

# Iran

## Unrivalled Market in the Middle East

an Overview

*Presented by: Edmond Mirzakhanian*



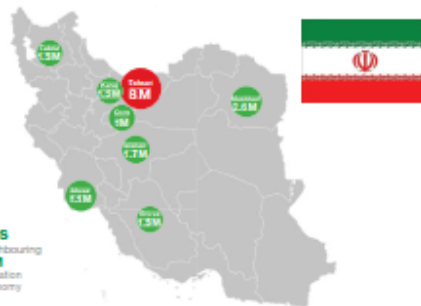
see better with us

- *An Introduction of Iran*
- *Iran's Economy at a Glance*
- *Iran's Main Market Sectors*

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## Islamic Republic of Iran: Country Overview

Since the 2<sup>nd</sup> Century BC, Iran has been at the heart of the Silk Road, facilitating trade and acting as a hub for the exchange of ideas and knowledge between the East and the West. The economics that governed trade for 2 millennia are still in place; at the crossroad of the East and the West and straddling the Persian Gulf and the Caspian Sea, Iran is a natural hub for the production of goods and services to serve a vast regional market.



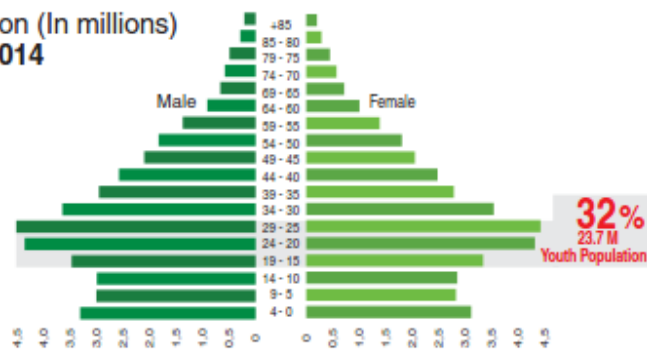
Neighbours: **15 Countries**  
Population of Neighbouring Countries > **600M**  
8% of Global Population  
12% of Global Economy

WORLD ECONOMIC FORUM  
**28<sup>th</sup>**  
Foreign Market Size Index

Total Area (17<sup>th</sup>)  
**1,648,195 km<sup>2</sup>**  
Mexico 1,964,375 km<sup>2</sup> / Alaska 1,723,337 km<sup>2</sup>

### Demography

#### Population (In millions) Iran - 2014



#### Population 2016 (April)

**79.2 M**  
**1<sup>st</sup>** in the Middle East  
**17<sup>th</sup>** in the World

#### Census 2011



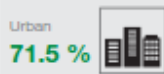
Number of Households  
**21.1 M**



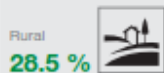
Median Age  
**27 Years**



Population Growth Rate  
**1.29 %**



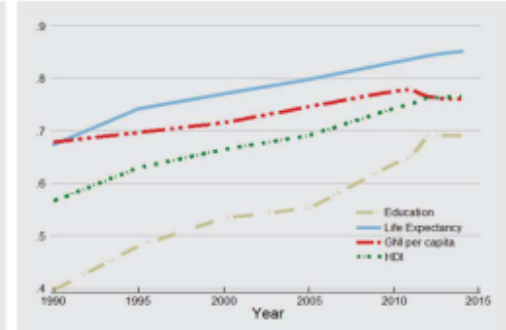
Urban  
**71.5 %**



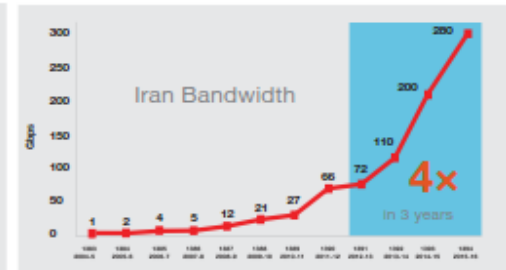
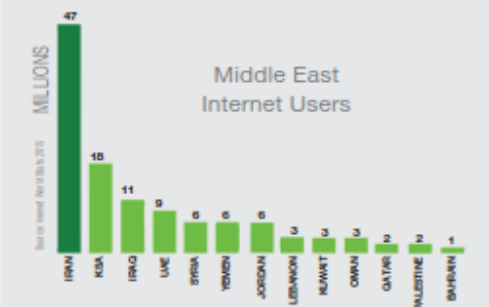
Rural  
**28.5 %**

### Human Development Index (2015)

The Human Development Index (HDI) illustrates key dimensions of human development. People and their capabilities are the most important enabling factor to ensure economic growth and country development.



### Infrastructure



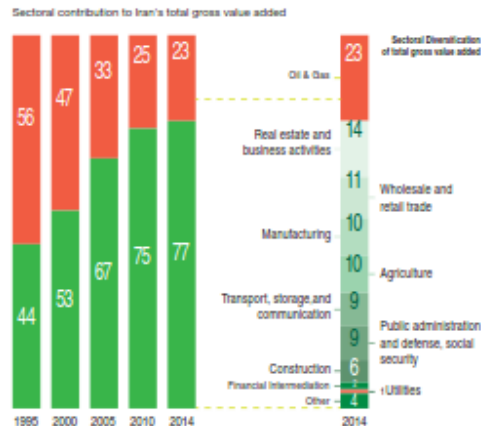
- *An Introduction of Iran*
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# Islamic Republic of Iran: An Overview of The Economy

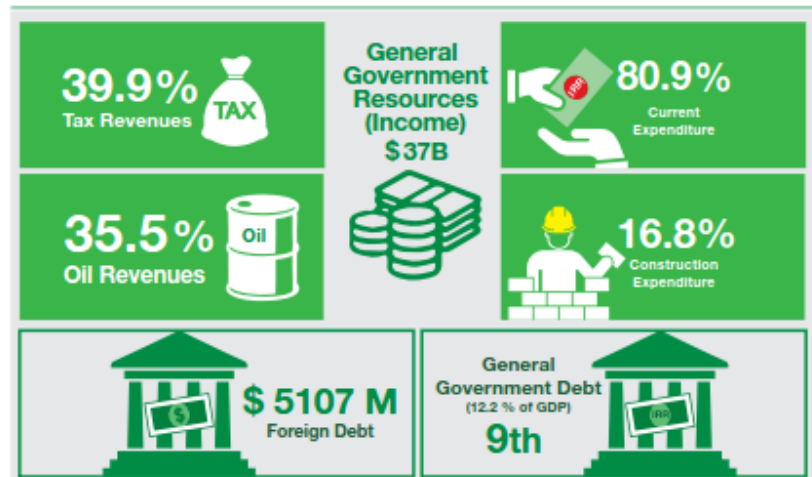
## National Accounts

Iran is the world's eighteenth largest Economy by Purchasing Power Parity. The country is a member of Next Eleven, because of its high potential for development. It is a diversified economy. Over 40 industries are directly involved in the Tehran Stock Exchange.

### GDP

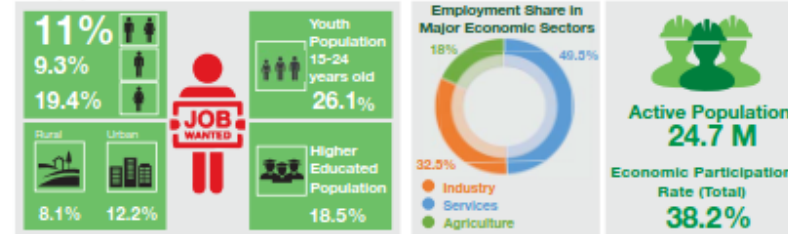


## Government Finances (2014)



## Labour Market(2015)

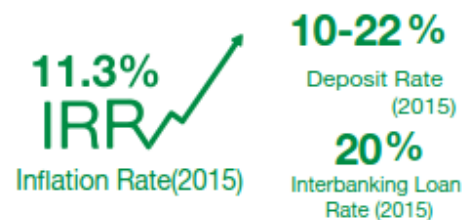
### Unemployment Rates



### Monthly Minimum Wage Rates by Sample Countries (\$) (2014)



## Rates



### Official Exchange Rate



**30,304 IRR (1\$)**  
(April 2016)

### International Rankings

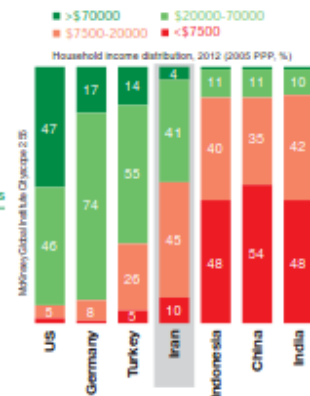


World Economic Forum Global Competitiveness 2015-2016  
74/144

**74**

## Consumer Spending

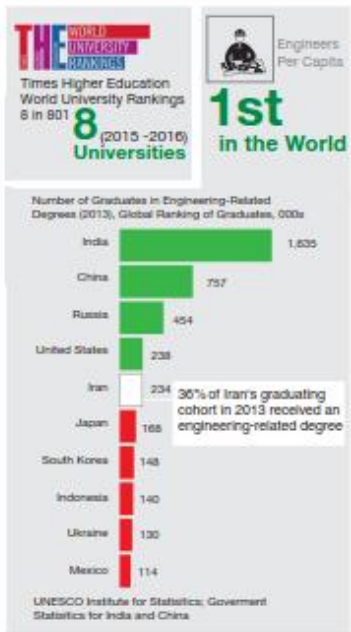
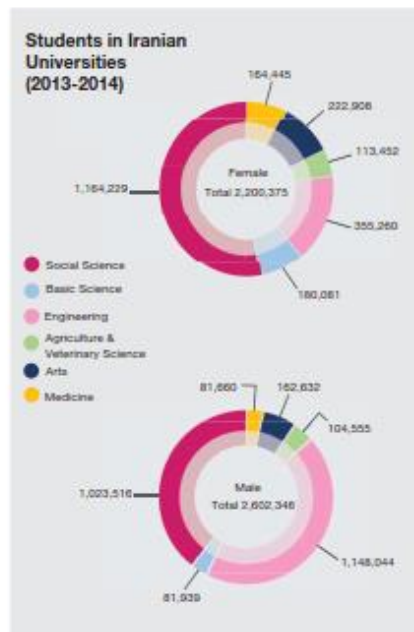
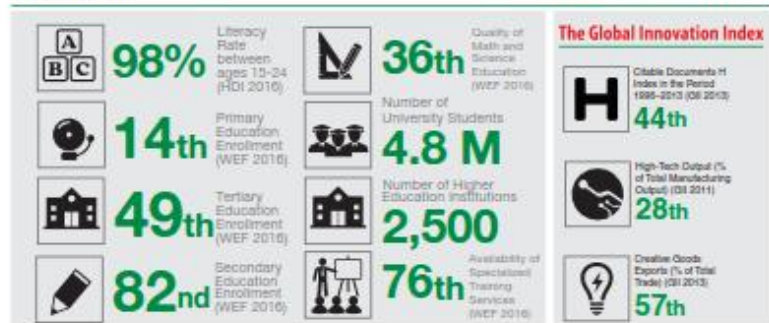
Some 45% of Iranian households already have an annual income exceeding \$20,000. A level which is referred to as "consuming households". The current proportion of consuming households in Iran is already four times that of China and India.



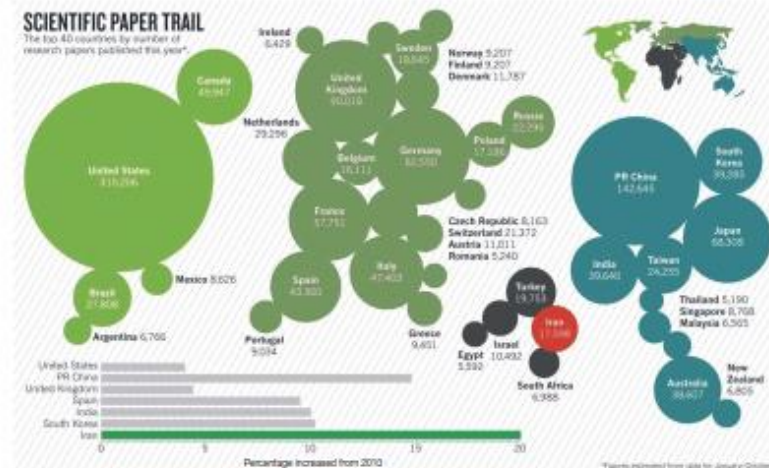
## Islamic Republic of Iran: Human Capital

Iran's technically literate workforce can rapidly generate wealth and employment if its talents are properly employed in high quality jobs. Here are some facts and figures.

### Education



### Scientific Achievements (2013)





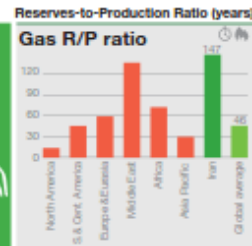
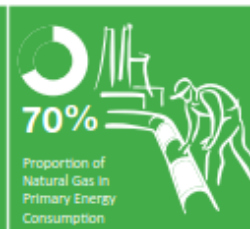
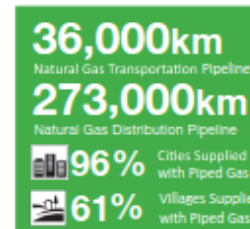
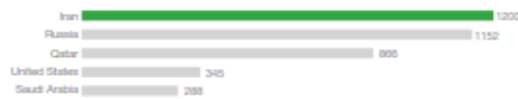
## Islamic Republic of Iran: Energy

Iran's Proven natural gas reserves are estimated to stand at 1200 trillion cubic feet, placing her in 1st spot amongst competitor nations, with the potential capacity to energize Europe for 90 years. Furthermore, with proven reserves of at least 158 billion barrels, Iran possesses the world's fourth largest crude oil reserves.

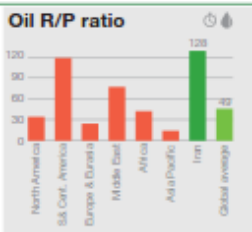
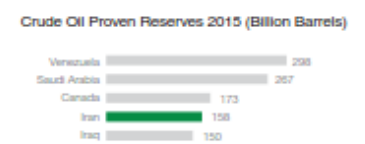
### Gas



Proven Reserves of Natural Gas 2015 (Trillion Cubic Feet)



### Oil

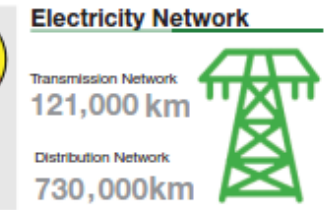
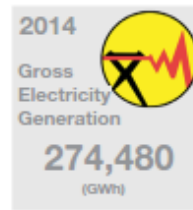
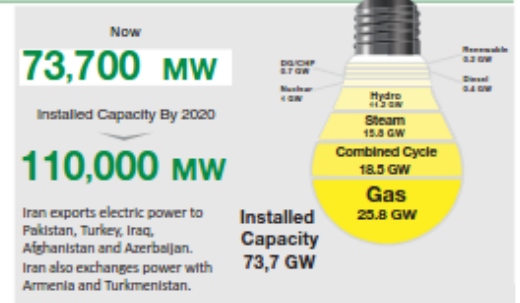
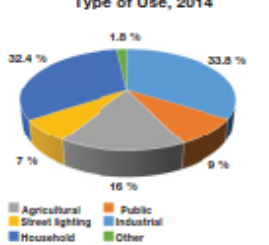


Iran's combined oil and gas production places her at the world's No.4 Spot. The nature of the reserves makes extraction less onerous; and drives down production costs to some of the lowest globally (e.g. less than half of those of Russia's).

### Electricity

Reliable and growing energy supply is practically available to all firms and households in Iran (World Development Indicator, 2015). The World Bank Doing Business Report ranks access to electricity per capita production in Iran higher than other Emerging Markets such as China and India. In accordance with reports by institutions such as Renaissance Capital, the current generation capacity is sufficient to meet demand for doubling of GDP.

#### Domestic Sale of Electricity by Type of Use, 2014

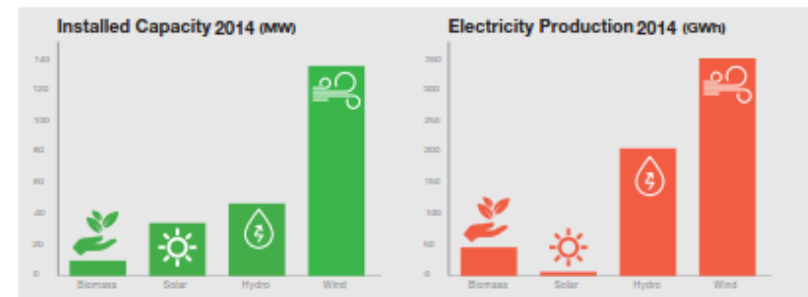


### Renewable Energy

Iran has an average irradiation of 4.5 to 5.5 kilowatt hours per square meter per day

Iran has 300 sunny days in a year in more than two-thirds of the country

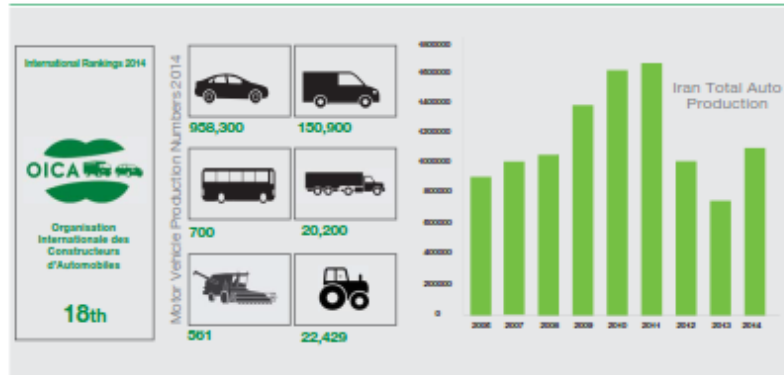
Iran has more than 2800 hours of sunshine on average per year. A number which reaches 3200 hours in arid regions such as Yazd





## Islamic Republic of Iran: Industries & Mineral Resources

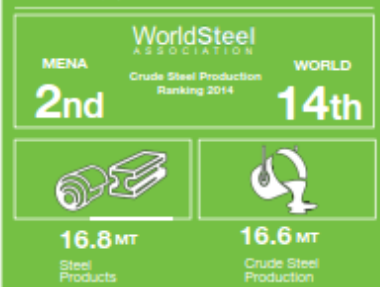
### Automotive Industry



### Selected Industrial Products 2014



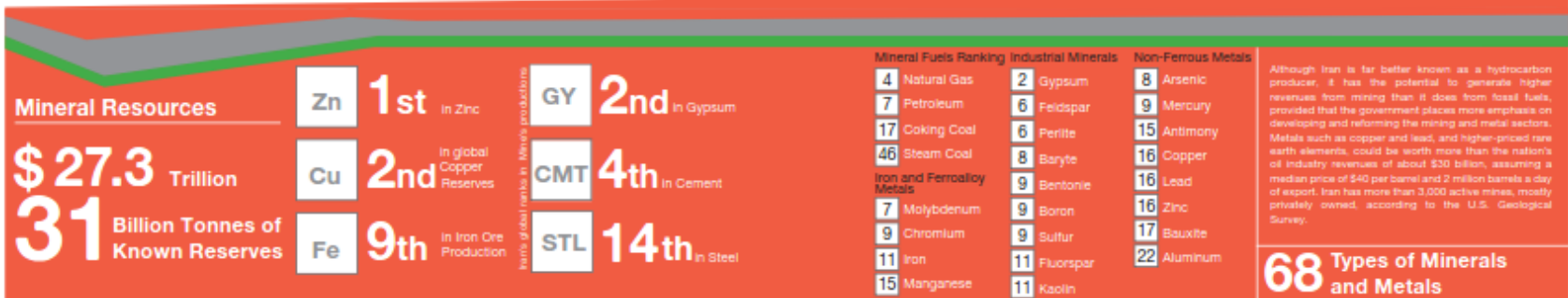
### Steel Industries 2014



### Value of Top 6 Industrial Exported Items 2014 ( \$ Million )



### Petrochemical Industries 2014

**Mineral Resources**

**\$27.3 Trillion**  
**31 Billion Tonnes of Known Reserves**

Zn <b>1st</b> In Zinc	GY <b>2nd</b> In Gypsum
Cu <b>2nd</b> In global Copper Reserves	CMT <b>4th</b> In Cement
Fe <b>9th</b> In Iron Ore Production	STL <b>14th</b> In Steel

**Mineral Fuels Ranking**

4	Natural Gas
7	Petroleum
17	Coking Coal
46	Steam Coal

**Industrial Minerals**

2	Gypsum
6	Feldspar
6	Perlite
8	Baryte
9	Bentonite
9	Boron
9	Sulfur
11	Fluorspar
11	Kaolin
7	Molybdenum
9	Chromium
11	Iron
15	Manganese

**Non-Ferrous Metals**

8	Arsenic
9	Mercury
15	Antimony
16	Copper
16	Lead
16	Zinc
17	Bauxite
22	Aluminum

Although Iran is far better known as a hydrocarbon producer, it has the potential to generate higher revenues from mining than it does from fossil fuels, provided that the government places more emphasis on developing and reforming the mining and metal sectors. Metals such as copper and lead, and higher-priced rare earth elements, could be worth more than the nation's oil industry revenues of about \$30 billion, assuming a median price of \$40 per barrel and 2 million barrels a day of export. Iran has more than 3,000 active mines, mostly privately owned, according to the U.S. Geological Survey.

**68 Types of Minerals and Metals**



### Islamic Republic of Iran: International Trade (Main Trading Partners 2014)

(Excluding Oil - \$ Million)

**Total Exports**  
\$36,555 M

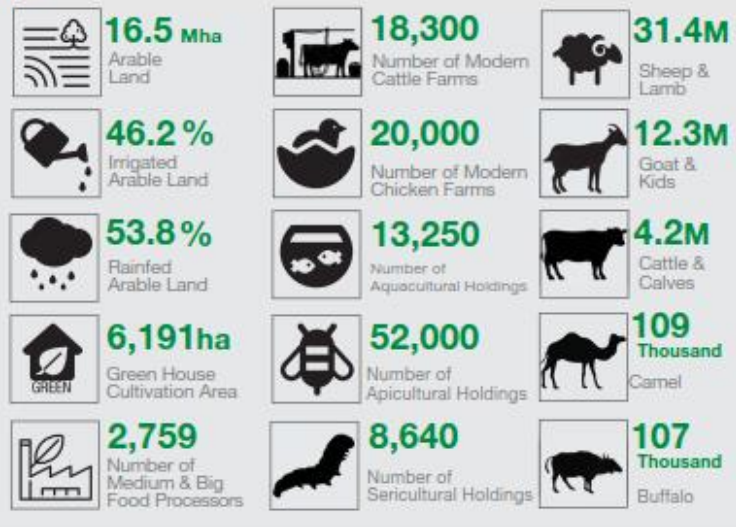
**Total Imports**  
\$53,569 M



- Main Import Items**
- Food
  - Consumer Goods
  - Industrial Supplies
  - Technical Services
  - Capital Goods
- Main Export Items**
- Iron Ore
  - Cement
  - Carpet
  - Fruit&Nuts
  - Petrochemical Product

## Islamic Republic of Iran: Agriculture & Food

2014



2013



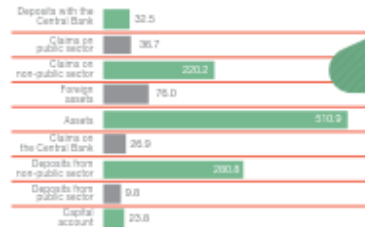
Top Five Products (Order by Quantity) 2013



## Islamic Republic of Iran: Banking System & Stock Market

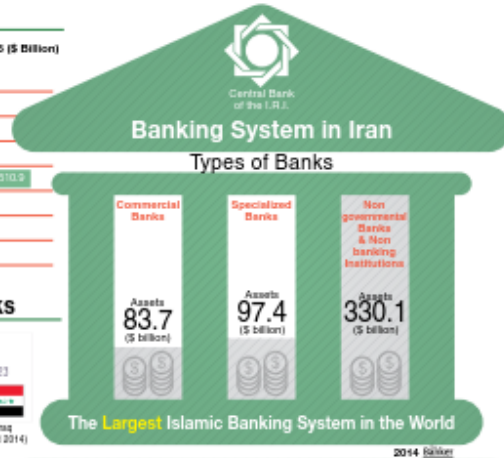
### Iranian Banking System:

#### Key Financial Indicators, 2012-2015 (\$ billion)

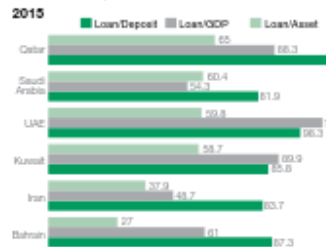


### Comparison of Regional Banks

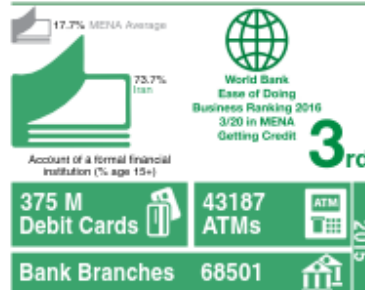
#### Consolidated Assets of Banks (\$ billion)



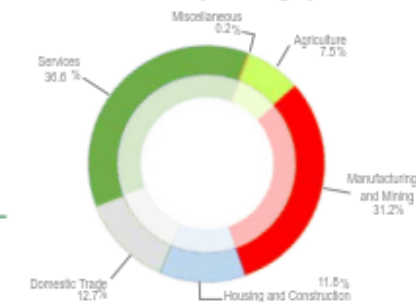
### Loan/Deposit, Loan/Asset & Loan/GDP Ratios



### Developed Infrastructure and Institutions



### Share of Major Economic Sectors in the Facilities Extended by Banking System 2014



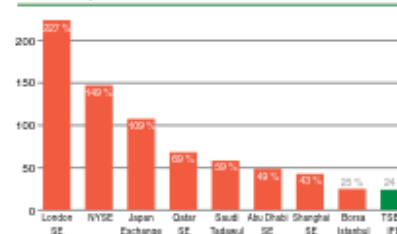
### Average Number of Banking Transactions per Month in 2015 (Million)



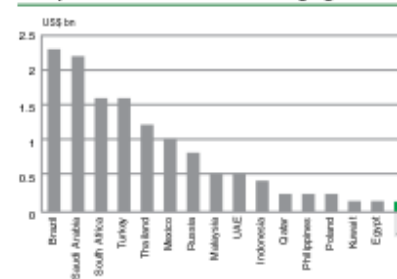
### Comparison with Well-known Markets

Rank	Stock exchange	Country	Market capitalization (\$ bn)
1	NYSE	U.S.	25023
2	London SE	U.K.	6796.75
3	Japan Exchange Group	Japan	5004.76
4	Shanghai SE	China	4489
5	Tel Aviv	Saudi Arabia	441
6	Borsa Istanbul	Turkey	196
7	Qatar SE	Qatar	146
8	Abu Dhabi SE	U.A.E.	107.3
9	TSE + IFS	Iran	104

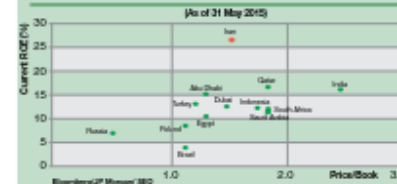
### Market Cap/GDP Comparison with Well-known Markets, December 2015



### Comparison of the ADVT of Emerging Markets



### Current ROE vs Price/book



### Iran Capital Market:

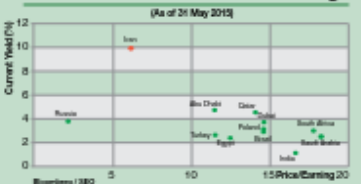
**An Untapped Market**

As the oldest capital market in the region, Iran's capital market enjoys more than half a century of experience. Over these years, the capital market of Iran has fulfilled the investors' expectations and as a result it has been the most attractive market in the MENA region. The Iranian capital market has followed global standards in its function as one of the major contributors to national economic growth. This market is supervised and regulated by the Securities and Exchange Organization of Iran (SEO) and includes four exchanges and a couple of corroborative bodies, such as the Central Securities Depository of Iran (CSDI).



2014	
Market Value (\$B)	112
Listed Companies	386
Trades Value (\$B)	28
Trade Value to Market Value	25%
Trades Volume	218 (B Shares)
No. of Trades	20 M
No. of Traders	812,500
No. of Trading Days	241
Top 40 / Market Cap	75%
Top 40 / Trade Value	38%

### Dividend Yield vs Price/Earning



## Islamic Republic of Iran: Travel & Tourism

### UNESCO World Heritage ( 19 Sites )



Shahr-e Sokhta  
3200 BC



Tchoghazanbil  
1250 BC



Susa, late 13<sup>th</sup> to  
5<sup>th</sup> centuries BC



Armenian Monastery  
7<sup>th</sup> Century



Gonbad-e Qabus  
1006 AD



Masjed-e Jāmē of Isfahan  
12<sup>th</sup> Century



Pasargadae  
6<sup>th</sup> Century BC



The Persian Garden  
6<sup>th</sup> Century BC



Shushtar Historical Hydraulic  
System  
5<sup>th</sup> Century BC



Soltaniyeh  
1302–12 AD



Tabriz Historic Bazaar  
Complex  
13<sup>th</sup> Century



Sheikh Safi al-din Khānehgāh  
16<sup>th</sup> & 18<sup>th</sup> Century



Bisotun  
521 BC



Bam and Its Cultural Landscape  
6<sup>th</sup> to 4<sup>th</sup> centuries BC



Takht-e Soleyman  
6<sup>th</sup> Century



Golestan Palace  
18<sup>th</sup> Century

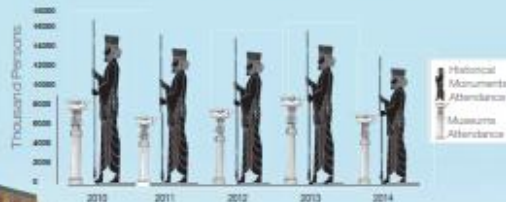


Cultural Landscape of Maymand



International Rankings 2013  
 Travel Attraction Ranking: 48<sup>th</sup>  
 Eco-tourism Ranking: 7<sup>th</sup>  
 World Heritage Sites Ranking: 11<sup>th</sup>

Attendance at Museums and Historical Monuments Managed by Iran Cultural Heritage and Tourism Organization



Persepolis  
6<sup>th</sup> Century BC



Maidan-e Emam, Isfahan  
17<sup>th</sup> Century

## Islamic Republic of Iran: Laws & Regulations

(Related to Foreign Investors)

### Foreign Investment Promotion and Protection Act (FIPPA)

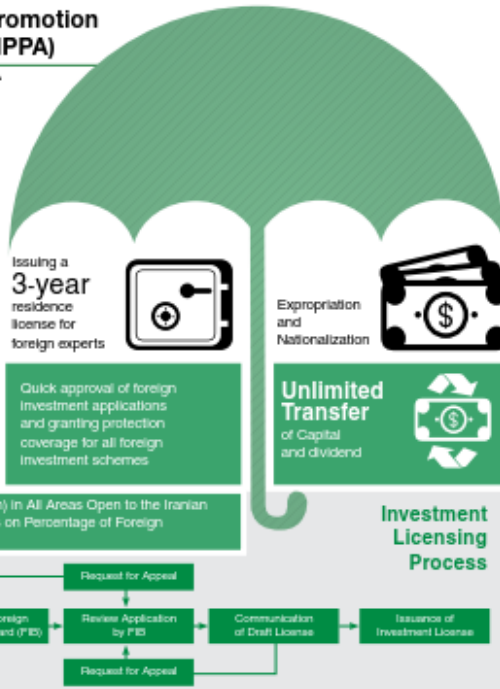
Some Features & Advantages of FIPPA

The possibility of **Registering** an Iranian company with 100% foreign capital

The possibility of **Investment** by foreign natural and juridical persons and Iranians living abroad

Allowing investments in **All areas** which are permitted for the private sector

Direct Investment (Equity Participation) in All Areas Open to the Iranian Private Sector without Any Limitations on Percentage of Foreign Shareholdings



### Legal Framework

Advantages of Foreign Investment Promotion and Protection Act

- ∞ No limits on: Investment Volume, Types of Capital Imported, Profit Transfer, Equity Percentage, Capital Repatriation
- Facilitating the entry and residence of foreign investors, Hedging non-trade risks
- Reducing the process of admission and licensing of foreign investment, Admitting investments by foreign public companies
- Compensating the loss incurred due to expropriation or nationalization, Allowing Iranian nationals to invest capitals of foreign origin, as foreign investors
- Making possible the referral of disputes to international arbitration, Having support for previous investments of foreigners

### Free and Special Economic Zones



### Investment Facilities in Free Zones

- A 20-year-tax exemption
- No visa for the entrance of foreigners
- Custom exemption
- Easy registration of companies
- Easy circumstances for re-export and transit of commodities
- Possibility of exporting products to the mainland
- Long-term lease of land to foreigners
- Suitable rates for energy consumption

In Special Economic Zones:

- Reducing customs procedures for import of goods from abroad or free trade zones
- No customs procedures for export of goods

### TAX REGIME

- TAX-FREE**
- 25% Flat Rate as Fixed Corporate Income Tax
  - 100% Exemptions of Income Tax for 20 Years in Less Developed Regions (All Activities)
  - 100% Exemptions of Income Tax for 20 Years in Free Trade Zones (All Activities)
  - 100% Exemptions of Income Tax Derived from Exportation for Unlimited Time
  - 80% Exemptions of Income Tax for 4 Years in Production Activities
  - 50% Exemptions of Income Tax for Unlimited Time Derived from Tourism Activities
  - 100% Exemptions of Income Tax for Unlimited Time Derived from Agricultural Activities

Numerous Double Taxation Conventions (e.g. Germany and France)

### Knowledge Based Companies Legal Advantages

- 15 years exemption from Tax, Customs Tariff, Export Tariff
- Financing knowledge based companies
- Insurance coverage to reduce risk
- Facility to participate in tenders
- Priority to attend in Sci & Tech Parks, Special Zones

### Iran Tax System



Foreign Investors in Iran enjoy the same supports and privileges that are offered to the Iranian investor. This means that both Iranian and foreign investors pay the same rates of tax. Tax exemptions and discounts are also equally granted to domestic and foreign investors.

### Taxable Entities

- All proprietors, whether natural or legal, for their properties inside Iran
- Any natural person residing in Iran for income earned inside and outside of the country
- Any Iranian natural person residing abroad for all incomes earned in Iran.
- Any Iranian legal entity for the incomes earned inside and outside of the country.
- Any non-Iranian real or legal entities for the income earned in Iran and for the income gained through delegation of authority, dealership, technical and educational assistance or movie contracts in the territory of the Islamic Republic of Iran.

## Islamic Republic of Iran: Political Structure & History

In a region faced with instability the Islamic Republic of Iran has been a stable and thriving state despite a plethora of domestic problems, international crises and sanctions imposed over the past 37 years, and confrontations designed to bring about regime change and the Iranian nation to its knees, which instead have served to build the region's most resilient economic and political system.

A complex hybrid system of governance, combining both directly and indirectly elected and appointed expert-run institutions, has allowed Iran to steadily achieve its strategic objectives built on consensus of the nation's citizens.

The Iranian Parliament (Majles-e Shoraye Eslami) is a directly-elected body tasked with overseeing the Cabinet and formulating legislation. All legislation must be approved by the Guardian Council (Shoray-e Negahban), an example of an indirectly-elected body. The Council consists of 6 Jurists elected by the Parliament and 6 Theologians appointed by the Supreme Leader, who are elected and supervised by the Assembly of Experts (Majles-e Khobregan), a directly elected chamber of 88 representatives.

The Supreme Leader has the power to appoint the heads of the judiciary and the armed forces to ensure separation of administrative branches. The Supreme Leader also relies on a group of experts, the Expediency Council (Majma-e Tashkhis-e Maslahat-e Nezam), to facilitate decision-making and resolve administrative conflicts between the branches.

### Supreme Leader

(Magham-e Moazzam-e Rahbari)

Determining the country's general policies and supervision over accuracy of executing general policies.  
Commander-in-chief of armed forces.  
Resolving issues and overseeing the relationship between the three branches of the government.  
Resolving issues facing the government that cannot be resolved through other means.  
Solving the government's calamities which are not resolvable through ordinary methods.

#### The Guardian Council (Shoray-e Negahban)

12 members (6 Theologians, 6 Jurists)  
Membership made up of 6 theologians selected by the Supreme Leader and 6 jurists elected by the Majles from a list of jurists nominated by the Chief Justice.

- Supervise elections for the Assembly of Experts, the President and Parliament and vice candidates.

- Power to examine the compatibility of legislation with Islam and the constitution and to veto legislation.

- Power to approve/reject judicial appointments and electoral candidates.

#### Chief Justice

Appointed by Supreme leader (5-year term)  
Managing the affairs of the judiciary. Preparing judicial bills, recruiting, and appointing and dismissing judges.

#### Assembly of Experts (Majles-e Khobregan)

88 Seats, Elected by public vote (8-year term)  
Selection and dismissal of, and supervision over, the Supreme Leader.

#### Islamic Parliament of Iran (IPI)

290 Seats  
Elected by public vote (5-year term)  
Supervision over president and the delegation of ministers  
Approval of foreign contracts  
Ordering the law

#### Expediency Council

Appointed by Supreme Leader (5-year term)  
Expediency Council plays a mediating role between the Parliament and the Guardian Council.

### President

Executive management of the country  
Execution of constitution  
Elected by direct vote (4-year term; may not serve more than two consecutive terms).

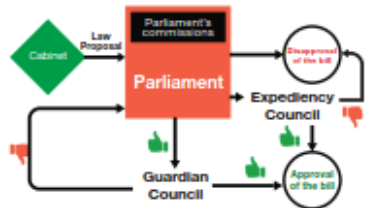
#### National Organizations, including:

- Management and Planning Organization (MPO)
- Iran Cultural Heritage, Handicrafts and Tourism Organization (ICHTO)
- Central Bank of Iran (CBI)
- The Islamic Republic of Iran Customs Administration (IRICA)
- Securities & Exchange Organization (SEO)
- Organization for Investment, Economic and Technical Assistance of Iran (OIETA)
- Trade Promotion Organization of Iran (TPO)

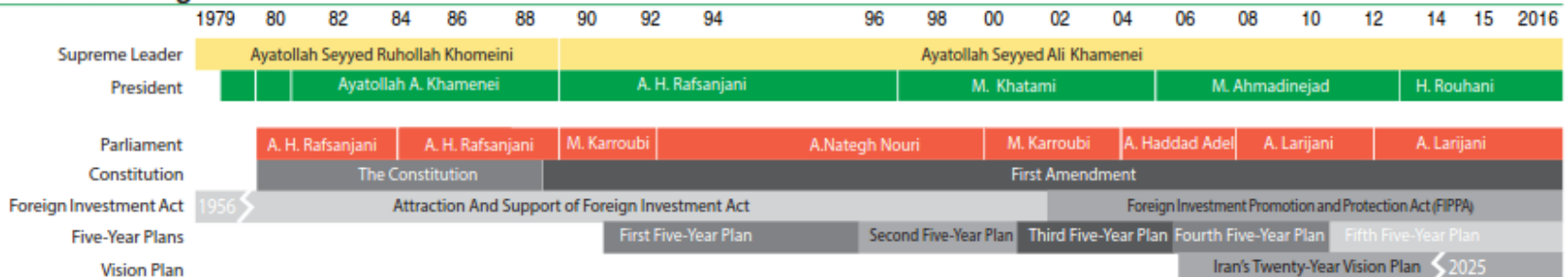
#### Ministries, including:

- Ministry of Economic Affairs and Finance (MEFA)
- Ministry of Industry, Mine and Trade (MIMT)
- Ministry of Petroleum (MOP)
- Ministry of Energy (MOE)
- Ministry of Roads & Urban Development (MRUD)
- Ministry of Information and Communications Technology (MICT)
- Ministry of Agriculture Jihad (MAJ)

### The Legislative Process



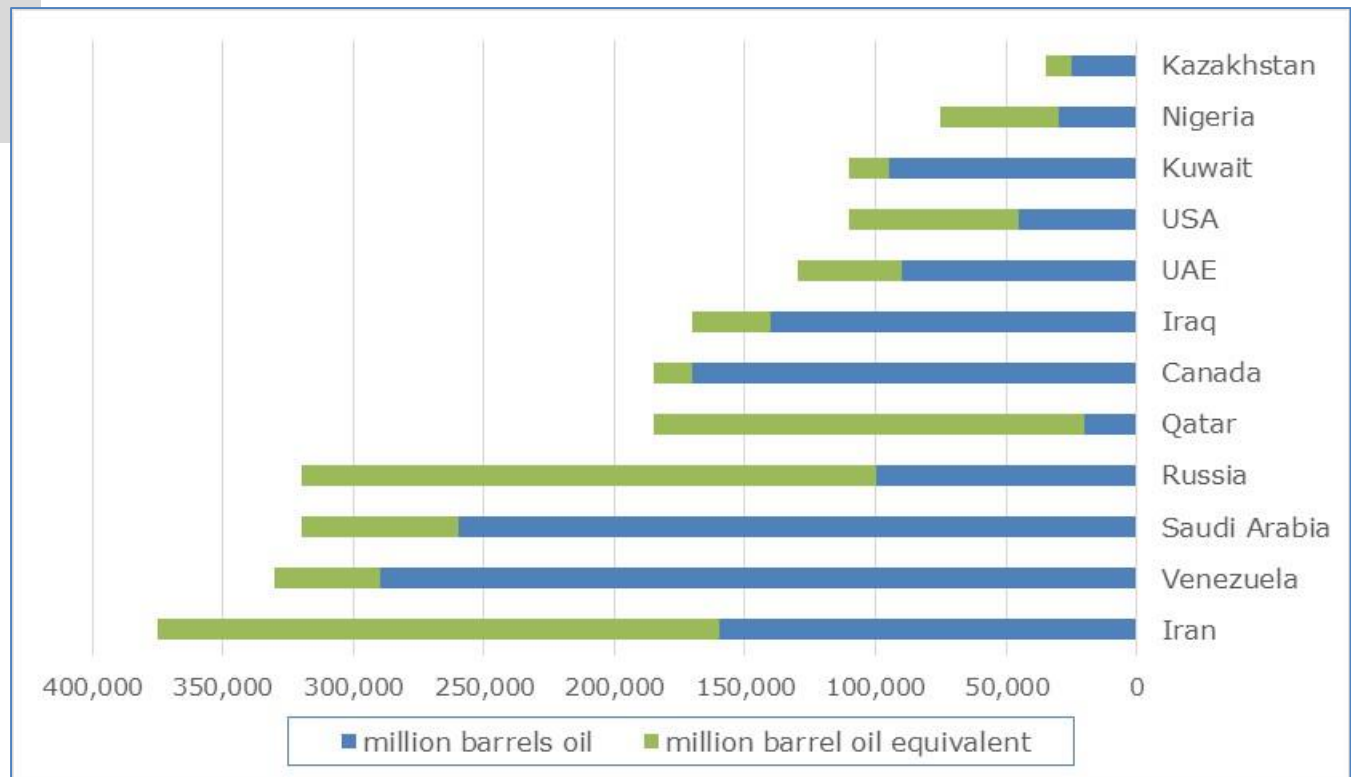
### Political and Legislative Timeline



- *An Introduction of Iran*
- *Iran's Economy at a Glance*
- *Iran's Main Market Sectors*
  - *Oil and Gas*
  - *Industry and Mining*
  - *Transportation*
  - *Agriculture*
  - *ICT*
  - *Tourism*
  - *Health*
  - *Capital Market*



Iran has the world's largest combined hydrocarbon reserves (4<sup>th</sup> largest oil reserves following Venezuela, Saudi Arabia and Russia. Moreover, 2<sup>th</sup> in natural gas reserves around the world). Iran is one of the world's major countries in oil export and is rich in natural resources as well.



## The Iran's Unique Position in terms of hydrocarbon reserves is as follows:

- I. Iran is endowed with 155 billion barrels of oil equivalent to 10.9% of the global oil reserves.
- II. Iran owns 18% of the global natural gas reserves equal to 34 TCM of natural gas.
- III. Iran's current exploration projects will lead to a considerable increase in the country's oil and gas reserves.
- IV. Presently, 62 onshore oil fields, 16 offshore oil fields, 20 onshore gas fields, and 2 offshore gas fields are in operation in Iran.
- V. 26% of hydrocarbon reserves and 50% of natural gas reserves are located across Iran's common borders with its neighbors.



Steel, weaving, food processing, car, electrical and Electronics Industries are among the key industries in the country. Iran now produces a wide range of manufactured commodities, such as telecommunications equipment, industrial machinery, paper, rubber products, steel, food products, wood and leather products, textiles, and pharmaceuticals. Iran is also known throughout the world for its hand-woven carpets. The traditional craft of making these Persian rugs contributes substantially to rural incomes and is one of Iran's most important export industries.



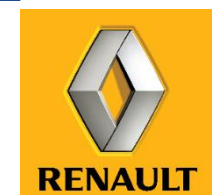
## **Petrochemical**

In 2014, the designed capacity of Iran's petrochemical industry stood at 57.1 million tons and its actual output rose to 42.5 million tons of various products including basic chemicals, fertilizers, polymers, feedstock and fuels.



## **Automotive**

Iran produced more than 1.3 million cars last year



- There are approximately 5,000 mines in operation in Iran, with 12 metals and 36 non-metal ores currently being exploited.
- Increased investment and private sector involvement will see mineral production increase in the coming years as modern machinery and equipment are put to use.
- Iran is one of the top 10 global producers of iron ore, with over 35 million tons of output per year.
- Iran's precious stones have become an object of admiration for onlookers as well as a profitable industry for the country as it aims to diversify its economic strengths.
- As one of the 15 most mineral-rich countries in the world, Iran enjoys export links with 159 countries, including Iraq, China, the UAE, India, and Afghanistan. Mining products represent over 30% of the country's non-oil exports, and the sector also employs 100,000 people directly and up to half a million indirectly.
- Developments in the country's base metals segment, including copper, aluminum, zinc, and lead, also continued over the last 12 months. Iran has the world's biggest zinc reserves, second largest copper reserves, and ninth largest iron reserves.
- Iran is also rich in zinc and lead, with over 220 million tons of proven reserves. Production remains below 200,000 tons for zinc and lead, with just under half exported.



Considering the key role of transportation in economic development of the country especially foreign trade and transit operation, Islamic Republic of Iran approved in 2000 its general policies in transportation sector with focus on the following priorities:

- Establishment of transport system and regulating portion of each sub- sector through giving priority to the rail transportation and with regard to the following aspects:

- Economic considerations
- Decrease in energy consumption
- Decrease in environmental pollution
- Increase of safety
- Balancing between infrastructures and fleet, navigation equipment and demand
- Increase in productivity at the highest level through promoting transport modes and management and human resources and information.



## Road Transport

In total, Iran's road network covers a distance of 180,958 kilometers, with 9,124 kilometers of paved highways and freeways. In 2011, the government launched projects to construct 6,500 kilometers of additional roads, many of them designed to enhance the travel experience between major international cities and Tehran, as well as cut transportation costs and times.



## Rail Transport

Railroads currently stretch across 11,760 kilometers of the country, with 3,352 kilometers currently under construction. With a wider range and increasingly useful routes, passenger traffic increased 5.3% in 2011. In 2011, 27.7 million people used the country's rail networks, and 32.8 million tons of goods were transported, accounting for 9% and 11%, respectively, of the country's total transportation.

## Civil Aviation

In civil aviation sector, there are 54 airports in the country, which 8 of them are international. Iran Air is the national carrier. Today, the company services 6 million passengers per year, many of them flying on one of the 100 daily domestic flights to 28 destinations. Domestic passenger traffic has increased by an average of 7% over the last 10 years, and at the same time international air travel in Iran has grown by a robust 9% per year.



## Maritime Transportation

Promotion of capacity of ports of Chabahar and Shahid Rajaei in South and Amirabad in North as well as establishment of shipping lines in the region are among measures taken in the framework of transport cooperation vision which shall deeply affect transportation and trade in Asia and the Pacific. Ports of Shahid Rajaei, Amirabad and Anzali enjoy outstanding location in transit route of the North-South corridor. In addition, ports of Imam Khomeini, Shahid Bahonar, Lengeh, Boushehr, Chabahar and Noshahr have got their own unique potentials.

-The nominal capacity of commercial ports grew to over 150 million tons in 2010-2011, marking an increase of 5.6% over the previous period.

Agriculture is one of the most important sectors of the Iranian economy, accounting about 11% of GDP, 23% of the employed population and 15% of the foreign exchange revenues (from non-oil exports). Agricultural and animal husbandry products have always provided the major non-oil export items such as pistachios, raisins and even carpets (the wool or silk used in them).

About 20% of the land in Iran is arable. The main food-producing areas are in the Caspian region and in the valleys of the northwest. Some northern and western areas support rain-fed agriculture, while other areas require irrigation for successful crop production.



- Iran is one of the most populous countries in the region, and so there was a real long-term strategic intent from the side of international companies to make an entry into this market
- A total of 12,198 entities are engaged in the Iranian food industry, or 12% of all entities in the industry sector. The sector also employs approximately 328,000 people or 16.1% of the entire industry sector's workforce, according to the Iranian Food Industry Organization.
- Investments now total \$7.7 billion, or 18% of total investment in the industry sector. Sector exports range around \$1 billion per year, and the main export items are confectionary, dairy products, tomato paste, fruit juice and concentrate, mineral water, and pasta.
- The main export regions include the Middle East, Central Asia and other CIS nations, Europe, and South America. The country is also increasingly importing food technology, including processing and packaging equipment.
- The beverages sector is growing quickly in Iran as part of an expanding FMCG scene. As local consumption increases, players in the sector look to gain market share while improving supply and quality.







- Iran's mobile phone penetration is 129%, representing the fact that many Iranians have more than one phone or subscriber identity module (SIM); however, the number of smart phones on the market remains relatively low. There are an astounding 23 million internet users in Iran, but only 2 million have access to broadband.
- Iran is by far the biggest market in the Middle East for mobile phone subscriptions, with 90 million by end-2012. In terms of revenue, it is the fourth most lucrative market, in the region of \$9.2 billion. Its estimated growth rate of 6%- 7% per annum puts it among the top-five countries in the world.
- According to the Electronic Journal on Information Systems in Developing Countries (EJISDC), the sector employs 150,000 people and accounts for 1.3% of GDP. Rural expansion has been a key element in the government's growth strategy, and the country was recently awarded the UNESCO special certificate for developing telecommunication services in rural areas. The current administration is targeting to provide computers and internet to every school in the country.



Impressive archaeological sites, carefully planned museums, and ecological wonders await the curious traveler in Iran, a country that has something for everyone.

Iran successful domestic market has laid the groundwork for an increased amount of foreign visitors interested in the history, natural beauty, and business opportunities Iran has to offer.

Travelers seeking to delve deep into history and the origins of civilization need look no further than Iran, where a mosaic of cultures and natural landscapes transcends the perception of the country in the international arena.



## Iran's potential in tourism

- 15 UNESCO World Heritage sites
- 10th Country on Tourism Attractions and 5th on Ecotourism
- One of the rich countries of the cultural places, ecotourism sites and historical monuments which called the cradle of civilization in other way the history of the Country goes back to 7000 written history
- An array of museums
- A myriad of ecotourism opportunities
- Numerous religious sites
- Affordable healthcare services
- Extensive bus network and air and rail infrastructure in the country

There are huge potentials for investment in health infrastructures due to Iran's capabilities in health tourism. Iranian doctors are among the best in the world. Dentistry is highly advanced and Iran has the potential to become a medical tourism destination. The government has eased the process of developing these platforms as it sees the potential for high returns on investment thanks to the tourism potential the country possesses. Iran's interest in nanotechnology and biotechnology has prompted the establishment of a variety of specialized care facilities, including institutions focused on optometry and organ transplants. Education and up-to-date equipment supports distributors, while working with active pharmaceutical ingredients has supported the profitability of the sector.

## Facts and Statistics

- With over 830 medical institutions and more than 110,000 beds, the local medical network is prepared to accommodate region's growing population.
- Over 85% of the 6,200 generic-branded pharmaceutical products in Iran are produced locally.
- Foreign products, imported by 75 companies, are processed at 20 main import centers before being registered on the Iranian market.



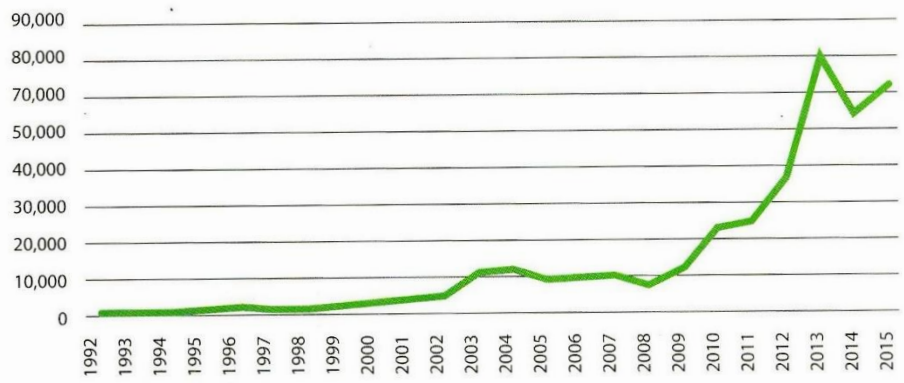
## Pharmaceuticals Industry

Experiencing 23%-25% growth per year, the pharmaceuticals industry is a key driver of the healthcare sector overall. Focusing on the production of high-tech medicines that can be exported to emerging markets, pharmaceutical companies are working to meet demand and maintain growth.

An exceptional workforce and a booming pharmaceuticals industry have spurred growth in Iran's healthcare sector in recent years.

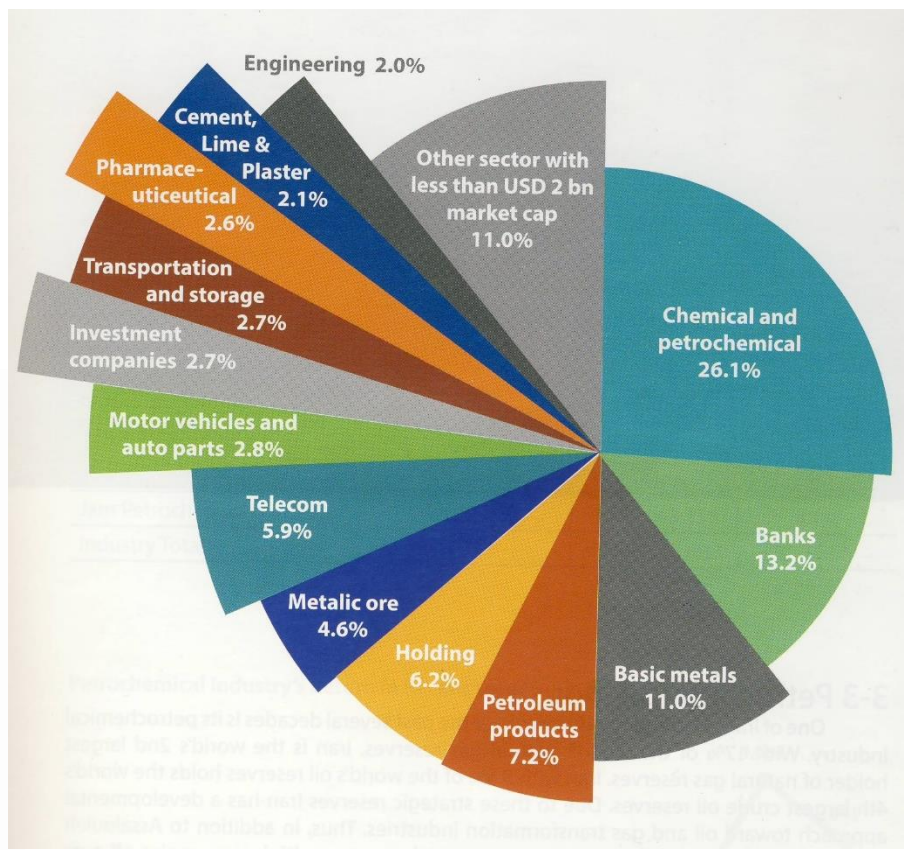
Investments in biotechnology and nanotechnology characterize the industry, with local manufacturers focused on offering high-tech products to the domestic market as well as developing countries abroad.

Iran's stock market includes companies in a variety of industries, each of which is a clear representative of the state of that industry on the macro level. It can be claimed that most of the country's large companies in different industries have been listed on the stock exchange and are actively traded. The diagram below shows the stock index for recent decades. As you can see, Iran's stock market has had a relatively high return for several consecutive years. With the reduction of sanctions and more open policies, it can be expected that this growth will continue for years to come.



**Tehran Stock Exchange Index Value**  
Source: Tehran Securities Exchange Technology Management Co.

**Total Market Cap (TSE & Fara Bourse) by Sector**





SAT  
*Consulting Engineers*

Economics; Investment and Management

**Thank You**



see better with us

## Construction Sector in Numbers

Growth forecast over the next 5 years	4.2%
Contribution to GDP	5.7%
Hourly spending on roads & buildings in Iran	\$2 million
New housing units built per day	2,000
Average annual demand for housing units in the next 5 years	1.2 million
Expected construction market size by 2016	\$154.4 billion
Number of construction & infrastructure tenders announced in 2014	475

*“Last year, USD 3.317 billion worth of direct foreign investment was made in Iran. We’ve been having talks with trade delegations from France, Italy, China and other countries, which shows their interest and eagerness to be present and invest in Iran.”*

**H.E Mohammad Reza Ne’matzadeh**  
Minister of Industry, Mine and Trade

**7.4%**  
increase in number and total floor space of construction permits issued in urban areas last year

## The Iranian Construction Sector

The Region's Largest Construction Market with the Big Needs

Rank	Project	Value (\$bn)
1	South Pars Gas Field Development: Phases 19 - 21	9
2	South Pars Gas Field Development: Phases 17 & 18: Offshore	7
3	West Ethylene Pipeline	5.5
4	Tehran Metro Line 6	4
5	Tehran Metro Line 7	4
6	South Pars Gas Field Development: Phases 22 - 24	3.5
7	Neka to Jask Pipeline	3.3
8	Bandar Abbas Condensate Refinery	2.5
9	South Pars Gas Field Development: Phases 13 & 14: Onshore	2.5
10	South Pars Gas Field Development: Phases 17 & 18: Onshore	2.5

### Iranian Project Market

Massive developments offer tremendous opportunities



## THE IRANIAN CONSTRUCTION SECTOR

IRAN'S CONSTRUCTION  
MARKET IS WORTH  
USD 90 BILLION

*Arg Shopping Center-Tehran*



"IRAN MAY BE WRESTLING WITH ECONOMIC SANCTIONS, BUT ONE INDICATOR IS GOING THROUGH THE ROOF: DEVELOPERS HAVE BROKEN GROUND ON A RECORD 400 SHOPPING MALLS ACROSS THE COUNTRY, 65 IN TEHRAN ALONE."

**NEW YORK TIMES**



**HOUSING AND URBAN DEVELOPMENT**

Iran's robust housing sector boasts an estimated annual growth rate of 12% due to a severe shortage of housing stock. Demand stands at an overwhelming 1.5 million housing units per year and the current market is only able to supply 700,000 units, which means thousands of housing units must to be created each year. Apart from residential complexes, the restoration of old homes is also a priority of the Iranian government, with about USD 143 billion needed in the next 10 years to rehabilitate around 60% of the capital's buildings.



**THE POTENTIAL NEED FOR HOUSING (2014-2026)**

Housing units to meet the needs of newly formed households	5.828 Million
Housing units to cover the existing shortage of housing	1.162 Million
Housing units for renovation of urban abandoned areas	3 Million
Housing units for renovation of rural abandoned areas	2.310 Million



**INFRASTRUCTURE**

Billions of dollars' worth of foreign tender contracts have been awarded in different fields of construction from roads, buildings and railroads. The availability of local raw materials, rich mineral reserves and skilled manpower have led Iran to win major international bids. There are massive infrastructure-related projects in the pipeline, including hundreds of tunnels and numerous industrial projects. The Iranian government is planning to expand the country's 13,000 km network to cover 25,000 km by 2025. Billions are needed to complete the Gorgan-Inche Boroun railway, as well as the transit terminals, 745 km worth of freeways, 5,000 km worth of highways and over 2,000 in road construction.

## POTENTIAL FOR TREMENDOUS GROWTH

The past 10 years have seen global investors reach into previously untapped markets looking for new opportunities, and today the time has come for a new market to take the spot. According to many international experts and prominent economists, Iran represents the last such opportunity globally. With ample natural resources, a diversified economy, a skilled young workforce and rising demand across all sectors, post-sanctions Iran will dramatically change the global economy by unlocking one of the world's last untapped markets for new business..

IRAN'S ECONOMY IS EXPECTED  
TO GROW AT 8-10% WITHIN  
5 YEARS TO REACH CLOSE TO  
USD 1.5 TRILLION IN GDP



**IRAN**  
THE LAST UNTAPPED GRAND  
MARKET IN THE WORLD