

## GB Auto Reports 1Q14 Results

*Leading automotive player reports strong start to 2014 with improved top and bottom lines; strong operational results cushion ban on import of motorcycles and three-wheelers*

*“ We have been saying since 2011 that GB Auto was positioning itself to capitalize on the inevitable market up-turn; that up-turn may well now be in the offing. ”*

8 May 2014 — (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 1Q14, reporting revenues of LE 2,667.7 million, up 28.1% year-on-year; net profit margin stood at 1.8% in the quarter.

“Strong growth in key lines of business minimized the impact on our bottom line of a ban in Egypt on new imports of motorcycles and three-wheelers. I am very pleased to report a stable bottom line despite a reduction in higher-margin revenues as a result of the ban,” said GB Auto Chief Executive Officer Dr. Raouf Ghabbour. “Moreover, SG&A spending as a proportion of revenues is down 0.5% compared to the same period of last year, despite heavy investment on this front to support our expansion to new geographies and new lines of business.”

The Passenger Cars division reported a 39.1% increase in revenues to LE 2,021.2 million in 1Q14, as Hyundai, Geely and Mazda all grew sales in the Egyptian market. The division also began booking sales in Libya, the first quarter in which operations there are reflected in the group’s P&L.

As anticipated, the Motorcycles & Three-Wheelers LOB had a challenging quarter, with revenues down 20.4% y-o-y on reduced sales due to the import ban. The Commercial Vehicles & Construction Equipment LOB, meanwhile, grew revenues a strong 56.1% y-o-y to LE 181.4 million while doubling gross profit margin, as it continues on its path to full recovery.

The Tires line of business reported mixed results for 1Q14. In Egypt, market factors including over-supply and lackluster demand led to a 30.9% decrease in sales revenues for the division, while regional sales more than doubled to LE 21.4 million. Overall, the segment reported a 17.7% decrease in revenues to LE 91.6 million in 1Q14, with signs pointing to a potential resumption of growth in 2Q14.

The Financing Businesses report continued growth, with revenues up 44.2%. Management is particularly optimistic about consumer finance arm Drive, which has grown sales six-fold from 1Q13 and anticipates a further boost from GB Auto’s Pre-Owned Vehicles line, which launched late in 1Q14.

GB Auto’s Other lines of business — which includes the new Lubricants, Retail, Pre-Owned Vehicles and Transportation activities — reported revenues of LE 1.4 million in the quarter.

Total SG&A expenses rose 18.5% year-on-year to LE 164.1 million on overhead costs associated with the launch of new businesses, and salary increases implemented to keep pace with inflation. Notably, the 28.1% increase in sales revenues far outpaced SG&A growth in the period, which is down 50 basis points compared to the same period of last year on continued and ongoing efforts at cost control.

Meanwhile, GB Auto is currently exploring options as regards access to finance to support new investments, whether through raising equity, debt or both.

“I’m confident that our 1Q14 performance is going to prove to be sustainable for the remainder of the year,” Ghabbour concluded. “Consumer sentiment is picking up in Egypt, and we will continue to pursue market share in Iraq. We have been saying since 2011 that GB Auto was positioning itself to capitalize on the inevitable market up-turn; that upturn may well now be in the offing.”

Highlights of GB Auto’s 1Q14 results follow, along with management’s analysis of the company’s performance. Complete financials are available for download on [ir.ghabbourauto.com](http://ir.ghabbourauto.com).

## Financial Statements

### Income Statement

(LE million)	Three Months Ended		
	1Q13	1Q14	% Change
Passenger Cars Revenues	1,453.4	2,021.2	39.1%
Motorcycles & Three-Wheelers Revenues	313.1	249.3	-20.4%
Commercial Vehicles & Construction Equipment Revenues	116.2	181.4	56.1%
Tires Revenues	111.3	91.6	-17.7%
Financing Businesses Revenues	85.2	122.8	44.2%
Other Revenues	2.8	1.4	-49.3%
<b>Total Sales Revenues</b>	<b>2,081.9</b>	<b>2,667.7</b>	<b>28.1%</b>
<b>Total Gross Profit</b>	<b>317.9</b>	<b>361.5</b>	<b>13.7%</b>
<i>Gross Profit Margin</i>	<i>15.3%</i>	<i>13.6%</i>	<i>-1.7</i>
Selling and Marketing	-91.9	-102.3	11.4%
Administration Expenses	-46.6	-61.8	32.7%
Other Operating Income (Expenses)	8.2	9.1	11.0%
<b>Operating Profit</b>	<b>187.6</b>	<b>206.4</b>	<b>10.1%</b>
<i>Operating Profit Margin (%)</i>	<i>9.0%</i>	<i>7.7%</i>	<i>-1.3</i>
Net Provisions and Non-Operating	-10.2	-10.4	1.9%
<b>EBIT</b>	<b>177.4</b>	<b>196.1</b>	<b>10.5%</b>
<i>EBIT Margin (%)</i>	<i>8.5%</i>	<i>7.4%</i>	<i>-1.1</i>
Foreign Exchange Gains (Losses)	-19.5	-17.9	-8.4%
Net Finance Cost	-78.2	-89.5	14.4%
<b>Earnings Before Tax</b>	<b>79.6</b>	<b>88.7</b>	<b>11.3%</b>
Income Taxes	-12.0	-17.2	42.4%
Net Profit Before Minority Interest	67.6	71.5	5.8%
Minority Interest	-20.3	-23.5	16.0%
<b>Net Income</b>	<b>47.3</b>	<b>48.0</b>	<b>1.4%</b>
<i>Net Profit Margin (%)</i>	<i>2.3%</i>	<i>1.8%</i>	<i>-0.5</i>



GHABBOUR AUTO

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#### 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, YTO, Karry, SDLG, Aksa, Lassa, Yokohama, Goodyear, Westlake, Triangle, Grandstone, Diamond Back, 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](http://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.