

Eastern Co SAE

Parent Entity Jurisdiction	HQ	Ownership	Rank	Final Score
Egypt	Egypt	State Owned	13 (of 15)	0.49 (of 5)

Operating Environment

- Eastern Co SAE (Eastern) operates in one Index Region (Middle East & Africa), and in one of the 36 Index Countries (Egypt).¹
- Eastern operates exclusively in LMICs.
- Eastern’s product portfolio² consists of cigarettes, shisha and cigars.

Publicly Stated Position on Tobacco Harm Reduction

- “We will enter the market for heated tobacco by relying on imported products initially, and an integrated local production line may be launched if demand increases.”³ (Hani Aman, Managing Director and CEO, Asharq Business, October 2021)

Change Since 2020 Index

- Eastern’s Harm Reduction Strategy score increased as a result of the announcement that Eastern intends to start selling heated tobacco.⁴
- Eastern’s Ratio of R&D Expenditure (RRPs versus HRPs) also increased (Eastern does not disclose details of its R&D expenditure, the Index estimates⁵ that 5% of the company’s R&D expenditure was on RRPs in 2021).
- Eastern’s cigarette Volume Sales continued to increase in 2019-2021 (CAGR: +2.6%).

¹ Note: For the purposes of Index scoring. Note that Eastern reports 99.9% of its cigarette volumes are sold in Egypt, with the remaining 0.1% sold in other countries. Eastern lists its export countries on its corporate website, “Export Markets”. The list has not been updated since 2015 and no sales split per country is provided. Eastern Co. (2022). *Corporate Website*, Accessed August 31, 2022, from <https://18.216.10.211/export-staff/?lang=en>

² Listed high to low in order of company’s global volume sales in 2021, converted to Per Stick Equivalents (see Index Methodology, “Per Stick Equivalent Conversion”). Listing products within Tobacco Transformation Index scope only.

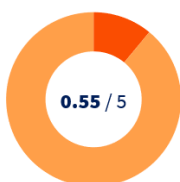
³ Asharq Business (Bloomberg), October 2021, *Eastern to introduce heated tobacco in the first half of 2022*, accessed August 2022, from www.asharqbusiness.com/article/27700

⁴ Asharq Business (Bloomberg), October 2021, *Eastern to introduce heated tobacco in the first half of 2022*, Accessed August 2022, from www.asharqbusiness.com/article/27700

⁵ See Index Methodology, “Data Collection and Analysis”

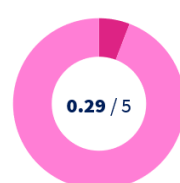
Key Performance Indicators

Strategy & Management (Category Score: 0.55/5 - Category⁶ Rank 8/15)



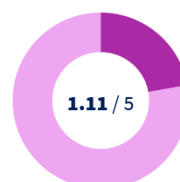
- Eastern does not publicly acknowledge its role in, nor make a formal commitment to reducing, tobacco-related death and disease.
- Eastern has an objective related to tobacco harm reduction (“to provide a product of high quality for the consumer as part of a strategy to search for alternatives that are less dangerous than traditional cigarettes”) and the objective is time-bound and measurable (“production is expected to start in the first half of 2022”⁷).

Product Sales (Category Score: 0.29/5 - Category Rank 12/15)



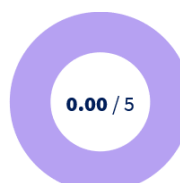
- Eastern has the ninth-highest Volume Sales of HRPs (2021: 69.8 billion stick equivalents)⁸.
- In terms of Ratio of Volume Sales (RRPs versus HRPs), Eastern did not sell any RRP as of the end of 2021.

Capital Allocation & Expenditure (Category Score: 1.11/5 - Category Rank 13/15)



- Eastern has stated that it plans to start selling heated tobacco products, with an estimated⁹ 5% of R&D Expenditure toward RRP.
- At an estimated 1%, Eastern’s allocation of R&D Expenditure on RRP (versus its total R&D expenditure) ranks it in 12th place.

Product Offer (Category Score: 0.00/5 - Category Rank 11/15)



- Eastern offers HRPs (cigarettes, shisha and cigars) in one Index Country (Egypt), and currently does not sell any RRP.
- In terms of product categories, Eastern currently has three HRPs and no RRP in its portfolio.

⁶ Each category is made up of multiple indicators. Certain indicator-level ranks are also listed in the text below.

⁷ Asharq Business (Bloomberg), October 2021, *Eastern to introduce heated tobacco in the first half of 2022*, accessed August 2022, from www.asharqbusiness.com/article/27700

⁸ Negative indicator, i.e. a higher number indicates lower performance

⁹ See Index Methodology, “Data Collection and Analysis”

Marketing Policy & Compliance (Category Score: 0.00/5 - Category Rank 10/15)



- Eastern does not publicly disclose a Youth Access Prevention Policy¹⁰.

Lobbying & Advocacy (Category Score: 0.00/5 - Category Rank 9/15)



- Eastern does not disclose its policy positions related to tobacco harm reduction.
- Eastern does not disclose specific lobbying activities and memberships.

¹⁰ See "Definitions" section of this report

Key Figures: Eastern Co SAE



Headquarters:
Egypt



Rank: 13/15 =
2020 Index restated rank: **13/15**



Ownership:
State Owned



Final Score: 0.49/5 ▲
2020 Index restated score: **0.30/5**

Value sales: HRPs & RRP



Capital Allocation and Expenditure*: HRPs & RRP



*Capital Allocation and Expenditure includes Marketing, M&A, R&D and Capital Expenditure

Source: Tobacco Transformation Index 2022 and Index 2020, <https://tobaccotransformationindex.org/> Euromonitor International