

Algérie, un pays continent



Akli BRIHI

25 years of professional experience within large multinationals: **British Petroleum, General Electric, Schneider Electric**

Across the full energy value chain from upstream / downstream, to power generation & distribution

Education : MBA IAE Paris La Sorbonne, Master o International Business Law, University Paris Descartes

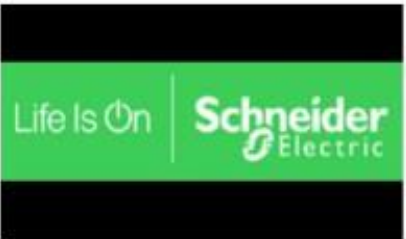
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17 years within British Petroleum in Paris, London and Algiers
Last job: GM BP Algeria **2005-2010**



Country Executive Algeria GE ENERGY **2011-2014**



CEO Schneider Electric Algeria and then Maghreb **2014-2018**



Managing Partner & Founder

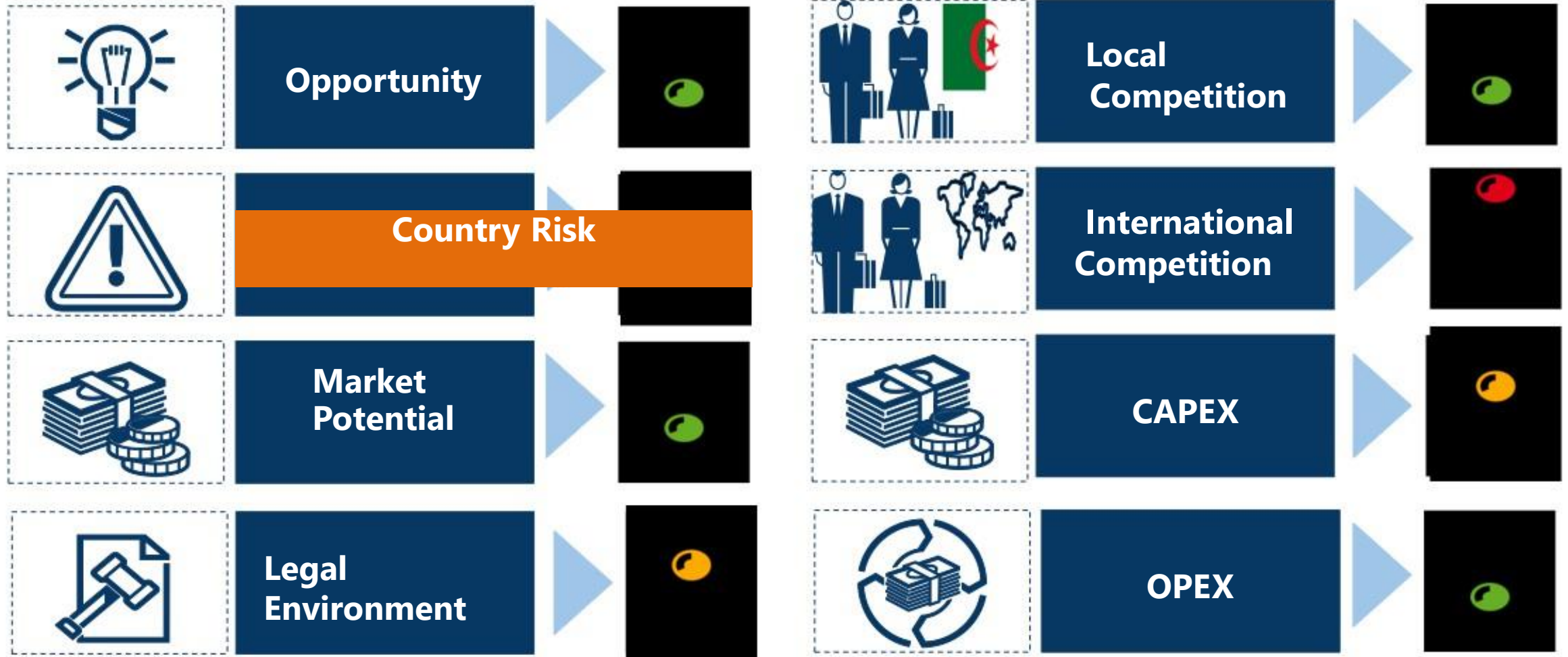
Consulting firm set up in 2019 to support foreign investors looking at the Algeria market

Agenda

Investing into Algeria : Opportunities & Challenges

- 1- Business Environment Snapshot
- 2- Why to invest ?
- 3- Where to invest ?
- 4- Made in Algeria – the new concept
- 5- Key success factors for a successful implantation

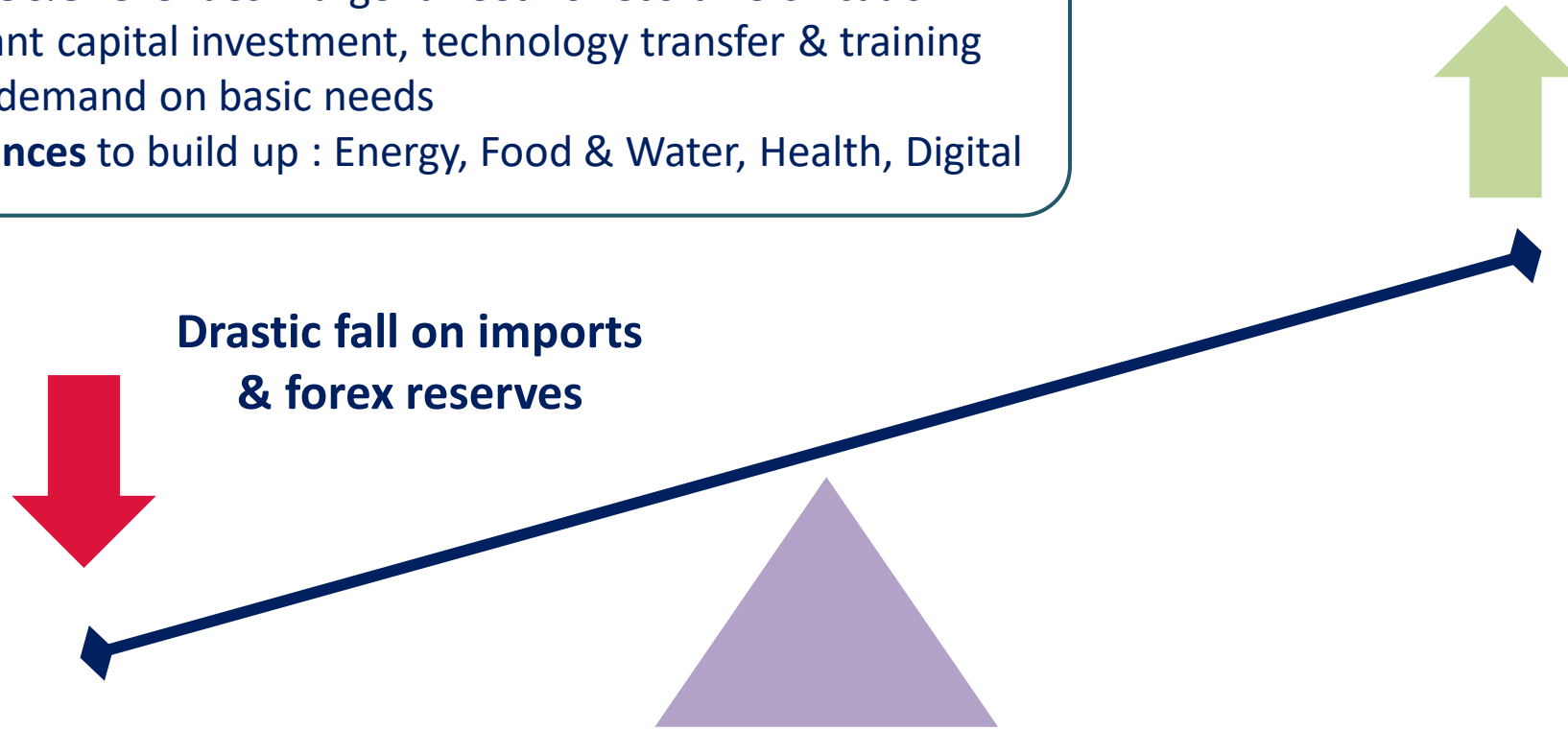
Business Environment Snapshot



Why to invest ?

Country addicted to O&G revenues – urgent need for eco diversification
Need FDI for significant capital investment, technology transfer & training
Algeria people huge demand on basic needs
4 country **independances** to build up : Energy, Food & Water, Health, Digital

Local Production, national priority
Import substitution policies



Shift in the Business Model

Production Vs Consumption

Where to Invest? Look at the volume of Imports !

Healthcare

Drugs: **1.2 bn USD***

Annual growth: > 10%

Focus on 2nd generation, oncology, diabetes, medical equipment, cosmetics, ...



Agriculture **8 bn USD***

Cereals : 2.7 bn USD

Milk: 1.2 bn USD

Sugar: 0.7 bn USD

Vegetables 0.4 bn USD

Fruits 0.3 bn USD

Animals 0.3 bn USD



Food & Bev industries

Annual growth > 10%

Transformation

Conditioning

Packaging



Petrochemicals **1 bn USD**

Fertilizers

Polymères of polyethylene and Propylène (plastics, paintings, resins, etc..)



Energy **6 bn USD (est.)**

O&G Equipements (tubing, piping...)

Service Repair / Maintenance

Power Equipements for substations + transmission lines + Renewables



Digital IT & Com

High debit internet thanks to 4G

Soon 5G – data volume expansion

IT/Web Applications

Data centers & Cloud services associated



Industrial – **3 bn USD***

New tenders imposing local integration rate > 30% for Automotive, Electronics & Appliances



Mining **2.5 bn USD ***

Develop & Exploit mining sites

Produce iron end products



Strategic focus on local Manufacturing -

Assembling only and only if volume is

RECURRING and PROFITABLE !

* Source : 2019 Algerian Customs

“Made in Algeria” – the new paradigm



Context

Priority to national tenders. Very few international tenders
Priority to entities registered in Algeria
National preference for local manufacturers “Made in Algeria”
Algeria import regulations becoming drastic and challenging from an operational point of view

Challenges

Bureaucracy (customs, banks, local authorities...)
HR manpower scarcity
Difficulty to get access to raw materials (importation required)
Poor local supply chain (lack of qualified of industrial SME)

Type of implantation – Understand first your strategic positioning, define your best Go to Market and choose one of these 2 options

Option 1 – Set up 100% subsidiary thanks to the deletion 51/49 rule except for “Purchase to Resale” & Strategic Sectors. Makes sense for service (maintenance, repairs, after-sales) and low tech production

Option 2 - Joint Venture partnership with a local partner : decide on your equity rate (minority or majority), on your corporate strategy (control or not on operations) and on the local partner capabilities (state owned or private, access to land & available industrial Workshop ; access to market/key customers, access to local project financing...). 51/49 rule maintained for “Purchase to Resale” activities and those related to one of the 5 Strategic Sectors as strictly defined by law.



Key Success Factors for a successful implantation

- 1** ▶ **Do a deep dive on the market and a business plan to understand strategic positioning and justify the investment**
- 2** ▶ **Do a robust due diligence on the local partner in case of JV (ethics / technical & financial capabilities)**
- 3** ▶ **Localize the site production or service where it makes sense but enjoy tax benefits up to 10 years if located in the Southern Algeria**
- 4** ▶ **Understand local ecosystem and build strong relationship with key stakeholders
Build and make aware of local presence (prescription, lobbying & marketing)**
- 5** ▶ **For industrial manufacturing, improve local supply chain to reach 40% min local integration rate and enjoy the label "Made in Algeria" – qualification of local suppliers on components critical**
- 6** ▶ **Use the Algerian industrial/service platform to export into neighbouring countries**



What we can do for you:

- Strategic positioning & market studies
- (Industrial) Business Plan
- Local partner research & due diligence
- Shareholding agreements & JV by-laws
- Local Affiliate/JV set up (administrative & operational) : real estate, HR, project finance, ANDI (tax benefits), etc...

A full support from the conception of your project to its effective completion

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