

Global investors with USD 3.5 trillion in assets under management meet with His Excellency the President of Egypt and top government officials at EFG Hermes' Egypt Conference

Deep insights into Egypt's reform agenda from the nation's top political leaders leave global and regional institutional investors with strong appetite for Egyptian opportunities;

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Global and regional institutional investors with more than USD 3.5 trillion in assets under management concluded on Wednesday a three-day visit to Cairo with strong appetite for Egyptian opportunities after meeting first-hand with His Excellency President Abdel Fattah El Sisi, the governor of the central bank and members of the Egyptian Council of Ministers' economic group.

Investors met on Monday with H.E. President El Sisi in a session also attended by the prime minister, the governor of the central bank and the ministers of finance, international cooperation, petroleum, trade and industry, and investment. The President noted the critical role the private sector plays in creating growth and jobs and emphasized that Egypt is open to global capital. President El Sisi underlined "the Egyptian government's open policy to encourage investment by creating a favorable climate and to overcome hurdles that investors face," adding that, "the bold economic reforms demonstrate a serious commitment to addressing the economy's chronic problems that have been exacerbated as a result of the political events that took place over the past years," according to a statement released by the Office of the President.

The 27 fund and portfolio managers from the United States, the United Kingdom, France, Germany, South Africa and the GCC were in Egypt for the EFG Hermes Egypt Conference, during which they also met face-to-face with the chief executives of a number of the nation's leading companies in the banking, real estate, construction, manufacturing and food products industries. Also meeting with investors during the conference held from 9 to 11 January were Asad Alam, the World Bank's country director for Egypt, Yemen and Djibouti and Mr. Mohamed Khodeir, CEO of the General Authority for Investment and Free Zones.

On Monday evening, EFG Hermes hosted a dinner for the delegation attended by top government officials. Also attending were CEOs and top executives of a number of Egypt's largest listed and privately-held corporations and multinationals doing business in Egypt.

At the dinner, EFG Hermes Group Chief Executive Officer Karim Awad said: "This is the first investor conference we have held in our home market of Egypt since 2010. We have seen a sharp rise appetite for Egypt from tier-one global investors since the government sealed a UD 12 billion extended fund facility with the International Monetary Fund facility and the subsequent float of the Egyptian pound this past November. With investors feeling increasingly comfortable with the macro picture, we felt it was an ideal time to bring leading fund managers together with senior government officials to learn more first-hand."

Speaking after the event, Awad added: “His Excellency the President was exceptionally generous with his time, underscoring to the global investment community his deep-rooted commitment to promote investment in Egypt. Our guests were similarly grateful to the governor of the central bank and cabinet ministers who discussed openly and at length both the implementation of the current round of reforms and their plans going forward,” Awad said.

Central Bank Governor Tarek Amer on Tuesday met with the investors, stressing that Egypt sought an IMF facility to underscore the credibility of the government’s reform program, not only for access to funding. The banking system has recorded inflows of USD 7.5-8.0 billion since the float of the Egyptian pound, he said, noting that foreign currency liquidity is recovering steadily in the system. Investors, he said, need to understand they will easily be able to repatriate profits and capital from Egypt through the CBE repatriation mechanism.

Finance Minister Amr El Garhy met the investors on Tuesday, a week before the international roadshow for Egypt’s eagerly awaited eurobond issuance is due to begin, with four global banks serving as advisors. On the fiscal front, Minister El Garhy noted that a value-added tax is now in place after approval by the House of Representatives and the restructuring of the tax administration, adding that the government is committed to further reform of the subsidy system. In parallel, he added, cabinet is taking steps to strengthen the social safety net by ensuring that appropriate subsidies are targeted to specifically identified beneficiaries. These and other reform measures will allow the Ministry to bring down the budget deficit and maximize efficient use of state funds.

Meanwhile, Minister El Garhy explained that the government is determined to see an improvement in Egypt’s credit rating by following through with clear steps under its reform agenda. He also stressed that in the wake of the float of the Egyptian pound, which Minister El Garhy characterized as having been “essential,” exports are now ramping up at the same time as imports fall. The minister finally stressed that the cabinet economic team is working towards a common goal of improving the economic conditions in Egypt, in respect of which the maintenance of an open channel of communication with all investors is key, as is providing an environment attractive to both direct and portfolio investment.

“One of the biggest questions on the minds of investors is policy stability,” noted Mohamed Ebeid, Co-Head of Brokerage at EFG Hermes. “On this front, Minister El Garhy sent exactly the message investors needed to hear: That the government is working aggressively to foster policy stability in line with the reform agenda it communicated.

“Investors left Cairo with a much more detailed and nuanced understanding of Egypt and, critically, the impression that everyone — from His Excellency President El Sisi to the cabinet members leading the program — is on the same page. Every government official we met had the same underlying message: The reform program is real, it is ambitious and its implementation continues full-steam ahead,” Ebeid said. Investment Minister Dalia Khorshid emphasized the government’s work not just to make Egypt attractive to global capital, but to improve the ease of doing business here, pointing to the draft investment and bankruptcy laws now working their way through the House of Representatives. The government has been focused on product, process and promotion: A solid investment framework is in place; investment in infrastructure including ports and electricity is ongoing; and improvements to

the business climate are in the pipeline. The next step is to promote Egypt as a globally attractive business destination.

Minister Khorshid noted that the government's strategy is based on ensuring Egypt is equally attractive to both portfolio and foreign direct investors, explaining that the government's program to list leading state-owned companies on the Egyptian Exchange will take a significant step forward this year. A number of companies have been identified as candidates for the program.

Trade and Industry Minister Kabil echoed comments by Khorshid on priority sectors identified by Egypt's Supreme Investment Council, among them textiles, the automotive industry and sub-sectors of the chemicals industry. The automotive strategy now before Parliament, he said, has the potential to transform Egypt into a leader of the auto industry in the Middle East and Africa. Incentives for priority industries are primarily focused on tax credits for investors'. Minister Kabil noted the government plans to double this year the 13 million square meters of land made available to industrial projects at reasonable prices in 2016 and that new legislation will speed the issuance of permits for industry.

Minister Kabil noted that the industrial sector grew 20% in December, driven in large part by import substitution. Egypt's exports are newly competitive in global markets, Minister Kabil said, pointing to prospects for growth in sectors ranging from industry to agriculture: Exports of citrus fruits were up 17% last year, cementing Egypt's position as the world's largest citrus exporter. Also on the trade front, Egypt is developing a wide export strategy with a specific focus of Africa, Minister Kabil said, explaining that export growth will help further redress Egypt's trade deficit, which fell USD 8 bn in 2016 as the Egyptian pound weakened against the US dollar.

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About EFG Hermes

With a current footprint spanning seven countries in the Middle East and North Africa, EFG Hermes started in Egypt and has grown over 30 years of success to become the region's leading investment bank. Drawing on our proven track-record and a team of more than 870 talented employees, we provide a wide spectrum of financial services that include investment banking, asset management, securities brokerage, research and private equity to the entire region.

In 2016, EFG Hermes announced the launch of EFG Hermes Finance, a finance platform that includes activities in the non-banking finance field through EFG Hermes Leasing and Tanmeyah Microfinance as the firm focuses on product diversification and geographic expansion into frontier markets.

Combining our strengths and expertise in the region, we offer our clients best-in-class products and services that are tailored to help them achieve their investment goals in a rapidly changing environment.

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