



GB Auto Posts Strong 3Q2008 Numbers, Looks to Find Opportunities Amid Slowing Economic Growth

Egypt's only publicly traded automotive company announces strong earnings growth and strengthening margins in first nine months of 2008 on sales of 44,198 passenger cars

11 November 2008 • (Cairo, Egypt) GB Auto (AUTO.CA on the Egyptian Stock Exchange) announced today its consolidated results for the first nine months of 2008, reporting net income of LE 417.1 million, an increase of 72.0% over the same period in 2007. Strong growth in passenger car sales and the capture of market share in its commercial vehicle line of business helped GB Auto's total revenues climb 30.9% to LE 4,300.9 million for the first nine months of the year. The company's gross profit margin improved 3.6 percentage points to 17.7%.

"We are also pleased that growth of our motorcycles and three-wheelers segment has resumed and that our transportation services line of business recorded both gross and operating profits," said GB Auto CEO Raouf Ghabbour.

In the third quarter of 2008, GB Auto reported 23.7% growth in passenger cars sales to 16,731 units, 30.9% growth in sales of commercial vehicles to 1,072 units, and 17.7% growth in sales of motorcycles and three-wheelers to 14,454 units as tuk-tuk sales accelerated once again.

In a statement to investors, Ghabbour noted that while inflation is cooling and Egypt's macroeconomic fundamentals remain very sound, it is inevitable that the country will experience some turbulence as a result of the economic crisis in developed markets. "It is increasingly clear that the global economic crisis will cause a slowdown in the growth of Egypt's economy, a fact that is likely to impact GB Auto's sales heading into the fourth quarter," the GB Auto CEO said.

The Egyptian car market, which had been growing at a pace of more than 30% in the first seven months of the year, grew just 7% in August and contracted 2% in September.

"International institutional investors are selling down their positions in Egypt to meet the demands of redemptions in their home markets," Ghabbour said, "and the Egyptian government has revised its growth target for the coming year to 6% from their earlier estimate of a bit more than 7%. These are clear signals."

"Against that backdrop, our emphasis heading into the new year will be on the acquisition of new market share so that we are even better positioned when growth again accelerates," he added.

"The fundamental strengths of companies are revealed when growth slows down," Ghabbour said. "I'm pleased to say that GB Auto remains open to appropriate acquisitions that would fundamentally strengthen our position in the market. While being careful to avoid unnecessary spending in the months ahead, we are resolute in our belief that GB Auto has the vision, the management and the capital it requires to maintain its position as a national champion. To that end, we remain watchful for unique opportunities that may present themselves in the context of an economic slowdown."

Highlights from GB Auto's results for the nine months ending 30 September 2008 are below. The full statements with analysis are available on GB Auto's website: www.ghabbourauto.com.

— Ends —

GB Auto Results for the First Nine Months of 2008

In LE million	3Q2008	3Q2007	% Change	9M2008	9M2007	% Change
Passenger Cars	1,166.4	934.0	24.9	3,117.2	2,362.9	31.9
Commercial Vehicles	256.7	162.9	57.6	636.0	395.2	60.9
Motorcycles & Three Wheelers	188.5	161.4	16.8	383.6	388.5	-1.3
Others	65.7	53.8	22.1	164.1	139.2	17.9
Total Sales Revenue	1,677.3	1,312.1	27.8	4,300.9	3,285.8	30.9
Gross Profit	308.7	179.3	72.2	761.4	464.0	64.1
<i>Gross Profit Margin</i> (%)	18.4	13.7	4.7	17.7	14.1	3.6
Selling & Administration	-72.4	-48.0	50.8	-209.4	-118.0	77.5
Others – Income / (Expenses)	10.2	5.7	78.9	26.6	14.8	79.7
Operating Profit	246.5	137.0	80.0	578.6	360.8	60.4
Net Provisions	0.2	0.8	-75.0	5.2	0.0	0.0
EBIT	246.7	137.8	79.0	583.8	360.8	61.8
Net Finance Cost	-37.6	-20.9	79.9	-83.4	-88.5	-5.8
Earnings Before Tax	209.1	116.9	79.0	500.4	272.3	83.8
Taxes	-28.7	-20.9	37.3	-82.1	-29.6	177.4
Net Profit Before Minority Interest	180.4	96.0	87.9	418.3	242.7	72.4
Minority Interest	-0.4	-0.1	-	-1.2	-0.2	-
Net Income	180.0	95.9	87.7	417.1	242.5	72.0
<i>Net Profit Margin</i> (%)	10.7	7.3	3.4	9.7	7.4	2.3

About GB Auto S.A.E.

GB Auto S.A.E (Stock Symbol: AUTO.CA) is the leading automotive producer and distributor in the Egyptian market. The company assembles, imports and distributes passenger cars under the Hyundai brand as well as commercial vehicles (buses, trucks and trailers) under the Volvo, Mitsubishi, Hyundai and Ghabbour brands. In addition, it distributes motorcycles and scooters under the Bajaj brand, tires under the Lassa and Double Coin brands and construction equipment under the Volvo and Linde brands. The company also operates Egypt's largest network of service centers and automotive accessories sales points as well as passenger and cargo transportation services. GB Auto is headquartered in Giza, Greater Cairo Area, Egypt. (www.ghabbourauto.com)

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