

GB Auto Reports 4Q & FY14 Results

Leading automotive retailer reports solid top- and bottom-line growth at all five primary lines of business; strong outlook for 2015

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1 March 2015 — (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 4Q14, reporting revenues of LE 3,491.5 million, an increase of 23.9% year-on-year. Net profits dropped 28.9% y-o-y to LE 32.1 million on the back of FX losses and higher tax rates, with net margins coming in at 0.9%.

On a full year basis, revenues rose 35.0% over 2013 reaching LE 12.3 billion; net profits rose 50.0% to LE 174.0 million, with net profit margin steady at 1.4%.

“I am both very pleased with our 2014 performance and bullish on sales prospects going forward. This holds not just in our home market of Egypt, but also in new export markets we have entered via GB Polo and those we will target in the medium and long term via our startup motorcycle, three-wheeler and tires manufacturing operations. These new manufacturing plants will be funded in part via our ongoing capital increase and will mark an important inflection point in our ongoing strategy to diversify by both product line and geography,” said GB Auto Chief Executive Officer Dr. Raouf Ghabbour.

“That said, I must sound a note of caution not just for GB Auto, but for every Egyptian company that manufactures or assembles automotive vehicles in this country. The exceptional advantage given to offshore assemblers under the European, Turkish and Moroccan partnership agreements is placing the entire domestic industry under tremendous, unprecedented pressure — and threatens hundreds of thousands of skilled manufacturing jobs in our sector and feeder industries alike. I am confident the government will hear our calls for action to protect jobs at home while simultaneously being fair to our trade partners.”

The Passenger Cars division saw a 13.3% y-o-y increase in revenues in 4Q14 to LE 2,303.6 million, as both sales and after-sales reported solid performances in the quarter. Meanwhile, the Motorcycles & Three-Wheelers line of business continued to benefit from the lifting of the ban on imports of components for two and three-wheelers as well as strong market demand, posting a 32.5% y-o-y increase in revenues in 4Q14 to LE 546.7 million.

The Commercial Vehicles & Construction Equipment LOB continued its turnaround in 4Q14, as it benefits from ongoing spending on Egypt's infrastructure, reporting a 91.7% y-o-y increase in unit sales and 106.7% growth in revenues to LE 265.5 million. The Tires line of business reported 16.6% year-on-year revenue growth in 4Q14 as it once again registered a solid performance in regional operations and experienced steady growth in domestic activities. The Financing Businesses performed very well overall, with a 67.0% increase in revenues to LE 257.2 million in 4Q14.

GB Auto's Others line of business reported revenues of LE 11.6 million in 4Q14, benefitting from the full integration of the Pre-Owned Vehicles line in GB Auto-owned points of sale, the continued roll-out of Lubricants sales and continued preparations for the launch of Retail operations in 2015.

In keeping with management's focus on cost controls, SG&A expenses once again dropped as a percentage of revenue, a key management goal for 2014. That said, the company's strong operational performance in the quarter was offset by an LE 65.7 million loss on foreign exchange expenses, as compared to an LE 3.7 million FX gain in 4Q13. The impact of this taken together with a two-fold increase in GB Auto's tax liability led to lackluster bottom-line results.

Highlights of GB Auto's 4Q and FY14 results follow, along with management's analysis of the company's performance. Complete financials are available for download on ir.ghabbourauto.com.

Financial Statements

Income Statement

(LE million)	Three Months Ended			Year Ended		
	4Q13	4Q14	% Change	FY13	FY14	% Change
Passenger Cars Revenues	2,033.8	2,303.6	13.3%	6,536.9	8,909.9	36.3%
Motorcycles & Three-Wheelers Revenues	412.7	546.7	32.5%	1,229.0	1,334.0	8.5%
Commercial Vehicles & Construction Equipment Revenues	128.4	265.5	106.7%	481.0	912.9	89.8%
Tires Revenues	91.8	107.0	16.6%	390.4	415.2	6.4%
Financing Businesses Revenues	154.0	257.2	67.0%	485.1	722.7	49.0%
Other Revenues	-2.0	11.6	-	4.4	27.4	-
Total Sales Revenues	2,818.9	3,491.5	23.9%	9,126.7	12,322.1	35.0%
Total Gross Profit	347.5	413.5	19.0%	1,170.3	1,581.7	35.2%
<i>Gross Profit Margin</i>	<i>12.3%</i>	<i>11.8%</i>	<i>-0.5</i>	<i>12.8%</i>	<i>12.8%</i>	<i>0.0</i>
Selling and Marketing	-108.4	-117.1	8.0%	-373.8	-439.6	17.6%
Administration Expenses	-63.4	-73.4	15.7%	-219.6	-272.6	24.1%
Other Operating Income (Expenses)	7.0	26.7	279.1%	30.0	55.7	85.6%
Operating Profit	182.6	249.6	36.7%	606.9	925.2	52.5%
<i>Operating Profit Margin (%)</i>	<i>6.5%</i>	<i>7.1%</i>	<i>0.7</i>	<i>6.6%</i>	<i>7.5%</i>	<i>0.9</i>
Net Provisions and Non-Operating	-7.0	-14.2	102.5%	-20.4	-67.8	232.4%
EBIT	175.6	235.4	34.0%	586.5	857.4	46.2%
<i>EBIT Margin (%)</i>	<i>6.2%</i>	<i>6.7%</i>	<i>0.5</i>	<i>6.4%</i>	<i>7.0%</i>	<i>0.5</i>
Foreign Exchange Gains (Losses)	3.7	-65.7	-	-17.1	-157.1	-
Net Finance Cost	-98.1	-99.5	1.4%	-355.2	-374.4	5.4%
Earnings Before Tax	81.2	70.2	-13.5%	214.2	325.9	52.2%
Income Taxes	-15.9	-41.6	161.8%	-29.8	-90.2	202.8%
Net Profit Before Minority Interest	65.3	28.6	-56.2%	184.4	235.7	27.8%
Minority Interest	-20.2	3.4	-116.9%	-68.4	-61.7	-9.8%
Net Income	45.1	32.1	-28.9%	116.0	174.0	50.0%
<i>Net Profit Margin (%)</i>	<i>1.6%</i>	<i>0.9%</i>	<i>-0.7</i>	<i>1.3%</i>	<i>1.4%</i>	<i>0.1</i>

Head Office

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

Investor Relations

Menatalla Sadek, CFA
Chief Investment Officer

Hoda Yehia
AVP - Corporate Finance

Rania El Shenoufy
Investor Relations Manager

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

Shares Outstanding: 135,337,545

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 Emgrand, Bajaj, Marcopolo, Iveco, Volvo Truck & Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Aksa, Lassa, Yokohama, Goodyear, Westlake, Triangle, Grandstone, Diamond Back, Double Coin, Jumbo, 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

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.