



GB Corp Press Release

2Q/1H24

GB Corp Reports 2Q/1H24 Results

GB Corp recorded solid results despite challenging market conditions with revenues and net profit up year-on-year at 78.4% and 72.3%, respectively, in 1H24

Key Highlights 1Q24



- GB Corp's consolidated revenues increased by 78.4% to reach EGP 19,181.1 million in 1H24, mainly driven by enhanced performance in both the Auto and Capital segments. During the quarter, revenues grew 69.3% y-o-y and 13.0% q-o-q to EGP 10,174.9 in 2Q24.
- Gross profit recorded significant growth of 83.5% y-o-y to EGP 4,379.0 million in 1H24, and yielded an expanded GPM of 22.8% versus 22.2% in 1H23. On a quarterly basis, gross profit increased by 35.8% y-o-y, but fell 29.2% q-o-q to EGP 1,815.4 million in 2Q24, resulting in a lower GPM of 17.8% compared to 28.5% in 1Q24 and 22.2% in 2Q23.
- GB Corp's bottom-line grew 72.3% y-o-y to EGP 1,048.2 million in 1H24, yielding a stable NPM of 5.5% on account of enhanced operational efficiency. Meanwhile, net profit fell both quarter-on-quarter and year-on-year by 32.6% and 15.7%, respectively, to EGP 421.8 million in 2Q24.
- GB Corp's results in 2Q24 were negatively impacted by the full effect of the devaluation, as well as the interest rate hikes, coupled with an unusual number of public holidays leading to a slowdown in demand.
- GB Auto launched Hyundai Elantra AD CKD model in the Egyptian market, as the company continues to leverage its unmatched CKD capacity to mitigate the impacts of the slowdown in LC issuances for CBU units.
- GB Auto launched its distribution of the MG Motor brand in Jordan through a joint venture with MG's former distributor in the Jordanian market as the company continues to grow its regional operations.
- GB Auto secured the exclusive distributorship of JAC passenger cars and Foton commercial vehicles in Iraq.
- A new light vehicle under the name of "Qute" is currently in the pipeline, as GB Auto recently signed a partnership with "Bajaj Auto Limited" for its assembly in cooperation with the Ministry of Military Production.
- GB Logistics inaugurated a 350,000 sqmt bonded warehouse in Sadat, strategically located between Alexandria Port, Cairo, and other major Egyptian ports.
- GB Capital's loans/receivables portfolio on the books increased by 28.3% y-o-y to EGP 10.6 billion in 2Q24 on the back of higher disbursements driven by the company's expanded offering
- Drive Finance issued securitization bonds worth EGP 1.4 billion with the offering being 2X oversubscribed, showcasing the company's ability to successfully execute transactions amidst challenging market conditions.

Disclaimer to Change in Reporting Structure

Starting 1Q24, management has adopted a new reporting structure, with new groupings within the Auto segment. Most notably, the passenger car LoB now encompasses both our Egypt and Iraq operation (including sales and after-sales), and Ready Parts and tires are now grouped under the trading business.

Note from our CEO

Despite prevailing difficult market conditions, I am pleased to report a strong set of financial and operational results driven by our growing offering at GB Auto and our extensive portfolio of alternative financing solutions at GB Capital, as well as our dynamic business model and strategies. GB Corp's revenues grew 78.4% y-o-y to EGP 19,181.1 million and net profit increased by 72.3% to EGP 1,048.2 million in 1H24.

On the Auto front, we navigated challenging operating conditions characterized by a slowdown in demand following the floatation of the Egyptian Pound in March 2024, as well as import restrictions and limited FX availability in the early months of the year. Nonetheless, we were able to record solid year-on-year growth in 1H24 across the majority of LoBs on the back of our dynamic pricing strategies and responsiveness to market conditions. On the passenger car front, revenues more than doubled in 1H24 on the back of a significant increase in volumes in Iraq, coupled with improved pricing strategies and an enhanced product mix in Egypt. On the local front in Egypt, we leveraged our unmatched CKD capacity to counteract the impact of the slowdown in LC issuances for CBU models, which was an important driver for the LoB's success during the period. On the regional front, we continued to grow our presence in the Iraqi market with the introduction of the JAC and Foton brands as a pivot to our two and three-wheeler business following the regulatory ban on imports of motorcycles and three-wheelers. Similarly, we recently launched the distribution of the MG Motor brand in Jordan in line with our regional expansion strategy.

At GB Capital, we mitigated to a large extent the high interest rate environment to deliver a solid set of financial and operational results during the period. Despite the macroeconomic headwinds and an EGP 1.4 billion securitization at Drive Finance, GB Capital's portfolio expanded 28.3% y-o-y to record EGP 10.6 billion in 2Q24. We continued to grow our newly-founded factoring arm, under GB Lease & Factoring, with its portfolio more than doubling during the quarter. Similarly, Kredit maintained its exceptional growth trajectory as it continued to gain traction in the market while leveraging synergies with GB Corp's subsidiaries, as well as expanding its credit facilities to fuel new business.

Moving forward, as market conditions remain fluid, we will continue to leverage our dynamic business model and strategies to deliver positive results in the coming quarters. On the Auto front, following the floatation of the Egyptian Pound, we instituted strategic price reductions to stimulate demand and have already started to gradually adjust prices as economic conditions stabilize. Additionally, we will focus on ramping up the JAC and Foton brands in Iraq and the MG Motor brand in Jordan, as we continue to deliver on our regional expansion strategy. At GB Capital, we will continue to expand our offering in different verticals to cater to the rising demand for alternative financing solutions. Looking ahead, I am confident in our ability to navigate challenging operating conditions, all the while capitalizing on the opportunities presented by the ongoing economic reforms and improved market sentiment to achieve long-term growth.

Nader Ghabbour
Chief Executive Officer

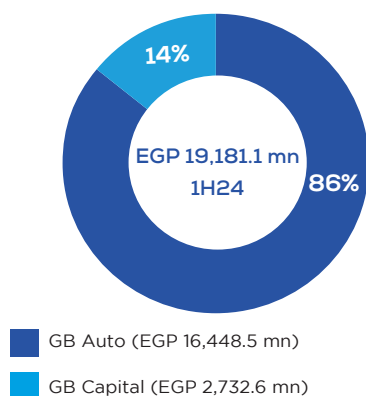
Consolidated Financial Overview

Table 1: GB Corp Income Statement

(EGP million)	Three Months Ended					
	2Q23	2Q24	% Change	1H23	1H24	% Change
Total Sales Revenues	6,009.9	10,174.9	69.3%	10,751.4	19,181.1	78.4%
Total Gross Profit	1,337.0	1,815.4	35.8%	2,386.4	4,379.0	83.5%
Gross Profit Margin	22.2%	17.8%	(4.4)	22.2%	22.8%	0.6
Selling and Marketing	(561.5)	(834.2)	48.6%	(1,049.3)	(1,479.3)	41.0%
Administration Expenses	(203.2)	(256.2)	26.1%	(360.3)	(727.5)	-
Other Income (Expenses)	76.5	131.0	71.2%	140.8	250.3	77.8%
Operating Profit	648.8	856.0	31.9%	1,117.6	2,422.5	-
Operating Profit Margin (%)	10.8%	8.4%	(2.4)	10.4%	12.6%	2.2
Provisions (Net)	(16.4)	69.2	-	(67.2)	29.2	-
Intercompany Investment Gains (Losses)	260.4	108.6	(58.3%)	482.6	290.7	(39.8%)
EBIT	892.7	1,033.8	15.8%	1,532.9	2,742.4	78.9%
EBIT Margin (%)	14.9%	10.2%	(4.7)	14.3%	14.3%	-
Foreign Exchange Gains (Losses)	7.3	53.5	-	(258.1)	(330.5)	28.1%
Net Finance Cost	(248.0)	(599.3)	-	(439.5)	(967.7)	-
Earnings Before Tax	652.1	487.9	(25.2%)	835.4	1,444.2	72.9%
Income Taxes	(103.4)	(47.7)	(53.8%)	(182.8)	(337.0)	84.4%
Net Profit Before Minority Interest	548.7	440.2	(19.8%)	652.6	1,107.2	69.6%
Minority Interest	(48.1)	(18.3)	(62.0%)	(44.4)	(59.0)	32.8%
Net Income	500.5	421.8	(15.7%)	608.2	1,048.2	72.3%
Net Profit Margin (%)	8.3%	4.1%	(4.2)	5.7%	5.5%	(0.2)

Group Revenue Breakdown

(As of 30 June 2024)

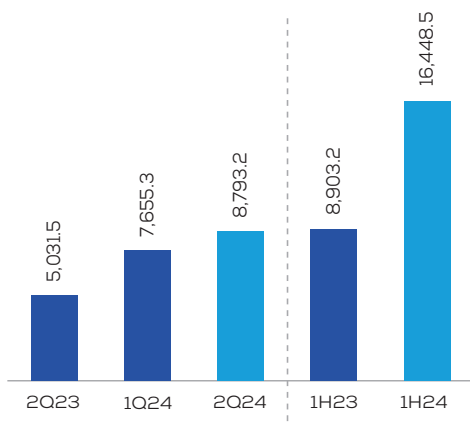


14 August 2024 — (Cairo, Egypt) GB Corp (GBCO.CA on the Egyptian Exchange), a leading automotive company in the Middle East and Africa and non-bank financial services provider in Egypt, announced today its segmental and consolidated results for the quarter ended 30 June 2024. GB Corp's revenues grew 69.3% y-o-y to EGP 10,174.9 million in 2Q24. Meanwhile, net profit fell 15.7% y-o-y to EGP 421.8 million in 2Q24 on the back of high inflationary pressures driven by the floatation of the Egyptian Pound. On a YTD basis, revenues increased by 78.4% y-o-y to EGP 19,181.1 million and net income grew 72.3% to EGP 1,048.2 million in 1H24.

GB Auto recorded revenues of EGP 8,793.2 million in 2Q24, representing growth of 14.9% q-o-q and 74.8% y-o-y. On a YTD basis, revenues increased by 84.7% to EGP 16,448.5 million on the back of improved pricing strategies and an enhanced product mix, which helped mitigate challenging market conditions. On the passenger car front, revenues increased by 111.9% y-o-y in 1H24, primarily driven by improved performance in both Egypt, Iraq, and Jordan, resulting in a 52.0% increase in volumes. Additionally, improved pricing strategies and a greater focus on CKD models helped offset challenging market conditions in Egypt, characterized by subdued demand following the devaluation of the Egyptian Pound in March 2024, as well as a slowdown in LC issuances for CBU models. At the Trading business, revenues increased by 61.2% y-o-y in 1H24 as a result of healthy demand for the LoB's diverse offerings in both the Ready Parts and Tires businesses. At the Commercial Vehicles & Construction Equipment LoB, improved pricing and a ramp up in export operations helped offset a year-on-year fall in volumes, with the LoB recording a 56.9% y-o-y increase in revenues in 1H24. On the Two, Three, and Four-Wheelers front, despite the impact of the complete phasing out of three-wheelers inventory following the regulatory ban on its import in the Egyptian market, revenues increased by 37.0% y-o-y in 1H24 on the back of improved pricing strategies and higher volumes.

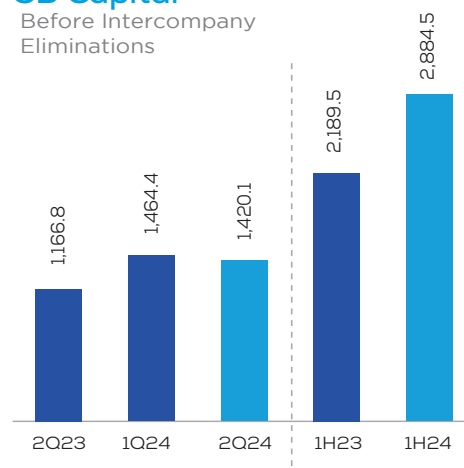
Revenue Progression (all figures in EGP million)

GB Auto



GB Capital

Before Intercompany
Eliminations



In terms of profitability, gross profit increased by 32.2% y-o-y to EGP 1,479.8, but with a lower GPM of 16.8% compared to 22.3% in 2Q23. It is worth noting that the contraction in GPM came on the back of a significant increase in cost of sales driven by high inflationary pressures and the floatation of the Egyptian Pound. On a YTD basis, gross profit increased by 89.1% y-o-y to EGP 3,775.5 million, yielding an expanded GPM of 23.0% in 1H24 versus 22.4% in 1H23. Meanwhile, EBITDA grew 31.9% y-o-y to EGP 954.0 million, yielding a margin of 10.8% in 2Q24 versus 14.4% in 2Q23. On a six-months basis, EBITDA doubled to reach EGP 2,503.5 million in 1H24, yielding an expanded margin of 15.2% in 1H24 compared to 14.1% in 1H23. The solid growth in EBITDA and the expansion in its margin showcases the effectiveness of the company's strategies amidst shifting market dynamics. Additionally, the segment maintained a strong financial position characterized by a net debt-to-EBITDA ratio of 0.93 and a net debt-to-equity ratio of 0.41 in 2Q24. GB Auto's net profit was stable year-on-year at EGP 249.6 million, yielding a margin of 2.8% in 2Q24 versus 4.9% in 2Q23. On a YTD basis, net profit more than tripled to EGP 629.6 million, and yielded an expanded margin of 3.8% 1H24 compared to 1.9% in 1H23. The growth in the company's bottom-line is attributable to an expanded top-line figure, coupled with enhanced efficiency to counteract high inflationary pressures.

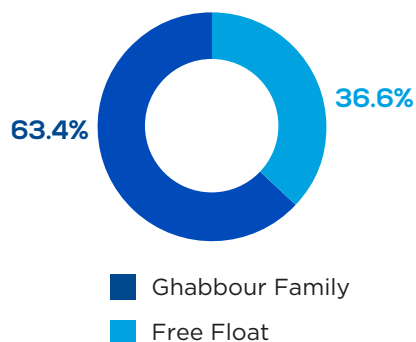
GB Capital's revenues (before intercompany eliminations) fell by 3.0% q-o-q, but grew 21.7% y-o-y to EGP 1,420.1 million in 2Q24, primarily driven by an expansion in GB Capital's portfolio of alternative financing solutions. Meanwhile, net profit fell both quarter-on-quarter and year-on-year by 29.9% and 31.4%, respectively, to EGP 173.5 million in 2Q24. On a YTD basis, revenues increased by 31.7% to EGP 2,884.5 million and net profit fell by 4.8% to EGP 421.2 million in 1H24. Despite the securitization, GB Capital's loans portfolio was stable quarter-on-quarter and expanded by 28.3% y-o-y to EGP 10.6 billion in 1H24.

GB Capital recorded healthy portfolio performance amidst challenging market conditions characterized by higher interest rates, as well as prolonged national holidays impacting disbursements, collections, and overall demand. Despite high interest rates and the CBE's directive limiting a bank's ability to extend financing to leasing companies, GB Lease and Factoring grew its portfolio by 13.8% q-o-q and 38.0% y-o-y in 2Q24, primarily driven by a significant ramp up in factoring operations. At Drive Finance, a slowdown in demand for new vehicles coupled with an EGP 1.4 billion securitization during the quarter resulted in a 17.5% q-o-q contraction in its portfolio. Meanwhile, Drive's portfolio grew 16.6% y-o-y in 2Q24 on the back of greater penetration of the used car market for its auto loan business, as well as significant growth in Forsa's portfolio, mainly driven by an expansion in its offering to now include large-ticket financing. GB Auto Rental's portfolio grew 33.4% y-o-y in 2Q24 due to an expansion in the company's fleet. Additionally, Kredit continued to grow its operations with a significant increase in disbursements as well as an expansion in its credit facilities to fuel new business, resulting in a 32.6% q-o-q increase in its portfolio in 2Q24. On the Fintech front, our affiliate MNT-Halan maintained its growth trajectory with the launch of the new "Halan" card, as well as a significant increase in the number of quarterly active users on its app. As GB Capital continued to significantly grow its portfolio, it has maintained a healthy NPL-to-portfolio ratio of 3.04% on the back of its efforts to enhance the quality of its portfolio.

Highlights of GB Corp's 2Q24 results, along with management's analysis of the company's performance. Complete financials are available for download on ir.gb-corporation.com

GB Corp's Shareholding Structure

as of 30 June 2024



Head Office

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

Investor Relations

Mansour Kabbani
Board of Directors Member

Mohamed Younis
Chief Investment Officer

Sarah Maged
Investor Relations
Communications Manager

Direct: +202 3910 0485
Tel: +202 3539 1201
Fax: +202 3539 0139
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Shareholder Information

Reuters Code: GBCO.CA
Bloomberg Code: GBCO.EY

Shares Outstanding:
1,085,500,000

About GB Corp S.A.E.

GB Corp S.A.E. (GBCO.CA on the Egyptian Exchange), a leading automotive company in the Middle East and Africa and non-bank financial services provider in Egypt. Across four primary lines of business — Passenger Cars, Trading, Commercial Vehicles & Construction Equipment, and Two, Three, and Four-Wheelers — 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, Chery, Changan, Haval, MG, JAC, Foton, Karry, Bajaj, Marcopolo, Volvo Truck and Volvo Bus, Volvo Construction Equipment, Mitsubishi Fuso, SDLG, Higer, Shacman, Lassa, Yokohama, Westlake, Double Coin, Good-year, Thunderer, Verde, Techking, MRF, and Sunfull. GB Auto has operations in the Middle East and Africa. The company's NBFS' segment branded GB Capital offers leasing, factoring, consumer finance, fleet quasi-operational leasing, securitization, SME lending, and Sukuk under the following brands - GB Lease, Drive, Forsa, GB Auto Rental, Capital Securitization, Kredit, GB Capital Sukuk in addition to investments in affiliates offering micro-finance, nano-finance, BNPL, collection, peer-to-peer transfers, bill payments, mortgage finance and insurance under - MNT-Halan, Bedaya and Kaf. The company is headquartered in Giza, Greater Cairo Area, Egypt.

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Forward-Looking Statements

This document may contain certain "forward-looking statements" relating to the company's business. These may be identified in part through the use of forward-looking terminology such as "will," "planned," "expectations" and "forecast" as well as similar explanations or qualifiers and by discussions of strategy, plans or intentions. These statements may include descriptions of investments planned or currently under consideration or development by the company and the anticipated impact of these investments. Any such statements reflect the current views of the company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance, decisions or achievements of the company to be materially different from any future results that may be expressed or implied by such forward-looking statements.