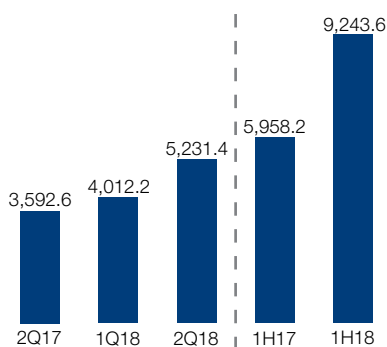


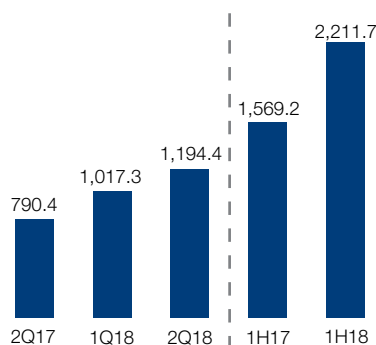
AUTO.CA  
on the Egyptian Exchange

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

**GB Auto & Auto Related**



**GB Capital**



## GB Auto Reports 2Q18 Results

*GB Auto delivers a strong performance in 2Q18 on the back of continued recovery in the auto segment and supported by the financing business; bottom-line maintains upward momentum*

7 August 2018 — (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 second quarter and first half ended 30 June 2018. The Group delivered revenue growth of 45.8% y-o-y in 2Q18 to LE 6,091.0 million driven by a strong recovery in the Auto & Auto-Related segment. Net income for the quarter recorded a 342.0% q-o-q increase to LE 148.1 million in 2Q18. On a year-to-date basis, net profit reached LE 181.5 million in 1H18 on revenues of LE 10,851.8 million, up 52.0% y-o-y.

"Market demand has by every measure surpassed our most bullish expectations during 2Q18, and we are seeing a strong recovery in the Auto and Auto Related businesses that is indicative of strong consumer resilience," said GB Auto Chief Executive Officer Raouf Ghabbour. "Macro and market indicators today show a healthy economy that has turned a corner toward sustainable growth. As this momentum continues, GB Auto stands as a transformed group with a leaner, more efficient operation that is ideally positioned to capture the upside."

GB Auto & Auto-Related businesses delivered revenues of LE 5,231.4 million in 2Q18, up 30.4% q-o-q and 45.6% compared to the same period last year. This was driven primarily by a 69.7% q-o-q increase in Passenger Car revenues, which came in almost twofold higher than 2Q17. Passenger Cars in Egypt reported an 84.1% q-o-q increase in gross profit during 2Q18, ahead of revenue growth and showing strong operating leverage. Strong margins were driven by higher volumes, up 58.5% q-o-q and 54.5% y-o-y, as the market recovered and sales mix improved to higher margin models. Meanwhile, the Group's other auto-related LOBs, including Two- and Three-Wheelers and Commercial Vehicles & Construction Equipment, also reported solid revenue gains in 2Q18, up 6.8% and 29.8% q-o-q, respectively. Regional operations were affected by Ramadan and parliamentary elections in Iraq which temporarily weighed down on volumes and led to a 17.1% q-o-q decline in regional revenues. Nevertheless, Regional gross profit recorded only a 2.6% q-o-q decrease owing to positive changes in product mix and management action. The Auto & Auto-Related division returned to profitability with a net income of LE 45.0 million in 2Q18.

"As we anticipated in our 1Q18 statement for the Auto & Auto-Related business, the division's performance has accelerated in 2Q18 and we expect further improvements into the second half of the year during which demand is seasonally higher. We are also delivering margin expansion at Passenger Cars in Egypt due to better operating leverage with higher volumes as well as improving CKD profitability. I am also optimistic with regards to our Two- and Three-Wheelers segment where new manufacturing operations allow us to accelerate our product shipments to the market," Ghabbour added.

"Our Commercial Vehicles & Construction Equipment segment continued to enjoy strong demand across the board, including demand for tourism and intercity buses and heavy trucks. I am also particularly pleased with the performance of our tires division which is delivering fast growth quarter-on-quarter and has quickly grown to command an attractive market position," said Ghabbour.

GB Auto's Tires segment recorded revenues of LE 277.8 million in 2Q18, up 54.5% q-o-q and 66.6% compared to the same period last year.

“ Across our businesses I see reasons for optimism, with both demand recovery and our product portfolio leaving me confident in our Group's growth potential. ”

GB Capital continued on its growth trajectory reporting revenues of LE 1,194.4 million, up 17.4% q-o-q and 51.1% y-o-y. The company's outstanding loan portfolio expanded by 9.1% q-o-q and 39.7% y-o-y to LE 6,787.7 million, with non-performing loans (NPLs) standing at 1.6% in 2Q18. Net income has grown to LE 102.0 million in 2Q18, up 17.5% q-o-q and 77.5% y-o-y.

Looking ahead, Ghabbour noted, "Across our businesses I see reasons for optimism, with both demand recovery and our product portfolio leaving me confident in our Group's growth potential and ability to deliver improved profitability over the coming quarters. At our Auto & Auto-Related businesses, we see a continued upward momentum in volumes and our focus during the coming period will be on enhancing margins and business development initiatives. Meanwhile, GB Capital is well-positioned to sustain its growth in the financing market, and management is actively working to pave new growth avenues for the business. We are also hopeful to see the rollout of supportive government policies in the near future, which would allow us to continue playing our part in driving economic growth and the creation of value for all stakeholders," Ghabbour concluded.

Highlights of GB Auto Group's 2Q18 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).

## Second Quarter 2018 Financial Highlights

- The Group delivered a sharp increase in profitability and recorded a net profit of LE 148.1 million in 2Q18, reversing 2Q17 losses of LE 150.9 million and accelerating gains made in the first quarter of the year.
- GB Capital's net income improved 17.5% q-o-q to LE 102.0 million (after NCD).
- GB Auto & Auto-Related's recorded total revenues LE 5,231.4 million in 2Q18, up 30.4% q-o-q as the market has overcome the seasonable low demand of the first quarter in Egypt. On a year-on-year basis, revenues recorded a 45.6% y-o-y increase compared to LE 3,592.6 million in the same period last year.
- Gross profit for the Auto & Auto-Related segment recorded an impressive 26.3% q-o-q increase to LE 617.3 million in 2Q18; more than doubling y-o-y.
- The Auto & Auto-Related segment delivered a sharp increase in profitability and recorded a net income of LE 45.0 million in 2Q18.
- EBITDA for GB Auto & Auto-Related came in at LE 343.0 million in 2Q18 compared to LE 250.7 million in 1Q18, with an EBITDA margin of 6.6% versus 6.2% in 1Q18.

## First Half 2018 Financial Highlights

- The Group delivered a sharp increase in profitability and recorded a net profit of LE 181.5 million in 1H18, reversing 1H17 losses of LE 305.5 million and recording the highest half-year bottom line in the last five years.
- GB Capital's net income nearly doubled from LE 105.7 million to LE 188.9 million in 1H18 (after NCD).
- GB Auto & Auto-Related's total revenues in 1H18 recorded LE 9,243.6 million, up 55.1% y-o-y compared to LE 5,958.2 million in the same period last year.
- Gross profit for the Auto & Auto-Related segment recorded an impressive 69.3% y-o-y increase to LE 1,106.0 million in 1H18.
- The Auto & Auto-Related segment delivered a sharp decrease in losses during the 1H18 period to LE 9.4 million compared to LE 412.3 million in the same period last year.
- EBITDA for GB Auto & Auto-Related nearly doubled to LE 593.7 million in 1H18 compared to LE 240.7 million in 1H17, with an EBITDA margin of 6.4% versus 4.0% in 1H17.

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

GB Auto maintained stable inventory levels during 1Q18 despite slow market seasonality, anticipating the strong demand in the second quarter. During 2Q18, inventory levels were marginally increased in line with increasing volumes across the Auto & Auto-Related businesses, a strategy that has proven successful as evidenced by the division's improvement in profitability. Inventory days on hands have decreased from 68 in 1Q18 to 60 in 2Q18. With the higher run rate of volumes sold month-on-month during 2Q18, management expects inventory levels to slightly increase heading into 3Q18; typically the period when demand in the automotive market is highest during the year.

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

		2Q17	3Q17	4Q17	1Q18	2Q18
Inventory	(LE million)	5,281.7	3,771.9	2,991.5	2,971.3	3,409.1
Receivables	(LE million)	1,542.4	1,766.4	1,345.1	1,601.0	1,852.9
Advances	(LE million)	491.0	1,034.3	683.7	762.7	922.2
Payables	(LE million)	1,786.3	1,977.7	1,357.7	2,002.3	2,594.3
Working Capital	(LE million)	5,528.9	4,594.9	3,662.6	3,332.7	3,589.9

Management considers only the net debt of the Auto & Auto-Related 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. In relation to GB Auto & Auto-Related debt, management is still targeting a reduction in its finance costs by keeping the debt level as low as possible. We are very pleased with the 1% easing in rates that occurred in February 2018, as well as another 1% at the end of March 2018. We expect further cuts as inflation figures come in lower toward the end of the year.

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

(LE million)	2Q17	3Q17	4Q17	1Q18	2Q18
Total Debt	6,630.4	5,674.9	5,200.1	5,487.9	6,171.6
Cash	1,155.0	839.5	1,069.4	1,217.8	1,448.5
Due from Related Parties - Inter segment	487.9	459.4	326.1	336.2	528.7
Net Debt	4,987.5	4,376.0	3,804.6	3,933.9	4,194.4

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

(LE million)	2Q17	1Q18	2Q18	Q-o-Q	Y-o-Y	1H17	1H18	Y-o-Y
Total Revenues	3,592.6	4,012.2	5,231.4	30.4%	45.6%	5,958.2	9,243.6	55.1%
Cost of Sales	-3,286.9	-3,523.5	-4,614.2	31.0%	40.4%	-5,305.0	-8,137.7	53.4%
<b>Gross Profit</b>	<b>305.7</b>	<b>488.7</b>	<b>617.3</b>	<b>26.3%</b>	-	<b>653.2</b>	<b>1,106.0</b>	<b>69.3%</b>
General, Selling & Administrative Expenses	-295.7	-349.9	-354.0	1.2%	19.7%	-557.2	-703.9	26.3%
Other Operating Income	60.0	39.3	52.1	32.7%	-13.2%	81.5	91.4	12.2%
Provisions (Net)	-24.9	29.6	-5.0	-	-80.0%	-27.7	24.7	-
<b>Operating Profit</b>	<b>45.2</b>	<b>207.7</b>	<b>310.4</b>	<b>49.5%</b>	-	<b>149.7</b>	<b>518.1</b>	-
Finance Cost / Income	-292.8	-249.1	-239.6	-3.8%	-18.2%	-538.8	-488.7	-9.3%
FOREX	-22.3	2.3	-9.4	-	-57.9%	-125.1	-7.1	-94.3%
<b>Net Profit / (loss) Before Tax</b>	<b>-269.8</b>	<b>-39.1</b>	<b>61.4</b>	-	-	<b>-514.1</b>	<b>22.3</b>	-
Income Tax	34.4	1.9	-7.3	-	-	59.2	-5.4	-
<b>Net Profit / (loss) After Tax and Before NCI</b>	<b>-235.4</b>	<b>-37.3</b>	<b>54.2</b>	-	-	<b>-454.9</b>	<b>16.9</b>	-
NCI	-28.1	17.1	9.2	-46.1%	-	-42.7	26.3	-
<b>Net Profit / (loss) After NCI</b>	<b>-207.3</b>	<b>-54.4</b>	<b>45.0</b>	-	-	<b>-412.3</b>	<b>-9.4</b>	<b>-97.7%</b>

**Table 4: Kev Ratios**

		1H18
Net Debt / Equity*	Units	1.13
Total Liabilities Less Cash / Equity	Units	2.18
Current Ratio	Units	1.03
Net Debt / EBITDA	Units	3.53
EBITDA / Finance Cost	Units	1.21
Capital Employed **	LE million	7,763.6
ROCE ***	%	16.0%
ROE of GB Auto (Auto and Auto Related) Towards Group Pre Forex ^	%	7.0%

\* 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

\*\* Capital employed for segments = (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 = EBIT of A&AR 2Q18 \*4 / capital employed as of 30 June 2018.

^ RoE of GB Auto (Auto and auto related) towards Group pre FOREX = (Net profit / (loss) after NCI - FOREX of 2Q18 \* 4) / Total shareholders' equity before NCI as of 30 June 2018.

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

	1H18			
(LE million)	GB Auto (Auto & Auto-Related)	GB Capital (Financing Business)	Elimination	GB Auto Consolidation
Revenues	8,741.0	2,110.7	-	10,851.8
Inter-Segment Revenues	502.6	101.0	-603.6	-
<b>Total Revenues</b>	<b>9,243.6</b>	<b>2,211.7</b>	<b>-603.6</b>	<b>10,851.8</b>
Cost of Sales	-7,635.1	-1,654.3	-	-9,289.4
Inter-Segment Cost of Sales	-502.6	-101.1	615.8	12.1
Cost of Sales	-8,137.7	-1,755.4	615.8	-9,277.3
<b>Gross Profit</b>	<b>1,106.0</b>	<b>456.3</b>	<b>12.2</b>	<b>1,574.5</b>
General, Selling & Administrative Expenses	-703.9	-179.6	83.7	-799.8
Other Operating Income	91.4	13.3	-27.0	77.7
Provisions (Net)	24.7	-25.8	-	-1.2
<b>Operating Profit</b>	<b>518.1</b>	<b>264.2</b>	<b>68.9</b>	<b>851.2</b>
Finance Cost / Income	-488.7	0.3	-68.9	-557.3
FOREX	-7.1	-4.5	-	-11.6
<b>Net Profit / (loss) Before Tax</b>	<b>22.3</b>	<b>260.0</b>	<b>-</b>	<b>282.3</b>
Income Tax	-5.4	-44.4	-	-49.8
<b>Net Profit / (loss) After Tax and Before NCI</b>	<b>16.9</b>	<b>215.6</b>	<b>-</b>	<b>232.5</b>
NCI	26.3	26.7	-2.0	51.0
<b>Net Profit / (loss) After NCI</b>	<b>-9.4</b>	<b>188.9</b>	<b>2.1</b>	<b>181.5</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: Segregated Balance Sheet by Segment**

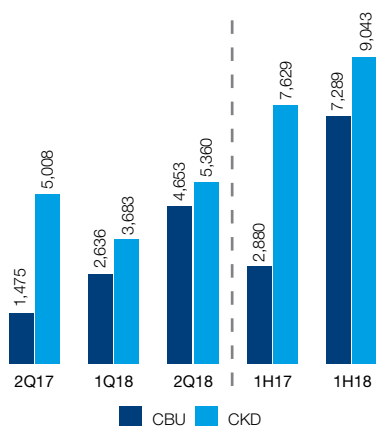
As at 30 June 2018				
(LE million)	GB Auto (Auto & Auto-Related)	GB Capital (Financing Business)	Elimination	GB Auto Consolidation
Property Plant & Equipment	2,823.2	3,296.7	-152.4	5,967.5
Intangible Assets & Goodwill	429.9	1.0	-	430.9
Payment Under Investments	0.2	-	-	0.2
Investments in Subsidiaries (GB Capital)	327.2	-	-327.2	-
Notes Receivable	77.5	1,157.7	-	1,235.2
Other Debit Balance	2.7	-	-	2.7
Other Debit Balance - Inter-Segment	78.4	-	-78.4	-
Investments Property	90.9	-	-	90.9
Deferred Tax Assets	290.3	2.9	-	293.3
<b>Non-Current Assets</b>	<b>4,120.5</b>	<b>4,458.3</b>	<b>-558.0</b>	<b>8,020.7</b>
Inventories	3,409.1	58.7	-	3,467.7
Trade Receivables	1,775.4	2,279.7	-57.0	3,998.0
Advance Payments to Suppliers	922.2	14.1	-	936.3
Debtors & Other Debit Balance	924.9	72.5	-	997.4
Due from Related Parties	113.2	6.1	-	119.2
Due from Related Parties - Inter-Segment	528.7	-	-528.7	-
Cash and Cash Equivalents	1,448.5	424.6	-	1,873.1
<b>Current Assets</b>	<b>9,122.0</b>	<b>2,855.6</b>	<b>-585.7</b>	<b>11,391.9</b>
<b>Total Assets</b>	<b>13,242.4</b>	<b>7,313.9</b>	<b>-1,143.8</b>	<b>19,412.6</b>
Share Capital	1,094.0	318.0	-318.0	1,094.0
Legal Reserves	296.5	32.3	0.3	329.2
Private Reserve	2,482.7	3.9	-3.9	2,482.7
Accumulated Profit (Losses)	-1,280.7	343.4	3.2	-934.1
Net Income / (Loss) for The Period	-9.4	188.9	2.1	181.5
<b>Total Shareholders' Equity Before NCI</b>	<b>2,583.2</b>	<b>886.5</b>	<b>-316.3</b>	<b>3,153.3</b>
Total NCI	1,126.4	80.8	-11.5	1,195.7
<b>Total Equity</b>	<b>3,709.6</b>	<b>967.3</b>	<b>-327.8</b>	<b>4,349.0</b>
Trade Payables	2,594.3	242.0	-	2,836.4
Trade Payables - Inter-Segment	-	-	-	-
Deferred Revenue - Inter-Segment	39.8	-	-39.8	-
Loans & Overdraft	5,972.4	2,875.4	-	8,847.8
Due to Related Parties	70.6	-	-	70.6
Due to Related Parties - Inter-Segment	-	528.7	-528.7	-
Provision	142.2	68.5	-	210.7
Other Current Liabilities	17.7	41.4	-	59.1
<b>Total Current Liabilities</b>	<b>8,837.1</b>	<b>3,756.1</b>	<b>-568.5</b>	<b>12,024.7</b>
Loans	199.2	2,575.8	-	2,775.1
Provision	40.6	-	-	40.6
Deferred Revenue	71.9	-	-	71.9
Deferred Revenue - Inter-Segment	247.4	-	-247.4	-
Trade & Notes Payable	-	-	-	-
Deferred Tax Liabilities	136.5	14.7	-	151.3
<b>Total Non-Current Liabilities</b>	<b>695.8</b>	<b>2,590.6</b>	<b>-247.4</b>	<b>3,038.9</b>
<b>Total Equity And Liabilities</b>	<b>13,242.4</b>	<b>7,313.9</b>	<b>-1,143.8</b>	<b>19,412.6</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 GB Auto (Auto & Auto-Related)**

(LE million)	1H17	1H18
<b>Cash Flows from Operating Activities</b>		
Net (Loss) / Profit Before Tax	-514.1	22.3
<b>Adjustments:</b>		
Interest Expense	534.1	504.1
Depreciation & Amortization	91.0	75.6
ESOP Cost	1.2	-
Provisions - Net	21.3	6.4
Impairment in Current Assets - Net	-29.2	-31.1
Interest Income	-36.9	-42.8
Interest Expense Capitalized on Property, Plant & Equipment	-14.2	-31.1
Un-Realized FOREX Loss	-2.7	-
Loss from Sale of Shares Held by the Group	-50.6	-
Gain on Sale of PP&E and Assets Held for Sale	-46.3	-49.3
<b>Operating Cash Flow Before Changes in Working Capital</b>	<b>-46.4</b>	<b>454.1</b>
<b>Changes in Working Capital</b>		
Inventories	554.2	-367.6
Trade Receivables	-54.1	-483.5
Debtors & Other Debit Balances	61.7	-635.9
Due from Related Parties	-84.5	-2.6
Due to Related Parties	23.7	1.4
Due from Related Parties - Inter-Segment	20.7	-202.6
Due to Related Parties - Inter-Segment	-	-21.1
Trade Payables & Other Credit Balances	-936.6	1,145.6
Provisions Used	-21.6	-17.6
Cash Flow (Integrated from) Operating Activities	-483.0	-129.8
Income Tax Paid During the Period	-23.0	-0.3
<b>Net Cash Flow (Used in) Operating Activities</b>	<b>-506.0</b>	<b>-130.1</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Property, Plant & Equipment and Projects Under Construction	-138.0	-154.0
Purchase of Intangible Assets	-1.0	-3.0
Interest Received	32.7	42.8
Payment for Investment	-0.2	-
Proceeds from Sale of Property, Plant & Equipment	707.8	75.8
<b>Net Cash Flow (Used in)/generated from Investing Activities</b>	<b>512.7</b>	<b>-38.5</b>
<b>Cash Flows From Financing Activities</b>		
Loans & Borrowings	417.1	971.6
Interest Paid	-480.2	-462.5
Proceed from Sale of Shares Held by the Group	77.1	-
Paid from Minority to Increase Capital of Subsidiaries	-	3.0
<b>Net Cash Flow Generated from Financing Activities</b>	<b>15.8</b>	<b>512.1</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>22.5</b>	<b>343.5</b>
Cash & Cash Equivalents at Beginning of the Period	1,092.2	1,069.4
Translation Differences	40.3	35.6
<b>Cash &amp; Cash Equivalents at End of the Period</b>	<b>1,155.0</b>	<b>1,448.5</b>

### Breakdown of Units Sold



### Egypt Passenger Cars

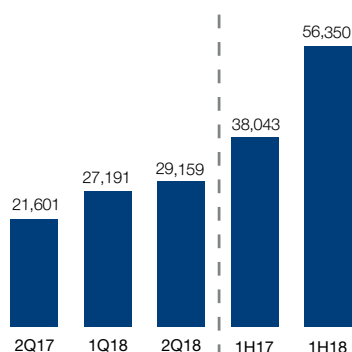
- GB Auto continued to command a leadership position in the PC market, with a 30.1% share as of 2Q18, including Hyundai, Geely, Mazda, and Chery, compared to 31.3% in the same period last year.
- Having passed the low season of the PC market in the first quarter of the year, sales volumes picked up significantly in 2Q18 with strong q-o-q and y-o-y gains of 58.5% and 54.5%, respectively. Consequently, segment revenues recorded a 69.7% q-o-q increase to LE 2,659.3 million in 2Q18; more than a twofold increase over 2Q17.
- Management expects continuing volume growth heading into 2H18 on the back of market seasonality and as it restored Geely sales in addition to introducing two new models for the brand.
- Consumers have adapted to new price levels with a continuing improvement in mix gains in large CBU models leading to GPM expansion on a quarterly and yearly basis.

Table 8: Egypt Passenger Cars Sales Activity

		2Q17	1Q18	2Q18	Q-o-Q	Y-o-Y	1H17	1H18	Y-o-Y
CBU Sales Volume (Hyundai)	(Units)	1,233	2,483	4,439	78.8%	-	2,445	6,922	-
CBU Sales Volume (Geely)	(Units)	1	1	-	-	-	3	1	-66.7%
CBU Sales Volume (Mazda)	(Units)	241	152	214	40.8%	-11.2%	432	366	-15.3%
CKD Sales Volume (Hyundai)	(Units)	3,040	2,944	4,030	36.9%	32.6%	4,537	6,974	53.7%
CKD Sales Volume (Chery)	(Units)	1,239	655	1,226	87.2%	-1.0%	1,945	1,881	-3.3%
CKD Sales Volume (Karry)	(Units)	69	79	26	-67.1%	-62.3%	179	105	-41.3%
CKD Sales Volume (Geely)	(Units)	660	5	78	-	-88.2%	968	83	-91.4%
<b>Total Sales Volume</b>	<b>(Units)</b>	<b>6,483</b>	<b>6,319</b>	<b>10,013</b>	<b>58.5%</b>	<b>54.5%</b>	<b>10,509</b>	<b>16,332</b>	<b>55.4%</b>
<b>Total Sales Revenue</b>	<b>(LE million)</b>	<b>1,267.1</b>	<b>1,566.7</b>	<b>2,659.3</b>	<b>69.7%</b>	<b>-</b>	<b>2,152.4</b>	<b>4,226.0</b>	<b>96.3%</b>
<b>Gross Profit</b>	<b>(LE million)</b>	<b>57.7</b>	<b>137.0</b>	<b>252.2</b>	<b>84.1%</b>	<b>-</b>	<b>182.7</b>	<b>389.2</b>	<b>-</b>
<i>Gross Profit Margin</i>	<i>(%)</i>	<i>4.6%</i>	<i>8.7%</i>	<i>9.5%</i>	<i>0.8</i>	<i>4.9</i>	<i>8.5%</i>	<i>9.2%</i>	<i>0.7</i>

### Egypt Motorcycles & Three-Wheelers

#### Breakdown of Units Sold

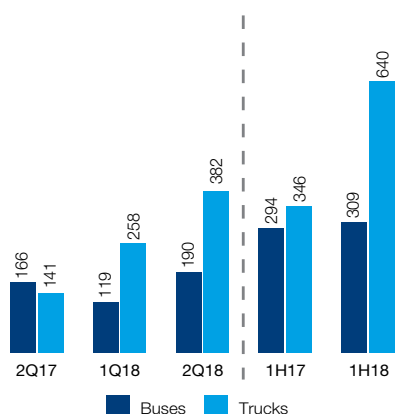


- Strong demand enabled total sales volumes to climb 7.2% q-o-q to 29,159 units in 2Q18; a 35.0% increase over 2Q17. Revenues rose to LE 791.2 million in 2Q18, up 6.8% q-o-q. Gross profit recorded LE 108.9 million, remaining flat q-o-q due to higher volumes of motorcycles which are lower in profitability, however, gross profit was up 66.3% on a y-o-y basis.
- Demand was particularly robust for two-wheelers which recorded a significant increase in volumes of 37.5% q-o-q and 44.6% y-o-y in 2Q18. Segment volumes were supported by the commencement of chassis manufacturing operation which restored the company's competitive position.
- The segment's components manufacturing facility (Badr Factory) has officially been completed and is strengthening the division since the beginning of the year.
- The business benefits from its strong partnership with GB Capital's Mashroey, which offers asset based lending for three-wheelers.

Table 9: Egypt Motorcycle & Three-Wheeler Sales Activity

		2Q17	1Q18	2Q18	Q-o-Q	Y-o-Y	1H17	1H18	Y-o-Y
Three-Wheeler Sales Volume	(Units)	17,239	22,613	23,128	2.3%	34.2%	28,628	45,741	59.8%
Tricycles Sales Volume	(Units)	1,289	1,345	1,586	17.9%	23.0%	2,441	2,931	20.1%
Motorcycle Sales Volume	(Units)	3,073	3,233	4,445	37.5%	44.6%	6,974	7,678	10.1%
<b>Total Sales Volume</b>	<b>(Units)</b>	<b>21,601</b>	<b>27,191</b>	<b>29,159</b>	<b>7.2%</b>	<b>35.0%</b>	<b>38,043</b>	<b>56,350</b>	<b>48.1%</b>
<b>Total Sales Revenue</b>	<b>(LE million)</b>	<b>535.8</b>	<b>740.5</b>	<b>791.2</b>	<b>6.8%</b>	<b>47.7%</b>	<b>916.3</b>	<b>1,531.7</b>	<b>67.2%</b>
<b>Gross Profit</b>	<b>(LE million)</b>	<b>65.5</b>	<b>108.3</b>	<b>108.9</b>	<b>0.5%</b>	<b>66.3%</b>	<b>94.3</b>	<b>217.3</b>	<b>-</b>
<i>Gross Profit Margin</i>	<i>(%)</i>	<i>12.2%</i>	<i>14.6%</i>	<i>13.8%</i>	<i>-0.8</i>	<i>1.5</i>	<i>10.3%</i>	<i>14.2%</i>	<i>3.9</i>

### Breakdown of Units Sold



### Egypt Commercial Vehicles & Construction Equipment

- Revenues for the segment recorded LE 406.5 million in 2Q18, improving 29.8% compared to 1Q18 and up a solid 69.8% y-o-y.
- Growth was predominantly volume-driven in busses and trucks, with total units sold increasing 21.1% q-o-q and 71.2% y-o-y in 2Q18.
- At the gross profit level, the segment reported LE 45.3 million in 2Q18, lower 7.2% compared to 1Q18, however, up by 6.9% y-o-y. Management expects profitability to improve going forward, particularly as the segment streamlines its working capital cycle, including reducing inventory levels and term adjustments with suppliers.

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

		2Q17	1Q18	2Q18	Q-o-Q	Y-o-Y	1H17	1H18	Y-o-Y
Bus Sales Volume	(Units)	166	119	190	59.7%	14.5%	294	309	5.1%
Truck Sales Volume	(Units)	141	258	382	48.1%	-	346	640	85.0%
Tractor Sales Volume	(Units)	13	44	-	-	-	21	44	-
Trailer Sales Volume	(Units)	41	91	62	-31.9%	51.2%	88	153	73.9%
Construction Equipment Sales Volume	(Units)	25	34	27	-20.6%	8.0%	46	61	32.6%
<b>Total Sales Volume</b>	<b>(Units)</b>	<b>386</b>	<b>546</b>	<b>661</b>	<b>21.1%</b>	<b>71.2%</b>	<b>795</b>	<b>1,207</b>	<b>51.8%</b>
<b>Total Sales Revenue</b>	<b>(LE million)</b>	<b>239.4</b>	<b>313.3</b>	<b>406.5</b>	<b>29.8%</b>	<b>69.8%</b>	<b>511.1</b>	<b>719.8</b>	<b>40.8%</b>
<b>Gross Profit</b>	<b>(LE million)</b>	<b>42.4</b>	<b>48.8</b>	<b>45.3</b>	<b>-7.2%</b>	<b>6.9%</b>	<b>94.1</b>	<b>94.1</b>	<b>-</b>
<i>Gross Profit Margin</i>	<i>(%)</i>	<i>17.7%</i>	<i>15.6%</i>	<i>11.1%</i>	<i>-4.5</i>	<i>-6.6</i>	<i>18.4%</i>	<i>13.1%</i>	<i>-5.3</i>

### Egypt After-Sales Line of Business

- Revenues from Egypt After-Sales posted a 3.3% q-o-q increase in 2Q18 to LE 269.1 million.
- Improved profitability quarter-on-quarter saw the segment post a gross profit of LE 74.8 million in 2Q18, up 9.6% q-o-q.
- GB Auto is pressing on with plans to expand its workshop network, looking to open centers in Minya, Aswan, Tanta, Marsa Matrouh and Damietta within the next two years. Plans are also underway to construct a truck and bus workshop in Abu Rawash.

Table 11: Egypt After-Sales

		2Q17	1Q18	2Q18	Q-o-Q	Y-o-Y	1H17	1H18	Y-o-Y
Passenger Car Egypt After-Sales Revenue	(Units)	168.9	166.7	164.5	-1.3%	-2.6%	332.1	331.2	-0.3%
Motorcycle & Three-Wheeler After-Sales Revenue	(Units)	25.7	44.3	46.9	5.9%	82.7%	57.4	91.2	59.0%
CV&CE After-Sales Revenue	(Units)	49.0	49.5	57.6	16.4%	17.6%	93.3	107.1	14.8%
<b>Total Egypt After-Sales Revenue</b>	<b>(LE million)</b>	<b>243.6</b>	<b>260.5</b>	<b>269.1</b>	<b>3.3%</b>	<b>10.4%</b>	<b>482.8</b>	<b>529.6</b>	<b>9.7%</b>
<b>Total Egypt After-Sales Gross Profit</b>	<b>(LE million)</b>	<b>72.7</b>	<b>68.3</b>	<b>74.8</b>	<b>9.6%</b>	<b>2.9%</b>	<b>150.1</b>	<b>143.1</b>	<b>-4.7%</b>
<i>Total Egypt After-Sales Gross Profit Margin</i>	<i>(%)</i>	<i>29.8%</i>	<i>26.2%</i>	<i>27.8%</i>	<i>1.6</i>	<i>-2.0</i>	<i>31.1%</i>	<i>27.0%</i>	<i>-4.1</i>



## Egypt Tires Line of Business

- Tires continued to deliver excellent results in the second quarter of the year, posting a 54.6% q-o-q growth in revenues to LE 277.8 million in 2Q18. Gross profit also recorded gains of 41.6% q-o-q to LE 47.1 million in 2Q18.
- The division's growth was buoyed by heightened demand heading into the summer months as well as GB Auto's new distribution agreements with Pirelli and Pharos Truck tires during the quarter. Gross Profit margin for the quarter declined by 160 basis points q-o-q as said tires are locally manufactured.
- The Tires division also began distributing Turkish-made tuk-tuk tires, a profitable segment where the company expects to leverage its strong market position.
- Management anticipates the division will continue to do well in the quarters to come as truck tire sales ramp up and as it pursues opportunities to add new tire representations.

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

		2Q17	1Q18	2Q18	Q-o-Q	Y-o-Y	1H17	1H18	Y-o-Y
<b>Total Sales Revenue</b>	(LE million)	166.7	179.7	277.8	54.6%	66.6%	267.6	457.5	70.9%
<b>Gross Profit</b>	(LE million)	28.5	33.2	47.1	41.6%	65.1%	47.1	80.3	70.4%
<i>Gross Profit Margin</i>	(%)	17.1%	18.5%	16.9%	-1.6	-0.2	17.6%	17.6%	-0.1

## Regional

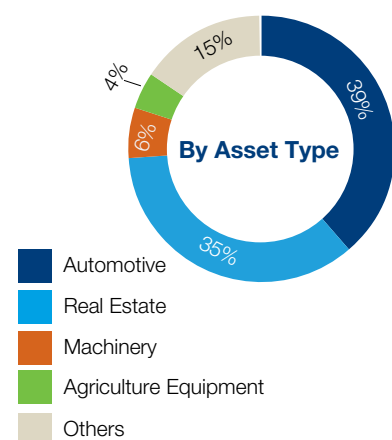
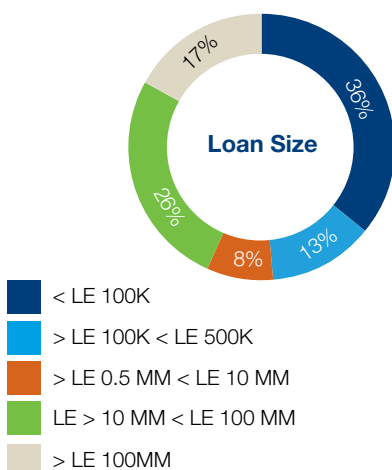
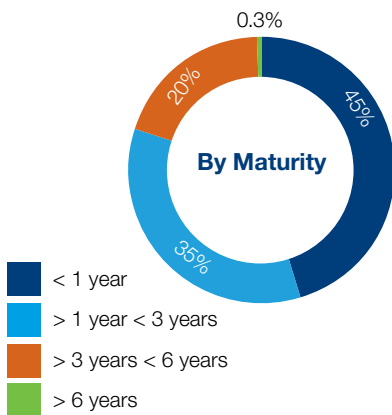
- Revenues from regional operations recorded a 17.1% q-o-q decline to LE 698.9 million in 2Q18, weighed down by subdued demand for passenger cars in Iraq. Gross profit margin rose during 2Q18 as mix improved significantly, limiting the fall in gross profit to only 2.6% q-o-q.
- Parliamentary elections and decreased activity during the month of Ramadan saw passenger car volumes in Iraq drop 38.7% q-o-q to 1,530 units, with revenues recording a 29.3% q-o-q decrease to LE 431.5 million.
- While the PC market in Iraq slowed down during the quarter, two and three-wheelers recorded a solid 20.6% q-o-q increase in volumes to 4,589 units in 2Q18.
- Management remains optimistic about the division's prospects for 2018 as it seeks to replicate the success of its home market in the country by expanding the after-sales network for Two- and Three-Wheelers in Iraq.

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

		2Q17	1Q18	2Q18	Q-o-Q	Y-o-Y	1H17	1H18	Y-o-Y
<b>Total Regions Revenue</b>	(LE million)	1,074.8	843.0	698.9	-17.1%	-35.0%	1,492.6	1,541.9	3.3%
<b>Total Regions Gross Profit</b>	(LE million)	40.8	92.3	89.9	-2.6%	-	80.6	182.2	-
<i>Gross Profit Margin</i>	(%)	3.8%	10.9%	12.9%	2.0	9.1	5.4%	11.8%	6.4

## GB Capital Portfolio Breakdown

(As of June 2018)



## GB Capital (Financing Businesses)

- GB Capital posted strong results in the second quarter of the year, posting revenues of LE 1,194.4 million in 2Q18, up 17.4% q-o-q and 51.1% compared to 2Q17. Net income increased to LE 102.0 million in 2Q18, up 17.5% q-o-q and 77.5% y-o-y.
- GB Capital continues to outperform and deliver a solid performance, with Annualized ROAE at 43.0% and Annualized ROAA of 22.9%, ahead of cost of capital.
- GB Capital's loans/receivables portfolio stood at LE 6.8 billion in 2Q18, up 9.1% versus LE 6.2 billion in 1Q18, with portfolio health and quality remaining solid and intact.
- GB Capital continued to maintain a healthy loan portfolio quality, with Non-Performing Loans (NPLs) at 1.6% and an NPL coverage ratio of 149.4%.
- Exposure related to GB Auto accounts for less than c.11% of GB Capital's loans/receivables portfolio.
- GB Capital's model is built on the companies' ability to obtain leverage against their lending portfolios. GB Capital companies remain strongly under-leveraged compared to industry norms and regulatory caps which, in light of the nature of the business, allow the companies to borrow up to 8x shareholders' equity for GB Lease and Drive, and up to 10x shareholders' equity for Tasaheel. Standard total leverage for GB Capital stood at 5.64x as of 30 June 2018, compared to 4.45x in 1Q18, versus 4.47x as per the regulator's definition (calculated as non-current bank debt to equity for the leasing and factoring business, while all other activities are calculated based on the total bank debt, as per the Financial Regulatory Authority [FRA] requirements).
- GB Capital related companies' debt stood at LE 5.4 billion as of 30 June 2018, with debt levels expected to continue rising as the company funds its growing operations. GB Capital's assets and debts are well matched by tenor.
- **GB Lease** revenues recorded LE 256.0 million in 2Q18, remaining flat versus the previous quarter, however, recording a 30.0% y-o-y increase over 2Q17.
- **Mashroey** recorded a 5.4% q-o-q increase in revenues to LE 321.4 million, up 35.6% compared to the same period last year. The company maintains a healthy portfolio and an extensive product base. It operates a nationwide network of 120+ branches and units.
- **Drive** delivered a good performance in 2Q18 with revenues up 40.4% q-o-q and 56.6% y-o-y to LE 456.2 million.
- **Haram Tourism Transport "HTT"** posted revenues of LE 14.9 million in 2Q18, up 4.6% q-o-q and 31.9% compared to 2Q17.
- **Tasaheel** recorded an impressive 170.3% y-o-y increase in revenues to LE 146.0 million in 2Q18, up 26.5% compared to 1Q18. The company operates a nationwide network of 130 branches; with plans to substantially expand its branch network.
- GB Lease, Drive, and Tasaheel are regulated by and operate under the auspices of FRA.

**Table 14: Income Statement Analysis for GB Capital (Financing Businesses)**

(LE million)	2Q17	1Q18	2Q18	Q-o-Q	Y-o-Y	1H17	1H18	Y-o-Y
Revenues	518.5	609.3	749.0	22.9%	44.5%	1,065.3	1,358.4	27.5%
Interest Income	271.8	408.0	445.4	9.2%	63.8%	503.9	853.3	69.3%
<b>Total Revenues</b>	<b>790.4</b>	<b>1017.3</b>	<b>1194.4</b>	<b>17.4%</b>	<b>51.1%</b>	<b>1,569.2</b>	<b>2,211.7</b>	<b>40.9%</b>
Cost of Sales	-481.9	-565.1	-699.1	23.7%	45.1%	-997.1	-1,264.2	26.8%
Cost of Funds	-159.0	-240.2	-251.1	4.5%	57.9%	-287.8	-491.2	70.7%
<b>Total Cost of Revenues</b>	<b>-640.9</b>	<b>-805.3</b>	<b>-950.1</b>	<b>18.0%</b>	<b>48.2%</b>	<b>-1,284.8</b>	<b>-1,755.4</b>	<b>36.6%</b>
<b>Gross Profit</b>	<b>149.5</b>	<b>212.0</b>	<b>244.3</b>	<b>15.2%</b>	<b>63.4%</b>	<b>284.4</b>	<b>456.3</b>	<b>60.5%</b>
SG&A	-57.5	-87.5	-92.2	5.4%	60.3%	-115.5	-179.6	55.5%
Provisions	-15.4	-10.2	-15.6	52.6%	1.4%	-29.2	-25.8	-11.4%
<b>Operating Profit</b>	<b>76.6</b>	<b>114.3</b>	<b>136.5</b>	<b>19.4%</b>	<b>78.3%</b>	<b>139.7</b>	<b>250.8</b>	<b>79.6%</b>
Other Income	1.7	5.4	7.9	47.1%	-	3.9	13.3	-
<b>EBIT</b>	<b>78.3</b>	<b>119.7</b>	<b>144.4</b>	<b>20.6%</b>	<b>84.6%</b>	<b>143.6</b>	<b>264.2</b>	<b>84.0%</b>
Other Interest & Similar Income	3.1	-0.5	0.8	-	-73.3%	4.3	0.3	-92.9%
FOREX	-1.5	-1.4	-3.1	-	-	-3.2	-4.5	38.1%
<b>EBT</b>	<b>79.8</b>	<b>117.9</b>	<b>142.2</b>	<b>20.6%</b>	<b>78.2%</b>	<b>144.6</b>	<b>260.0</b>	<b>79.8%</b>
Income Tax	-13.3	-18.5	-25.9	39.7%	95.4%	-24.1	-44.4	84.0%
<b>Profit after Tax &amp; before NCI</b>	<b>66.5</b>	<b>99.3</b>	<b>116.3</b>	<b>17.0%</b>	<b>74.8%</b>	<b>120.5</b>	<b>215.6</b>	<b>78.9%</b>
NCI	9.0	12.5	14.2	13.9%	57.5%	14.8	26.7	80.8%
<b>Net Profit after Tax &amp; NCI</b>	<b>57.5</b>	<b>86.8</b>	<b>102.0</b>	<b>17.5%</b>	<b>77.5%</b>	<b>105.7</b>	<b>188.9</b>	<b>78.7%</b>
<b>Breakdown of Revenue by Company:</b>								
GB Lease	196.9	257.7	256.0	-0.7%	30.0%	375.6	513.8	36.8%
Drive	291.3	324.9	456.2	40.4%	56.6%	661.9	781.1	18.0%
Mashroey	236.9	305.0	321.4	5.4%	35.6%	417.3	626.4	50.1%
Tasaheel	54.0	115.4	146.0	26.5%	-	93.3	261.4	-
Haram	11.3	14.2	14.9	4.6%	31.9%	21.1	29.1	37.9%
<b>Total</b>	<b>790.4</b>	<b>1,017.3</b>	<b>1,194.4</b>	<b>17.4%</b>	<b>51.1%</b>	<b>1,569.2</b>	<b>2,211.7</b>	<b>40.9%</b>

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

	1H18
<b>Net Portfolio Assets</b>	<b>LE million 6,787.7</b>
Debt / Equity	x 5.64x
Debt / Equity - Regulator Definition (non current debt to equity)	x 4.47x
Equity / Loan Portfolio	% 14.3%
Annualized Return on Average Equity (ROAE) - Excluding NCI *	% 43.0%
Annualized ROAA [Annualized the period EBIT pre funding costs after tax / average assets of period]	% 22.9%
Annualized net interest margin (%) [(interest income - interest expense) for the last quarter X 4 / average portfolio size for the quarter]	% 11.9%
<b>Provision for Portfolio:</b>	
Provision (BS) / Loan portfolio %	% 2.4%
Provision (BS) / NPL % (Coverage ratio)	% 149%
NPL / Loan portfolio %	% 1.63%

\* Annualized ROAE is calculated as the net profit -after NCI- for the period ending June 30, 2018 multiplied by 2, then divided by the average of shareholders equity -excluding NCI- for the average periods of Dec. 2017 & June 2018.

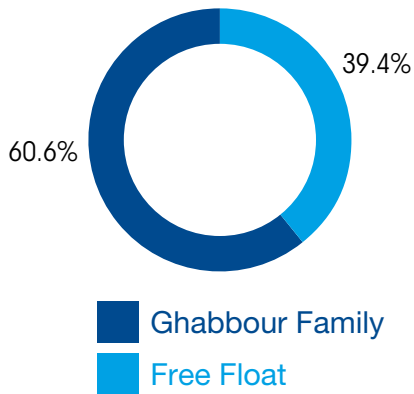
## GB Auto Group Financial Statements

### Income Statement

(LE million)	Quarterly Progression			Six Months Ended		
	1Q18	2Q18	% Change	1H17	1H18	% Change
Egypt Passenger Cars Revenues	1,566.7	2,659.3	69.7%	2,152.4	4,226.0	96.3%
Egypt Motorcycles & Three-Wheelers Revenues	740.5	791.2	6.8%	916.3	1,531.7	67.2%
Egypt Commercial Vehicles & Construction Equipment Revenues	313.3	406.5	29.8%	511.1	719.8	40.8%
Egypt Tires Revenues	179.7	277.8	54.5%	267.6	457.5	70.9%
GB Capital (Financing Businesses) Revenues	748.6	859.5	14.8%	1,182.4	1,608.1	36.0%
Egypt After-Sales Revenues	260.5	269.1	3.3%	482.8	529.6	9.7%
Regional Revenues	843.0	698.9	-17.1%	1,492.6	1,541.9	3.3%
Others Revenues	108.5	128.7	18.6%	135.5	237.2	75.0%
<b>Total Sales Revenues</b>	<b>4,760.8</b>	<b>6,091.0</b>	<b>27.9%</b>	<b>7,140.7</b>	<b>10,851.8</b>	<b>52.0%</b>
<b>Gross Profit</b>						
Egypt Passenger Cars Gross Profits	137.0	252.2	84.1%	182.7	389.2	-
Egypt Motorcycles & Three-Wheelers Gross Profits	108.3	108.9	0.5%	94.3	217.3	-
Egypt Commercial Vehicles & Construction Equipment Gross Profits	48.8	45.3	-7.2%	94.1	94.1	-
Egypt Tires Gross Profits	33.2	47.1	41.6%	47.1	80.3	70.4%
GB Capital (Financing Businesses) Gross Profits	206.0	235.1	14.1%	303.4	441.2	45.4%
Egypt After-Sales Gross Profits	68.3	74.8	9.6%	150.1	143.1	-4.7%
Regional Gross Profits	92.3	89.9	-2.6%	80.6	182.2	-
Others Gross Profits	13.6	13.6	-0.6%	21.1	27.2	29.1%
<b>Total Gross Profit</b>	<b>707.6</b>	<b>866.9</b>	<b>22.5%</b>	<b>973.3</b>	<b>1,574.5</b>	<b>61.8%</b>
Gross Profit Margin	14.9%	14.2%	-0.7	13.6%	14.5%	0.9
Selling and Marketing	-260.4	-280.8	7.8%	-419.2	-541.2	29.1%
Administration Expenses	-137.5	-121.1	-11.9%	-193.1	-258.6	33.9%
Other Income (Expenses)	31.2	46.5	48.8%	64.8	77.7	20.0%
<b>Operating Profit</b>	<b>340.9</b>	<b>511.5</b>	<b>50.0%</b>	<b>425.9</b>	<b>852.4</b>	-
Operating Profit Margin (%)	7.2%	8.4%	1.2	6.0%	7.9%	1.9
Net Provisions and Non-Operating FV of Investment Property	19.4	-20.6	-	-56.6	-1.2	-97.9%
<b>EBIT</b>	<b>360.3</b>	<b>490.9</b>	<b>36.2%</b>	<b>369.3</b>	<b>851.2</b>	-
EBIT Margin (%)	7.6%	8.1%	0.5	5.2%	7.8%	2.7
Foreign Exchange Gains (Losses)	-0.2	-11.4	-	-128.3	-11.6	-91.0%
Net Finance Cost	-281.3	-275.9	-1.9%	-610.4	-557.3	-8.7%
<b>Earnings Before Tax</b>	<b>78.8</b>	<b>203.5</b>	-	<b>-369.3</b>	<b>282.3</b>	-
Income Taxes	-16.7	-33.1	97.9%	35.0	-49.8	-
Net Profit / Loss Before Minority Interest	62.1	170.4	-	-334.3	232.5	-
Minority Interest	-28.6	-22.4	-21.8%	28.9	-50.9	-
<b>Net Income/Loss</b>	<b>33.5</b>	<b>148.1</b>	-	<b>-305.5</b>	<b>181.5</b>	-
Net Profit Margin (%)	0.7%	2.4%	1.7%	-4.3%	1.7%	6.0

## GB Auto's Shareholding Structure

as of 30 June 2018



### 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 Manager

Sarah Maged  
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 North Africa and non-bank financial services provider in Egypt. Across seven primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires, Financing, After-Sales, and Regional 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 & Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Aksa, Lassa, Yokohama, Goodyear, Westlake, Triangle, Grandstone, Diamond Back, Diamond Coin, Jumbo, Monroe and Gazpromneft. GB Auto has operations in Egypt, Iraq, Algeria, and Jordan. 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.