF THE OLDEST FOOD COMPANIES IN EGYPT, FOUNDED IN CAIRO IN 1888"**

growth, with 70 percent of production earmarked for the domestic market and the rest for export."

REMD currently exports to neighboring countries in the Middle East and Africa and to the United States, plans to increase sales in Saudi Arabia, Yemen and Oman, and is looking to crack the market in the United Arab Emirates.

"I think our expectations are pretty solid. Over the past couple of years there has been a big focus on the quality of Egyptian food products with more quality control and monitoring by the government," The CEO says.

"We have very competitive products at competitive prices thanks to lower raw materials and labor costs here in Egypt and the government is helping the sector to really grow in this period."



# OIL AND GAS POWER EGYPT'S RENAISSANCE

## DOMESTIC SERVICE FIRMS TAKE ADVANTAGE OF RECENT DISCOVERIES IN THE EAST MEDITERRANEAN

As one of Egypt's most vibrant sectors the petroleum and gas industry is fueling the country's buoyant economy and attracting foreign investment on an unprecedented scale.

Gas and oil production now represent almost 15 percent of Egypt's total GDP and so ranks as the biggest industrial activity in the country, according to recent government data.

And it's easy to see why. Egypt boasts proven reserves of oil estimated at 3.3 billion barrels with gas reserves standing at around 80 trillion cubic feet. Many international petroleum companies are eagerly investing, backed by government support and encouragement.

Such multinationals as Chevron, ENI and ExxonMobil are now active in Egypt, while more than 80 exploration agreements for both oil and gas worth more than \$15 billion have been signed over the past seven years.

Egyptian officials are offering signing bonuses of some \$1 billion for further drilling, with emphasis on the Western Desert, the Eastern Mediterranean and the Red Sea basin.

Downstream, the government plans investment of almost \$40 billion in the petrochemical industry over the next few years, with the aim of boosting its current revenues from the sector of around \$7 billion.

At the same time, refineries are being modernized and a privately run refining plant is due to go on stream soon.

Despite the current low prices for petroleum and its effect on the industry, Egyptian oil and gas services executives are bullish on the sector and its eventual recovery.



AMR FARRAG

CHAIRMAN OF  
SAKNAFTA  
PETROLEUM  
SERVICES

## "EGYPT HAS THE BIGGEST GAS TREATMENT HUB IN THE EASTERN MEDITERRANEAN"

### Profitable Investments

"Oil and gas is affected by the demand for products and once the world gets back to normal, I'm optimistic the price will return to its previous level," argues Amr Farrag, the owner and chairman of Saknafta Petroleum Services, a company founded in 2007.

"Right now the market is low, but once there is a vaccine for the virus the oil price will recover and I'm hopeful there will then be a boom in the industry."

Saknafta was doing well before the crisis, posting a profit of \$4.5 million in 2019, with Saknafta's clients demanding more and more business.

"Things were going really well until March and April when the decline set in," Farrag recalls.

So far in 2020, the company has a profit of \$1.5 million, so it has stayed profitable despite facing a challenging environment.

"Of course this year is below our expect-

tations, but we have some projects which are governing by timing and not by price such as build-operate-transfer projects.

"But servicing oil wells can be affected by the price of oil and so there is less demand," the chairman explains.

"We're still profitable and that is a positive thing these days in this sector and this economy. We've done well in some of our activities, not so much in others, but we're doing well in general."

The company offers customized coiled tubing, nitrogen and stimulation services; pipeline and process services, tubular running services and oilfield equipment services.

Saknafta's equipment is in full compliance with API and ISO international standards and operated by highly-trained and qualified personnel, with total staffing fluctuating between 250 and 300 people.

All of which is valued by its roster of clients and partners which includes both international and local companies such as Schlumberger, Sterling Energy, Kuwait Energy, Badr Petroleum, NaftoGaz and many others.

And the company is looking at expansion beyond Egypt's borders by opening a new branch in Abu Dhabi and is already hiring for positions there, while anticipating more business at home.

"The East Mediterranean region is very attractive and as Egypt is the biggest gas treatment hub in the area, we have the knowledge for receiving and treating gas exports from other countries and liquefying it or turning it into petrochemicals," Farrag says.

"Let's say, for example, that a country like Lebanon discovers gas, but the costs may not make the project economically viable there so the best way to treat it is to bring it to Egypt, where there is a lot of petrochemical development taking place."

The chairman notes that except for the East Mediterranean region there are fewer and fewer international companies in Egypt while local and European outfits are entering the sector.

"But when the oil price rises again, we'll see more of the big international operators moving into those areas," he says.



www.saknafta.com

- Coiled Tubing, Nitrogen and Stimulation Services (WS)
- Pipeline & Process Services (PPS)
- Tubular Running Services (TRS)
- Oilfield Equipment Supplies (OES)



“Egypt will then become more attractive to everyone because the economy and our sector are diversifying and we have so much potential. The government is building major infrastructure projects and that means we will be a major target for investment in the Middle East for sure.”

### Future Expansion

Another company hit by the downturn was Triangle Oil Field Services (TOFS), says General Manager Walid Gharib.

“We had a good plan for 2020 with our budget decided the previous autumn and then Covid-19 spread all over. So we got hit after the first quarter and there was a big impact on the oil and gas sector,” he explains.

“We work with exploration companies, many of which are joint ventures between international operators and the Egyptian government. With the market depressed, these outfits are now delaying their projects here.”

“Therefore, this year our business is down by around 40 per cent compared with 2019,” the executive adds.

TOFS is part of the Triangle Group which includes more than 20 companies active in the aviation, airports and airlines, infrastructure, energy, real estate, ports, engineering and construction, facility management and heavy equipment sectors.

Owned by the Tawil family, the group began as small collective of companies specializing in representation, consulting and investments. Briefly nationalized in 1962, the family reestablished control in 1970 marking the formal beginnings of the Triangle Group.

The company employs 120 workers and specializes in non-destructive testing inspection (NDT) of pipes and tubing, BHA and all rig components, as well as American Petroleum Institute (API) thread gauge, welding and storage tank inspection services.

Additional services include construction of threaded flow lines to connect well clusters, pressure testing, electric inspection and advanced inspection with long and short-range ultrasonic testing, pulsed eddy current, acoustic emission testing, automated corrosion mapping and others.

ENI, Apache, Edison, IPR and Chevron are some of the major companies on the company’s client list working in Egypt. Following this local success, TOFS is now moving into Saudi Arabia, Libya and Oman.

“Here in Egypt, the potential of the sector is huge and remember that just two years ago the country was a gas importer and now



WALID GHARIB

GENERAL MANAGER OF TRIANGLE SERVICES

**“ONLY TWO YEARS AGO EGYPT WAS A NET GAS IMPORTER BUT NOW WE ARE EXPORTING”**

we export thanks to the gas discoveries made recently in the Eastern Mediterranean basin,” Gharib says.

“This has meant that there has been a tremendous transformation in the industry and I would say that the oil and gas sector is clearly on its way back to normal.”

And investment, he notes, will soon be going full steam ahead.

“It’s definitely happening,” the general manager explains. “The Ministry of Petroleum is now conducting meetings to forge the invest-

ment plans for 2021 and coming up with a budget.”

“And already we’re dealing daily with operating companies planning for expansion next year so that makes me very optimistic about how the sector will be moving ahead.”

### Restructuring Times

As for many businesses in all sectors these are challenging times and that is especially true for Mohamed el Gamal who just a few months ago signed on as chief executive officer of Maridive & Oil Services, which focuses on offshore and maritime activities.

“I worked many years at the international oil services company Schlumberger where day to day I was finding internal challenges we had to tackle like efficiency, structure, the business process and the market,” he explains.

“It’s a completely different arena here at Maridive, with a distinct business model. But I like challenges.”

“When I started here, one of my first decisions was to develop processes for more efficient approaches, how to optimize our per-





**MOHAMED EL GAMAL**

CEO OF MARIDIVE & OIL SERVICES

**“MARIDIVE WILL BE A MORE EFFICIENT ORGANIZATION TO MEET THE SECTOR’S DEMAND”**

formance so we can minimize our costs for the clients,” the executive adds.

Founded in 1978, Maridive is a global provider of a wide range of services to oil and gas exploration and production companies including maintenance, construction, salvaging, transport and supply.

Headquartered in Alexandria, it is Egypt’s largest offshore marine and oil support services provider and the largest regionally in terms of fleet size with more than 65 marine units employing thousands of professionals across the Mediterranean, Red Sea, North and West Africa, Caspian Sea, and even Latin America.

Its marine division operates tugs for offshore supply, crane, work and accommodation barges, diving support vessels, and hydrographic and geophysical survey support vessels.



Diving services include offshore surface preparation, painting and coating, inspections of all types, installations, and underwater pipeline work.

The group and its subsidiaries, Maridive Offshore Projects, Maritime, Valentine Maritime and Ocean Marine FZC, have bases in Alexandria, Port Said, Ras Shukheir, Al Tor Harbor, Abu Dhabi and Al Khafqi in Saudi Arabia.

El Gamal says the sector was on a roll until the Covid-19 crisis struck, with oil at \$60 plus per barrel and increasing demand for gas.

“But now the pattern of supply and demand has changed with the drop in petroleum production. So activity is down and planned projects in places like Oman and Abu Dhabi are postponed.”

“With fewer rigs operating, there is less movement in the oilfields so it’s logical that our clients are cutting back and it’s the same all over the East Mediterranean,” he explains.

El Gamal says he expects the price of oil will reach \$50 per barrel next year and while he says he doesn’t believe oil at \$60 or \$70 per barrel will happen anytime soon, “I believe the worst is behind us,” he says.

“With the changes in the company and an improvement in the oil market, we’re looking at restructuring the whole company and are consolidating our four to five divisions into two.”

“Therefore, in two years Maridive will be a more efficient, process-oriented organization to meet the demands of a sector which will still be the number one source of energy for the next three to four decades,” he predicts.

**Cost Advantage**

Improving economic factors and the petroleum industry’s expected bounce back is also fueling hopes at EGOSE Petroleum Services, according to late General Manager Amir Ahmed Rashwan.

“Things are starting to get better and we are preparing new projects with our clients. At the same time, production companies are still working as well as drilling outfits because they have commitments,” he explained.

So far this year, EGOSE has posted a turnover of over 80 percent of its 2019 figure of \$4.8 million.

“Egypt has very low costs so you can still manage to make a profit here,” the general manager says. “We were involved in researching some projects in Malawi for a pair of exploration companies from the U.A.E. and what costs \$3 to \$4 million there only costs \$1 million here in Egypt.”

“Our company works with reasonable pri-

cing as we’re not looking to make huge profits, our strategy is little profits from lots of clients.”

Established in 1996, the company is a leader in providing logistic services, well site preparation, prefab buildings, access roads, accommodation and catering, and manpower solutions for its clients at home and abroad.

“We’re working on a huge project in Kuwait and we’re looking at opening three or four branches around the world in the next three years or so,” the executive said.

“EGOSE is already number one in Egypt in some of the services we provide and as the market continues to improve, we’ll be the first in all of those services.”

Rashwan attributes the company’s success so far to its experienced staff and sterling reputation, and its policy of teaming veteran employees with young, tech-savvy engineers to come up with custom solutions to client needs.

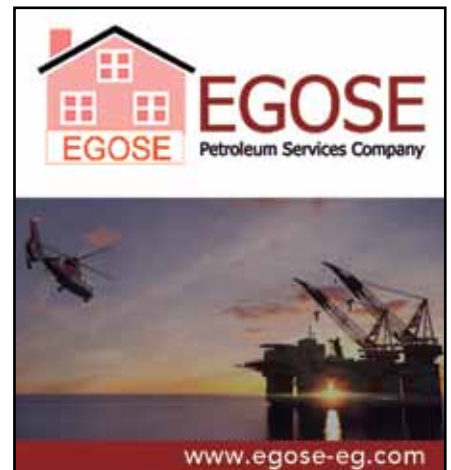
“We’re focusing on building our name and performing our job well and on time,” he said.

The company currently employs around 165 full-time employees and has 52 clients in the exploration and production sectors. That client list should grow as the investment climate in the oil and gas sector improves.

“I think the government has really helped the economic situation in Egypt by bringing in people with an investment mindset to this market. The ministers give a helping hand to many businesses and there are big plans to upgrade the local infrastructure and also the agriculture sector,” he said.

“Egypt is a great place for foreign investment as it is completely safe, the investment situation is very clear and one’s money is secure as the banking sector is very strong.”

“And bureaucracy has been much reduced under the current government which really cares to ensure that the country is totally investment friendly,” Rashwan said.





**ENG. ESSAM ABDEL FATTAH**  
MANAGING DIRECTOR OF MIDCO - OILFIELD SERVICES

**“OIL AND GAS BUSINESS WILL RETURN STRONGLY BECAUSE OF EGYPT’S LARGE RESERVES”**

**Booming Times**

This same optimism is fueling investment by Midco Oilfield Services in its own ability to meet international standards while the sector moves towards becoming healthy again, according to Managing Director Eng. Essam Abdel Fattah.

“I’m investing in renewing the API certification which we first obtained three years ago and we’re ready to get back to work,” he explains.

Based in Cairo with an office in Alexandria, Midco Oilfield Services provides its clients with a broad range of services including wellhead maintenance and supply, cold casing cutting, pre-heating and welding, pressure testing, filtration, drilling management, sand blasting and painting.

The company also carries out inspections, fills all types of manpower needs and manufactures and rents offshore baskets and chemical containers.

“A partner and I started Midco Oilfield Services back in 1998 while I was still working for a big international oil service company, with

the idea of tackling the all important safety concerns in the petroleum business,” the executive recalls.

“Then I left that company in 2001 and officially registered Midco Oilfield Services so we’ve been operating in that capacity for 20 years. We now employ around 75 people and in 2019 our turnover was some \$2.5 million.”

Before the Covid-19 crisis, Fattah says he was expecting an increase in business for the company of between 70 and 75 per cent in 2020. “But,” he predicts, “the final figure might be around 30 per cent.”

Despite the crisis, the managing director is confident business will bounce back.

“The oil and gas industries will return strongly because Egypt needs these products and we have such a large amount of proven reserves, especially gas.

“We’re even exporting now so I expect the oil and gas sector will start booming again, but probably not before the second half of 2021,” he says.

**International Expansion**

Also bullish on the future is Kareem A. Razek, the CEO of Splash International which provides inspection services for the oil and gas industry and is active in other sectors of the Egyptian economy.

“It may take around two years for oil and gas sector to fully recover from the current slump,” he says. “We were doing very well before the current crisis, and we were beginning to work outside Egypt in Yemen, Oman and Qatar.

“We had to shut down for six months and all of our 50-odd employees took a 50 per cent salary cut for three of those months, yet no one was let go,” he recalls. “But we started working up again last August and we have noticed that there is now demand again for our services.”

Along with a full range of lifting equipment inspection and testing, Splash International also carries out advanced NDT and welding inspection, tank inspection, cleaning and painting, and scaffolding solutions and certification, among other services.

“We also work in the port, as well as the



**KAREEM A. RAZEK**  
CEO OF SPLASH INTERNATIONAL

**“THE GOVERNMENT IS DOING MUCH TO ASSURE FOREIGN INVESTORS NOTICE EGYPT”**

construction and industrial sectors here in Egypt, so we don’t entirely focus just on oil and gas. We’re looking at expanding into any sector that needs our services and expertise,” Razek explains.

Looking to the future, the executive expects to expand internationally targeting the United Arab Emirates and possibly Africa.

The company is also keen to attract investors, he adds. “Last year we had investors buy shares in Splash International and we are looking for more to provide both money and expertise.”

“It would be a wise investment as the oil and gas sector is the biggest star in the Egyptian economy, we’re a part of that and the government is doing so much to see that foreign investors take note,” he adds with confidence.



# EGYPT BECOMES NORTH AFRICA'S TRANSPORT HUB

A UNIQUE GEOGRAPHICAL LOCATION AND BOOMING ECONOMY CONTRIBUTE TO GROWTH IN LOGISTICS

Since the time of the tome of the pharaohs, Egypt has been a hub for global trade and transport thanks to its unique geographical location with easy access to and from the markets of Europe, the Middle East, Africa and beyond.

Over the centuries, that transport system survived and improved and 150 years ago, Egypt became even more important as a world trade interchange point with the opening of the Suez Canal linking the Mediterranean with the Red Sea.

These days, the camel caravans and dhow vessels of centuries past have been replaced by modern transport utilizing up-to-date highways, airports, seaports and a rapidly-improving rail network for both domestic and international commerce of all types of goods.

International actors with deep pockets are taking note. Egypt is becoming a key investment destination for China's One Belt, One Road initiative, while Saudi Arabia plans to finance a bridge across the Red Sea to link the two nations.

Egypt's buoyant economy and growing importance in many industrial sectors is fueling mass investment by the Egyptian government in transport infrastructure with the ambitious aim of boosting cargo volume by land, sea and air.

At the same time, transport industry sources say, officials are working to streamline the economy and hence give a boost to its logistics sector.



**HANY ABDEL RASHID**

MANAGING DIRECTOR & CEO OF UNIFREIGHT GLOBAL LOGISTICS

**“AT UNIFREIGHT WE BELIEVE IN THE EGYPTIAN MARKET SO WE ARE WILLING TO INVEST IN IT”**

## Investing in Egypt

“The government is investing in infrastructure, roads, power stations, etc., and now it is changing the laws to eliminate obstacles to investment,” says Hany Abdel Rashid, the managing director and CEO of Unifreight Global Logistics, a freight forwarding and logistics firm.

“A perfect example is the changes in bureaucracy for customs clearance so that everything is 100 per cent automated. The Egyptian government is really working hard to put the country in a completely different position.”

Headquartered in Alexandria on the Mediterranean coast and with branches in Cairo and Port Said, Unifreight Global Logistics offers a full line of sea, air and land transport options including logistic solutions, cargo consolidation, customs clearance, supply chain management, warehousing, distribution and projects forwarding.

It is also part of a joint venture with Tarros, one of Italy's and Europe's oldest shipping lines, called Tarros Med Egypt of which Rashid is chairman.

“Unifreight is one of Egypt's leading non-vessel owning common carriers (NVOCC) with 40 per cent of the local market and we also operate the largest container freight stations in North Africa with a 15,000-square-meter facility,” the executive says.

“We also recently began operating our first container workshop for maintenance and repair.”

The company's sea freight division offers full container handling, special commodity services, conventional and break bulk handling, RO-RO cargoes, chartering and door-to-door pickup and delivery.

Other services across its divisions include air freight management, cargo insurance, inventory, stock analyses, feasibility studies for road, sea, air, rail and river transport, equipment assembling and out of the ordinary cargo handling.

Its project forwarding division is in charge of special challenges especially where complex logistics and very large and/or heavy items are involved.

“Whether it's the transport of single machines or complicated industrial plants, we are masters of fine tuning such projects, including cost planning, carrier choice and all the other elements to ensure all the project's requirements are met,” El Rashid says.

“And that can involve moving an item



from when it first comes off the production line all the way to erecting it on site with a smooth transaction for all parties. That's what we have such a good international reputation."

"In short", he says, "Unifreight offers a full range of transport solutions."

Established in 2005, the company started out with five people on the payroll which has grown over the past 15 years to 370 employees. Turnover for the whole group, which is composed of four holding companies (including two joint ventures), was \$13 million in 2019.

As with many Egyptian companies, Unifreight was doing quite well in 2019 and into early 2020, ploughing revenue into new projects like the container repair facility.

"Then we had the Covid-19 crisis and that affected our company, especially our shipping business from Italy which closed down for three to four months impacting our import and export volumes," El Rashid recalls.

"However, I believe that things will get back to normal perhaps when there is a vaccine and all this investment will eventually pay off. But it will take time."

The CEO says he is open to further joint ventures and is keen to expand in Egypt which he sees as going from strength to strength.

"We believe in the Egyptian market and are willing to invest in the Egyptian market," the executive says. "Unlike other Arab countries which went through recent political upheaval, the Egyptian economy remained stable. We are a nation of 100 million people and we have to move on."

"Our company has been very successful. I'm 50 years old now and my main objective is to prepare the second generation to take over. So I'm very optimistic and we have the plans and the willingness to invest and grow further."

### International Opportunities

Egypt's proximity to Europe has been a factor in the success of the BLS Group, a shipping and freight-forwarding firm that started off focusing on exporting perishables such as local fruits and vegetables, according to founder and managing director Rania Kamara.

"I was the sales director of a shipping company that operated in the perishables sector, then I left to start BLS Group in 2012," she recalls.

"It was difficult the first year because it was right after the revolution of 2011 and



**RANIA  
KAMARA**

MANAGING  
DIRECTOR OF  
BLS GROUP

**"FROM DECEMBER WE'LL HAVE FULL EXEMPTION IN CUSTOM DUTIES TO LATIN AMERICA"**

the market was hard to enter due to economic and political issues."

But Kamara persevered, starting from scratch in attracting business by targeting large companies, eventually expanding from food to fertilizer, steel and other non perishables goods.

The market for Egyptian perishables has boomed for the past several years thanks to the high quality and growing demand in Europe.

"It was tough because shippers are very demanding in that sector and accept zero mistakes as they are supplying the big hypermarkets in Europe and quality control is strict, especially in the UK, Netherlands and Germany," she explains.

"So I began dealing with other goods. In that first year BLS Group handled 1,000 con-



tainers, a number that increased to 17,000 in 2019."

As the company's reputation grew along with the volume of goods shipped, BLS Group was able to get special rates for its clients, leading to a further boost in its business bottomline.

Employing around 60 people, the company posted a turnover of \$6 million in 2019, although business is down in 2020, due to current market conditions

"We had a great beginning to this year and lots of contracts because the Egyptian government was signing trade deals with a lot of countries," Kamara says.

"Our focus was on Africa and in the first quarter of the year business was up around 16 per cent over the same period in 2019. But the second quarter was a disaster and the third quarter went a bit better."

The businesswoman says that activity is still slow in Europe and the Gulf but the company is growing its business in Latin America which she describes as a promising market for Egyptian goods.

"And so we're looking forward to 2021 as from December of this year there will be a full exemption in customs duties for Egyptian products in Latin America, like Brazil and Paraguay," she explains.

"I've already begun to look for larger office space and we have to hire more employees as my goal is to grow the company worldwide."



[www.bsleg.com](http://www.bsleg.com)



**MOUSTAFA EL-KOT**

GENERAL MANAGER OF LINKERS EGYPT

**“EGYPT’S ECONOMY IS STILL GROWING VERY FAST AND THE LOCAL MARKET IS IMPROVING”**

**Foreign Expansion**

Expansion is also in the cards for Linkers Egypt International Freight Forwarder where executives are planning for a turnaround in the market after going through hard times at the height of the pandemic.

“At the beginning of 2020 we had to downsize our workforce and completely stop operations for three months,” recalls General Manager Moustafa El-Kot.

“The market was basically frozen except for medical equipment so for the company to continue I bought all these empty shipping containers we had acquired and we repaired and refurbished them for resale.”

Those times are hopefully in the past, he says, as volumes have been increasing since the summer with business with the Far East and Europe already returning.

“If there’s no severe second wave of the virus, we could perhaps be back to normal by the beginning of 2021,” he predicts, and is optimistic that economic and structural reforms by the government will help.

“Our economy is still growing very fast and the market is improving. With that in mind, we’re expanding our warehousing capacity and distribution around Cairo.”

Linkers Egypt is also increasing international operations and planning on opening



two foreign branch offices, one in either Germany or the Netherlands, and the other in either Istanbul or Dubai.

“There are still some obstacles on the path to a full recovery,” El-Kot says. “But we’re on our way.”

**Natural Evolution**

With logistics and transport beginning to do well, it comes as no surprise that businesspeople in related fields are thinking of getting into the sector.

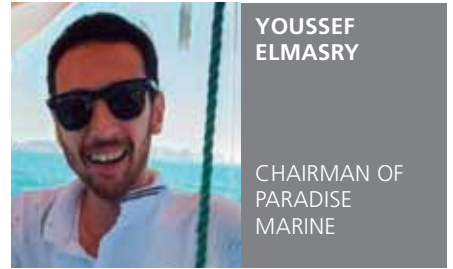
One example is Youssef ElMasry, the chairman of Paradise Marine, an Alexandria-based marine services management company focused on the oil and gas industries.

“I created the company a year ago after six years working for a petroleum services firm where in fact I still work,” he says.

Paradise Marine provides technical, commercial, crew, lay-up and flag registry and vessel repair management as well as survey services, salvage operations and the design and building of new vessels.

“We hit a bad patch during the Covid-19 crisis and everything closed down,” the executive recalls. “We started working again around two months ago but it takes a lot of time and money to return to normal.

“PCR tests to detect the virus are slowing down a lot of operations, however, the market is recovering. Most of my clients



**YOUSSEF ELMASRY**

CHAIRMAN OF PARADISE MARINE

**“I THINK IT’S AN EXCELLENT MOMENT FOR US TO BRANCH INTO SHIPPING AND TRADING”**



are local and my plan is to have international clients as well.”

ElMasry says he believes Egypt has done fairly well regarding the coronavirus because people were able to get through it and get back to work.

With apparent economic recovery on the way, this is a good time to invest in the country.

“It wasn’t so great as an investment destination a few years ago but now people are more business oriented and their thinking reflects that,” he says.

“So I think now is an excellent moment to branch off into shipping and trading. I’ve worked six years in the petroleum services sector so I know it very well, but now I need to do something new. I want to evolve!”



# LATT GROUP IS READY TO GROW

## PLANS MAY BE DELAYED BUT GROWTH IN SHIPPING IS NOW BOUNCING BACK

As with many economic sectors, the Covid-19 pandemic triggered a crisis for shipping and logistics firms and many, like LATT Trading & Shipping Co, had to put expansion plans on hold.

But Managing Director Mohamed Hassan Abdelkader says he is confident that a return to prosperity is just around the corner and those plans will go ahead next year.

"We had very ambitious plans for 2020 as with our big focus on bulk cargos, and we were going to build new silos at Alexandria and two other Egyptian ports," he explains.

"That included doubling the size of our 100,000-tonne storage capacity at these facilities. This has now been pushed back by the pandemic but it's still on the table when the market stabilizes."

As in the rest of the world, commerce in Egypt plunged in the spring of 2020. When it appeared the worst was over in June, the government moved to reopen the economy which the executive says had a positive impact.

"We immediately felt this in the import and export sectors with a rise in container activity and volume of shipped goods," he recalls. "It's a come back, not quite like it used to be but I think we're back on track."

LATT Trading & Shipping began as a shipping company 25 years ago, then expanded into port services, trucking and end-to-end supply chain management.

A decade later, when client demand rose for the company's land transport business, it spun off a new company, LATT Logistics while shipping and port services remain the focus of the original company.

Its executive manager Abdelrahman Leheta is bullish on the return of business to



MOHAMED HASSAN ABDELKADER

MANAGING DIRECTOR OF LATT - TRADING & SHIPPING



**"EVEN A SMALL GROWTH IN THE GDP WILL IMPROVE THE LOCAL PURCHASING POWER"**

the company thanks to the recent upgrade to the IT systems, "we took the time in upgrading our systems before March and this has proven to be key during the lockdown. We are now stronger than we were before the pandemic, we are more focused."

LATT Trading & Shipping operates port services on the Mediterranean and the Red Sea, handling a diverse range of ships such as dry bulk carriers, tankers, general cargo and RORO vessels.

### Magnificent Location

Internationally, LATT works as an agent for two shipping partners: Istanbul-based Turkon Line operating throughout the Mediterranean, Black Sea, Europe and to the United States; and MCLL of Greece which is a car carrier active in the Mediterranean, Black Sea and Far East.

With his unique insight into Egypt's export sector, the managing director says that there is plenty of room for growth.

"In Egypt, growth is not going as well as we hoped. While we're doing very well in the export of food and agricultural products, we're not doing that great in industrial and engineering products," he argues.

"And because of the special requirements for food products which require special needs as they are perishable, there is pressure on the

entire supply chain which affects all products."

Abdelkader sees investment potential in Egypt with its huge population which is poised to benefit from the improving economy.

"Between 60 and 70 percent of our people are still poor so any betterment in their standard of living and purchasing power will have a tremendous impact on the demand for goods and services," he argues.

"That means there is a huge opportunity for companies looking to invest in Egypt as even a small improvement in the GDP will boost that demand."

Egypt, Abdelkader continues, is also a natural investment destination thanks to its geographical location and increasingly business-friendly government, which he welcomes.

"One of the main challenges has been official bureaucracy and as we have worked for 25 years with many governments, and we have seen huge efforts by the authorities to improve the bureaucracy.

"They are trying to meet the requirements for businesses in a good, scientific and cost-effective way and until now the laws were not very clear or they changed a lot," he notes.

Abdelkader describes the Egyptian economy as being undervalued, and points to its size and what he calls its "magnificent location" as a draw for future investment.

"I invite businessmen to think about Egypt not only in services but also in the industrial sector. We're close to Europe and can easily replace China as a source for all sorts of products."



LOCAL KNOWLEDGE ... GLOBAL STANDARDS

[www.lattlogistics.com](http://www.lattlogistics.com)



# EGYPT GROWS BY DIVERSIFYING ITS INDUSTRIAL BASE

## PRIVATIZATION AND EXPORT GROWTH HAVE CHANGED INDUSTRIAL FOUNDATIONS

Egyptian industry has undergone amazing changes over the past 20 years, triggered by the government's decision to orient the private sector to a more aggressive export policy via the multilateral and bilateral commercial agreements with different countries and offering subsidies to exporters, from the other side they privatized substantial holdings in many manufacturing companies state owned or with state participation.

And these days, industry is at the centre of the country's economic growth as the government plans to further diversify the economy, boost high-tech exports and develop special economic and industrial zones.

All welcome news to Egypt's main manufacturing sectors which include food, chemicals, textiles and building materials, along with oil and gas derivatives, iron, steel, automobiles and many more.

### Private Takeover

Paper products are also a leading industry and Cairo-based Flora Pyramids Paper Mills is significant producer of both consumer and for factories paper products.

It is also an example of the government turning over full control of its business assets to the private sector as by the end of last year the government's 25 percent stake was bought out by the other shareholders

"I became CEO in 2004. I began at the company straight out of university, working my way up and in 2019 I led a group of major shareholders for the buyout of the government's 25 percent stake," explains CEO Christo T. Cavallis.

"Since its beginnings back in the 1980's Flora was the only company producing tissue paper in Egypt, every year we registered growth and strong profits," he recalls.

"It was all very smooth until the "Arab Spring" even though competition arrived but



CHRISTO T. CAVALLIS

CEO OF FLORA PYRAMIDS PAPER MILLS

**"ALL THE PLAYERS IN THE PAPER SECTOR ARE EXPORT ORIENTED, WITH A VERY BRIGHT FUTURE"**

I always see competition as something beneficial as it presents a challenge." And with the tissue market relatively small per capita in Egypt and with enough capacity to serve both the domestic and export markets, Flora began selling its products abroad.

"We started with just a small percentage of our production, enough to keep open relations with the markets and since 2004 we were exporting almost 50 per cent of our output. "Things were going well as we had almost 25 percent of market share but then after the Arab Spring , some issues popped up because of the structure of the company which eventually led to the buyout," Cavallis says.



Flora Pyramids Paper Mills consumer product line includes kitchen towels, toilet paper, facial tissues, pocket tissues and napkins available at retail outlets and in schools, restaurants and hospitals. It also manufactures and markets tissue paper customized to the exact requirements of clients in other industries.

During the Covid-19 crisis, people became more aware of the importance of personal hygiene and that led to an increase in sales, the CEO notes.

"All of the players in our sector are export oriented and the domestic industry has a very bright future," Cavallis explains. "In neighbouring countries like Libya and Syria the industry is in a mess so they have to rely on imports.

"Southern Europe is also a good export market for us and this year our sector has seen an increase of 10 to 15 per cent" he says.

The company says it is very committed to protecting the environment, particularly regarding energy, water and pollution. "We try to be as green as possible in this industry," the CEO explains.

"So we planned specific steps in our manufacturing process to reduce our impact on the environment: energy use audits, review of machinery design, use of sustainable raw materials, energy-efficient lighting, cooling cost controls, and the continuous monitoring of our green practices.

"In the domestic market Egypt's consumer goods sector in general is booming with the middle class taking advantage of the increasing banks credit products availability which means more spending, according to Cavallis.

This all bodes well for the company's future and that of the nation. "I believe that Egypt's economic growth driven by education, the new infrastructure and urban areas, the government's emphasis on exports, demographic trends and increased prosperity will mean we'll all be doing well in 2021," he says.

"We want to achieve a new type of quality growth next year after the change of the shareholding structure and as domestic consumption grows and I'm sure that this will happen.



**RASHA  
ALKORDY**

MANAGING  
DIRECTOR OF  
STYLE TEAM  
LIGHTING

**“THE MARKET IS RECOVERING,  
WE ARE OPTIMISTIC AS EGYPT  
HANDLED THE PANDEMIC WELL”**

**Back On Track**

Egypt’s long-vibrant tourism sector has provided many years of business for Style Team Lighting which began in the 1960’s to replace imported lighting fixtures with domestically-made and fashionable products.

“This is a family company started by my father with the main aim of making customized lighting for major projects,” recalls Managing Director Rasha El Kordy.

“We began with a small factory and as the projects came our way we grew larger and larger and today we employ a staff of 150 people and our turnover is around \$2 million.

Style Team Lighting’s leading product was originally decorative lighting for architectural firms, interior designers, hotels and resorts. It later opened a line for residences and added a string of showrooms.

But the slowdown in tourism stemming from political unrest in 2011 halted major investment in hotels and resorts which accounts for between 50 and 60 per cent of the company’s business, stymied growth.

“So things were a bit slow in 2019 but as tourism was starting to recover the Covid-19 pandemic arrived and all these new tourist accommodation projects stopped,” the executive says.

“Luckily, some hotels used the crisis to



rebuild on credit as they had problems with cash flow and we agreed to their requests for discounts. That will reduce our revenue by about half for this year.”

Style Team Lighting’s product line includes chandeliers, wall lampas, pendants, linear suspension lighting and table, floor, desk and reading lamps, as well as bathroom, vanity and flush-mounted lighting.

A list of the company’s hospitality clients reads like a roster of the finest hotel chains in the world and include Kempinski, Le Meridien, Fairmount, Sheraton, St. Regis, Renaissance, Hilton and Movenpick.

“The market is recovering now and we’re optimistic as Egypt handled the pandemic fairly well and managed to sustain economic growth in general,” the managing director says. “This is giving people here the encouragement to continue.”

“Internationally, we currently export to Europe for project-based sales, as well as to projects in Saudi Arabia and East Africa. But we’ve always wanted to focus on the Middle East and North Africa and there are still great possibilities in Egypt,” El Kordy explains.

Further expansion into regional markets along with tackling more design-oriented and architectural lighting projects are in the company’s future plans.

“We’re now working on the final quarter of 2020 and I think that we’ll be back to 80 per cent of our revenue in 2021 by giving our clients easy credit. We got through Covid-19 and I’m confident everything will return to normal and just keep getting better,” she says.



**AHMED  
EL GINDY**

CHAIRMAN OF  
ENTRA SECTIONS

**“THE CONSTRUCTION SECTOR  
IS GEARING UP TO GET BACK  
TO WORK, SO WE FOLLOW IT”**

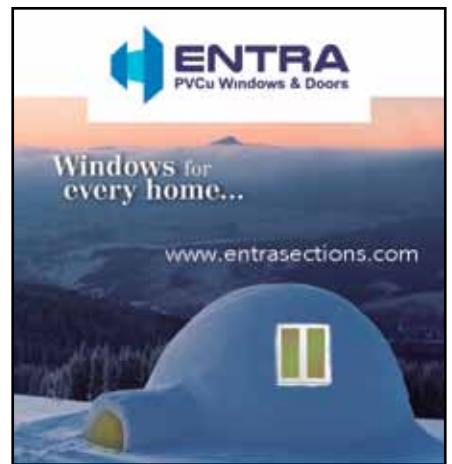
**Construction-Led Growth**

Better times just around the corner are also fueling confidence at Entra Sections, Egypt’s leading manufacturer of PVC windows, doors and other products, as the domestic construction industry prepares to relaunch.

“At the beginning of the year we had deals for our products at many projects here in Egypt but many of those were postponed because of Covid-19,” explains Chairman Ahmed El Gindy.

“That affected us quite a bit and we had to reduce our staff by 35 per cent. But our clients tell us they’re now gearing up to get back to work in early 2021 and we also have some new projects.”

Established in 1997, Entra Sections was



the first producer of PVC windows and doors in Egypt. Using German technology and materials, the company started with one production line turning out some 20 windows or doors per shift.

As the business took off, a new factory was built. Three production lines are now active, one of them fully automatic, with a total capacity of 250 windows per day.

"We mainly work for with residential and commercial projects with annual revenue of \$2 million," the chairman says.

Entra Sections' product line includes a range of PVC doors and windows, shutters, flooring and cladding and screens, all made from the highest grade of materials to protect against noise, dust and the sometimes harsh Egyptian weather.

"Along with being highly weather resistant, our doors and windows provide high security, are pretty much maintenance free, fire proof and protect against termites and water leakage," El Gindy boasts.

"Our products are highly valued by the construction industry because of we use European materials, we have all the test certificates and we're very price competitive."

"Business is coming back in Egypt, the banking system has very much improved, the government is making all the right moves and construction is booming. It's a good time to be here," the chairman says.

### Diversified Offer

Diversification has served TredCo Engineering Industries well and it was that policy that helped the company face the challenges of the Covid-19 crisis, says Vice President and Managing Director Sherif El Sayad.

"Our main strategy has always been to not focus on one activity so we're into automotive parts, home appliances, bedding and exhaust systems," he explains, "serving both the domestic and export markets."

"And last year we launched our newest product, electric scooters under the brand name Glide and we're the first manufacturer of these in the Middle East."

As the pandemic hit and borders were shut by TredCo's export destinations, the company's home appliances and automotive parts suffered.

Sales abroad of home appliances to countries like Libya, Sudan, Syria, Iraq and Saudi Arabia fell, while car parts for TredCo's domestic automobile manufacturing clients were affected by a general decline in auto sales.

"Our engineering division's exports fell by



**SHERIF  
EL SAYAD**

VICE PRESIDENT  
& CEO OF  
TREDCO  
ENGINEERING  
INDUSTRIES

### "I AM OPTIMISTIC ON EGIPTYAN EXPORTS, IT WAS A MISTAKE TO RELY ON CHINA'S SUPPLY"

22 per cent compared with 2019 because of the closing of borders", El Sayad says. "Things are opening up again but we still have problems with Libya and Sudan. Europe's lockdown was also a blow".

But domestic sales weren't really affected as the company started with an existing market share which was boosted by fresh marketing and advertising campaigns.

"In fact," the executive says, "we've expanded our business by 15 percent compared to 2019. This was helped by our scooters which were snapped up by people confined to their gated communities and housing compounds who wanted something to entertain themselves.

"This pushed our sales between 200 and 300 per cent this year", he adds.

Since its founding in 1985, TredCo has become a leading manufacturer of polyurethane products for Egyptian automobile makers, and has expanded into metal parts.

Its current line includes passenger car and bus seats, heat insulators, carpets and roof liners, as well as various skin foam and metal parts for clients including GM, Chevrolet, Leyland, Hyundai, Suzuki, Isuzu, and China's Geely and Chery.

The company's Passap brand turns out 25

types of refrigerators, freezers, gas cookers, water heaters and other home appliances. Since 2003, it has produced Kelvinator brand chest freezers under license from Electrolux.

Under the Hypnos brand, TredCo produces viscoelastic memory foam for pillows, and TredCo exhaust makes automobile exhaust systems.

"Our total turnover in 2019 was \$42 million with home appliances accounting for some 65 per cent of revenues, automobile parts are 25 per cent and scooters bring in the remaining 10 per cent," the vice president says.

"I don't see any real improvement in exports for this year and there will be around a 25 per cent decline. But we'll compensate for that loss with the domestic market."

El Sayad hopes to expand the company's home appliance line and boost market share in a bid to double its current annual sales to \$64 million over the next three years. He also plans to boost production of the Glide brand scooter eventually exporting 50 per cent of turnout to Europe.

The executive sees Egypt as a natural magnet for foreign investment and especially for those companies who want to use the country as a springboard for exports, citing Egypt's international trade accords.

"We have trade agreements with Europe, all the Arab countries and many African nations these investors can benefit from."

"As we saw from the pandemic, one of the world's biggest mistakes was relying on China as the main supplier for so many goods," he notes, arguing that Egypt is a prime candidate for replacing China as a global manufacturing center.

"So I'm very optimistic about Egypt really booming in the coming years as our economy and our manufacturing sector goes from strength to strength."



DR. BASSIM  
YOUSSEF

CHAIRMAN OF  
ELMACO

## “OUR ADVANTAGES ARE OUR LOW MANPOWER COST AND OUR POLICY OF LOW MARGINS”

### International Advantage

Echoing that sentiment is Bassim Youssef, the chairman of industrial electrical products manufacturer ELMACO who took over the company five years ago after almost four decades at a leading multinational.

“I believe Egyptian companies will become internationally accepted more and more as we have the full support in this effort from the Federation of Egyptian Industries and the government,” he explains.

Youssef points to the advantages Egyptian companies enjoy such as an abundance of cheap land, good transportation networks and low manpower costs, arguing that these factors make Egyptian companies very competitive internationally.

“Throughout my experience in multinationals, I was exposed to different markets and competition is a very important tool to improve your production and minimize costs which gives you an edge over your rivals,” he says.

ELMACO manufactures power and distribution transformers of various voltages, disconnect switches, low and medium voltage fuses and capacitors, and welding transformers.

Its clients include many of Egypt’s regional electricity distribution companies as well

as energy ministries in neighboring nations such as Saudi Arabia, Yemen and Iraq, along with several African countries. Most recently the firm signed a major contract with Kuwait.

But achieving this local and international success did not come easy, the chairman recalls.

“I took over what was a government-owned company and it was tough aligning rules for the various processes with the financial regulations.

“This was a totally different environment to what I was used to working in a multinational company for 36 years but eventually we covered all our losses, began to generate strong profits and today we’re focusing on new products and activities,” Youssef says.

When he took the reins of ELMACO there were 11,000 employees, a number which over the years has been reduced to 800, while production has tripled.

“And I didn’t fire one person. When I took over the average age of our workers was 52 so many retired and now we are injecting new blood into the company and hiring new midlevel managers and engineers.”

According to the chairman, 2019 was the best year in the company’s 63-year history. Due to the effects of the pandemic ELMACO is still working at 50 per cent of capacity and expects to finish 2020 at 75 per cent.

Youssef says further international expansion will now be the focus for the company.

“Our targets are countries that have no local production of the equipment that we make and if these countries compare our prices and quality of ELMACO products to others, they will see that we are the better partner.

“We have two advantages: the lower costs in manpower and our belief in small margins which helps us sell in all these other markets,” he explains.

“All transformer technology and materials are the same and we have technicians and engineers who are just as skilled as they are in any other company, because we have six decades of experience in this business.

I truly believe that with our new factory and our skilled workers, we can become the preferred supplier of transformers and other products across the Middle East and Africa.”



### World Class Manufacturing

Africa is also an important market for Technocans, part of the Cairo-based Eagle Holding group, and African sales played an important role for the company during the darkest days of the pandemic.

“Last year, 2019, was a good year for us and our turnover was \$6.5 million,” says Technocans General Manager Sameh Fouad.

“And as exports to Africa account for some 20 per cent of our main product which is cans for the paint industry, those made up for the 10 to 15 per cent revenue loss from local sales,” he explains.

Despite the fall off in its revenue, Technocans continued manufacturing, although on a smaller scale as demand slackened.

“We never completely halted all our production lines, just some of them,” he recalls. “We have a total of seven lines and sometimes we worked two or three, and sometimes only one.”

Eagle Holdings’ main company manufactures a range of chemicals and chemical products at five plants employing around 700 people, with 100 working at Technocans.

As with many industries in Egypt, the bounce back was fairly rapid after the government lifted the partial lockdown aimed at combating Covid-19.

“We didn’t have a full lockdown and as our high season is summer, the market is good despite the crisis although I have to admit that it is not as good as 2019,” Fouad says.

“As for 2021, we hope it will be better. We’re importing our materials at the usual level for the first quarter of the year so that shows we’re nearly back to normal.”




**POWER TRANSFORMERS**

[www.elmaco-egypt.com.eg](http://www.elmaco-egypt.com.eg)

Looking ahead, the general manager hopes to expand exports, arguing that Egyptian products are very competitive on world markets and are known for excellent quality.

“These factors, coupled with our extensive range of industries means that Egypt is a world-class manufacturer and we expect to benefit from that reputation.”

### Blessing in Disguise

Increasing exports is also on the mind of Gamal Al Soudi, the chairman of EGPaper, which has grown by leaps and bounds since it began production in 2010.

It currently sells its various paper products to Turkey, Saudi Arabia, United Arab Emirates, Sudan, Kenya and Syria.

“Before 2019 we exported between 30 and 35 per cent of our production and I believe that once the Covid-19 crisis passes, both export sales and domestic sales will improve again,” he says.

EGPaper manufactures packing and wrapping paper largely from recycled paper which has to be imported as there is no local source. It employs a total of 550 people at two manufacturing facilities.

In its first year of operations, EGPaper produced 25,000 tons with one production line and by 2020 it was turning out 70,000 tons annually. And, of course, the company's turnover has likewise risen from \$3 million in 2010 to \$29 million.

The company purchased another paper manufacturer in 2019 which recorded sales just shy of \$13 million.

“Even though demand had begun to lessen even before Covid-19 came along, once the pandemic happened we reduced production by between 20 and 25 per cent with the same workforce,” the chairman recalls.

“And as Ramadan was in May this year and with the lockdown affecting family visits



GAMAL AL SOUDI

CHAIRMAN & CEO OF EGPAPER

### “WE HAVE ALL EMBRACED ONLINE SHOPPING, BENEFITING THE PACKAGING INDUSTRY”

and gift giving, we missed an important season for sales. But then in June and July demand was back up.”

Al Soudi says he is very optimistic about the markets both at home and abroad and claims the Covid-19 crisis may have been a blessing in disguise.

“With the pandemic, the Egyptian people embraced online shopping which benefits the packaging industry and subsequently our sales. There is no way back now and we can only go forward and successfully compete to be the biggest and best.”

### Crafty Artisans

In a more traditional business, furniture manufacturer Una Palabra has decided to bank on the old artisan hand-made craftsmanship of traditional Egyptian carpenters, to ca-



### “AS EGYPTIANS HAVE STARTED WORKING FROM HOME THEY WANTED TO RENOVATE THEM”

ter for the rising number of wealthy Egyptians.

Its founder and managing director Ibrahim Salah started out in 2014 with a “series of small studio-workshops that always work better than big factories, as our product is different, all hand-made products that can be defined as custom-made.”

During the lockdown many Egyptians realised that it was time to update their houses, and that's the kind of small projects that Salah favours.

“We have worked in high-end restaurants like Italiano in Cairo, and did some work in the Mall of Arabia, but it is the small unique projects where we feel more comfortable.

It's a good time for us now, as more and more people are working from home and want to renovate their living spaces.”

As the country leaves the pandemic behind, Salah believes that new projects like the 9 Pyramids Lounge in the Giza plateau will provide with plenty of work.

As for the reason that the pandemic has not affected Egypt as much as in other countries, Salah has a strong opinion: “We Egyptians need to work, we can't just stay idle, and the government has done a very good job in managing Covid-19,” he opines.



# SPHINX GLASS IS BANKING ON A STRONG MARKET

## AS THE CONSTRUCTION SECTOR BOOMS THE GLASS INDUSTRY SPRINGS BACK

Since ancient times, Egypt has been a producer of glass. Historians say that under the pharaohs, the country was among the first to manufacture glass dating back to 3,500 BCE.

From archaeological evidence, Egyptian glass was made for artistic purposes such as amulets, and several thousand years later the first glass vessels were produced in Egypt. It's no surprise as the fine sand of the Sinai was the perfect raw material to turn into glass.

Egypt continues to be a producer of glass and these days the product is supplied to the burgeoning construction industry which is on a roll as a booming population and low interest rates propel that sector to new heights.

A leading manufacturer is Sphinx Glass whose CEO Mohamed Khattab says that business is great and foresees further growth in the future as the government builds entire new cities around the country.

"Projects that we are building now in Egypt will not be completed for years and they're massive undertakings," Khattab explains.

"For example, the New Capital will be much bigger than Singapore. And there is New El Alamein City on the Mediterranean which has just started. As glass comes at the end of a project, we can expect to be busy for a long time."

"Plus, there are 14 other cities under construction and all this is increasing demand for our glass. But it's not just projects like the new capital and El Alamein and the social housing."

Founded in 2008 and headquartered in Cairo, Sphinx Glass is linked to the ancient glass manufacturers of Egypt not only through its name but also the fact that it uses the same Sinai Desert sand in its production process.



**"WE'VE HAD TO REDUCE OUR EXPORTS IN ORDER TO SUPPLY THE GOVERNMENT'S PROJECTS"**

Working with cutting-edge technology developed by North America's Vitro-PPG Industries, the firm supplies a wide range of glass products for offices, residences, hospitals, commercial and educational buildings.

Customers can choose from three types of glass: Isolite which is perfect for Egypt's climate as it absorbs the sun's direct radiation softening the brightness of daylight; Solarite and Vistalite which undergo the Pyrolytic reflective coating process; and Trulite glass which comes with advanced optical properties, exceptional clarity and light transmittance.

Through partnerships, Sphinx Glass also supplies windshields and other automotive glass products to foreign vehicle manufacturers active in Egypt such as General Motors, Volvo, Hyundai, Nissan, Toyota, Mitsubishi and Mercedes.

"We were able to sell 200,000 tons of glass in 2018 which was one of our best years, there was great demand for all building materials and prices were healthy," the executive recalls.

"But then 2019 was not as good as we began to see a decline in the first quarter because when construction was going well in Europe, Turkey and the Gulf countries, the glass companies ramped up production. Then construction slowed down and we began to see imported glass being dumped in the Egyptian market."

Khattab explains that unlike in other manufacturing processes, glass production lines cannot be halted when there is an oversupply in the market as furnaces must remain active.

"So we can't stop production and therefore we may have to crush the produced glass, melt it and store it to be produced again at a later



date. We're spending money on energy and wages but not receiving any income," he says.

The CEO says the company expected 2020 to be an improvement on the previous year but then the Covid-19 pandemic hit with the worst of the crisis occurring between March and June.

"We've always operated three eight-hour shifts a day, seven days a week but with the lockdown and the difficulties for our workers to get to and from the factory, we had to schedule shifts of 24 hours."

"I'm very proud of our team, they were able to man a difficult production line for 24 hours straight until they could be relieved by their colleagues. It was a huge challenge," he says.

Exports to neighboring North African countries, Turkey, the Gulf and Mediterranean markets helped the company's revenues through the crisis and local sales came back strongly in June with the end of the country's lockdown.

"We had a lot of demand, an unbelievable surge and we even had to reduce our exports in order to supply the government's big projects which had restarted," Khattab says.

"From all indications we'll close 2020 with around the same sales figures as 2019. As for 2021, it'll be a very busy year. I'm happy we were able to recover so quickly and it's something I never would have believed back in April."

The CEO is bullish on the long-term prospects not only for the company but also for the country.

"Egypt is now very stable so the market is secure. And as for exports, as soon as our natural regional markets like Libya and Sudan settle down politically it will create further export opportunities and huge potential for us.

"And for foreign investors, Egypt is a great opportunity to participate in the healthy economic growth that is taking place, especially in the real estate and industrial sectors," he says.



**SPHINX GLASS**

**NEVER COMPROMISE AESTHETICS**

[www.sphinxglass.com](http://www.sphinxglass.com)

# SOLID GROWTH IN CONSTRUCTION

EGYPT'S GDP GROWTH IS BACK AND LOCAL PLAYER SOLID CONSTRUCTIONS IS PROOF OF ITS VITALITY

Following a dip caused by the Covid-19 crisis and other factors, Egypt's real estate market is making a comeback and is expected to build on current gains thanks to the improving economy and a reduction in Central Bank interest rates, now the lowest in the past five years.

That is the prognosis from analysts and real estate sector leaders who point also to the country's annual population increase of 2.5 million people as further fueling demand for real estate, especially in the residential sector both in Cairo and other emerging population centers.

New office space and other non-residential projects in new developments are also on the rise, they say. Good news for companies like Solid Constructions which in just over a decade of existence as a general contractor has grown exponentially, according to CEO and Chairman Kareem Fawzy.

"All those years we were growing and in 2019 we were building partnerships with new players in the market, trying to find new opportunities in the construction industry," he recalls.

"Our main objective has been to keep our business in the private sector with no interest in doing business in the public sector and so we work with most of the private developers in Egypt."

Solid Constructions' main focus has been on residential projects but is now moving into mixed-use developments like schools, colleges and restaurants, the executive explains. Along with general contracting, the company's services include turnkey projects, finishing works, infrastructure networks and electro-mechanical works.

Typical developments handled by the company are the Al Jazi Gardens residential project in New Cairo with a built-up area of 15,000 square meters, and Wood Ville, a multi-villa compound in 6th of October City where Solid Constructions provided infrastructure networks and electro-mechanical works.



**"WE ARE PLANNING TO DOUBLE OUR REVENUE EVERY YEAR AS WE'VE NEARLY DONE IN 2020"**

"Our turnover in 2019 was around \$45 million and our expectations for 2020 were very good with plans to double our annual revenue which we've done in previous years," he says.

But the company, like so many others in Egypt and around the world, was hit hard by the virus and had to shut down operations for several weeks while still paying salaries to its staff. April was also hard but activity began to pick up in May.

"That was a good month for us because people realized that locking down the economy did no one any good."

"And then starting in July and August we began getting new contracts because when you're working with the private sector projects are launched years before work actually begins, so the developer has obligations to start up even if the market is not doing well, as he already has deadlines and commitments," Fawzy explains.

The CEO cites as an example a new contract or a project in Cairo the company will do for a developer from the United Arab Emirates. "But they started selling and marketing the project five years ago and tenders are still being finalized and that's how the cycle goes," he says.

"So the pressure from the pandemic won't be felt for a few years. We expect to finish 2020 with revenue of around \$77 million which would have been difficult to predict back in March, but here we are."

A roll call of the company's clients reads like a list of the region's top real estate developers like Palm Hills, Marakez, Hyde Park, New Giza, Seashell North Coast and Sodic.

Much of Solid Constructions' success rests on its reputation among partners for its dedication to quality which is proven by its ISO-9001:2015 for Quality Management System. This has helped the company's proud boast that it enjoys high regard from

some of the Middle East's biggest and most demanding players in the sector.

"Our quality management and performance management systems are designed to decrease risks, and waste of time and financial resources," Fawzy says, "And accompanied by solid corporate governance, internal management systems and on-site procedures we can ensure that we fully deliver every time."

With these practices, the CEO is confident that the firm will do well in 2021 and beyond.

"I think the market is going in the right direction and the only real challenge for the market is finding new ways of financing. But we are helping there as we tend to finance our projects which gives us an edge over our competitors," he says.

"And if there is a project we are tendering for we have the option of helping the developer to secure a big chunk of the finances. This is good for the developer and good for us as it keeps the cash flow steady. It's a win-win."

Another challenge facing Egyptian firms like Solid Constructions is the lure of better paid positions for engineers and project managers in the Gulf. However, since the Covid-19 crisis, many companies in places like Saudi Arabia and Dubai downsized and many of the Egyptian employees returned home.

"Now these Egyptians are working at home, but I'm afraid that when the Gulf market bounces back, we'll see them leave again," the CEO predicts.

"Right now, our ambition has no end. We've also started to enter the development sector as well and recently purchased a piece of land in 6th of October City where we are building our commercial property and moving our headquarters there.

"We're also investing in water treatment plants with the private sector with our own design and our own project," Fawzy says. "So this shows that there are a lot of opportunities in Egypt with its growing population, dropping interest rates and lower inflation. It's a great investment destination!"



# BUILDING A DIFFERENCE

Founded in 2009, Solid Constructions is one of the fastest growing private sector general contracting companies in the Egyptian Market. Since the inception of SOLID, we have kept our focus on Residential and Commercial Developments; and have since had the pleasure of helping thousands of families create their homes and played an integral role in the creation of fully-rounded communities around Egypt.

We pride ourselves on being a young, dynamic and ambitious team; one that has grown from 7 FTEs in 2009 to over 500 of the finest talents in the industry that come together to deliver reliability and excellence in every sense and perspective.

Over the years our ambition and unparalleled strive for excellence in all perspectives have helped us create long lasting partnerships with some of Egypt's and the regions largest players, which we believe is the cornerstone of our business growth. Our partnerships are built on our commitment to being reliable, sustainable and exceeding expectations.

[solidegypt.com](http://solidegypt.com)