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**Master of Business Administration**

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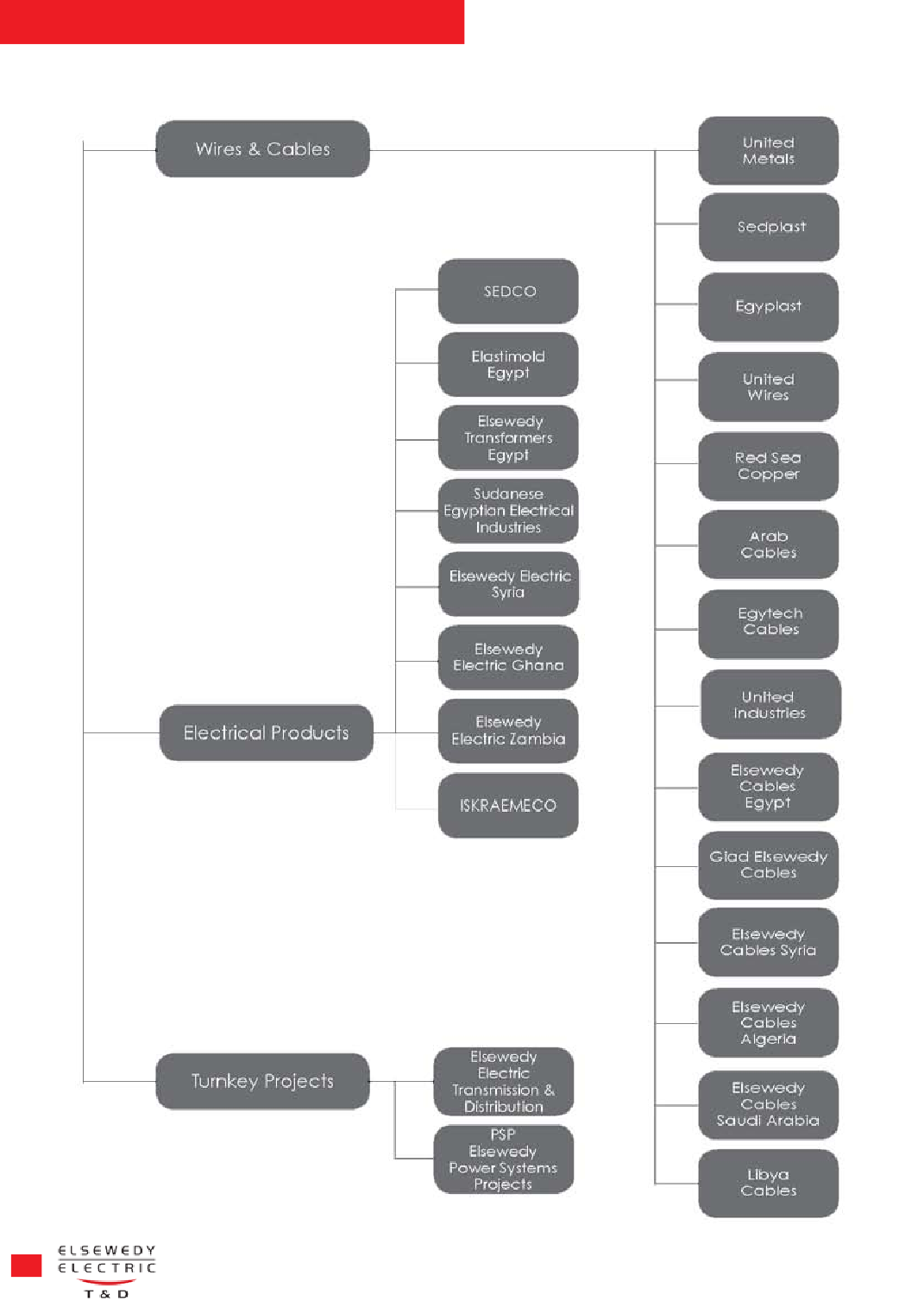
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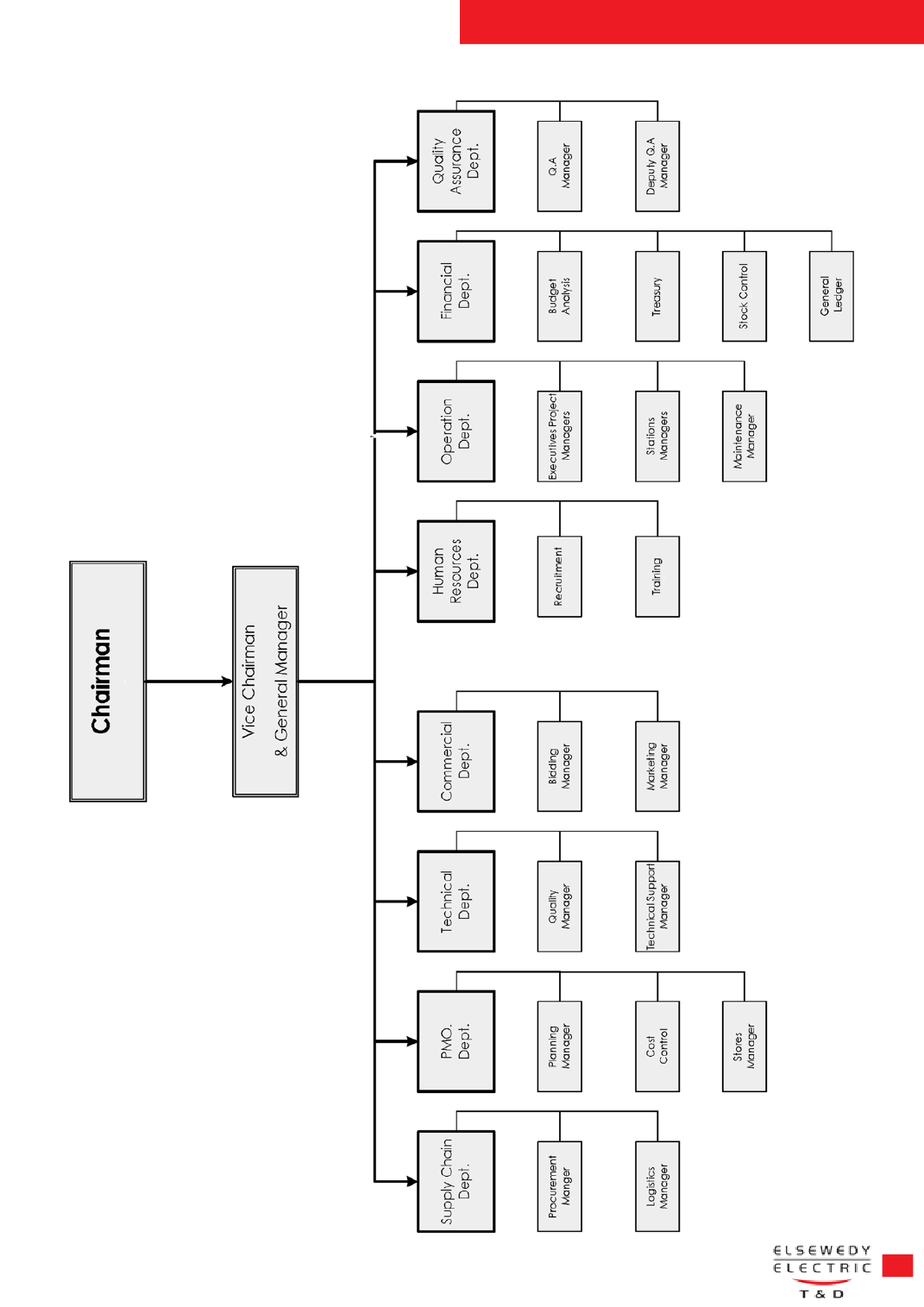
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**1-Outline ELSewedy Electric Organization Structure.What type of management structure does the group possess?The management style of the group?**

-Thr Organization structure of the group as the below and sample of the organization chart of one the subsidiaries





Management structure & the management style

* The management structure of the group is as the following :

We have two management style in the group

* **Trading and buisness style** leading **by Mr.Sadek Elsweedy** for “cables and wires business “
* **Long term vision Style** leading by **Mr.Ahmed Sadek** for “ electric product and turnkey business “

**Buisness wing Mr.Sadek Elsweedy**

- The cable and wire & all the subsidiaries related to that business field has the trading style .This wing is concentrating on only the copper business and all related business to the copper with direct relationship such as switchboard and cable trays .

-This business is being handle by MrSadek Elsweedy .Therefore trading branches , cables accessories companies ,cable treys ,cables factories ,switch board factory and HQ “which use the copper as core of electric conductivity as the cupper is the highest price part in this business “ , EGY locus , PVC factories and Plastic factories , Also Cement business and elswedy cables in Syria and KSA is handling by the trading wing .

-The management structure for the above business as Mr.Sadek Elsweedy is act as the CEO and control every small and big movement through his meeting every month with the General managers and the first management level of the subsidiaries in order to discuss the clear status of the business .He is monitoring the business progress and give recommendations in order to solve the existing problems .Also he has direct contacts with the potential customers and the suppliers in order to be more close and get more transparency from all dimensions. He is inviting in the monthly and quarterly meeting all his young sons ( their ages is around 12 to15) in order to be early involved and to build relationships with management and with the suppliers and sometimes with the potential customers in the beg events

-The organization structure for each company is separate and different organization style

**For example**

- The organization of EMAS (switch gear company) is as Head office copy from ABB structure

-The factory copy from Siemens even factory layout and the machine types

-They are trying to copy from multinationals organizations The group organization structure is ring organizations as each subsidiaries has separate Balance sheet and Income statement .Also the head quarters for each company in different territories .Most of each organizations has their Owen structure like pyramid structure in EGYPLAST and EGYTEC or flat organization

-Although these companies has GM direct reported to Mr.Sadek but the group is still has one man show style and the decession centralized in one person .Till the moment this wing don’t have strategy office to launch the group annual strategy therefore the annual strategy is being launched by Mr.Sadek after the annual board meeting .

**Long vision wing Mr.Ahmed Sadek**

-The organization structure of the group as ring organizations ,also each subsidiaries has the separate organizations structure , some of these companies have Pyramid organization like SWEG but some companies have flat organization structure like El sweedy cables in Sudan and Ethiopia .

-Recently in 2011, they collected all companies head quarters in one head quarter building in new Cairo which are leading by Mr.Ahmed Sadek

- This wing has long vision and he is responsible of the electric products and turnkey projects ,also he is responsible of all the acquisition from 2006 till 20011

-The management structure of each company is separate and fit with field of the products So they have different organization structure for each company and each country

**For example** :He is keeping the same structure for Iskraemeco as previous years in solovinea ,he is keeping the CEO for long time and recently he has some modifications in the organization as he was hunted Sheref Elkafafy from Vodafon Egypt to be GM of Iskra Egypt . For SWEG he also keep the organization as the Spain company with small modifications .

-The management style is still working as family business with very centralizing decision Mr.Ahmed is very future oriented ,he has clear vision of non cables products must take more share of group business and the market soon ,Also his believe that turn key and Meter business are more profitable more than cables , also the Meter business isn’t cover the booming infrastructure in Arab and Africa countries yet.

-He believe that the renewable energy is the only solution for emerging countries so he established SWEG and he is starting to carry out potential projects last years .

-The management style is also depend on the strong relationship with the sub-Saharan countries, The high level political relationship with the presidents of the African countries which enable his group to carry out the whole infrastructure .His financial capabilities and the wide portfolio enable the group to success with these countries in very big and vital projects.

-Thereby he has regular visits to the African country by himself to build strong relationship with the new decision makers and the new regimes.

**Management Disadvantages**

-One of the disadvantages of Mr.Ahmed managment style that Mr.Ahmed has direct contact with all sales levels from senior sales level to sales management level , although it gives the sales support and energy to achieve result but meanwhile it works as one way information without reactions from management thereby many opportunities are being dropped or lost because they don’t have feedback or delegation from Mr.Ahmed to the right persons

-Also one of the cons that Mr.Ahmed before making his visits,he contact the country sales guys to collect the information before his high level meeting but after his finishing he didn’t feed them back with the result or the new trend or the agreements so some times the sales or even the country manager surprised with new trend or new business in his region handled by the main Head quarter . This management style is acting as information one way only

-This wing ,Mr.Ahmed has strategy office and business development department at the new Head quarter .He is trying to build multinational organization and managment style.So In 2008 he hunted candidates( management level) form multinational companies but most of them left the company because of decision centralization .

**2-Prepare a strategic audit (CADOT) of the group: Look at competitive advantages and disadvantages, opportunities and threats at Group level, what core competences or strategically valuable assets does the group possess.**

**Strengths:**

* Monopolistic position
* Sold demand
* Strong and experienced management
* A high market share
* The company has an extensive and wide variety of electrical products and services
* ElSewedy is a highly reputed firm in the MENA with four diversified segments

**Opportunities:**

* Capital intensive so entry barriers are high
* Demand for cables is expected to increase due to increasing infrastructure
* Excess capacity from Egypt can be channeled to the newly emerging European market
* Egypt’s varied natural resources and industrial products could be attractive for backward integration
* Wind energy is a promising division which promotes generation of alternative power

**Weakness:**

* Volatility of cupper prices
* High demand on imports of raw materials exposing the group to FX risk
* ElSewedy targets almost everyone this suggests a lack of focus

**Threats:**

* Operating in high risk countries (Syria, Algeria, Sudan and Zambia)
* Sensitivity for governmental strategies
* Instability of the Egyptian economy

**ElSewedy core competences:**

* Expertise in the electrical field, 70 years now.
* Vision, which makes them to think in continuous expansion.
* Diversity, serving wide range of customer’s needs being able to deliver almost all services and products necessary to wrap up a project with innovative solutions for a range of fields and industries.
* Geographical presence, operating from different business hubs between Europe, Africa, and Middle East enjoying a variety of business incentives and number of free trade agreements being able to deliver products and services at any time to any destination in the best possible business setup.
* Strong ability to penetrate the market within the region through building long and lasting relationships with their customers during the process of providing continuous solutions that attend to their needs.
* Workforce, professionals who share their background, experience and expertise in a skilled, but homogenous group working always very hard to meet customer needs and to exceed market expectations.

**3- What drove the group to expand and possibly diversify? Review its portfolio of investments and its strategic business units. How would you assess the multi-business portfolio of the group in terms of the strategic assessment tools such as the Portfolio Matrix and the Parenting Fit Matrix? Is there synergy in the group’s portfolio? Where are the misfits? Why?**

We see that the below factors playing a major part in ElSewedy expansion:

* ElSewedy aims to position itself as a major player in the specific markets it serves besides being the market leader in several countries where it operates.
* Penetrate a market with a growth opportunity in one of the business segments it operates, establish its brand and expand its market hold to the other business lines
* Position itself as a one-stop shop for energy solutions through the cross selling of its products and services while building long-term customers relationships, and
* Control input costs and optimize production efficiency. Moreover we think that part of ElSewedy expansion and diversification is driven from its mission and vision
* **Mission:** “manufacturing & marketing safe energy products in order to meet & exceed market expectations and positively contribute to developing our society & environment”
* **Vision:** “to be one of the key players in energy solutions and its related services globally”

**ElSewedy Main business lines:**

**Wires and cables:**

MENA Region's Largest Cable player, ElSewedy is currently largest MENA regions single-largest cable producer ElSewedy has around 20% to 40% in all countries while the growth in this sector is stable

**Wind Energy:**

ElSewedy ventured into the wind sector in 2008 through a number of strategic transactions including the acquisition of Spanish wind turbine manufacturer MTOI, Despite solid prospects in the region, the segment has not contributed to numbers in the beginning, but it currently is the leading wind energy producer in Egypt in a highly growing market share.

**Trunkey Projects (Engineering and contracting):**

Trunkey segment (aka Engineering and contracting) offers a one-stop-shop for clients as ElSewedy undertakes large power generation, distribution, and transmission projects from the design and engineering to contracting, installation, and delivery, the division has historically focused on Egypt, Algeria, and some other African countries, but the company has been looking to venture into other Arab countries such as Saudi Arabia and some new African markets such as Rwanda and Zambia. The vast majority of the segment’ client base is utilities. The company has medium market share while the growth in this sector is stable.

**Electric products:**

El Sewedy acquired in December 2007 97.55% of Slovenian electrometers manufacturer Iskraemeco. Iskraemeco is the third-largest European electrometers manufacturer and the seventh-largest globally, it has a presence in over 100 countries with facilities in Slovenia, India, and Malaysia. The Iskraemeco acquisition was aimed primarily at the capitalization on government-initiated replacement projects in Europe to convert households and business from traditional electromechanical to smart meters that remotely measure, record, communicate, and control energy consumption. the European union(EU) aims to have 80% smart meter coverage y 2020 to meet its target of improving energy efficient by 20%, Europe's replacement programs are expected to be replicated in other parts of the world so there are a promising high growth market in this sector.

**Transformers:**

Strong Potential slowly materializing, ElSewedy diverse transformers product range capitalizes on solid industrial demand, we believe there is a promising market for transformers in the MENA with demand driven by a growing population and high industrial demand, especially from the oil and gas industry. ElSewedy offers a wide range for transformers allowing the company to serve several customers, currently it has a medium market share in this market and there are a high market growth.

**Portfolio Matrix Analysis**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Relative Market Share** | | |
| **Market Growth Rate** |  | **High** | **Low** |
| **High** | **C:\Users\Michael\Desktop\star.jpg**  Transformers  Electric products  Wind Energy | C:\Users\Michael\Desktop\mark.jpg |
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|
| **Low** | **C:\Users\Michael\Desktop\images.jpg**  Trunkey Projects  Wires and cables | C:\Users\Michael\Desktop\dog.jpg |
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**Parenting fit matrix**

|  |  |  |
| --- | --- | --- |
|  | **Low**  SBU’s Low Fit With Parent’s Core Competence | **High**  SBU’s High Fit With Parent’s Core Competence |
| **High**  Parent Understands SBUS Critical Success Factors | Trunkey Projects | Wires and cables  Wind Energy |
|
|
|
|
|
|
|
| **Low**  Parent Misunderstands SBUs Critical Success Factors |  | Electric Products  Transformers |
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We thinks that there is a synergy in ElSewedy group portfolio and there are no misfits as ElSewedy

Electric has become a key player through providing complete integrated energy solutions; from raw materials such as metals and plastics as inputs across the spectrum of wires, cables; and electrical products such as advanced metering systems, distribution & power transformers, light poles, etc. to contracting and turnkey infrastructure projects and electricity generation through competitively advantaged wind technology, T&D networks as well as solar energy solutions, and this is due to:

* *Expertise in* the electrical field, over 70 years now.
* Vision, which makes them to think in continuous expansion.
* Geographical presence, operating from different business hubs between Europe, Africa, and Middle East enjoying a variety of business incentives and number of free trade agreements being able to deliver products and services at any time to any destination in the best possible business setup.
* Strong ability to penetrate the market within the region through building long and lasting relationships with our customers during the process of providing continuous solutions that attend to their needs.
* Workforce, professionals who share their background, experience and expertise in a skilled, but homogenous group working always very hard to meet customer needs and to exceed market expectations.

**4-What type of corporate strategy is the group following? How would you define the aims and objectives of the group? Does the group have a vision? Do you honestly think the group takes strategic management and planning seriously? To what extent? Why?**

ElSewedy electric is following the expansion strategy for the company, they are operating in 8 diversified energy segments; Cables & Accessories, Electrical Products, Energy Measurement &Management, Transformers, Communications, Wind Energy Generation, Solar Energy Solutions, Projects & Development.

The aims and objectives of the group are clear, the want to provide their customers a one-stop solution in terms of Designing, Engineering, Procurement and Construction. They become a significant contributor to the economic growth in Egypt through its development into a well-established group with extensive holdings, both locally and beyond borders in several other Middle Eastern & African countries as well as some European & Asian countries.

Yes, the group has a vision, they want to be one of the key players in energy solutions and its related services globally, and this clear in their diversified portfolio.

**5-What are your recommendations as a result the audits you carried out in Questions 2, 3 &4.**

* ElSewedy should expand more into Europe with a combination of aggression and caution in order to avoid a lack of focus
* Existing profitable markets in the MENA should be consolidated to fuel the expansion into Europe
* Expand in the wind energy segment to gain market leadership and high profits in the area
* invest in electrical services to balance the current prominence of the electrical products segment
* ElSewedy could collaborate in turnkey projects with competitors for more equitable relationships and low-risk market expansion

**6-What type of shareholders does the group have?Who is really in control?To What extent do the shareholders interact with the business?**

-Despite the exsistence of a 27% free float share we do believe that ElSewedy Electric is a family business controlled mainly by Mr.Sadeq el Sewedy and his Son who is the group Managing director Ahmed Sadeq ElSewedy and here below os the group owenership structure:

|  |
| --- |
| Ownership Structure |
|  |
|  |
| undefined |
|  |

|  |  |  |  |
| --- | --- | --- | --- |
| 27% | Free Float | 24% | Sadek Ahmed El Sewedy |
| 9% | Other Non-Executive Sewedy Family | | |
| 17% | Mohamed Ahmed El Sewedy | 23% | Ahmed Ahmed El Sewedy |

-The Company shall be managed by a Board of Directors formed of seven (7) members to be appointed by the General Assembly. A juridical person may be represented by more than one member of the Board of Directors.

|  |  |  |  |
| --- | --- | --- | --- |
| Name | | Nationality | Capacity |
| 1 | Mr. Sadek Ahmed Elsewedy | Egyptian | Non-Executive Chairman |
| 2 | Mr. Ahmed Ahmed Sadek Elsewedy | Egyptian | Managing Director |
| 3 | Mr. Mohamed Ahmed Sadek Elsewedy | Egyptian | Board M ember |
| 4 | Mr. Amr Mohamed Labib | Egyptian | Board Member of Expertise |
| 5 | Mr. Hesham EI Khezindar | Egyptian | Board Member of Expertise |
| 6 | Mr. Mohamed Assem EIGohary | Egyptian | Board Member of Expertise |
| 7 | Mr. Hany Gamal ElDin Mohamed | Egyptian | Board Member of Expertise |

-The company have a general assemply at the end of each quarter to announce the group financial results and vote on any required amendments with a voting majoirity required and it’s also apparent that Mr.Sadeq & Mr.Ahmed have a voting power 51% from total votings of the group which shows that the majority voting power is within 2 members of the group family and who r the main controllers of the business

**7-What is the role of Head Office?How does the Head Office manage the complexity that the subsidiaries brings?**

**The relationship between the head office and the subsidiaries**

**-**El-sweedy group has many head offices,each company has his Own head office but they have two main offices one in Misr El-gdeeda (separate offices ) which Mr.Sadek main office ,and the main head office for the long term future vision “Mr.Ahmed “ head office in new Cairo in one building, collect most of the companies head offices at one building except PSP , SWEG and the regional companies .

**-**They already launched ERP system in 2006 and they have strategic objective of becoming an E-Business enabled organisation has been followed by considerable investment in; the revitalization and scalability of the ICT infrastructure, linking the geographically dispersed factories and offices; and in his implementation of fully integrated information systems aimed at realizing the overall objectives and growth strategies of El Sewedy Cables.

**-** The implementation of multi-module ERP application software, in all plants, helped the different departments of the organisation share data & knowledge, reduce costs & lead times and improve management of operational processes. Now The Head office has complete supervision and tracking of materials, information, and finances ,opportunities ,obstacles and any business updates .so at this wing the head office play critical role to follow business issues and to find solutions and put the annual operation strategy but till now the complete strategy only in Mr.Ahmed head and some of directors , he has many business and finance consultants ,therefore he is controlling every movement

**-**Elsweedy has strategy office and business development office at the head office as The business development office mainly created and aimed at penetrating new markets through comprehensive marketing strategies and establishing branches throughout the Middle East, Africa, Europe and Asia.

-They understand that entering new markets is not an easy task so the Head office Marketing and Business development departments lead by Mr.Mohamed Elsweedy are always identifying different ways to tackle new markets, whether it is by building new factories, joint ventures or agencies.

-They believe that local help from those new markets is necessary, creating strong relationships with the partners and allowing them to succeed with them. Also the launch of new products cables or other electric products is also their responsibility . they are studing the market prices and to be considered as a benchmark for most of the competitors in the field in the region .

-The group is concentrating on making additional investments to target the market segments and countries throughout the world with strong growth potential. Europe is an immediate objective, mainly due to the advantages offered: a) close proximity between countries, b) Free custom duties according to Euro 1 certification.

-The Head office is still don’t have strong relationship with the subsidiaries .they started to break the isolation island of each subsidiary from 5 years ago but till now each subsidiaries have their Owen objectives and targets therefore the head office is monitoring financial result every fiscal closing and esclate the financial analysis and recommendations to the board .

-Elsweedy group is around 34 companies most of them has been acquired last 10 years therefore the head office is not fully control the different companies with different business field , the head office is still fully concentrating in the cables business and considering asthe core business of the group. Recently they pay attention for the new business because Mr.Ahmed has believe that the renewable energy ,turn key and metering business are more profitable and the key to access not only Africa and arab countries but the European countries as well .

**8-How is the group board of directors organized & Assesment of Board Performance?**

* The board of directors have new vision to decrase the unproductive asset of the company by 2015 in order to ensure the real value of the company in stock market then the company will be more strong in the stock market than the evaluation of the finance and brokers evaluation
* Referring to the cash flow status of the company last years they have also clear target and strategy to increase the cash flow in the upcoming years
* The Company shall be managed by a Board of Directors formed of seven (7) members to be appointed by the General Assembly. A juridical person may be represented by more than one member of the Board of Directors. The Board of Directors may add members of expertise.
* The Company's General Assembly appointed the following Board of Directors:
* Company's General Assembly appointed the following Board of Directors:

|  |  |  |
| --- | --- | --- |
| **Name** | **Nationality** | **Capacity** |
| 1 Mr. Sadek Ahmed Elsewedy Egypti an | Egyptian | Non-Executive Chairman |
| 2 Mr. Ahmed Ahmed Sadek Elsewedy Egyptian | Egyptian | Managing Director |
| 3 Mr. Mohamed Ahmed Sadek Elsewedy Egyptian | Egyptian | Board Member |
| 4 Mr. Amr Mohamed Labib Egyptian | Egyptian | Board Member of Expertise |
| 5 Mr. Hesham EI Khezindar Egyptian | Egyptian | Board Membe r of Expertise |
| 6 Mr. Mohamed Assem EIGohary Egyptian | Egyptian | Board Member of Expertise |
| 7 Mr. Hany Gamal ElDin Mohamed Egyptian | Egyptian | Board Member of Expertise |

* 1- The Extraordinary General Assembly shall convene upon the invitation extended by t he Board of Directors. The Board of Directors shall call for such meeting if so requested by a number of shareholders representing at least 10% ofthe capital for extraordinary reasons, provided that they deposit their shares at the Company head office or at any of the authorized banks, which may not be withdrawn until after the close of t he meeting. In the event the Board of Directors does not call for a meeting withi n one month as of the date of such request, those submitting the request may present same to the administrative authority in charge of calling for the meeting according to the provisions of the Law.
* 2- The Extraordinary General Assembly shall not be validly conveyed unless attended by shareholders representing at least 75% of the Company's capital. In the event such quorum is not met at the first meeting, a ca ll for a second meeting shall take place withi n t hirty (30) days following the date set for the first meeting. The second meeting shall be deemed validly conveyed if attended by a number of shareholders representing at least 70% of the Company's capital.
* 3- Resolutions of the Extraordinary General Assembly shall be adopted by the majority of two thirds of the shares represented at the meeting unless the resolution concerns the increase or decrease of the capital, the pre-date dissolution of the Company, the alteration of the original object of the Company or the merger thereof, in which case the resolution shall be adopted by the majority of three quarters of the shares represented at th e meeting.

**9-Asses the Group’s performance on various parametersyou would find availablein term of fianancial ,market,customer & internal operational & employee measures?**

**Cables Concentrated Industry in Egypt & ELSewedy market share:**

-It is a concentrated industry where El Sewedy is one of the most successful industrial and trading business groups in Africa and the Middle East in many majors. It is the sole leader in the cable market in Egypt with very strong position, financially and tech. it was selected as the number one exporter in Egypt in 2005. It dominates the domestic market, it has 56% of domestic market share and the rest is distributed on 8 companies as illustrated in the next graph.

-This success has been achieved through the company's strong geographical presence in Egypt, Sudan, Syria, Ghana, Algeria, Saudi Arabia, Libya and Zambia

**FY 2013 versus FY 2012**

-Consolidated revenues increased by 4% to reach EGP 15.1 billion for FY 2013, versus EGP 14.5 billion in FY 2012

-Gross profit increased by 13% to reach EGP 2,065 million during FY 2013, versus EGP1.832 million in FY 2012

-EBITDA increased by 9% to reach EGP 1,182 million in FY 2013, versus EGP 1,085 million in FY 2012. Normalized EBITDA stands at EGP 1,395 million in FY 2013 after excluding one off impairments related to the wind of EGP 213 million

-Net profit after Minority Interest decreased by 17% to reach EGP 96.5 million in FY 2013 versus EGP 116.5 million for FY 2012. Normalized net profit after minority interest stands at EGP 404 million as a result of one off impairments related to Syria of EGP 95 million and wind related impairments of EGP 213 million



**Segment Analysis FY 2013 versus FY 2012**

- Revenue during FY 2013 increased by 4% versus FY 2012 reaching EGP 15 billion. The Wire and Cables revenues increased by 6% to reach EGP 11,734 million. Turnkey revenues decreased by 5% during FY 2013 reaching EGP 1,787 million. Transformers revenue increased by 3% during FY 2013 reaching EGP 398 million, whilst Meters revenues increased 8% to reach EGP 902 million. Electrical products’ revenues

decreased by 4% to reach EGP 278 million.

- Gross profit during FY 2013 witnessed a 13% increase to reach EGP 2,065 million. The Wire and Cables gross profit increased by 34% to reach EGP 1,406 million. Turnkey gross profit was 35% lower during FY 2013 reaching EGP 253 million. Transformers gross profit increased 64% whilst meters gross profit increased by 15% to reach EGP 259 million Electrical products’ gross profit decreased by 51% to reach EGP 50 million

**1-Wires & Cables Segment**

-Wires & Cables segment revenues increased by 6% to reach EGP 11,734 million in FY 2013 versus EGP 11,118 million in FY 2012. Gross profit in FY 2013 increased by 33% to reach EGP 1,406 million versus EGP 1,056 million in FY 2012. Gross profit margin increased by 27% to reach 12%.

-In terms of volumes, the segment sold 159,079 tons of cables in FY 2013 versus 162,537 tons in FY 2012. There was a 32% improvement in gross profit per ton, which averaged EGP 6,497 in FY 2013 versus EGP 4,933 in FY 2012.

-Whilst volumes in the Egyptian operations were 11% lower in FY 2013 versus FY 2012, the Algerian operations continued to see a pick-up, with volumes increasing 18% in FY 2013 versus FY 2012.Volumes in KSA were 13% higher in FY 2013 versus FY 2012.

-All the other cables operations witnessed double-digit growth in volumes with the exception of the Qatar operations in which volumes increased by 8%

**2- Turnkey Projects**

-Turnkey revenues witnessed a 5% decrease, reaching EGP 1,787 million in FY 2013 versus EGP 1,880 million during FY 2012. Gross profit also decreased by 35% to reach EGP 253 million in FY 2013 versus EGP 392 million in FY 2012.

The main reason for the significant decline in gross profit for the turnkey was due to cost overruns mainly resulting from delays in project executions out of the control of the Company.

-Turnkey backlog as of December 31st, 2013 stands at EGP 4.1 billion. Of the backlog Egypt represents 22%, Sub Saharan Africa 22% and the GCC and Middle East 51%.

**3-Meters Segment**

-Revenues from the meters segment increased by 8% in FY 2013 versus FY 2012 to reach EGP 902 million versus EGP 837 million in FY 2012 while gross profit increased by 15% to reach EGP 259 million in FY 2013 versus 226 million in FY 2012.

-Even though there was a reduction in the number of meters sold, the change in product and market mix resulted in the gross profit margin improvement to reach 28.7% in FY 2013 versus 27% in FY 2012. Meters backlog as of December 31st, 2013 stands at Euros 13 million.

**4- Transformers Segment**

-Revenues from the transformers segment increased 3% in FY 2013 versus FY 2012 to reach EGP 398 million, whilst gross profit increased by 60% to reach EGP 96 million in FY 2013.

-All the transformers operations performed well during FY 2013 versus FY 2012 with the overall gross profit margin also improving to reach 24.2% during FY 2013 versus 15.5% in FY 2012.

-The strongest performance in this segment was from the Egyptian operations in which both revenues and gross profit witnessed double-digit growth, as was the case for both Zambia and Sudan.

As at December 31st, 2013 the backlog in the transformers segment stood at USD 55 million.

**Other Electrical Products**

-Revenues from the Electrical products segment decreased by 4% in FY 2013 versus FY 2012, to reach EGP 278 million, while gross profit decreased by 51 % to reach EGP 50 million. The main reason for the decline in gross profit was due to the increase in COGS of EGP 51 million related to slow moving inventory in MTOI (the Spanish wind turbine operations.)

**Net Debt**

-Net debt as of December 31st, 2013 declined significantly to reach EGP 3,894 million versus EGP 5,043 million as of September 30th, 2013.

-The main reason for the decrease in net debt was a result of a decrease in accounts receivable, which reached EGP 4.2 billion as of December 31st, 2013 (101 DOH) versus EGP 4.7 billion as of September 30th (113 DOH).

- Inventory reached EGP 3.7 billion as of December 31st (104 DOH) down from EGP 3.8 billion as of September 30th (106 DOH). Payables reached EGP 1.3 billion as of December 31st 2013 (37 DOH) versus EGP 1.0 billion as of September 30th (28 DOH).Total cash conversion cycle decreased to 168 days as of December 31st 2013 versus 191 days as of September 30th



**10-Changes to organizational structure to improve performance**

**Recommendations for Both questions 8 & 10**

-Although El-sweedy group is very huge company with total turnover around 14 MEGP as family business but still has the one man show management style .

Therefore the head office main role to work on the company culture ,to determine the company culture and to put long term plans to improve the culture as it will take time ,Also to find solution to cascade the culture from Head office to all subsidiaries .

-One of the competitive advantages of Elsweedy group is the great high level network in Africa and Arab countries, therefore my recommendation as :

- Mr.Ahmed Sadek develop the existing relationships and build new relationships with other African ,Asian and Arab countries and most use the Egyptian agreement benefits like Komissa

Also Mr.Sadek Elsweedy work on the second competitive advantages which is the low cost of cupper and develop this are and use lead by cost strategy ,also work as consultant for whole group trading business

-Make the strategy office more efficient ,as to consider Mr Ahmed and Mr.Sadek as consultant to determine the strategy of the group .then the objective of the strategy office to coordinate individually with each subsidiaries

Meanwhile, hire 3 CEOs as the following :

* CEO for (Cables and wires business ) and all related companies
* CEO for (Turn key projects business ) and all related companies
* CEO for (Electric products and non cables business ) and all related companies
* Therefore we will focus on the competitive advantages of the group
* Improve the head office role to be more productive and efficient
* Discover the company culture and cascade it to all subsidiaries and develop it in long term
* Mr.ahmed and Mr Sadek focus on the group competitive advantages to protect the group from the competitions
* Decision decentralization
* Cascade the strategy to all subsidiaries

**11. Improving the strategic management and planning capability of the group:**

-IT and E-Business are playing an important role in El Sewedy transformation. The strategic objective of becoming an E-Business enabled organization must be followed by considerable investment in; the revitalization and scalability of their IT infrastructure, linking their geographically dispersed factories and offices; and in the implementation of fully integrated information systems aimed at realizing the overall objectives and growth strategies of El Sewedy Cables.

-Currently, automation of core business processes has penetrated most of their factories operations and supporting administrative functions. The implementation of multi-module ERP application software, in some plants, will help the different departments of the organization share data & knowledge, reduce costs & lead times and improve management of operational processes. Complete ERP implementations and integration between factories and the head office will commence within in a short time span. In-house built organization-wide Intranet system can help augment the organization’s efficiency, productivity and interdepartmental communications. Other systems are now in place to radically streamline the cable design and customer quotation processes, and capture all communications with their customers. Their website must include E-Business functionality where customers, distributors, suppliers and all business parties can interact in a virtual marketplace.

-IT will Lead to a complete supervision and tracking of materials, information, and finances as they move in a process from supplier to manufacturer, then wholesaler to retailer and finally onto consumer. Thus, giving their customers what they want, when they want it, at the right price and with the expected quality.

-To obtain a productive strategic management and planning capability they must apply a strict IT system to watch the huge operations, this will enable them to have the needed accurate information on which they would build their Strategic Planning on it.

**12. Group future and opportunities for Growth:**

-El Sewedy Cables is one of the most successful industrial and trading business groups in Africa and the Middle East in many majors; wires and cables, metals and plastics, electrical products, contracting and turn key projects.

-This success has been achieved through our strong geographical presence in Egypt, Sudan, Syria, Ghana, Algeria, Saudi Arabia, Libya and Zambia with Twelve operational factories. Six other factories are currently under construction.

-Moreover, during the past years, El Sewedy has been very much focused in the export sector as part of their worldwide marketing plan. They aimed at penetrating new markets through comprehensive marketing strategies and establishing branches throughout the Middle East, Africa, Europe and Asia.

-Entering new markets is not an easy task. El Sewedy group are always identifying different ways to tackle new markets, whether it is by building new factories, joint ventures or agencies. They get local help from those new markets, and create strong relationships with new partners and allow them to succeed with them.

-The group is concentrating on making additional investments to target the market segments and countries throughout the world with strong growth potential. Europe is an immediate objective, mainly due to the advantages offered: a) close proximity between countries, b) Free custom duties according to Euro 1 certification.

So In our Opinion they are going for Growth to a certain limit in the future, then later On they will consolidate their Operations.

**13. Recommendations for changes to be made to its portfolio of investments:**

-El Sewedy Group caters to the diversified needs of their customers through five main business sectors: Power & Control, Lighting Solutions, Cables & Wires, Electromechanical Contracting as well as Contract Manufacturing Division. Each division offers various services, solutions and products that address specific customer electrification needs including but not limited to lighting fixtures, energy saving lamps, panels and enclosures. These sectors are fully supported by one of the largest manufacturing facilities in the MEA region as well as through association and strategic partnership with some of the largest companies related to the field

-El Sewedy Cables offers a wide range of products, with its backbone composed of all kind of overhead conductors, cables (power, OPGW, winding wire, instrumentation, control, flame retardant and fire resistant, telephone, LAN, co-axial, audio, profibus, automotive wires, etc), fiberglass poles, transformers (dry type and power), joints and terminations, etc.They produce most of their main raw materials, such as Copper rods, Steel galvanized wires and PVC.

 -In fact, El Sewedy Cables for sectors as diverse as the automotive, railways, buildings, telecommunication and energy networks, oil and gas, etc.

-Transfer to the latest and most advanced technology has enabled a significant improvement in performance while also making it possible to increase the group’s profile throughout the worldwide cable market. The group has also obtained quality certificates from the most reputable laboratories; such as: ISO 9001-2000, ISO 14001, ISO/TS16949, BASEC, KEMA, etc.

-Beside the advantages of partnering with the leaders in Industry, they also have a major advantage logistically. Being based in Egypt awards them the benefits of utilizing both low energy costs and cheaper labor rate.

-El Sewedy Cables are very unique to the industry and is a company to be taken serious by all of their competitors. Their stated mission is to become the world’s prime expert in the cables industry with a strong financial foundation and a broad product portfolio.

-The energy sector can be considered as the core aspect of the business. However, we cannot forget that other products such as special cables and accessories are enabling them to provide a complete portfolio of solutions.

-El Sewedy Cables acquired the latest and most advanced technology to cover the energy sector. This can be confirmed by means of technical agreements with Furukawa Electric Japan for the production of extra high voltage cables.El Sewedy Electric Contracting & Engineering Co., are specialized in the supply, installation and commissioning of electrical equipment on a turnkey bases and services to utilities and industries.

-They are also providing solutions for other energy sectors different from dealing with transmission & distribution companies; amongst them is the petroleum industry. Underground and telecom cables, control and instrumentation cables, LAN cables, flame retardant and fire resistant cables are examples of solutions for this specific sector.

-El Sewedy cables has also started to meet the demand for renewable energy, since many power providers are turning to wind power or solar energy. Larger turbines on land and offshore require secure distribution links, remote management capability, and the stabilization of a variable energy source. Overhead transmission lines, underground cables, control cables, or winding wires are just an example of products provided.

We Think they must keep their portfolio diversified, yet focus on one of the new trending Energy sectors and become its leading provider, which is most probably will be nuclear Energy.

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