

“ We’re now looking to regain margins and reduce debt. ”

## GB Auto Reports 3Q17 Results

*Automotive leader’s revenues grow 16.4% y-o-y, reflecting a solid management strategy and strong execution*

6 November 2017 — (Cairo, Egypt) GB Auto (AUTO.CA on the Egyptian Exchange), a leading automotive company in the Middle East and North Africa and non-bank financial services provider in Egypt, announced today its consolidated results for the third quarter and nine months 2017. The Group recorded revenue gains for both the three and nine-month periods despite the rocky landscape the auto business continues to have to navigate.

“Overall, the third quarter of 2017 showed an improvement, as we had anticipated, but the fact remains that consumer sentiment continues to be a hamper on the automotive business,” said GB Auto Chief Executive Officer Raouf Ghabbour. “We do see signs of increasing demand for Passenger Cars, which we believe will steadily continue, as we’ve managed to maintain our market share at above 30% and anticipate we’ll hit 33% — our historical rate — by the end of the year.”

In 2Q17, management adopted a new disclosure structure that reports its core automotive and high-margin Financing Businesses as two separate functions due to their vastly different financing and capital structure and risks. With the automotive business continuing to find its footing in a challenging environment, management sees the split as a better reflection of the Group’s net debt, facilitating more accurate valuations and revealing hidden value in the company’s share.

GB Auto Group recorded consolidated revenues of LE 5,032.2 million in 3Q17, up 16.4% y-o-y, while on a year-to-date basis revenues grew 8.9% y-o-y in 9M17 to LE 12,172.9 million. GB Capital delivered a solid performance in 3Q17 with revenues up 41.3% y-o-y (after intercompany eliminations) to LE 604.9 million, contributing 12.0% to Group revenues and 24.8% to revenue growth in absolute terms. On a year-to-date basis, GB Capital played a significant role in revenue growth in 9M17, with revenues up 46.7% y-o-y (after intercompany eliminations) making up 14.7% of the Group’s total revenues for the period.

GB Auto & Auto-Related segment’s results were hampered by the sluggish performance of the Egyptian Passenger Car segment as consumers have yet to recover from the aftermath of the Egyptian pound’s float last year. However, the Passenger Car segment is showing vivid signs of recovery, with revenues for the division gaining 76.2% q-o-q in 3Q17 compared to a 43.1% q-o-q increase in 2Q17.

“We believe we’re finally seeing consumers slowly adapting to new market realities despite the fact that the car market as a whole is operating at much lower levels than last year,” said Ghabbour. “After turning our sights to inventory reduction at the start of the year, we’ve successfully managed to reach a stage where it will no longer be a focal point of our business strategy. We’re now looking to regain margins and reduce debt, and after having renegotiated prices for new inventory we believe we’re well on our way to doing just that.”

The Group’s gross profit decreased y-o-y to LE 481.6 million in 3Q17, yielding a gross profit margin of 9.6% versus 12.6% in the same period last year, brought down once again by special price promotions that sought to spur a pickup in volumes. Meanwhile, a 35.4% y-o-y increase in SG&A coupled with a 109.9% y-o-y

increase in finance costs to LE 344.2 million saw GB Auto turn a net loss of LE 138.9 million in 3Q17 and LE 444.3 million for the nine-month period.

“Over the past several quarters, we’ve worked hard to run a much tighter ship as part of our anchoring strategy to weather this challenging time for the automotive market. We’ve taken steps to manage operating and marketing costs, streamline our head count, and maximize energy efficiency in our premises,” said Ghabbour. “At the same time, having worked through most of our inventory, we’re slowly seeing revenues creep back up, which will allow us to further reduce debt levels. In fact, this quarter, we’ve seen Auto and Auto related debt fall to EGP 5.6 billion, a trend we expect to continue throughout the coming quarters insofar as the automotive and auto-related business is concerned.”

Looking ahead, Ghabbour noted, “GB Auto’s extensive experience in the industry has taught us that with flexibility and carefully outlined strategies, we can not only navigate rocky terrains, but can come out a better, leaner, transformed operation. After realigning our business as two distinct lines in the form of GB Auto & Auto Related and GB Capital, we’ve managed to capitalize on the tools already in our toolbox — namely our diverse lines of business — to continue leading the market. We are confident that the recovery we’re seeing this quarter will continue into the next and that we are seeing our customers improve their financial positions and adapting to new market prices.”

Highlights of GB Auto Group’s 3Q17 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 |                |               | Nine Months Ended |                 |               |
|--|--------------------|----------------|---------------|-------------------|-----------------|---------------|
|  | 3Q16               | 3Q17           | % Change      | 9M16              | 9M17            | % Change      |
| Egypt Passenger Cars Revenues                                    | 2,464.3            | 2,232.4        | -9.4%         | 5,925.4           | 4,384.8         | -26.0%        |
| Egypt Motorcycles & Three-Wheelers Revenues                      | 499.5              | 608.2          | 21.8%         | 1,369.5           | 1,524.4         | 11.3%         |
| Egypt Commercial Vehicles & Construction Equipment Revenues      | 283.4              | 245.1          | -13.5%        | 814.2             | 756.1           | -7.1%         |
| Egypt Tires Revenues   | 101.2              | 232.8          | -             | 314.9             | 500.5           | 59.0%         |
| Financing Businesses Revenues                                    | 428.1              | 604.9          | 41.3%         | 1,218.1           | 1,787.4         | 46.7%         |
| Egypt After-Sales Revenues                                       | 204.0              | 266.5          | 30.6%         | 553.8             | 749.3           | 35.3%         |
| Regional Revenues  | 280.0              | 775.2          | -             | 850.5             | 2,267.8         | -             |
| Others Revenues  | 60.8               | 67.1           | 10.3%         | 128.5             | 202.6           | 57.7%         |
| <b>Total Sales Revenues</b>                                      | <b>4,321.4</b>     | <b>5,032.2</b> | <b>16.4%</b>  | <b>11,174.9</b>   | <b>12,172.9</b> | <b>8.9%</b>   |
| <b>Gross Profit</b>  |                    |                |               |                   |                 |               |
| Egypt Passenger Cars Gross Profits                               | 214.5              | 42.7           | -80.1%        | 656.4             | 225.4           | -65.7%        |
| Egypt Motorcycles & Three-Wheelers Gross Profits                 | 66.2               | 73.6           | 11.1%         | 203.4             | 167.9           | -17.4%        |
| Egypt Commercial Vehicles & Construction Equipment Gross Profits | 54.4               | 37.3           | -31.4%        | 130.0             | 131.4           | 1.1%          |
| Egypt Tires Gross Profits  | 19.5               | 44.0           | -             | 64.6              | 91.2            | 41.1%         |
| Financing Businesses Gross Profits                               | 109.1              | 157.7          | 44.6%         | 278.6             | 461.1           | 65.5%         |
| Egypt After-Sales Gross Profits                                  | 66.2               | 74.3           | 12.2%         | 173.6             | 224.4           | 29.3%         |
| Regional Gross Profits   | 3.7                | 41.9           | -             | 25.3              | 122.5           | -             |
| Others Gross Profits   | 11.5               | 9.9            | -13.2%        | 22.8              | 31.0            | 36.0%         |
| <b>Total Gross Profit</b>  | <b>545.0</b>       | <b>481.6</b>   | <b>-11.6%</b> | <b>1,554.7</b>    | <b>1,454.9</b>  | <b>-6.4%</b>  |
| Gross Profit Margin  | 12.6%              | 9.6%           | -3.0          | 13.9%             | 12.0%           | -2.0          |
| Selling and Marketing  | -156.4             | -233.3         | 49.2%         | -453.2            | -652.5          | 44.0%         |
| Administration Expenses  | -96.1              | -108.5         | 12.9%         | -259.5            | -301.6          | 16.2%         |
| Other Income (Expenses)  | -0.4               | 41.7           | -             | 17.8              | 106.4           | -             |
| <b>Operating Profit</b>  | <b>292.1</b>       | <b>181.4</b>   | <b>-37.9%</b> | <b>859.7</b>      | <b>607.3</b>    | <b>-29.4%</b> |
| Operating Profit Margin (%)                                      | 6.8%               | 3.6%           | -3.2          | 7.7%              | 5.0%            | -2.7          |
| Net Provisions and Non-Operating FV of Investment Property       | 12.2               | -19.6          | -             | -19.2             | -76.1           | -             |
| <b>EBIT</b>  | <b>304.4</b>       | <b>161.9</b>   | <b>-46.8%</b> | <b>840.6</b>      | <b>531.1</b>    | <b>-36.8%</b> |
| EBIT Margin (%)  | 7.0%               | 3.2%           | -3.8          | 7.5%              | 4.4%            | -3.2          |
| Foreign Exchange Gains (Losses)                                  | -80.8              | 1.1            | -             | -147.9            | -127.2          | -14.0%        |
| Net Finance Cost   | -164.0             | -344.2         | -             | -426.2            | -954.6          | -             |
| <b>Earnings Before Tax</b>                                       | <b>59.6</b>        | <b>-181.2</b>  | -             | <b>266.6</b>      | <b>-550.6</b>   | -             |
| Income Taxes   | -12.6              | 40.1           | -             | -81.7             | 75.1            | -             |
| Net Profit / Loss Before Minority Interest                       | 47.0               | -141.1         | -             | 184.9             | -475.5          | -             |
| Minority Interest  | -7.6               | 2.3            | -             | 7.5               | 31.2            | -             |
| <b>Net Income/Loss</b>   | <b>39.4</b>        | <b>-138.9</b>  | -             | <b>192.4</b>      | <b>-444.3</b>   | -             |
| Net Profit Margin (%)  | 0.9%               | -2.8%          | -3.7          | 1.7%              | -3.6%           | -5.4          |



## Head Office

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

## Investor Relations

Mansour Kabbani  
Board of Directors Member

Andre Valavanis  
Investor Relations Associate

Sarah Maged  
Investor Relations Associate

Direct: +202 3910 0485  
Tel: +202 3539 1201  
Fax: +202 3539 0139  
e-mail: [ir@ghabbour.com](mailto:ir@ghabbour.com)

[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 North Africa and non-bank financial services provider in Egypt. Across seven primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires, Financing, After-Sales, and Regional 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, Aksa, Lassa, Yokohama, Goodyear, Westlake, Triangle, Grandstone, Diamond Back, Diamond Coin, Jumbo, Monroe and Gazpromneft. GB Auto has operations in Egypt, Iraq, Algeria, and Jordan. 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.