

METRO

MARKET

The crowd at the new 1,500 sq. metre store being opened in Sharm El Sheikh was greeted by Metro's chairman, Youssef Mansour, chairman of the Mansour Group that owns Egypt's number one grocery store chain.

One onlooker commented "Metro has been as good as its word, charging the same prices in Sharm El Sheikh, as it does in Cairo. At last we're getting a fair deal here."

The indisputable number one position as Egypt's top grocery store has been achieved by a surge in overall sales of more than 32% as Metro and its sister grocery store chain, Kheir Zaman expanded their footprint across Egypt by opening ten new stores in 2008.

Combined sales have risen to over LE 1.2 billion last year, with 2009 target sales over LE 1.6 billion, spread between groceries, fresh meat, fish and vegetables as well as expanding household goods sections.

The effort by staff to provide world-class products and service was also recognised internationally at the presentation in London of an international quality award winning the award in the Platinum category for its outstanding commitment to quality and excellence.

Metro now has stores all over the country including Cairo, Giza, Alexandria, 6th October, Helwan Ismailia, Mansoura, Sharm El Sheikh, Hurghada and Port Said. The last store to be



opened in 2008, located in Cairo, joins Metro's network of supermarkets chosen for their customers' convenience.

Metro Markets is also the parent company of the discount store chain, Kheir Zaman. The chain was launched in July 2006 to serve lower income target groups who are traditionally more price conscious. Today Kheir Zaman has expanded to a network of fifteen stores in Cairo, Giza, Alexandria, Helwan and Port Said, making it the leading discount store chain in the market.

Metro is ushering in 2009 with a new supermarket in Cairo as well a third store in Hurghada. By the end of 2009 its network will have expanded to 41 stores. The combined group (Metro and Kheir Zaman) will have grown to 62 stores nationwide.

ACHIEVEMENTS

There are three reasons for Metro's phenomenal success.

Under the leadership of Metro's Managing Director, Mohanad Adly, Metro and Kheir Zaman timed aggressive expansion in 2007 and 2008 to coincide with Egypt's surging economy. Nationally, GDP has risen by more than 7%. The increased activity called for an enormous investment in training to enable the management team to open the new stores.

The opening of a new store is the culmination of a methodical process developed by the Metro management team. They respond to customer's needs, which means 'sensing the opportunities' when they are approached by individuals, developers or communities.

That's the second ingredient of Metro's success: Know Your Customers. Metro's intricate knowledge of shoppers' needs has given them an edge over their competitors as they fine-tune each store's product offering.

Metro's third successful ingredient is buying power. No other grocery company exerts Metro's clout. While Adly recognises the necessity of partnerships between suppliers and retailers, he is aware of the consequences to a supplier who loses Metro's business. That has led to greater discounts and incentives, which are passed on to customers who benefit from stable or even lower pricing, in some cases.

A benefit of efficiency is greater profitability. Metro is focusing its attention on lifting its profit margins in 2009 through greater productivity. Staff are empowered to run their areas of responsibility as profit-and-loss centres. That means greater attention to store layouts and presentation.



Shelving at some stores has been increased in height and the floor space is being utilised more efficiently to display and group products across product categories. This has been a significant change during 2008. Metro has improved its aisle-appeal considerably, demonstrating the final basket affect for customers.

This also has an impact on challenging the hypermarkets on the edges of Cairo and

Alexandria. Metro is displaying in less space as many, and in some cases more, items than the hypermarkets. Given Metro's convenience and door-to-door delivery, the total cost of shopping at Metro for Cairo residents is less than the cost of hypermarket shopping.

"Metro has achieved almost total penetration of the A and B market," says Adly. "In one sense that is laudable. On the other hand it opens up new challenges for management and staff. Customer satisfaction is not a given. It is earned. Our operations have grown exponentially, responding to demand from customers and our market research."

Quality improvements have been achieved in tandem with sales increases. Metro was recognised among companies from 163 different countries for top Quality and Excellence at an international convention of quality experts in London.

The International Quality Crown Award recognised Metro for its 'outstanding commitment' to Customer Satisfaction, Leadership and Innovation.

Adly said: "The International Quality Crown Award is no small achievement. It's a tremendous accomplishment, which comes as a result of many years of hard work and dedication by every one of our 5,000+ employees."

"We have invested heavily in skills training, focusing on customer service and delivering freshness. I am very proud of their effort, which has enabled Metro to grow fast enough to match customers' requests to open new stores in various neighborhoods."

HISTORY

Metro was little more than a glint in Youssef Mansour's eye ten years ago when the first store opened in Heliopolis. Today it has become the crown jewel in the Mansour conglomerate which includes General Motors, Caterpillar, McDonalds, Philip Morris, UPS, Kraft, Bang & Olufsen, IBM, Compaq, Michelin and Palm Hills.

The first Metro store opened in Heliopolis in 1998 and the chain quickly expanded to ten stores, then to nineteen. Today Metro has 36 stores and will add five more by the end of



2009. Metro built a distribution centre on the Desert Road for groceries and non-food items and a processing centre in Al-Haram to supply fresh food.

Kheir Zaman benefits from the efficiency of Metro's management and distribution centres. Many of the

products offered by Kheir Zaman replicate Metro's but the product mix is different and the inclusion of frozen meats reflects Kheir Zaman's customers' household budgets

Collectively, Metro and Kheir Zaman have amassed some

40,000 sq. metres of retail space serving more than 75,000 customers daily in ten different cities nationwide.

The latest Metro store to open in 2008, which opened in Nasr City in October, is 1,500 sq. metres, open 24 hours, 7 days a week and provides the full range of Metro's renowned services including home delivery and shop-and-drop. Customers can shop inside the store and Metro takes care of the delivery for them.

The new Nasr City supermarket also carries a wide range of non-food items, including kitchen and household goods, which are becoming increasingly popular in all the stores.

There is also a new store at Sharm El Sheikh which occupies 1,000 sq. metres of retail space and 500 sq. metres for storage. "The volume of trade since we opened our first store has proved that we could do with a larger store, which is why we opened another store along the coast from Sharm El Sheikh, at Nabq," says Adly.

PRODUCT

Shopping habits are changing in Egypt. More women are entering the labour force than ever before. Children are demanding more parental time. Metro has responded by stepping up its customer friendliness, such as shop-and-drop and home delivery, which accounts for about 12% of business. Customers have several options: They can shop in the traditional manner, carrying their purchases home or they can ask for their shopping to be delivered. On the other hand, they can call in their order and either have it delivered to their door or have it ready to be picked up at the store.



Shoppers want to spend less time at the checkouts. Metro has responded with extra staff at its registers and training to reduce waiting times. Training has improved the customer satisfaction rating at these checkouts considerably, yet the number of checkouts has not increased.

Metro offers an increasingly large variety of fruit and vegetable, meat, fish and fresh items baked in-store. Organic sections provide customers with a more natural diet choice.

Metro aims to capitalise on the rapid growth achieved by channeling the increasing buying power, in order to boost efficiency, offer value for money to the loyal customer base and plan to open new branches to reinforce Metro's presence.

RECENT DEVELOPMENTS

The Metro buyers look for freshness, innovative packaging, new lines and brand recognition to stack their shelves. Fresh orange juice has been a big hit this year, as have the extended lines of cheeses and crackers. Fresh bread is guaranteed by the in-store bakeries and Metro bids aggressively for the best meat they can find.

New lines of kitchen and household wares are being introduced. The detail behind the shelf stocking is extraordinary: Shoe polish from no less than four countries; window shine in a rainbow of colours; a vast array of cosmetics and now racks of pots and pans, glasses, mugs and nifty gadgets for the house proud.

People can live regally on a modest budget shopping at Metro. The smart set are setting the pace, living the dream on a reality pay cheque.

PROMOTION

Promoting the Metro brand is a science, not left to chance. The Mansour Group knows more than anyone else about what sells and what doesn't sell in Egypt. They can tell you who, where and why men choose Marlboros over L&Ms, Cleopatras over Merits, one tooth paste over another and Pepsi over Coke.

It's no secret that two major European grocery retailers have surveyed Egypt several times with a view to setting up operations. But neither has

Egyptians are demanding more convenience. Metro has responded with innovations such as grills and fryers in every Metro store. For many years customers have been able to pick up a ready-roasted chicken. Now they can select fish that can be cooked in-store and taken home table-ready. Most stores have been fitted out with refrigerators for a comprehensive range of sandwiches that appeal to people who value their time and want to save time by picking up ready-made meals.

found a launching pad to satisfy their needs. Metro, they found, was already 'wheels up.'

Mansour Manufacturing and Distribution (MMD), Metro's parent division, already has the nation's largest distribution network to some 130,000 points of sale. MMD markets and distributes Philip Morris cigarettes and foodstuffs. Mansour makes some products itself including Sunshine Tuna, Seclam dairy products and Hayat mineral water. Imports include Kraft Foods products.

BRAND VALUES

Metro's Mission statement is 'To be the leading Egyptian provider of retail goods and services in the markets we serve. We will positively impact the lives of our customers and employees, to earn their lifetime loyalty by offering superior value. We will grow profitably and offer our shareholders and business associates fair financial returns while operating in an atmosphere of trust, honesty, respect and integrity'

Value, rather than price drives Metro's purchasing.

The speed of recent expansion has tested the management team's delivery skills. Each new store requires intricate planning. There are limited real estate opportunities for a Metro operation in built-up areas. Local knowledge is key. Metro snaps up retailing locations that fit Metro's criteria, which denies outsiders the opportunity to gain a foothold in Egypt.

Metro is not only benefiting from the general improvement in the economy in Egypt, but also from the increase in tourism, which topped nine million in 2007, much of which is focused on the Red Sea coast's attractions.



Things you didn't know about METRO

Metro Markets serves over 75,000 customers daily in 51 stores spread across nine major cities in Egypt.

Home delivery now accounts for 12% of the Group's overall sales, which were LE 140 million in 2008.

Metro received the International Quality Crown Award for quality at the International Quality Convention in London in 2007.

Metro stores are certified as Hygiene Conscious Establishments by the Société Generale De Surveillance (SGS), the world's leading inspection agency.

Metro stores operate 24 hours a day, 7 days a week throughout the entire year and never close even during public holidays.

Metro has 1,600 registered suppliers who deliver more than 25,000 SKUs (stock keeping units).

Metro Markets is the parent company of the discount store chain "Kheir Zaman", Egypt's largest discount food retailer.

Superbrands