

PRESS CLIPPING SHEET

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Shell acquires 17% of Egyptian market, begins to increase the capacity of its factory to 100m litres per year

■ Egypt needs to speed up licensing procedures to encourage investors despite conditions

By Ahmed Tolba

Despite the harsh global economic conditions and the hardships Egypt is going through, we need to focus on the positives, says managing director of Shell Lubricants Egypt Saher Hashem. His company has begun implementation of a plan for the development of the company's Egypt plant to increase its production capacity.

In an interview with Daily News Egypt, Hashem said there is great potential for the growth of the automotive oils market in Egypt.

What is your assessment of the investment climate in Egypt?

The investment climate in Egypt needs to speed up procedures, particularly with regards to the issuance of licences to engage in certain activities. Time is a crucial factor in making investment decisions. We also need to increase the ratio of local components in the production processes. Moreover, investment requires a clear vision of fiscal and monetary policy, upon which investors will put their investment plans. Sudden or big deviations represent a major threat to any investment projects. We need, in Egypt, to look at the positive aspects that occur and to not indulge in the negatives, as grants may come through despite the adversity. Focusing on the pros could be a strong and effective incentive for the treatment of negatives.

What new services are provided by the company?

We are currently implementing an automotive oil delivery and change to consumers. This is the first time Shell is offering this service anywhere in the world. This service was limited to delivery, but now, we are going further and changing the oil for clients through specialised technicians, in collaboration with Aramex. The service cost is the same as our oil change.



Managing director of Shell Lubricants Egypt Saher Hashem

ing centre. This aims to develop the services we offer consumers in the local markets. The results are very promising and the number of customers is increasing. So far, the service is limited to Greater Cairo, but we aim to circulate it across all governorates.

What about service and gas stations?

Service and gas stations are part of a network of points of sale of Shell Lubricants. Our products are available at all automotive agencies and service centres. They are also provided through oil sales outlets and workshops through a network of

authorised distributors that cover all parts of Egypt. Shell is sold across 85 service stations. These sales reflect Shell's strategy of focusing on marketing and distribution through a smaller number of assets and markets in which Shell is a strong contender. Based on this agreement, Shell retained its position in oils and lubricants. Our lubricants enjoy high-class international standards. We believe that integration between Shell's brand and high-quality products will ensure a future presence viable for growth in the field of oil and lubricants. Prior to selling our stations in Egypt in 2013, our market share stood at 14.5% and

now it is up to 17%. This is the largest market share across North Africa and the Middle East. We still have the potential for growth, as the car ownership rate currently stands at 22 per 1,000 inhabitants, which is likely to grow even more in the coming years.

What is the oil market in Egypt like?

Oil sales outlets, and service centres account for the largest proportion in oil sales. About 50% of the oil market for trucks in Egypt is composed of a diversity of customer segments. However, a large number of truck-owners rely on poor-quality oils, as they own older cars.

What are your plans for the industry sector?

For the industry sector, we are always interested in identifying, detecting, and resolving the main problems facing both the industry and consumers alike, while also maintaining security, safety, and environmental constants. Shell also maintains its global status in the oil field as the best oil supplier in the world for nine consecutive years. Our ambition for the industrial sector in Egypt is to push forward oil consumption to rates higher than the currently prevailing rates.

There are some sectors experiencing a slowdown, however, other sectors such as construction, transportation, and mining are growing rapidly and strongly. The competition between producers and distributors of oils to attract consumers of different sectors is strong.

Are you willing to increase your production capacity in the coming period?

We began implementing the plan to develop the factory and increase its production capacity to exceed 100m litres in the coming years.

According to studies, the production and consumption of oil in the Egyptian market ranges from 400m to



New partnerships have been formed with car dealerships, Shell has no current intention of acquisition or merger with rival companies

500m litres per year. Motor oil ranges from 260m to 280m litres per year.

As for the oil market in Egypt, Shell's share exceeds 17% of the total value of the market. We are currently focusing on meeting local market needs of oil and we actually started to increase the production capacity of the factory in Egypt. Therefore, the process of exporting our production abroad is not currently our goal, but it is within our future plans.

What is the company's CSR strategy?

Social investment is one of the company's top priorities, and we are committed to it by implementing promising programmes that serve society. For example, we launched "Start Programme", which aims to help fresh graduates turn their ideas and dreams into real projects on the ground. In addition, we provided a development programme to improve university students' skills as well as Shell Global Marathon for environment-friendly vehicles which reduce fuel consumption made by university students.

Do you intend to enter into new partnerships?

We began cooperating with the

Bavarian Group in 2007 and we were keen to provide them with a competitive level of service by providing the latest oil technology. The two companies were always keen to provide the best products and services to car owners.

As previously mentioned, there are many car agents that have chosen Shell for their confidence in the quality of its products. They include ARTOC Auto, agent of Skoda Auto; Natco, agent of Mercedes-Benz passenger cars; Ghabbour Auto, agent of Hyundai; and the Egyptian International Trading & Agencies Co. (EIT), the sole distributor of KIA motors in Egypt. These companies cover a wide range of car owners in the Egyptian market. We will also seek to attract more partnerships in the next phase.

What is the company's plan in the Egyptian market during the coming period?

We have a plan for growth and expansion in the Egyptian market and seek to occupy first place in the oil market. We currently work to renew and develop the factory and increase its productivity so that we can achieve the desired growth. Shell Egypt currently has no intention to merge or acquire other companies.



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