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## GB Auto Reports 1Q17 Results

*Automotive leader reports solid gross profit growth in 1Q17 as non-auto lines of business pick up steam*

11 May 2017 — (Cairo, Egypt) GB Auto (AUTO.CA on the Egyptian Exchange), a leading automotive company in the Middle East and North Africa and non-bank financial services provider in Egypt, announced today its consolidated results for the first quarter of 2017. Group revenues were maintained y-o-y in 1Q17 despite the challenging operating environment and thanks to strong revenue growth across most of GB Auto's non-auto business lines.

The first quarter saw GB Auto's revenues gain 1.3% y-o-y to LE 2,963.2 million compared to LE 2,924.6 million in the same quarter last year. While gross profit saw an increase of 13.0% to LE 500.1 million, the company reported a net loss of LE 154.5 million compared to a net profit of LE 28.6 million last year. The loss is a result of foreign exchange losses of LE 104.5 million compared to LE 61.1 million last year and higher finance costs of LE 277.8 million (compared to LE 121.5 million in 1Q16).

Importantly, 1Q17 revenues and sales volumes reflect a partial recovery in sales in the month of March, following a slowdown in the first two months of the year due to the ripple effects of the float of the Egyptian pound on 3 November 2016 and the market still adjusting to higher vehicle prices. While the quarter's overall sales volumes were lower, the company believes it is now on the road to recovery and sees full recovery happening gradually in the next 6-12 months.

“There's no denying that the market was paralyzed during January and February, but as the Egyptian pound found its footing, March gave us a sign that consumers might be willing to adjust to new price levels,” said GB Auto Chief Executive Officer Raouf Ghabbour. “A targeted round of promotions during the month saw volumes pick up to c.50% of what they've been historically — a huge lift from figures coming out of January and February. Our diverse portfolio of countercyclical lines of business also helped support our performance for the quarter, a trend we anticipated as we work to transform GB Auto.”

GB Auto's Egyptian Passenger Cars performance was largely in line with the rest of the market, with the Egyptian Passenger Car market in 1Q17 seeing a 41.0% drop in total sales volumes, falling from 33,381 in 1Q16 to 19,704 units this quarter. The division recorded a 36.4% y-o-y drop in revenues to LE 885.3 million in 1Q17 as volumes fell 64.3% during the quarter to a total of 4,026 units sold with customers still feeling the impact of higher prices and our inventory levels being much higher than normal at our third-party dealers.

Revenues from the Motorcycles and Three-Wheelers division in Egypt fell 10.4% y-o-y in 1Q17 to LE 380.5 million. This came mainly on the back of lower sales volumes, which were 42.5% y-o-y below 1Q16 levels, as higher prices impacted target consumers, who are typically within a low-income bracket. However, demand markedly picked up during March, giving management signs that the division is set to make a faster recovery than Passenger Cars.

The Commercial Vehicles & Construction Equipment division posted a 9.7% y-o-y increase in revenues despite a 52.1% y-o-y contraction in sales volumes. Meanwhile, margin expansion enabled gross profit to grow 56.4% y-o-y for the quarter. The results were largely driven by the Bus and Construction Equipment segments, with GB Auto maintain-

ing its leadership position in the city and intercity bus segments and reporting an uptick in demand from the tourism sector.

GB Auto's After-Sales division provided an important stream of high-margin revenues throughout the quarter as customers continued to choose GB Auto's network to maintain their vehicles. The division saw marked increases in both the top and bottom lines. Revenues stood at LE 239.1 million (compared to LE 160.5 million in 1Q16) and gross profit at LE 77.4 million (compared to LE 48.3 million in 1Q16) with the gross profit margin increasing 230 basis points to 32.4%.

Tires continued to be an important ancillary business, with revenues growing 10.8% y-o-y during the quarter. Management sees substantial growth potential going forward as the company pursues additional brand representations.

Regional activities began a welcome pickup during the quarter in Algeria and Iraq, with revenues and gross profits of both countries showing significant improvement compared to last year.

The Financing Businesses delivered yet another quarter of strong growth, with revenues for 1Q17 surging 71.6% y-o-y to LE 597.6 million and gross profit 83.8% y-o-y to LE 144.6 million.

Looking ahead, Ghabbour noted, "GB Auto has proven this quarter that we have a solid non-auto business that can support the group and continue to deliver superior growth and profitability that are largely non-cyclical. The performance of our After-Sales, Financing Business, and ancillary trading business (such as Tires) are living proof of that. These businesses will set us on a new path of growth."

Highlights of GB Auto's 1Q17 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		
	1Q16	1Q17	% Change
Egypt Passenger Cars Revenues	1,391.1	885.3	-36.4%
Egypt Motorcycles & Three-Wheelers Revenues	424.5	380.5	-10.4%
Egypt Commercial Vehicles & Construction Equipment Revenues	247.7	271.7	9.7%
Egypt Tires Revenues	91.1	100.9	10.8%
Financing Businesses Revenues	348.3	597.6	71.6%
Egypt After-Sales Revenues	160.5	239.1	49.0%
Regional Revenues	223.4	417.8	87.0%
Others Revenues	37.9	70.2	85.1%
<b>Total Sales Revenues</b>	<b>2,924.6</b>	<b>2,963.2</b>	<b>1.3%</b>
<b>Gross Profit</b>			
Egypt Passenger Cars Gross Profits	172.1	125.0	-27.4%
Egypt Motorcycles & Three-Wheelers Gross Profits	82.7	28.8	-65.2%
Egypt Commercial Vehicles & Construction Equipment Gross Profits	33.1	51.7	56.4%
Egypt Tires Gross Profits	20.8	18.6	-10.5%
Financing Businesses Gross Profits	78.7	144.6	83.8%
Egypt After-Sales Gross Profits	48.3	77.4	60.2%
Regional Gross Profits	0.3	39.8	-
Others Gross Profits	6.4	14.0	-
<b>Total Gross Profit</b>	<b>442.4</b>	<b>500.1</b>	<b>13.0%</b>
Gross Profit Margin	15.1%	16.9%	1.7
Selling and Marketing	-144.7	-204.5	41.4%
Administration Expenses	-72.6	-90.3	24.4%
Other Income (Expenses)	11.3	16.0	41.1%
<b>Operating Profit</b>	<b>236.5</b>	<b>221.3</b>	<b>-6.4%</b>
Operating Profit Margin (%)	8.1%	7.5%	-0.6
Net Provisions and Non-Operating	-11.4	-16.6	45.7%
<b>EBIT</b>	<b>225.1</b>	<b>204.7</b>	<b>-9.1%</b>
EBIT Margin (%)	7.7%	6.9%	-0.8
Foreign Exchange Gains (Losses)	-61.1	-104.5	70.9%
Net Finance Cost	-121.5	-277.8	-
<b>Earnings Before Tax</b>	<b>42.5</b>	<b>-177.6</b>	<b>-</b>
Income Taxes	-28.3	13.8	-
Net Profit Before Minority Interest	14.1	-163.7	-
Minority Interest	14.5	9.2	-36.3%
<b>Net Income/Loss</b>	<b>28.6</b>	<b>-154.5</b>	<b>-</b>
Net Profit Margin (%)	1.0%	-5.2%	-6.2



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## Shareholder Information

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

Shares Outstanding:  
1,094,009,733

## About GB Auto S.A.E.

GB Auto S.A.E. (AUTO.CA on the Egyptian Exchange) is a leading automotive company in the Middle East and North Africa and non-bank financial services provider in Egypt. Across seven primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires, Financing, After Sales, and Regional operations — 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, Chery, Bajaj, Marcopolo, Iveco, Volvo Truck & Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Aksa, Lassa, Yokohama, Goodyear, Westlake, Triangle, Grandstone, Diamond Back, Diamond Coin, Jumbo, Monroe and Gazpromneft. GB Auto has operations in Egypt, Iraq, Algeria, and Jordan. The company is headquartered in Giza, Greater Cairo Area, Egypt.

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## 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.