

GB Auto EGM approves increase of company's issued capital by c. LE 960 million to fuel growth

Extraordinary general assembly of shareholders green lights proposed issued capital increase through rights issue to build motorcycle & three-wheelers assembly plant and tire manufacturing facility

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(Cairo, Egypt) — GB Auto S.A.E. (AUTO.CA on the Egyptian Exchange), a leading automotive assembler and distributor in the Middle East and North Africa, released today details of the use of proceeds from the proposed LE 960 million rights issue that will see the company's issued capital rise to LE 1.095 billion.

Proceeds from the capital raising will be used to fuel the company's drive to grow its tires and motorcycles and three wheelers business in Egypt; the company is also considering selective regional expansion opportunities within its core businesses.

GB Auto's extraordinary general assembly of shareholders has approved the proposed issued capital increase. The tradable rights issue will see existing shareholders given the opportunity to subscribe to 960 million new shares on a pro-rata basis at par (EGP 1 per share, plus issuance fees of LE 0.01 per share); shareholders exercising their right to subscribe may settle in cash or through capitalization of shareholder loans to the company.

"Political stability in Egypt has made it possible to go to our shareholders and request their endorsement of our plans to capitalize on what we believe are very exciting opportunities in Egypt," said Raouf Ghabbour, Chairman and CEO.

Among other uses, funds from the capital raising will allow the company to build a new two- and three-wheelers plant to allow full CKD assembly; to deepen the group's presence in the tires line of business through entering the tire manufacturing business; and to pursue additional regional expansion opportunities in select businesses.

Up to EGP 320 million in proceeds will be used for GB Auto's equity contribution to a wholly-owned plant that will assemble motorcycles and three-wheelers (commonly called 'tuk-tuks'). The plant will be the first motorized assembly line of production outside of India for Bajaj, allowing GB Auto to produce 120,000 units per year of each product, leaving it in a position to cater to rising domestic demand. The new plant will assemble Bajaj-brand completely knocked-down (CKD) kits.

Construction of the two- and three-wheeler facility will take approximately 18- 24 months and will see the company create new job opportunities both directly and indirectly, while integrating new technologies in its painting, welding and assembly activities. The facility will also reduce GB Auto's foreign exchange burden and increase its use of locally-produced components.

Up to EGP 640 million will be earmarked for expansions in the Tires line of business, where plans include the launch of a new manufacturing project. The tires plant will permit GB Auto to lock-in supplies of

products appropriate to its markets while at the same time catering to strong local demand in the MENA region where c.99% of tires sold are imported tires.

Construction of the proposed tires plant will take approximately 24 months; the facility will specialize in producing tires for passenger cars, pickup trucks and light trucks. The company is also studying the feasibility of including truck and bus tires in a subsequent phase of the project.

In parallel, GB Auto continues to explore opportunities to create value for shareholders in other promising regional markets.

“Growth and expansion have been consistent hallmarks of GB Auto for more than five years now,” said Ghabbour. “These latest expansions complement the growth opportunities we have pursued since Egypt emerged from the global financial crisis in 2008-09. I am delighted to be leading the company through this very exciting phase of its development.”

Since 2009, GB Auto has moved beyond its home market of Egypt into Iraq, Algeria and Libya, all while expanding beyond its traditional brand offerings of Hyundai, Bajaj, Mitsubishi Fuso, Volvo and Lassa to include Mazda, Geely, Iveco, Great Wall, YTO, Diamond Back, Triangle, Westlake, Grandstone, Goodyear, Karry and Gazpromneft, among others.

GB Auto has also undertaken greenfield investments that have created unique home-growth brands. It has partnered with global bus major Marcopolo to assemble, distribute and export buses on Iveco chasses at a purpose-built facility in Suez; decisively entered the micro and consumer finance spaces in its home market; launched the first corporate-scale pre-owned vehicles activity in Egypt; and penetrated the promising retail and lubricants segments. In parallel, the company has made substantial investments in high-margin aftersales activities to both improve service quality and grow what was already the largest aftersales network in Egypt.

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About GB Auto S.A.E.

GB Auto S.A.E. (AUTO.CA on the Egyptian Exchange) is a leading automotive producer and distributor in the Middle East and North Africa. Across five primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires and Financing — the company’s main business activities include assembly, manufacturing, sales and distribution, financing and after-sales services. GB Auto’s portfolio of brands includes Hyundai, Mazda, Geely, Bajaj, Marcopolo, Iveco, Volvo, Mitsubishi Fuso, YTO, Karry, SDLG, Aksa, Lassa, Yokohama, Goodyear, Westlake, Triangle, Grandstone, Diamond Back, Double Coin, Monroe and Gazpromneft. GB Auto has operations in Egypt, Iraq, Libya and Algeria, and is actively pursuing opportunities in new geographies within its core footprint. The company is headquartered in Giza, Greater Cairo Area, Egypt. www.ghabbourauto.com

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