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Moderator: Sarah Maged

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Operator: Good morning, good afternoon ladies and gentlemen. Thank you for joining our third quarter 2018 results presentation conference call. Today's conference is being recorded. From GB Auto, we have Dr Raouf Ghabbour, CEO and Mr Abbas El Sayed, Auto and Auto Related Finance Director and Mr Ahmed Ossama, GB Capital Finance Director presenting third quarter 2018 results. I will hand over to Dr Ghabbour for his presentation. Then we will have a question-and-answer session. Dr Ghabbour, please go ahead.

Raouf Ghabbour: Thank you. Good afternoon ladies and gentlemen and thank you for joining our third quarter results call. With me here today are Mr Abbas El Sayed, GB Auto and Auto Related Finance Director as well as Mr Ahmed Ossama, GB Capital Finance Director. Ladies and gentlemen, our third quarter performance [inaudible] our assessment that demand would continue to accelerate during the third quarter when compared to the first half of this year.

We have seen a strong recovery in volumes across the whole market. In particular, we see that consumers are increasingly adapting to the new norm and price levels. At GB Auto, we have been successful in capitalising on this uptrend. We have been able to increase our volumes sold and sold larger and higher margin vehicles, which improved our [inaudible] and enabled us to earn higher margins in a growing market.

The results speak for themselves with consolidated revenues in Q3 growing 30% over the previous quarter to around £8 billion on the back of favourable seasonality. On a year-on-year basis, it is clear that the market has recovered, which led us to grow an impressive 57%

compared to the same quarter in 2017. Meanwhile, group level profitability has expanded by 62% to £240 million quarter-on-quarter, reversing the losses recorded in Q3 2017.

On the segment basis, I am pleased to report that the auto and auto related segment is delivering significant quarter-on-quarter and year-on-year improvement in top line and profitability. After having returned to the black in Q2 with a bottom line of £45 million, this quarter's profitability accelerated to £194 million, which confirmed our previous statement that Q3 is the best performing quarter of the year in line with the normal synergy that we observed before the devaluation[?].

Segment performance was driven primarily by the passenger car line of business where total volumes sold grew 25% to 12,526 units compared to Q2. Volume growth was also accompanied by a shift in the month to higher margin units as GB Auto has captured a growing piece of the large CBO market. The gross profit has in turn recorded an impressive nine-fold increase year-on-year with a continued expansion in margin.

We continued to hold the largest share of the passenger car market in Egypt at 32.2% as of Q3 2018 with our position supported by the resumption of GB sales in September. Our expectations for the market in Q4 market share remaining stable while reporting year-on-year gains compared to the previous year. During Q4 2018, we will likely face some seasonality effect as demand usually slows towards the end of the year when compared to Q3 [inaudible].

In addition, there is the effect of the tax reduction for cars imported from the EU. We expect that this would lead to a potential deferral of sales from the Q4 to the first... for the first quarter of next year. On the bright side, this means that the first quarter of next year, which is [inaudible] seasonality slowest in growth during the year maybe... during the year maybe in 2019 be boosted by the pent-up demand from Q4 of 2018.

At our motorcycle and three-wheeler line of business, we have witnessed the highest level of three-wheeler sales during Q3. Testament to the market having fully recovered. Meanwhile, motorcycle volumes continued a strong growth trajectory both on a year-on-year and quarter-on-quarter basis. The motorcycle performance is supported by the localisation of production at our [inaudible] factory. For our commercial vehicles and construction equipment segment, a strong recovery in tourism spending has driven our [inaudible] sales, which grew by 30% quarter-on-quarter to 247 units in Q3.

We have also delivered volume growth of the trailers and construction equipment, thanks to increased construction shifts. [Inaudible] division, we have [inaudible] in niche market such as the recent agreements with [inaudible] is seeing us deliver [inaudible] exceptional growth. Our aim is to continue to pursue similar agreements and leverage the strength of our distribution network to capture growth and market share. I am also glad to report that GB Auto's regional operations have turned a corner following the slowdown in the [inaudible] during Q2, which was in our view due to the parliamentary elections and Ramadan. With the increased political stability and supported by the current uptrend in oil pricing, we expect to see a positive trend in the country's automotive market.

At GB Capital in the first few months, we have closed two transactions that further strengthened the company's financial position and growth prospect. We have finalised the sale of a minority stake in Mashroey and Tasaheel to DPI prior to the equity investor for a combined configuration of £480 million. This new partnership will help us to unlock new growth potential at both companies. Meanwhile at [inaudible], we have closed the first securitisation transaction with £355 million [inaudible].

Proceeds were used to deleverage GB [inaudible] balance sheet, improve its liquidity position and create new borrowing limits with lender banks as we seek to deliver on future growth. Ladies and gentlemen, as we approach the final months of the year, we now present you our fourth quarter guidance of 20% growth year-on-year at our auto and auto related businesses with a gross profit margin in the range of 10-11% compared to 6.6% in Q4 2017.

At our GB Capital segment, we expect revenues to climb approximately 45% year-on-year while achieving the gross profit margin of over 27% compared to 25% in Q4 2017. With that, ladies and gentlemen, I conclude my remarks and turn the call over to Abbas who will give us a rundown of GB auto and auto related financial performance. Ahmed will then take you through GB Capital's performance before we open the call up to your questions. Abbas, please.

Abbas El Sayed: Thank you Dr Raouf. Revenues from our auto and auto related segment came in at £6.9 billion in the third quarter, up 52% over second quarter as we saw that [inaudible] during the year gave us strong [inaudible] demand. When comparing to the prior year, it's clear that the market has shown strong recovery with segment revenues up 56% compared to the same quarter last year.

Growth was largely driven by the passenger car line of business having [inaudible] over 60% to absolute segment growth both on a quarter-on-quarter and year-on-year basis. Growth was also supported by a strong performance at the segment's regional operation and two and three-wheeler line of business.

In anticipation of increased demand heading into the second half of the year, GB Auto has marginally increased inventory levels to ensure it gets up with the market growth. Our strategy has proven to be correct as we witnessed higher run rate during the quarter and we were able to capture growth while enhancing profitability.

I would like to note that we also focused on operational efficiencies and we are able to decrease the days of sales of inventory to 53 days in third quarter. It came down from 60 days in the previous quarter. On gross profit, segment recorded a solid 52.6% quarter-on-quarter increase to

£818.7 million. This is more than 2.6 times the gross profit recorded in the same period last year. Meanwhile gross profit margin was stable quarter-on-quarter at 12%, improved by five points versus third quarter 2017.

Our bottom line has improved to £194 million. Higher sales have necessitated higher inventory levels and significantly more letters of credit to be issued to buy new cars from the OEM. As these [inaudible] have to be backed by cash at the issuing bank, our assets with banks have significantly increased. Overall, our working capital is therefore [inaudible] and our net debt consequently increased 21.5% quarter-on-quarter to £5.1 billion in third quarter 2018.

Nonetheless, prudent cash management saw finance costs increased at a much slower rate of 8.6% quarter-on-quarter. Management continues to adopt the strategy of reducing finance costs by achieving debt levels as low as possible. The increase in net debt with fast track EBITDA growth which recorded £549.2 million in third quarter 2018, up 63% over second quarter. Consequently, net debt to EBITDA decreased to 3.35 times down from 3.53 times in the second quarter.

Similarly, our EBITDA to finance cost increased from 1.21 in second quarter to 1.53 in the third quarter 2000 [inaudible]. Our return on capital employed during the nine months ending September reached at 15.2% and we anticipate a continual improvement going forward as the segment capitalises on the recovery that we have seen this year in the market and extract higher value from operations.

On a pro forma basis, the EBIT on the third quarter 2018 employed [inaudible]... capital employed of 22%. That could close my presentation for today. Ladies and gentlemen, I will now turn the call over to Ahmed who will run you through GB Capital's financial performance for the quarter. Ahmed.

Ahmed Ossama: Thank you Abbas. Ladies and gentlemen, we continued to progress on an overall growth trajectory, thanks to our constantly travelling[?] position in the market. Meanwhile, as D. Raouf mentioned, we have had a successful quarter on implementing our future strategy with the GB [inaudible] securitisation transaction and the sale of minority stakes in Mashroey and Tasaheel to DPI.

Overall, GB Capital posted revenues of £1.4 billion in third quarter 2018 up 19% quarter-on-quarter and an impressive 77% compared to the same period last year. Growth was supported by the recovery in the automotive segment as well as GB Capital's diversification strategy that sees us moving in tandem with the growth based economic recovery.

GB Capital [inaudible] civil portfolio stood at £7.2 billion at the close of the quarter, up 6% versus Q2. This reflects the total portfolio after the £365 million securitisation of GB. We therefore generated even higher portfolio growth when adjusting for the securitisation. We have continued to focus on maintaining the quality of our loan book with non-performing loans at 2.1% and the NPL coverage ratio [inaudible] 148%. As part of our efforts to safeguard our loan book's quality, we had implemented a more conservative provisioning for existing loans with past due amounts.

All the provisions that we [inaudible] this quarter about 43 million relate to existing NPLs from prior quarters in GBD's[?] where we took a more conservative provisioning view than before. We remain confident that our collateral is of a high quality. To this end, we carried our spot cheques on some of the past valuations of our collateral in revenues GBD's which confirm it's of a high quality.

The higher provisions have caused GB Capital's net income to decline 56% quarter-on-quarter and 31% year-on-year to £45.1 million in third quarter 2018. Overall, our loan book remains very profitable with an annualised return on average equity of 28% ahead of cost of capital. The decline versus second quarter is due to the on... the one hand with the lower net income during

Q3, and on the other hand, the high equity base following the capital gains recorded from Mashroey and Tasaheel DPI transaction.

In this respect, it's important to note that the capital gains did not impact the P&L of GB Capital. GB Auto related exposure accounted for less than 10.5% of GB Capital's loan as we continue to prudently manage consultation risk. Our companies also remain conservatively under-leveraged compared to the industry norms with the total leverage of GB Capital spending at 3.72 times as of 30th September 2018 compared to 5.64 times in second quarter of 2018. Again, the decrease here is due to the higher equity base following the Mashroey and Tasaheel transaction. GB Capital related company's debt stood at £5.6 billion as of 30th September 2018 with debt levels expected to continue rising as the company funds its growing operations. Ladies and gentlemen, that concludes my remarks for today. We now open the floor to your questions. Operator.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press star one to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions. We will now take our first question from Ghada Alaa of CI Capital. Please go ahead. Your line is open.

Ghada Alaa: Hi everyone and thank you for the call. I would like to congratulate you first on the strong profitability for the quarter. I have three questions actually from my end. The first one is on the auto business. I'm noticing that despite the strong profitability, in the end, the cash flow from operations turned negative, which is mostly related to the increase in the receivable days on hand because of the increase in [inaudible]. I'm assuming as you mentioned it's mostly related to the... the LCs. My question is basically what should we expect going forward in terms of working capital? Do you think these levels are the normal levels? And going forward, do you expect that by maybe next year you will start to post positive cash flow from operations?

Abbas El Sayed: Yeah. The main reasons for the negative cash flow from operation mainly coming from the increase in receivables, which is in line with our increase in sales as well as the increase in inventory levels to meet the sales expectations during the Q4. In terms of the... our expectations for the cash flow from operations for auto and auto related business, we are expecting the cash flow to be enhanced during the next quarter and the following quarters and this is in line with... in line with our sales[?].

Ghada Alaa: So, if possible, can you go just on item by item, so in terms of inventory days on hand, for instance do you think the current levels are appropriate going forward? You don't need to restock? I'm assuming so because the fourth quarter is a low season, correct?

Abbas El Sayed: Yeah, but if you look at the inventory days on hand, it has been increased from Q2 to Q3. It has been enhanced from [inaudible] days in Q2 to 53 days in Q3.

Ghada Alaa: Yes. So, basically, on the receivables, you don't expect going forward the days on hand to increase further because I've noticed an increase in the days on hand for the receivables and on this I would say the main reason for the concern, so you don't expect going forward this to increase further.

Abbas El Sayed: Yes, we don't see any increase in days on hand with respect to the receivable balance and which is the [inaudible] at the point of OEM at the closing of the end of the quarter.

Ghada Alaa: Okay.

Raouf Ghabbour: As a matter of fact...

Ghada Alaa: And...

Raouf Ghabbour: ...as a matter of fact regarding inventory for passenger cars, we are actually... which represents about 70% of auto and auto related, we are actually operating hand to mouth, so cannot be more efficient. We still have slight overstock in commercial vehicle, which I believe is... which is improving and which I believe would take us another quarter or maximum two quarters to reach the same position as we had in the passenger car.

All other lines of business our... based on hand... is hand to mouth. Tyres, we are [inaudible] the tyres before their arrival. When you talk about receivables, basically it's not receivables, it's actually cheques of dealers which are due but which are waiting to be credited to our bank accounts, so it's a matter of week. Unfortunately, all dealers post their cheques at the end of the month, so when we sell for 1.5 billion passenger cars during a certain month, almost 50% or 60% of that amount will show as receivables although it's not receivables, it's a matter of few days.

Ghada Alaa: Yeah sure, that's clear. So, it's timing basically.

Raouf Ghabbour: Yeah, exactly, but we don't really have receivables.

Ghada Alaa: Okay, thank you very much. So, my next question is on the... on GB Capital. If you can just elaborate more on the provisioning, I would really appreciate that. Just now I'm understanding that it's basically the increase in provisions is mostly related to GBD's. Can you shed more light on what sector is it coming from? Is it real estate? And regarding your more conservative policy that you adopted, what triggered that basically? Are you seeing any concern in any specific sector?

Abbas El Sayed: Okay. Basically, the factors that are coming from we had the problem in four customers or five customers.

Raouf Ghabbour: It's actually four customers.

Abbas El Sayed: Yeah, there are four customers now. We just recovered one of them during this week. So, for the four customers, two of them are working in the FMPG[?] and additional one in the logistics, okay. So, this is the sectors that the customers are working for.

In terms of the assets that represents our collateral for the customers, it's diversified between the real estate and the machinery and equipment and commercial vehicles, okay. So, it's diversified. As we mentioned in our script, for the real estate because we wanted to make sure that our evaluations two or three years ago was correct and we were... there was nothing wrong, we need an evaluation for more than 50% of GBD's portfolio during the last quarter and for the... more than 50% of the assets owned by GBD's over the last quarter, and the result was that our evaluation two or three years ago is appreciated by 10-15% as of now. So, putting into consideration that we have already down payments received and we have already one or two years of the loan that has already passed, so definitely our exposure now for the customer we are governing it by the market price of the asset.

So, it's... why we have done this because the immediate actions we have started are already taking some more time. We are very confident that in the very near future such provisions will be reserved. However, being very transparent...

Raouf Ghabbour: Reversed.

Abbas El Sayed: ...will be reversed very shortly. However, being very transparent, we just highlighted that we need to be very conservative in our record so that we don't take any hits in the future.

Ghada Alaa: Okay. So, if I understand correctly, basically the weight of real estate in your portfolio of GBD's has increased because of the rerating in prices, so you're accounting for more provisions to reflect that.

Raouf Ghabbour: No, no, I didn't' say that. The GBD's portfolio... a percentage of real estate is similar to the real estate portfolio in the financial leasing sector in the country, okay. We are very similar to that and we are trying to hold the sign to make sure that we are not far away from the market by any means, okay. So, what is average in the market, we are below it. So, the average in the market is 73%. We are more or less under by that by small amount, okay. So, our... here you need to differentiate between the collateral and the assets financed. The asset... or the sector finance. The sector finance we are providing finance for a lot of sectors, okay. What is our collateral here? This is sometimes it's real estate.

Ahmed Ossama: Let me put it in a street language. We have four customers... [inaudible] customers. Those four customers, we have taken legal procedures against them. We have very solid assets supporting those loans. The problem, as you are Egyptian you can understand, legal procedures take time in Egypt. We do not want to see time passing and the level of NPLs increasing. So, although we are confident that we are not only recovering the loan and its interest, we may even make profit on it, but we have two provision in order to feel comfortable, I'm not too show an NPL, which is not... which could be... could look scary.

Ghada Alaa: Yes, okay. That's very clear. Thank you very much.

Ahmed Ossama: Thank you.

Operator: Once again, if you would like to ask a question, please press star then one. Again, press star then one to ask a question. We will now take our next question from Imran Patel of Tundra Fonder. Please go ahead. Your line is open.

Imran Patel: Yes, thank you very much for your time. I have one question regarding your Egypt and EU partnership agreement. You briefly mentioned about the reductions. So, I just wanted to know how much custom duty is being charged from the company vehicles which are imported from EU at the moment.

Ahmed Ossama: I didn't hear. You... yeah.

Imran Patel: My question is related to Egypt and EU partnership.

Ahmed Ossama: Ah okay, okay, got it.

Imran Patel: So, what is the current custom duty which is charged on the...

Ahmed Ossama: Currently custom duty...

Imran Patel: Hello?

Ahmed Ossama: ...charged on Europe... yes? On... can you hear me?

Imran Patel: ...7vehicles which are imported from EU.

Ahmed Ossama: Yeah, okay, I got it. Current custom duty on European origin cars coming to Egypt is 12%...

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Imran Patel: Yeah.

Ahmed Ossama: ...versus 40%.

Imran Patel: And...

Ahmed Ossama: Can I I continue my explanation? Versus 40% for...

Imran Patel: Sure.

Ahmed Ossama: ...non-European origin. And by January this 12% will be slashed to zero.

Imran Patel: Alright, alright. Do you have any stance, any strategy to [inaudible] cars will become cheaper as compared to your existing portfolio, right, in which you offer? So, any strategy to cope with that?

Ahmed Ossama: European car will not [inaudible] because already European cars custom duty has been reduced from 40 to 12 and... or the 28% flagstone we haven't seen the European cars becoming cheaper because simply a European manufacturer like Volkswagen having a 40% custom privilege should theoretically become much cheaper than Chinese car. Do you think Volkswagen will ever accept selling at the certain market cheaper price positioning than Chinese car? This doesn't happen.

So, what happened, and I am importing European cars because they have the Tucson, I have the i10, the i20 and others produced either in Turkey or in Czech Republic. Every time custom duty in the past was dropping, the supplier was jacking up the price because at the end, the supplier cares about maintaining his price positioning versus competition. Clear?

Imran Patel: Alright, I got your point. My second question is regarding the auto policy. What's the update on that?

Ahmed Ossama: I have no idea. Go ask the minister. I don't know.

Imran Patel: And… okay, okay, okay, alright. My third question is regarding the Chinese...

Ahmed Ossama: Before moving into that, let me tell you something. With automotive director or without them, I am dominating the market and I am going to always maintain my market share and enhance it.

Imran Patel: Okay, okay, okay. And regarding the... as you... yeah, yeah. My third question is regarding the Chinese yuan depreciation, which in 2018 it depreciated by 7%. So, based on your current agreement with the GD and other Chinese counterparts, how much benefit will be passed through the GB Auto?

Ahmed Ossama: Let me tell you… We buy in US dollars actually, but let me tell you what I saw happening during the past few weeks. We were struggling to reach price agreements on many models, most of them CKD, and, in the past, it was mission impossible. We have secured four new models in CKD, which... at very attractive price levels, which I believe was only made possible because of the weakness of the Chinese currency.

Imran Patel: Okay, okay. Thank you very much.

Ahmed Ossama: Thank you.

Operator: Once again, if you would like to ask a question, please press star then one. We will now take our next question from Beidi Gu of TRG. Please go ahead. Your line is open.

Beidi Gu: Hi, thank you for the call and congratulations on the results again. So, I have two questions. One is on the gross profit margin of your auto four-wheeler sales segment. I remember last quarter we asked... last quarter the margin was a little bit over 9% and we thought that's a very high level and hopefully that sustains going forward. But this quarter we are seeing the profit margin goes to 10% or maybe a little bit over. Just wonder if you could shed some light on what [inaudible] this very high profit margin, and also does that have [inaudible] And you mentioned that you [inaudible] deals; has that been part of the contributing factors? So, that's question number one.

And the second question is regarding the GB Capital. I just want to clarify one thing because – was there any capital increase in relationship to the deal with the private equity you mentioned because it does look like the equity base has been larger in the segment. That's all.

Raouf Ghabbour: Okay. Regarding the first question, partly it could be the product mix because our gross margin differs from one model to the other. So, sometimes in a certain quarter, you may have bigger sales of a higher gross margin model, so this is definitely was the case in Q3. We had a good product mix for us.

The second reason is we were suffering big losses in CKD. We have been continuously during the last year-and-a-half or two years increasing every... sometimes every two weeks the prices of CKD. So, you will still see some slight... probably slight improvements in margins because of the recovery in CKD margins, which is not yet completed. As for the product mix, it's easy, it depends on the quarter, yeah. So, this is the first question. What was your...

Abbas El Sayed: On the second question about the... what has made the equity, actually, firstly we don't need to make any capital [inaudible] for the financial companies because all of them are still under-leveraged compared to the market norms. So, this is not on our agenda or our plans for the coming near future.

On the other side, what has happened as a result of the transaction of DPI, the capital gains resulted from this was recorded as being part of the equity of GB Capital neither being charged our income statements, okay. So, this what has made our capital base increase from EGP 1 billion end of Q2 being 1.5 billion end of Q3 putting into consideration the net profits of the quarter.

Beidi Gu: Okay. So, may I have a follow up some questions? Number one, can you give us some update on the mix between CKD and CDU? And what is the current gross profit margin of CKD and where do you think could normalise that? And then just a follow up on the GB Capital, actually you're a lot more under-levered than the peers; and since there is a lot of room to lever up, and what is your thinking, are we just basically going to lever up as your asset growth, your loan... your credit book growth or you could potentially repatriate some of the profit from GB Capital to the corporate level and is that... which one are you thinking about?

Abbas El Sayed: Yeah, okay. The first question it's 60:40 [inaudible] currently. The margin in CKD currently is about 6%. And this was a year ago about minus 10%. So, we've come a long way, but we still see that this 6% should reach about 10%, which will happen in a very gradual... during the next I believe two to three quarters. Margins of TBU [inaudible] is about what? 14? 12... about 12... 12%. What was the second question? I didn't get your second question.

Beidi Gu: Yes, the second question is regarding the fact that GB Capital is very under-levered and there is a lot of room in terms of [inaudible] for your [inaudible] just wondering is it...

Raouf Ghabbour: I got it. Okay. We are dealing with... in GDO [inaudible] and GB Capital it's a completely separate... what… If we have extra cash in GB Capital, we are going to grow. We are going to establish new companies. You'll hear very soon of some new announcements. We may be open to suppliers, companies, we may be open to go continental or regional. So, we believe that GB Capital has a huge growth trajectory, and we believe it will own the cash it has and maybe more.

Beidi Gu: Okay.

Abbas El Sayed: I need just to add something here to highlight that we are under-leveraged because of the higher equity base that we have as a result of the transaction of [inaudible] in addition to the securitisation process for GBD that has reduced our debt. So, if you check at the debt to equity at end of June 2018, which is a little bit more realistic when it was 5.6 times. So, this is nearly what you can see our real leverage would be... with the [inaudible] of the two transactions mentioned.

Raouf Ghabbour: And jut to mention that already we have both... we have acquired the minority rights in Drive. And since we acquired, the profitability of Drive has doubled, by the way. So, it proved to be a very good example.

Beidi Gu: Okay. I think you mentioned expansion in GB Capital. Can you maybe dive a little bit deeper into are you looking into new verticals or are you looking into new geographies and what is the priority as you see kind of the venue for expansion for this business line?

Raouf Ghabbour: You will hear very soon announcements. So, I can't disclose now.

Beidi Gu: Okay. No problem. Thank you so much...

Raouf Ghabbour: Thank you.

Beidi Gu: ...and congratulations again.

Raouf Ghabbour: Thank you.

Operator: We will take our final question from Michael McGaughy of Research Alpha. Please go ahead. Your line is open.

Michael McGaughy: Yeah, thanks a lot for taking my questions. First thing there was an increase in NPLs. Who addressed that? What the... what happened there? Secondly, on the financing side, GB Finance, GB Capital. I keep reading about it seems like everybody and their mother in Egypt is going into the microfinance or the leasing business in the couple of years I've been looking at Egypt. Can you kind of give me some...

Abbas El Sayed: Yeah.

Michael McGaughy: ...some insight into that?

Abbas El Sayed: Sure.

Michael McGaughy: And lastly with the increase or the return profitability or it looks like your sustainable profitability, can you comment on any plans to restart the dividend payments?

Raouf Ghabbour: Yeah, okay. First question was...

Abbas El Sayed: NPL.

Raouf Ghabbour: NPLs, I think we have...

Abbas El Sayed: I've... we've already mentioned this was mainly increase in our provision level for the [inaudible].

Raouf Ghabbour: Yeah, let me explain. It's not an increase in NPLs. It was at the time of the close of the fourth quarter... of the third quarter, it was five customers and GBD's, which now as we speak became four customers... [inaudible] customers because we recovered completely the fifth of them. Those four customers we have extremely solid asset guarantee in this. The legal process in Egypt takes time. If we do not provision aggressively, we will be facing a situation where NPL levels grow quarter-over-quarter although we know that we would have the debt. So, we decided to become more aggressive in our provision policy in order to keep the NPL levels at a reasonable level and while knowing that we would recover those customers.

The second question was... yeah, okay, let me... let me tell you we have in Egypt 220 licensed companies for financial leasing. The 80% of this total market is less than ten of them. So, yeah, people in this country when they hear that something is going well, everybody wants to do it, but who can do it is a different story.

So, we believe the same is happening now at microfinance and we are not worried. Dividends, I do not see any dividend for this year because we come from two very bad years during which we have generated close to 1.5 billion losses. I'm not going to be considering any dividend payout before we recover our losses, yeah.

Michael McGaughy: Okay, okay. And just also while I have you on the line, and sorry about the... I'm having a hard time. The audio is not as good as I expected. Sorry to ask a question that you already answered. [inaudible] just let me know, okay.

Raouf Ghabbour: Yeah, no problem.

Michael McGaughy: You mentioned in your third quarter release that you are expecting rate cuts at the end of this year? Is that the end of 2018 or the end of 2019 and kind of what are you expecting?

Raouf Ghabbour: Rate cuts? That one, not this quarter. Yeah, now we are worried about the rating scene. What we expected no... no... is maintaining the current rate, but if there will be a change of rate with the current environment, I see it more as a rate increase not cut.

Michael McGaughy: Okay, yeah. Okay, thank you very much.

Raouf Ghabbour: Thank you.

Operator: It appears there are no further questions at this time via telephone. I'd like to turn the conference back to you for any additional or closing remarks.

Raouf Ghabbour: Ladies and gentlemen, thank you for joining us today and I hope we'll be able to give you even a brighter result next quarter. Thank you.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.