

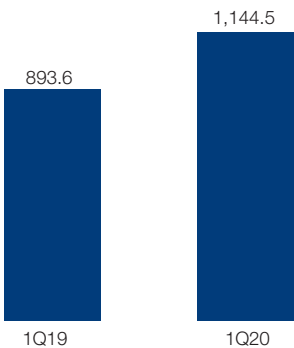
AUTO.CA  
on the Egyptian Exchange

**Revenue Progression**  
(all figures in LE million)

**GB Auto & Auto Related**



**GB Capital**  
After Intercompany  
Eliminations



## GB Auto Reports 1Q20 Results

*GB Auto records strong bottom-line profitability supported by GB Capital and a recovery at the Auto & Auto Related Segment;*

14 May 2020 — (Cairo, Egypt) GB Auto (AUTO.CA on the Egyptian Exchange), a leading automotive company in the Middle East and North Africa and non-bank financial services provider in Egypt, announced today its consolidated results for the first quarter ended 31 March 2020. The Group recorded revenues of LE 5,888.7 million, up by 0.8% y-o-y compared to 1Q19. Net profit booked an impressive year-on-year increase of 430.6% in 1Q20 to LE 138.4 million.

“We kicked off 2020 on a high note and on a path toward a strong rebound in our market, however, the momentum was cut short at the end of the quarter by unprecedented circumstances,” said GB Auto Chief Executive Officer Raouf Ghabbour. “Like all businesses across Egypt, the automotive sector is being impacted by the Covid-19 outbreak, which began taking its toll on demand starting mid-March as consumers grapple with the uncertainties brought about by the pandemic.”

“At GB Auto, we are implementing a set of measures to protect the health and safety of our employees as well as ensuring business continuity while managing associated risks. Across our facilities and showrooms, we have put in place strict hygiene and sanitation protocols, rolled out occupancy limits and work-from-home policies to maintain adequate social distancing, and are supporting our employees with lenient sick-leave policies to encourage self-isolation and limit the risk of infection. Meanwhile on the business continuity front, we are monitoring inventory levels versus demand across our network to efficiently plan for future orders; are closely managing our working capital cycle and extending new credit to dealers through our NBFi business; and are rationalizing operational expenses across the board, from the revision of contractual agreements to controlling administrative and transportation costs. Most importantly, we have put on hiatus any new CAPEX until further notice, and our Auto & Auto-Related segment has subscribed to the Central Bank’s six-month debt extension program which provided important support.”

The Group’s Auto & Auto-Related (A&AR) segment recorded revenues of LE 4,744.1 million in 1Q20, a decline of 4.1% y-o-y. However, the segment almost broke even in 1Q20, reversing a bottom-line loss of LE 93.1 million in the same period last year. This is a marked improvement considering the low seasonality associated with the first quarter of the year as well as the challenging external environment caused by the Covid-19 outbreak towards the end of the quarter. The closure of the traffic department, along with a host of measures imposed by the government to limit the spread of Covid-19, had affected Passenger Car (PC) demand starting mid-March 2020, and further compounded existing regulatory constraints that were pressuring the three-wheeler division.

The PC segment nonetheless recorded a 5.5% y-o-y revenue increase in 1Q20 to LE 1,651.1 million, driven by strong sales volumes of the Arizzo 5 and improving market conditions for the segment that dominated the majority of the quarter. 2&3Ws witnessed a year-on-year revenue decline of 8.4% to LE 661.8 million in 1Q20 on the back of a 7.2% dip in volumes. However, it is worthy to note that volumes increased by 5.4% compared to 4Q19. Construction Equipment (CV&CE) LoB recorded a 31.4% y-o-y dip in revenues in 1Q20 reaching LE 263.9 million driven by decreased bus volume sales due to slowdowns in the tourism sector. Meanwhile, the Tires LoB booked LE 237.9 million in revenues, down 17.1% y-o-y in 1Q20, however, business is expected to pick up as the market clears excess inventory accumulated in late 2019. On the regional front, the LoB recorded a 5.7% y-o-y decline in revenues to LE 1,494.6 million in 1Q20, with the decline reflecting lower volumes in Iraq’s PC segment.

“ We remain confident in our markets’ long-term fundamentals and the success of our flexible business model ”

“Full lockdown enforced in Iraq beginning early March through April effectively brought all business activities to a halt, which drove PC volumes down 5.4%. However, volumes are beginning to recover as lockdown measure are eased. I am also pleased to announce that we have successfully secured a new representation with MG, a reputable British car brand under Chinese ownership,” said Ghabbour.

GB Capital recorded a solid 24.2% y-o-y increase in revenues before inter-company eliminations, reaching LE 1,417.3 million in 1Q20. GB Capital successfully maintained a healthy LE 10.0 billion loan portfolio in 1Q20, a 17.0% y-o-y increase, with Non-Performing Loans (NPLs) standing at only 1.50%. GB Capital’s net income increased by 21.0% y-o-y to LE 143.6 million in 1Q20. GB Capital’s strong performance in 1Q20 comes on the back of solid results from its consumer finance business “Drive” as well as their micro-finance business “Mashroey” and “Tasaheel”.

“We anticipate short-term repercussions on demand levels and business performance in the coming months as we navigate the challenging external environment and mitigate the impacts of the Covid-19 across our business lines,” said Ghabbour. “At our PC LoB, we are beginning to witness increased traffic at our showrooms following a period of subdued demand in late March and April, particularly with the reopening of the traffic department and as consumers are increasingly normalizing the situation. Meanwhile at the 2&3Ws, we expect a longer recovery trajectory for two-wheelers versus PCs as the more price sensitive consumers delay new purchases due to the economic uncertainty. This is contrary to the income-producing three-wheeler vehicles, where demand has remained strong and is largely unaffected by Covid-19.”

“Regionally, the Iraqi government is gradually easing restrictions following a complete lockdown in April, and we see a resumption of the strong demand for regional 2&3Ws as well as a complete liquidation of our Hyundai inventory by the third quarter. Save for the transient macroeconomic challenges on account of low oil prices, we continue to believe in Iraq’s strong automotive demand and are confident that our proven experience will allow us to position MG as a leading car brand in Iraq in the medium term.”

“Overall, we remain confident in our markets’ long-term fundamentals and the success of our flexible business model. GB Auto’s ability to adapt to new market dynamics and navigate an unfavorable regulatory environment allowed the Group to deliver a strong turnaround in net profit in the first quarter of the year and, up until the outbreak, had set our Auto & Auto-Related segment on a path toward restoring profitability following a period of consecutive losses. We expect to return to this positive trajectory once the current global crisis resolves,” Ghabbour concluded.

Highlights of GB Auto Group’s 1Q20 results follow, along with management’s analysis of the company’s performance. Complete financials are available for download on [ir.ghabbourauto.com](http://ir.ghabbourauto.com).

### First Quarter 2020 Financial Highlights

- GB Auto recorded LE 5,888.7 million in revenues in 1Q20, up 0.8% y-o-y versus LE 5,841.8 million in 1Q19. Net profits settled in at LE 138.4 million in 1Q20.
- Auto & Auto related gross profit increased by 10.9% y-o-y to LE 601.2 million, with an increase in gross margin by 2.2 percentage points.
- EBITDA for GB Auto & Auto-Related came in at LE 327.1 million in 1Q20 versus LE 275.2 million in 1Q19, with an EBITDA margin of 6.9% vs 5.6% in 1Q19.
- Auto & Auto related recorded a modest loss of LE 5.2 million in 1Q20 compared to a loss of LE 93.1 million in the same period last year.
- GB Capital’s net income achieved a 21.0% y-o-y expansion to LE 143.6 million in 1Q20 (after NCD).

## Financial Position and Working Capital of Auto & Auto-Related

Low seasonality associated with the first quarter of the year compounded by the challenging external environment caused by the Covid-19 outbreak towards the end of the quarter resulted in a dip in performance for the A&AR segment. However, overall working capital fell by 12.0% in 1Q20 compared to 4Q19 as part of our strategy to mitigate the effects of the Covid-19 outbreak by focusing on leaner working capital levels to ensure our financial strength.

**Table 1: Development of Working Capital of Auto & Auto-Related**

		1Q19	2Q19	3Q19	4Q19	1Q20
Inventory	(LE million)	4,956.9	4,530.2	3,428.3	3,719.5	3,586.2
Receivables	(LE million)	2,372.4	2,337.6	2,071.2	1,730.9	1,675.6
Advances	(LE million)	582.9	426.4	357.1	452.1	545.8
Debtors & Other Debit Balances	(LE million)	749.5	734.2	1,105.4	708.7	567.1
Payables	(LE million)	3,273.3	2,448.8	2,549.2	2,478.2	2,723.3
Working Capital	(LE million)	5,388.6	5,579.6	4,412.8	4,133.0	3,651.4

Payables are shown net of operating lease-related liabilities amounting to LE 990.6 million, which are now added to our Net Debt calculations. Due to a change in Egyptian Accounting Standards, the related leased assets have been recorded on the balance sheet under PP&E, while the liabilities have been booked under Payables starting from 2Q19 onwards.

Management considers only the net debt of the A&AR business as the relevant figure for the operations of the Group and the key yardstick by which shareholders evaluate performance, as the debt related to GB Capital is a direct function of the division's portfolio size and is more than fully backed by the assets and receivables held by GB Capital. Net Debt decreased by almost 10.0% compared to 4Q19, which is in line with the decrease in working capital as part of GB Auto's plan to deleverage its balance sheet. Finance costs of the A&AR segment have gone down by 27.4%, surpassing the decrease of net debt. Additionally, the 300 basis point cut in interest rates by the CBE in mid-March acted as a vital cushion to support the business. The full effect of the rate cuts will be reflected starting 2Q20.

**Table 2: Development of Auto & Auto-Related Net Debt**

(LE million)	1Q19	2Q19	3Q19	4Q19	1Q20
Total Debt	6,300.7	6,999.9	6,124.3	5,727.9	5,297.1
Notes Payable (Due to leasing)	-	1,105.5	1,079.3	1,033.8	990.6
Cash	1,075.4	1,187.1	1,111.6	981.2	991.5
Due from (to) Related Parties - Inter segment	(11.2)	20.2	108.2	(89.4)	(92.8)
Net Debt	5,236.5	6,898.1	5,983.8	5,870.0	5,389.0

**Table 3: Development of Key Financials of Auto & Auto-Related**

(LE million)	1Q19	1Q20	Y-o-Y
Revenues	4,746.9	4,497.7	-5.2%
Inter-Segment Revenues	201.3	246.4	22.4%
<b>Total Revenues</b>	<b>4,948.2</b>	<b>4,744.1</b>	<b>-4.1%</b>
Cost of Sales	(4,204.6)	(3,896.5)	-7.3%
Inter-Segment Cost of Sales	(201.3)	(246.4)	22.4%
<b>Total Cost of Sales</b>	<b>(4,405.9)</b>	<b>(4,142.9)</b>	<b>-6.0%</b>
<b>Gross Profit</b>	<b>542.3</b>	<b>601.2</b>	<b>10.9%</b>
<i>Gross Profit Margin</i>	<i>10.4%</i>	<i>12.7%</i>	<i>2.2</i>
General, Selling & Administrative Expenses	(350.0)	(353.7)	1.1%
Other Operating Income	28.8	21.5	-25.4%
Provisions (Net)	2.5	(2.1)	-
<b>Operating Profit</b>	<b>223.6</b>	<b>266.9</b>	<b>19.4%</b>
Finance Cost / Income	(352.5)	(256.1)	-27.4%
FOREX	36.5	19.5	-46.7%
<b>Net Profit / (loss) Before Tax</b>	<b>(92.4)</b>	<b>30.4</b>	<b>-</b>
Income Tax	22.1	(9.4)	-
<b>Net Profit / (loss) After Tax and Before NCI</b>	<b>(70.4)</b>	<b>21.0</b>	<b>-</b>
NCI	(22.7)	(26.1)	14.9%
<b>Net Profit / (loss) After NCI</b>	<b>(93.1)</b>	<b>(5.2)</b>	<b>-94.5%</b>
<b>Depreciation</b>	<b>51.6</b>	<b>60.1</b>	<b>16.5%</b>
<b>EBITDA</b>	<b>275.2</b>	<b>327.1</b>	<b>18.9%</b>
<i>EBITDA Margin</i>	<i>5.6%</i>	<i>6.9%</i>	<i>1.3</i>

The finance cost includes leasing expenses of LE (41.9) million for 1Q20

**Table 4: Key Ratios**

		1Q19	2Q19	3Q19	4Q19	1Q20
Net Debt / Equity*	Units	1.43	2.05	1.89	1.89	1.77
Total Liabilities Less Cash / Equity	Units	2.73	2.95	2.92	2.95	2.96
Current Ratio	Units	0.99	0.95	0.91	0.89	0.89
Net Debt / EBITDA	Units	3.12	4.89	6.07	7.37	6.35
EBITDA / Finance Cost	Units	1.29	1.05	0.71	0.58	0.66
Capital Employed **	LE million	7,987.8	8,287.9	8,211.8	8,522.7	7,767.3
ROCE ***	%	18.7%	14.4%	9.6%	6.6%	7.8%

\* Net Debt for segments = (short term debt + long term debt + due to related parties - inter-segment) - Cash and cash equivalents including due from related parties - inter-segment

\*\* Average capital employed for segments at the end of the period = (property, plant and equipment + intangible assets and goodwill + investment property + inventories + trade receivables + debtors and other debit balance) - (trade payables + other current liabilities)

\*\*\* ROCE for segments = Last twelve months operating profit / average capital employed at the end of the period.

**Table 5: Segregated Income Statement by Segment**

	1Q20			
(LE million)	GB Auto (Auto & Auto-Related)	GB Capital (Financing Business)	Elimination	GB Auto Consolidation
Revenues	4,497.7	1,391.0	-	5,888.7
Inter-Segment Revenues	246.4	26.3	(272.8)	-
<b>Total Revenues</b>	<b>4,744.1</b>	<b>1,417.3</b>	<b>(272.8)</b>	<b>5,888.7</b>
Cost of Sales	(3,896.5)	(894.0)	-	(4,790.5)
Inter-Segment Cost of Sales	(246.4)	(20.6)	267.0	-
Cost of Sales	(4,142.9)	(914.7)	267.0	(4,790.5)
<b>Gross Profit</b>	<b>601.2</b>	<b>502.7</b>	<b>(5.7)</b>	<b>1,098.2</b>
General, Selling & Administrative Expenses	(352.1)	(236.0)	0.7	(587.4)
Other Operating Income	19.9	11.0	(0.7)	30.1
Provisions (Net)	(2.1)	(32.3)	-	(34.4)
<b>Operating Profit</b>	<b>266.9</b>	<b>245.3</b>	<b>(5.7)</b>	<b>506.5</b>
Finance Cost / Income	(256.1)	(3.3)	5.7	(253.6)
FOREX	19.5	13.1	-	32.6
<b>Net Profit / (loss) Before Tax</b>	<b>30.4</b>	<b>255.1</b>	-	<b>285.5</b>
Income Tax	(9.4)	(59.9)	-	(69.3)
<b>Net Profit / (loss) After Tax and Before NCI</b>	<b>21.0</b>	<b>195.2</b>	-	<b>216.2</b>
NCI	(26.1)	(51.7)	-	(77.8)
<b>Net Profit / (loss) After NCI</b>	<b>(5.2)</b>	<b>143.6</b>	-	<b>138.4</b>

Eliminations of inter-segment items compose of trading of Auto and Auto related, Leased items as well as reclassification between cost of sales and finance cost for consistent application of consolidation procedure of the group.

Historical data for GB Auto Group's segregated financials can be downloaded at [ir.ghabbourauto.com/fundamentals](http://ir.ghabbourauto.com/fundamentals)

**Table 6: Balance Sheet by Segment**

As at 31 March 2020				
(LE million)	GB Auto (Auto & Auto-Related)	GB Capital (Financing Business)	Elimination	GB Auto Consolidation
Property Plant & Equipment	3,822.6	319.5	15.1	4,157.2
Intangible Assets & Goodwill	432.5	1.0	-	433.5
Investments in Subsidiaries (GB Capital)	322.1	58.0	(322.0)	58.1
Notes Receivable	4.2	4,111.9	(684.5)	3,431.6
Investments Property	90.9	-	-	90.9
Deferred Tax Assets	617.2	2.9	-	620.1
<b>Non-Current Assets</b>	<b>5,289.5</b>	<b>4,493.4</b>	<b>(991.4)</b>	<b>8,791.4</b>
Inventories	3,586.2	111.4	-	3,697.7
Trade Receivables	1,671.4	5,419.3	(150.3)	6,940.4
Advance Payments to Suppliers	545.8	28.9	-	574.8
Debtors & Other Debit Balance	567.1	441.6	-	1,008.6
Due from Related Parties	143.3	102.1	-	245.3
Due from Related Parties - Inter-Segment	249.1	109.3	(358.4)	-
Cash and Cash Equivalents	991.5	566.5	-	1,558.0
<b>Current Assets</b>	<b>7,754.3</b>	<b>6,779.2</b>	<b>(508.7)</b>	<b>14,024.8</b>
<b>Total Assets</b>	<b>13,043.8</b>	<b>11,272.5</b>	<b>(1,500.1)</b>	<b>22,816.2</b>
Share Capital	1,094.0	318.0	(318.0)	1,094.0
Treasury Stock	(10.0)	-	-	(10.0)
Legal Reserves	307.5	89.9	0.4	397.7
Private Reserve	2,250.9	(64.5)	(2.5)	2,183.8
Accumulated profit (losses)	(1,652.6)	1,683.3	26.2	56.9
Net income / (loss) for the period	(5.2)	143.6	-	138.4
<b>Total Shareholders' Equity Before NCI</b>	<b>1,984.7</b>	<b>2,170.2</b>	<b>(294.0)</b>	<b>3,860.9</b>
Total NCI	1,062.4	364.8	(12.9)	1,414.3
<b>Total Equity</b>	<b>3,047.1</b>	<b>2,535.0</b>	<b>(306.9)</b>	<b>5,275.2</b>
Trade Payables	2,919.5	371.2	(150.3)	3,140.4
Loans and Overdraft	5,166.9	4,806.6	-	9,973.5
Due to Related Parties	89.4	5.7	-	95.1
Due to Related Parties - Inter-Segment	341.9	16.6	(358.4)	-
Provision	217.4	-	-	217.4
Other Current Liabilities	11.9	288.4	-	300.3
<b>Total Current Liabilities</b>	<b>8,747.0</b>	<b>5,488.3</b>	<b>(508.7)</b>	<b>13,726.6</b>
Loans	130.2	3,223.5	-	3,353.7
Provision	4.2	-	-	4.2
Trade & Notes Payable	794.3	-	(684.5)	109.8
Deferred Tax Liabilities	321.0	25.7	-	346.7
<b>Total Non-Current Liabilities</b>	<b>1,249.7</b>	<b>3,249.2</b>	<b>(684.5)</b>	<b>3,814.5</b>
<b>Total Equity And Liabilities</b>	<b>13,043.8</b>	<b>11,272.5</b>	<b>(1,500.1)</b>	<b>22,816.2</b>

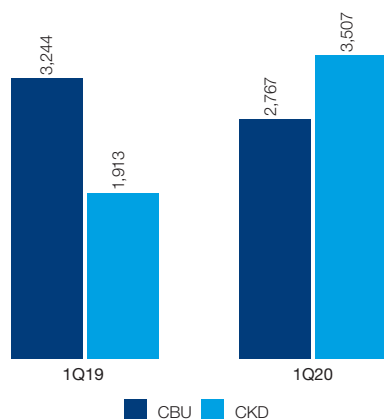
Historical GB Auto Group segregated financials can be downloaded at [ir.ghabbourauto.com/fundamentals](http://ir.ghabbourauto.com/fundamentals)

**Table 7: Cash Flow Statement for the Auto & Auto-Related Segment of GB Auto**

(LE million)	1Q19	1Q20
<b>Cash Flows from Operating Activities</b>		
Net Profit (loss) Before Tax	(123.8)	30.4
<b>Adjustments:</b>		
Interest Expense	322.6	268.8
Depreciation & Amortization	47.2	60.1
Provisions - Net	(6.4)	13.5
Impairment in Current Assets - Net	3.3	(11.4)
Interest Income	(13.1)	(12.8)
Interest Expense Capitalized on Property, Plant & Equipment	(12.6)	-
Gain on Sale of PP&E and Assets Held for Sale	(19.9)	(2.2)
<b>Operating Cash Flow Before Changes in Working Capital</b>	<b>197.2</b>	<b>346.4</b>
<b>Changes in Working Capital</b>		
Inventories	(187.9)	142.1
Trade Receivables	(441.8)	57.1
Debtors & Other Debit Balances	150.6	46.7
Due from Related Parties	16.5	60.0
Due to Related Parties	(3.5)	23.6
Due from Related Parties - Inter-Segment	59.1	(19.7)
Due to Related Parties - Inter-Segment	28.0	50.4
Trade Payables & Other Credit Balances	638.2	252.0
Provisions Used	(20.7)	(19.9)
<b>Cash Flow (Integrated from) Operating Activities</b>	<b>435.7</b>	<b>938.7</b>
Income Tax Paid During the Period	-	(1.2)
<b>Net Cash Flow (Used in) Operating Activities</b>	<b>435.7</b>	<b>937.5</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Property, Plant & Equipment	(27.7)	(25.0)
Purchase of Projects Under Construction	(31.7)	(107.3)
Purchase of Intangible Assets	(1.1)	-
Interest Received	13.1	12.8
Proceeds from Sale of Property, Plant & Equipment	31.0	8.4
<b>Net Cash Flow (Used in)/generated from Investing Activities</b>	<b>(16.3)</b>	<b>(111.2)</b>
<b>Cash Flows From Financing Activities</b>		
Loans & Borrowings	308.8	(430.8)
Paid for Purchase of Treasury Stock	-	(19.6)
Interest Paid	(371.0)	(268.8)
Long Term Notes Payable	-	(52.7)
Paid from Minority to Increase Capital of Subsidiaries	0.2	4.3
<b>Net Cash Flow Generated from Financing Activities</b>	<b>(62.1)</b>	<b>(767.6)</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>357.4</b>	<b>58.7</b>
Cash & Cash Equivalents at Beginning of the Period	887.7	981.2
Translation Differences	(169.7)	(48.5)
<b>Cash &amp; Cash Equivalents at End of the Period</b>	<b>1,075.4</b>	<b>991.5</b>

1Q19 cash flow statement has not been restated.

### Breakdown of Units Sold



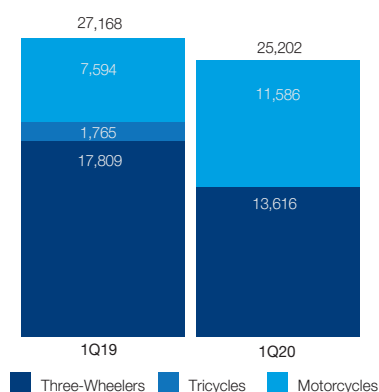
### Egypt Passenger Cars

- The passenger car segment continued its recovery path from 2019 and was up by 58.0% y-o-y in 1Q20 according to the latest AMIC report, with the impact of the COVID-19 outbreak coming towards the end of the quarter.
- GB Auto's passenger car volumes witnessed an increase of 21.7% y-o-y in 1Q20, driven by improving market conditions and the strong sales volume of the Arizzo 5 that was launched in 3Q19. This drove a 5.5% y-o-y increase in revenue to LE 1,651.1 million in 1Q20.
- GB Auto's market share, however, saw a reduction to 16.9% in 1Q20 from 20.5% in 4Q19, as Management shifted its strategy to focus more on profitability in light of the custom breaks and price advantage enjoyed by vehicles of Moroccan, Turkish, and European origins.
- Management's strategic shift to focus on profitability amidst an externally challenging environment saw GPM for the segment increase to 11.0% on the back of an improved price mix, generating a gross profit of LE 180.8 million in 1Q20.

**Table 8: Egypt Passenger Cars Sales Activity**

		1Q19	1Q20	Y-o-Y
CBU Sales Volume (Hyundai)	(Units)	3,074	2,665	-13.3%
CBU Sales Volume (Geely)	(Units)	102	66	-35.3%
CBU Sales Volume (Chery)	(Units)	40	25	-37.5%
CBU Sales Volume (Mazda)	(Units)	28	11	-60.7%
CKD Sales Volume (Hyundai)	(Units)	1,157	1,398	20.8%
CKD Sales Volume (Chery)	(Units)	542	2,094	-
CKD Sales Volume (Karry)	(Units)	15	3	-80.0%
CKD Sales Volume (Geely)	(Units)	199	12	-94.0%
<b>Total Sales Volume</b>	<b>(Units)</b>	<b>5,157</b>	<b>6,274</b>	<b>21.7%</b>
<b>Total Sales Revenue</b>	<b>(LE million)</b>	<b>1,564.9</b>	<b>1,651.1</b>	<b>5.5%</b>
<b>Gross Profit</b>	<b>(LE million)</b>	<b>151.7</b>	<b>180.8</b>	<b>19.2%</b>
<i>Gross Profit Margin</i>	<i>(%)</i>	<i>9.7%</i>	<i>11.0%</i>	<i>1.3</i>

### Breakdown of Units Sold



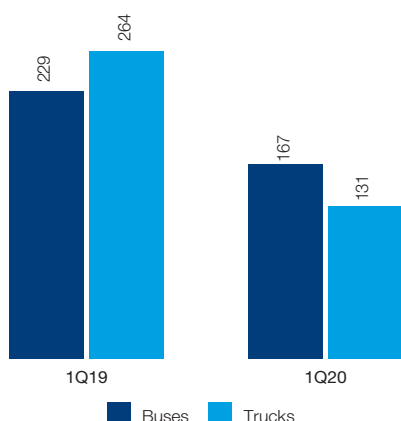
### Egypt Motorcycles & Three-Wheelers

- The LoB's total volumes declined 7.2% y-o-y in 1Q20 to 25,202 units sold. This is a slower rate of decline compared to the 36.7% y-o-y decline in 4Q19.
- Three-wheeler volumes declined 23.5% y-o-y in 1Q20, however, in q-o-q terms, the division recorded an increase of 30.6% on the back of strong demand. Meanwhile, motorcycle volumes increased 52.6% y-o-y in 1Q20.
- Revenues declined 8.4% y-o-y to LE 661.8 million in 1Q20. However, the LoB's profitability improved with a gross profit margin of 18.1%, up by 5.3 percentage y-o-y.
- Management is hopeful that demand remains stable over the course of the coming months for the LoB, and is monitoring its supply chain to manage disruptions related to COVID-19.

**Table 9: Egypt Motorcycle & Three-Wheeler Sales Activity**

		1Q19	1Q20	Y-o-Y
Three-Wheeler Sales Volume	(Units)	17,809	13,616	-23.5%
Tricycles Sales Volume	(Units)	1,765	-	-
Motorcycle Sales Volume	(Units)	7,594	11,586	52.6%
<b>Total Sales Volume</b>	<b>(Units)</b>	<b>27,168</b>	<b>25,202</b>	<b>-7.2%</b>
<b>Total Sales Revenue</b>	<b>(LE million)</b>	<b>722.6</b>	<b>661.8</b>	<b>-8.4%</b>
<b>Gross Profit</b>	<b>(LE million)</b>	<b>92.4</b>	<b>119.7</b>	<b>29.6%</b>
<i>Gross Profit Margin</i>	<i>(%)</i>	<i>12.8%</i>	<i>18.1%</i>	<i>5.3</i>

### Breakdown of Units Sold



### Egypt Commercial Vehicles & Construction Equipment

- The line of business witnessed a 30.6% y-o-y decline in volumes to reach 419 units in 1Q20. The business line primarily suffered from shortages in supply in the bus segment, which started to get resolved in April. Additionally, the ensuing slump in the tourism industry and general uncertainty in the market on account of COVID-19 also pressured the LoB.
- The LoB recorded revenues of LE 263.9 million, down 31.4% y-o-y in 1Q20. Profitability also dipped in 1Q20 by 61.1% y-o-y to LE 19.5 million, due to a sales mix that was skewed towards less profitable products.
- Management anticipates that bus volumes will see declines on the back of the impacts that the COVID-19 outbreak has on the tourism sector on account of travel restrictions. Additionally, austerity on the corporate sector and delays in fleet renewals will impact the LoB's construction equipment and truck volumes.

**Table 10: Egypt Commercial Vehicles & Construction Equipment (CV&CE) Sales Activity**

		1Q19	1Q20	Y-o-Y
Bus Sales Volume	(Units)	229	167	-27.1%
Truck Sales Volume	(Units)	264	131	-50.4%
Tractor Sales Volume	(Units)	-	-	-
Trailer Sales Volume	(Units)	86	85	-1.2%
Construction Equipment Sales Volume	(Units)	25	36	44.0%
<b>Total Sales Volume</b>	<b>(Units)</b>	<b>604</b>	<b>419</b>	<b>-30.6%</b>
<b>Total Sales Revenue</b>	<b>(LE million)</b>	<b>384.7</b>	<b>263.9</b>	<b>-31.4%</b>
<b>Gross Profit</b>	<b>(LE million)</b>	<b>50.0</b>	<b>19.5</b>	<b>-61.1%</b>
<i>Gross Profit Margin</i>	<i>(%)</i>	<i>13.0%</i>	<i>7.4%</i>	<i>-5.6</i>

### Egypt After-Sales Line of Business

- The line of business maintained steady revenue growth in 1Q20, increasing by 1.9% y-o-y to LE 291.7 million.
- After-sales' gross profit declined by 18.1% in 1Q20 to LE 53.0 million compared to LE 64.8 million in the same period last year on the back of a decrease in the total number of walk-ins as well as staff overheads booked as COGS as opposed to SG&A due to the nature of the business.
- Management notes that while initially service centers had witnessed a marked decline in volumes in late 1Q20 and April with the onset of COVID-19 restrictions, there is a visible recovery in the market, particularly in larger centers in Cairo and Alexandria, while other governorates are on a slower trajectory.

**Table 11: Egypt After-Sales**

		1Q19	1Q20	Y-o-Y
Passenger Car Egypt After-Sales Revenue	(Units)	181.0	182.6	0.9%
Motorcycle & Three-Wheeler After-Sales Revenue	(Units)	33.9	53.2	56.6%
CV&CE After-Sales Revenue	(Units)	71.4	55.9	-21.7%
<b>Total Egypt After-Sales Revenue</b>	<b>(LE million)</b>	<b>286.3</b>	<b>291.7</b>	<b>1.9%</b>
<b>Total Egypt After-Sales Gross Profit</b>	<b>(LE million)</b>	<b>64.8</b>	<b>53.0</b>	<b>-18.1%</b>
<i>Total Egypt After-Sales Gross Profit Margin</i>	<i>(%)</i>	<i>22.6%</i>	<i>18.2%</i>	<i>-4.4</i>



## Egypt Tires Line of Business

- The LoB generated LE 237.9 million in revenues, a decline of 17.1% y-o-y in 1Q20. The decline was driven by high inventories at the distributor level at the start of 2020 on account of higher volumes sold in 4Q19, which saw slower orders by distributors heading into the new year.
- Tires witnessed an increase in profitability with a gross profit of LE 57.8 million in 1Q20, a 31.4% y-o-y increase, with a significant expansion in gross profit margin by nine percentage points to 24.3%.
- Management is cognizant of the reduction in market size and cashflow restrictions that tire dealerships are currently facing in light of the COVID-19 situation, however, management is optimistic that the LoB can continue to grow market share with the current portfolio.

**Table 12: Tires Sales Activity – Egypt**

		1Q19	1Q20	Y-o-Y
<b>Total Sales Revenue</b>	(LE million)	<b>287.0</b>	<b>237.9</b>	-17.1%
<b>Gross Profit</b>	(LE million)	<b>44.0</b>	<b>57.8</b>	31.4%
<i>Gross Profit Margin</i>	(%)	15.3%	24.3%	9.0

## Regional

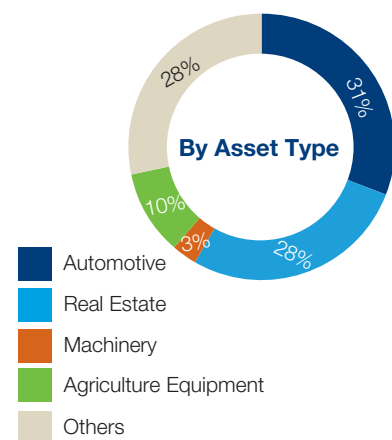
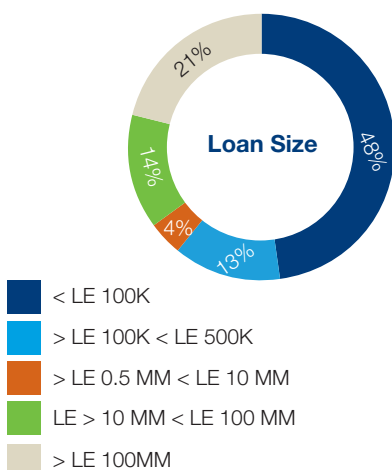
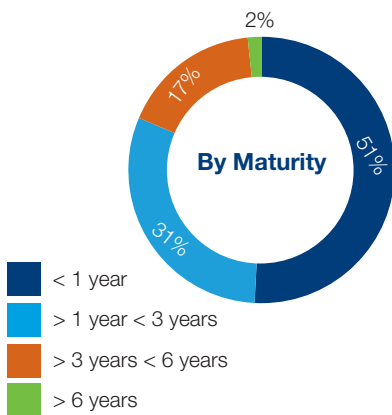
- Regional operations witnessed a revenue decline of 5.7% y-o-y in 1Q20 to LE 1,494.6 million on the back of a 5.4% drop in PC volumes. The decline was largely due to the complete lockdown in Iraq which was enforced in early March and April, effectively bringing sales activities to a halt.
- PC sales in the Iraqi market were down 5.4% compared to the same period last year as the company pressed on with the liquidation of remaining Hyundai inventory. Volumes are beginning to recover as lockdown measures ease up in Iraq and with the anticipated rollout of the MG brand later this year.
- Strong three-wheeler and motorcycle demand in Iraq drove a 30.9% increase in y-o-y volumes in 1Q20, accomplishing unit sales of 8,854 compared 6,762 in 1Q19.
- In terms of profitability, regional operations witnessed 20.8% y-o-y increase in gross profit in 1Q20, reaching LE 151.3 million with a GPM of 10.1%, up by 2.2 percentage points compared to the same period last year.
- As COVID-19 restrictions began to ease in late April in Iraq, management is hopeful that the strong demand for three wheelers and motorcycles will drive full volume recovery in the short-term as markets slowly reopen.

**Table 13: Total Sales Activity from Regional Operations**

		1Q19	1Q20	Y-o-Y
<b>Total Regions Revenue</b>	(LE million)	<b>1,585.3</b>	<b>1,494.6</b>	-5.7%
<b>Total Regions Gross Profit</b>	(LE million)	<b>125.3</b>	<b>151.3</b>	20.8%
<i>Gross Profit Margin</i>	(%)	7.9%	10.1%	2.2

## GB Capital Portfolio Breakdown

(As of 31 March 2020)



## GB Capital (Financing Businesses)

- GB Capital accomplished a top-line before intercompany eliminations of LE 1,417.3 million, a y-o-y increase of 24.2% in 1Q20. The increase was driven by solid performance and growth across multiple business lines, specifically Drive and Tasaheel who generated revenue growth of 30.6% and 70.9% in 1Q20, respectively. Net income after minority witnessed a y-o-y increase of 21.0% in 1Q20 to LE 143.6 million.
- GB Capital accomplished an Annualized ROAE (excluding NCI) of 27.4% in 1Q20 compared to 30.8% in the same period last year. Additionally, ROAA came in at 18.3% compared to 21.6% in 1Q19.
- Annualized NIMS for the period came in at 18.0%, a 4.9 percentage point increase from 1Q19. The increase was driven by progressive rate cuts over the course of 2019 as well as a 300-bps rate cut initiated by the CBE in mid-March to support domestic economic activity given the current challenging external environment following the COVID-19 outbreak.
- GB Capital's strategy of maintaining a healthy loan portfolio continued in 1Q20, the company recorded NPLs of 1.50% vs 1.45% in 4Q19 and 1.18% in 1Q19, a comparatively healthy ratio when benchmarked against other players in the market. Additionally, GB Capital witnessed an NPL coverage ratio of 199% in 1Q20.
- GB Capital's debt to equity ratio came in at 3.17x in 1Q20 compared to 3.81x in 1Q19 and settled in at 2.66x as per the regulator's definition.
- GB Capital related companies' debt stood at LE 8.0 billion as of 31 March 2020 on the back of the current challenging external environment.

### Leasing

- GB Lease generated revenues of LE 135.0 million in 1Q20, a y-o-y decline of 29.5% compared to the same period last year. The dip in performance came on the back of securitization transactions that were executed in 4Q19.
- Haram Tourism Transport "HTT" witnessed a modest 12.8% increase in revenues, settling in at LE 22.9 million in 1Q20.

### Consumer Finance and Factoring

- Drive witnessed a solid 30.6% y-o-y revenue increase, coming in at LE 498.3 million in 1Q20. Progressive rate cuts over the course of 2019 as well as the additional 300 bps rate cut in mid-March in 2020 allowed Drive to offer attractive rates to customers and driving y-o-y revenue growth.

### Microfinance

- Mashroey generated revenues of LE 382.6 million, accomplishing a y-o-y increase of 16.1% in 1Q20. The increase comes on the back of continuously introducing new products.
- Tasaheel recorded a strong 70.9% y-o-y increase in revenues, settling in at LE 372.8 million in 1Q20. The growth was driven by continued demand from customers on the back of Egypt's favorable interest rate environment and continued branch network expansions across Egypt.
- GB Lease, Drive, and Tasaheel are regulated by and operate under the auspices of FRA.

**Table 14: Income Statement Analysis for GB Capital**

(LE million)	1Q19	4Q19	1Q20	Q-o-Q	Y-o-Y
Revenues	564.3	960.1	725.4	-24.4%	28.6%
Interest Income	576.6	674.5	691.9	2.6%	20.0%
<b>Total Revenues</b>	<b>1,140.9</b>	<b>1,634.6</b>	<b>1,417.3</b>	<b>-13.3%</b>	<b>24.2%</b>
Cost of Sales	(514.3)	(764.0)	(652.6)	-14.6%	26.9%
Cost of Funds	(303.2)	(304.8)	(262.1)	-14.0%	-13.6%
<b>Total Cost of Revenues</b>	<b>(817.5)</b>	<b>(1,068.9)</b>	<b>(914.7)</b>	<b>-14.4%</b>	<b>11.9%</b>
<b>Gross Profit</b>	<b>323.4</b>	<b>565.7</b>	<b>502.7</b>	<b>-11.1%</b>	<b>55.4%</b>
SG&A	(142.7)	(238.2)	(236.0)	-0.9%	65.4%
Provisions	(12.6)	(18.1)	(32.3)	78.8%	-
<b>Operating Profit</b>	<b>168.1</b>	<b>309.5</b>	<b>234.4</b>	<b>-24.3%</b>	<b>39.4%</b>
Other Income	9.2	13.6	11.0	-19.4%	18.5%
<b>EBIT</b>	<b>177.4</b>	<b>323.1</b>	<b>245.3</b>	<b>-24.1%</b>	<b>38.3%</b>
Other Interest & Similar Income	3.2	(4.8)	(3.3)	-31.5%	-
FOREX	9.0	6.4	13.1	-	45.5%
<b>EBT</b>	<b>189.6</b>	<b>324.8</b>	<b>255.1</b>	<b>-21.4%</b>	<b>34.6%</b>
Income Tax	(42.7)	(103.7)	(59.9)	-42.2%	40.4%
<b>Profit after Tax &amp; before NCI</b>	<b>146.9</b>	<b>221.1</b>	<b>195.2</b>	<b>-11.7%</b>	<b>32.9%</b>
NCI	28.3	40.2	51.7	28.6%	82.5%
<b>Net Profit after Tax &amp; NCI</b>	<b>118.6</b>	<b>180.9</b>	<b>143.6</b>	<b>-20.6%</b>	<b>21.0%</b>
<b>Breakdown of Revenue by Company:</b>					
GB Capital	-	6.2	5.7	-8.7%	-
GB Lease	191.3	179.7	135.0	-24.9%	-29.5%
Drive	381.7	733.7	498.3	-32.1%	30.6%
Mashroey	329.5	362.9	382.6	5.5%	16.1%
Tasaheel	218.1	330.9	372.8	12.7%	70.9%
Haram	20.3	21.2	22.9	7.9%	12.8%
<b>Total</b>	<b>1,140.9</b>	<b>1,634.6</b>	<b>1,417.3</b>	<b>-13.3%</b>	<b>24.2%</b>

\* GB capital revenue appears in 2019 for the first time making use of the new Venture Capital License obtained in 3Q19 allowing GB Capital to book finance leasing contracts.

\*\* GB Lease revenue numbers have been restated for the new Egyptian Accounting Standards which no longer record depreciation of the financed assets in the revenues line.

**Table 15: Supplementary Financial Information - GB Capital**

	1Q19	FY19	1Q20
<b>Net Portfolio Assets (LE million)</b>	<b>8,552.8</b>	<b>9,100.2</b>	<b>10,000.3</b>
Debt / Equity	3.81x	3.38x	3.17x
Debt / Equity - Regulator Definition (non current debt to equity)	3.11x	2.68x	2.66x
Equity / Loan Portfolio	21.0%	25.8%	25.4%
Annualized Return on Average Equity (ROAE) - Excluding NCI *	30.8%	35.1%	27.4%
Annualized ROAA [Annualized the period EBIT pre funding costs after tax / average assets of period]	21.6%	22.3%	18.3%
Annualized net interest margin (%) [(interest income - interest expense) for the last quarter X 4 / average portfolio size for the quarter]	13.1%	15.9%	18.0%
<b>Provision for Portfolio:</b>			
Provision (BS) / Loan portfolio %	2.55%	2.94%	2.99%
Provision (BS) / NPL % (Coverage ratio)	216%	204%	199%
NPL / Loan portfolio %	1.18%	1.45%	1.50%

\* Annualized ROAE is calculated as the annualized net profit -after NCI- for the period then divided by the average shareholders equity -excluding- NCI for the period.

## GB Auto Group Financial Statements

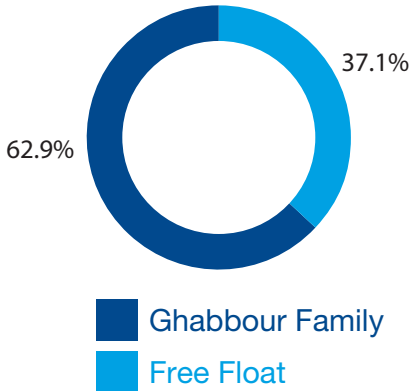
### Income Statement

Three Months Ended

(LE million)	1Q19	1Q20	% Change
Egypt Passenger Cars Revenues	1,564.9	1,651.1	5.5%
Egypt Motorcycles & Three-Wheelers Revenues	722.6	661.8	-8.4%
Egypt Commercial Vehicles & Construction Equipment Revenues	384.7	263.9	-31.4%
Egypt Tires Revenues	287.0	237.9	-17.1%
GB Capital (Financing Businesses) Revenues	893.6	1,144.5	28.1%
Egypt After-Sales Revenues	286.3	291.7	1.9%
Regional Revenues	1,585.3	1,494.6	-5.7%
Others Revenues	117.2	143.2	22.2%
<b>Total Sales Revenues</b>	<b>5,841.8</b>	<b>5,888.7</b>	<b>0.8%</b>
<b>Gross Profit</b>			
Egypt Passenger Cars Gross Profits	151.7	180.8	19.2%
Egypt Motorcycles & Three-Wheelers Gross Profits	92.4	119.7	29.6%
Egypt Commercial Vehicles & Construction Equipment Gross Profits	50.0	19.5	-61.1%
Egypt Tires Gross Profits	44.0	57.8	31.4%
GB Capital (Financing Businesses) Gross Profits	316.8	496.7	56.8%
Egypt After-Sales Gross Profits	64.8	53.0	-18.1%
Regional Gross Profits	125.3	151.3	20.8%
Others Gross Profits	14.8	19.3	29.8%
<b>Total Gross Profit</b>	<b>859.8</b>	<b>1,098.2</b>	<b>27.7%</b>
Gross Profit Margin	14.7%	18.6%	3.9
Selling and Marketing	-374.8	-463.7	23.7%
Administration Expenses	-118.0	-123.7	4.9%
Other Income (Expenses)	38.0	30.1	-20.7%
<b>Operating Profit</b>	<b>405.1</b>	<b>540.9</b>	<b>33.5%</b>
Operating Profit Margin (%)	6.9%	9.2%	2.3
Net Provisions and Non-Operating FV of Investment Property	-10.1	-34.4	-
<b>EBIT</b>	<b>394.9</b>	<b>506.5</b>	<b>28.3%</b>
EBIT Margin (%)	6.8%	8.6%	1.8
Foreign Exchange Gains (Losses)	45.5	32.4	-28.8%
Net Finance Cost	-343.4	-253.5	-26.2%
<b>Earnings Before Tax</b>	<b>97.1</b>	<b>285.5</b>	<b>-</b>
Income Taxes	-20.6	-69.3	-
Net Profit / Loss Before Minority Interest	76.5	216.2	-
Minority Interest	-50.4	-77.8	54.4%
<b>Net Income/Loss</b>	<b>26.1</b>	<b>138.4</b>	<b>-</b>
Net Profit Margin (%)	0.4%	2.4%	1.9

## GB Auto's Shareholding Structure

as of 31 March 2020



### Head Office

Cairo-Alex Desert Road, Km 28  
Industrial Zone  
Abu Rawash, Giza, Egypt

### Investor Relations

Mansour Kabbani  
Board of Directors Member

Andre Valavanis  
Investor Relations AVP

Sarah Maged  
Investor Relations  
Communications Manager

Marina Kamal  
Investor Relations Associate

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### Shareholder Information

Reuters Code: AUTO.CA  
Bloomberg Code: AUTO.EY

Shares Outstanding:  
1,094,009,733

### About GB Auto S.A.E.

GB Auto S.A.E. (AUTO.CA on the Egyptian Exchange) is a leading automotive company in the Middle East and non-bank financial services provider in Egypt. Across six primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires, After-Sales, and Iraqi operations — the company's main business activities include assembly, manufacturing, sales and distribution, financing and after-sales services. GB Auto's portfolio of brands includes Hyundai, Mazda, Geely, Chery, Bajaj, Marcopolo, Iveco, Volvo Truck & Volvo Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Sinotruk, Aksa, Lassa, Yokohama, Westlake, Double Coin, Doublestar, Verde, Techking, and Gazpromneft GB Auto has operations in Egypt and Iraq. The Company's NBFS' segment branded GB Capital offers leasing, consumer finance, microfinance, fleet quasi-operational leasing, factoring, securitization and Mortgage finance under the following brands - GB Lease, Mashroey, Drive, Tasaheel, Haram, GB Capital for Securitization and Bedaya. The company is headquartered in Giza, Greater Cairo Area, Egypt.

[www.ghabbourauto.com](http://www.ghabbourauto.com)

### 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.