

GB Auto Reports 3Q14 Results

Leading automotive company reports nearly 50% rise in revenues, 7-fold increase in net profits on solid results from all lines of business and effective cost control

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10 November 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 3Q14, reporting revenues of LE 3,081.3 million, up 49.7% year-on-year. Net profits rose more than seven-fold y-o-y to LE 54.0 million, with net margins climbing 1.4 percentage points to 1.8%.

In the first nine months of 2014, revenues rose 40.0% compared to the same period of last year to LE 8,830.5 million; net profits doubled to LE 141.9 million, with net profit margin increasing to 1.6%.

“As we noted last quarter, the Egyptian market is well on its way to recovery. GB Auto has recorded another quarter of excellent sales figures across the board, and our Passenger Cars line of business has posted its strongest third-quarter and nine-months sales performance in five years, following a similar feat in the second quarter of this year,” said GB Auto Chief Executive Officer Dr. Raouf Ghabbour. “Egypt has weathered the storm of the past few years and is poised for a breakthrough in 2015.

“I am particularly pleased to report that our sales in the Iraqi market have increased in both the third quarter and year-to-date, despite the challenging situation on the ground,” Ghabbour added. “Of equal significance, it now appears we may be entering a multi-year period of growth for our Egyptian Commercial Vehicles & Construction Equipment line of business on the back of stimulus spending and the release of pent-up demand as a result of broader-based economic growth. We expect, moreover, that spending by clients in the tourism industry may pick up in 2015.”

Overall, the Passenger Cars division saw a 59.6% y-o-y increase in revenues in 3Q14 to reach LE 2,286.7 million. The Motorcycles & Three-Wheelers line of business continues to normalize following the May expiration of the ban on the import of components for three-wheelers and motorcycles, but residual effects of the moratorium lingered into the third quarter as assembly operations ramped-up to full operations beginning in September. The division posted a 7.6% y-o-y increase in unit sales in 3Q14 and a 32.6% y-o-y increase in gross profits; management expects performance in the coming period to improve significantly. The Commercial Vehicles & Construction Equipment LOB, meanwhile, performed well on the back of increased spending on Egypt’s infrastructure, reporting a 147.1% increase in unit sales and 69.3% growth in revenues to LE 212.7 million.

The Tires line of business reported 30.0% year-on-year revenue growth in 3Q14 as it registered a solid performance in regional operations and experienced a rebound in domestic sales activities. The Financing Businesses performed very well overall, with a 38.1% increase in revenues to LE 186.8 million in 3Q14.

GB Auto’s Others line of business continued taking positive steps in 3Q14, as the company delivered first sales for Lubricants, achieved full integration of the Pre-Owned Vehicles line in GB Auto-owned points of sale, and continued preparations for launch of Retail operations in 2015.

SG&A expenses once again dropped as a percentage of revenue, a key management goal for 2014.

“Over the years, GB Auto has crossed borders and added new product lines to become the multinational, market-leading company it is today,” Ghabbour concluded. “Operating in the Middle East and North Africa presents a unique set of challenges and opportunities, and we’ve spent years readying ourselves for the many doors that are beginning to open.”

Highlights of GB Auto’s 3Q and 9M14 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			Nine Months Ended		
	3Q13	3Q14	% Change	9M13	9M14	% Change
Passenger Cars Revenues	1,433.0	2,286.7	59.6%	4,503.0	6,606.3	46.7%
Motorcycles & Three-Wheelers Revenues	286.0	284.9	-0.4%	816.2	787.3	-3.5%
Commercial Vehicles & Construction Equipment Revenues	125.7	212.7	69.3%	352.6	647.4	83.6%
Tires Revenues	76.8	99.8	30.0%	298.6	308.2	3.2%
Financing Businesses Revenues	135.2	186.8	38.1%	331.1	465.5	40.6%
Other Revenues	1.5	10.4	590.9%	6.4	15.8	147.7%
Total Sales Revenues	2,058.2	3,081.3	49.7%	6,307.9	8,830.5	40.0%
Total Gross Profit	244.9	408.6	66.8%	822.8	1,168.2	42.0%
<i>Gross Profit Margin</i>	<i>11.9%</i>	<i>13.3%</i>	<i>1.4</i>	<i>13.0%</i>	<i>13.2%</i>	<i>0.2</i>
Selling and Marketing	-80.4	-108.5	34.9%	-265.4	-322.5	21.5%
Administration Expenses	-55.6	-75.4	35.4%	-156.2	-199.1	27.5%
Other Operating Income (Expenses)	6.0	9.4	57.7%	23.0	29.0	26.4%
Operating Profit	114.9	234.2	103.9%	424.3	675.6	59.2%
<i>Operating Profit Margin (%)</i>	<i>5.6%</i>	<i>7.6%</i>	<i>2.0</i>	<i>6.7%</i>	<i>7.7%</i>	<i>0.9</i>
Net Provisions and Non-Operating	-6.3	-25.8	-	-13.4	-53.6	-
EBIT	108.6	208.4	92.0%	410.9	622.0	51.4%
<i>EBIT Margin (%)</i>	<i>5.3%</i>	<i>6.8%</i>	<i>1.5</i>	<i>6.5%</i>	<i>7.0%</i>	<i>0.5</i>
Foreign Exchange Gains (Losses)	3.1	-22.7	-	-20.7	-91.4	-
Net Finance Cost	-89.6	-96.8	8.0%	-257.2	-274.9	6.9%
Earnings Before Tax	22.1	88.9	302.4%	132.9	255.7	92.3%
Income Taxes	-1.8	-16.9	-	-13.9	-48.6	249.6%
Net Profit Before Minority Interest	20.3	71.9	254.4%	119.0	207.1	73.9%
Minority Interest	-12.8	-17.9	39.6%	-48.1	-65.1	35.3%
Net Income	7.5	54.0	623.1%	70.9	141.9	100.2%
<i>Net Profit Margin (%)</i>	<i>0.4%</i>	<i>1.8%</i>	<i>1.4</i>	<i>1.1%</i>	<i>1.6%</i>	<i>0.5</i>



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Shareholder Information

Reuters Code: AUTO.CA
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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, 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

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.