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## GB Auto Reports 4Q & FY16 Results

*Leading automotive player reports solid revenue growth in 4Q16, strong operating profit, and margin growth in FY16*

26 March 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 fourth quarter of 2016 and full year 2016, reporting solid revenue growth across most of its business lines and strong operational profitability before FX losses.

For the fourth quarter of 2016, GB Auto's revenues surged 52.9% to LE 4,110.8 million, while revenues for FY16 hit LE 15,285.7 million, up 24.6% y-o-y. Foreign exchange losses of LE 1.0 billion in the fourth quarter led to a net loss of LE 1,058.0 million in 4Q16 and of LE 865.7 million for the full year. Notably, foreign exchange losses incurred subsequent to the result of the float of the Egyptian pound on 3 November 2016 were largely non-cash arising from the revaluation of liabilities and dues to suppliers.

Setting aside total FX losses incurred throughout the year, GB Auto would have delivered a net profit of LE 345.9 million in FY16 compared to LE 364.2 million in normalized profit for the previous year. This also does not factor in the higher impact of Forex in 2016 charged directly to COGS (which was not the case in 2015), nor does it take into account the higher interest expense owing to a 5.5% hike in official borrowing rates in Egypt.

Importantly, 4Q16 revenues and sales volumes reflect exceptionally strong sales in the month of October, followed by a slowdown after the float of the Egyptian pound on 3 November 2016. Substantially lower than normal sales volumes continued well into the first quarter of 2017, but are now on a trajectory to return to normalized levels over the course of the third quarter.

“Nearly five months into a new economic reality in Egypt that sucked the oxygen out of the passenger car market, we are now seeing very clear signs that Egyptian consumers will remain enthusiastic buyers of passenger cars, motorcycles and three-wheelers in the long haul,” said GB Auto Chief Executive Officer, Raouf Ghabbour. “The diversity of our product portfolio helped support total group performance throughout the period of adjustment that has followed the float of the Egyptian pound: Tires, Commercial Vehicles & Construction Equipment, After-Sales, and our Financing Businesses continued to deliver solid performances in both the final months of 2016 and throughout the quarter this year. Our expectation is that they will continue to provide an important cushion as our Egyptian Passenger Car business margins recover.”

Total passenger car market volumes in Egypt contracted primarily due to the inability of many distributors to source the foreign exchange they required to maintain healthy inventory levels. Against this backdrop, GB Auto grew its core Passenger Car market share to 36.8% in 2016 from 26.8% a year ago as aggressive cash and inventory management strategies ensured the company had sufficient product available to meet market demand. This translated into a record-high market share of 45% in April 2016.

Meanwhile, the company's Financing, After-Sales, and Tire divisions bolstered its overall performance throughout the year amid continued strong market demand, posting strong y-o-y growth in sales and profitability in the fourth quarter and for the full year.

GB Auto's Egyptian Passenger Cars division recorded a 79.9% y-o-y increase in revenues to LE 2,090.7 million in 4Q16 despite a 1.0% y-o-y drop in sales volume during the quarter. On a full-year basis, and despite a 1.2% decrease in volumes, GB Auto grew its Pas-

senger Car revenues to LE 8,016.1 million, up 40.3% y-o-y on the back of strong pricing power as the company passed on to consumers the impact of a weakening currency.

Meanwhile, revenues from the Motorcycles and Three-Wheelers division in Egypt declined 25.4% y-o-y in 4Q16 and 9.7% y-o-y on a full-year basis. This came mainly on the back of lower sales volumes, which were 26.8% y-o-y below FY15 levels, as higher prices impacted target consumers, who are typically within a low-income bracket. In Iraq, however, the division showed solid improvement, as revenues gained 223.7% y-o-y and volumes 118.2% y-o-y, albeit from a low base.

The Commercial Vehicles & Construction Equipment division posted strong gross profit growth on a full-year basis despite an 8.5% dip in sales revenue, driven primarily by the bus and truck businesses. The division maintained its leadership position in the city and intercity bus segments and reported an uptick in demand from the tourism sector. Management maintains a positive outlook on growth of the business as state-led investment in infrastructure continues, the government addresses significant demand for public transportation and tourism activity begins a slow recovery. Long-postponed fleet upgrades should further bolster demand starting late 2017 and early 2018.

The Tires line of business once again outperformed, with 4Q16 revenue up 146% y-o-y and gross profit rising 149.9% y-o-y. On a full-year basis, revenues rose 127.6% to LE 462.5 million and gross profit came in almost 4x higher y-o-y. After introducing in May its own brand, Verde, and pursuing an expansion strategy having already added representations such as Double Coin and Westlake, management sees substantial growth potential going forward.

GB Auto's After-Sales division provided an important stream of high-margin revenues throughout the year as customers opted to maintain their current vehicles through GB Auto's network. The division saw increases in both the top line and gross margin across all segments in 4Q16 and FY16.

The Financing Businesses continued to deliver strong performance, with total gross revenues for the year up 66.3% y-o-y to LE 1,739.6 million and 4Q16 revenues gaining 77.1% y-o-y to LE 521.4 million. GB Lease and consumer finance provider Drive ended the year ranked third in their respective segments in terms of market share (per figures released by EFSA, the market regulator), while Tasaheel, GB Auto's most recent addition to its financing portfolio, continued to grow exponentially.

Looking ahead, Ghabbour noted, "We expect continued volatility in the exchange rate throughout the rest of this year and into 2018 as the Egyptian pound finds its equilibrium and begins to trade in a 'new normal' band. This suggests foreign exchange variances will be a variable in profitability in the interim. As the pound finds its footing, our emphasis will be on bringing passenger car inventory back down to historical levels of days-on-hand. Our Tires, After-Sales, CV&CE, and Financing Businesses will continue to provide an important buffer as the Egyptian passenger car market returns to growth."

Highlights of GB Auto's 4Q16 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			Twelve Months Ended		
	4Q15	4Q16	% Change	FY 15	FY 16	% Change
Egypt Passenger Cars Revenues	1,162.2	2,090.7	79.9%	5,713.1	8,016.1	40.3%
Egypt Motorcycles & Three-Wheelers Revenues	453.9	338.7	-25.4%	1,892.5	1,708.2	-9.7%
Egypt Commercial Vehicles & Construction Equipment Revenues	255.7	299.1	17.0%	1,216.9	1,113.3	-8.5%
Egypt Tires Revenues	59.8	147.6	-	203.2	462.5	-
Financing Businesses Revenues	294.4	521.4	77.1%	1,046.2	1,739.6	66.3%
Egypt After-Sales Revenues	153.7	272.4	77.2%	569.1	826.2	45.2%
Regional Revenues	276.6	350.8	26.8%	1,544.6	1,201.4	-22.2%
Others Revenues	32.9	90.0	-	79.0	218.5	-
<b>Total Sales Revenues</b>	<b>2,689.3</b>	<b>4,110.8</b>	<b>52.9%</b>	<b>12,264.7</b>	<b>15,285.7</b>	<b>24.6%</b>
<b>Gross Profit</b>						
Egypt Passenger Cars Gross Profits	170.7	285.8	67.5%	647.9	942.3	45.4%
Egypt Motorcycles & Three-Wheelers Gross Profits	89.6	37.8	-57.8%	328.7	241.2	-26.6%
Egypt Commercial Vehicles & Construction Equipment Gross Profits	46.3	71.3	54.1%	167.7	201.3	20.0%
Egypt Tires Gross Profits	14.7	36.7	-	27.5	101.3	-
Financing Businesses Gross Profits	67.9	126.3	86.0%	233.8	404.9	73.2%
Egypt After-Sales Gross Profits	43.4	88.4	-	164.4	262.0	59.4%
Regional Gross Profits	-21.1	-5.7	-73.1%	25.0	19.6	-21.4%
Others Gross Profits	7.3	6.8	-8.0%	9.0	29.6	-
<b>Total Gross Profit</b>	<b>418.8</b>	<b>647.4</b>	<b>54.6%</b>	<b>1,603.9</b>	<b>2,202.1</b>	<b>37.3%</b>
Gross Profit Margin	15.6%	15.7%	0.2	13.1%	14.4%	1.3
Selling and Marketing	-178.9	-291.4	62.9%	-551.9	-744.6	34.9%
Administration Expenses	-69.7	-195.4	-	-343.7	-455.0	32.4%
Other Income (Expenses)	8.9	12.1	35.9%	33.3	29.9	-10.2%
<b>Operating Profit</b>	<b>179.2</b>	<b>172.6</b>	<b>-3.6%</b>	<b>741.6</b>	<b>1,032.4</b>	<b>39.2%</b>
Operating Profit Margin (%)	6.7%	4.2%	-2.5	6.0%	6.8%	0.7
Net Provisions and Non-Operating	-49.0	-147.3	-	-78.8	-166.4	-
FV of Investment Property	-	-	-	87.3	-	-
<b>EBIT</b>	<b>130.1</b>	<b>25.4</b>	<b>-80.5%</b>	<b>750.2</b>	<b>866.0</b>	<b>15.4%</b>
EBIT Margin (%)	4.8%	0.6%	-4.2	6.1%	5.7%	-0.5
Foreign Exchange Gains (Losses)	-60.2	-1,063.7	-	-175.4	-1,211.6	-
Net Finance Cost	-83.8	-215.6	-	-337.8	-641.7	90.0%
<b>Earnings Before Tax</b>	<b>-13.9</b>	<b>-1,253.9</b>	<b>-</b>	<b>236.9</b>	<b>-987.4</b>	<b>-</b>
Income Taxes	-4.2	79.2	-	-45.4	-2.4	-94.7%
Net Profit Before Minority Interest	-18.2	-1,174.7	-	191.5	-989.8	-
Minority Interest	46.3	116.7	-	41.6	124.2	-
<b>Net Income</b>	<b>28.1</b>	<b>-1,058.0</b>	<b>-</b>	<b>233.1</b>	<b>-865.7</b>	<b>-</b>
Net Profit Margin (%)	1.0%	-25.7%	-26.8	1.9%	-5.7%	-7.6



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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.