



## GB Auto Posts Full-Year 2008 Results

**GB Auto, the leading automotive assembler and distributor in the MENA region, posts top-line growth for the full year 2008 despite challenging conditions in the Egyptian automotive industry.**

**10 March 2009**

(Cairo, Egypt) GB Auto (AUTO.CA on the Egyptian Exchange) announced today its consolidated results for fiscal year 2008, reporting net income of LE 415.9 million, a dip of 4.1% from 2007. Excluding a substantial drop in provisions writebacks, GB Auto's net income improved 23.5% to LE 396.9 million last year despite a sharp slowdown in sales of passenger cars in Egypt's automotive market in the fourth quarter. Against that backdrop, a working-capital preservation plan implemented at the start of 4Q08, a diverse revenue stream that includes segments resistant to the economic slowdown, along with the cautious roll-out of new investment in 2009, will allow the company to retain its standing as the leading automotive assembler and distributor in the Middle East and North Africa.

### Highlights

#### Fiscal Year 2008

- **GB Auto revenue** reached LE 5,192.4 million in 2008, a 12.1% increase over 2007.
- **Consolidated gross profit** stood at LE 872.3 million in 2008, representing a 30.2% rise over 2007. Gross profit margin improved 2.3 percentage points to 16.8%.
- **Net Income** totaled LE 415.9 million in 2008, a dip of 4.1% from 2007, but excluding a substantial drop in provisions writebacks, GB Auto's net income improved 23.5% to LE 396.9 million.

**Total Passenger Car** revenue increased 10.9% over 2007 to LE 3,675.5 million, driven by 6.0% growth in volumes, a 3.8% improvement in pricing and 35.5% growth in after-sales revenues. Total passenger car gross profits are up 37.1% to LE 613.1 million, with gross margins at 16.7%.

**Total Commercial Vehicle** revenue rose 25.6% to LE 740.9 million. Total commercial vehicle gross profits rose 6.0% to LE 129.6 million.

**Total Motorcycles and Three-Wheelers** revenue grew 8.2% to LE 571.3 million. Total motorcycle and three-wheeler gross profits grew 33.7% to LE 115.1 million, while margins improved 3.8 percentage points to 20.1%.

#### Fourth Quarter 2008

- **GB Auto revenue** reached LE 891.5 million in 4Q2008, a 33.7% decline from 4Q2007.
- **Consolidated gross profit** stood at LE 121.3 million in 4Q2008, representing a 44.2% drop from 4Q2007. Gross margins dipped 2.6 percentage points to 13.6%.
- **Operating profit** declined 50.5% to LE 59.2 million. Operating profit margin for the quarter registered at 6.6%, a 2.3 point drop from the fourth quarter of 2007.

## Message from the CEO

In the first seven months of 2008, the Egyptian automotive sector grew in lock-step with the national economy, propelled by solid industry and national economic fundamentals and spurred by record levels of investment. Egypt's economy surged ahead at an annualized rate of 7.2% through June of 2008, helping the automotive sector grow at an average rate of more than 30% in the same period.

However, the contraction in passenger vehicle sales — and to some extent buses — that we anticipated in our previous earnings newsletter arrived in the fourth quarter. Under pressure from their offshore headquarters, foreign banks operating in Egypt slowed the pace at which they are growing consumer credit. This came as consumers began to expect price cuts as a result of falling global commodity prices, cooling domestic inflation and untimely statements from the Egyptian government regarding a reduction in customs duties and / or sales taxes on locally assembled automobiles in 2009. To date, customs duties and sales taxes remain unchanged with the exception of tuk-tuk Semi Knocked Down (SKD) kits. The effect on sales was exaggerated by the fact that dealers were very well-stocked heading into the fourth quarter, resulting in GB Auto slowing deliveries to the market and at the same time allowing some erosion of margins by providing our dealer network with the pricing flexibility they needed to reduce their inventories efficiently.

While 2009 will be marked by significant challenges, particularly in the first quarter, it is important to keep it in perspective and consider our strategy for the decade to come. Yes, the business climate outside the Middle East and North Africa is frightful. Yes, this climate is now spilling over into our region, cutting into growth and changing consumer habits and expectations. And yes, the global automotive industry is under significant pressure.

These are challenges for which we are prepared. Within Egypt, GB Auto remains the clear market leader, with a market share more than twice any of our competitors. We draw strength from our diverse product mix, healthy margins, flexibility, world-class management team and strong, debt-efficient balance sheet. Resolute in the belief that the long-term pillars of our business model are no less sound today than they were in the boom years leading up to August 2008, we will continue to invest in the infrastructure, systems and people necessary to support growth both in Egypt and across our expanding MENA footprint.

Already the leading player in the Egyptian market, GB Auto now has a unique opportunity to expand regionally as we have done most recently in the first quarter of 2009 by establishing a joint-venture trailer distributorship in Algeria. Amid the current market conditions, we furthermore have a special opportunity to pursue new representation agreements both regionally and in our core market.

Thanks to a highly targeted program of investment in recent years, GB Auto has both new capacity and expertise in its three core activities (import / assembly, sales and distribution, and after-sales service) that will scale both nationally and regionally at the same time as the company begins enjoying the benefits of falling global commodity prices in the second quarter. Within Egypt, the easing of cost constraints and strong availability of both assembly kits and completely built-up models will allow us to target a passenger-car market share in the 30% range.

Meanwhile, work on our paint shop expansion continues on schedule, our recently expanded trailer line will serve new opportunities in Algeria, and we are targeting new export markets for buses under our partnership with Marcopolo, the Brazil-based global bus manufacturer. Haram Transport entered into profitability for the first time in 2008, and we will continue to invest the capital needed to expand operations should we be successful in our bids for up to four new intra- and inter-urban lines, which would

bring our total coverage area up to nine governorates. Finally, GB Auto remains committed to the creation of a world-class after-sales service network in Egypt for passenger, commercial and two- and three-wheel vehicles to drive both diversification and the growth of recurring revenue streams.

## **Challenges and Opportunities in 2009**

The most significant challenge for GB Auto heading into 2009 is a slowdown in consumer spending that has hit the automotive industry disproportionately hard in comparison with other sectors. Against this backdrop, GB Auto must work to ensure our brands remain "top-of-mind" for Egyptian consumers and at the same time manage the business knowing that as market prices for passenger cars begin to drop, cash on hand will take on even more importance for industry players.

In the commercial vehicle and construction equipment segments, we believe a change in the mix of units sold is likely as sales gravitate toward civil works projects funded by the government's new spending on infrastructure and low-income housing. Meanwhile, we believe that rising cost-consciousness among lower-income earners will support continued growth of our motorcycle and three-wheeler segment.

Dealers were amply stocked in fourth quarter, with some 5,700 Hyundai passenger cars in the market in December 2008; the figure under normal trading conditions is less than half that. As a result, we have significantly curtailed new assembly through the end of March 2009. Moreover, we have reduced the average (pre-paid) order for Completely Built Up (CBU) units and Completely Knocked Down (CKD) kits by a full month to two months. That said, meetings with our dealer network suggest that inventory levels are dropping and expected to be back to normal in 2Q09. In that light, we will be carefully monitoring inventory so that it does not reach a critical low, leaving us unable to react to any upswing in demand.

Today, GB Auto is focused on preserving working capital and cost management of overhead. In January 2009, we reduced headcount by 13.2%, a painful decision made necessary by the simple math of declining year-on-year sales. A freeze on pay raises is now in effect, and senior managers have accepted interim pay cuts in light of the current market slowdown. Savings are also being achieved in customs clearance, inland transportation and marketing costs. Measures already in place will see GB Auto reduce total overhead costs (factory costs and SGA) by LE 100 million in 2009.

I am pleased to report both the elimination of long-term debt from our balance sheet and the release of all mortgages as of December 31, 2008. This leaves GB Auto debt-efficient, relying primarily on short-term borrowing incurred as overdrafts to finance working capital.

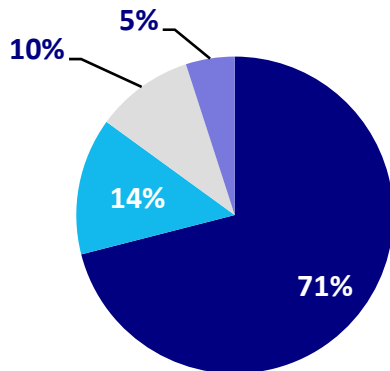
Although we are presently passing through challenging times, our three core activities provide us with a diverse, resilient revenue stream from lines of business that range from passenger cars to passenger transportation, from commercial vehicles to construction equipment. By focusing on core businesses and exploring new export opportunities, GB Auto will continue to create value for both shareholders and the global brands with whom we partner. As we do so, we will harness growth opportunities supported by low penetration rates, increasing per-capita income, the long-term growth in availability of consumer finance in a highly under-leveraged market, lingering pent-up demand and an insufficient public transportation infrastructure.

Fellow shareholders, the year ahead will be challenging, but I submit this: There has never been a better time to be a large, diverse, well-managed, debt-efficient player in the Egyptian automotive industry.

**Dr. Raouf Ghabbour, CEO**

**REVENUES FOR 4Q2008 AND FY2008 ARE SPLIT AS FOLLOWS**

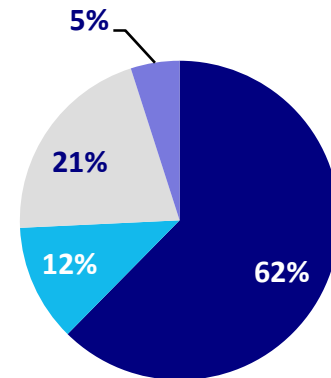
4Q2007



- Passenger Cars
- Commercial Vehicles
- Motorcycles & Three-Wheelers
- Other

LE 1.3 billion

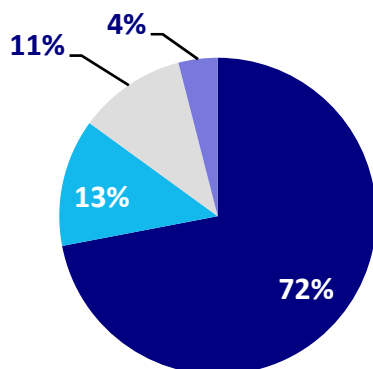
4Q2008



- Passenger Cars
- Commercial Vehicles
- Motorcycles & Three-Wheelers
- Other

LE 891 million

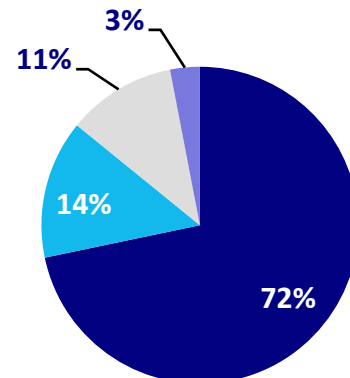
FY2007



- Passenger Cars
- Commercial Vehicles
- Motorcycles & Three-Wheelers
- Other

LE 4.6 billion

FY2008



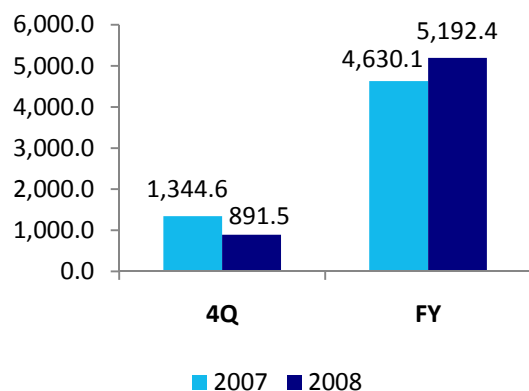
- Passenger Cars
- Commercial Vehicles
- Motorcycles & Three-Wheelers
- Other

LE 5.2 billion

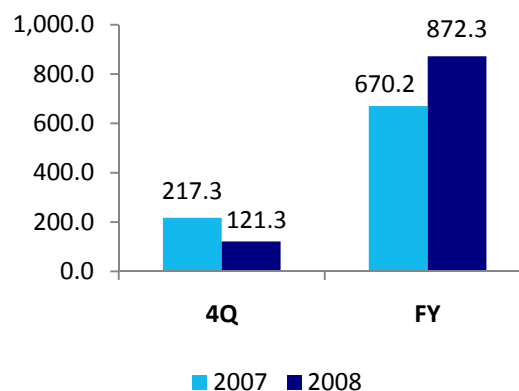
## CONSOLIDATED GROUP PERFORMANCE

All figures in LE million

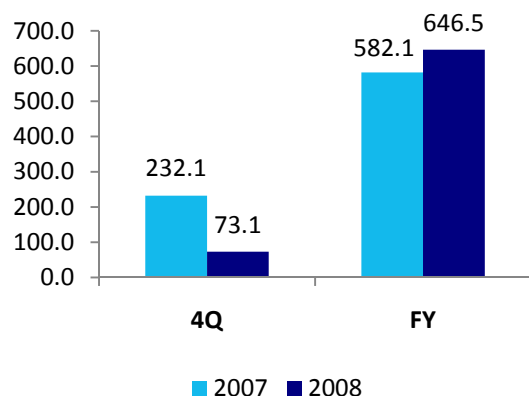
### Sales Revenue



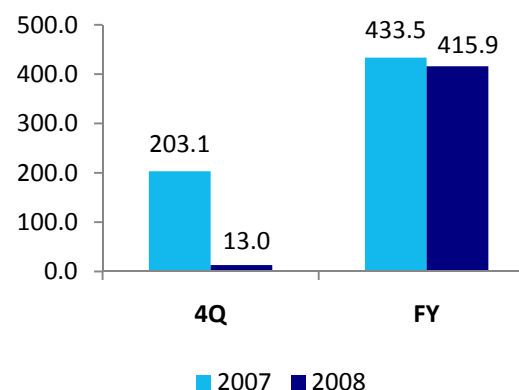
### Gross Profit



### EBIT



### Net Income



## COST AND WORKING CAPITAL MANAGEMENT

GB Auto has been focused since 4Q08 on preserving working capital and managing overhead costs in light of the slowing Egyptian automotive market. In the fourth quarter of last year, senior management formulated a plan that has reduced assembly and manufacturing workforce by 900 employees, representing 13.2% of the company's workforce, through layoffs and attrition. This painful move went hand-in-hand with the decision to significantly slow down CKD assembly in the face of slipping demand and well-stocked dealers. GB Auto curtailed orders for CKD parts and kits from October 2008 and expects to receive further supplies in the second quarter of 2009.

As of January 1, 2009, a freeze on pay raises is in effect, and senior managers have accepted interim pay cuts in light of the current market conditions. Employee expenses will continue to be closely monitored, while sales and marketing expenses have been sharply curtailed and general expenses will be scrutinized on an item-by-item basis. We will continue to work closely with suppliers to right-size inventory levels and reduce the time that pre-paid orders remain in the pipeline.

## PASSENGER CAR LINE OF BUSINESS

*GB Auto is the dominant player in the Egyptian car market. The company is the sole importer and assembler of Hyundai passenger cars in Egypt and owns the largest nation-wide after-sales service network.*

Egypt's passenger car market grew 11.0% in 2008 with total sales of 198,800 units, according to figures from the Egyptian Automotive Marketing Information Council, an industry group. GB Auto's unit sales in the same period grew 6.0% to 51,518 units (of which 59.3% were CBU and 40.7% CKD).

Market-wide, sales growth in the year was particularly strong for brands in the smaller-engine-size. The company's market share fell to 20.5% in 4Q2008, an 8 point drop over the same quarter last year in the face of a build-up of inventory at dealerships. GB Auto remains the clear market leader, with a market share more than double its nearest competitor.

		<b>4Q2008</b>	<b>4Q2007</b>	<i>% Change</i>	<b>FY2008</b>	<b>FY2007</b>	<i>% Change</i>
CBU Sales Volume	(Units)	4,823	8,550	-43.6	30,555	27,679	10.4
CKD Sales Volume	(Units)	2,497	5,623	-55.6	20,963	20,944	0.1
<b>Total Sales Volume</b>	(Units)	<b>7,320</b>	<b>14,173</b>	<b>-48.4</b>	<b>51,518</b>	<b>48,623</b>	<b>6.0</b>
<i>Total Market</i>	(Units)	<i>35,669</i>	<i>49,812</i>	<i>-28.4</i>	<i>198,800</i>	<i>179,178</i>	<i>11.0</i>
<i>GB Auto Market Share</i>	(%)	<i>20.5</i>	<i>28.5</i>	<i>-8.0</i>	<i>25.9</i>	<i>27.1</i>	<i>-1.2</i>
<b>Sales Revenue</b>	(LE million)	<b>515.7</b>	<b>929.6</b>	<b>-44.5</b>	<b>3,513.5</b>	<b>3,194.9</b>	<b>10.0</b>
<b>Gross Profit</b>	(LE million)	<b>56.0</b>	<b>145.0</b>	<b>-61.4</b>	<b>545.3</b>	<b>396.4</b>	<b>37.6</b>
<i>Gross Profit Margin</i>	(%)	<i>10.9</i>	<i>15.6</i>	<i>-4.7</i>	<i>15.5</i>	<i>12.4</i>	<i>3.1</i>
<b>After-Sales Revenue</b>	(LE million)	<b>42.6</b>	<b>21.9</b>	<b>94.5</b>	<b>161.9</b>	<b>119.5</b>	<b>35.5</b>
<b>After-Sales Gross Profit</b>	(LE million)	<b>17.0</b>	<b>8.0</b>	<b>112.5</b>	<b>67.8</b>	<b>50.9</b>	<b>33.2</b>
<i>Gross Profit Margin</i>	(%)	<i>39.9</i>	<i>36.5</i>	<i>3.4</i>	<i>41.9</i>	<i>42.6</i>	<i>-0.7</i>
<b>Total PC Sales Revenue</b>	(LE million)	<b>558.3</b>	<b>951.5</b>	<b>-41.3</b>	<b>3,675.5</b>	<b>3,314.4</b>	<b>10.9</b>
<b>Total PC Gross Profit</b>	(LE million)	<b>73.0</b>	<b>153.0</b>	<b>-52.3</b>	<b>613.1</b>	<b>447.2</b>	<b>37.1</b>
<i>Gross Profit Margin</i>	(%)	<i>13.1</i>	<i>16.1</i>	<i>-3.0</i>	<i>16.7</i>	<i>13.5</i>	<i>3.2</i>

GB Auto's Passenger Car line of business grew total revenues 10.9% to LE 3,675.5 million in 2008 as total units sold climbed 6.0% to 51,518 despite supply constraints on CBU models from Hyundai Motors Corp. to the half-year mark. By year's end, CBU sales had surged 10.4% to 30,555 units while CKD sales inched up 0.1% to 20,963 units. Gross profits grew 37.1% to EGP 613.1 million, helping gross margins climb a healthy 3.2 percentage points to 16.7%.

Up to 9M08, Passenger Car revenues surged 32.3%, but a contraction that began in August — when Egypt's auto market grew just 7% versus an average of 33.6% in the previous six months — accelerated in the final quarter. With consumers delaying purchase decisions amid expectations of significant discounts and fears of looming economic difficulties, and with dealers already well-stocked with inventory, passenger car unit sales dipped 48.4% in the last quarter compared with 4Q07. Market-wide, sales dipped 44.9% in the month of December 2008, according to figures released by the Automotive Marketing Information Council. The 3.5 percentage point difference between GB Auto and the market owed largely to differences in dealer inventories.

The buildup of in-market inventory in the final quarter saw a commensurate build-up of factory inventory at GB Auto. As the company slowed production, factory overhead recovery deteriorated to the extent of LE 10 million. Moreover, the company booked some LE 6 million in incentives to dealers in 4Q08, all of it designed to allow dealers a measure of new flexibility to move units out of showrooms. Issues with pricing and mix from GB Auto's global supplier placed some drag on sales earlier in the year during the summer high season.

The impact of slower production and additional dealer incentives helped push the gross margin down to 13.1% in the quarter compared with 17.6% the previous quarter and 16.1% in 4Q07. Had the company recovered factory overheads and not offered dealer incentives, gross margin would have stood at 14.5% despite the slowing market.

## COMMERCIAL VEHICLE LINE OF BUSINESS

*The Commercial Vehicle line of business offers a wide range of locally assembled trucks and buses under exclusive agent and distributorship agreements with Mitsubishi, Volvo and Hyundai. GB Auto also operates in the manufacturing and distribution of semi-trailers and superstructures (i.e., oil and chemical tankers as well as concrete mixers).*

GB Auto's Commercial Vehicle line of business grew total revenues 25.6% to LE 740.9 million in 2008 as total units sold climbed 26.8% to 3,738 across all sub-businesses (buses, trucks, trailers and superstructures).

Unit sales of buses fell, particularly in the second half of 2008, as the tourism sector came under pressure from the effects of the global crisis.

		<b>4Q2008</b>	<b>4Q2007</b>	<i>% Change</i>	<b>FY2008</b>	<b>FY2007</b>	<i>% Change</i>
Buses Sales Volume	(Units)	31	418	-92.6	1,205	1,451	-17.0
<i>GB Auto Market Share</i>	(%)	<i>3.3</i>	<i>35.2</i>	<i>-31.9</i>	<i>30.3</i>	<i>33.2</i>	<i>-2.9</i>
Trucks Sales Volume	(Units)	377	499	-24.4	1,397	966	44.6
<i>GB Auto Market Share</i>	(%)	<i>16.0</i>	<i>25.0</i>	<i>-9</i>	<i>16.0</i>	<i>14.2</i>	<i>1.8</i>
Trailer Sales Volume	(Units)	126	88	43.2	625	227	175.3
<b>Sales Revenue</b>	(LE million)	<b>91.4</b>	<b>180.4</b>	<i>-49.3</i>	<b>684.6</b>	<b>556.6</b>	<i>23.0</i>
<b>Gross Profit</b>	(LE million)	<b>5.5</b>	<b>32.2</b>	<i>-83.0</i>	<b>114.0</b>	<b>109.6</b>	<i>4.0</i>
<i>Gross Profit Margin</i>	(%)	<i>6.0</i>	<i>17.8</i>	<i>-11.8</i>	<i>16.7</i>	<i>19.7</i>	<i>-3.0</i>
<b>After-Sales Revenue</b>	(LE million)	<b>13.5</b>	<b>14.5</b>	<i>-6.9</i>	<b>56.3</b>	<b>33.5</b>	<i>68.1</i>
<b>After-Sales Gross Profit</b>	(LE million)	<b>3.0</b>	<b>4.9</b>	<i>-38.8</i>	<b>15.6</b>	<b>12.6</b>	<i>23.8</i>
<i>Gross Profit Margin</i>	(%)	<i>22.2</i>	<i>33.8</i>	<i>-11.6</i>	<i>27.7</i>	<i>37.6</i>	<i>-9.9</i>
<b>Total CV Sales Revenue</b>	(LE million)	<b>104.9</b>	<b>194.9</b>	<i>-46.2</i>	<b>740.9</b>	<b>590.0</b>	<i>25.6</i>
<b>Total CV Gross Profit</b>	(LE million)	<b>8.5</b>	<b>37.1</b>	<i>-77.1</i>	<b>129.6</b>	<b>122.3</b>	<i>6.0</i>
<i>Gross Profit Margin</i>	(%)	<i>8.1</i>	<i>19.0</i>	<i>-10.9</i>	<i>17.5</i>	<i>20.7</i>	<i>-3.2</i>

Gross margins contracted 3.2 percentage points to 17.5% for the year and, more significantly, to 8.1% in 4Q08 as product mix, currency and under-recovery of factory overheads became factors.

Overall, GB Auto improved its market shares in 2008. Some buses delivered in 3Q08 were returned unused and cancelled in 4Q08. Excluding these, the dip in fourth-quarter sales stands at 18.8% compared with 4Q07 — a drop likely to be representative of sales in 2009.

Going forward, it is entirely conceivable that GB Auto will record stable sales in the truck segment, although we expect the pattern and nature of orders to change as sales will increasingly come not from commercial and real estate clients, but from companies working on new government road-making and infrastructure tenders let as part of the state's 2008-09 economic stimulus package.

The outlook for the trailers segment is clearer, with demand in 2009 and 2010 being supported by the entry into effect of a law (passed in June 2008) banning the use of draw-bar trailers. This will create a market opportunity of up to 23,000 units over two years. Demand should also be supported later in 2009 by the start of operations at GB Auto's new joint venture in Algeria.

In light of the market opportunity for trailers, we are pleased to note the completion in November

2008 of our new trailer line, which gives GB Auto the option of increasing maximum trailer output more than three-fold to 6,000 units annually.

## MOTORCYCLE & THREE-WHEELER LINE OF BUSINESS

*GB Auto is the local agent and distributor for Bajaj three-wheel scooters ("tuk-tuks"), two-wheel scooters and Boxer motorcycles.*

		4Q2008	4Q2007	% Change	FY2008	FY2007	% Change
Two-wheeler Sales Volume	(Units)	951	928	2.5	6,636	3,255	103.9
Three-wheeler Sales Volume	(Units)	12,047	9,544	26.2	36,615	37,575	-2.6
<b>Total Revenue</b>	(LE million)	<b>187.7</b>	<b>139.8</b>	<i>34.3</i>	<b>571.3</b>	<b>528.2</b>	<i>8.2</i>
<b>Total Gross Profit</b>	(LE million)	<b>35.6</b>	<b>24.8</b>	<i>43.6</i>	<b>115.1</b>	<b>86.1</b>	<i>33.7</i>
<i>Gross Profit Margin</i>	(%)	<i>19.0</i>	<i>17.7</i>	<i>1.3</i>	<i>20.2</i>	<i>16.3</i>	<i>3.9</i>

GB Auto's Motorcycles and Three-Wheelers line of business grew total revenues 8.2% to LE 571.3 million in 2008 despite poor sales in the first eight months due to customers' inability to license tuk-tuks. Legislative changes passed in the summer of 2008 now allow licensing of tuk-tuks as motorcycle taxis, and sales growth has recovered to historical levels.

Sales of tuk-tuks were down slightly at 2.6% for the year at 36,615. Sales rebounded in 4Q08, during which GB Auto sold 12,047 vehicles (or just shy of one-third of all tuk-tuks sold in 2008), up 26.2% over the same quarter of 2007. Motorcycle sales climbed 103.9% last year to 6,636 units, helped by a significant one-time order from a government agency.

Total sales revenue of products for 2008 registered at LE 557.9 million, up 5.9% from FY07, while after-sales parts and service revenues climbed 751.1% to LE 13.4 million. Gross profit margin for the Motorcycles and Three-Wheelers segment improved 3.9 percentage points to 20.2%.

In February 2009, the Government of Egypt reduced customs duties on SKD tuk-tuk kits to 10%, which should come as a welcome bonus to the sector, allowing both GB Auto and consumers to benefit. As a consequence, GB Auto predicts continued strong demand for three-wheelers in 2009.

## OTHER LINES OF BUSINESS

### TIRES

*GB Auto distributes Lassa passenger car and light truck tires.*

		4Q2008	4Q2007	% Change	FY2008	FY2007	% Change
<b>Total Sales Revenue</b>	(LE million)	<b>15.6</b>	<b>25.6</b>	-39.1	<b>75.1</b>	<b>112.0</b>	-32.9
<b>Total Gross Profit</b>	(LE million)	<b>1.8</b>	<b>3.7</b>	-51.4	<b>11.2</b>	<b>13.9</b>	-19.4
<i>Gross Profit Margin</i>	(%)	<i>11.5</i>	<i>14.5</i>	<i>-3.0</i>	<i>14.9</i>	<i>12.4</i>	<i>2.5</i>

Until 2008, GB Auto's tires results included distribution of Double Coin truck, bus and off-road tires. These sales were significantly disrupted when anti-dumping duties were leveled against Chinese imports. GB Auto continues to actively seek a replacement for the business line and is assessing alternatives to build a sustainable and growing tires business.

The impact of the loss of Double Coin sales is clear from the 32.9% dip in sales revenue to LE 75.1 million in 2008. Sales in 4Q08 dipped 38.8% to LE 15.6 million and total gross profit slid 50.1% with the market largely overstocked. Dealers are now working to reduce inventories in anticipation of better pricing, while vehicle owners — corporate and private citizens alike — are traveling more prudently.

With new supply of Lassa passenger car tires now locked in, GB Auto continues to look to expand its product offerings in the promising tires category.

### CONSTRUCTION EQUIPMENT

*GB Auto distributes Volvo and Ingersol Rand construction equipment and Linde materials handling equipment.*

		4Q2008	4Q2007	% Change	FY2008	FY2007	% Change
<b>Total Sales Revenue</b>	(LE million)	<b>7.6</b>	<b>7.7</b>	-1.3	<b>49.7</b>	<b>18.8</b>	164.4
<b>Total Gross Profit</b>	(LE million)	<b>1.4</b>	<b>0.3</b>	366.7	<b>7.7</b>	<b>2.1</b>	266.7
<i>Gross Profit Margin</i>	(%)	<i>18.4</i>	<i>3.9</i>	<i>14.5</i>	<i>15.5</i>	<i>11.2</i>	<i>4.3</i>

Despite largely flat sales in 4Q08, GB Auto recorded revenues of LE 49.7 million in the Construction Equipment category in 2008, up 164.4% from the previous year largely because Volvo products became more competitively priced in the Egyptian marketplace.

The last quarter of 2008 and 1Q09 will likely represent readjustment points in what should be a growth year as sales shift from the real estate sector to the infrastructure and road-making sectors. As we expect will be the case with our trucks business, demand for construction equipment too will

likely be driven by new infrastructure and road-building programs announced in late 2008 as part of the government's economic stimulus package.

#### TRANSPORTATION SERVICES

*GB Auto provides public passenger and cargo transportation services through its wholly-owned subsidiary, Haram Transport Company.*

		4Q2008	4Q2007	% Change	FY2008	FY2007	% Change
<b>Total Sales Revenue</b>	(LE million)	<b>16.4</b>	<b>12.5</b>	31.2	<b>56.0</b>	<b>40.1</b>	39.7
<b>Total Gross Profit</b>	(LE million)	<b>0.6</b>	<b>-3.6</b>	N/A	<b>-5.6</b>	<b>-6.1</b>	8.1
<i>Gross Profit Margin</i>	(%)	3.7	-28.8	32.5	-10.0	-15.2	5.2

2008 should prove to have been a watershed year for GB Auto's Transportation business, where the switch to fixed-contract business model for the cargo business and solid management on the passenger transportation side helped the division enter profitability in 3Q08. Despite slower growth in 4Q08, the Transportation business recorded LE 16.4 million in receipts, up 31.2% from the same quarter in 2007.

Haram Transport, the wholly-owned subsidiary responsible for operation of the Passenger Transportation business, looks forward to the results of a tender for new passenger lines, with an announcement considered imminent. Haram will also benefit in 2009 from having opened in late 2008 its first passenger terminal in Cairo. Although the contract for Cairo passenger services has not yet been put to tender, the opening of the Cairo station will mean buses bringing passengers from Alexandria, Daqahlia, Damietta, Suhag and Qena will no longer return empty.

#### MISCELLANEOUS

*GB Auto engages in a number of export activities including selling commercial vehicles in Saudi Arabia, the United Arab Emirates, Algeria and Ethiopia.*

		4Q2008	4Q2007	% Change	FY2008	FY2007	% Change
<b>Total Sales Revenue</b>	(LE million)	<b>1.0</b>	<b>12.6</b>	-92.1	<b>23.9</b>	<b>26.5</b>	-9.8
<b>Total Gross Profit</b>	(LE million)	<b>0.4</b>	<b>2.2</b>	-81.8	<b>1.3</b>	<b>4.8</b>	-72.9
<i>Gross Profit Margin</i>	(%)	40.0	17.5	22.5	5.4	18.1	-12.7

#### FINANCIAL POSITION

Total assets at the end of 2008 closed up 25.0% at LE 3,628.6 million on the back of a sharp increase in inventories to LE 1,345.2 million from 612.1 million as we were caught by a very rapid market slowdown in 4Q08 (as previously noted), particularly as regards passenger cars and buses. GB Auto passenger car sales in the fourth quarter of the year fell 48.4%, while the entire Egyptian market cooled 44.9% in December 2008. In the Passenger Car line of business, inventories were further boosted by a deliberately high year-end volume of shipments from our global supplier.

Fixed assets increased largely as a result of investments at GB Polo, the company's new joint-venture bus factory with Marcopolo, as well as vehicle purchases by the group's transport division.

The merger was approved by the end of 2008 and its effect is reflected in the balance sheet by an LE 539.6 million increase in group equity and a corresponding increase mostly in fixed assets. This is divided as follows: LE 300 million to land, LE 128 million to buildings and LE 112 million to machinery and equipment. This consequently resulted in an additional annual depreciation charge of LE 15 million that is reflected in the financial statements; comparatives have accordingly been reclassified.

At year's end, GB Auto's net debt-to-equity ratio dropped slightly to 0.49 from 0.44 at the close of 2007, largely on the back of increased financing of inventories.

## LATEST CORPORATE DEVELOPMENTS

- The most significant corporate development of 4Q08 was the completion of the merger process, which now sees all Passenger Transport businesses operating via a single legal entity known as Itamco. GB Auto's Commercial Transport businesses operate via Ghabbour Egypt, while Haram Transport offers cargo and passenger services to corporate and government clients. The firm's leasing arm represents the fourth entity under GB Auto, while the company's joint venture with Brazil's Marcopolo — GB Polo — operates under its own umbrella.
- In 4Q08, the institutionalization program with noted regional consultants CDS entered its implementation phase. Twelve months into the process, GB Auto now has an internal implementation team / project management office headed by Mr. Nader Ghabbour.
- As part of GB Auto's plan to strengthen and deepen its core management team, in 2008 the company recruited Colin Sykes as Chief Financial Officer and Amy Shoukry as its first Chief Human Resources Officer. That continued in the first quarter of 2009 with the engagement of Mark Kass as Chief Operating Officer (Passenger Vehicles), Timothy Allen as Chief Operating Officer (Commercial Vehicles) and Jayaraman Narayanan as General Manager of the company's Motorcycles and Three-Wheelers line of business.
- With nearly two decades in the field, Mr. Kass joined GB Auto from Alhamrani (Nissan & Infiniti) in Saudi Arabia, while Mr. Allen comes to the company from General Motors and Mr. Narayanan was previously responsible for building the Piaggio scooter business in India.

## OUTLOOK

### Internal

The year gone by included five key events that position GB Auto to capture growth in the years ahead. The passage in June 2008 of legislative changes allowing the licensing of three-wheeler vehicles has helped this dynamic line of business surge forward. The new transportation law forcing the retirement of taxis over 20 years of age will create a 37,000-unit sales opportunity in 2009 to be split between six approved suppliers to a government-sponsored replacement program, of which GB Auto is one. The same law bans draw-bar trailers, opening a 23,000-unit market opportunity for GB Auto, Egypt's leading trailer manufacturer.

To ensure the company is best positioned to take advantage of these opportunities, GB Auto began last year the construction of a new paint shop to resolve the primary bottleneck in the assembly

process. This investment will allow annual production capacity for locally assembled CKD (Completely Knocked Down) units to climb to as many as 100,000 from today's 33,000 units when the new paint shop comes online in the second half of 2009. Similarly, the construction of a new trailer line, completed in November 2008, has given the company the option of increasing maximum trailer output more than three-fold to 6,000 units annually.

### **External**

GB Auto is debt-efficient heading into a year in which we anticipate that hard-currency debt will remain scarce. Egyptian-pound-denominated debt remains available, and while borrowers may be encouraged by a 100 basis-point cut in the Central Bank of Egypt's key rates in February 2009, there are clear signs banks are tightening already-restrictive credit policies. The clear drop-off in automotive industry sales will clearly place borrowers in this sector under more scrutiny.

Already, some banks are curtailing the availability of credit to assemblers, a fact that in 1Q09 has seen some players lower their prices in a bid to maintain cash flow as the availability of short-term bank financing contracts. Meanwhile, under pressure from home offices, foreign banks operating in Egypt are curtailing the growth of consumer finance.

Working in GB Auto's favor is the continued weakening of the Korean won and the strengthening of the US dollar and Japanese yen, which should move in favor of many of our core brands (particularly Hyundai passenger cars) at the expense of Japanese and American competitors. The company also expects to start benefitting from lower global raw material prices some time in the second quarter of 2009.

Across all lines of business, we expect after-sales parts and service revenues to continue to grow as more units in operation and cost-conscious consumers turn to our nationally trusted network of service centers.

## FINANCIAL STATEMENTS

### INCOME STATEMENT

(LE million)	Three Months Ended December 31			Fiscal Year Ended December 31		
		(restated)	%		(restated)	%
	2008	2007	Change	2008	2007	Change
Revenues	891.5	1,344.6	-33.7	5,192.4	4,630.1	12.1
COGS	-770.2	-1,127.3	-31.7	-4,320.1	-3,959.9	9.1
<b>Gross Profit</b>	<b>121.3</b>	<b>217.3</b>	<b>-44.2</b>	<b>872.3</b>	<b>670.2</b>	<b>30.2</b>
<i>Gross Profit Margin</i>	<i>13.6</i>	<i>16.2</i>	<i>-2.6</i>	<i>16.8</i>	<i>14.5</i>	<i>2.3</i>
Selling and Marketing	-27.0	-40.7	-33.7	-123.6	-105.7	16.9
Administration Expenses	-40.6	-60.1	-32.4	-153.4	-113.1	35.6
Other Operating Income (Expenses)	5.5	3.2	71.9	32.2	18.3	76.0
<b>Operating Profit</b>	<b>59.2</b>	<b>119.7</b>	<b>-50.5</b>	<b>627.5</b>	<b>469.7</b>	<b>33.6</b>
<i>Operating Profit Margin (%)</i>	<i>6.6</i>	<i>8.9</i>	<i>-2.3</i>	<i>12.1</i>	<i>10.1</i>	<i>2.0</i>
Net Provisions	13.9	112.4	-87.7	19.0	112.4	-83.1
<b>EBIT</b>	<b>73.1</b>	<b>232.1</b>	<b>-68.5</b>	<b>646.5</b>	<b>582.1</b>	<b>11.1</b>
<i>EBIT Margin (%)</i>	<i>8.2</i>	<i>17.3</i>	<i>-9.1</i>	<i>12.5</i>	<i>12.6</i>	<i>-0.1</i>
Foreign Exchange Gains (Losses)	-17.3	2.6	n/a	-18.3	2.8	n/a
Net Finance Cost	-33.7	-9.4	-	-116.2	-98.4	18.1
<b>Earnings Before Tax</b>	<b>22.1</b>	<b>225.3</b>	<b>-90.2</b>	<b>512.0</b>	<b>486.5</b>	<b>5.2</b>
Income Taxes	-8.3	-20.1	-58.7	-94.1	-50.7	85.6
<b>Net Profit Before Minority Interest</b>	<b>13.8</b>	<b>205.2</b>	<b>-93.3</b>	<b>417.9</b>	<b>435.8</b>	<b>-4.1</b>
Minority Interest	-0.8	-2.1	-61.9	-2.0	-2.3	-13.0
<b>Net Income</b>	<b>13.0</b>	<b>203.1</b>	<b>-93.6</b>	<b>415.9</b>	<b>433.5</b>	<b>-4.1</b>
<i>Net Profit Margin (%)</i>	<i>1.5</i>	<i>15.1</i>	<i>-13.6</i>	<i>8.0</i>	<i>9.4</i>	<i>-1.4</i>

## BALANCE SHEET

			(restated)	
	(LE million)	31 Dec 2008	31 Dec 2007	% Change
Cash		124.2	266.3	
Net Accounts Receivable		500.3	583.3	
Inventory		1,345.2	612.1	
Other Current Assets		230.8	194.8	
<b>Total Current Assets</b>		<b>2,200.5</b>	<b>1,656.5</b>	<i>32.8</i>
Net Fixed Assets		1,194.6	1,022.3	
Goodwill and Intangible Assets		188.7	187.6	
Other Long-Term Assets		44.8	35.3	
<b>Total Long-Term Assets</b>		<b>1,428.1</b>	<b>1,245.2</b>	<i>14.7</i>
<b>Total Assets</b>		<b>3,628.6</b>	<b>2,901.7</b>	<i>25.1</i>
Short-Term Notes and Debt		862.8	652.4	
Accounts Payable		709.7	496.7	
Other Current Liabilities		140.7	162.8	
<b>Total Current Liabilities</b>		<b>1,713.2</b>	<b>1,311.9</b>	<i>30.6</i>
Long-term Notes and Debt		110.9	211.8	
Other Long-Term Liabilities		63.3	13.8	
<b>Total Long-Term Liabilities</b>		<b>174.2</b>	<b>225.6</b>	<i>-22.8</i>
<b>Minority Interest</b>		<b>15.0</b>	<b>14.2</b>	
Common Stock		129.0	129.0	
Shares Held With the Group		-3.3	-3.3	
Legal Reserve		120.5	75.1	
Other Reserves		1,024.3	1,069.3	
Retained Earnings		455.7	79.9	
<b>Total Shareholder's Equity</b>		<b>1,726.2</b>	<b>1,350.0</b>	<i>27.9</i>
<b>Total Liabilities and Shareholder's Equity</b>		<b>3,628.6</b>	<b>2,901.7</b>	<i>25.1</i>

## **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 brand and construction equipment under the Volvo, Linde and Ingersol Rand 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](http://www.ghabbourauto.com))

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## **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.