

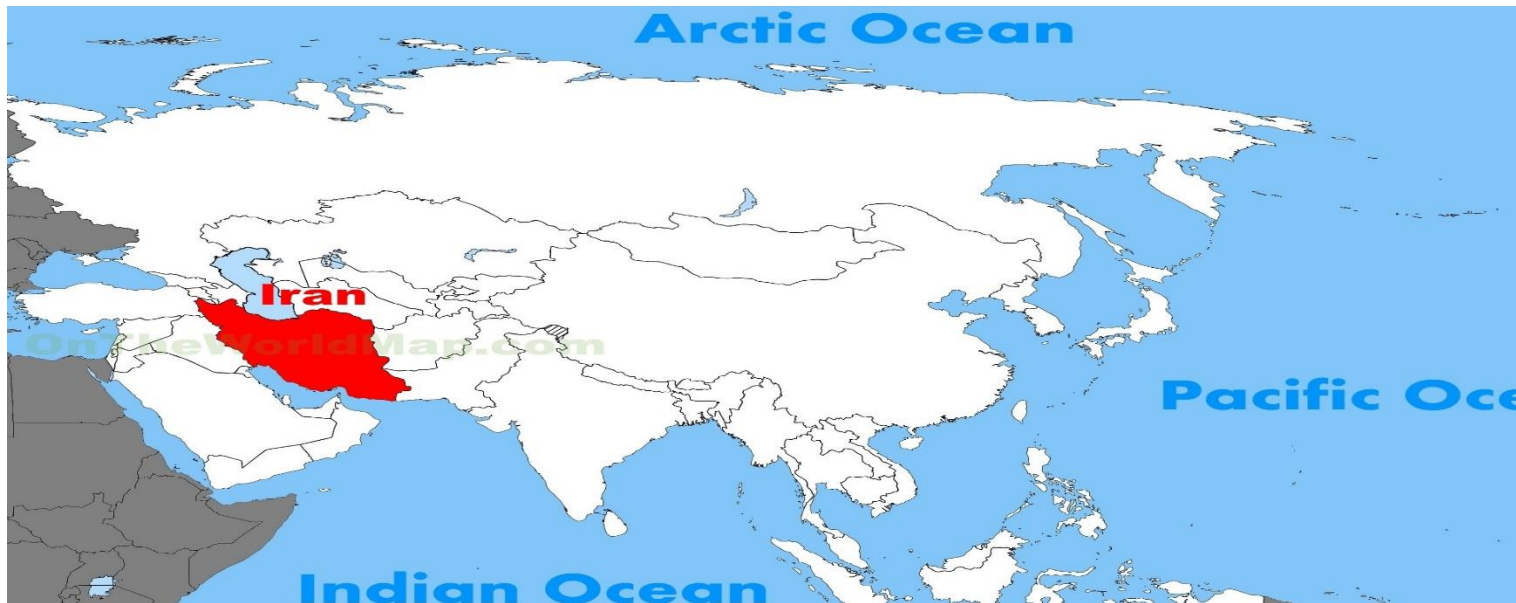


WHY IRAN?

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# OVERVIEW

- Iran is a country with 80million population and located strategically in the heart of the Middle East and MENA region.
- Iran gives the shortest and safest open water access to Central Asian and Eastern European countries.



# FACTS

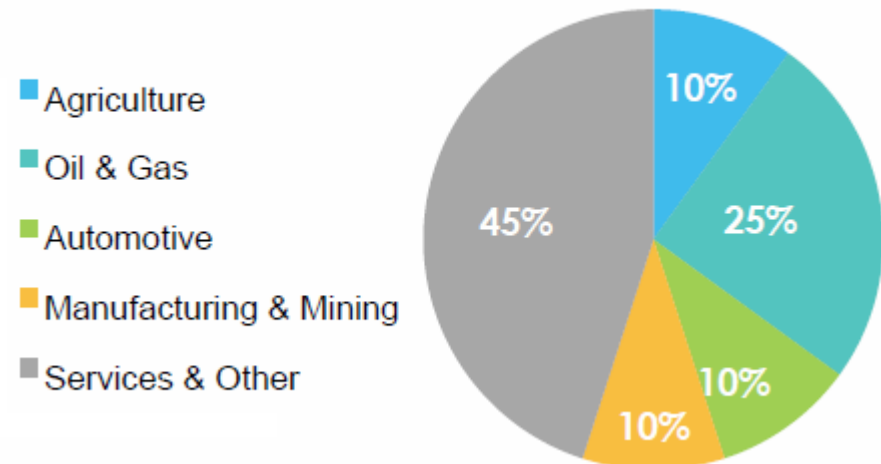
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- While most of top oil producers like Saudi Arabia, UAE, Oman and Qatar rely heavily on exporting oil,
  - Iran GDP being USD 430 billion
  - Iran is the safest country in the region.
  - Despite 35years of sanctions Iran is still one of top 20 largest economies in the world.
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- only 25% of Iran's GDP is related to Oil and Gas sector.
  - 1.5% of the world total GDP itself, with Largest population in Middle East and fastest growing economy in whole MENA region.
  - Despite 35years of sanctions Iran is still one of top 20 largest economies in the world.

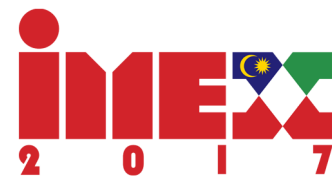
# FACTS

- 73% urbanized and has a very young population.
- 64% of Iran population is below 35 years old.
- More than 4.8 million university students.
- 2500 higher education institutes.
- The expected GDP growth rate is 5% for 2018, highest in the region.
- Iran's GDP (Gross Domestic Product) is very diversified and only 25% are Oil and Gas related whereas Services are 45%

GDP Composition by Sector



# FOREIGN INVESTMENT RULES





- Foreign investment is allowed in all sectors open to Iranian private firms, including infrastructure.
- giving up to 50% tax exemptions for foreign investments whom establish product line in Iran and export 30% of the product.
- There are absolutely no restrictions in the matter of investment type, volume or even shareholding percentage.




# FREE AND SPECIAL TRADE ZONES

Free Trade Zones	Special Economic Zones
<ul style="list-style-type: none"> <li>• Easy registration of foreign companies</li> <li>• Investors can own up to 100% of an investment without special formalities</li> <li>• Free repatriation of profits and capital</li> <li>• Exemptions from income and capital tax for 15 years</li> <li>• Foreign investors can lease and own land, buildings and other installations</li> <li>• All goods imported are exempt from custom duties and commercial benefit tax</li> </ul>	<ul style="list-style-type: none"> <li>• Exemption from customs and other commercial duties for the goods transferred to SEZ</li> <li>• Customs exemptions for products manufactured in SEZ equal to their added value</li> <li>• Option to transit goods and re-export them</li> <li>• Full guarantee for foreign capital and profit resulting from investments</li> </ul> <p>Full freedom for foreign capital to be moved in and out of SEZ</p>



 Free Trade Zone

 Special Economic Zone

# DID YOU KNOW?

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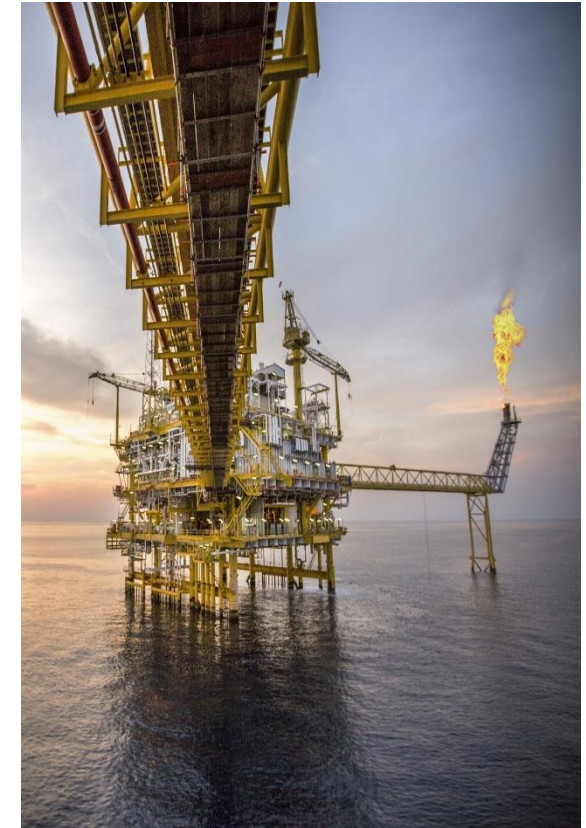
Iran's Foreign Investment Promotion and Protection Act (FIPPA) recognizes the rights of foreign investors of guaranteed payments in cases of enactment of a law and/or a decision by the government seizing or interrupting the project



# OIL AND GAS

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- After the signing of Joint Comprehensive Plan Of Action (JCPOA) between Iran and P5+1, Iran has increased its oil production to 2.5million barrels per day.
- The 4<sup>th</sup> Oil reserves in the world.
- The 1<sup>st</sup> Gas reserves in the world.
- Iran's gas production is slowly expanding, but a lack of foreign investment and technology continues to result in only a slow development despite enormous production potential





# AUTOMOTIVES

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- The Automotive industry is crucial for Iran's economy, which is expected to be the biggest market for new car sales (1.5 million) in the MENA region by 2020.
- Just weeks after sanction were lifted, French auto company Peugeot and Iran Khodro (IKCO) signed a joint venture to invest up to USD 435 million over five years.
- Daimler has also continued construction of its automotive assembly plant for the Mercedes E-class passenger cars.
- Iran plans to become the biggest car manufacturing hub in the Middle East. To accomplish this however, the country will need USD 8 billion worth of foreign investment in the long-term.
- Proton has already started its negotiations for expanding into Iran.

# MINING INDUSTRIES

- Holding 7% of the world total minerals.
- Known mineral reserves of Iran are 31 billion metric tons.
- Mineral resources estimated value is USD 27.3 Trillion.
- The country has more than 68 types of mineral reserves.
- Some Examples are:
  - 1<sup>st</sup> in Zinc
  - 2<sup>nd</sup> in Copper and Gypsum
  - 4<sup>th</sup> in Cement
  - 9<sup>th</sup> in Iron Ore
  - 14<sup>th</sup> in Steel



# AGRICULTURE

## Competitive advantage of Iran in the agriculture industry

1

According to FAO, Iran ranks 4<sup>th</sup> among the top 10 countries in agriculture product diversity for producing 15 types of the total 66 world agriculture products. Iran is also the #1 producer of berries, claiming 90% global market share. Iran is better known for its dominance in the global pistachio market, where it holds the #1 position at 38% global market-share.

2

The temperature fluctuation in different regions of Iran and the different climatic zones make it possible to cultivate a diverse variety of crops, including cereals, fruits, vegetables, cotton, sugar, pistachios, nuts, tobacco, etc. The land covered by Iran's natural flora is four times that of Europe.



# CONSTRUCTION INDUSTRY

- Iran`s residential sector has a growth rate of 12% per annum.
- There is a demand for new 1.5million house units each year while the current supply is 700K.
- The market size as of 2016 is USD 154.4billion.
- Iran has 99 airports and 13 major ports.
- The new railway expanding project aims to increase the railways from 13000KM to 25000KM by 2025.
- Construction industry has a 5.7% contribution to Country`s GDP.
- In residential sector, 4million new units is needed as of now.
- USD 23billion investment is needed for completion of Gorgan-Inche Boroun railway.
- USD 2.5billion investment is required for building two additional transit terminals at the Imam Khomeini International airport.



# E-COMMERCE

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Iran will surprise you by its potential but its e-commerce platform is still in infancy stage.

- It's still only 0.7% of Iran GDP but in terms of per capita GDP it is above countries like India.
- Expected growth rate of 58.4% between 2016-2020
- 173% growth rate between 2009-2014
- Largest internet users in whole Middle East
- Mobile phone penetration rate of 90%
- 72million mobile subscriptions
- 19million mobile internet subscribers
- 8million fixed broadband line



# FOOD AND BEVERAGE



- Iranians spent an estimated \$61billion in F&B in 2015
- Strong position in agricultural production makes Iran a great place for co-production projects as international companies like Nestle & Savola group did so already.
- Iran is a huge market for Malaysian raw materials such as palm oil and rubber sub products.
- Soft & Hot drinks retails in Iran currently worth \$ 2.8billion and expected growth rate is 32% per year while in other countries of the region such as UAE it`s only 8%.
- Iran packaged food sales in 2015 was \$30.3billion with expected growth rate of 33% per annum.

# Thank You