

EXECUTIVE SUMMARY

AUTOMOTIVES AS YOUR INVESTMENT OPPORTUNITY

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

EGYPT AS YOUR LONG-TERM BUSINESS PARTNER

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

SCZONE AS YOUR UNIQUE INVESTMENT DESTINATION

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



001

CHAPTER ONE

WHY INVEST IN AUTOMOTIVE MANUFACTURING



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



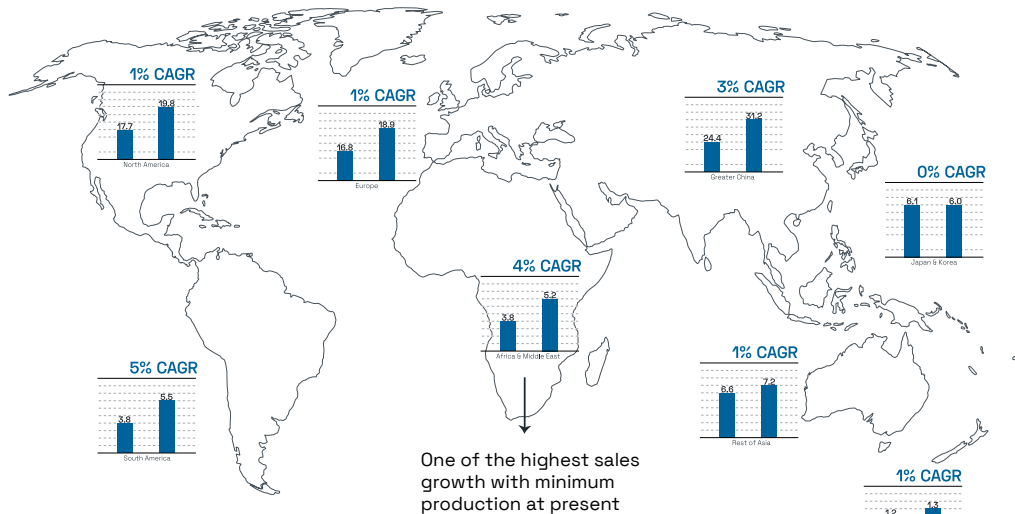
SC°Z■NE'

■ UNIQUE LOCATION

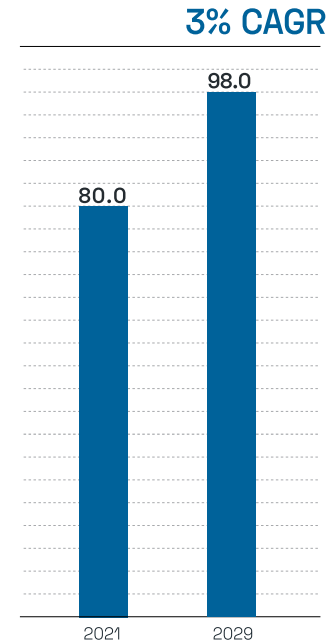
■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

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

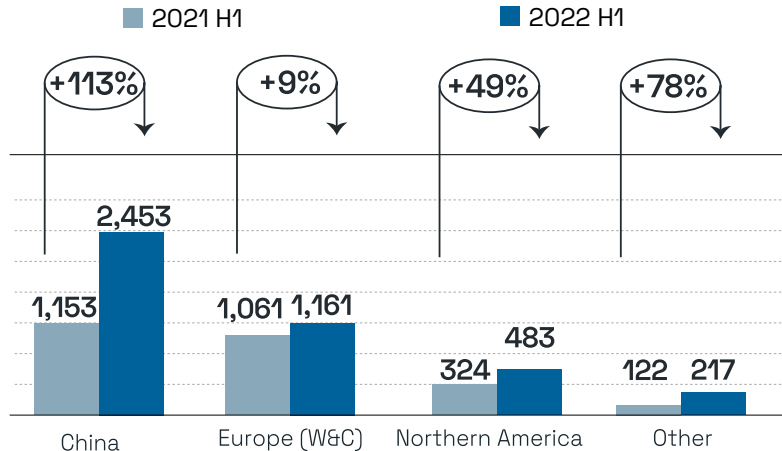


GLOBAL LIGHT VEHICLE MARKET (MN UNITS)

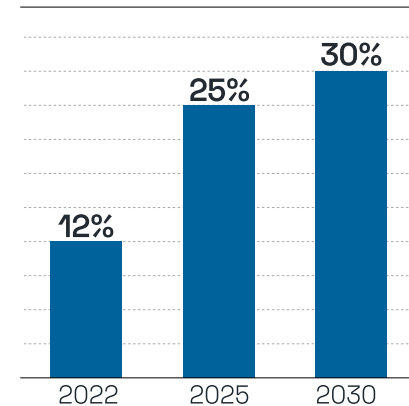


THE GLOBAL MARKET IS SHIFTING TOWARDS ELECTRIC VEHICLES

BEV & PHEV SALES IN TOP MARKETS (THOUSAND)



GLOBAL EV SALES (% OF TOTAL CAR SALES)



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

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

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



SC°Z■NE'

■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

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

ANNOUNCED PARTNERSHIPS FOR EV MANUFACTURING:



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



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



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



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



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



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

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

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

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

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

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

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

[1/2]

Manufacturer	Capacity	OEMs	Plant type
El Mansour	120,000	CHEVROLET SUZUKI	CKD CKD
Ghabbour Auto	75,600	CHERY HYUNDAI GEELEY Karry	CBU/CKD CBU/CKD CBU/CKD CKD
Egyptian German Automotive	45,000	DAIMLER KIA	CBU/CKD CKD
Seoudi - Renault/Nissan	36,000	NISSAN	CBU/CKD
Arab American Vehicles	17,500	Jeep TOYOTA	CKD CKD
Bavarian Auto Group	15,000	BRILLIANCE JAC	CBU/CKD CKD

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

[2/2]

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

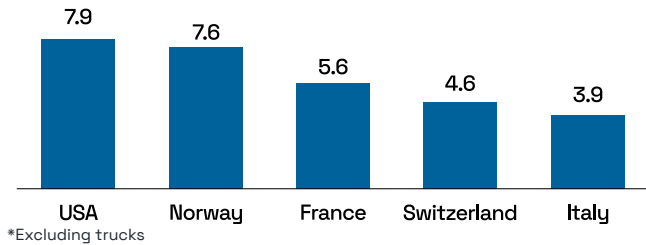
SCZONE's consortium with its MoU partners will strengthen public-private partnerships and engage its growing global partner base

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

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

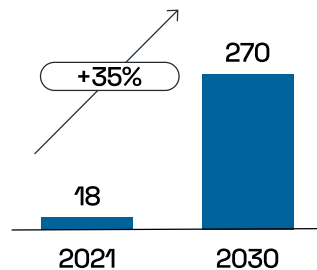
TOP GLOBAL NET IMPORTERS OF EVs* 2021 (\$BN)

TOTAL IMPORTS: \$174BN



GLOBAL EV STOCK 2021-2030 (MN)

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



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

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

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

\$150BN

Current European EV market size

17.8% CAGR

2022 - 2027

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

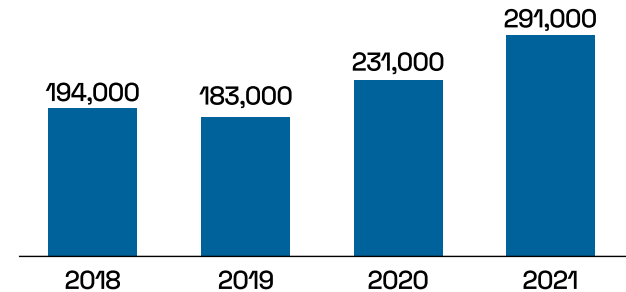


LIGHT VEHICLE ASSEMBLY TO CATER FOR LOCAL DEMAND IS A SECONDARY INVESTMENT OPTION

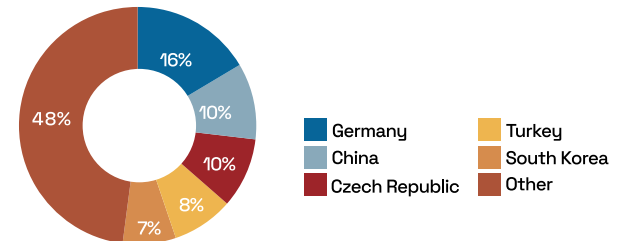
LOCAL AUTOMOTIVE ASSEMBLY IS A NECESSARY STEP TO MEET LOCAL DEMAND

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

AUTOMOTIVE UNIT SALES IN EGYPT, 2018-2021

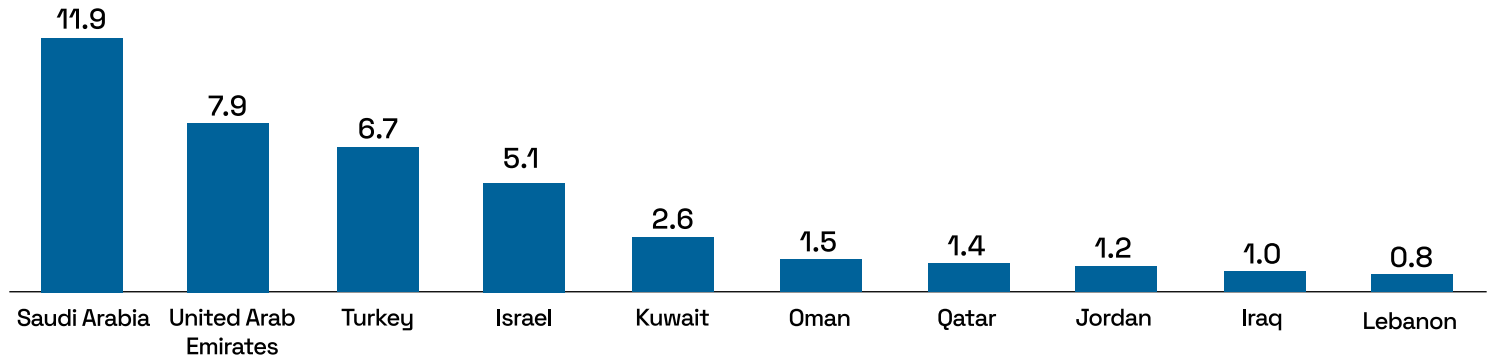


MAIN IMPORT ORIGINS OF AUTOMOTIVES FOR EGYPT, 2021

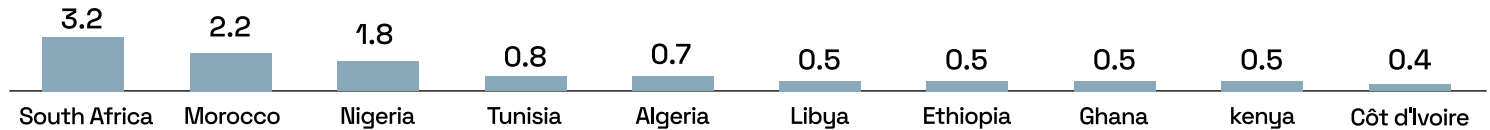


REGIONAL TRADE PARTNERS ARE POTENTIAL DESTINATIONS FOR EGYPTIAN AUTOMOTIVE EXPORTS

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



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



*Excluding Egypt

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

EAST PORT-SAID (EPS) INDUSTRIAL ZONE IS ON A TOTAL AREA OF 64 KM² DESIGNATED TO RECEIVE VARIOUS MANUFACTURING ACTIVITIES AND A WIDE RANGE OF INDUSTRIAL CLUSTERS :

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

UTILITIES

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



INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



INTEGRATED ROUTE



ONE DESTINATION



INTEG

002

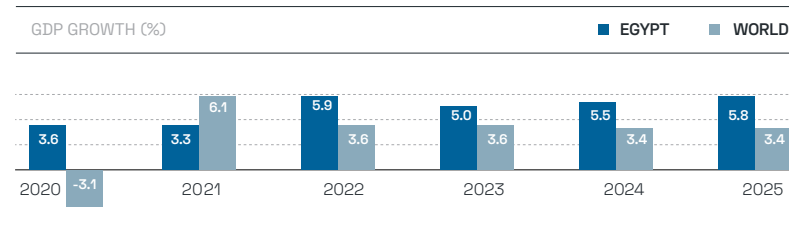
CHAPTER TWO

WHY EGYPT



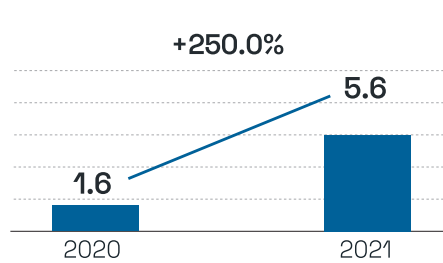
EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

GROWTH RATE EXCEEDING GLOBAL AVERAGES

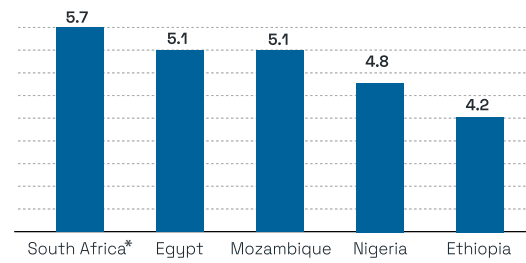


- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

GREENFIELD INVESTMENTS (\$BN)



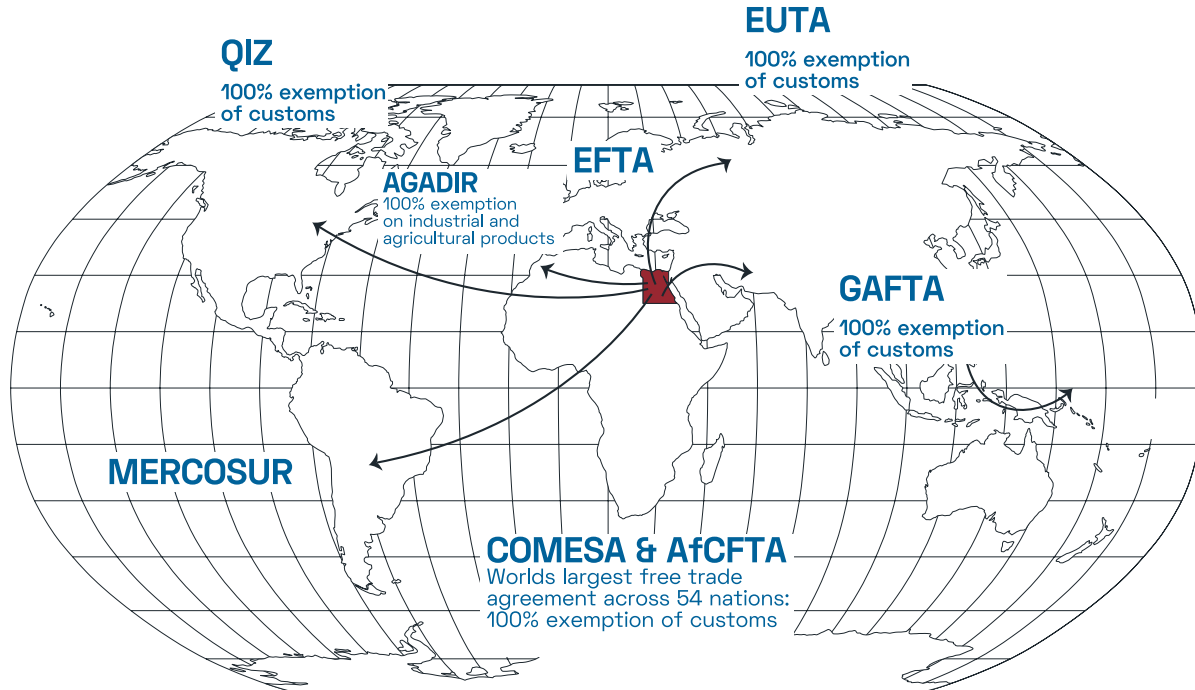
FOREIGN DIRECT INVESTMENT (\$BN)



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

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

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



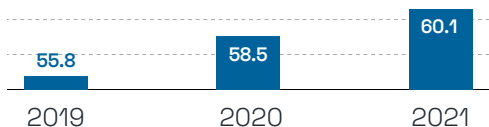
EGYPT IS THE
2nd
LARGEST
FDI RECIPIENT
IN AFRICA

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

LEGISLATIVE AND INSTITUTIONAL REFORMS

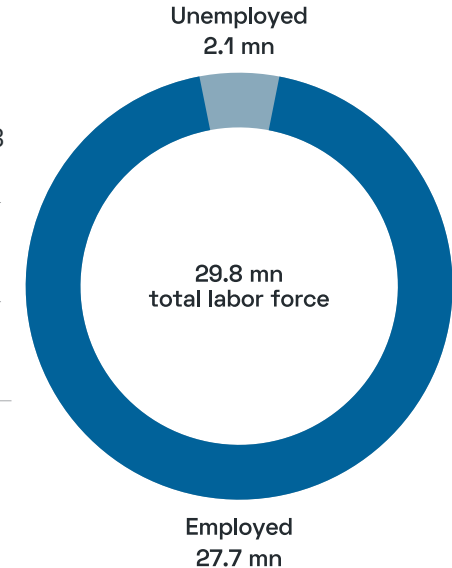
- Facilitating trade by automated customs system "Nafeza" [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

EASE OF DOING BUSINESS SCORE



LABOR MARKET AND TALENT DEVELOPMENT

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



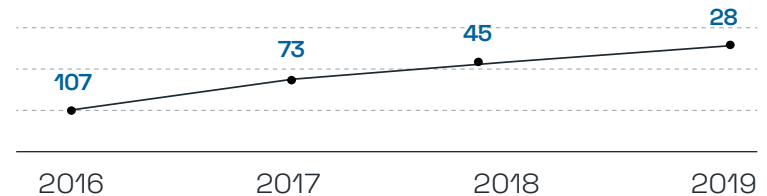
EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

INFRASTRUCTURE AND CONNECTIVITY

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



QUALITY OF ROADS INFRASTRUCTURE, RANK



Latest publication of GCI is of 2019

003

CHAPTER THREE

WHY SCZONE



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

455

MILLION SQM2
TOTAL LAND AREA

6

SEA PORTS

4

INDUSTRIAL ZONES

3

MAIN OPERATORS IN
THE PORT

14

INDUSTRIAL
DEVELOPERS

>95

OPERATIONAL
COMPANIES IN THE
PORTS

>300

OPERATIONAL
ESTABLISHMENTS

100K+

DIRECT JOBS
CREATED

01

WEST ←
PORTSAID PORT
ميناء غرب
بورسعيد ←

02

EAST →
PORTSAID PORT
ميناء شرق
بورسعيد →

03

ALARISH
PORT
ميناء
العرش

04

ADABYIA
PORT
ميناء
الأديبة

05

SOKHNA
PORT
ميناء
السخنة

01 A

EAST → PORTSAID
INDUSTRIAL ZONE
المنطقة الصناعية
شرق بورسعيد

02 B

WEST ← QANTARA
INDUSTRIAL ZONE
المنطقة الصناعية
غرب قنطرة

03 C

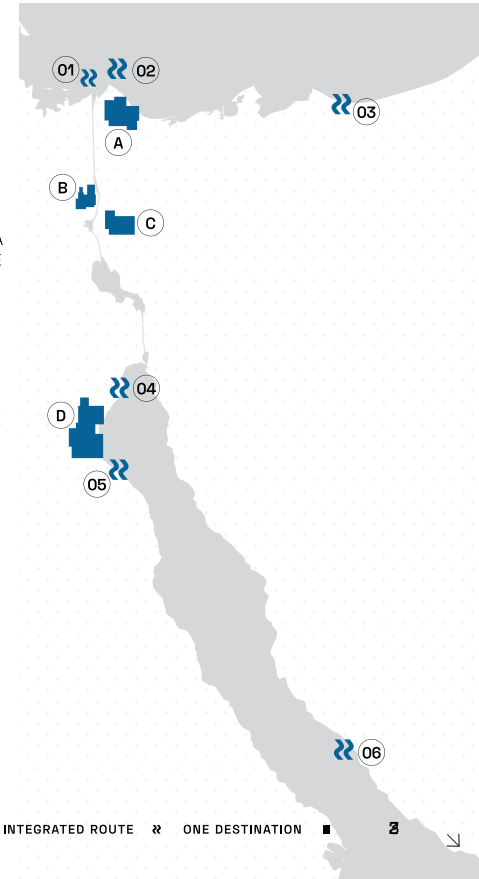
EAST → ISMAILIA
INDUSTRIAL ZONE
المنطقة الصناعية
شرق الإسماعيلية

04 D

SOKHNA
INDUSTRIAL ZONE
المنطقة الصناعية
السخنة

06

ALTOR
PORT
ميناء
الطور



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

REGIONAL CONTEXT

1.3^{BN}

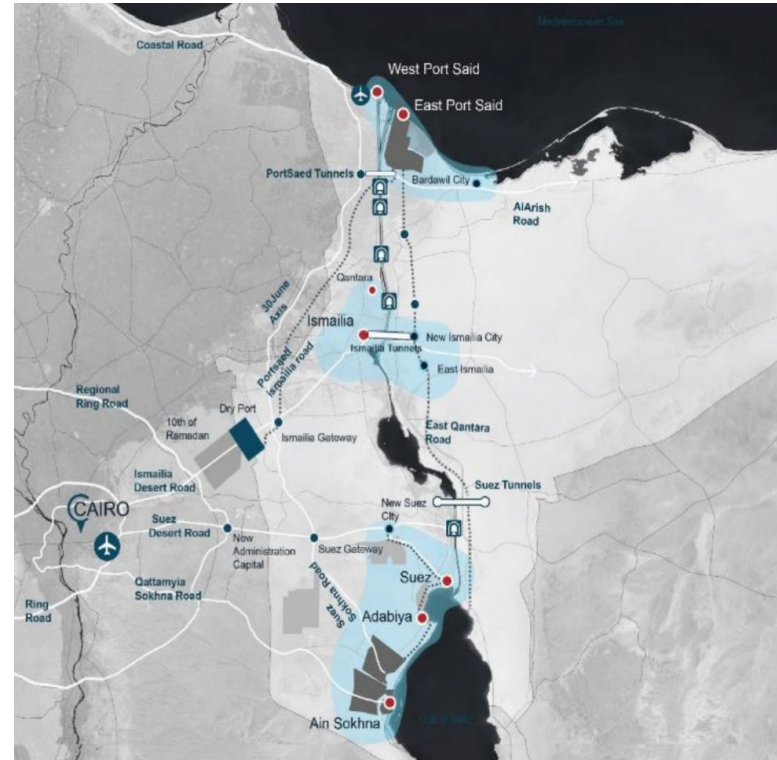
GROSS CARGO
TRAFFIC/YEAR

12%

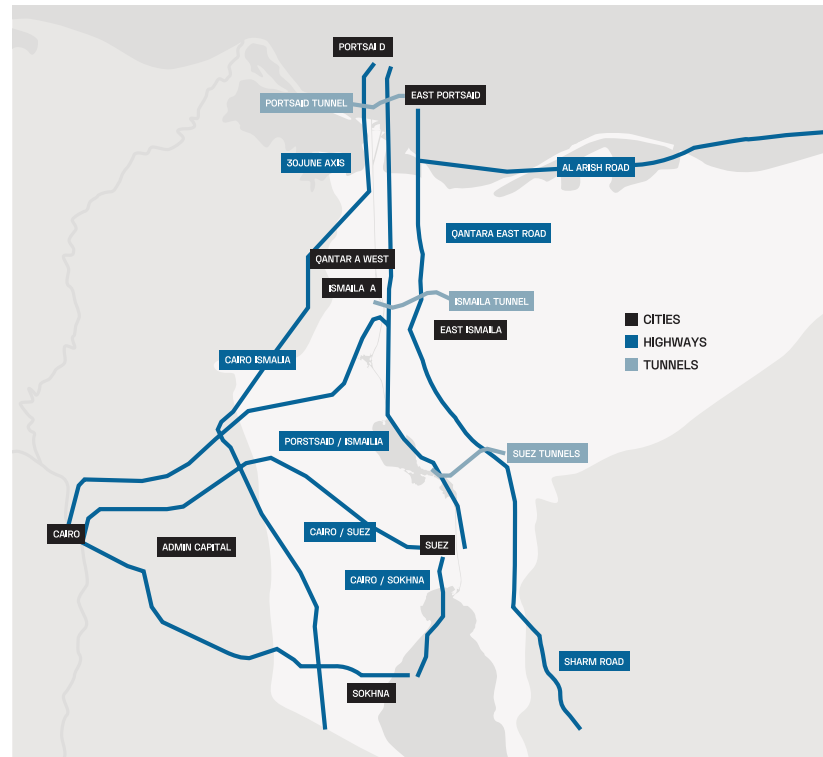
INTERNATIONAL
TRADE/YEAR

>20K

SHIPS/YEAR



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



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

THE SCZONE'S SERVICES FACILITATE KEY PROCEDURES FOR INVESTORS



SPECIAL CUSTOMS REGIME AND TRADE REGULATIONS

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

ONE-STOP SHOP

Providing convenient integrated services under one ceiling

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

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

DIRECT FINANCIAL INCENTIVES

0% CUSTOM TAX



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

0% VALUE ADD TAX



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

CORPORATE TAX REFUND (INCENTIVES FOR 7 YEARS)



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

EXPORT SUPPORT PROGRAM



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

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

INDIRECT INCENTIVES

“THE LEGAL FRAMEWORK”



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

“ONE-STOP-SHOP SERVICES”



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

EXPORT & IMPORT REGULATION



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

NEW CUSTOMS GUIDE 2020 & DIGITAL TRANSFORMATION



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

5-YEAR RESIDENCY PERMIT FOR THE FOREIGN INVESTORS



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

CONTACT US TO LEARN MORE ABOUT INVESTMENT OPPORTUNITIES

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

001 CONSIDER

002 EXPLORE

003 PLAN

CONTACT US
INVEST@SCZONE.EG

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