GB Auto

"The Leading Automotive Assembler and Distributor in the MENA Region"

Investor Presentation | First Half 2009

Agenda for Today

Company & Business Overview	**Dr. Raouf Ghabbour** **Chief Executive**
Financial Overview	**Colin Sykes** **Chief Financial Officer**

I. Company Overview

Corporate Overview

Passenger Cars
65% of 1H09 Group Sales

Overview
- Import, retail distribution, fleet sales and assembly of cars

Description
- Exclusive agent and sole distributor for Hyundai
- Imports and distributes CBU units and assembles CKD units
- We have begun work on our largest passenger car after-sales center to date on the Cairo-Ismaliyya Highway; expected to be online by mid-2010
- Large distribution and after-sales network with four 3S facilities (sales, service and spare parts) and 373 service bays (expected to increase by 164% to 983)
- Market share of 23.9% in Egypt in 1H09
- 1,400 units sold since April 2009 under the taxi-replacement program; additional 800-unit opportunity monthly

Brands
HYUNDAI

Commercial Vehicles
18% of 1H09 Group Sales

Overview
- Distribution of locally assembled trucks and buses

Description

Buses
- Exclusive agent for Mitsubishi, Volvo and Hyundai buses
- Assembles and distributes buses for public, commercial and tourism sectors
- JV with Marcopolo for 8,000 capacity bus-body assembly facility in Suez targeting local and export markets
- 32.5% market share in 1H09 (excl. microbuses)

Trucks
- Exclusive agent for Mitsubishi, Volvo and Hyundai trucks
- Includes heavy, medium and light weight trucks
- 19.1% market share in 1H09 (excluding pickups)

Trailers
- 23,000-unit opportunity in Egypt as draw-bar trailers are banned and distribution JV in Algeria

Brands
VOLVO, HYUNDAI, FUSO, Marcopolo, GB AUTO

Motorcycles & 3-Wheelers
13% of 1H09 Group Sales

Overview
- Local assembly of imported Semi Knocked Down (SKD) units and distribution

Description
- Exclusive agent for Bajaj three-wheelers and motorcycles
- SKD assembly and distribution of Bajaj three-wheelers
- Distribution via three retail showrooms as well as network of local dealers
- Three after-sale service and spare parts centers
- 10 sales centers for motorcycles and 40 for three-wheelers
- GB Auto is the market for three-wheelers in Egypt

Brands
BAJAJ

Others
4% of 1H09 Group Sales

Overview
- Includes tires, construction equipment, transportation services and export activities

Description

Tires
- GB Auto distributes passenger and light truck tires under license from Lassa; seeking new representations for bus, truck and off-road tires

Construction equipment
- GB Auto distributes Volvo brand construction equipment serving public and private clients

Transportation Services
- Haram Transport Company is a fully owned subsidiary providing cargo services (90-truck fleet) on fixed-price contracts as well as passenger transport services to select corporate and government clients

Brands
VOLVO, LASSA

GB Auto is the Leading Player in the Egyptian Automotive Market

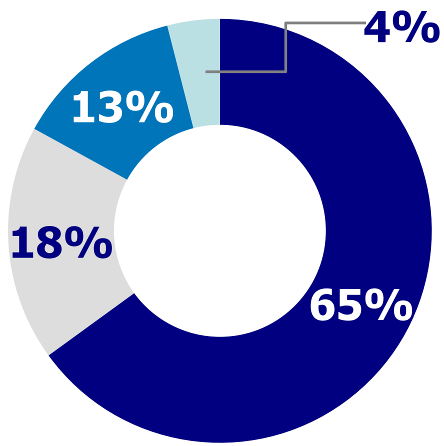
Key Financial Data

(LE million)	FY2006	FY2007	FY2008	2Q2008	2Q2009	1H2008	1H2009
Sales	**3,103.3**	**4,630.1**	**5,192.4**	**1,519.8**	**1,072.6**	**2,623.7**	**1,714.6**
% growth	*50.1*	*49.2*	*12.1*	*34.9*	*-29.4*	*32.9*	*-34.6*
EBITDA	**417.4**	**500.7**	**678.5**	**215.7**	**85.7**	**354.7**	**145.3**
% margin	*13.5*	*10.8*	*13.1*	*14.2*	*8.0*	*13.5*	*8.5*
EBIT	**503.6**	**582.1**	**646.5**	**200.2**	**71.3**	**328.3**	**123.7**
% margin	*16.2*	*12.6*	*12.5*	*13.2*	*6.6*	*12.5*	*7.2*
Net Income	**281.5**	**433.5**	**415.9**	**143.4**	**40.3**	**228.0**	**47.5**
% margin	*9.1*	*9.4*	*8.0*	*9.4*	*3.8*	*8.7*	*2.8*

Key Products

1. **Passenger Cars** — HYUNDAI
2. **Commercial Vehicles** — HYUNDAI, FUSO, VOLVO
3. **3-wheelers & Motorcycles** — BAJAJ
4. **Other:** Tires, Construction Equipment, Transportation Services — VOLVO, LASSA, GB AUTO

Sales Breakdown (1H2009)



Unique, Diversified Position Covering the Automotive Value Chain

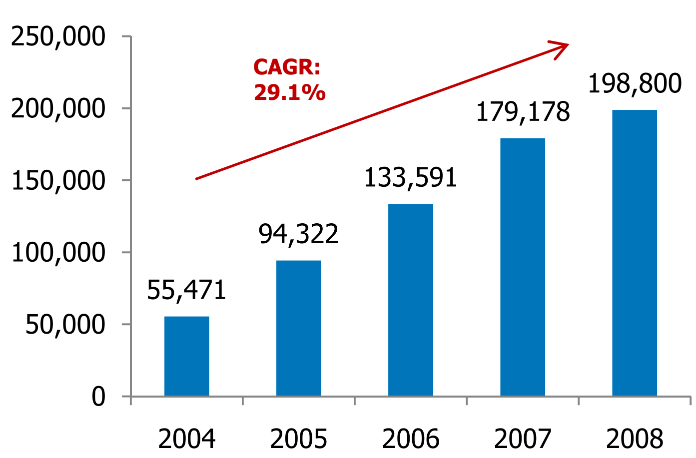
- Assembly of passenger cars and commercial vehicles (CKD) at 2 plants in Cairo, 1 plant in Sadat City + JV bus-body assembly in Suez (GB Polo)
- Sales and distribution: Distribution and retail sales of CKD and CBU (imported) passenger cars, commercial vehicles, motorcycles and three-wheelers, and construction equipment
- Growing national after-sales service network with 6 passenger car and 6 commercial vehicle outlets (planned expansion to 25 PC and 10 CV)
- Partnerships with 41 independent passenger car retailers
- Growing network of partnerships, including buses with Marcopolo (GB Polo) and trailers in Algeria with Sentrax (GB-Allab Remourque)

Remarkable Growth Through 2008, Recent Industry Challenges

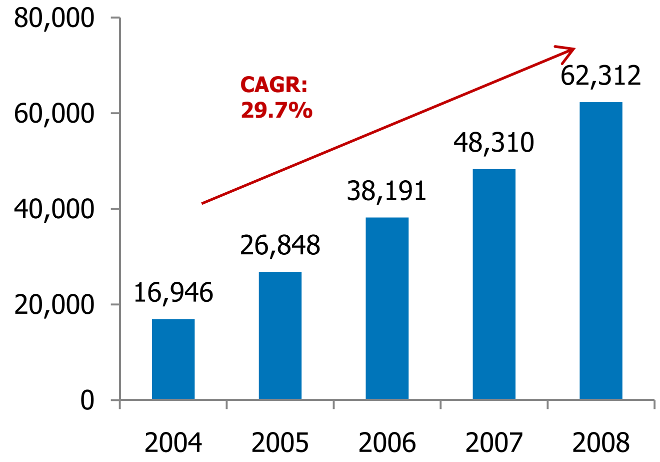
Historical Market Size and Growth, 2004 to 2008

Vehicle Units

Passenger Cars



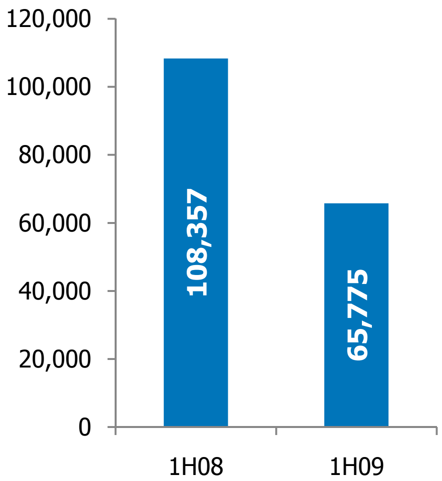
Commercial Vehicles



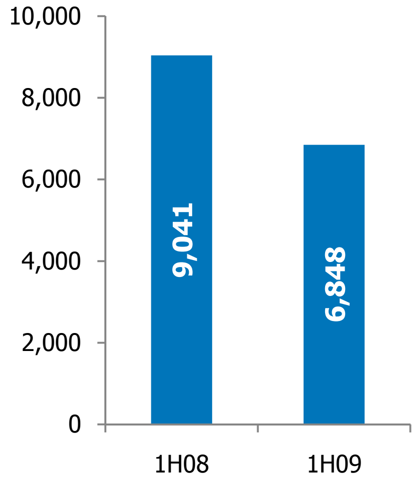
Recent Market Size and Change, 1H08 vs. 1H09

Vehicle Units

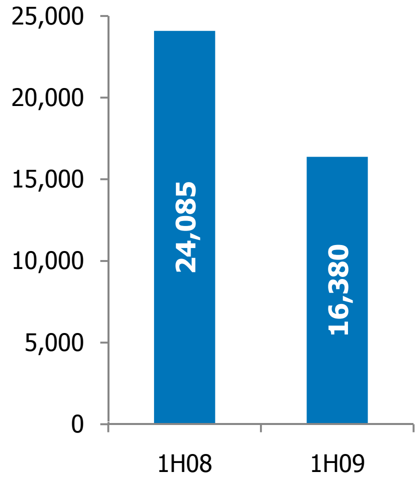
Passenger Cars



Buses



Trucks



…With Long-term Durability on the Back of Numerous Macro Drivers

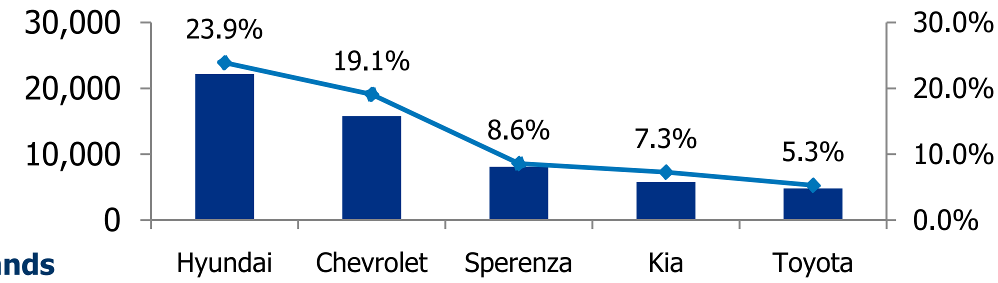
Key Growth Drivers	Comments
1 Reduction of Import Duties on Cars	Import duties on passenger vehicles with engine capacity < 1.6 liters came down in 2004 from 105% to 40%. Duties are expected to continue decreasing as per the EU-Egypt Association Agreement.
2 Reduction of Income Taxes	Consumer spending on everything from mobile phones to vehicles has boomed since the halving in 2006 of income taxes and is showing resilience despite a slowdown in growth.
3 Legislative Changes	Legislation passed in summer 2008 will support demand over the coming two years by capping the age limit for passenger cars used as taxis, outlawing draw-bar trailers and allowing the licensing of three-wheelers (tuk-tuks) as motorcycles.
4 Increase in GDP/Capita Levels	GDP per capita is approaching the USD 2,000 range, accelerating demand for cars, with multipliers of up to 2.5x the rate of GDP growth being sustained for several years. Income per capita at purchasing power parity now exceeds that of India and China.
5 Availability of Consumer Finance	Auto loans have only recently been introduced to the Egyptian market. Evidence now suggests national banks are expanding their consumer credit activities, filling a vacuum left by the retreat of international brands in wake of global economic crisis.
6 Lingering Pent-Up Demand	New demand is being created by the rapid formation of a middle class. Slowdown in sales from late 3Q08 onward translates not into lost sales, but into new pent-up demand that will begin converting into sales as the market stabilizes toward end of 2009.

Consumer confidence is again rising, spurring expectations of stronger 2H09 growth throughout the economy

Demand in Egypt's automotive market should recover noticeably by 4Q09

GB Auto is the Undisputed Leader of the Egyptian Passenger Car Market

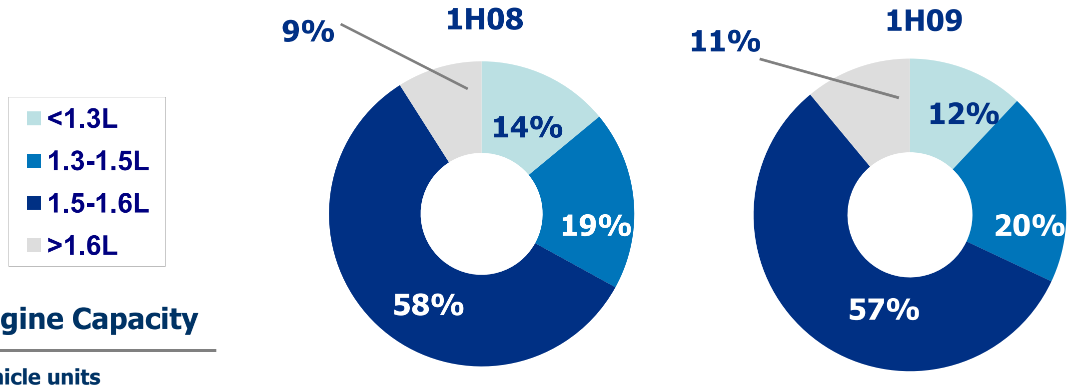
Market Segmentation | as of end 1H09



Top 5 Brands

Vehicle units

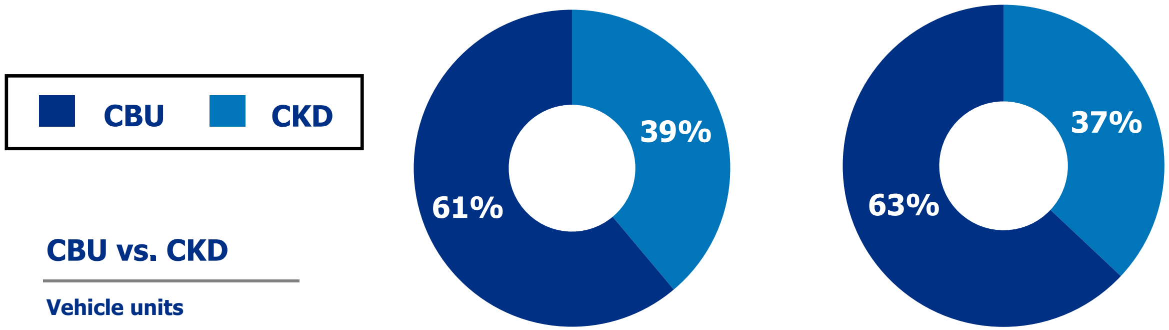
The nation's top selling PC brand, Hyundai has a market share of 23.9%, reflecting GB Auto's superior value proposition for consumers.



Engine Capacity

Vehicle units

Up to 1.6 L engine capacity bracket enjoys preferential tariff on imports of CBU vehicles.



CBU vs. CKD

Vehicle units

Car market almost equally split between CKD and CBU vehicles.

Factors Supporting GB Auto Competitive Advantages Over the Long-Term

- **Strong market position**. The largest player in the Egyptian automotive market in terms of sales revenue, market share and production capacity.
- **Unparalleled distribution and after-sales network**. Largest distribution and after-sales network in the passenger vehicle and motorcycles & three-wheelers lines of business relative to competition. Ongoing investment to expand both passenger car and commercial vehicle after-sales networks.
- **Strong partnerships with leading global OEMs with access to 'best-in-class' products**. Strategic relationships as exclusive distributor and assembler of Hyundai passenger cars and commercial vehicles, Mitsubishi commercial vehicles, Volvo commercial vehicles and construction equipment, Bajaj motorcycles and three-wheelers, and Lassa (Turkish) tires, among others.
- **Diversified business portfolio**. GB Auto boasts a highly diversified business portfolio (from cars to commercial vehicles and earth movers) with outstanding exposure to aftermarket.
- **Best-in-Class assembly and manufacturing operations**. Capitalize on Egypt's low-cost labor and production environment, leveraging existing operations and rolling out capacity expansion for passenger car assembly after recently expanding trailer capacity.
- **Impressive revenue growth and profitability.** Top-line compounded annual revenue growth over the past five years is 39.3%, as the Group exceeded sales of LE 5 billion in 2008, coupled with earnings of over LE 415 million that same year. Profitable in 1H09 even in a down market for vehicle sales.
- **Untapped export potential**. Very strong export potential, particularly as regards locally-assembled and -manufactured commercial vehicles (buses and trailers) into the largely untapped and under-served markets of the Middle East and Africa.
- **Positive market outlook**. Egyptian automotive market's impressive growth rates are expected to continue over the medium term, driven by improving macro-economic environment driving consumption patterns, coupled with existing low auto penetration rates and rising pent-up demand as a result of the slowdown.

GB Auto's Strategy is Built on 3 Core Axes

Invest in Core Business

- Invest in an unmatched nationwide distribution and after-sales network
- Position products as having lowest ownership cost
- Create a 'one-stop-shop' for consumers by vertically integrating sales, consumer finance and after-sales support functions
- Leverage GB Auto's image for adding value across all business units

Non-Organic Growth

- Invest directly in select MENA markets while also leveraging Egyptian assembly capacity to serve export markets

Strengthen Old Ties, Build New Relationships

- Strengthen business relationships with current partners while searching for the best partners for new lines of business

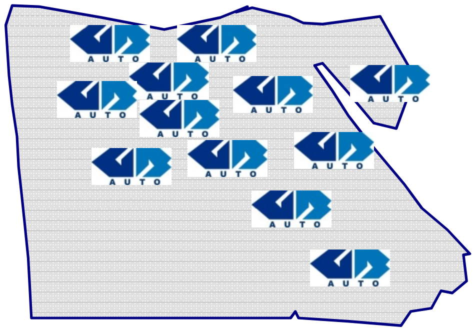
Further entrench GB Auto's strong market position across the widest range of products

Make GB Auto indispensable to any OEM who wants to successfully operate in Egypt's automotive sector

Profitably capture domestic growth prospects and be positioned to successfully penetrate regional markets

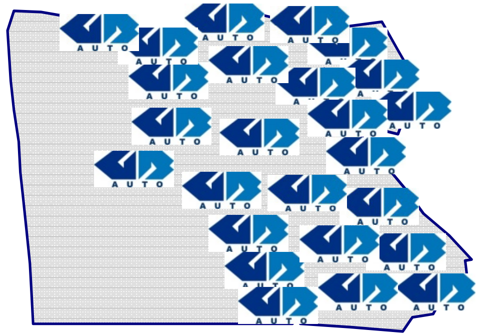
Significant Expansion in GB Auto's Distribution and After-Sales Coverage

TODAY → **BY END 2011**



6 PC service centers
6 CV service centers

Investing in unrivaled distribution and after-sales infrastructure



25 PC service centers
10 CV service centers

1. **Own and control the lion's share of retail sales**
2. **Further solidify leadership position in the market**
3. **Reinforce 'low cost of ownership' strategy throughout product range**
4. **Strengthen position vis-à-vis OEMs (Hyundai, Volvo, Mitsubishi, etc)**
5. **Leverage image and brand name across all lines of business**

II. Business Overview

GB Auto: Passenger Car Line of Business Overview

Key Financial Data

(LE million)	FY2006	FY2007	FY2008	2Q08	2Q09	1H08	1H09
Revenue	**2,211.0**	**3,314.4**	**3,675.5**	**1,153.4**	**714.6**	**1,875.0**	**1,042.5**
% growth	*-*	*48.9*	*10.9*	*45.5*	*-38.0*	*37.9*	*-44.4*
Sales Volume (units)	**36,266**	**48,623**	**51,518**	**16,941**	**10,968**	**27,467**	**15,742**
% growth	*-*	*34.1*	*6.0*	*41.4*	*-35.3*	*31.2*	*-42.7*
Gross Profit	**357.5**	**447.2**	**613.1**	**191.1**	**57.0**	**304.6**	**83.5**
% margin	*16.2*	*13.5*	*16.7*	*16.6*	*8.0*	*16.2*	*8.0*
Total Market (units)	**133,591**	**179,178**	**198,800**	**59,229**	**37,692**	**108,357**	**65,775**
GB Auto Market Share (%)	*27.1*	*27.1*	*25.9*	*28.6*	*29.1*	*25.0*	*23.9*

Key Products

Getz

Verna

Matrix

Santa Fe

1.0 L → **SUV > 2.0 L**

Overview

- Widest product range in the market, positioned as 'best value for money.'
- Has the largest distribution and after-sales network with four 3S facilities (sales, service and spare parts), emphasizing 'lowest cost of ownership' in the market.
- As expected, Egypt's market for passenger cars shrank 39.3% in 1H09 with total sales of only 65,775 units. GB Auto's 2Q09 sales dip 35.3% was slightly better than the market average.
- Amid a struggling market, GB Auto's market share stood at 29.1% by June 2009, a slight year-on-year improvement
- 1,400 CKD units have been sold to the state's Taxi Replacement Program since its launch in April 2009. Forecasting up to 800 units per month in sales to the program through year's end.
- After-sales margins inched up 1 point, although growth was stalled as a result of slower rollout of after-sales centers and slower 3Q and 4Q08 PC unit sales.

GB Auto: Commercial Vehicle Line of Business Overview I

Key Financial Data

(LE million)	FY2006	FY2007	FY2008	2Q08	2Q09	1H08	1H09
Revenue	**417.1**	**590.0**	**740.9**	**180.7**	**162.1**	**362.8**	**272.5**
% growth	-	*41.5*	*25.6*	*33.1*	*-10.3*	*59.7*	*-24.9*
Sales Volume (units)	**1,914**	**2,638**	**3,227**	**959**	**1,093**	**2,062**	**2,036**
% growth	-	*37.8*	*22.3*	*55.8*	*14.0*	*69.3*	*-1.3*
Gross Profit	**105.4**	**122.3**	**129.6**	**28.3**	**22.2**	**62.4**	**36.4**
% margin	*25.3*	*20.7*	*17.5*	*15.7*	*13.7*	*17.2*	*13.4*

Key Products (Buses)

Mitsubishi Canter

Mitsubishi Rosa

Hyundai Aero

Volvo Splendido

Mini-bus → **Large Coach**

Overview

BUSES

- Segment lost some market share due to sharp evaporation of tourism demand and much slower corporate sales
- Now seeing uptick in tenders — predominantly government contracts
- Second half is typically "high season" for bus segment

TRUCKS

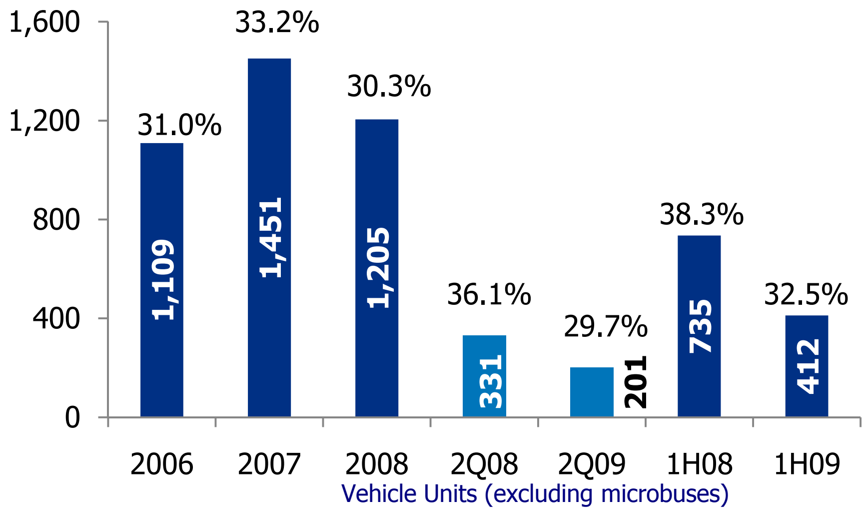
- Light truck sales grew on competitively priced contracts to long-term customers. Indications point to strengthening demand through year's end
- Heavy truck sales challenged by pricing (Volvo models) and competitive pressure from European inventory liquidations (Hyundai)

TRAILERS

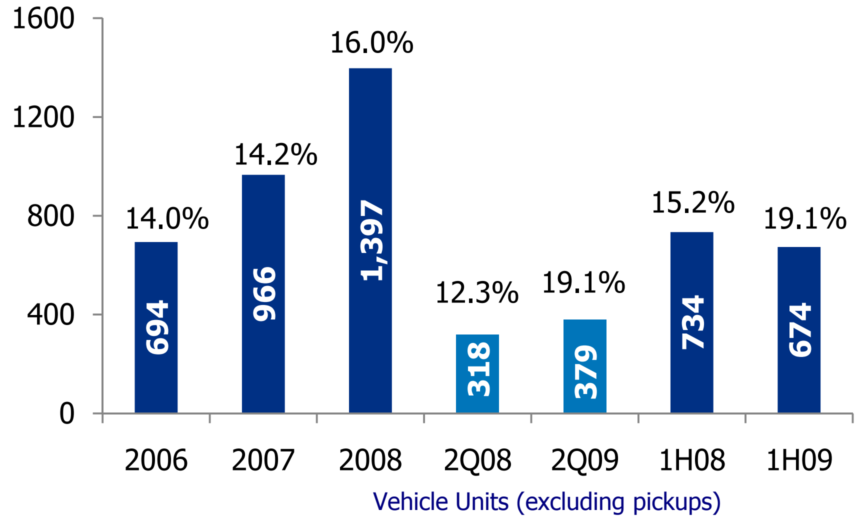
- 40% 2Q09 volume growth was below expectations as truckers resisted purchases in hopes that the government would extend grace period; government is holding firm, suggesting 'lost' sales will accrue as pent-up demand
- First in-market sales in Algeria through GB-Allab Remorque recorded in 3Q09.

GB Auto: Commercial Vehicle Line of Business Overview II

Bus Sales and Percent Market Share



Truck Sales and Percent Market Share



Key Products (Trucks)

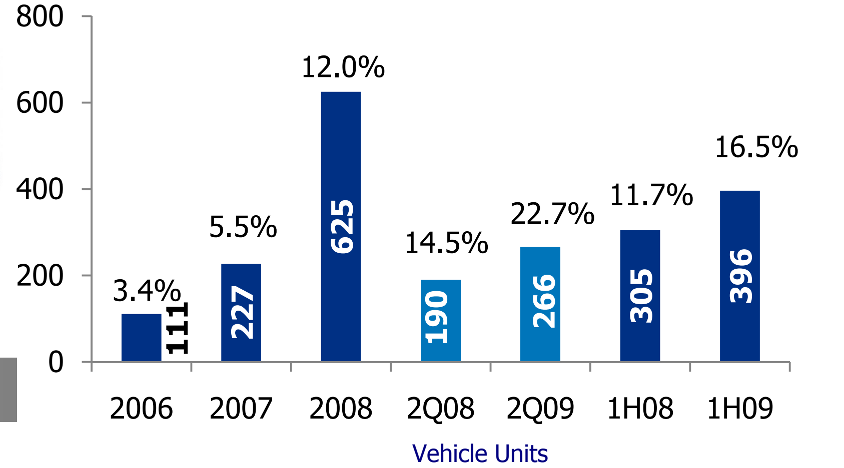
Mitsubishi Canter

Mitsubishi Fuso

Volvo FH

Light Truck → Medium Truck → Heavy Truck

Trailer Sales and Percent Market Share



GB Auto: Motorcycle and Three-Wheeler Line of Business Overview

Key Financial Data

(LE million)	FY2006	FY2007	FY2008	2Q08	2Q09	1H08	1H09
Revenue	**365.8**	**528.2**	**571.3**	**93.5**	**97.8**	**190.5**	**215.2**
% growth	-	*44.4*	*8.2*	*-5.1*	*4.6*	*-16.0*	*13.0*
Sales Volume (units)	**29,401**	**40,830**	**43,251**	**8,348**	**8,304**	**15,799**	**17,615**
% growth	-	*38.9*	*5.9*	*-6.7*	*-0.5*	*-12.6*	*11.5*
Gross Profit	**53.0**	**86.1**	**115.1**	**15.3**	**22.9**	**32.7**	**47.0**
% margin	*14.5*	*16.3*	*20.2*	*16.4*	*23.4*	*17.2*	*21.8*

Key Products (Motorcycles & 3-Wheelers)

Motorcycles → **Tuk-tuks**

Overview

- Bajaj is the largest global manufacturer of three-wheelers, which are typically used for personal and commercial purposes in rural and low-income areas as an alternative to urban and peri-urban transport
- Three-wheeler sales continued to climb in 1H09 despite high licensing costs and color-scheme requirements imposed by some municipalities
- Adjusted for a one-off 1,500-unit government contract in 2Q08, motorcycle sales fell 18.5% in 1H09
- After-sales roll-out continues
- Second half is traditionally high season for motorcycles and three-wheelers

GB Auto: Overview of Other Lines of Business: Key Financial Data

(LE million)	FY2006	FY2007	FY2008	2Q08	2Q09	1H08	1H09
Construction Equipment	4.2	18.8	49.7	13.8	3.6	30.8	7.2
After-Sales	103.4	153.0	231.7	57.1	61.1	110.5	120.1
Tires	47.5	112.0	75.1	9.9	21.4	31.7	28.8
Transportation Services	31.0	40.1	56.0	11.6	11.3	20.9	26.8
Miscellaneous	26.7	26.5	23.9	0.2	0.8	0.6	1.5
Total Revenues Other LOBs	**212.8**	**350.4**	**436.4**	**92.6**	**98.2**	**194.5**	**184.4**
Construction Equipment	1.2	2.1	7.7	2.2	1.4	3.8	1.7
After-Sales	48.2	63.5	86.2	21.3	23.8	42.4	43.8
Tires	6.4	2.1	7.7	1.8	4.5	5.6	4.9
Transportation Services	7.1	-6.1	-5.6	-1.8	-3.0	-5.6	-3.4
Miscellaneous	4.7	4.8	-0.3	-0.4	0.4	-0.3	0.6
Total Gross Profit Other LOBs	**67.6**	**66.4**	**95.7**	**23.1**	**27.1**	**45.9**	**47.6**

GB Auto: Overview of Other Lines of Business: Overview

Overview

Tires

- Margins improved in 2Q09 over the previous quarter as fresh, lower-priced inventory entered the pipeline after the liquidation of high-COGS stock in the first quarter of the year. Margins are stable in 1H09 as a result.
- Capacity constraints at Lassa may become more apparent in second half as demand picks up for high season. Still searching for complementary suppliers and suppliers for other tire categories.

Construction Equipment

- Volvo construction equipment is at the heart of this LOB.
- Construction activity remains at a pronounced low nationwide, a condition reflected in 1H09 numbers.
- Have already secured contracts for the second half that will buoy the LOB’s performance through year’s end and recover much of the first half’s shortfall.
- GB Auto sees this LOB as very promising and continues to roll out investment in after-sales service, a key sales driver in this segment.

Transportation Services

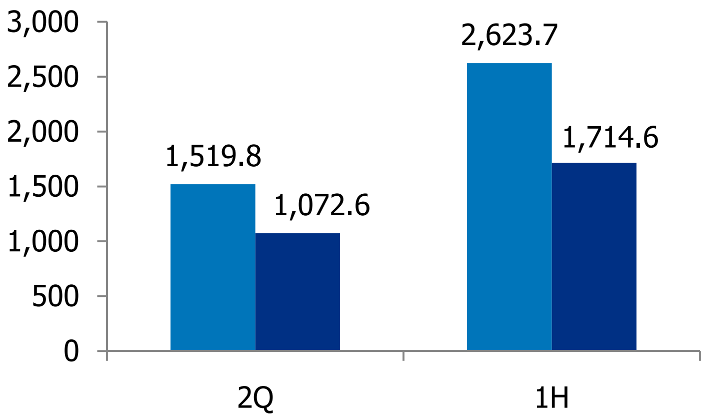
- Cargo freight transportation for heavy industry as part of an emerging professional logistics services practice.
- Cargo continues to be profitable using fixed-price contracts despite slowing corporate sales.
- GB Auto has suspended passenger transport service in some governorates due to challenges inherent in working with local authorities.

III. Financial Performance

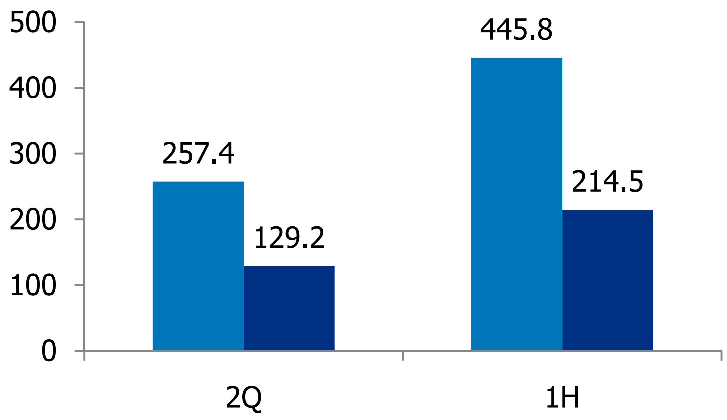
Consolidated Group Performance (in LE million)

2008
2009

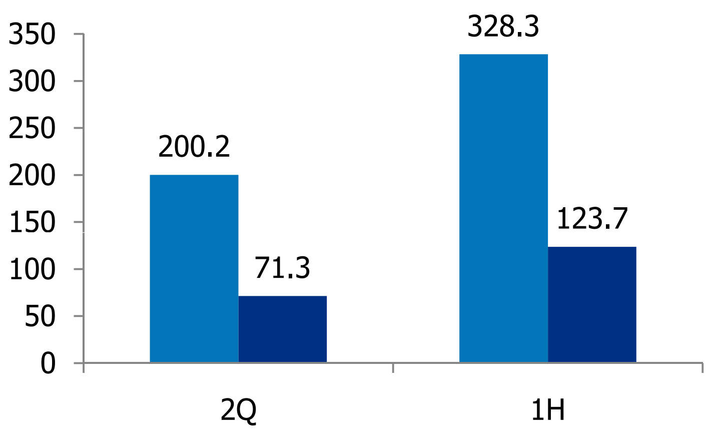
Sales Revenue



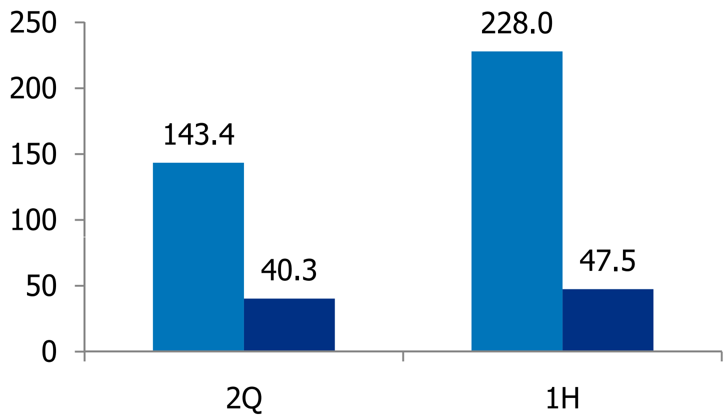
Gross Profit



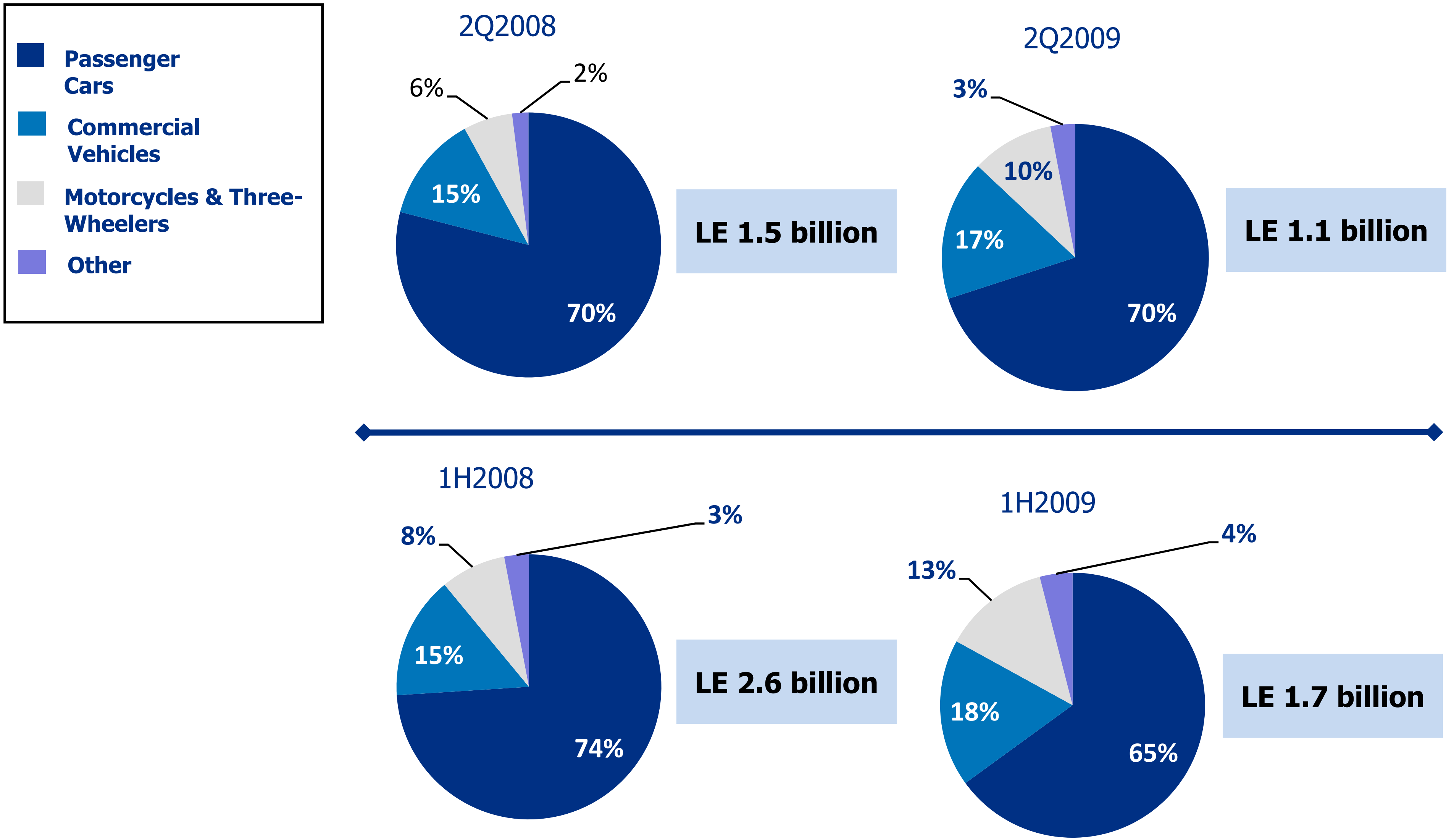
EBIT



Net Income



Revenue Split



Results Summary

(LE million)	FY2006	FY2007	FY2008	2Q08	2Q09	% Change Q-on-Q	1H08	1H09	% Change H-on-H
Passenger Cars Revenues	2,211.1	3,314.4	3,675.5	1,153.4	714.6	*-38.0*	1,875.0	1,042.5	*-44.4*
Commercial Vehicles Revenues	417.1	590.0	740.9	1,80.7	162.1	*-10.3*	362.8	272.5	*-24.9*
Motorcycles & Three-Wheelers	365.8	528.2	571.3	93.5	97.8	*4.6*	190.5	215.2	*13.0*
Other Revenues	109.4	197.5	204.7	92.6	98.2	*6.0*	194.5	184.4	*5.2*
Total Sales Revenue	**3,103.3**	**4,630.1**	**5,192.4**	**1,519.8**	**1,072.6**	*-29.4*	**2,623.7**	**1,714.6**	*-34.6*
Gross Profit	**537.1**	**670.2**	**872.3**	**257.4**	**129.2**	*-49.8*	**445.8**	**214.5**	*-51.9*
Gross Profit Margin	*17.3*	*14.5*	*16.8*	*16.9*	*12.1*	*-4.8*	*17.0*	*12.5*	*-4.5*
Selling & Administration	137.7	(218.8)	(277.0)	-72.9	-63.4	*N/A*	-137.3	-114.3	*N/A*
Others – Income / (Expenses)	5.7	18.3	32.2	9.9	7.8	*-21.0*	14.7	17.4	*17.9*
Operating Profit	**405.1**	**469.7**	**627.5**	**194.4**	**73.7**	*-62.1*	**323.2**	**117.5**	*-63.7*
Net Provisions	98.5	112.4	19.0	5.8	-2.5	*N/A*	5.0	6.2	*23.1*
EBIT	**503.6**	**582.1**	**646.5**	**200.2**	**71.3**	*-64.4*	**328.3**	**123.7**	*62.3*
Foreign Exchange Gains (Losses)	-	2.8	-18.3	0.8	20.5	-	-2.0	12.9	*12.9*
Net Finance Cost	(135.8)	(98.4)	(116.2)	-23.7	-36.3	*N/A*	-43.8	-72.3	*N/A*
Earnings Before Tax	**367.8**	**486.5**	**512.0**	**177.3**	**55.4**	*-68.7*	**282.5**	**64.3**	*-77.3*
Taxes	(63.1)	(50.7)	(94.1)	-33.3	-16.7	*N/A*	-53.4	-18.6	*N/A*
Net Profit Before Minority	**304.7**	**435.8**	**417.9**	**144.1**	**38.8**	*-73.1*	**229.1**	**45.7**	*-80.1*
Minority Interest	23.2	(2.3)	(2.0)	-0.6	1.5	*N/A*	-1.1	1.8	*N/A*
Net Income	**281.5**	**433.5**	**415.9**	**143.4**	**40.3**	*-71.9*	**228.0**	**47.5**	*-79.2*
Net Profit Margin	*9.1*	*9.4*	*8.0*	*9.4*	*3.8*	*-5.6*	*8.7*	*2.8*	*-5.9*

Group Performance in Second Quarter 2009

- Total 2Q09 revenues declined to LE 1,072.6 million, down 29.4% from 1Q08. Revenues for the first half stood at LE 1,714.6 million, a 34.6% drop from the same period last year.
- Net earnings improved sharply quarter-on-quarter (to LE 40.3 million from LE 7.2 million) on stabilizing sales and the impact of a decisive program to manage overhead costs. Net income fell 71.9% in 2Q09 compared with a drop of over 90% in 1Q09.
- Passenger Car sales revenues dropped 38.0% from 2Q08 to LE 714.6 million (down 44.4% in 1H09). Volumes fell 35.3% in 1Q09 (42.7% in the first half), a substantial improvement over the 54.6% drop in the first quarter.
- Commercial Vehicle sales revenues dropped 10.3% from 2Q08 to LE 162.1 million (down 24.9% in 1H09), driven down primarily by a decline in bus sales not offset by growth in both the Trucks and Trailers segments.
- Motorcycle and Three-Wheeler sales revenues grew 4.6% from 2Q08 to LE 97.8 million (up 8.7% in 1H09). Gross margin improved 7 percentage points to 23.4%.
- Total After-Sales revenues from all segments grew 6.9% to LE 61.1 million (up 8.7% in 1H09), while 2Q09 After-Sales margins improved 1.6 points to 38.9%.
- Outstanding margins of 2008 will not be seen again: They were the product of a supply shortage that allowed the raising of prices as well as a substantial foreign currency swing in GB Auto’s favor.

GB Auto: Recent Developments

Business Development Highlights

- Joint-venture bus assembly plant in Suez in partnership with global giant Marcopolo to open 3Q09
- Trailer distribution joint venture in Algeria shipped first units in May 2009, first sales recorded in 3Q09
- Rolling out expansion of national service and sales centers; have started building largest after-sales service center to date on the Cairo-Ismaliyya Highway
- Commercial Vehicle leasing business now active (and insulated from customer defaults)
- Assessing alternatives to build a sustainable and growing tires business
- Surveying the market for interesting M&A opportunities and new representations
- New paint shop will allow annual production capacity for locally assembled CKD units to climb to as many as 100,000 units when it comes online in the second half of 2009
- Completion in November 2008 of our new 3,000-unit trailer line that has the ability to grow to 6,000 units annually by adding a second shift

Corporate Development Highlights

- Passenger Car line of business has a 25% market share in the taxi replacement program, with 1,400 sales in 2Q09 and a projection of up to 800 unit sales per month in 2H09
- GB Auto remains Hyundai Motor Corporation‘s best distributor in Africa and top-5 worldwide
- Egypt is now the biggest market for Bajaj outside India for its three-wheeler market, surpassing the large markets of Indonesia and Sri Lanka
- Institutionalization program, directed by change management consultants CDS, is reaching the end of the solutions development phase and implementation has begun across the organization

Financial Position and Working Capital Management

- Withheld sales to dealer network through end of 1Q09 to allow dealers to regularize their inventories. GB Auto's inventory has since declined LE 300 million in 2Q09 as shipments to dealers resumed.
- Commercial vehicles inventory will fall over the coming 6-9 months and will see inventory fall a further LE 250 million.
- Some reduction in inventory converted directly into receivables as we await bank payment of taxi proceeds. Receivables also rose as customers presented promissory notes to secure supplies. These notes are offset by a corresponding credit on liabilities side of the balance sheet as they do not represent invoiced sales.
- Net debt-to-equity ratio at end of 1H09 unchanged from 1Q09 at 0.55 compared to 0.49 at 31 December 2008.
- Total assets declined 2.8% on the back of declining inventories, with proceeds applied against reducing levels of payables.
- Unrecovered factory overheads declining steadily as a result of cost-cutting program and rising sales and are forecast to be eliminated by year's end as planned.

Why We Think The Worst Is Over

Consumers appear more confident	Market-wide price cuts in 1Q09 are slowing the rate of decline and we are now seeing shortages of select models. "Lost" sales accrue as additional pent-up demand.
Passenger car inventories are falling	After withholding sales to support dealer network, GB Auto resumed sales to dealers in 2Q09 and has seen passenger car inventories fall LE 300 million as a result.
High season is approaching	Every indication suggests 2H09 will still be high season for motorcycles and three-wheelers, tires and some segments of the passenger car business. Contracts already in hand guarantee a substantially stronger second half for construction equipment.
Aggressive cost-cutting program	As of 1Q09 we have invested in a cost reduction program that will see us save millions and emerge leaner from this crisis, but still allows flexibility to respond to market demand.
Liquidated high-COGS inventory	The company cleared inventory and stimulated market demand by selling high-COGS products at lower prices after obtaining preferential pricing from suppliers and now selling from fresh goods.
Lingering pent-up demand	Despite the current slowdown in sales, unmet long-term demand remains significant; Egypt remains a very under-motorized nation.
Beneficial legislation	The government's taxi replacement program is translating into sales (25% market share for GB Auto in 2Q09), infrastructure spending is translating into new orders for delivery starting in 2H09, and the ban on drawbar trailers should begin driving sales in 2H09.
The pound has stabilized	With the Egyptian pound and the Korean yen under pressure from the US dollar, GB Auto faced rising prices with limited ability to pass those on to the market in 1Q09. The pound's stability against foreign currencies in 2Q09 was a welcome development and beat our forecasts.

GB Auto: Opportunities

- Despite challenging market conditions, GB Auto has unique opportunities to pursue in 2009
- Investment will be cautious, but from a position of strength with a robust balance

Export Opportunities

- GB Polo, a joint-venture bus assembly plant in Suez with global player Marcopolo, set to begin operations during 3Q09 with an initial capacity of 2,000 units targeting resilient MENA and African markets and, later, European markets when demand recovers
- GB-Allab Remourque, a new joint-venture trailer distributorship in Algeria with Sentrax, will capitalize on the recent completion of the trailer capacity expansion in Cairo. First in-market sales already recorded at start of 3Q09

Domestic Opportunities

- 1,400 units sold since April 2009 under the government's taxi-replacement program, which mandates replacement of taxis over 20 years old; additional 800-unit opportunity monthly for GB Auto, which holds approximately 25% of the market
- 23,000-unit opportunity market-wide to replace trailers as a result of the phase-in over the coming years of a ban on draw-bar trailers
- New capacity in trailer assembly (completed 4Q08) and CKD paint shop (targeting completion in 4Q09) along with easing CBU supply constraints allow flexibility to pursue these opportunities
- Potential opportunity to land new representations for foreign brands in Egypt, including a new tires franchise

Outlook

- GB Auto expects the 2009 passenger car market to close below 2007 levels. Should see year-on-year sales growth starting some time in 4Q09, and the taxi replacement program continues to be a welcome shot in the arm.
- We note signs of growing consumer finance activity in the market as local banks are exhibiting more aggressive lending behavior than their foreign counterparts, who were badly affected by the global economic crisis.
- New government spending on civil works programs and infrastructure creating opportunities for Commercial Vehicles and Construction Equipment lines of business. Both are now converting into contracts.
- Continuing soft bus sales as the global economic crisis continues to have a significant impact on tourism operators.
- We will continue to grow the Three-Wheeler line of business and support growing demand for After-Sales service.
- Will not make full utilization of the expansion of CKD assembly capacity until some time in 2010 or even 2011 as a result of current market conditions.
- Still an opportunity to seek advantageous pricing from our network of global suppliers as we strive to protect our margins.

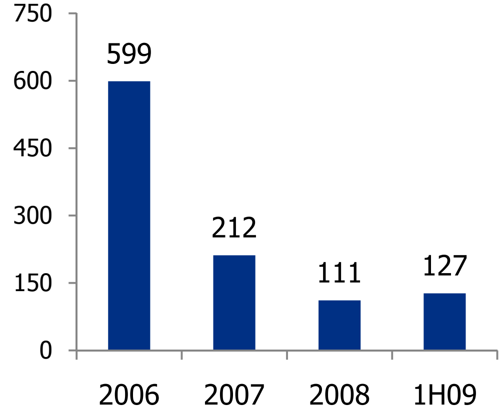
Balance Sheet (2008 – 1Q09)

LE million	31 Dec 2008	30 June 2009
Cash	124.2	126.1
Net Accounts Receivable	500.3	598.6
Inventory	1,345.2	1,109.9
Other Current Assets	230.8	219.9
Total Current Assets	**2,200.5**	**2,054.9**
Net Fixed Assets	1,194.6	1,256.2
Goodwill and Intangible Assets	188.7	186.6
Other Long-term Assets	44.8	36.8
Total Long-Term Assets	**1,428.1**	**1,479.6**
Total Assets	**3,628.6**	**3,534.1**
Short-term Notes and Debt	845.8	961.2
Accounts Payable	709.7	477.6
Other Current Liabilities	140.8	86.2
Total Long-Term Liabilities	**191.2**	**189.9**
Total Liabilities	**1,887.4**	**1,715.0**
Minority Interest	**15.0**	**61.2**
Common Stock	129.0	129.0
Shares Held with the Group	(3.3)	(3.3)
Legal Reserve	139.7	139.1
Other Reserves	1,024.2	1,008.3
Retained Earnings	436.6	484.7
Total Shareholder's Equity	**1,726.1**	**1,757.8**
Total Liabilities and Shareholder's Equity	**3,628.6**	**3,534.1**

In 2008, GB Auto Enhanced Financing Capabilities

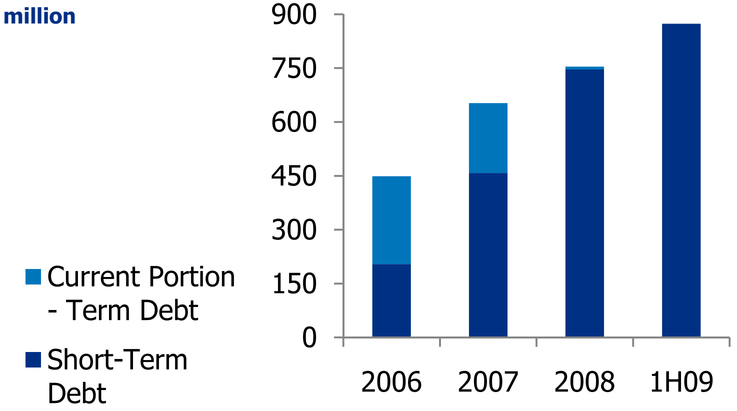
Long-Term Debt

LE million



Short-Term Debt

LE million



- Long-term debt decreased significantly as a result of debt restructuring.

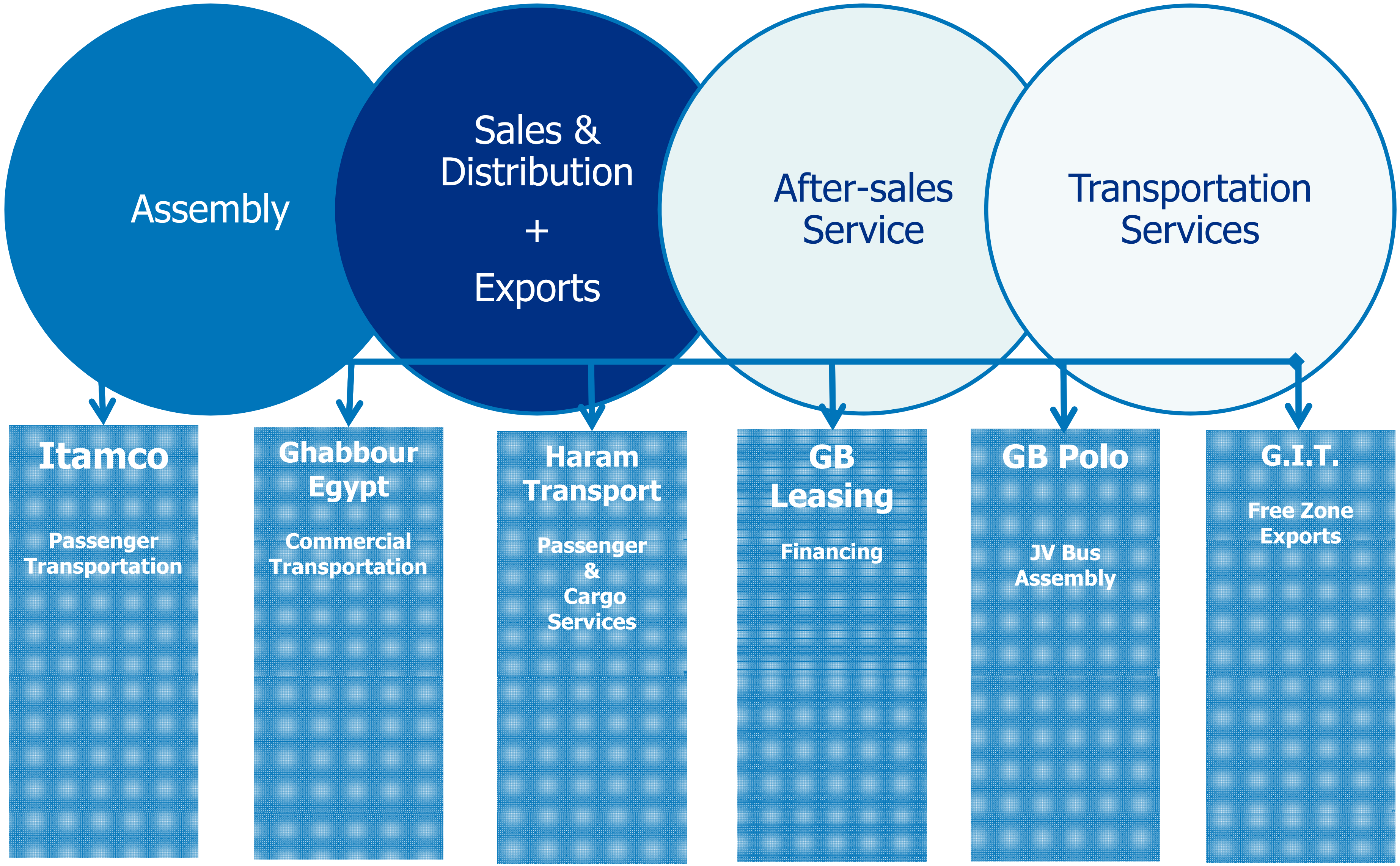
- Current Portion Long Term Debt decrease as result of repayment schedule of historical bank debts
- Short-term borrowings associated with working capital grew in line with overall growth

Dramatic changes in debt structure have significantly enhanced term debt capacity

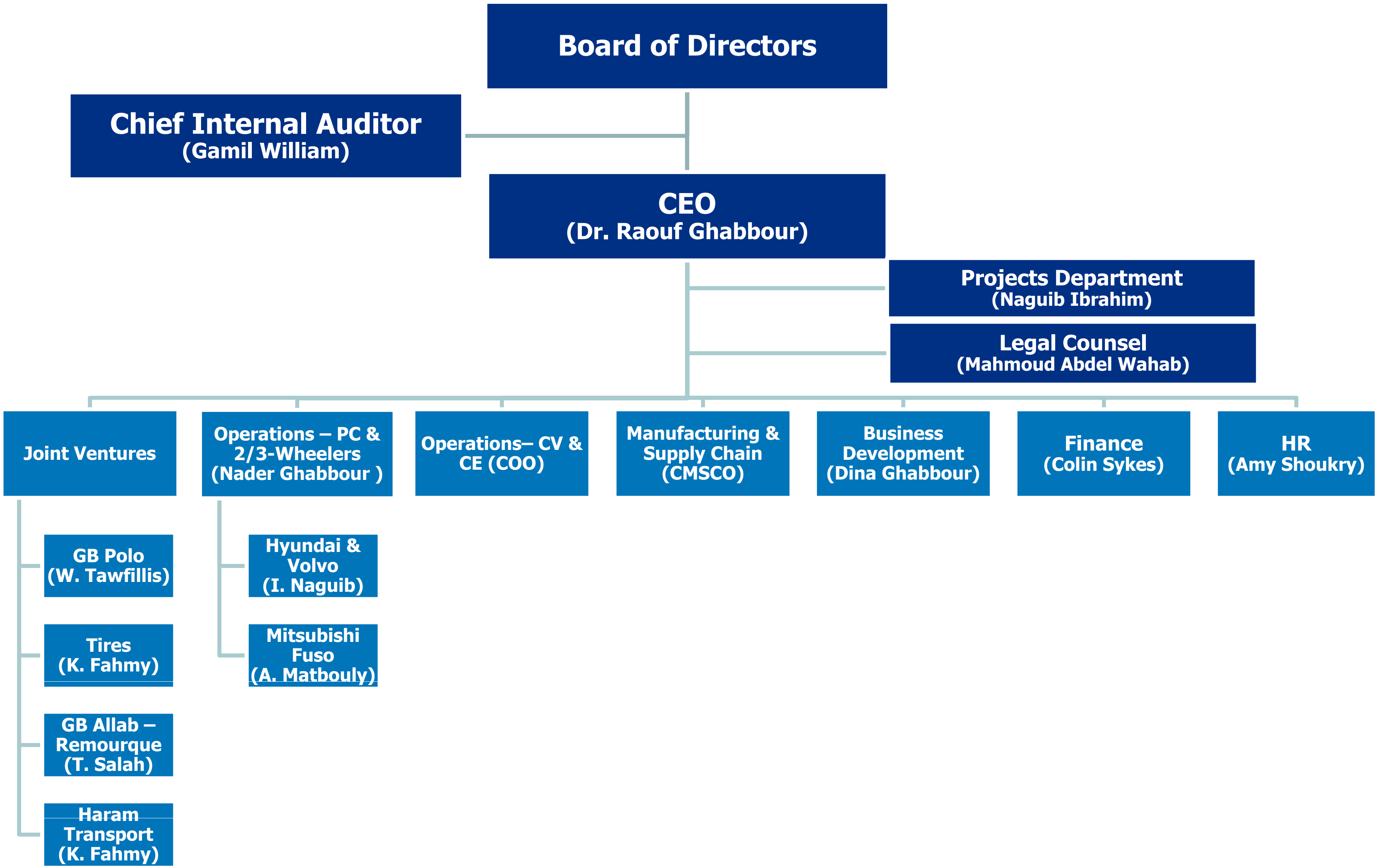
There are no longer mortgages on the company's assets following settlement of the term debt.

IV. Appendix

Corporate Structure



Organization Structure



Institutionalization of corporate governance begins with a majority independent-led board of directors

1. **Mr. Mohamed Abdel Wahab**, (Non-Executive Chairman) a well-renowned political figure in Egypt, served as the former Minister of Industry. Mr. Abdel Wahab is a former Chairman of El Nasr Automotive Manufacturing Company (NASCO), the state-owned auto manufacturer which was the sole market player in the Egyptian automotive industry leading up to the privatization of the sector in 1992. Mr. Abdel Wahab brings to the Board of Directors deep-rooted industry experience.
2. **Dr. Raouf Ghabbour**, the Chief Executive Officer, is the founder of The Ghabbour Group of Companies, which he began incepting in 1985. Dr. Ghabbour jump-started his career working in his family's auto-related trading business, where he initially established himself in the tire division. Having quickly gained a commendable reputation in the market for his business savvy, Dr. Ghabbour went on to acquiring agency agreements from global OEMs, which he steadfastly turned into successful businesses. Dr. Ghabbour has grown the Company to be a market leader, employing around 6,000 employees, operating 3 factories and running over four 3S facilities (Show room, Service and Spare parts) and 9 retail outlets.
3. **Eng. Mohamed Salah El Hadary** (independent director) is currently serving as the Secretary-General of the Egyptian Automotive Manufacturers' Association (EAMA) and brings to the board a wealth of automotive expertise on the back of his experience serving as the managing director of Suzuki Egypt Company and as the managing director and board member of El Nasr Automotive Manufacturing Company (NASCO).
4. **Mr. Byung-Ho Sung** (independent director) is a former executive of the Hyundai Motor Company passenger vehicle operations in South Korea and India. Mr. Sung also gained insight as to the dynamics of the local market during his post as the executive vice-president of the Kia Motor Company's Middle East headquarters.
5. **Mr. Roger Rau** (independent director) is a former president of the Volvo bus and truck operations in Germany. Mr. Rau also has experience managing commercial vehicle and construction equipment operations in neighboring markets, particularly Saudi Arabia. Mr. Rau has dedicated the past thirty years of his career in restructuring distressed divisions of automotive companies, and has become reputable for his success in managing healthy turnarounds.
6. **Mr. Juan Carlos Callieri** (independent director) recently retired as the Senior Industry Specialist of the automotive sector at the International Finance Corporation based in Washington DC. Throughout his tenor, Mr. Callieri was responsible for all investments made by the IFC in automotive and related companies with the additional task of helping shape the business development strategy of some of the most successful automotive manufacturers and distributors in emerging markets.
7. **Mr. Aladdin Hassouna Saba** (independent director) is the co-founder and Chairman of Beltone Financial, a leading regional financial services institution operating in the fields of Investment Banking, Asset Management, Private Equity, Brokerage and Equity Research. Mr. Saba is also a founding member of The Egyptian Investment Management Association, in addition to The Egyptian Capital Markets Association. Mr. Saba sits on the boards of The Cairo and Alexandria Stock Exchange, National Bank of Egypt, various corporations and Investment funds.
8. **Dr. Walid Sulaiman Abanumay** (independent director) has been the Managing Director of Al-Mareefa Al Saudia Company since 1997, where overlooks investments in both developed and emerging markets. Mr. Abanumay, has held several executive roles: between February 1993 and January 1994, he was the General Manager of the Investment Department of the Abanumay Commercial Center. Between November 1990 and February 1993, he worked in the Treasury and Corporate Bank department of SAMBA. Mr. Abanumay is Board member of several prominent companies: Madinet Nasr for Housing and Development (since 1998), and Raya Holding (since 2005), and Beltone Financial.
9. **Mr. Mohamed Naguib Ibrahim** (independent director) was appointed as a General Manager of the largest leasing company in Egypt, International Company of Leasing "Incolease", and became the Managing Director in 2003. Mr. Ibrahim was also appointed to serve on the boards of several local and international companies, among which, are Glaxo Welcome Egypt, Middle East for Glass, Global Management Company (Milbank's venture capital fund management company), Stilco Company (Public sector), Allweiler Farid Company & ESB Securities. Finally, Mr. Ibrahim was appointed to the board of The General Authority for Investment (GAFI) in 2007.

Thank you

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