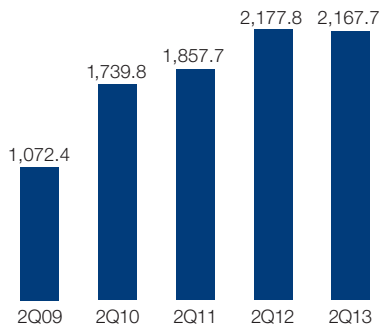
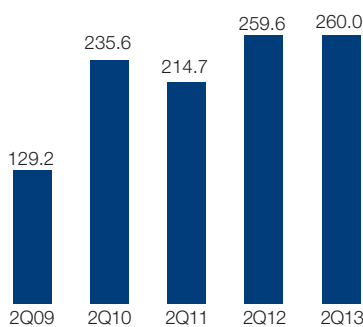


Key Indicators
(all figures in LE million)

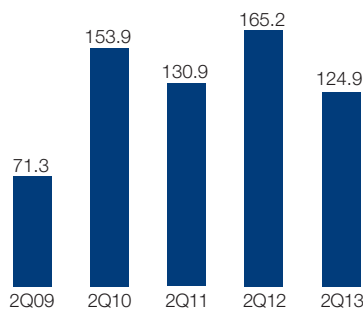
Revenues (LE million)



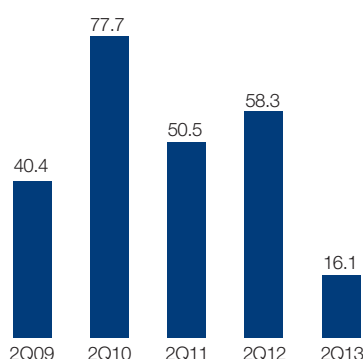
Gross Profits (LE million)



EBIT (LE million)



Net Income (LE million)



GB Auto Reports 2Q13 Results

Leading automotive assembler and distributor reports stable top-line, builds Geely market share to 10% from 0% in Egypt

13 August 2013 — (Cairo, Egypt) — GB Auto (AUTO.CA on the Egyptian Exchange), a leading automotive assembler and distributor in the Middle East and North Africa, announced today its consolidated results for the second quarter of 2013, reporting net income of LE 16.1 million on top line revenues of LE 2,167.7 million; net profit margin was 0.7%. First half revenues were LE 4,249.7 million, with net income of LE 63.4 million. Net profit margin in 1H13 stood at 1.5%.

“Being in business in the Middle East and North Africa this past quarter resembled nothing so much as a bare-knuckled boxing match. Despite taking several one-off blows, we have proven up to the challenge,” said Dr. Raouf Ghabbour, the Chief Executive Officer of GB Auto. “Certainly 2Q13 was the most difficult second quarter we’ve reported in five years, and in that context I am entirely satisfied: Remaining profitable despite a near-perfect storm of local and regional political and economic challenges is no small accomplishment. Having passed through what we expect may be the worst that 2013 has to offer, we are cautiously optimistic the balance of the year will unfold relatively smoothly both in Egypt and Iraq as well as in our new expansion markets of Libya and Algeria.”

Management notes that the year-on-year dip in net income comes on the back of interest expenses and foreign exchange pressure, as well as curbed margins in the Iraqi Passenger Car and Egyptian Motorcycle and Three-Wheeler divisions and increased SG&A spending to support expansion into new geographies.

The Passenger Cars line of business reported LE 1,616.7 million in revenues for the quarter, a 6.4% decline from 2Q12, while gross profit dropped 5.6% to LE 175.5 million on the back of lower margins in Iraq. The Motorcycles & Three-Wheelers line of business also reported largely stable revenues, down slightly from 2Q12 at LE 217.2 million, pressured by a doubling in customs duties that also led to a sharp 33.2% year-on-year fall in gross profit for this line of business.

The Commercial Vehicles & Construction Equipment line of business, meanwhile, saw revenues increase by 1.0% in 2Q13 to LE 110.7 million, while margins improved on successful efforts to reduce historical inventory priced at a favorable exchange rate.

The company’s smallest primary business lines — Tires, the Financing Businesses and After-Sales — were the standout performers of the second quarter, punching well above their weight class.

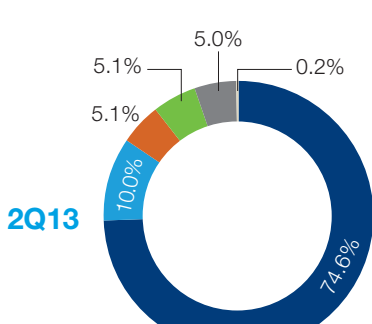
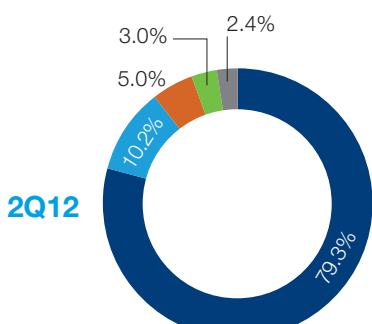
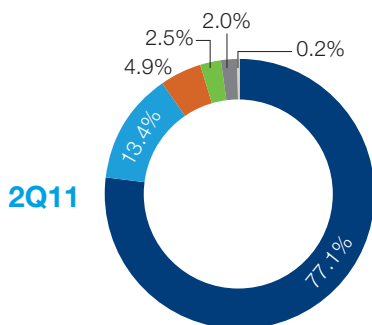
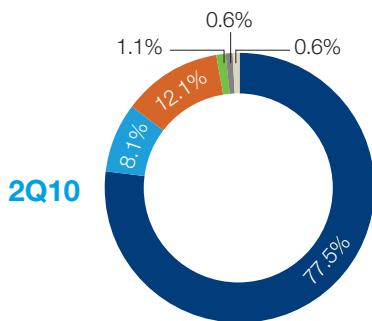
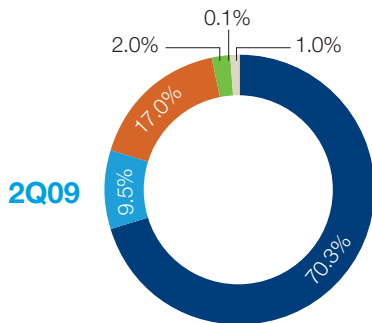
With revenues of LE 110.5 million in 2Q13 and gross profit of LE 16.7 million, the Tires line of business now accounted for a full 5% of group revenue and more than 6% of gross profit. The Financing Businesses, with aggregate revenue of LE 108.9 million and gross profit of LE 25.3 million, contributed 5% of group revenue and more than 9% of gross profit. Together, After-Sales activities in the three primary lines of business contributed 5% of revenues and 14% of gross profit in 2Q13.

“Our Geely representation, built from scratch since last year, commanded a 10% market share in June, while our new consumer financing business, our After-Sales division and our Tires division are thriving,” Ghabbour continued. “We continue to reap the fruits of a growth program that has emphasized geographical and line of business diversification — a playbook that will guide us through year’s end.”

“In short,” Ghabbour concluded, “GB Auto is in a very unique position among our peers: As we prepare for our next round in the ring, we are profitable and poised for growth.”

Highlights of GB Auto’s 2Q13 and 1H13 results follow, along with management’s analysis of the company’s performance. Complete financials are available for download on ir.ghabbourauto.com.

Revenue Contribution by Line of Business



Second Quarter 2013 Highlights

- GB Auto revenue was LE 2,167.7 million in the second quarter of 2013, a dip of 0.5% from LE 2,177.8 million in 2Q12, as strong performances by Tires, After-Sales, and the Financing Businesses offset challenges in the Passenger Cars (Iraqi sales) and Motorcycles & Three-Wheelers (three-wheeler sales) lines of business.
- Consolidated gross profit was essentially stable year-on-year at LE 260.0 million in 2Q13; gross profit margin was also stable at 12.0%.
- EBIT was down 24.4% y-o-y in 2Q13 at LE 124.9 million on pressures from increased SG&A expenses associated with the new regional businesses as well as hiring to support the company's ramped up customer-centric business plan. EBIT margin was down 1.8 percentage points y-o-y at 5.8%.
- Net income was LE 16.1 million, a 72.4% decline from 2Q12; net profit margin was down 1.9 percentage points at 0.7%.

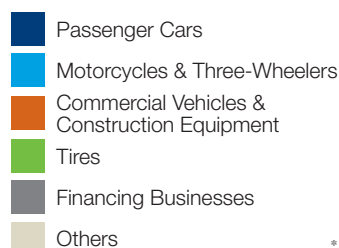
Passenger Cars* revenue was LE 1,616.7 million in 2Q13, a 6.4% decline from LE 1,726.2 million in 2Q12, as revenues from Hyundai sales in Egypt and Iraq were impacted by political and economic shocks in the quarter. These challenges were somewhat offset by a strong performance from Geely, which reported LE 220.1 million in its first quarter of full commercial operations. Gross profit was LE 175.5 million, a decline of 5.6% from 2Q12 on lower margins in Iraq; gross profit margin was stable at 10.9% as the mix of products continues to lean toward CKD in Egypt.

Motorcycles & Three-Wheelers* revenue was LE 217.2 million in 2Q13, down 2.1% from LE 221.8 million in the same quarter of 2012 as unit sales of three-wheelers were dampened by changes in customs duties. Gross profit fell 33.2% y-o-y to LE 31.2 million with a gross profit margin of 14.4% due to lower margins on tuk-tuks and the rising contribution of lower-margin two-wheeler businesses.

Commercial Vehicles & Construction Equipment* revenue increased by 1.0% in 2Q13 to LE 110.7 million, up from LE 109.6 million in 2Q12, as the line of business further reduced historical inventory. Gross profit almost tripled to LE 12.2 million, and gross profit margin was up 6.9 percentage points at 11.0%.

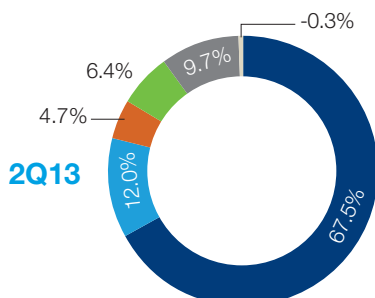
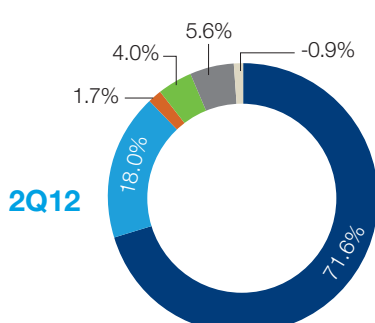
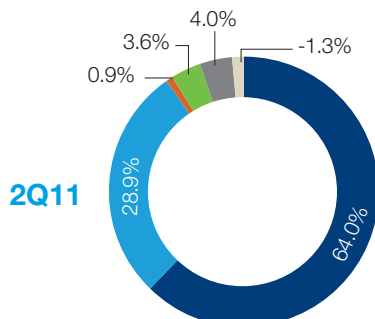
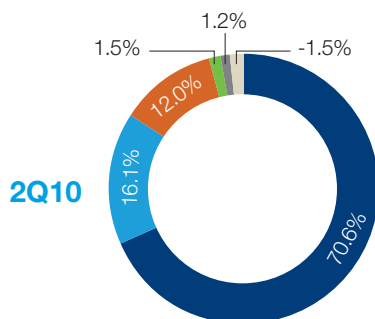
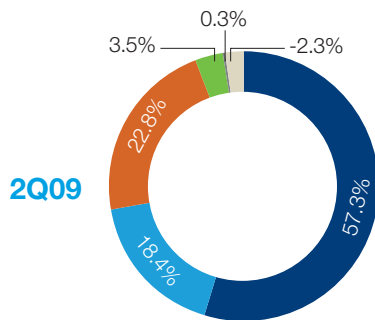
Tires revenue increased 66.9% to LE 110.5 million, up from LE 66.2 million in 2Q12 on strong showings from both domestic and regional sales. Gross profit was LE 16.7 million, a 60.2% increase over 2Q12, while gross profit margin stood at 15.1%.

Financing Businesses revenue doubled in 2Q13 to LE 108.9 million, up from LE 53.0 million in 2Q12. Gross profit was up 75.1% year-on-year at LE 25.3 million, while gross profit margin dropped 4.1 percentage points to 23.2% on the higher contribution from the newest member of the financing businesses family, Drive.



* After-Sales activity is captured as part of the three primary lines of business (LOBs) and constituted 5.2% of revenues in 2Q13, up from 3.9% in 2Q12.

Gross Profit Contribution by Line of Business



First Half 2013 Highlights

- GB Auto revenue in the first half of 2013 was up 9.2% at LE 4,249.7 million compared to LE 3,890.2 million in 1H12 as strong first quarter performances in key lines of business offset second quarter difficulties.
- Consolidated gross profit was LE 577.9 million in 1H13, a 29.6% increase over LE 446.0 million in 1H12; gross profit margin was up 2.1 percentage points in the half at 13.6%.
- EBIT was LE 302.3 million in the first half, a 17.4% increase over LE 257.6 million in the same period of last year. EBIT margin stood at 7.1%.
- Net income was LE 63.4 million in 1H13, a decline of 17.1% from LE 76.5 million in 1H12. Net profit margin was down half a percentage point at 1.5%.

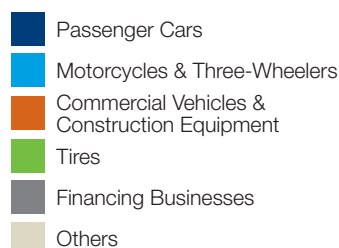
Passenger Cars* revenue saw a 1.0% improvement year-on-year in the first half to LE 3,070.1 million, while gross profit rose 24.0% to LE 388.2 million. Gross margin was up 2.4 percentage points at 12.6%.

Motorcycles & Three-Wheelers* reported revenue of LE 530.3 million in 1H13, a 39.4% increase year-on-year, up from LE 380.5 million in 1H12. Gross profit rose 5.4% y-o-y to LE 84.8 million, while gross profit margin dropped 5.2 percentage points to 16.0%.

Commercial Vehicles & Construction Equipment* revenue was LE 226.9 million, a 6.4% drop from LE 242.4 million in 1H12. Gross profit was up 68.4% at LE 19.8 million, while gross profit margin for the line of business was 8.7%, an improvement of 3.9 percentage points over 1H12.

Tires reported revenue of LE 221.8 million in the first half of 2013, an increase of 69.2% over LE 131.1 million in 1H12. Gross profit for the line of business was up 67.9% over 1H12, at LE 33.4 million, while gross profit margin stood at 15.1%.

Financing Businesses revenue doubled in 1H13 to LE 193.7 million, up from LE 93.6 million in 1H12. Gross profit also doubled, reaching LE 53.6 million in 1H13. Gross profit margin, meanwhile, was stable at 27.6%.

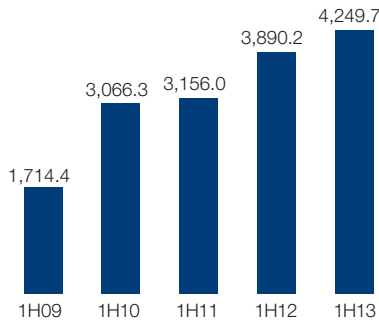


* After-Sales activity is captured as part of the three primary LOBs and constituted 14.0% of gross profit in 2Q13 and 10.1% in 2Q12.

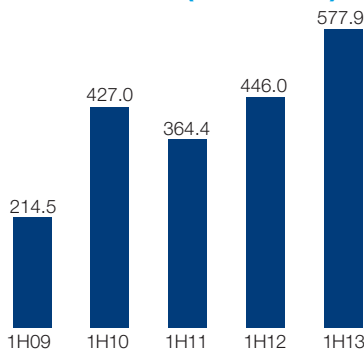
Year-to-Date at a Glance*

Key Indicators (all figures in LE million)

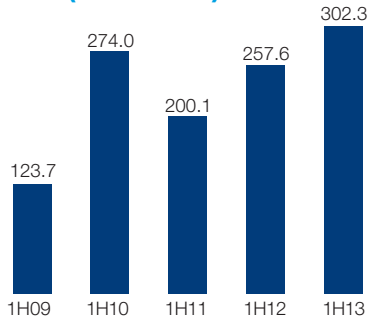
Revenues (LE million)



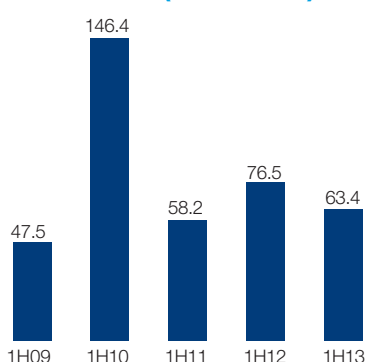
Gross Profits (LE million)



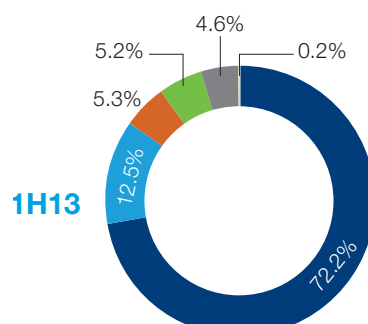
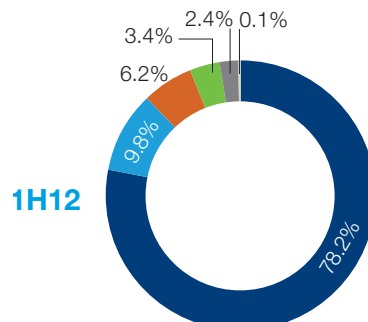
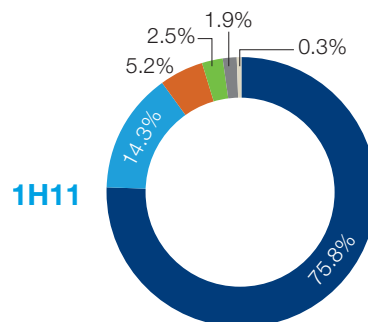
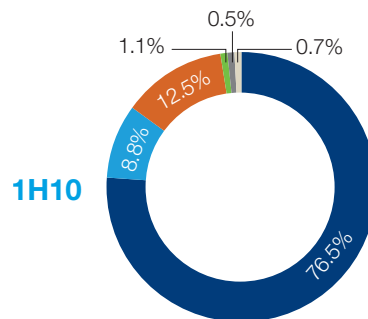
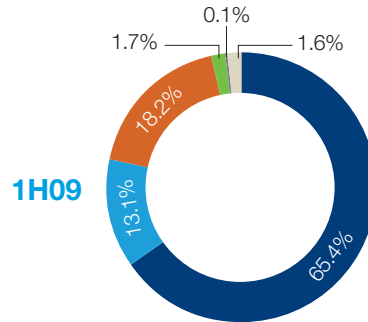
EBIT (LE million)



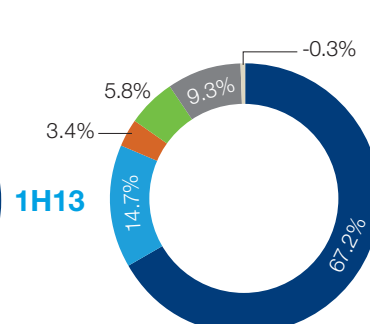
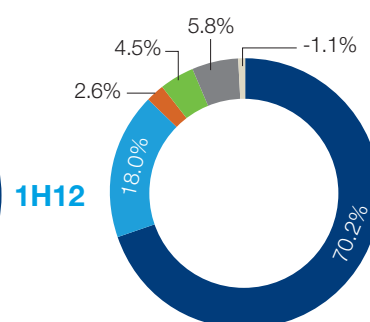
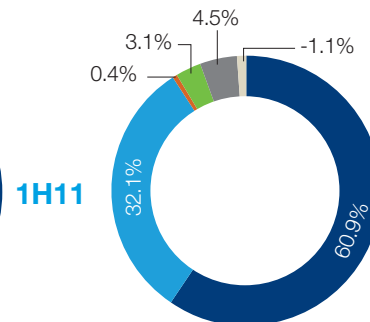
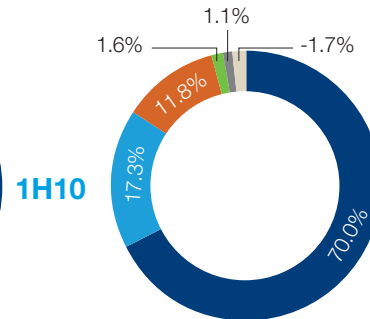
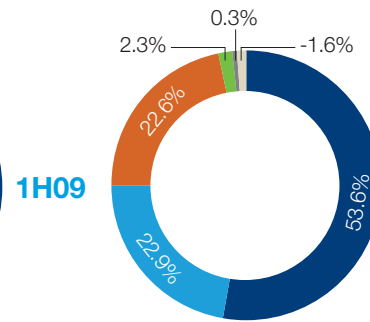
Net Income (LE million)



Revenue Contribution by Line of Business



Gross Profit Contribution by Line of Business



- Passenger Cars
- Motorcycles & Three-Wheelers
- Commercial Vehicles & Construction Equipment
- Tires
- Financing Businesses
- Others

* After-Sales activity is captured as part of the three primary LOBs and constituted 5.1% of revenues in 1H13, up from 4.0% in 1H12, and at the gross profit level, contributed 12.0% in 1H13 vs. 9.9% in 1H12.

“ GB Auto’s positive bottom-line performance is a direct result of how we have run the business in the past two-and-a-half years despite substantial local and regional economic headwinds and political turmoil. ”

Message from the CEO

In the second quarter, GB Auto absorbed hits across multiple key revenue centers — and continues to move forward despite absorbing these hits. A few short years ago, a quarter like this would have left us facing a standing ten-count. Instead, we have barely missed a beat.

Despite unfavorable currency swings — in our home market and in that of our key brand — the capricious imposition of new customs duties on a key product line, temporary market disruptions caused by regulatory changes in Iraq and the dumping of gray-market product there, we have turned a profit. This performance is a direct result of how we have run the business in the past two-and-a-half years despite substantial local and regional economic headwinds and political turmoil. This has particularly been the case in our home market of Egypt, where we continued to invest in the business despite the 25 January 2011 Revolution, the economic malaise that followed, and the second revolution of 30 June 2013.

Having said that, GB Auto has worked for more than five years now to diversify the business by geography and product lineup. That diversity is what left us able to withstand one of the most challenging quarters we could ever have imagined: Consumer sentiment was in many ways as depressed in 2Q13 as it was in the first quarter of 2011 with anticipation of a revolution marking both quarters, and our results are further impacted by the constrained margins in Iraq this past quarter.

What has left us in an essentially unrivaled position in the MENA region is our drive for growth. While many other businesses of our size — particularly in Egypt — battened-down their hatches and tried to ride out the storm, GB Auto completed the investment in our new robotic paint shop; finished the installation of our state-of-the-art conveyor system in Prima and moved ahead with the expansion of our Sadat City plant. We have launched a new CKD product and have others in the pipeline. In those 2.5 years, we have launched 10 new representations, from Geely automobiles to Great Wall pickup trucks, from Westlake tires to Iveco bus chasses. Since the 25 January Revolution, we have also inaugurated two new After-Sales centers, invested in our own distribution network, aggressively redefined our relationship with our dealer and sub-dealer networks, taken a commanding lead in the tires market, and launched our new financing business, Drive.

And now, at last, I am pleased to announce three key pieces of news that leave us very well-positioned indeed for any continued headwinds we may face.

First, our new Geely representation has gained a strategic foothold in the Egyptian market, vaulting from zero to a 5.5% market share in the first half — and 10.0% in the month of June — with both CKD and CBU products. I am very pleased to report that consumers have quickly accepted Geely as a brand and look forward to continued strong prospects for both Geely and our Hyundai representation.

Second, GB Auto began in August 2013 its first sales in the promising new Libyan and Algerian markets. The full launch of commercial operations has come a few weeks later than planned, but we are very optimistic in our outlook for both territories given early market reaction.

Third, we have finalized our product lineup at GB Polo, a long-term investment several years in the making that will help us completely transform the face of our Commercial Vehicles & Construction Equipment (CV&CE) line of business. Our bus offering has already met with considerable success in new (to us) export markets in East Africa, and I am pleased to report early signs of interest from GCC-based importers. And GB Polo’s importance to the CV&CE division will be further underscored by our upcoming introduction of a potentially game-changing microbus product.

None of this is to suggest that I am pleased with our 2Q13 results. I am not — but I am satisfied that we turned in the best possible performance under exceptionally difficult circumstances. As I write these words, I believe we have absorbed

“ As our performance since January 2011 has underscored: We have the people, products and systems we need to outperform our peer group locally and regionally, no matter the challenges we face. ”

90% of the impact of devaluation to-date of the Egyptian pound on our business, and we have taken almost all of this blow in the second quarter.

We have faced foreign exchange challenges offshore, too: The strength of the Korean won against the US dollar has done nothing to make our imports from Hyundai more affordable at the same time as we face devaluation of the Egyptian pound. Meanwhile, the Japanese yen has continued its slide against the dollar, accelerating the erosion of Korean vehicles' cost advantage over Japanese cars in the Egyptian market, a process that began to have a noticeable effect on the local market in 1Q13.

That said, our FX expense contracted 79.8% year-on-year to LE 4.3 million in 2Q13, as the impact of purchasing hard currency on the open market with Egyptian pounds was balanced against FX gains recorded from revenues in Iraq, and gains on dollar deposits.

Moreover, we recognized a year-on-year uptick (but essential parity on a quarter-on-quarter basis) in spending on selling and marketing as well as general and administrative (SG&A) expenses. This is natural: We are now supporting an additional passenger car representation and a new consumer finance brand in Egypt, and have truly regionalized the business via our entry into the Libyan and Algerian markets with passenger car, commercial vehicle and tire offerings. Also adding to the y-o-y expansion of SG&A outlays is our continued build-out of our customer-centric service model in Egypt.

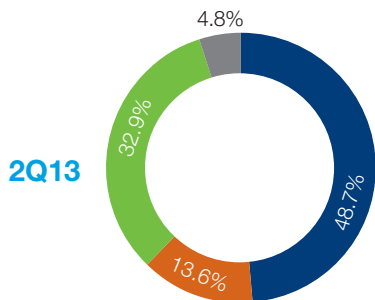
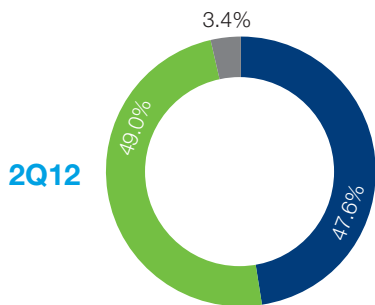
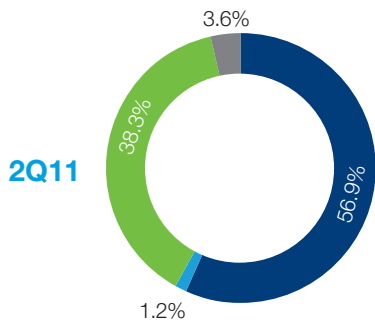
You can read a more detailed picture of what we expect of the business through year's end in the Outlook section of this earnings newsletter. At the top-line level, I expect to see contributions from Algeria and Libya in 3Q13 with even stronger performances in the coming year, and I believe this quarter's margins in Iraq represent the 'new normal' for that business.

In Egypt, I remain entirely optimistic in the long term, but rather more cautious in the short term. The performance of all of our Egyptian businesses will be linked almost entirely to political and macroeconomic developments. We thus expect cost consciousness on the part of consumers and corporations alike to continue to be a hallmark of the landscape for the coming half — balanced out by Egypt's remarkable resilience, as underscored by the return of our three-wheeler business to normal rates of sales in July following the doubling of customs duties on this product earlier in the year.

As our performance since January 2011 has underscored: We have the people, products and systems we need to outperform our peer group locally and regionally, no matter the challenges we face. We will continue to post growth in Egypt and across the region, and we will continue to lay the groundwork for an even more robust 2014.

Dr. Raouf Ghabbour, CEO

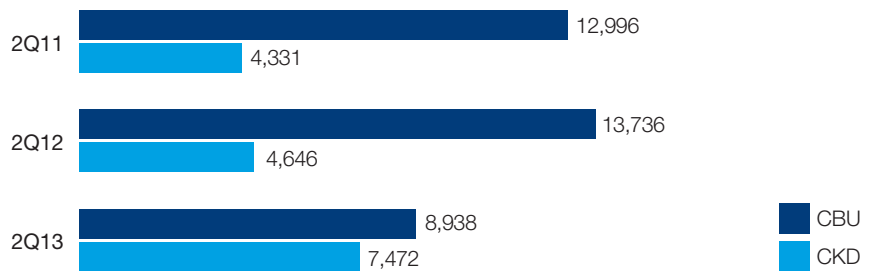
Passenger Car Revenue Breakdown by Segment



Passenger Car Line Of Business

GB Auto is a leading passenger car importer, assembler and distributor in the Middle East and North Africa. In Egypt, it is the largest player in the market, as the sole representative of Hyundai, Geely and Mazda passenger cars and owning the biggest nationwide distribution and after-sales service networks of any brand. Regionally, GB Auto distributes Hyundai passenger cars in Iraq and Geely passenger cars in Libya and Algeria. GB Auto serves the Egyptian market with both Completely-Knocked-Down (CKD) and Completely-Built-Up (CBU) products while operating in Iraq, Libya and Algeria with CBU units.

Breakdown of Units Sold, all brands and markets*



*Markets currently include Egypt and Iraq; Iraq CBU only

Egypt

- GB Auto held a 26.1% share of Egypt's passenger car market in the first half of the year, broken down as 20.8% for Hyundai unit sales and 5.3% for Geely.
- In the first half, Egypt's total passenger car market expanded 13.3%, and it grew by 19.6% in the second quarter. In comparison, sales of completely-knocked-down (CKD) vehicles increased by 15% and 24% over the same periods, respectively. CKD vehicles are imported as kits that are then assembled in Egypt, using locally-sourced parts and labor. Approximately 40% of all passenger cars sold in Egypt in 1H13 were CKD.
- Hyundai unit sales and, accordingly, revenues and gross profit contribution, were challenged in the second quarter by an unfavorable foreign exchange environment and consumer caution. The impact of these challenges was particularly felt in the higher-margin CBU range.
- In keeping with the market trend, GB Auto's passenger car unit sales in Egypt are trending heavily toward CKD vehicles and smaller imported cars. This trend enables the company to make better use of capacity at the manufacturing facility, and, as the CKD vehicles are assembled in Egypt, they carry a higher profit margin than the imported completely-built-up (CBU) vehicles.
- The Geely passenger car offering has completed its first quarter of full commercial operations in Egypt with 3,273 units sold total. Geely now has 30 points of presence across Egypt and is already ranked the seventh best-selling brand nationwide with a market share of 5.3% in 1H13 — surpassing established market players.
- Notably, Geely was the fourth-best selling brand in June, with a full 10% share of the Egyptian passenger car market that month. Management has reason

“ Geely was the fourth-best selling brand in June, with a full 10% share of the Egyptian passenger car market that month. ”

to believe that the market's warm welcome of the Geely brand will continue going forward.

- The After-Sales division had a successful second quarter on the heels of a restructuring of the management team and the hiring of new personnel to allow the company to make better utilization of its assets. The division saw a 30.5% increase in revenues and a 38.0% increase in gross profits y-o-y in 2Q13.
- Sales of Mazda vehicles, meanwhile, are expected to ramp up later in 2H13, with new models online for 2014.

Iraq

- A temporary over-saturation at the end of the first quarter on the back of a regulatory change related to distributor benefits led to a significant drop in unit sales to Iraq in the second quarter of the year, putting downward pressure on revenues and margins for this key division in line with the trend in the wider Iraqi market.
- Also putting pressure on sales in Iraq in the second quarter were gray market / parallel imports from neighboring countries, as dealers there seek to unload oversupply in their own markets. Moreover, the security situation in Iraq continues to be challenging in the run-up to elections later this year.
- The company's After-Sales network in the Iraqi market, which is modelled on its Egyptian counterpart, has expanded to four service centers and is beginning to have a strong positive impact on the division's profitability, reporting LE 11.5 million in revenue and LE 4.4 million in gross profit in the quarter.
- Management views margins this quarter — now in the historical 2011 and early 2012 band — as the 'new normal' for the business and expects a return to near-4Q12 volumes in the coming months.

Libya and Algeria

- Slight regulatory delays in these two markets saw commercial operations begin in 3Q13, a few weeks later than expected. Full sales activities will begin in 3Q13, and management looks forward to both countries making contributions to the company's top and bottom lines in 4Q13.

Table 1A: Total Passenger Car Sales Activity – All Brands and Markets

		2012	2013	% Change 2012 v 2013	1H12	1H13	% Change 1H12 v 1H13
Total Sales Volume	(Units)	18,382	16,410	-10.73%	33,654	30,098	-10.57%
Sales Revenue	(LE million)	1,667.57	1,538.53	-7.74%	2,933.47	2,916.86	-0.57%
Gross Profit	(LE million)	165.25	146.24	-11.50%	277.99	331.41	19.22%
<i>Gross Profit Margin</i>	(%)	9.91%	9.51%	-0.40	9.48%	11.36%	1.89
After-Sales Revenue	(LE million)	58.62	78.13	33.29%	107.00	153.19	43.17%
After-Sales Gross Profit	(LE million)	20.69	29.28	41.48%	34.94	56.74	62.39%
<i>After-Sales Gross Profit Margin</i>	(%)	35.30%	37.47%	2.17	32.65%	37.04%	4.38
Total Passenger Car Revenues	(LE million)	1,726.19	1,616.66	-6.35%	3,040.47	3,070.05	0.97%
Total Passenger Car Gross Profit	(LE million)	185.94	175.52	-5.61%	312.93	388.15	24.04%
Passenger Car Gross Margin	(%)	10.77%	10.86%	0.09	10.29%	12.64%	2.35

Table 1B: Passenger Car Sales Activity – Egypt

		2012	2013	% Change 2012 v 2013	1H12	1H13	% Change 1H12 v 1H13
CBU Sales Volume (Hyundai)	(Units)	5,633	4,323	-23.26%	11,162	6,522	-41.57%
CBU Sales Volume (Geely)	(Units)	0	182	-	0	182	-
CBU Sales Volume (Mazda)	(Units)	3	1	-66.67%	8	1	-87.50%
CKD Sales Volume (Hyundai)	(Units)	4,646	4,381	-5.70%	9,833	8,558	-12.97%
CKD Sales Volume (Geely)	(Units)	0	3,091	-	0	3,747	-
Total Sales Volume	(Units)	10,282	11,978	16.49%	21,003	19,010	-9.49%
Total Market*	(Units)	31,397	37,565	19.65%	62,589	70,920	13.31%
GB Auto Market Share**	(%)	32.75%	31.89%	-0.86	33.56%	26.10%	-6.75
Sales Revenue	(LE million)	822.56	1,006.41	22.35%	1,636.56	1,587.77	-2.98%
Gross Profit	(LE million)	88.19	114.33	29.63%	170.83	202.20	18.36%
<i>Gross Profit Margin</i>	(%)	10.72%	11.36%	0.64	10.44%	12.73%	2.30
After-Sales Revenue	(LE million)	51.04	66.62	30.53%	99.42	133.54	34.32%
After-Sales Gross Profit	(LE million)	18.04	24.88	37.95%	32.29	48.60	50.53%
<i>After-Sales Gross Profit Margin</i>	(%)	35.34%	37.35%	2.01	32.47%	36.39%	3.92
Total Egypt Passenger Car Revenues	(LE million)	873.60	1,073.04	22.83%	1,735.98	1,721.32	-0.84%
Total Egypt Passenger Car Gross Profit	(LE million)	106.23	139.21	31.05%	203.11	250.80	23.48%
Passenger Car Egypt Gross Margin	(%)	12.16%	12.97%	0.81	11.70%	14.57%	2.87

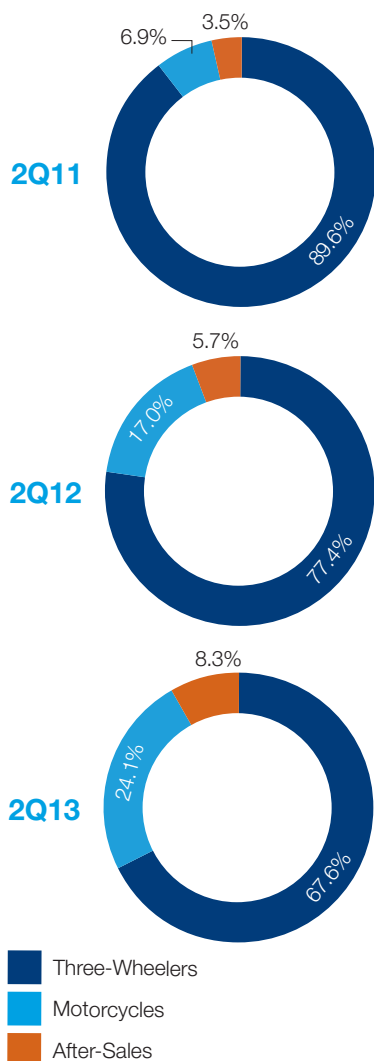
Table 1C: Hyundai Passenger Car Sales Activity – Iraq

		2012	2013	% Change 2012 v 2013	1H12	1H13	% Change 1H12 v 1H13
Total Sales Volume	(Units)	8,100	4,432	-45.28%	12,651	11,088	-12.35%
Sales Revenue	(LE million)	845.01	532.12	-37.03%	1,296.91	1,329.09	2.48%
Gross Profit	(LE million)	77.06	31.92	-58.58%	107.16	129.21	20.58%
<i>Gross Profit Margin</i>	(%)	9.12%	6.00%	-3.12	8.26%	9.72%	1.46
After-Sales Revenue	(LE million)	7.58	11.51	51.84%	7.58	19.65	159.20%
After-Sales Gross Profit	(LE million)	2.65	4.39	65.52%	2.65	8.14	206.82%
<i>After-Sales Gross Profit Margin</i>	(%)	35.01%	38.16%	3.16	35.01%	41.44%	6.43
Total Iraq Passenger Car Revenues	(LE million)	852.59	543.62	-36.24%	1,304.49	1,348.74	3.39%
Total Iraq Passenger Car Gross Profit	(LE million)	79.71	36.31	-54.45%	109.81	137.35	25.08%
Passenger Car Iraq Gross Margin	(%)	9.35%	6.68%	-2.67	8.42%	10.18%	1.77

* As estimated by the Automotive Marketing Information Council of Egypt (AMIC). Please note that AMIC figures are based on individual companies willingly contributing / reporting their sales and that GB Auto cannot check the full accuracy of these or guarantee that all companies operating in Egypt report to AMIC.

** As estimated by the Automotive Marketing Information Council of Egypt (AMIC).

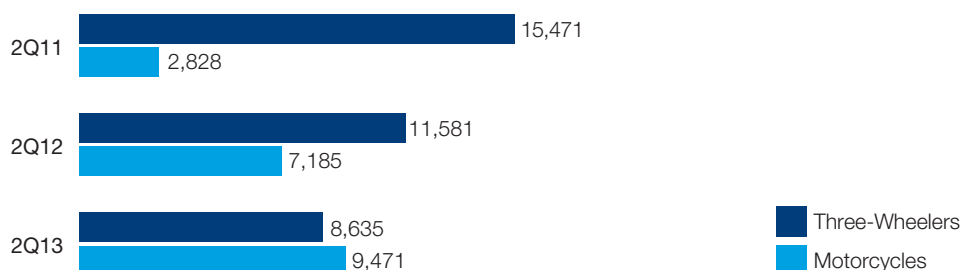
Motorcycles & Three-Wheelers Revenue Breakdown by Segment



Motorcycle & Three-Wheeler Line of Business

GB Auto is the Egyptian agent and distributor for Bajaj three-wheelers ("tuk-tuks") and motorcycles.

Breakdown of Units Sold



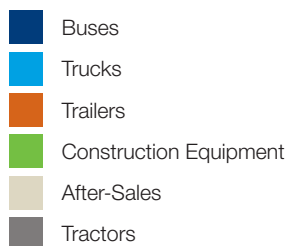
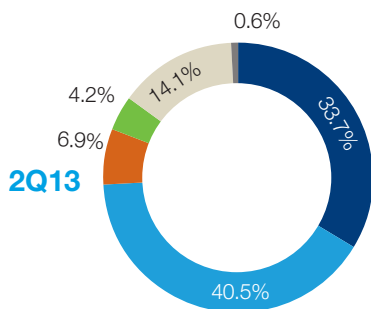
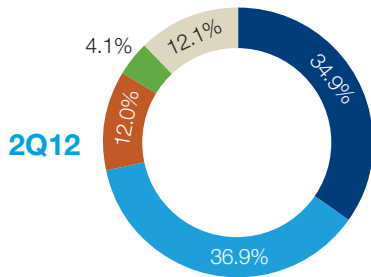
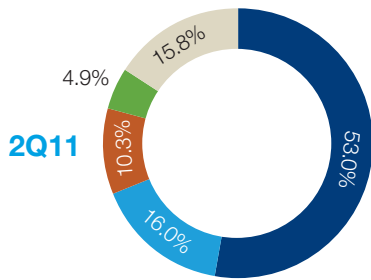
Motorcycles & Three-Wheelers

- Three-wheeler unit sales saw a significant drop in the quarter, as the government increased customs duties to 20% from 10%. This impact was further multiplied by being included in the base price on which sales tax payable is calculated.
- Management took a strategic decision to somewhat protect sales volumes by absorbing a significant part of the increased costs at the expense of margins. Margins across the division came under additional pressure from the proportionally greater contribution made this quarter by motorcycles, which are a lower-margin category.
- While the three-wheeler market remained soft in early July, unit sales had returned to near-historical levels by the end of the month.
- Motorcycle unit sales, meanwhile, rose 31.8% year-on-year, and the division reported its strongest performance ever for a second quarter with 9,471 units sold.

Table 2: Motorcycle & Three-Wheeler Sales Activity

		2012	2013	% Change 2012 v 2013	1H12	1H13	% Change 1H12 v 1H13
Three-Wheeler Sales Volume	(Units)	11,581	8,635	-25.44%	19,362	25,406	31.22%
Two-Wheeler Sales Volume	(Units)	7,185	9,471	31.82%	13,185	16,796	27.39%
Total Sales Volume	(Units)	18,766	18,106	-3.52%	32,547	42,202	29.66%
Sales Revenue	(LE million)	209.23	199.09	-4.85%	358.28	497.47	38.85%
Gross Profit	(LE million)	43.45	27.00	-37.86%	75.61	77.40	2.36%
Gross Profit Margin	(%)	20.77%	13.56%	-7.21	21.10%	15.56%	-5.55
After-Sales Revenue	(LE million)	12.59	18.09	43.70%	22.22	32.78	47.54%
After-Sales Gross Profit	(LE million)	3.19	4.17	30.72%	4.85	7.41	52.84%
After-Sales Gross Profit Margin	(%)	25.37%	23.08%	-2.29	21.83%	22.61%	0.78
Total Motorcycles & Three-Wheeler Revenues	(LE million)	221.82	217.18	-2.09%	380.49	530.25	39.36%
Total Motorcycle & Three-Wheeler Gross Profit	(LE million)	46.64	31.17	-33.17%	80.46	84.81	5.40%
Motorcycle & Three-Wheeler Gross Margin	(%)	21.03%	14.35%	-6.67	21.15%	15.99%	-5.15

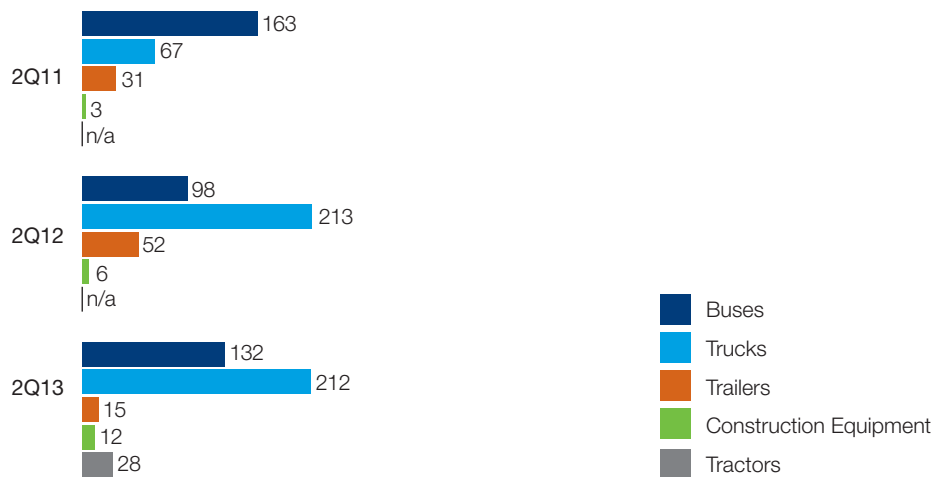
Commercial Vehicles & Construction Equipment Revenue Breakdown by Segment



Commercial Vehicles & Construction Equipment Line of Business

The Commercial Vehicles & Construction Equipment line of business offers a wide range of assembled-in-Egypt trucks and locally manufactured buses under exclusive agent and distributorship agreements with Mitsubishi and Volvo. GB Auto manufactures and distributes semi-trailers and superstructures (i.e., oil and chemical tankers as well as concrete mixers). This line of business also distributes Volvo construction equipment and YTO tractors in Egypt, exports trailers to Algeria and produces buses for domestic and export markets through GB Polo, a state-of-the-art facility in partnership with global leader Marcopolo and using Iveco chassis. Most recently, the company added Sino trucks to its product line-up in the Egyptian market.

Breakdown of Units Sold



- The Commercial Vehicles & Construction Equipment line of business performed reasonably well in the second quarter, reporting a modest increase in revenues and a doubling of its gross profit year-on-year. The increase comes in spite of sluggishness in the Egyptian economy, as a positive foreign exchange environment encourages sales and allows management to move historical inventory.
- GB Polo made significant progress on setting up export sales in the quarter, with the signature of a contract that will see it exporting more than 200 new-model buses in 2H13 to East Africa followed by guaranteed monthly sales in 2014 on the same contract.
- In the meantime, GB Polo's new family of products, which will include high-quality tourist coaches, intra-city and intercity buses, as well as mini-/mid- and micro-buses, is complete, and a number of regional distributorships have ordered sample units.

- The arrival in 2H13 of the four-ton bus chassis will allow the division to launch the 17-seater microbus later this year, giving the company an important offering in a key market segment and taking a further step to fully round-out its lineup in the CV&CE line of business.
- Management continues to seek additional representations for this line of business that will allow it to round out its product range and make full use of manufacturing capacity.

Table 3: Commercial Vehicles and Construction Equipment (CV&CE) Sales Activity

		2Q12	2Q13	% Change 2Q12 v 2Q13	1H12	1H13	% Change 1H12 v 1H13
Buses Sales Volume	(Units)	98	132	34.69%	198	232	17.17%
Trucks Sales Volume	(Units)	213	212	-0.47%	631	513	-18.70%
Tractors Sales Volume	(Units)	0	28	-	0	44	-
Trailer Sales Volume	(Units)	52	15	-71.15%	97	75	-22.68%
Construction Equipment Sales Volume	(Units)	6	12	100.00%	20	20	0.00%
Total Sales Volume	(Units)	369	399	8.13%	946	884	-6.55%
Sales Revenue	(LE million)	96.34	95.04	-1.34%	215.13	195.97	-8.91%
Gross Profit	(LE million)	2.19	9.28	323.31%	7.38	14.47	96.06%
<i>Gross Profit Margin</i>	(%)	2.28%	9.77%	7.49	3.43%	7.38%	3.95
After-Sales Revenue	(LE million)	13.25	15.62	17.91%	27.30	30.91	13.21%
After-Sales Gross Profit	(LE million)	2.29	2.87	25.48%	4.37	5.32	21.60%
<i>After-Sales Gross Profit Margin</i>	(%)	17.27%	18.38%	1.11	16.01%	17.20%	1.19
Total Commercial Vehicles & Construction Equipment Revenues	(LE million)	109.59	110.67	0.99%	242.44	226.88	-6.42%
Total Commercial Vehicles & Construction Equipment Gross Profit	(LE million)	4.48	12.16	171.22%	11.75	19.78	68.35%
Commercial Vehicles & Construction Equipment Gross Margin	(%)	4.09%	10.98%	6.89	4.85%	8.72%	3.87

Tires

GB Auto has agreements with a number of Original Equipment Manufacturers (OEMs) to distribute a wide variety of tires in five countries. In Egypt, the company distributes Lassa, Yokohama, Westlake and Diamond Back tires while it distributes Westlake and Diamond Back tires in Iraq. In Jordan, the company distributes Diamond Back tires; in Libya it distributes Triangle tires; and in Algeria it distributes Lassa, Rotalla and Grandstone tires.

- The Tires line of business reported its best second quarter ever in 2013, with a 66.9% year-on-year improvement in revenues to LE 110.5 million. This breaks down as 90% from domestic operations and 10% from regional operations, as the newly launched regional expansion gets off to a successful start.
- Going forward, management is confident that this line of business will continue to perform well, with increasingly important contributions to the company's top-line and profitability as the regional sales become more established.
- This division is particularly interesting as it comes with few fixed costs, unlike the company's other lines of business, and carries very low overheads. As a result, growth in the top line almost directly flows to the bottom line.

Table 4A: Total Tires Sales Activity

		2Q12	2Q13	% Change 2Q12 v 2Q13	1H12	1H13	% Change 1H12 v 1H13
Total Sales Revenues	(LE million)	66.19	110.49	66.93%	131.09	221.78	69.18%
Total Gross Profit	(LE million)	10.40	16.66	60.15%	19.88	33.39	67.91%
Gross Margin	(%)	15.72%	15.08%	-0.64	15.17%	15.05%	-0.11

Table 4B: Tires Sales Activity – Egypt

		2Q12	2Q13	% Change 2Q12 v 2Q13	1H12	1H13	% Change 1H12 v 1H13
Total Sales Revenues	(LE million)	61.52	99.44	61.63%	126.42	201.01	59.01%
Total Gross Profit	(LE million)	10.11	16.03	58.47%	19.59	32.06	63.64%
Gross Margin	(%)	16.44%	16.12%	-0.32	15.50%	15.95%	0.45

Table 4C: Tires Sales Activity – Regional

		2Q12	2Q13	% Change 2Q12 v 2Q13	1H12	1H13	% Change 1H12 v 1H13
Total Sales Revenues	(LE million)	4.67	11.06	136.67%	4.67	20.77	344.53%
Total Gross Profit	(LE million)	0.29	0.64	118.46%	0.29	1.33	355.52%
Gross Margin	(%)	6.23%	5.75%	-0.48	6.23%	6.38%	0.15

Financing Businesses

GB Capital is the Group's financial arm, encompassing three independent companies including GB Lease (commercial vehicles, corporate fleets and other asset classes), Mashroey (selling GB Auto's Bajaj-branded motorcycles and three-wheelers on credit terms to microfinance-eligible clients), and Drive (consumer finance for passenger cars and factoring).

- Despite a more-than doubling of revenues and a more-than 75% rise in gross profits, gross profit margins eased in line with expectations as a result of strong contributions from Drive, where margins are on par with GB Lease as opposed to Mashroey. Moreover, spreads at GB Lease and Mashroey contracted due to market conditions. That said, gross margin is still very strong compared to market norms.
- GB Lease, which finances GB Auto and other products for leading multinationals, large corporations, and SMEs, now ranks as among the top 10 leasing institutions in Egypt.
- Mashroey's network now stands at 55 branches nationwide and is diversifying beyond two- and three-wheelers (which now constitute c. 80% of its business) to include the sale of motor tricycles. The company has also now successfully introduced the sale of the GB Auto's YTO agricultural tractors.
- Drive has now completed phase one of its launch strategy, namely a sole focus on serving Hyundai and Geely passenger car sales out of GB Auto showrooms. With that complete ahead of schedule, the company is now expanding to GB Auto's independent dealer network while simultaneously covering retail client purchases of brands that are not exclusive to GB Auto.
- The three financing businesses report steady growth and robust credit policies specifically developed for each industry. Total asset quality is strong as a result of advanced credit approval, disbursement mechanisms, a strong collection framework and constant monitoring, all in line with international standards.

Table 5: Financing Businesses Activity

		2Q12	2Q13	% Change 2Q12 v 2Q13	1H12	1H13	% Change 1H12 v 1H13
Total Sales Revenues	(LE million)	52.99	108.94	105.59%	93.63	193.68	106.9%
Total Gross Profit	(LE million)	14.47	25.33	75.07%	25.99	53.55	106.0%
Gross Margin	(%)	27.30%	23.25%	-4.05	27.76%	27.65%	-0.11

* Please note that the contribution of both Drive and Mashroey to the total revenues figures for the Financing Businesses excludes intercompany accounts with passenger cars (for Drive) and two and three-wheelers (for Mashroey).

“ GB Auto improved its cash flow position in 2Q13 compared to the first quarter of the year, generating strong funds from operations of LE 393 million against an outflow of LE 467 million in 1Q13 as management focused on reducing inventories and receivables balances. ”

Financial Position and Working Capital Management

GB Auto's revenues and EBIT were up 9.2% and 17.4%, respectively, in 1H13 compared with the same period last year. These results were primarily supported by very strong first-quarter sales and operating profits, while the second quarter of the year saw weaker performance across the group's major business segments, particularly as regards the Iraqi passenger cars division as well as the Motorcycles and Three-Wheelers LOB.

Despite this, GB Auto improved its cash flow position in 2Q13 compared to the first quarter of the year, generating strong funds from operations of LE 393 million against an outflow of LE 467 million in 1Q13 as management focused on reducing inventories and receivables balances. We continue to carefully build our Verna CKD inventory (albeit at a slower rate as we reach our target volumes), while successfully reducing CBU levels as inventory days on hand (DOH) fell to the 3-month level from 100+ days.

On the other hand, we continue to improve our cash collection cycle, with trade receivables falling 22% to LE 752 million at the end of 2Q13 from c. LE 967 million at the end of 1Q13. We expect further improvement in our cycle by the end of third quarter as we see most of the Iraqi receivables collected. We further anticipate returning to our normal DOH ratios by the end of the year as inventory continues to reduce while receivables are more efficiently managed following the collection of Iraqi government liabilities.

While the cash flow situation improved in the past three months, we still acknowledge pressure on our balance sheet as we saw total debt continuing to rise, reaching LE 2.9 billion at the end of June 2013. This partially explains the 54% increase in interest expense during 1H13 compared to 1H12. Net Debt to Equity stood at 0.79x at the end of 1H13, while EBITDA interest coverage weakened slightly to 2.6x.

Management sees the increased pressure on profitability as temporary, as the business is now supporting new geographical markets and consumer-focused concepts, which resulted in a significant increase in salaries during 1H13 with no matching increase in revenues. This is, however, testimony to management's commitment to delivering long-term growth despite a currently-challenging business environment.

Overall, the first half of 2013 saw our business face significant challenges, especially with the weakening of the Egyptian pound. As we have explained in previous earnings newsletters, our strategy is to pass most of the resulting price increases to end-consumers in line with market and industry practices. Still, we absorbed c. LE 24 million in FX losses in 1H13 and expect the operating environment in our key markets to remain tricky in the short-term. The decisive diversification as our operations through the addition of Libya and Algeria, which will be contributing to revenues and cash flows starting 3Q13, will partially mitigate political concentration risk as well as currency risk.

“ GB Polo has signed a contract to export c. 700 buses to East Africa. ”

Latest Corporate Developments

1) GB Polo Signs Contract with General Motors East Africa

GB Polo has made significant progress in the quarter, having signed a contract with General Motors East Africa to export more than 200 buses in 2H13, with a steady monthly allotment of exports in the following period for an additional 500 units.

2) GB Academy Opens its Doors

The GB Academy is complete and instruction has begun at the purpose-built campus in Abu Rawash. Sixteen instructors are delivering training to the c. 5,000 corporate employees of GB Auto as well as the extensive network of authorized dealers in the Passenger Cars, Motorcycles and Three-Wheelers, Commercial Vehicles & Construction Equipment and Tires lines of business.

Training encompasses both manufacturing and blue-collar technical skills in our five lab areas as well as managerial, business and functional skills in our 14 traditional classroom settings. Along with a complete assessment center, we conduct trainings both in the field and remotely through classroom technology to our regional businesses. Regular Train the Trainer events are supported by partners such as Volvo, Bajaj, Hyundai and Centennial College.

The Academy will deliver up to 250 training days per year on campus as well as field training. It also provides facilitation for talent management and organizational development planning, as well as supporting 30 young Egyptians in a partnership with local technical schools to provide a comprehensive apprenticeship program along with our traditional apprenticeship program.

“ GB Auto’s strategy for the remainder of 2013 stands: We will be focused on ensuring the stability and profitability of Egyptian operations, and, simultaneously, we will nurture our new territories and brand representations in anticipation of an even more robust 2014. ”

Outlook

Challenges in the second quarter lead us to be cautious in our outlook for the remainder of the year as we consider the potential for continued domestic political unrest and economic turmoil in Egypt; the ongoing import of gray market vehicles into Iraq; and continued weakness in the Japanese yen against the US dollar at the same time as the Korean won holds its ground against the same currency.

Performance of the Passenger Cars line of business is likely to vary by region. We anticipate Egyptian sales being dampened by ongoing political upheavals and low consumer confidence, with CBU models being particularly impacted. Consumer appetite will likely continue to shift toward CKD models and lower-cost / smaller-engine-size CBU models. That said, Egyptian consumers have proven themselves to be remarkably resilient, and our long-term prospects are underpinned by a low motorization index and the prospect of significant growth.

In Iraq, demand for Hyundai vehicles is strong. We see unit sales returning to 4Q12 volumes in the short-term but at current margins, which represent the ‘new normal’ for this segment of the business. Early data from our newly-launched Libyan and Algerian distributorships suggest that our first quarter of commercial operations in these markets will yield positive results.

The impact of customs duties and devaluation on three-wheelers has, for the most part, been absorbed, and we see reason to believe that the Motorcycles & Three-Wheelers line of business will have a strong second half. Unit sales of three-wheelers, in particular, is starting to pick up following the dip caused by the doubling of customs duties, while motorcycle sales remain very strong. On the other hand, continued cost consciousness on the parts of consumers and corporations, as well as an ongoing lack of economic clarity, will continue to put pressure on the Commercial Vehicles & Construction Equipment line of business.

Tires and the Financing Businesses are expected to continue on their trajectory of strong growth and positive contributions to group gross profit, although we note that margins in the Financing Businesses segment will be diluted by new contributions from Drive (our consumer financing arm), which like GB Lease is a higher-volume, lower-margin business, as opposed to Mashroey which by the nature of its operations allows it to command higher margins.

Meanwhile, our newly expanded After-Sales division makes a very important contribution to the bottom line that is far out of proportion to its top-line value, accounting for c. 5% of revenues but 14% of gross profits in the first half of the year. Ongoing investments in staff and systems will see this grow.

GB Auto’s strategy for the remainder of 2013 stands: We will be focused on ensuring the stability and profitability of Egyptian operations, and, simultaneously, we will nurture our new territories and brand representations in anticipation of an even more robust 2014.

Finally, we note that our forecasts for the year do not include allowances for exogenous shocks that may have an impact on market sentiment. At present, these shocks are largely of a political nature, but extend to the potential for shocks related to economic policy swings.

Financial Statements

Income Statement

(LE million)	Three Months Ended			Six Months Ended		
	2Q12	2Q13	% Change	1H12	1H13	% Change
Passenger Cars Revenues	1,726.2	1,616.7	-6.4%	3,040.5	3,070.1	1.0%
Motorcycles & Three-Wheelers Revenues	221.8	217.2	-2.1%	380.5	530.3	39.4%
Commercial Vehicles & Construction Equipment Revenues	109.6	110.7	1.0%	242.4	226.9	-6.4%
Tires Revenues	66.2	110.5	66.9%	131.1	221.8	69.2%
Financing Businesses Revenues	53.0	108.9	105.6%	93.6	193.7	106.9%
Transport Revenues	1.1	3.8	256.0%	2.1	7.0	231.2%
Total Sales Revenues	2,177.8	2,167.7	-0.5%	3,890.2	4,249.7	9.2%
Total Gross Profit	259.6	260.0	0.2%	446.0	577.9	29.6%
Gross Profit Margin	11.9%	12.0%	0.1	11.5%	13.6%	2.1
Selling and Marketing	-62.0	-93.1	50.2%	-119.9	-185.0	54.2%
Administration Expenses	-47.1	-53.9	14.6%	-87.3	-100.5	15.1%
Other Operating Income (Expenses)	7.9	8.8	11.6%	13.8	17.0	23.1%
Operating Profit	158.5	121.8	-23.1%	252.6	309.4	22.5%
Operating Profit Margin (%)	7.3%	5.6%	-1.7	6.5%	7.3%	0.8
Net Provisions and Non-Operating	6.7	3.1	-54.2%	5.0	-7.1	-242.2%
EBIT	165.2	124.9	-24.4%	257.6	302.3	17.4%
<i>EBIT Margin (%)</i>	<i>7.6%</i>	<i>5.8%</i>	<i>-1.8</i>	<i>6.6%</i>	<i>7.1%</i>	<i>0.5</i>
Foreign Exchange Gains (Losses)	-21.5	-4.3	-79.8%	-33.0	-23.9	-27.7%
Net Finance Cost	-63.2	-89.3	41.3%	-119.2	-167.6	40.6%
Earnings Before Tax	80.5	31.2	-61.2%	105.4	110.9	5.2%
Income Taxes	-6.6	-0.1	-99.0%	-12.9	-12.1	-6.2%
Net Profit Before Minority Interest	73.9	31.2	-57.8%	92.5	98.8	6.8%
Minority Interest	-15.6	-15.1	-3.3%	-16.0	-35.3	121.2%
Net Income	58.3	16.1	-72.4%	76.5	63.4	-17.1%
<i>Net Profit Margin (%)</i>	<i>2.7%</i>	<i>0.7%</i>	<i>-1.9</i>	<i>2.0%</i>	<i>1.5%</i>	<i>-0.5</i>

Balance Sheet

(LE million)	As OF		
	31-Dec-12	30-Jun-13	% Change
Cash	1,264.7	990.9	-21.7%
Net Accounts Receivable	781.5	954.0	22.1%
Inventory	1,752.3	2,221.6	26.8%
Assets Held For Sale	330.0	323.8	-1.9%
Other Current Assets	463.5	542.5	17.0%
Total Current Assets	4,592.0	5,032.8	9.6%
Net Fixed Assets	1,439.1	1,510.2	4.9%
Goodwill and Intangible Assets	269.1	279.1	3.7%
Lessor Assets	282.0	338.0	19.9%
Investment Property	3.1	3.1	0.0%
Other Long-Term Assets	61.2	276.1	350.8%
Total Long-Term Assets	2,054.5	2,406.5	17.1%
Total Assets	6,646.5	7,439.3	11.9%
Short-Term Notes and Debt	2,007.0	2,581.1	28.6%
Accounts Payable	1,267.4	1,682.4	32.7%
Other Current Liabilities	77.1	113.1	46.7%
Total Current Liabilities	3,351.5	4,376.6	30.6%
Long-Term Notes and Debt	510.7	361.6	-29.2%
Other Long-Term Liabilities	253.6	238.4	-6.0%
Total Long-Term Liabilities	764.3	600.0	-21.5%
Minority Interest	424.5	446.4	5.2%
Common Stock	131.2	131.2	0.0%
Shares Held With the Group	-3.3	-3.3	0.0%
Legal Reserve	225.5	253.8	12.6%
Other Reserves	1,052.1	1,092.6	3.9%
Retained Earnings (Losses)	700.8	542.0	-22.7%
Total Shareholder's Equity	2,106.3	2,016.3	-4.3%
Total Liabilities and Shareholder's Equity	6,646.5	7,439.3	11.9%

Head Office

Cairo-Alex Desert Road, Km 28
Industrial Zone
Abu Rawash, Giza, Egypt

Investor Relations

Menatalla Sadek, CFA
Corporate Finance and Investments
Director

Hoda Yehia
Investor Relations Manager

Rania El Shenoufy
Investor Relations Analyst

Direct: +202 3910 0485
Tel: +202 3539 1201
Fax: +202 3539 0139
e-mail: ir@ghabbour.com

ir.ghabbourauto.com

Shareholder Information

Reuters Code: AUTO.CA
Bloomberg Code: AUTO.EY

Number of Shares Outstanding:
128,892,900

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, Great Wall, Iveco, Volvo, Mitsubishi Fuso, Sino, YTO, Lassa, Yokohama, Westlake, Rotalla, Triangle, Grandstone and Diamond Back. 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

Forward-Looking Statements

This document may contain certain "forward-looking statements" relating to the Company's business. These may be identified in part through the use of forward-looking terminology such as "will," "planned," "expectations" and "forecast" as well as similar explanations or qualifiers and by discussions of strategy, plans or intentions. These statements may include descriptions of investments planned or currently under consideration or development by the Company and the anticipated impact of these investments. Any such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance, decisions or achievements of the Company to be materially different from any future results that may be expressed or implied by such forward-looking statements.