



GB Corp Press Release

2Q/1H23

GB Corp Reports 2Q/1H23 Results

GB Corp delivers strong results amidst challenging market conditions and launches a new SME lending company as part of its strategy to offer diversified and comprehensive financial solutions.

Key Highlights 1H23



Note from our CEO

In the face of challenging market conditions, our performance demonstrated our company's resilience and prudent strategies. In the second quarter of the year, net profit for GB Corp grew nearly five-folds quarter-on-quarter and was up 2.1% y-o-y to reach EGP 500.5 million.

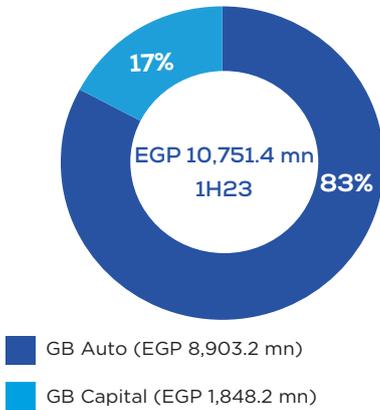
GB Auto, a cornerstone of our business, continued to grapple with supply shortages across the different lines of business in Egypt. However, in view of the persistent import restrictions, our Auto business in Egypt delivered positive results. In addition, by leveraging our regional footprint, we demonstrated the ability to identify and capitalize on growth opportunities within the passenger car LoB in Iraq, where revenues witnessed a remarkable 80.2% increase compared to the previous quarter and nearly tripled when compared year-on-year. This trend continued on a year-to-date basis, with revenue more than doubling in the first half of 2023. The results are a testament to the efficacy and significance of our diversified revenue streams approach. Regarding net debt for GB Auto, it has maintained a relatively stable position below the EGP 3.5 billion mark with a quarter-on-quarter increase attributed to higher inventory levels.

In parallel, GB Capital continues to achieve commendable financial and operational milestones. In May 2023, we took an additional step forward in diversifying our service offerings with the launch of Kredit, an FRA-regulated SME lending company. With this strategic move, GB Capital reaffirms its commitment to driving financial inclusion and supporting the growth of SMEs in Egypt. The company's expansion into the SME financing space aligns with the national direction of Egypt, to provide comprehensive financial solutions and contribute to the development of the Egyptian economy. With extensive expertise and a deep understanding of the challenges faced by SMEs, we are eager to explore the full potential of an underserved market segment.

Looking ahead, it is important to acknowledge that while macroeconomic challenges persist, they also present opportunities for us to reaffirm our commitment to excellence. We continue to focus on improving our operational efficiencies, updating our IT infrastructure, upgrading our processes to meet the evolving business requirements, increasing our digitization footprint, as well as expanding reliance on data analytics and data mining. These substantial efforts will lay the ground for our future growth. As we continue to grow GB Corp, we operate from a position of strength with a solid foundation and a wealth of experience garnered over the years. Our long-term vision is resolute, and we are poised to capitalize on emerging opportunities as conditions improve.

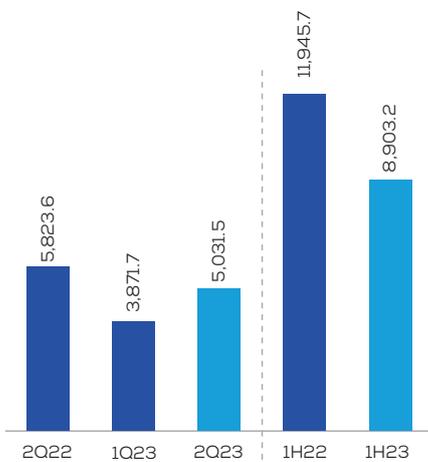
Nader Ghabbour
Chief Executive Officer

Group Revenue Breakdown (As of 30 June 2023)

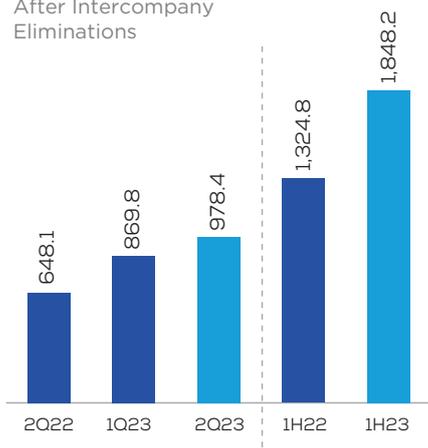


Revenue Progression (all figures in EGP million)

GB Auto



GB Capital After Intercompany Eliminations



Consolidated Financial Overview

14 August 2023 – (Cairo, Egypt) GB Corp (GBCO.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 second quarter and first half ending 30 June 2023. GB Corp’s revenue increased 26.8% q-o-q but was down 23.3% y-o-y, recording EGP 6,009.9 million in 2Q23. Net profit grew nearly five-folds quarter-on-quarter and was up 2.1% y-o-y to reach EGP 500.5 million in 2Q23. On a YTD basis, GB Corp’s revenue fell 31.4% y-o-y to EGP 10,751.4 million and net income decreased 15.5% y-o-y to EGP 608.2 million in 1H23.

GB Auto recorded a revenue of EGP 5,031.5 million in 2Q23, up 30.0% q-o-q and down 13.6% y-o-y. On a YTD basis, GB Auto’s revenue decreased by 25.5% to EGP 8,903.2 million in 1H23. GB Auto’s results continue to be affected by the restrictions on imports and a slowdown in opening LCs, limiting inventory supply across the portfolio. Despite the unfavorable environment at GB Auto’s Passenger Car LoB in Egypt, the local assembly of cars coupled with product repricing has largely mitigated the negative impact of tight import controls put in place since March 2022. At the Two and Three-Wheeler LoB, year-on-year results were hindered due to the complete phasing out of the three-wheeler inventory and further accentuated by supply shortages. Similarly, volume at the Commercial Vehicles & Construction Equipment LoB was impacted by a shortage in supply and slowdown in opening LCs. The After-Sales LoB on the other hand has performed particularly well as consumers focus on maintaining their existing vehicles given limited availability of new vehicles. Finally, the Tires LoB benefited from a higher supply of tires during the quarter, more than doubling its contribution to profits quarter-on-quarter.

On the regional front in Iraq, PC delivered a stellar performance as the MG brand’s popularity continues to grow as the leading Chinese brand in the market, with an expanded market share of 8.3% in 1H23 compared to 7.3% in the same period last year. The Iraqi market presents significant opportunities for expansion and the MG brand’s consistently robust performance supports GB Auto’s plans to further grow its portfolio and footprint in Iraq.

EBITDA at GB Auto grew by 35.6% q-o-q and 33.0% y-o-y to EGP 723.2 million in 2Q23, yielding an improved EBITDA margin of 14.4% versus 13.8% in 1Q23 and 9.3% in 2Q22. On a YTD basis, EBITDA grew 8.0% to EGP 1,256.5 million, yielding a margin expansion of 4.4 percentage points to 14.1% in 1H23. The segment maintained a strong financial position with a low net debt-to-EBITDA ratio of 1.28 and a net debt-to-equity ratio of 0.46 at the end of 2Q23. GB Auto reported a net profit of EGP 248.8 million in 2Q23, up significantly quarter-on-quarter and 16.2% y-o-y. On a YTD basis, net profit booked EGP 168.2 million in 1H23, down 47.7% y-o-y, due to a significant FOREX loss incurred in the first quarter of the year along with a rise in finance costs. However, it is worth noting that a significant portion of the FOREX loss incurred is expected to be recoverable throughout the remainder of the year upon the sale of inventory with higher profit margins, offsetting the initial loss.

GB Capital recorded a revenue of EGP 1,166.8 million in 2Q23, up 14.4% q-o-q and 32.0% y-o-y. Net profit grew by 33.6% q-o-q but was down 8.6% y-o-y booking EGP 253.0 million in 2Q23, due to the impact of Non-Controlling Interest (NCI) resulting from the sale of a stake in GB Lease. On a YTD basis, GB Capital recorded a 10.9% year-on-year increase in net profit to EGP 442.4 million in 1H23. GB Capital’s companies delivered an exemplary performance in the first half of the year with higher disbursements and a 23.8% q-o-q expansion in the loans portfolio to EGP 8.2 billion on the books (excludes securitized portfolio).

Highlights of GB Corp’s 2Q/1H23 results, along with management’s analysis of the company’s performance and complete financials are available for download on ir.gb-corporation.com

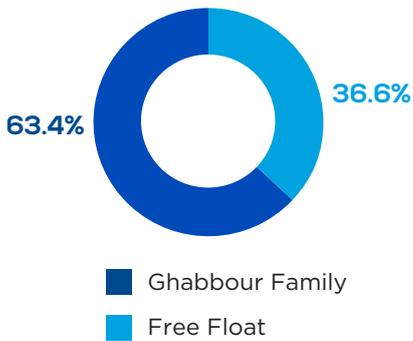
GB Corp Income Statement

Income Statement

(EGP million)	Three Months Ended			Six Months Ended		
	2Q22	2Q23	% Change	1H22	1H23	% Change
Egypt Passenger Cars Revenue	2,729.2	1,625.9	-40.4%	5,690.2	2,822.2	-50.4%
Egypt Motorcycles & Three-Wheelers Revenue	581.7	101.1	-82.6%	1,209.2	172.0	-85.8%
Egypt Commercial Vehicles & Construction Equipment Revenue	389.0	214.8	-44.8%	714.7	530.5	-25.8%
Egypt Tires Revenue	360.6	464.9	28.9%	806.9	807.1	-
GB Capital (Financing Businesses) Revenue	2,010.2	978.4	-51.3%	3,730.2	1,848.2	-50.5%
Egypt After-Sales Revenue	402.3	587.8	46.1%	781.1	1,132.3	45.0%
Regional Revenue	1,153.8	1,733.4	50.2%	2,185.1	2,789.1	27.6%
Others Revenue	207.0	303.6	46.7%	558.5	650.0	16.4%
Total Sales Revenue	7,833.8	6,009.9	-23.3%	15,675.8	10,751.4	-31.4%
Total Gross Profit	2,177.1	1,337.0	-38.6%	4,010.8	2,386.4	-40.5%
Gross Profit Margin	27.8%	22.2%	-5.6	25.6%	22.2%	-3.4
Selling and Marketing	(906.2)	(561.5)	-38.0%	(1,753.0)	(1,049.3)	-40.1%
Administration Expenses	(183.7)	(203.2)	10.6%	(297.9)	(360.3)	21.0%
Other Income (Expenses)	65.2	76.5	17.3%	125.7	140.8	12.0%
Operating Profit	1,152.5	648.8	-43.7%	2,085.7	1,117.6	-46.4%
Operating Profit Margin (%)	14.7%	10.8%	-3.9	13.3%	10.4%	-2.9
Provisions (Net)	(15.2)	(16.4)	8.5%	(51.4)	(67.2)	30.6%
Intercompany Investment Losses	-	260.4	-	-	482.6	-
EBIT	1,137.3	892.7	-21.5%	2,034.2	1,532.9	-24.6%
EBIT Margin (%)	14.5%	14.9%	0.4	13.0%	14.3%	1.3
Foreign Exchange Gains (Losses)	(13.4)	7.3	-	(224.6)	(258.1)	14.9%
Net Finance Cost	(181.5)	(248.0)	36.7%	(308.2)	(439.5)	42.6%
Earnings Before Tax	942.4	652.1	-30.8%	1,501.4	835.4	-44.4%
Income Taxes	(214.2)	(103.4)	-51.7%	(407.6)	(182.8)	-55.1%
Net Profit / Loss Before Minority Interest	728.2	548.7	-24.6%	1,093.9	652.6	-40.3%
Minority Interest	(237.8)	(48.1)	-79.8%	(374.0)	(44.4)	-88.1%
Net Income/Loss	490.4	500.5	2.1%	719.9	608.2	-15.5%
Net Profit Margin (%)	6.3%	8.3%	2.0	4.6%	5.7%	1.1

GB Corp's Shareholding Structure

as of 30 June 2023



Head Office

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

Investor Relations

Mansour Kabbani
 Board of Directors Member

Marina Kamal

Investor Relations AVP

Sarah Maged

Investor Relations

Communications Manager

Direct: +202 3910 0485

Tel: +202 3539 1201

Fax: +202 3539 0139

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) 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, Chery, Changan, Haval, Karry, Bajaj, Marcopolo, Iveco, Volvo Truck and Volvo Bus, Volvo Construction Equipment, Mitsubishi Fuso, SDLG, Higer, Shacman, Lassa, Yokohama, Westlake, Double Coin, Goodyear, Thunderer, Verde, Techking, Sunfull, MG, and Gazpromneft. GB Auto has operations in Egypt and Iraq. The company's NBFS' segment branded GB Capital offers leasing, factoring, consumer finance, fleet quasi-operational leasing, securitization and SME lending, under the following brands - GB Lease, Drive, Forsa, GB Auto Rental, Capital Securitization, Kredit, 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.