

> CFI.co Meets the Chairperson of Concord International Investments Group: Mohamed S Younes

Egypt's moment has arrived. Whereas just a few years back interest was minimal, today investors are clamouring to get in. "Now, people come to us," says Mohamed S Younes, chairperson of Concord International Investments Group – a New York City firm established in 1988 and present in Egypt since 1994 where it became the first foreign fund to be fully licensed by that country's central bank.

Mr Younes is happy to report the return to Egypt of both corporate and institutional investors: "The interest is currently very strong with more buying than selling going on." The Concord Group, with a solid footprint in the country, just added a new fund to its line-up, exclusively dedicated to Egyptian equities. This fund will hold between \$200m to \$300m and is finding ready takers.

"While our firm kept quite busy during the recent spate of lean years, opportunity has come knocking and we are ready to reap its rewards." Mr Younes emphasises that the Concord Group is exceptionally well poised to maximise its exposure to the economic upswing currently underway: "The recent investor conference in Sharm El Sheikh placed Egypt back on the map. The event heralded the end of about fifty years of stagnation."

Although he has seen previous governments launch similar development drives, Mr Younes is convinced that the present administration possesses the stamina to obtain results: "Now, things actually get done. Take the project to expand the capacity of the Suez Canal to allow for two-way ship traffic. That is a major undertaking which normally would have taken ages to complete. However, by August the project will have been completed."

According to Mr Younes, this means that the medium-term outlook is positive indeed: "Over the short run, it is relatively easy to get things moving. For the medium-term to look good, it is necessary that the government keeps its promises and maintains an investor-friendly climate that allows projects to get off the ground."

Mr Younes sees a changed climate in Egypt – and it's not due to global warming: "The impetus to keep the momentum is there. A remaining issue is, perhaps, that Egypt has historically not been very good at marketing the country to investors as a welcoming and safe harbour."

While the new era takes root, it is important for investors to realise that success depends to a large degree on maintaining a local presence: "Change comes quickly here. This requires both agility and flexibility on the part of managers, in addition



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to local knowledge. It is simply impossible to successfully manage private equity investments in Egypt from an office in, say, London or New York."

If a solid local presence is a prerequisite to invest successfully in Egypt; so is the selection of a local partner: "Finding the right partner is key. Now, as far as statements go, that may be an open door. However, the choice of a partner is nonetheless critical if investors are to become thoroughly acquainted with the local scene – as they must. Investors need to see the reality as it is, and not through rose-coloured glasses. Egypt is an exciting place to do business but, just as anywhere else in the world, there are pitfalls to look out for. A partner with local expertise will know what to look for and how to properly navigate the waters."

One particular aspect of the Concord Group's approach to private equity is the provision of operational expertise to the companies it has a vested interest in. The firm does not merely contribute with financial know-how, but provides the managerial knowledge required to optimise

processes and reach peak efficiency. To this end, the Concord Group maintains a number of experienced business managers on its staff – mostly former CEOs of major Egyptian corporations – who help drive these companies to operational excellence.

Mr Younes: "This is an important layer, often overlooked. Not many investment firms have the capability to actually manage, on a day-to-day basis, the operations of companies whose performance will ultimately determine the return on our investment. The experience we gained this way made the Concord Group decide to lengthen the maturity of its investments from an average of seven years to between ten and twelve years. This longer timeframe allows us to balance out possible economic slowdowns caused by atypical events."

The approach of the Concord Group has yielded remarkable results with returns coming in far above the benchmarks and well beyond market averages. "Success attracts attention, and luckily for us: we do not suffer the least bit from a lack of attention." ❄️