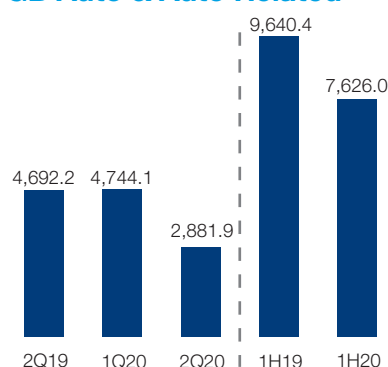


## GB Auto Reports 2Q20 Results

*GB Auto's top-line impacted by COVID-19; profitability supported by GB Capital and Group-wide cost controls*

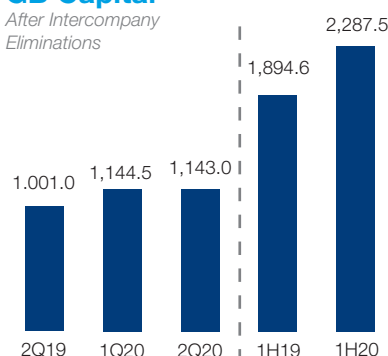
### Revenue Progression (all figures in LE million)

#### GB Auto & Auto Related



#### GB Capital

After Intercompany Eliminations



12 August 2020 — (Cairo, Egypt) GB Auto (AUTO.CA on the Egyptian Exchange), a leading automotive company in the Middle East and non-bank financial services provider in Egypt, announced today its segmental and consolidated results for the period ending 30 June 2020. In 2Q20, revenues recorded LE 4,024.8 million, down by 31.7% q-o-q and 29.3% y-o-y due to the impact of COVID-19. However, the Group recorded a net profit for the quarter of LE 115.8 million in 2Q20 versus a net loss in the same period last year. Topline for the first half of the year declined by 14.1% to LE 9,913.5 million with a net profit of LE 254.2 million in 1H20.

“The second quarter of 2020 bore the brunt of COVID-19 and its impact on GB Auto’s lines of business, particularly during April and May,” said GB Auto Chief Executive Officer Raouf Ghabbour. “At our Auto & Auto-Related division, nation-wide curfews and the closure of the traffic department, coupled with the low seasonality associated with Ramadan and Eid, impacted demand for passenger cars and two-wheelers in Egypt. Meanwhile, a slowdown in tourism and corporate austerity measures saw limited fleet renewals for our commercial vehicles line of business. Nevertheless, activity picked up in June and is expected to continue on this positive trajectory heading into the third quarter. We were particularly successful at containing the impact of the outbreak through strict cost discipline and treasury management, leading to an overall profitable quarter for the Group, despite the unprecedented challenges affecting the whole world.”

The Auto & Auto-Related (A&AR) segment recorded revenues of LE 2,881.9 million in 2Q20, a decline of 39.3% q-o-q and 38.6% y-o-y, reflecting the challenging external environment caused by COVID-19, particularly on the Passenger Cars (PC) and Regional lines of business. PC revenues in 2Q20 recorded LE 1,104.6 million, down by 33.1% q-o-q and 27.4% y-o-y, primarily driven by the closure of the traffic department, which affected total PC sales during the quarter. However, on a year-to-date basis, the drop was less pronounced thanks to the segment’s solid performance, driven by strong sales volume of the Arrizo 5 in 1Q20 and Tiggo 3 in 2Q20, which lead to flat volumes in 1H20 and a 10.7% y-o-y decline in revenues to LE 2,755.7 million. The Two & Three-Wheelers (2&3Ws) recorded revenues of LE 532.1 million in 2Q20, down 19.6% q-o-q, however, up by a strong 81.6% compared to 2Q19. Despite the slowdown, the LoB showed strong year-on-year performance supported by strong demand and an improving regulatory environment, with 1H20 revenues up by 17.5% y-o-y to LE 1,193.9 million. On the regional front, revenues declined by 72.0% q-o-q and 76.6% y-o-y to LE 417.9 million, impacted by lower PC and 2&3Ws volumes in Iraq. Regional revenues were down 43.2% y-o-y in 1H20 to LE 1,912.5 million.

“The impact of the externally challenging environment on performance was profound on our regional operations, due to a complete lockdown in Iraq, which started in early March and was lifted only in mid-July. This effectively brought activity to an almost complete halt,” said Ghabbour. “Additionally, the LoB’s performance was impacted by oil price volatility - which affects demand - as well as the continued liquidation of GB Auto’s Hyundai inventory. ”

The Commercial Vehicles & Construction Equipment’s (CV&CE) revenues declined by 15.3% q-o-q and 43.1% y-o-y in 2Q20, settling in at LE 223.5 million. The decline came on the back of the slowdown in the tourism sector due to travel re-

*“ We are optimistic that the easing of restrictions will allow the Group to deliver increasingly positive results going forward and return to our pre-COVID-19 trajectory ”*

strictions related to COVID-19. On a YTD basis, CV&CE revenues declined 37.3% in 1H20 reaching LE 487.4 million. The After-Sales LoB witnessed a drop of 27.2% q-o-q and 20.7% y-o-y to LE 212.4 million in 2Q20, on the back of slower traffic at GB Auto's after-sales service centers due to restrictions in Egypt during April and May. Finally, the Tires LoB recorded revenues of LE 301.6 million in 2Q20, up by 26.8% q-o-q and 2.3% y-o-y driven by strong demand for GB Auto's brands.

GB Capital recorded LE 1,316.3 million in revenues before intercompany eliminations in 2Q20, down by 7.1% q-o-q. The decline reflects slower collections due to a six-month grace period granted by the Financial Regulatory Authority (FRA) to leasing and factoring clients, coupled with a 300-bps rate cut executed by the CBE in mid-March. Despite this, GB Capital registered a top-line of LE 2,733.6 million in 1H20, an increase of 15.8% y-o-y on the back of solid performance from Tasaheel and Haram Tourism Transport. Moreover, GB Capital maintained a healthy loan portfolio, which stood at LE 10.6 billion at the end of 1H20, increasing by 6.1% q-o-q and 23.7% y-o-y in 2Q20. Non-Performing Loans (NPLs) stood at 1.58% in 2Q20 compared to 1.50% in the previous quarter. However, GB Capital's bottom-line declined by 19.9% y-o-y in 2Q20 to LE 135.7 million, as management took a conservative approach to book higher provisions during the quarter. On a YTD basis, net income declined by 3.1% y-o-y to LE 279.2 million in 1H20. It is worth noting that the comparable period's results reflects the GB Lease securitization transaction that took place in 2Q19 and its positive impact on bottom-line.

“I'm very pleased with GB Capital's performance, which beat expectations despite the odds being stacked against it, including lower disbursements in April and May, the FRA's grace period and delayed collections cycles, as well as lower interest rates. Nevertheless, we achieved several successes during the period, such as Haram Tourism Transport completing the largest operational lease contract in Egypt for more than 600 vehicles, a testament to our ability to grow our business even during tough times. Moreover, we continued to adopt a conservative approach to loan quality and booked prudent provisions during the quarter, much of which management expects to be reversed once market activity fully recovers.”

“To that end, we have already begun to see a recovery across our businesses as of June as restrictions were rolled back and consumer confidence picked up,” said Ghabbour. “For PCs, the resumption of services at the traffic department coupled with pent up demand is already seeing higher foot traffic at our showrooms, and we expect this trend to continue as long as external conditions continue to stabilize. We are seeing a similar trend at the 2&3Ws LoB, which is also benefitting from a more streamlined regulatory environment compared to last year. At our CV&CE LoB, we anticipate a slow recovery for tourism, however, we are optimistic that as economic activity recovers, corporate austerity measures will ameliorate. Recovery on the regional front is likely to be slower. However, the market in Iraq has already responded favorably to the easing of restrictions, which has reflected positively on the sales of 2&3W on the back of fundamentally strong demand. Moreover, GB Auto is monitoring market activity to identify an optimal time to launch our new MG brand in Iraq.”

“Parallel to market recovery, we remain committed to maintaining lean operations, with a focus on delivering enhanced profitability. Overall, we are optimistic that the easing of restrictions will allow the Group to deliver increasingly positive results going forward and return to our pre-COVID-19 trajectory,” Ghabbour concluded.

Highlights of GB Auto Group's 2Q20 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).

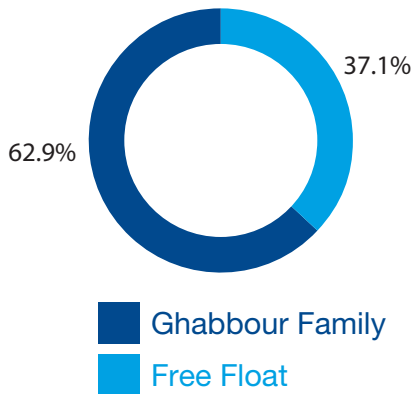
## GB Auto Group Financial Statements

### Income Statement

(LE million)	Three Months Ended			Six Months Ended		
	2Q19	2Q20	% Change	1H19	1H20	% Change
Egypt Passenger Cars Revenues	1,521.0	1,104.6	-27.4%	3,086.0	2,755.7	-10.7%
Egypt Motorcycles & Three-Wheelers Revenues	293.0	532.1	81.6%	1,015.6	1,193.9	17.5%
Egypt Commercial Vehicles & Construction Equipment Revenues	392.8	223.5	-43.1%	777.5	487.4	-37.3%
Egypt Tires Revenues	294.9	301.6	2.3%	581.9	539.5	-7.3%
GB Capital (Financing Businesses) Revenues	1,001.0	1,143.0	14.2%	1,894.6	2,287.5	20.7%
Egypt After-Sales Revenues	268.0	212.4	-20.7%	554.3	504.1	-9.1%
Regional Revenues	1,784.0	417.9	-76.6%	3,369.3	1,912.5	-43.2%
Others Revenues	138.2	89.7	-35.1%	255.5	232.9	-8.8%
<b>Total Sales Revenues</b>	<b>5,693.0</b>	<b>4,024.8</b>	<b>-29.3%</b>	<b>11,534.8</b>	<b>9,913.5</b>	<b>-14.1%</b>
<b>Gross Profit</b>						
Egypt Passenger Cars Gross Profits	70.0	96.3	37.5%	221.8	277.1	24.9%
Egypt Motorcycles & Three-Wheelers Gross Profits	39.6	100.8	-	131.9	220.5	67.1%
Egypt Commercial Vehicles & Construction Equipment Gross Profits	65.3	27.6	-57.6%	115.3	47.1	-59.1%
Egypt Tires Gross Profits	58.9	72.7	23.5%	102.9	130.6	26.9%
GB Capital (Financing Businesses) Gross Profits	393.5	520.7	32.3%	710.3	1,017.4	43.2%
Egypt After-Sales Gross Profits	67.2	33.0	-50.9%	131.9	86.1	-34.8%
Regional Gross Profits	145.0	65.8	-54.6%	270.3	217.2	-19.7%
Others Gross Profits	21.2	4.5	-79.0%	36.1	23.7	-34.2%
<b>Total Gross Profit</b>	<b>860.7</b>	<b>921.5</b>	<b>7.1%</b>	<b>1,720.5</b>	<b>2,019.6</b>	<b>17.4%</b>
Gross Profit Margin	15.1%	22.9%	7.8	14.9%	20.4%	5.5
Selling and Marketing	(379.7)	(400.4)	5.4%	(754.5)	(864.1)	14.5%
Administration Expenses	(147.5)	(126.5)	-14.2%	(265.5)	(250.2)	-5.8%
Other Income (Expenses)	36.1	175.0	-	74.1	205.1	-
<b>Operating Profit</b>	<b>369.7</b>	<b>569.6</b>	<b>54.1%</b>	<b>774.7</b>	<b>1,110.5</b>	<b>43.3%</b>
Operating Profit Margin (%)	6.5%	14.2%	7.7	6.7%	11.2%	4.5
Net Provisions and Non-Operating FV of Investment Property	(42.5)	(62.6)	47.3%	(52.6)	(97.0)	84.2%
<b>EBIT</b>	<b>327.2</b>	<b>507.0</b>	<b>55.0%</b>	<b>722.1</b>	<b>1,013.5</b>	<b>40.4%</b>
EBIT Margin (%)	5.7%	12.6%	6.9	6.3%	10.2%	3.9
Foreign Exchange Gains (Losses)	36.8	(51.9)	-	82.3	(19.5)	-
Net Finance Cost	(346.2)	(214.9)	-37.9%	(689.5)	(468.4)	-32.1%
<b>Earnings Before Tax</b>	<b>17.8</b>	<b>240.2</b>	<b>-</b>	<b>114.9</b>	<b>525.7</b>	<b>-</b>
Income Taxes	19.2	(93.4)	-	(1.4)	(162.7)	-
Net Profit / Loss Before Minority Interest	37.0	146.8	-	113.5	363.0	-
Minority Interest	(56.0)	(31.1)	-44.5%	(106.4)	(108.8)	2.3%
<b>Net Income/Loss</b>	<b>(19.0)</b>	<b>115.8</b>	<b>-</b>	<b>7.1</b>	<b>254.2</b>	<b>-</b>
Net Profit Margin (%)	-0.3%	2.9%	3.2	0.1%	2.6%	2.5

## GB Auto's Shareholding Structure

as of 30 June 2020



## Head Office

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

## Investor Relations

Mansour Kabbani  
Board of Directors Member

Sarah Maged  
Investor Relations  
Communications Manager

Marina Kamal  
Investor Relations Associate

Direct: +202 3910 0485  
Tel: +202 3539 1201  
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[ir.ghabbourauto.com](http://ir.ghabbourauto.com)

## 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 non-bank financial services provider in Egypt. Across six primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires, After-Sales, and Iraqi 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, Chery, Bajaj, Marcopolo, Iveco, Volvo Truck & Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Sinotruk, Aksa, Lassa, Yokohama, Pirelli, Westlake, Double Coin, Doublestar, Verde, Techking, and Gazpromneft GB Auto has operations in Egypt and Iraq. The Company's NBFS' segment branded GB Capital offers leasing, consumer finance, microfinance and fleet quasi-operational leasing under the following brands - GB Lease, Mashroey, Drive, Tasaheel and Haram. 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.