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## GB Auto Reports 3Q & 9M15 Results

*Leading automotive player reports top-line growth as local market grapples with currency challenges and regional territories face difficult operating environment*

11 November 2015 — (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 third quarter of 2015, reporting revenues of LE 3,169.8 million, up 2.9% year-on-year. Net profits climbed 89.9% to LE 102.6 million, with net margins rising 1.5 percentage points to 3.2% during the quarter.

In the first nine months of 2015, revenues rose 8.4% year-on-year to LE 9,575.4 million, while net profits rose 44.4% to reach LE 205.0 million, with net profit margins up 0.5 percentage points to 2.1%.

“Nearly all our lines of business started off strong this quarter, in response to the rebound in market demand, which continues to this day”, said GB Auto Chief Executive Officer, Raouf Ghabbour. “It was only later in the quarter that we began grappling with this ongoing nationwide shortage of foreign currency.” He added that, “despite the local situation and the adverse events taking place in the region, we still managed to outperform our peers and competitors, delivering solid results for the quarter.”

Overall, the Passenger Cars division saw a 13.8% y-o-y decrease in revenues in 3Q15 to LE 1,970.9 million, mainly owing to the over-supply situation in our regional markets, which impacted Iraq, where total sales volumes declined by 58.6% y-o-y in 3Q15. The decline was offset, however, by improvements in demand in the Egyptian market compared to the same period last year and despite the shortage in foreign currency, which became more pronounced towards the end of 3Q15. Management expects the full impact of the foreign currency bottleneck to be reflected on 4Q15 sales volumes, however, incremental price increases will be introduced to the market over the next quarter.

The Motorcycles & Three-Wheelers line of business continued to be buoyed by strong demand in Egypt, resulting in this LOB reporting a nearly two-fold increase in its total revenues y-o-y to LE 534.6 million for the third straight quarter.

Meanwhile, the Commercial Vehicles & Construction Equipment LOB registered another solid quarter in 3Q15, reporting a 35.3% y-o-y increase in revenues to LE 287.9 million. Sales revenues for the Tires line of business were down 32%, mainly due to the USD crisis in Egypt, which had the company paying hefty demurrages on incoming inventory during the third quarter.

The Financing Businesses continued to perform well, with each of its four units again posting solid revenue and gross profit growth, and its fifth and newest unit reporting promising results during its first months of operation. The LOB overall reported a 54.8% increase in sales revenue to LE 289.1 million in 3Q15.

“While the current macro backdrop in Egypt remains challenging at present, we have proven time and again that we have the strategy, the management depth and the product lineup we need to thrive amid adversity,” said Ghabbour.

“The months ahead will be challenging, but they are not without some precedent. We are operating from a playbook developed when the first currency crisis hit Egypt in 1981, refined when the global financial crisis spilled over into our market in 2009, then once again in 2011, and was used to good effect yet again in 2013. Management will judiciously use GB Auto’s pricing power in the market to preserve margins for as long as possible, and will control SG&A costs and preserve working capital. In tandem, the company continues to operate for the long term and explore new opportunities while advocating for legislation that will protect the entire domestic assembly industry against unfair competition from other markets.”

GB Auto has recently entered into a tripartite agreement with Egypt’s Aboul Fotouh Automotive and China’s Chery International, which will see it become the exclusive distributor of Chery in Egypt. Together, GB Auto and AF Automotive’s combined capacity could reach up to 90,000 vehicles per annum.

Highlights of GB Auto’s 3Q15 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			Nine Months Ended		
	3Q14	3Q15	% Change	9M14	9M15	% Change
Passenger Cars Revenues	2,286.7	1,970.9	-13.8%	6,606.3	5,991.2	-9.3%
Motorcycles & Three-Wheelers Revenues	284.9	534.6	87.6%	787.3	1,511.3	92.0%
Commercial Vehicles & Construction Equipment Revenues	212.7	287.9	35.3%	647.4	1,041.1	60.8%
Tires Revenues	99.8	67.9	-32.0%	308.2	233.9	-24.1%
Financing Businesses Revenues	186.8	289.1	54.8%	465.5	751.7	61.5%
Other Revenues	10.4	19.5	87.2%	15.8	46.2	191.8%
<b>Total Sales Revenues</b>	<b>3,081.3</b>	<b>3,169.8</b>	<b>2.9%</b>	<b>8,830.5</b>	<b>9,575.4</b>	<b>8.4%</b>
<b>Total Gross Profit</b>	<b>408.6</b>	<b>393.6</b>	<b>-3.7%</b>	<b>1,168.2</b>	<b>1,185.1</b>	<b>1.4%</b>
<i>Gross Profit Margin</i>	<i>13.3%</i>	<i>12.4%</i>	<i>-0.8</i>	<i>13.2%</i>	<i>12.4%</i>	<i>-0.9</i>
Selling and Marketing	-108.5	-128.4	18.3%	-322.5	-373.1	15.7%
Administration Expenses	-75.4	-98.2	30.3%	-199.1	-274.0	37.6%
Other Operating Income (Expenses)	9.4	9.3	-1.7%	29.0	24.4	-16.0%
<b>Operating Profit</b>	<b>234.2</b>	<b>176.3</b>	<b>-24.7%</b>	<b>675.6</b>	<b>562.4</b>	<b>-16.8%</b>
<i>Operating Profit Margin (%)</i>	<i>7.6%</i>	<i>5.6%</i>	<i>-2.0</i>	<i>7.7%</i>	<i>5.9%</i>	<i>-1.8</i>
Net Provisions and Non-Operating	-25.8	-16.9	-34.7%	-53.6	-29.7	-44.5%
FV of Investment Property		87.3			87.3	
<b>EBIT</b>	<b>208.4</b>	<b>246.8</b>	<b>18.4%</b>	<b>622.0</b>	<b>620.0</b>	<b>-0.3%</b>
<i>EBIT Margin (%)</i>	<i>6.8%</i>	<i>7.8%</i>	<i>1.0</i>	<i>7.0%</i>	<i>6.5%</i>	<i>-0.6</i>
Foreign Exchange Gains (Losses)	-22.7	-40.0	76.0%	-91.4	-115.2	26.0%
Net Finance Cost	-96.8	-79.4	-18.0%	-274.9	-254.0	-7.6%
<b>Earnings Before Tax</b>	<b>88.9</b>	<b>127.4</b>	<b>43.4%</b>	<b>255.7</b>	<b>250.8</b>	<b>-1.9%</b>
Income Taxes	-16.9	12.7	-174.7%	-48.6	-41.2	-15.3%
Net Profit Before Minority Interest	71.9	140.1	94.7%	207.1	209.7	1.3%
Minority Interest	-17.9	-37.5	109.4%	-65.1	-4.7	-92.8%
<b>Net Income</b>	<b>54.0</b>	<b>102.6</b>	<b>89.9%</b>	<b>141.9</b>	<b>205.0</b>	<b>44.4%</b>
<i>Net Profit Margin (%)</i>	<i>1.8%</i>	<i>3.2%</i>	<i>1.5</i>	<i>1.6%</i>	<i>2.1%</i>	<i>0.5</i>

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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 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.