

## First-Quarter 2011: Operational Performance Flash Note

**Egypt's leading automotive assembler and distributor reports promising market recovery in Egypt for Passenger Cars and record tires and two- and three-wheeler unit sales**

**10 April 2011**

CAIRO — GB Auto S.A.E. (AUTO.CA on the Egyptian Exchange, EGX), a leading automotive assembler and distributor in the Middle East and North Africa, issued today a flash note on its sales volumes for 1Q11 ahead of the May 2011 release of its full Earnings Newsletter. Commenting on the business performance in the quarter just ended, CEO Dr. Raouf Ghabbour said:

"The performance in Egypt clearly reflects the impact of the Egyptian Revolution," noted GB Auto CEO Raouf Ghabbour. "In that context, more important than absolute sales in a period that saw historic and wrenching political change is the simple fact that our Passenger Car sales have since recovered to more than 60% of pre-crisis levels. At the same time, we have recorded exceptionally strong Two- and Three-Wheeler sales and two months of record tire sales.

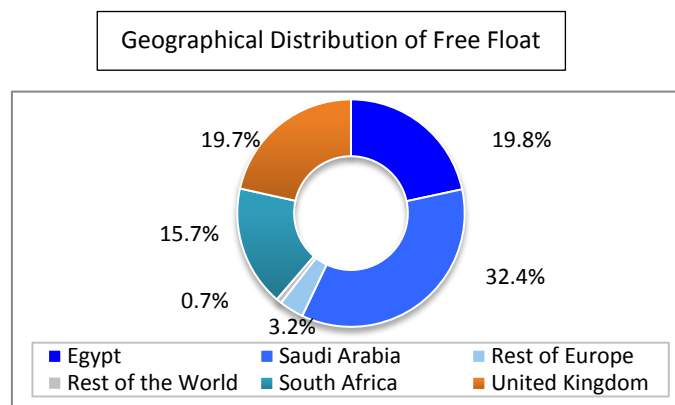
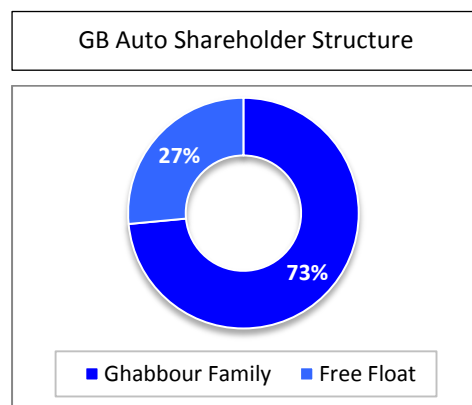
"This leaves us optimistic regarding the shape of things to come in 2011. We expect the market's dynamics will prove similar to that seen in 2009, when the effects of the global financial crisis spilled over into our market: A slower first half, with a noticeable pick-up in the second half starting with the onset of the high season in June. Net profit margins will be substantially constrained in 1Q11, show some improvement in 2Q11 and then pick up as the year progresses, supported by the market recovery in Egypt and continued strong sales in Iraq.

"In this context, Management continues to focus on management of working capital and control of expenses," Ghabbour concluded.

- **Passenger Car Unit Sales in Egypt** declined 51.2% year-on-year to 6,372 vehicles amid the disruption of the market during and immediately after the Egyptian revolution. From a complete standstill in late January and early February, PC unit sales have presently recovered to 60-65% of last year's run rate at time of writing.
- **Passenger Car Unit Sales in Iraq** rose 296.0% to 5,311 vehicles despite continuing supply shortages on select models. For comparative purposes, management notes that operations in Iraq began only in February 2010.
- **Commercial Vehicles and Construction Equipment Unit Sales in Egypt** recorded the sharpest impact from the Revolution and will prove the slowest to recover, with bus and truck unit sales down 59.2%, trailer sales down 33.8% and construction equipment off 83.3%.
- **Motorcycle and Three-Wheeler Unit Sales** proved resilient, rising 42.7% year-on-year to 14,473 total units in the first quarter, which is traditionally low season for the line of business.

- **Tire Sales** climbed a sharp 125.0% as the line of business posted record sales levels in both February and March.
- **Financing Business** revenues also climbed sharply, rising more than 300% year-on-year. Meanwhile, the Financing line of business announced early in 2Q11 the launch of Drive for Car Trading, which will finance the purchase of Passenger Cars for qualified buyers.

### Shareholding Structure:



**GB Auto is majority owned (73%) by the Ghabbour Family. For the sake of clarity, family shareholders are limited to Dr. Raouf Ghabbour, Ms. Dina Ghabbour, Mr. Nader Ghabbour, Mr. Kamal Ghabbour and Mrs. Ola Loutfi. Dr Raouf Ghabbour is Chairman and CEO and both Nader Ghabbour and Dina Ghabbour hold executive committee positions in the company. GB Auto has maintained a staunchly apolitical position throughout its business dealings and confirms that no member of the Ghabbour family who is a shareholder in GB Auto is presently facing legal action.**

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### About GB Auto S.A.E.

GB Auto S.A.E. (AUTO.CA on the Egyptian Exchange) is the leading automotive producer and distributor the Middle East and North Africa. The company assembles, imports and distributes passenger cars under the Hyundai brand as well as commercial vehicles (buses, trucks and trailers) under the Volvo and Mitsubishi brands. It is also the exclusive importer and distributor of Mazda passenger cars in Egypt and is the exclusive importer and distributor of Hyundai vehicles in Iraq through a joint venture, GK Auto. In addition, it distributes motorcycles and scooters in Egypt under the Bajaj brand, tires in Egypt under the Lassa and Yokohama brands and construction equipment under the Volvo brand. The company also operates Egypt's largest network of service centers and automotive accessories sales points as well as cargo transportation services. GB Auto's financing business operates Mashro'ey (a fast-growing microfinance venture), GB Lease (commercial vehicle and corporate fleet financing) and Drive for Car Trading (passenger car financing for individuals). GB Auto is headquartered in Giza, Greater Cairo Area, Egypt. ([www.ghabbourauto.com](http://www.ghabbourauto.com))

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