



GB Corp Press Release

1Q24

GB Corp Reports 1Q24 Results

GB Corp navigates challenging market conditions to record a strong start to the year with solid top and bottom-line growth



Key Highlights 1Q24

- GB Corp recorded consolidated revenues of EGP 9,006.2 million in 1Q24, representing a quarter-on-quarter and year-on-year increase of 2.4% and 89.9%, respectively, mainly driven by solid performance at both the Auto and Capital segments as the market started to acclimate to the floatation of the Egyptian Pound in 1Q23.
- Gross profit more than doubled year-on-year to record EGP 2,563.5 million in 1Q24, yielding an expanded margin of 28.5% compared to 22.1% in 1Q23 on the back of improved market conditions leading to increased supply volumes and revenues with higher economies of scale. Additionally, GPM was also supported by GB's efficient pricing strategies and product mix in response to the challenging environment.
- GB Corp's bottom-line was stable quarter-on-quarter and recorded exponential year-on-year growth at 481.6% to reach EGP 626.3 million in 1Q24, yielding an expanded margin of 7.0% compared to 2.3% in 1Q23, mainly driven by increased revenues and enhanced efficiency across the majority of LoBs as well as improved supply compared to 1Q23.
- GB Auto recently launched its distribution of the MG Motor brand in Jordan through a joint venture with MG's former distributor in the Jordanian market.
- GB Auto recently secured the exclusive representation of the JAC and Foton brands in the Iraqi market with operations expected to begin in July 2024. We believe this will mitigate the ban on the import of two and three-wheelers in the Iraqi market.
- GB Auto maintained its market leading position in the Egyptian passenger car market, recording a market share of 30.6% in 1Q24 versus 22.5% in 1Q23 on the back of its solid performance as well as its unmatched CKD capacity, which offset the complete slowdown in LC issuances for CBU models.
- MNT-Halan launched the new "Halan" card, which gained significant traction in the market with the company distributing more than 1,800 cards per day.
- GB Capital received its Sukuk issuance license from the FRA and launched GB Capital Sukuk in 1Q24.

Disclaimer to Change in Reporting Structure

Starting 1Q24, management has adopted a new reporting structure, with new groupings within the Auto segment. Most notably, the passenger car LoB now encompasses both our Egypt and Iraq operation (including sales and after-sales), and Ready Parts and tires are now grouped under the trading business.

Note from our CEO

I am pleased to report on a strong start to the year with solid top and bottom-line growth driven by strong performance on both the Auto and Capital fronts. During the quarter, we were able to navigate challenging market conditions by leveraging our end-to-end offering on the Auto side and our expansive portfolio on the Capital side to achieve yet another strong set of financial and operational results.

At GB Auto, we mitigated challenging operating conditions characterized by import restrictions and limited FX availability at the beginning of the quarter coupled with a slowdown in demand at the end of 1Q24 as a result of the flotation of the Egyptian pound. Despite the headwinds, we were able to achieve solid year-on-year growth across most of our LoBs, driven by our dynamic strategies allowing us to quickly adapt to shifting market conditions. At the passenger car LoB, we applied strategic price reductions to counteract the fall in demand in the Egyptian market, leading to a gradual rebound in sales in 2Q24. Additionally, our performance in the Egyptian passenger car market was bolstered by GB Auto's unmatched CKD capacity, which helped it offset a complete slowdown in LC issuances for CBU models. Meanwhile, as the Iraqi market grew rapidly in size, we continued to expand our presence in the market, with our market share increasing from 6.9% in 1Q23 to 8.8% in 1Q24. Moreover, we secured the exclusive representation of the JAC and Foton brands in Iraq as a pivot to our two and three-wheeler business following the ban on imports of motorcycles and three-wheelers in Iraq. I am also pleased to announce the launch of our exclusive distribution business of the MG Motor brand in Jordan, as part of our regional expansion strategy. At the two, three, and four-wheeler LoB, we recently launched a new four-wheeler model in Egypt, to offset the impact of the phasing out of three-wheeler inventory, with selling operations expected to begin in July.

At GB Capital, despite higher interest rates, we maintained our exceptional growth trajectory with our loan-book portfolio expanding by 61.1% y-o-y to reach EGP 10.7 billion in 1Q24. To that end, we continue to capitalize on rising demand for alternative financing solutions, as we maintain our efforts in growing Kredit, our newly founded SME-Lending company, and our factoring business under GB Lease, which we recently received the license to operate. On the fintech front, our affiliate, MNT-Halan, launched the Halan card, which gained significant traction in the market, further solidifying its position as the leading fintech company in Egypt.

Looking ahead, while the business environment continues to improve, we remain cautiously optimistic as we adapt to shifting market dynamics. Moving forward, we plan to capitalize on the ongoing economic reforms and improved market sentiment to achieve sustainable growth across our different business segments. It is worth noting that we have seen higher than usual EBIT margins due to FX losses being booked under the gross profit and EBIT lines, whereas following the flotation of the EGP, the increased costs will be reflected at the gross profit level, thus returning margins to healthy industry norms in the coming quarters. While we expect market and business conditions to improve with the gradual return of higher supply and economies of scale, as reflected in this quarter's performance, however, we also believe that the current market and economic difficulties will linger as the full impact of the devaluation and the interest rate spike take effect. Nevertheless, we are well-positioned through our diverse portfolio to continue on our growth trajectory, enhance our profitability, and create value for our shareholders.

Nader Ghabbour
Chief Executive Officer

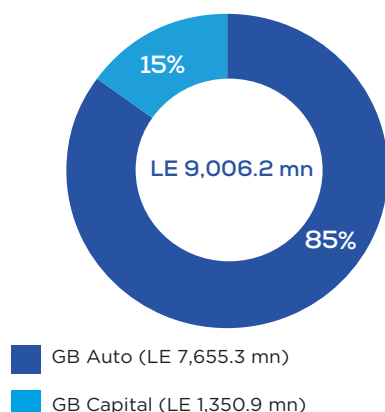
Consolidated Financial Overview

Table 1: GB Corp Income Statement

(EGP million)	Three Months Ended		
	1Q23	1Q24	% Change
Total Sales Revenues	4,741.5	9,006.2	89.9%
Total Gross Profit	1,049.4	2,563.5	-
Gross Profit Margin	22.1%	28.5%	6.3
Selling and Marketing	(487.8)	(645.0)	32.2%
Administration Expenses	(157.1)	(471.3)	-
Other Income (Expenses)	64.3	119.3	85.7%
Operating Profit	468.8	1,566.5	-
Operating Profit Margin (%)	9.9%	17%	-
Net Provisions and Non-Operating	(50.7)	(40.0)	-21.2%
Intercompany Investment Gains (Losses)	222.1	182.1	-18.0%
EBIT	640.2	1,708.6	-
EBIT Margin (%)	13.5%	19.0%	5.5
Foreign Exchange Gains (Losses)	(265.4)	(384.0)	44.7%
Net Finance Cost	(191.5)	(368.4)	92.4%
Earnings Before Tax	183.4	956.3	-
Income Taxes	(79.4)	(289.3)	-
Net Profit Before Minority Interest	104.0	667.0	-
Minority Interest	3.7	(40.7)	-
Net Income	107.7	626.3	-
Net Profit Margin (%)	2.3%	7.0%	4.7

Group Revenue Breakdown

(As of 31 March 2024)

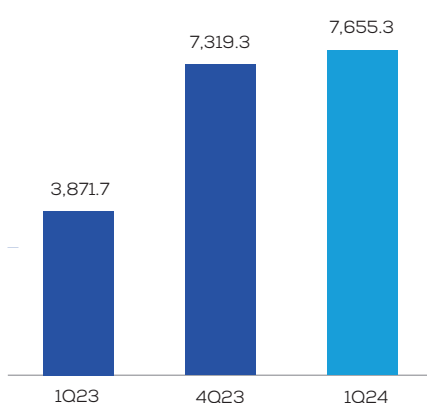


28 May 2024 – (Cairo, Egypt) GB Corp (GBCO.CA on the Egyptian Exchange), a leading automotive company in the Middle East and Africa and non-bank financial services provider in Egypt, announced today its segmental and consolidated results for the quarter ended 31 March 2024. GB Corp's revenues were stable quarter-on-quarter and increased significantly year-on-year by 89.9% to EGP 9,006.2 million in 1Q24. Similarly, net profit was stable quarter-on-quarter and grew almost six-fold year-on-year to reach EGP 626.3 million in 1Q24.

GB Auto's revenues grew 4.6% q-o-q and 97.7% y-o-y to reach EGP 7,655.3 million in 1Q24. Despite the headwinds characterized by limited FX availability and import restrictions at the beginning of the quarter as well as a slowdown in demand following the floatation of the Egyptian Pound at the end of the quarter, the segment recorded solid top-line growth driven by its dynamic pricing strategies and diverse product mix across its LoBs. At the Passenger Car LoB, the segment recorded solid growth both quarter-on-quarter and year-on-year at 7.9% and 134.8% in 1Q24, respectively. In Egypt passenger cars, revenues fell by 4.4% q-o-q, but more than doubled year-on-year, mainly driven by enhanced pricing strategies to mitigate the impacts of limited supply at the beginning of the quarter and a slowdown in demand at the end of the quarter. It is worth noting that the quarter-on-quarter decline is primarily due to the seasonality of the automotive market. Meanwhile in Iraq passenger cars, revenues increased both quarter-on-quarter and year-on-year by 44.9% and 148.1% in 1Q24, respectively, reflecting the growing popularity of the MG brand in the market. At the Trading business, the Company's diverse offering of tires in Egypt as well as Ready Parts in Egypt and Iraq supported the LoB's growth, with revenues increasing by 18.6% q-o-q and 69.8% y-o-y in 1Q24. The Commercial Vehicle and Construction Equipment LoB recorded a year-on-year increase in revenues at 37.2% in 1Q24, mainly driven by improved pricing strategies to offset a 48.6% fall in volumes. Meanwhile, the LoB's revenues fell by 18.1% q-o-q in 1Q24 on the back of a 46.2% q-o-q fall in volumes due to import restrictions and limited FX availability. At the Two, Three, and Four-Wheelers LoB, revenues fell by 21.1% q-o-q, but grew by 61.3% y-o-y in 1Q24 on the back of market normalization, improved pricing strategies, and management versatility.

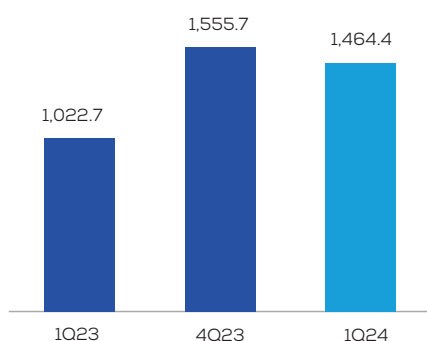
Revenue Progression (all figures in EGP million)

GB Auto



GB Capital

Before Intercompany
Eliminations



In terms of profitability, GB Auto's gross profit grew both quarter-on-quarter and year-on-year by 9.5% and 161.9%, respectively, to record EGP 2,295.7 million, yielding an expanded margin of 30.0% in 1Q24 compared to 22.6% in 1Q23. The significant increase in gross profit came on the back of improved market conditions resulting in a significant increase in volumes across most of the segment's LoBs. Similarly, the company recorded an EBITDA of EGP 1,549.5 million in 1Q24, representing a 20.0% q-o-q and 190.6% y-o-y increase, and yielding an expanded margin of 20.2% compared to 13.8% in 1Q23. The solid growth in EBITDA and the expansion in its margin reflects the Company's resilient business model amidst a challenging operating environment. Additionally, the segment maintained a strong financial position with a net debt-to-EBITDA ratio of 0.47 and a net debt-to-equity ratio of 0.22 in 1Q24. Meanwhile, GB Auto recorded a net profit of EGP 380.0 million in 1Q24, representing a rebound from a negative bottom-line figure in 1Q23 and an eight-fold increase from 4Q23. The growth in GB Auto's profitability came on the back of an expanded top-line figure coupled with improved cost management and enhanced efficiency across the board as well as decreased FX losses.

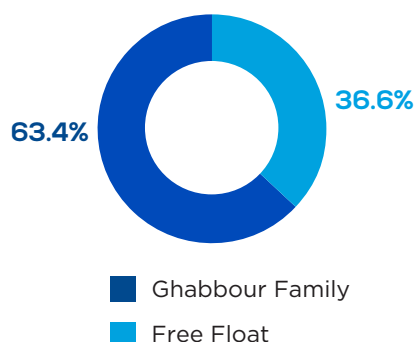
GB Capital recorded revenues (before intercompany eliminations) of EGP 1,464.4 million in 1Q24, down 5.9% q-o-q, but up 43.2% y-o-y, driven by an expansion in the company's offerings, which cater to the rising demand for alternative financing solutions. Similarly, net profit grew 30.8% y-o-y to reach EGP 247.7 million on the back of the significant expansion in the company's loan book portfolio. Meanwhile, GB Capital's loans portfolio grew both quarter-on-quarter and year-on-year by 19.1% and 61.1%, respectively, to reach EGP 10.7 billion in 1Q24.

Despite a challenging operating environment characterized by higher interest rates, GB Capital's LoBs continued on their growth trajectory. At GB Lease and Factoring, despite the CBE directive implemented in March 2024 limiting a bank's ability to extend financing to leasing companies to 5.0% of the bank's total loan book portfolio, the company's portfolio grew by 18.0% q-o-q and 37.8% y-o-y on the back of an increase in its factoring portfolio as well as optimizing its leasing portfolio. On the consumer finance front, Drive Finance recorded a significant increase in its portfolio at 26.4% q-o-q and 58.8% y-o-y, driven by greater penetration of the used car market for its auto loan business as well as an expansion in Forsa's portfolio through the introduction of large-ticket financing. At GB Auto Rental, the company's portfolio was stable quarter-on-quarter and increased by 34.4% y-o-y on the back of a significant expansion in the company's fleet as well as its client base. Launched in 3Q23, Kredit maintained its growth trajectory with its portfolio increasing by 31.4% q-o-q on the back of increased disbursements, which was bolstered by an expansion in the company's credit facilities. At the fintech side, MNT-Halan's loan book portfolio grew by 12.4% q-o-q and 69.2% y-o-y in 1Q24. Additionally, the company launched its the new "Halan" card, which gained significant traction in the market and significantly improved its customer acquisition capabilities. Despite the significant growth in GB Capital's portfolio, the company maintained a healthy NPL-to-portfolio ratio of 2.8% on the back of its continuous efforts to improve the quality of its portfolio.

Highlights of GB Corp's 1Q24 results, along with management's analysis of the company's performance. Complete financials are available for download on ir.gb-corporation.com

GB Corp's Shareholding Structure

as of 31 March 2024

**Head Office**

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

Investor Relations

Mansour Kabbani
Board of Directors Member

Mohamed Younis
Chief Investment Officer

Sarah Maged
Investor Relations
Communications Manager

Direct: +202 3910 0485
Tel: +202 3539 1201
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e-mail: ir@gb-corporation.com

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Shareholder Information

Reuters Code: GBCO.CA
Bloomberg Code: GBCO.EY

Shares Outstanding:
1,085,500,000

About GB Corp S.A.E.

GB Corp S.A.E. (GBCO.CA on the Egyptian Exchange), a leading automotive company in the Middle East and Africa and non-bank financial services provider in Egypt. Across four primary lines of business — Passenger Cars, Trading, Commercial Vehicles & Construction Equipment, and Two, Three, and Four-Wheelers — 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, Chery, Changan, Haval, MG, JAC, Foton, Karry, Bajaj, Marcopolo, Volvo Truck and Volvo Bus, Volvo Construction Equipment, Mitsubishi Fuso, SDLG, Higer, Shacman, Lassa, Yokohama, Westlake, Double Coin, Good-year, Thunderer, Verde, Techking, MRF, and Sunfull. GB Auto has operations in the Middle East and Africa. The company's NBFS' segment branded GB Capital offers leasing, factoring, consumer finance, fleet quasi-operational leasing, securitization, SME lending, and Sukuk under the following brands - GB Lease, Drive, Forsa, GB Auto Rental, Capital Securitization, Kredit, GB Capital Sukuk in addition to investments in affiliates offering micro-finance, nano-finance, BNPL, collection, peer-to-peer transfers, bill payments, mortgage finance and insurance under - MNT-Halan, Bedaya and Kaf. 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.

