

## GB Auto Reports 4Q and FY13 Results

*Strong quarter-on-quarter recovery offsets a weak 3Q13; GB Auto announces important additions to its portfolio of brands and business lines that will come online in 2014*

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4 March 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 4Q13, reporting net income of LE 45.1 million on revenues of LE 2,818.9 million, representing a sustained sales performance in the c. LE 1 billion range monthly during the quarter.

On a full-year basis, revenues rose 10.1% to LE 9,126.7 million, while net income was LE 116.0 million, down 46.7% from the previous year on the back of expected SG&A outlays, higher financing costs market dislocations and regulatory decisions related to current affairs in the company's key markets of Egypt and Iraq. Higher SG&A spending was associated with the expansion of the company's product lineup, business expansions and the launch of operations in new territories; the same factors alongside a planned buildup in inventory spurred growth in financing costs.

The company also disclosed today that it has entered into an exclusive agreement to distribute Goodyear passenger car, light truck and truck tires in Algeria, where GB Auto is already the exclusive distributor of Geely passenger cars as well as Lassa and Grandstone tires.

“A strong financial performance in the fourth quarter, which partially compensated for turbulence experienced market-wide, especially in the second and third quarters of the year, underscores the fact that we have the management depth to both manage the present business and lay the foundation for sustainable growth in the years ahead,” said GB Auto Chief Executive Officer Dr. Raouf Ghabbour.

“The Goodyear representation is our fourth new business announcement this year, following news of a strategic alliance with Gazprom Neft-Lubricants and the upcoming launch in Egypt of both a Pre-Owned Passenger Cars function and the roll-out of the company's Retail concept. We are entirely committed to continuing to diversify by line of business, product and geography to create even more capable buffers against market turbulence,” Ghabbour noted.

“This strategy has served GB Auto well since 2008, when we began this program of diversification to guard against any potential development that would impact one of our lines of business, and it will help us dampen this year any adverse impact from the regulatory decision to temporarily halt imports of motorcycles and three-wheelers in Egypt,” he said.

All four new operations — Goodyear in Algeria as well as lubricants, retail and used automobiles in Egypt — will come online and begin contributing to revenues in 2014 / 2015.

Meanwhile, management believes a recent decision by the Government of Egypt to impose a temporary one-year ban on imports of motorcycles and three-wheelers and a three-month moratorium on the import of components will have a minimal impact on profitability in the current fiscal year.

“The year 2013 saw substantial investment in our regional expansion program and new business lines, despite which GB Auto has maintained bottom-line profitability in what I can without hesitation call the most challenging year through which I have managed a business,” Ghabbour continued. “I am confident that our capacity to continue to deliver profitability while investing in tomorrow's growth will pay off going forward as these new operations begin contributing to the top line; as new product introductions and new export markets herald a recovery in

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our Commercial Vehicles division; as Algeria and Libya begin delivering statistically significant contributions to our top and bottom lines; as we roll out our Retail, Lubricants and Pre-Owned Cars businesses in Egypt; and as Drive, our consumer finance arm, continues to grow to take its rightful place alongside our other Financing Businesses,” said Ghabbour.

GB Auto’s core Passenger Cars business generated FY13 revenues of LE 6,536.9 million (split as 56.7% Egypt and 43.4% Iraq), up just 7.7% y-o-y on the back of the 30 June Revolution and subsequent curfew in Egypt as well as logistics and political dislocations and adverse regulatory decisions in Iraq. Meanwhile, Motorcycles and Three-Wheeler sales grew just 1.7% from 2012 levels on the back of a doubling in customs duties and logistical challenges in the run-up to and following 30 June.

Commercial Vehicles & Construction Equipment revenues inched up 3.3%, while the Tires line of business, which substantially grew its regional footprint in 2013, surged 34.6% on the top line.

Combined After-Sales operations from the Passenger Car, Motorcycle & Three-Wheeler and Commercial Vehicles and Construction Equipment divisions contributed 4.7% of FY13 sales (up from 4.2% the previous year) and 11.5% of gross profit (up from 9.6% in FY12).

The Financing Businesses continue to be a star performer, as all three companies — GB Lease, Mashroey and Drive — reported increased revenues in the year. Overall, the Financing Businesses saw a 91.3% increase in revenues year-on-year to LE 476.3 million.

Meanwhile, total Sales, Marketing and Administration expenses as a percentage of sales rose just 0.9 percentage points to 6.5% of total revenues despite sustained investment in new expansion markets and business lines that have yet to generate substantial revenues, including Libya, Algeria, Lubricants, Retail and Pre-Owned Automobiles.

“The past three years have been incredibly challenging,” concluded Ghabbour. “While we expect to see the green shoots of a recovery in 2014, we will not falter in the face of any temporary obstacles. As we have since 2011, we will invest in our future where others hesitate. Proven people, robust systems and an outstanding portfolio will enable us to run forward where others lurch from crisis to crisis.”

Highlights of GB Auto’s 4Q13 and FY13 results, along with management’s analysis of the company’s performance and complete financials, are available for download on [ir.ghabbourauto.com](http://ir.ghabbourauto.com).

## Financial Statements

### Income Statement

(LE million)	Three Months Ended			Year Ended		
	4Q12	4Q13	% Change	FY12	FY13	% Change
Passenger Cars Revenues	1,655.8	2,033.8	22.8%	6,072.3	6,536.9	7.7%
Motorcycles & Three-Wheelers Revenues	432.2	412.7	-4.5%	1,209.0	1,229.0	1.7%
Commercial Vehicles & Construction Equipment Revenues	108.1	128.4	18.8%	465.8	481.0	3.3%
Tires Revenues	77.1	91.8	19.1%	290.1	390.4	34.6%
Financing Businesses Revenues	80.1	150.8	88.1%	249.0	476.3	91.3%
Transport Revenues	0.8	1.3	59.0%	4.0	13.2	230.1%
<b>Total Sales Revenues</b>	<b>2,354.2</b>	<b>2,818.9</b>	<b>19.7%</b>	<b>8,290.1</b>	<b>9,126.7</b>	<b>10.1%</b>
<b>Total Gross Profit</b>	<b>353.4</b>	<b>347.5</b>	<b>-1.7%</b>	<b>1,070.0</b>	<b>1,170.3</b>	<b>9.4%</b>
<i>Gross Profit Margin</i>	<i>15.01%</i>	<i>12.33%</i>	<i>-2.7</i>	<i>12.9%</i>	<i>12.8%</i>	<i>-0.1</i>
Selling and Marketing	-93.9	-108.4	15.5%	-286.9	-373.8	30.3%
Administration Expenses	-45.7	-63.4	38.8%	-178.5	-219.6	23.0%
Other Operating Income (Expenses)	7.8	7.0	-9.9%	27.7	30.0	8.3%
<b>Operating Profit</b>	<b>221.6</b>	<b>182.6</b>	<b>-17.6%</b>	<b>632.3</b>	<b>606.9</b>	<b>-4.02%</b>
<i>Operating Profit Margin (%)</i>	<i>9.4%</i>	<i>6.5%</i>	<i>-2.9</i>	<i>7.6%</i>	<i>6.6%</i>	<i>-1.0</i>
Net Provisions and Non-Operating	-16.4	-7.0	-57.3%	-17.3	-20.4	17.6%
<b>EBIT</b>	<b>205.2</b>	<b>175.6</b>	<b>-14.4%</b>	<b>615.0</b>	<b>586.5</b>	<b>-4.6%</b>
<i>EBIT Margin (%)</i>	<i>8.7%</i>	<i>6.2%</i>	<i>-2.5</i>	<i>7.4%</i>	<i>6.4%</i>	<i>-1.0</i>
Foreign Exchange Gains (Losses)	-19.4	3.7	-118.8%	-46.1	-17.1	-62.9%
Net Finance Cost	-68.7	-98.1	42.7%	-254.1	-355.2	39.8%
<b>Earnings Before Tax</b>	<b>117.0</b>	<b>81.2</b>	<b>-30.6%</b>	<b>314.8</b>	<b>214.2</b>	<b>-32.0%</b>
Income Taxes	-17.2	-15.9	-7.5%	-38.9	-29.8	-23.3%
Net Profit Before Minority Interest	99.9	65.3	-34.6%	275.9	184.4	-33.2%
Minority Interest	-24.0	-20.2	-15.6%	-58.1	-68.4	17.6%
<b>Net Income</b>	<b>75.9</b>	<b>45.1</b>	<b>-40.6%</b>	<b>217.8</b>	<b>116.0</b>	<b>-46.7%</b>
<i>Net Profit Margin (%)</i>	<i>3.2%</i>	<i>1.6%</i>	<i>-1.6</i>	<i>2.6%</i>	<i>1.3%</i>	<i>-1.4</i>



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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, Lassa, Yokohama, Goodyear, Westlake, 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](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.