Nasr Auto

Company Overview

Outline

- Company Background
- Key turning points
- Facts & figures
- Premises
- Product lineup
- SWOT
- The Egyptian automotive market
- Industry related regulations
- Proposal

Background

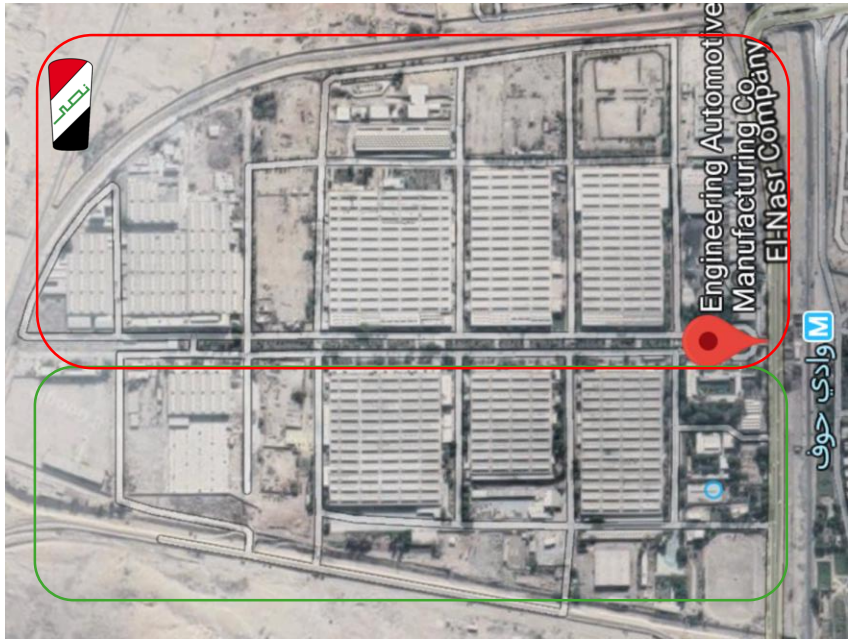
- Incorporated in 1960 introducing the automotive industry to Egypt
- Introduced commercial vehicles, buses and tractors shortly after passenger cars production commenced
- In addition to building its own engines the company manufactured many components like metal pressed parts, drivetrain parts, gearboxes, seats and trim parts, etc..
- Operated under different license agreements with OEMs like Fiat, Klöckner-Humboldt-Deutz and Tofas.

Key Turning Points

- In 1999 the company was split segregating the commercial vehicles operation under a new entity Engineering Automotive Company EAMCO
- Tofas announced in 2006 that CKD kits for Nasr Auto models will be phased out in 2007
- The GA decided to suspend operations on 07.05.2009

Facts & Figures

- Paid in capital of EGP350 Mn, fully owned by the Metrological Holding Company (Ministry of Public Business Sector)
- Land: 481,320 m2
- Buildings: 155,301 m2
- Headcount: 151 (reached 12,000)
- Total debt: EGP332 Mn
- Located in Helwan 24 km south east of Cairo



Premises

The manufacturing complex encompasses 4 factories

- Factory no. 4: Passenger Car Factory
- Covered area: 41,813 m2
- Welding, assembly, ELPO, paint shop and EOLT
- Manufactured Fiat, Tofas, Hyundai and ED for BMW E60

Premises

The manufacturing complex encompasses 4 factories

- Factory no. 5: Tool room
- Covered area: 32,893 m2
- Manufactures tools, dies, jigs & fixtures for the company’s 3 factories

Premises

The manufacturing complex encompasses 4 factories

- Factory no. 6: Parts Machining Factory
- Covered area: 32,813 m2
- Machines mechanical parts related to gearboxes, axels, engines, ect..

Premises

The manufacturing complex encompasses 4 factories

- Factory no. 7: Pressing Factory
- Covered area: 14,733 m2
- Presses automotive body panels, differential casings, other non-automotive parts (whitegoods bodies)

Lineup

	Nasr 1100	12,094
	Nasr 1300	6,270
	Nasr 1500 & 2300	2,096
	Nasr 4X4	515

Lineup

	Nasr 125	15,553
	Nasr 131	10,783
	Nasr 133	28,244
	Nasr 128	142,991

Premises

Lineup

	Nasr 125	15,553
	Nasr 131	10,783
	Nasr 133	28,244
	Nasr 128	142,991

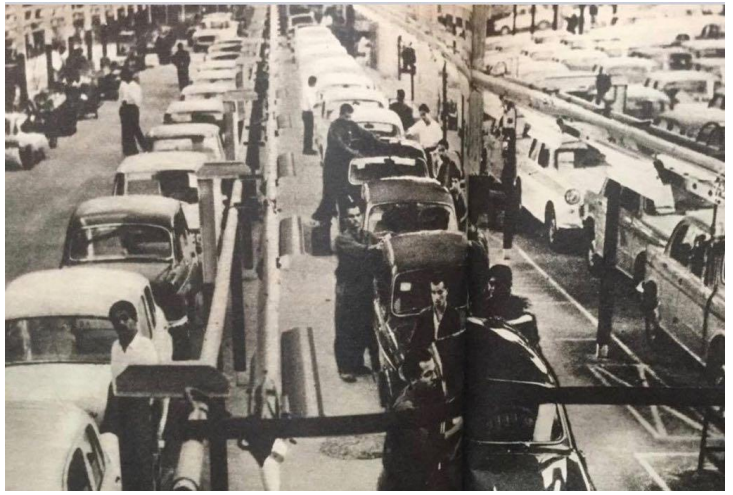
Lineup

	Nasr Tempra	2,352
	Nasr Sahin & Dogan	80,240
	Nasr 126	3,261
	Nasr Florida	342
	Total PC Production	**384,887**

Lineup

Total Production

- Passenger cars: 384,887
- Buses: 16,114
- Trucks: 33,285
- Tractors: 39,470
- **Total: 472,756**



SWOT

Strengths

- Strong brand equity among all generations of Egyptian people
- High value real estate assets
- Eisenmann ELPO line recently installed and well maintained
- Most equipment has been fully depreciated with plenty of life left
- Access to finance (equity or debt)

SWOT

Weakness

- No license with any OEM (CKD/SKD product)
- Obsolescence of mechanical parts manufacturing and tool room equipment
- Lack or skilled operators
- Lack of managerial human resources

SWOT

Threats

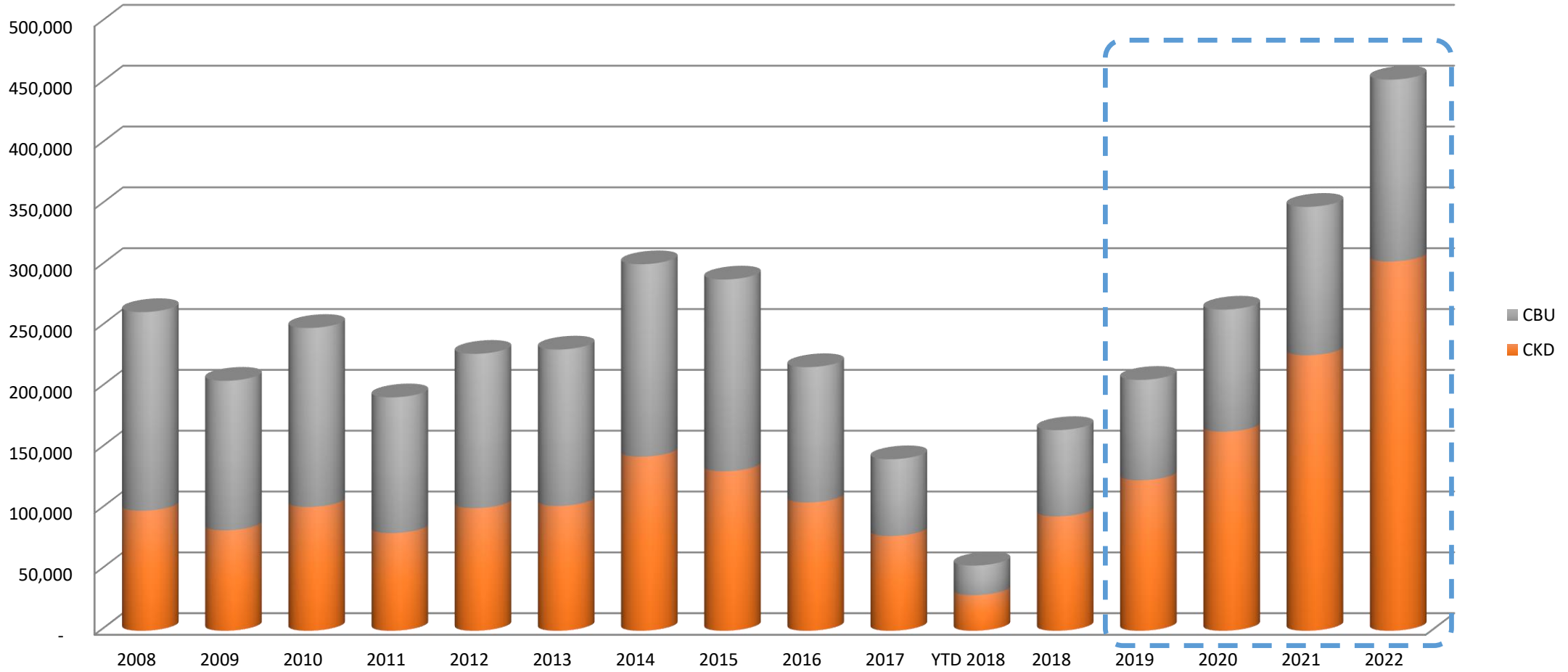
- Local size shrinkage due to foreign currency liberation measures
- Excess capacity in most local CKD plants

SWOT

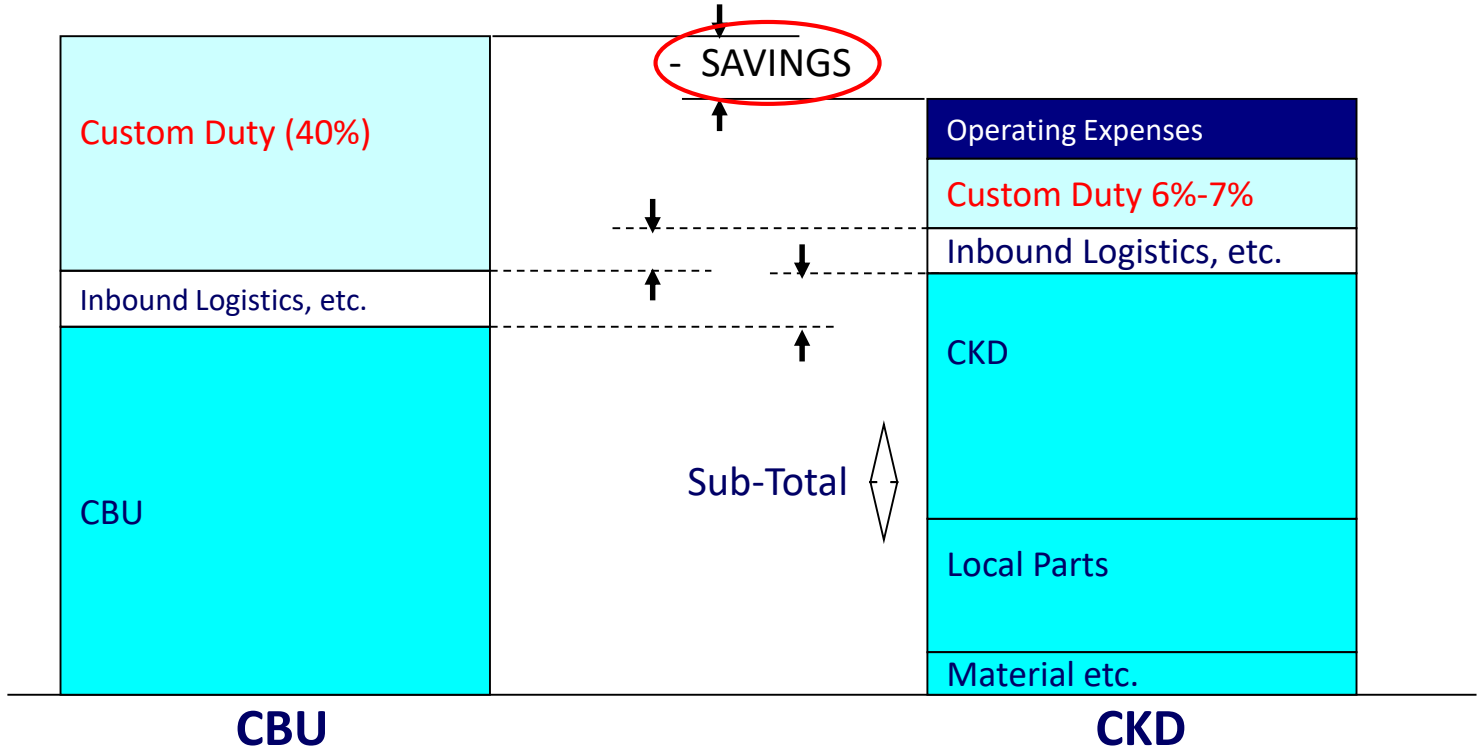
Opportunities

- Lack of capacities at local CKD plants in the medium term (3 years)
- Possibility of launching governmental backed up scrappage programs/ governmental off take agreements
- Egypt – EU free trade agreement
- At least 5 OEMs expressed interest in starting CKD operation in Egypt
- Possible exceptional level of localization via utilizing press shop (high support from government)

The Egyptian Automotive Market



Industry Related Regulations



Assuming CKD parts value total is equal to CBU. This may vary in both directions depending on OEM IPL and localization scope.
Development tax & VAT would be consequently affected with the above savings.

Industry Related Regulations

CBU Vehicle Imports

- 40% duty on vehicles < 1.6L
- 100% duty on vehicles > 1.6L <2.0L
- 135% duty on vehicles > 2.0L
- 40% duty on LCV
- Vehicles imported from countries with preferential origin are tariff exempted but are subject to:
  - Development tax (3%-8%)
  - VAT (14%)
  - Table tax (1%-31%)
- EVs are exempted from import duties

Local Content Incentive

- Vehicles built on CKD basis are incentivized by a discount on the vehicle tariff depending on the localization level
- Should the local content exceed 45% of the passenger car value, parts and components are subject to their individual HS code tariff (itemization)
- Threshold is 60% in the case of commercial vehicles

Localization & Export Compensation

- Passenger cars built locally have to reach 45% local content in order to apply “itemization”
- Should the local percentage cannot be reached, the remaining value could be compensated for via exports of automotive parts and/or components
- This scheme facilitates SKD business models

Proposal

- Use the companies facility to produce an affordable e-vehicle
- Attract a global player to run operations segregating ownership from management (with majority stake owned by the investor)
- Partnership on profit/revenue share basis (no fresh cash required)
- An SPV could be created between the investor and the government utilizing Nasr Auto assets guaranteeing a fresh start for the investor
- Demand creation via governmental scrappage program/off take agreement
- New investment law no. 72/2017 benefits
- Tailored investment promotion packages for the OEM and tier 1 suppliers