

**To: Ms. Deputy Head of Disclosure Dpt.**

**EGX**

*Kind greetings, and thereafter ...*

Dear Sirs,

Reference to the news tackled by the media "the Ministry of Finance agreed to extend tobacco storage period to two years instead of one year". The reasons of that are as follows:-

- 1- Protect the company against any fluctuations may happened in tobacco markets. Tobacco is rain-dependent crop all over the world. Leaf growing is also affected by various climate phenomenon such as floods, draughts and El Nino. In addition, tobacco price is affected by changes on the political and economic level including exchange rate changes and inflation rate worldwide.
- 2- Some types of tobacco need to be stored (ageing stage) for better smoking characteristics specifically oriental tobaccos.
- 3- Tension and wars in specific countries cause cost increase in freight and insurance. Consequently tobacco quantities , prices and cost are sensitive to these circumstances.
- 4- Having safe inventory, grants EC a solid ground while conducting negotiations during the tobacco tenders.
- 5- Having a 2-year stock enables EC to seize good opportunities to buy tobacco at the lowest prices

*Kindly accept, Your Excellency, the assurance of our highest consideration & utmost esteem.*

**Acc. Ali Sa'd Ed Din 'Ali**

**(signed)**

**Deputy Head of Financial Sectors & IRO**

15/11/2018