

## GB Auto Reports 2Q16 Results

*Leading automotive industry player reports historical growth figures in its strongest quarter since Egypt's 2011 uprising.*

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10 August 2016 — (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 the second quarter of 2016, reporting historical growth figures in terms of both profitability and market share, which had reached a high of 45% in April 2016.

The company's top line for the three-month period grew by 22.6% to reach LE 3,928.8 million, while net income increased by 1.5x to LE 124.4 million from LE 50.3 million in the comparable period last year. Net profit margin climbed 1.6 percentage points to 3.2%.

“The second quarter of 2016 was GB Auto's strongest since the 2011 revolution, and one that I feel truly demonstrates the strength of our organization and the competence of our strategy,” said GB Auto Chief Executive Officer, Raouf Ghabbour. “In the midst of currency challenges, rising inflation, weaker consumer purchasing power, and regional geopolitical difficulties, we managed to not only record historical growth figures, but to increase our margins and grow our market share to record highs.”

GB Auto's strong top- and bottom-line performance in the second quarter owe significantly to Management's exceptional decision to deploy all of its available liquidity to ensure the company had sufficient inventory on hand to meet market demand. This decision was the decisive factor in the company's 2Q16 market share gain, as GB Auto had stocks of in-demand models on hand at a time when competitors were under exceptional foreign exchange pressure and accordingly unable to supply the market.

The decision thus delivered present-day returns while management continued to explore potential partnership opportunities with global original equipment manufacturers.

Despite weakening market demand and lower sales volumes, revenues from GB Auto's Passenger Cars division increased on both a three- and six-month basis, rising by 31.5% and 18.1% y-o-y in 2Q16 and 1H16, respectively. Top line for the quarter had reached LE 2,069.9 at the end of the period, due to GB Auto's perceptive pricing strategies that saw the company fully migrate the effects of the EGP's devaluation onto the market.

On the regional level, Algeria's challenging regulatory climate continued to affect the company's operations in the country. Yet, while sales volumes and revenues from the country declined, After-Sales operations were able to partially offset the loss and posted revenues that were 28.0% higher y-o-y. In Iraq, political turmoil continued to pressure business and economic activity. However, GB Auto's performance during the second quarter of 2016 showed significant improvement over 1Q, with revenues from Passenger Car sales in Iraq increasing by 65.0% q-o-q. For the foreseeable future, GB Auto intends to continue operating cautiously in its regional markets, keeping an eye on its costs as well as new opportunities to transform its businesses.

Motorcycles and Three-Wheelers reported revenues that were 3.9% lower y-o-y, as price increases weighed down sales volumes for these products. Meanwhile, GB Auto's Commercial Vehicles & Construction Equipment line of business saw its total volumes drop by 25.5%, while revenues rose by 3.6% y-o-y. Buses and heavy trucks were the segment's top-performers, and Management expects to sustain their upward trend in the second half of the year. GB Auto is expecting to deliver around 170 buses to public sector companies, which should keep the company's pipeline busy for the third and fourth quarters of the year. Public and private sector investments in construction and infrastructure development are also expected to drive growth in the short- and medium-term.

The Tires division in Egypt maintained its solid performance during 2Q16, with revenues that were more than 2x higher y-o-y, and a gross profit margin that increased by 10 percentage points over 2Q15 to reach 19.8%. On the Financing Businesses front, GB Auto's results were extremely promising, with overall revenues up 91.7% y-o-y to LE 441.7 million, and Drive taking the lead in terms of profitability.

“I do believe that we are entering a new period that will bring to us its own set of difficult circumstances,” said Ghabbour. “Inflationary pressures have increased exponentially in the first half of this year and we are already seeing signs that consumers purchasing power is diminishing, and demand along with it. The market is extremely challenging at the moment, but, we have seen this before and we know our way forward.”

Management is currently evaluating its strategy for the prospective tires project in light of feedback from OEMs and new opportunities. We remain committed to this division and will continue to work to increase our supply of tires and expand our brand representations. In the meantime, GB Auto is proceeding with the full rollout of its motorcycles and three-wheeler manufacturing strategy. Management has concluded the final contract and technical agreements with the OEM and expects to begin production in the first quarter of 2018.

Highlights of GB Auto's 2Q16 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			Six Months Ended		
	2Q15	2Q16	% Change	HY 15	HY 16	% Change
Passenger Cars Revenues	1,574.4	2,069.9	31.5%	2,929.7	3,461.1	18.1%
Motorcycles & Three-Wheelers Revenues	463.6	445.5	-3.9%	927.6	870.0	-6.2%
Commercial Vehicles & Construction Equipment Revenues	273.2	283.1	3.6%	704.0	530.8	-24.6%
Tires Egypt Revenues	56.1	122.6	-	100.6	213.7	-
Financing Businesses Revenues	230.4	441.7	91.7%	462.6	790.0	70.8%
After-Sales Egypt Revenues	139.5	189.2	35.7%	272.4	349.7	28.4%
Regional Revenues	454.1	347.1	-23.6%	981.9	570.5	-41.9%
Others Revenues	14.0	29.7	-	26.7	67.7	-
<b>Total Sales Revenues</b>	<b>3,205.2</b>	<b>3,928.8</b>	<b>22.6%</b>	<b>6,405.6</b>	<b>6,853.4</b>	<b>7.0%</b>
<b>Gross Profit</b>						
Passenger Cars Gross Profits	166.8	269.9	61.8%	318.1	441.9	38.9%
Motorcycles & Three-Wheelers Gross Profits	73.7	54.4	-26.2%	155.3	137.1	-11.7%
Commercial Vehicles & Construction Equipment Gross Profits	29.4	42.6	44.9%	84.5	75.6	-10.5%
Tires Egypt Gross Profits	5.5	24.2	-	11.9	45.1	-
Financing Businesses Gross Profits	56.0	90.8	62.3%	107.1	169.5	58.2%
After-Sales Egypt Gross Profits	41.8	59.1	41.4%	78.8	107.4	36.3%
Regional Gross Profits	16.1	21.4	33.0%	36.2	21.6	-40.3%
Others Gross Profits	-	4.9	-	-0.5	11.3	-
<b>Total Gross Profit</b>	<b>389.1</b>	<b>567.3</b>	<b>45.8%</b>	<b>791.5</b>	<b>1,009.7</b>	<b>27.6%</b>
Gross Profit Margin	12.1%	14.4%	2.3	12.4%	14.7%	2.4
Selling and Marketing	-131.4	-152.2	15.8%	-244.7	-296.8	21.3%
Administration Expenses	-99.4	-90.9	-8.6%	-175.8	-163.4	-7.1%
Other Income (Expenses)	7.5	6.8	-9.4%	15.1	18.2	20.1%
<b>Operating Profit</b>	<b>165.9</b>	<b>331.1</b>	<b>99.6%</b>	<b>386.1</b>	<b>567.6</b>	<b>47.0%</b>
Operating Profit Margin (%)	5.2%	8.4%	3.3	6.0%	8.3%	2.3
Net Provisions and Non-Operating	-8.3	-20.0	-	-12.9	-31.4	-
<b>EBIT</b>	<b>157.6</b>	<b>311.1</b>	<b>97.4%</b>	<b>373.2</b>	<b>536.2</b>	<b>43.7%</b>
EBIT Margin (%)	4.9%	7.9%	3.0	5.8%	7.8%	2.0
Foreign Exchange Gains (Losses)	-17.4	-6.0	-65.7%	-75.2	-67.1	-10.8%
Net Finance Cost	-85.2	-140.7	65.1%	-174.6	-262.2	50.1%
<b>Earnings Before Tax</b>	<b>55.0</b>	<b>164.5</b>	<b>-</b>	<b>123.4</b>	<b>206.9</b>	<b>67.7%</b>
Income Taxes	-32.6	-40.7	24.8%	-53.8	-69.1	28.3%
Net Profit Before Minority Interest	22.4	123.8	-	69.5	137.9	98.2%
Minority Interest	27.9	0.6	-97.9%	32.8	15.1	-54.1%
<b>Net Income</b>	<b>50.3</b>	<b>124.4</b>	<b>-</b>	<b>102.4</b>	<b>152.9</b>	<b>49.4%</b>
Net Profit Margin (%)	1.6%	3.2%	1.6	1.6%	2.2%	0.6



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#### Shareholder Information

Reuters Code: AUTO.CA  
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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 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, 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, 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.