

GB Auto Reports Third Quarter 2011 Results

Market leader GB Auto reports strong top line and bottom line numbers in the third quarter of 2011

13 November 2011

(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 2011, reporting revenues of LE 2,382.9 million, a 16.5% increase year-on-year. Net income for the quarter was LE 89.0 million, a 24.6% increase over LE 71.4 million in the same quarter last year.

Year-to-date, revenues rose 8.3% to LE 5,537.8 million, while net income fell 32.5% from 9M10 to LE 147.1 million as at 30 September 2011.

“I am very gratified to report both top-line and bottom-line growth in the third quarter — and even more so to report top-line growth year-to-date following substantial disruption in the market due to events in the first quarter,” said GB Auto Chief Executive Officer Dr. Raouf Ghabbour. “While this return to growth is likely only a temporary upswing in a volatile market, it also is a testament to the strength of our market, our product offering, and, not least, the GB Auto team.”

Standout performers in the quarter were the Motorcycles and Three-Wheelers line of business and the Financing Businesses. Three-wheelers (tuk-tuks) unit sales are record-breaking for the third consecutive quarter, while the expansion of the Financing businesses has paid off in significant revenue gains.

Revenue growth in the Passenger Cars business in both Iraq and Egypt was limited by supply constraints in both markets in 3Q11 which were only partially offset by better selling prices following the successful introduction of new models. Management’s view is that demand is strong in both markets, and revenues for this line of business are up both in 3Q and 9M11.

As expected, the Commercial Vehicles and Construction Equipment line of business remains challenged, and a true recovery is likely to begin only in the second half of 2012. Our strategy going forward will be to drive export-led growth from GB Polo beginning in 3Q11, while seeking highly competitive entrants in the pickup truck, microbus and micro microbus segments.

“More than nine months after the Egyptian Revolution, GB Auto is at a cross-roads. If developments in this final quarter of the year meet expectations, we will close 2011 within 10 to 15 percentage points of 2010, despite the economic fallout of a tumultuous year,” continued Ghabbour. “Furthermore, we will be on track for a 2012 that will see us emerge faster-growing and more diverse across new product lines and geographies.”

Management’s goal for 2011 has been to capitalize on market disruptions to capture new market shares, address weaknesses, and lay the groundwork for the next quantum leap in GB Auto’s emergence as a leading regional player in our industry.

“At the three-quarters mark, it is clear that we are delivering on these goals. By the next time we speak, I believe it will be clear that 2011 has not been a ‘banner’ year, but a remarkable one,” he concluded. “We will come close to 2010-caliber results despite the loss of nearly an entire quarter of business — and we will have laid the foundation for a GB Auto that will deliver outstanding value to shareholders and consumers alike for decades to come.”

GB Auto’s third quarter 2011 results and management’s analysis of the company’s performance are now available for download from www.ghabbourauto.com.

A summary of the company’s third-quarter results follows (overleaf).

GB Auto Results for the Third Quarter of 2011

(LE million)	3Q10	3Q11	% Change	9M10	9M11	%Change
Passenger Cars Revenues	1,640.5	1,869.1	13.9	3,896.5	4,170.6	7.0
Motorcycles & Three-Wheelers Revenues	150.1	287.0	91.2	406.0	720.4	77.4
Commercial Vehicles & Construction Equipment Revenues	118.9	63.0	-47.0	460.5	198.3	-56.9
After-Sales Revenues	74.8	69.2	-7.5	217.1	205.1	-5.5
Tires Revenues	37.0	47.6	28.6	71.0	127.4	79.4
Financing Businesses	15.7	44.9	186.0	32.0	105.7	230.3
Others	8.4	2.1	-75.0	28.7	10.3	-64.2
Revenues	2,045.5	2,382.9	16.5	5,111.8	5,537.8	8.3
COGS	1,805.1	2,106.8	16.7	4,444.3	4,897.5	10.2
Gross Profit	240.4	276.1	14.8	667.5	640.3	-4.1
<i>Gross Profit Margin</i>	11.8	11.6	-0.2	13.1	11.6	-1.5
zSelling and Marketing	-61.4	-52.7	-14.2	-152.6	-161.5	5.8
Administration Expenses	-35.1	-40.4	15.1	-94.8	-107.6	13.5
Other Operating Income (Expenses)	6.2	4.4	-29.0	22.2	16.4	-26.1
Operating Profit	150.1	187.3	24.8	442.3	387.7	-12.3
<i>Operating Profit Margin (%)</i>	7.3	7.9	0.6	8.7	7.0	-1.7
Net Provisions and Non-Operating	-5.6	0.0	-	-23.8	-0.5	-97.9
EBIT	144.4	187.3	29.7	418.5	387.2	-7.5
<i>EBIT Margin (%)</i>	7.1	7.9	0.8	8.2	7.0	-1.2
Foreign Exchange Gains (Losses)	5.9	3.7	-37.3	-0.3	-2.3	666.7
Net Finance Cost	-58	-52.5	-9.5	-141.7	-152.8	7.8
Earnings Before Tax	92.4	138.6	50.0	276.5	232.1	-16.1
Income Taxes	-18.9	-38.9	105.8	-57.6	-58.7	1.9
Net Profit Before Minority Interest	73.5	99.6	35.5	218.9	173.4	-20.8
Minority Interest	-2.1	-10.6	404.8	-1.1	-26.3	2,291.0
Net Income	71.4	89.0	24.6	217.8	147.1	-32.5
<i>Net Profit Margin (%)</i>	3.5	3.7	0.2	4.3	2.7	-1.6

— Ends —

About GB Auto S.A.E.

GB Auto S.A.E. (AUTO.CA on the Egyptian Exchange) is a leading automotive producer and distributor the Middle East and North Africa. The company assembles, imports and exclusively distributes passenger cars under the Hyundai brand. GB Auto also assembles, imports and exclusively distributes commercial vehicles (buses and trucks) in Egypt under the Volvo and Mitsubishi brands, as well as manufacturing trailers and superstructures. Via GB Polo, a joint-venture with leading global player Marcopolo, the company manufactures and assembles bus bodies. It is 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 exclusively distributes other products in Egypt, namely: two and three-wheelers under the Bajaj brand, tires under the Lassa and Yokohama brands and construction equipment under the Volvo brand. GB Auto provides financial leasing, microfinance and consumer finance via GB Lease (business to business financial leasing), Mashroey (microfinance) and Drive (consumer finance - under establishment). The company also operates Egypt's largest network of service centers and automotive spare parts sales points as well as passenger and cargo transportation services. GB Auto is headquartered in Giza, Greater Cairo Area, Egypt. (www.ghabbourauto.com)

Investor Relations Contact Information:

Ms. Hoda Yehia
Investor Relations Manager

Email: ir@ghabbour.com

Tel: +20 (0) 2 3910 0485

Fax: +20 (0) 2 3539 0139

Address: Cairo-Alexandria Desert Road, Km. 28, Industrial Zone, Abu Rawash
P.O. Box 120, Giza, Egypt

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.