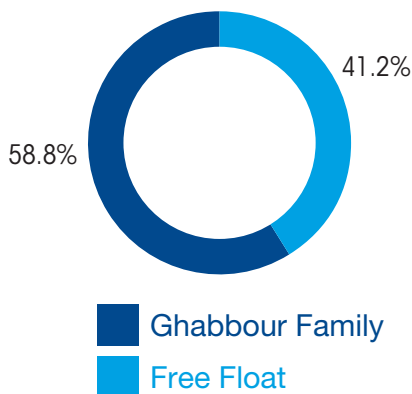


AUTO.CA
on the Egyptian Exchange

GB Auto's Shareholding Structure as of 30 September 2016



GB Auto 3Q16 Results: Highlights

Third Quarter 2016 Financial Highlights

- GB Auto's overall sales revenue for the third quarter of 2016 increased by 36.3% to LE 4,321.4 million compared to LE 3,169.8 million in 3Q15.
- Net income from continuing operations decreased to LE 39.4 million, with a net profit margin of 0.9%*.
- Passenger Cars revenues in Egypt increased by 52.0% year-on-year in 3Q16 to reach LE 2,464.3 million, up from LE 1,621.2 million in the third quarter of 2015.
- The Motorcycles and Three-Wheelers division in Egypt saw revenues decline by a slight 2.2% year-on-year to LE 499.5 million in the third quarter of 2016 from LE 511.0 million in the same period last year.
- Revenues from Commercial Vehicles and Construction Equipment rose by 10.2% year-on-year during the quarter, coming in at LE 283.4 million vs. LE 257.1 million in 3Q15.
- The After-Sales division in Egypt saw its sales revenues increase by 42.7% y-o-y to LE 204.0 million compared to LE 143.0 million last year.
- Tires posted an increase of 136.6% year-on-year in revenues, which reached LE 101.2 million in the third quarter, up from LE 42.8 million in the comparable quarter in 2015.
- Overall revenues from regional operations decreased 2.1% y-o-y to LE 280.0 million from LE 286.1 million in 3Q15.
- The Financing Businesses recorded LE 428.1 million in revenues for 3Q16, a 48.1% increase over the LE 289.1 million recorded in 3Q15.
- Other revenues, which comprise Pre-Owned Vehicles, the newly launched pre-owned commercial vehicles venture, legacy fleet transportation contracts, and Lubricants saw revenues for 3Q16 grow by 212.5% year-on-year to LE 60.8 million, compared to LE 19.5 million in 3Q15.

Nine Months 2016 Financial Highlights

- GB Auto's sales revenue for the first nine months of 2016 increased by 16.7% to LE 11,174.9 million compared to LE 9,575.4 million in 9M15.
- Net income from continuing operations came in 19.9% higher year-on-year at LE 192.4 million compared to LE 160.4 million last year, with a net profit margin of 1.7%.
- Passenger Cars revenues from Egypt were 30.2% higher year-on-year for the nine-month period, reaching LE 5,925.4 million, up from LE 4,550.9 million in 9M15.
- The Motorcycles and Three-Wheelers division in Egypt saw its revenues drop by 4.8% to LE 1,369.5 million in 9M16 from LE 1,438.6 million in the comparable period last year.
- Commercial Vehicles and Construction Equipment saw revenues drop by 15.3% year-on-year in the nine-month period to LE 814.2 million from LE 961.2 million in 9M15.
- Revenues from After-Sales Egypt rose by 33.3% y-o-y to stand at LE 553.8 million vs. LE 415.4 million in the comparable period last year.
- Egypt Tires more-than-doubled its revenues, which came in at LE 314.9 million compared to LE 143.4 million in 9M15.
- Revenues from regional operations for the nine-month period decreased by 32.9% y-o-y to LE 850.5 million from LE 1,268.0 million in 9M15.
- Financing Businesses revenues stood at LE 1,218.1 million in 9M16 compared to LE 751.7 million in 9M15, an increase of 62.0% year-on-year.
- Other revenues, which comprise Pre-Owned Vehicles, the newly launched pre-owned commercial vehicles venture, legacy fleet transportation contracts, and Lubricants witnessed a growth of 178.4% to LE 128.5 million in 9M16, compared to LE 46.2 million in 9M15.

*Net profit in 3Q15 included a one time non-cash gain from revaluation of investment property of LE 87.3 million. When excluded, 3Q15 net profit totals LE 58.1 million, against which GB Auto has measured the real growth in 3Q16 profitability.

“ We join the vast majority of the Egyptian business community in welcoming the Central Bank of Egypt's move earlier this month to allow the free float of the Egyptian pound. ”

GB Auto Reports 3Q16 Results

Leading automotive industry player reports strong growth figures in volumes and revenues for the third quarter of 2016.

10 November 2016 — (Cairo, Egypt) GB Auto (AUTO.CA on the Egyptian Exchange), a leading automotive assembler and distributor in the Middle East and North Africa, announced today its consolidated results for the third quarter of 2016, reporting solid progress on volumes and revenues across most of its business lines.

For the third quarter of 2016, GB Auto's revenues reached LE 4,321.4 million, showing a substantial increase of 36.3% y-o-y. Net income from ongoing operations stood at LE 39.4 million, with a net profit margin (from continuing operations) of 0.9%. Meanwhile, on a nine-month basis, net profit from continuing operations increased by 19.9% y-o-y in 9M16.

"Overall, the third quarter of 2016 was a good one for GB Auto, as we continued to reap the benefits of our carefully calculated and well-executed strategy," said GB Auto Chief Executive Officer, Raouf Ghabbour. "While the macroeconomic landscape remained challenging, especially with the Egyptian pound's continued devaluation impacting our FX costs, consumer demand remained strong despite inflationary pressures and GB Auto was still able to grow its market share and top-line during the three-month period and year-to-date."

The challenging business and operating environment in Egypt and across the region saw markets contract, with some players drastically reducing their volumes as they struggled to cope with limitations in foreign currency supplies, bank facilities, and inventory. During the quarter, GB Auto was able to capture the under-served demand and consequently grow its market share, thanks to Management's decision to continue replenishing the company's stocks of in-demand models and products. The company's focus on after-sales also proved fruitful, as demand in the segment increased despite inflationary pressures.

In the Passenger Cars division in Egypt, GB Auto recorded a 52.0% increase in sales revenues and a 13.2% y-o-y increase in sales volumes, with sales reaching LE 2,464.3 million during the third quarter of 2016. On a nine-month basis, and despite a 1.2% decrease in volumes, GB Auto was able to grow its Passenger Car revenues by 30.2% y-o-y to LE 5,925.4, largely due to price increases the company had been implementing to gradually migrate some of the effects of the increased cost due to a weakening currency onto the consumer.

On the regional level, the company continued to take measured steps in dealing with geopolitical and economic difficulties. In Iraq, GB Auto dramatically reduced overheads, finance charges, and old stocks in order to safeguard its positioning in the Passenger Cars market to capitalize on new opportunities. While Passenger Car volumes and revenues were down on a three- and nine-month basis, after-sales recorded impressive increases in top-line and margins. Algeria, where the regulatory climate has been somewhat delicate, followed a similar pattern to Iraq, with revenues from after-sales activities coming in at LE 2.6 million, 119.7% higher y-o-y. While GB Auto's outlook on its regional markets maintains some degree of optimism, Management will continue to operate with discretion until conditions begin to improve.

Meanwhile, revenues from the Motorcycles and Three-Wheelers division in GB Auto's home market, which target consumers within a low-income bracket, decreased by 2.2% y-o-y to LE 499.5 million. This came mainly as a result of higher prices dampening sales volumes, with motorcycles receiving a particularly hard blow that saw volumes for this product decrease by 44.7% y-o-y. In Iraq on the other hand, GB Auto has taken significant strides, growing its revenues from the division by nearly 3x to LE 7.2 million in 3Q16, propelled by higher sales volumes from three-wheelers.

On the Commercial Vehicles & Construction Equipment front, sales revenues for 3Q16 were up by 10.2% y-o-y to LE 283.4 million due to higher sales volumes, which rose by 9.7% y-o-y, particularly in the construction equipment and heavy truck segments. The country's renewed drive for investments in construction and infrastructure development is expected to further boost the division's performance going forward, especially given GB Auto's elevated market share and positioning as the preferential supplier of buses, trucks, and construction vehicles.

The Tires line of business was the third quarter's star-performer, with revenues rising significantly above 3Q15 levels to reach LE 101.2 million as the company was able to continue meeting the existing healthy market demand by resupplying its stocks, unlike the comparable period last year where shortage and stock rinsing measures affected performance. GB Auto continued to add brand representations to its portfolio during 3Q16, including its own in-house factory-produced brand, Primo, which has so far delivered promising sales figures, leading the company to plan on doubling its capacity from 4Q onwards.

GB Auto's Financing Businesses delivered a strong quarter, with total revenues from the line of business rising by 48.1% y-o-y in 3Q16 to LE 428.1 million and 62.0% in 9M16 to LE 1,218.1 million. GB Lease's healthy portfolio saw it rank second in market share, as per EFSA, while Tasaheel, GB Auto's most recent addition, continued to grow exponentially.

"We join the vast majority of the Egyptian business community in welcoming the Central Bank of Egypt's move earlier this month to allow the free float of the Egyptian pound. We also believe that the phase-out over time of fuel subsidies will drive sales of our smaller-engine models, where we have a robust lineup of models catering to a wide cross-section of consumers," said Ghabbour. "It would be premature to offer short-term guidance, but our experience throughout the currency crisis (including our strong pricing power throughout that period) leaves us optimistic that the issue has long been less 'pricing' than it has been 'availability' of foreign exchange. We are accordingly very optimistic regarding the medium- and long-term outlook for the economy and for our industry."

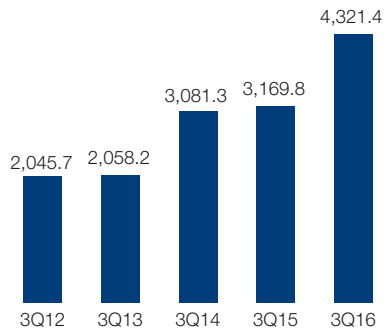
GB Auto remains on track with its motorcycles and three-wheeler manufacturing strategy, which should see production commence by the end of 1Q18.

Highlights of GB Auto's 3Q16 results follow, along with management's analysis of the company's performance. Complete financial are available for download on ir.ghabbourauto.com.

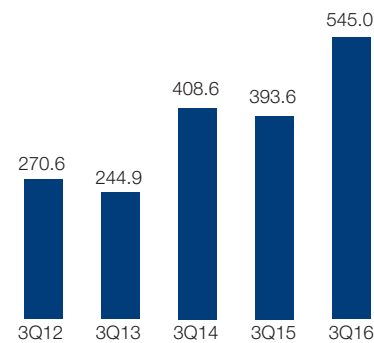
Third Quarter 2016 at a Glance*

Key Indicators (all figures in LE million)

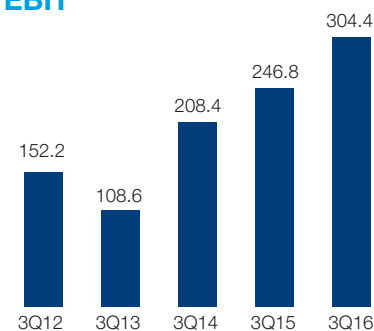
Revenues



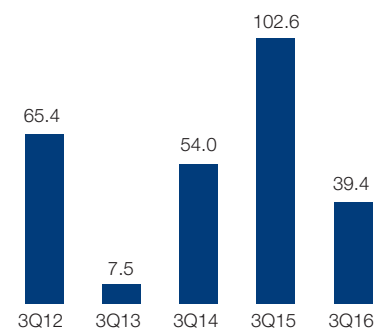
Gross Profits



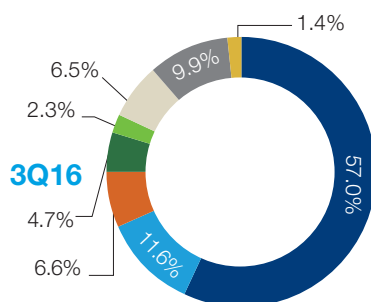
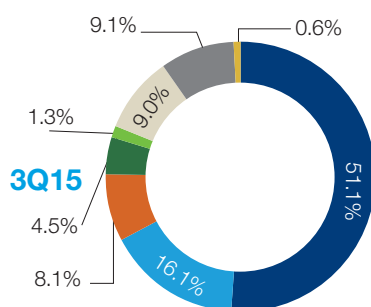
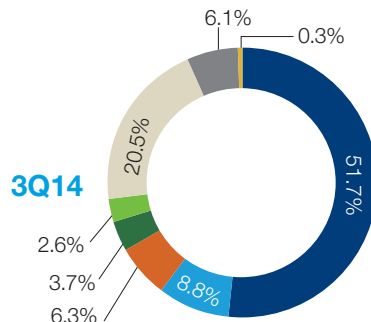
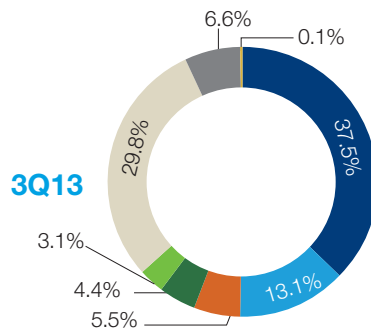
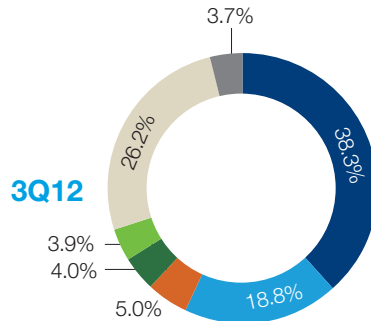
EBIT



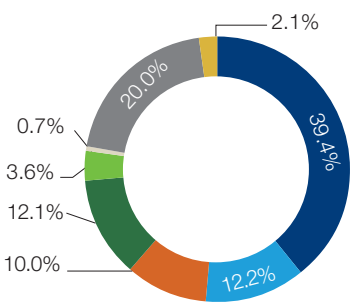
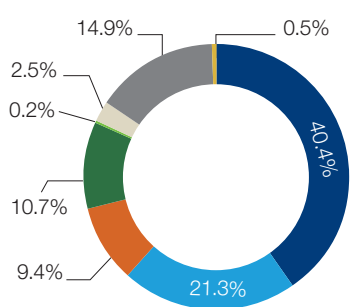
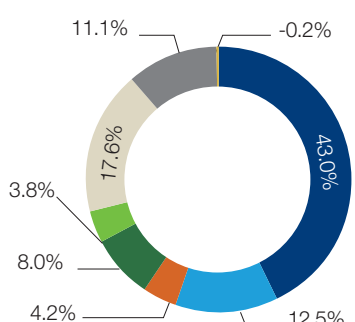
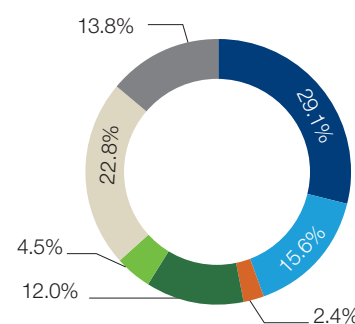
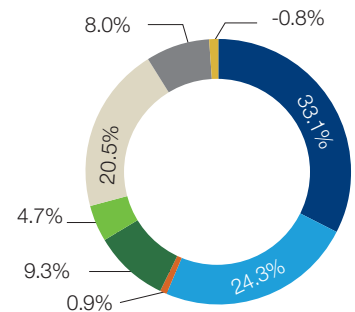
Net Income



Revenue Contribution by Line of Business



Gross Profit Contribution by Line of Business

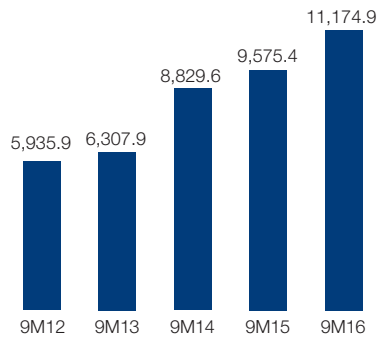


* To allow for more clarity as GB Auto's business evolves, Management opted to review its method of business line reporting, by a) Separating its Egyptian operations from regional ones; and b) Separating After-Sales activities, reporting each of them as a standalone LOB.

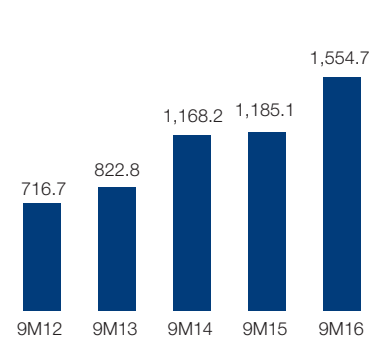
Nine Months 2016 at a Glance

Key Indicators (all figures in LE million)

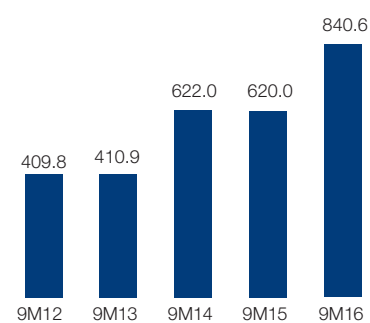
Revenues



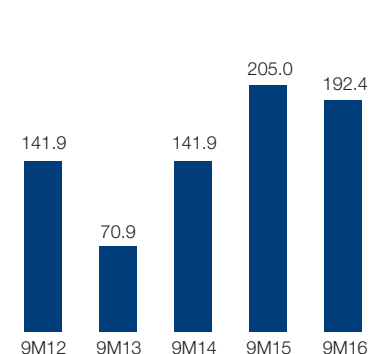
Gross Profits



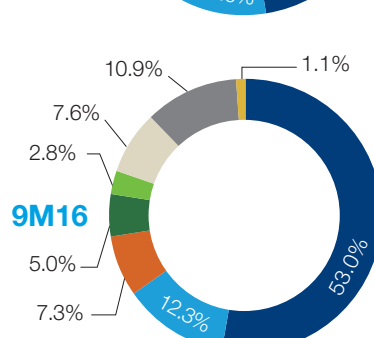
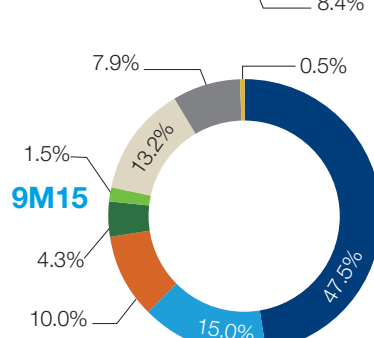
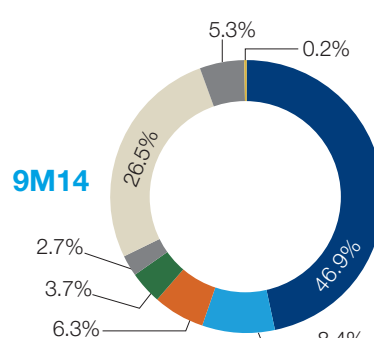
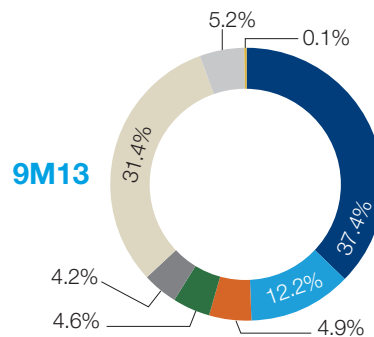
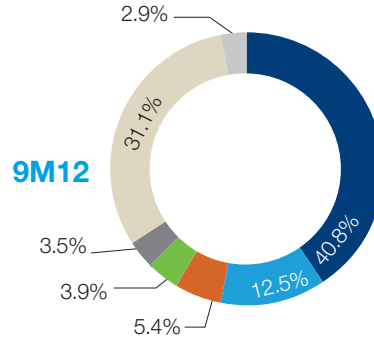
EBIT



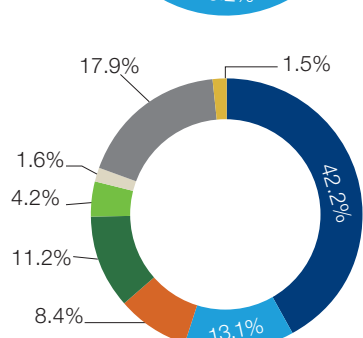
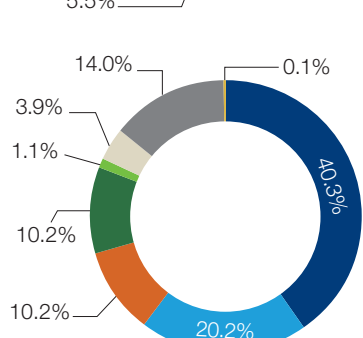
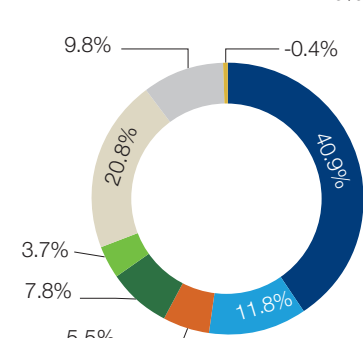
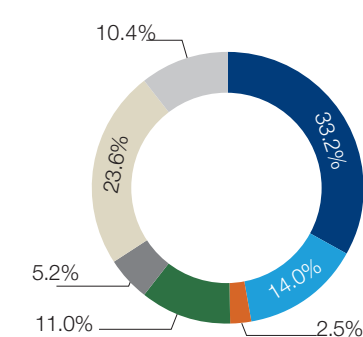
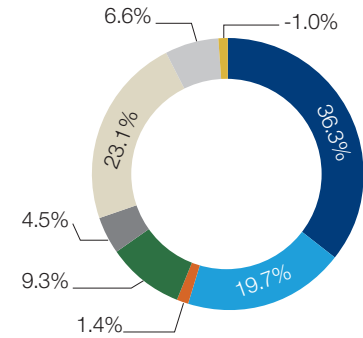
Net Income



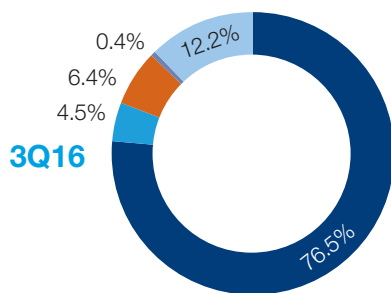
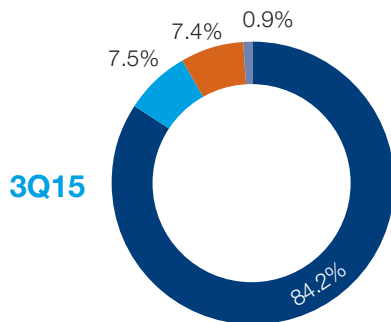
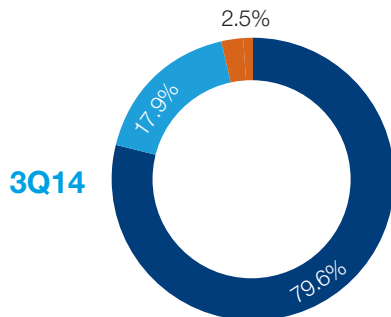
Revenue Contribution by Line of Business



Gross Profit Contribution by Line of Business



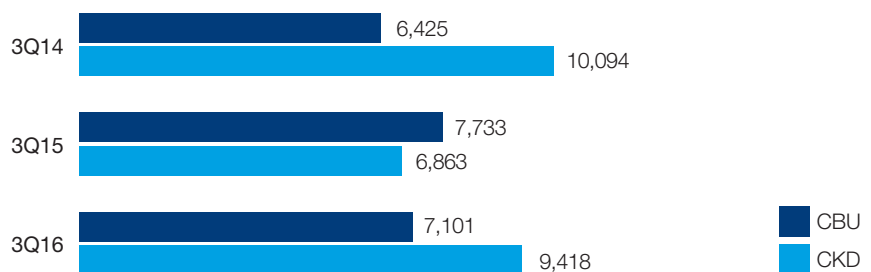
Passenger Car Revenue Breakdown by Segment



Egypt Passenger Cars Line of Business

GB Auto is a leading passenger car importer, assembler, and distributor in the Middle East and North Africa. In Egypt, it is the largest player in the market, as the sole representative of Hyundai, Geely Emgrand, Mazda, and Chery passenger cars. GB Auto serves the Egyptian market with both Completely-Knocked-Down (CKD) and Completely-Built-Up (CBU) products.

Breakdown of Units Sold



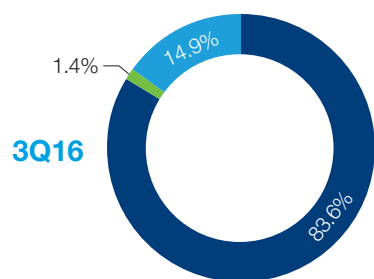
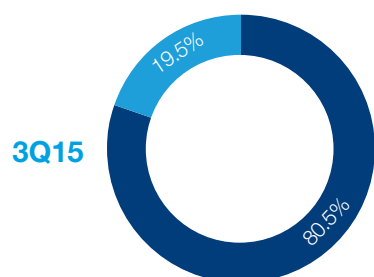
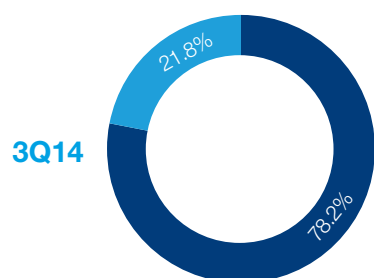
- According to the Egyptian Automotive Marketing Information Council (AMIC), the Egyptian Passenger Car market in 9M16 saw sales volumes falling from 146,447 in 9M15 to 110,201 units this year, representing a 25% y-o-y. Vehicles within the 1.0-1.3 liter range witnessed a 47.0% y-o-y decline in volumes, while those within the 1.3-1.5 liter range fell by 29.0%. Meanwhile, vehicles within the 1.5-1.6 liter saw sales volumes decrease by 27.0%, while SUVs with an engine capacity larger than 2.0 liters saw volumes drop 25.0% y-o-y.
- The third quarter of 2016 saw GB Auto's Passenger Cars division grow its sales revenues by 52.0% year-on-year to LE 2,464.3 million compared to LE 1,621.2 million in 3Q15, thanks to a 13.2% increase in sales volumes this quarter, despite a drop of 23.4% in the overall market size.
- While demand for passenger cars weakened during 9M16 compared to previous years, as a result of the continuing rise in vehicle prices, GB Auto was still able to grow its market share by capturing existing underserved demand, after many players in the market decidedly reduced their stock levels in response to rising FX costs.
- GB Auto Management expects demand to remain stable in the coming months and believes the company is perfectly positioned to capitalize on any additional demand or opportunities that may present themselves.
- The company's share of the Egyptian passenger car market, which includes Hyundai, Geely Emgrand, Mazda, and Chery, rose to 38.0% YTD in September 2016 compared to 28.7% last year. In the three months alone, market share was 41.5% compared to 27.8% in 3Q15. The availability of inventory and a competitive pricing strategies were key to GB Auto's success this quarter.
- Hyundai's total market shares increased to 29.3% in 3Q16 from 23.2% in 3Q15. Hyundai CBU sales volumes decreased by 8.3% y-o-y during the quarter, CKD sales volumes witnessed a 3.4% y-o-y rise. Overall revenues from the brand, however, increased by 38.1% y-o-y, as the company had introduced gradual price increases to help preserve profitability and margins.

- The quarter saw revenues from Mazda sales rise 32.2% y-o-y on the back of 5.8%-higher volumes.
- Geely's CKD units sales witnessed a 30.0% decrease in volumes, which resulted in a 9.2% y-o-y drop in revenues.
- Since its launch in March 2016, GB Auto's latest PC product, the Chinese Chery vehicle, has delivered promising results in terms of both profitability and market share. In 3Q16, Chery's market share stood at 7.6% with over 4,000 units sold in its first year with GB Auto.
- Following the addition of Chery's two new CKD models, alongside the Hyundai Elantra, Kary, and Geely, GB Auto now offers five CKD models compared to only two last year.

Table 1: Egypt Passenger Cars Sales Activity

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
CBU Sales Volume (Hyundai)	(Units)	6,963	6,388	-8.3%	18,222	17,608	-3.4%
CBU Sales Volume (Geely)	(Units)	96	-	-	1,177	6	-99.5%
CBU Sales Volume (Mazda)	(Units)	674	713	5.8%	1,581	1,375	-13.0%
CKD Sales Volume (Hyundai)	(Units)	5,000	5,172	3.4%	16,668	14,036	-15.8%
CKD Sales Volume (Chery)	(Units)	-	2,984	-	-	6,062	-
CKD Sales Volume (Karry)	(Units)	261	140	-46.4%	534	336	-37.1%
CKD Sales Volume (Geely)	(Units)	1,602	1,122	-30.0%	4,670	2,912	-37.6%
Total Sales Volume	(Units)	14,596	16,519	13.2%	42,852	42,335	-1.2%
Total Sales Revenue	(LE million)	1,621.2	2,464.3	52.0%	4,550.9	5,925.4	30.2%
Gross Profit	(LE million)	159.1	214.5	34.8%	477.2	656.4	37.6%
<i>Gross Profit Margin</i>	<i>(%)</i>	<i>9.8%</i>	<i>8.7%</i>	<i>(1.1)</i>	<i>10.5%</i>	<i>11.1%</i>	<i>0.6</i>

Motorcycle & Three-Wheeler Revenue Breakdown by Segment

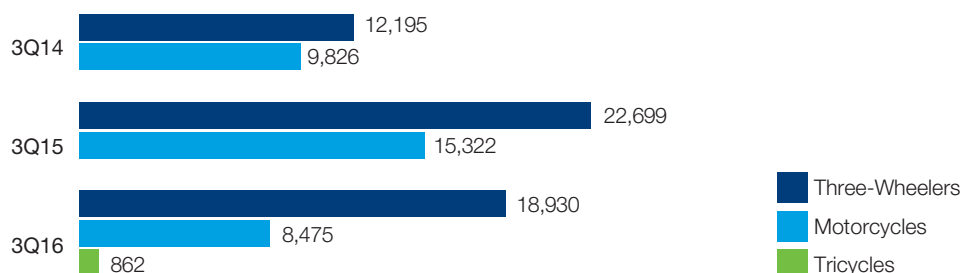


■ Three-Wheelers
■ Tricycles
■ Motorcycles

Egypt Motorcycles & Three-Wheelers Line of Business

GB Auto is Egypt's leading assembler and distributor of Bajaj three-wheelers and motorcycles, operating the brand's largest motorized assembly line outside of India.

Breakdown of Units Sold



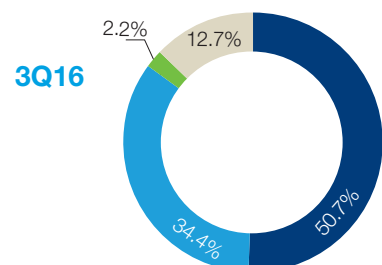
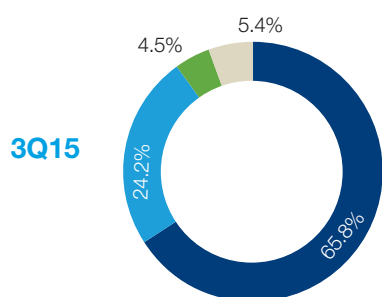
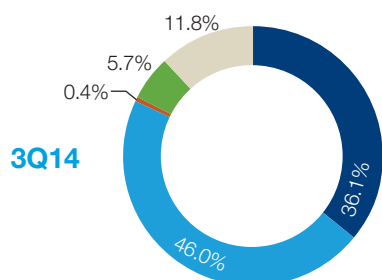
Motorcycles & Three-Wheelers

- Revenues from Motorcycles & Three-Wheelers in Egypt declined by 2.2% y-o-y on the back of lower sales volumes, which came in 25.7% below 3Q15 levels.
- The division typically targets a lower-income segment that has been pressured by rising inflation.
- Margins for the division also decreased slightly this quarter, as the company opted not to fully pass on the sharp devaluation in the EGP against the USD.
- GB Auto has finalized technical assistance agreements with Bajaj, who will provide engineering data and technical know-how and expertise pertaining to the making of the Boxer 150 and Auto-Rickshaw models. The company is on track with the construction of a new component manufacturing hangers, and purchasing machinery and equipment for new painting and welding shops.

Table 2: Egypt Motorcycle & Three-Wheeler Sales Activity

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
Three-Wheeler Sales Volume	(Units)	22,699	18,930	-16.6%	66,140	55,694	-15.8%
Tricycles Sales Volume	(Units)	-	862	-	-	2,168	-
Motorcycle Sales Volume	(Units)	15,322	8,475	-44.7%	38,213	25,489	-33.3%
Total Sales Volume*	(Units)	38,021	28,267	-25.7%	104,353	83,351	-20.1%
Sales Revenue	(LE million)	511.0	499.5	-2.2%	1,438.6	1,369.5	-4.8%
Gross Profit	(LE million)	83.8	66.2	-21.0%	239.2	203.4	-15.0%
<i>Gross Profit Margin</i>	<i>(%)</i>	<i>16.4%</i>	<i>13.3%</i>	<i>(3.1)</i>	<i>16.6%</i>	<i>14.8%</i>	<i>(1.8)</i>

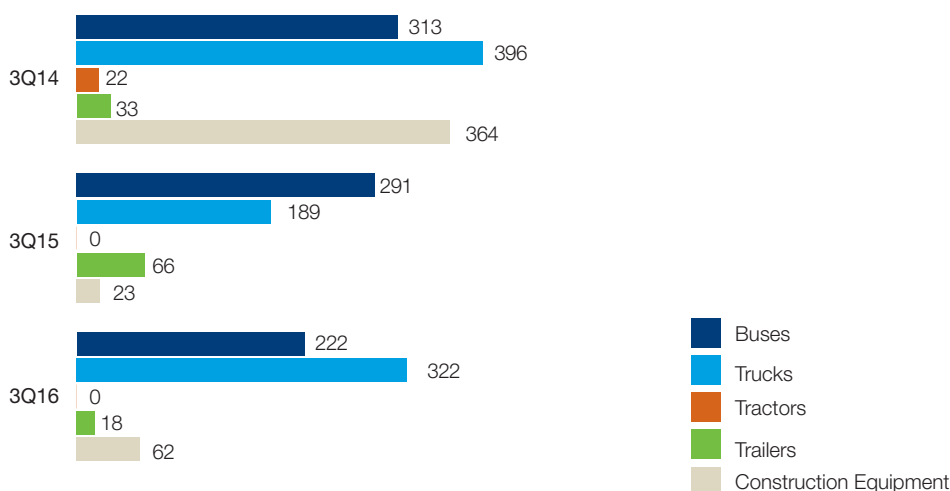
Commercial Vehicles & Construction Equipment Revenue Breakdown by Segment



Egypt Commercial Vehicles & Construction Equipment Line of Business

The Commercial Vehicles & Construction Equipment line of business offers a wide range of trucks and locally manufactured buses under exclusive distributorship agreements with Mitsubishi, Volvo, and Iveco. GB Auto manufactures and distributes semi-trailers and superstructures (i.e. oil and chemical tankers as well as concrete mixers). In Egypt, this line of business also distributes earth-moving equipment, road machinery, and power generators under distribution agreements with Volvo Construction, SDLG, and Aksa, as well as YTO tractors, and produces buses for domestic and export markets through GB Polo (a joint venture between Ghabbour and Marcopolo, the world's largest bus body manufacturer).

Breakdown of Units Sold



- GB Auto's Commercial Vehicles & Construction Equipment line of business saw overall sales volume rise by 9.7% y-o-y during the quarter. The LOB's revenues also increased by 10.2% to LE 283.4 million from LE 257.1 million in 3Q15, while gross profit came in 47.2% higher at LE 54.4 million, with a gross profit margin of 19.2%, 4.8 percentage points higher than the same period last year.
- Buses were once again the top contributors to the segment's profitability this quarter, despite a drop in both sales volumes and revenues. GB Auto has signed a tender to deliver 90 coaches for intercity usage worth LE 200 million, which will help boost the segment's performance in the coming period.
- 3Q15 also saw GB Auto complete its commitments to the Alexandria and Cairo Transport Authorities, supplying both with a number of city buses of various specifications.
- After years of cooperating with other brands, GB Polo began delivering Volvo buses to the CTA earlier this year with a substantial order of 150 vehicles. The order was so successful, it lead both parties to sign an extension that will see the company deliver an additional 50 buses to the CTA in the fourth quarter of 2016, in addition to another 50 bus extension to APTA.

- Trucks followed closely behind buses, with a 56.6% y-o-y increase in sales revenues, which climbed to LE 97.5 million during the quarter from LE 62.3 million last year, thanks to a rise of 70.4% y-o-y in sales volumes driven by a renewed appetite for construction activities in Egypt. The market also displayed a healthy appetite for construction equipment during the quarter.
- The Trailers division witnessed a bit of a slowdown in revenues as sales volumes decreased by 72.7% y-o-y. Management, however, expects improvements on this front.
- Management also expects the overall division to continue on its path of gradual growth, supported by investments in infrastructure development.

Table 3: Egypt Commercial Vehicles and Construction Equipment (CV&CE) Sales Activity

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
Bus Sales Volume	(Units)	291	222	-23.7%	967	587	-39.3%
Truck Sales Volume	(Units)	189	322	70.4%	933	1,225	31.3%
Tractor Sales Volume	(Units)	-	-	-	80	28	-65.0%
Trailer Sales Volume	(Units)	66	18	-72.7%	210	103	-51.0%
Construction Equipment Sales Volume	(Units)	23	62	-	148	146	-1.4%
Total Sales Volume	(Units)	569	624	9.7%	2,338	2,089	-10.7%
Sales Revenue	(LE million)	257.1	283.4	10.2%	961.2	814.2	-15.3%
Gross Profit	(LE million)	36.9	54.4	47.2%	121.4	130.0	7.1%
<i>Gross Profit Margin</i>	<i>(%)</i>	<i>14.4%</i>	<i>19.2%</i>	<i>4.8</i>	<i>12.6%</i>	<i>16.0%</i>	<i>3.3</i>

Egypt After-Sales Line of Business

GB Auto operates Egypt's largest and fastest-growing network of after-sales service centers for Passenger Cars, Motorcycles & Three-Wheelers, and Commercial Vehicles & Construction Equipment.

Passenger Cars

- Investments made to upgrade and expand GB Auto's network of After-Sales workshops have proved fruitful for another consecutive quarter, with the Passenger Cars After-Sales division posting strong growth figures and very healthy margins.
- Revenues from After-Sales operations in Egypt reached LE 130.5 million, reflecting a 42.9% y-o-y increase over 3Q15, while gross profit rose by 46.1% y-o-y to reach LE 48.1 million, with a gross profit margin of 36.9%, 0.8 percentage points higher than last year.
- After-Sales service centers have been running at higher-than-average capacity utilization rates and to cope with this increasing demand, the company expanded its capacity by launching Quick Service operations in Obour and Abou Rawash. In August, GB Auto launched an external quick service operation in the Katameya center to meet rising customer demand.
- Going forward, GB Auto intends to continue expanding its branch network and upgrading its service centers to cater to an even-larger demographic.

Motorcycles & Three-Wheelers

- The Motorcycles & Three-Wheelers After-Sales division reported substantial increases in both revenues and gross profit for three- and nine-month periods.
- Revenues were 65.8% higher y-o-y, coming at LE 34.8 million, while gross profit stood at LE 9.0 million compared to LE 3.8 million in 3Q15.

Commercial Vehicles & Construction Equipment

- The After-Sales division for Commercial Vehicles & Construction Equipment continued to steadily grow, with revenues and gross profit standing at LE 38.8 million and LE 9.1 million, respectively, during the third quarter of 2016.

Table 4: Egypt After-Sales

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
Passenger Car Egypt After-Sales Revenue	(LE million)	91.3	130.5	42.9%	268.0	352.2	31.4%
Motorcycle & Three-Wheeler After-Sales Revenue	(LE million)	21.0	34.8	65.8%	67.4	96.5	43.2%
CV&CE After-Sales Revenue	(LE million)	30.8	38.8	26.0%	79.9	105.0	31.4%
Total Egypt After-Sales Revenue	(LE million)	143.0	204.0	42.7%	415.4	553.8	33.3%
Passenger Car Egypt After-Sales Gross Profit	(LE million)	32.9	48.1	46.1%	96.5	129.5	34.2%
Motorcycle & Three-Wheeler Egypt After-Sales Gross Profit	(LE million)	3.8	9.0	-	11.1	23.0	-
CV&CE After-Sales Gross Profit	(LE million)	5.4	9.1	68.0%	13.3	21.1	58.1%
Total Egypt After-Sales Gross Profit	(LE million)	42.1	66.2	57.1%	120.9	173.6	43.5%
<i>Total Egypt After-Sales Gross Profit Margin</i>	<i>(%)</i>	<i>29.5%</i>	<i>32.4%</i>	<i>3.0</i>	<i>29.1%</i>	<i>31.3%</i>	<i>2.2</i>

Egypt Tires Line of Business

GB Auto is sole distributor of a number of quality brands manufactured by top tire players including Yokohama, Lassa, Double Coin, and Westlake. The company also launched its own brand, "Primo," in the Egyptian market in 2016.

- The Tires Division continued to outperform at both the top and bottom-line levels in the third quarter of 2016, posting revenues of LE 101.2 million compared to LE 42.8 million in the same period last year, up 136.6%. Gross profit margin stood at an excellent 19.3% compared to 2.2% in 3Q15.
- On a nine-month basis, sales revenues from the division rose by 119.6% to LE 314.9 million from LE 143.4 million in 9M15. Gross profit came in 4x higher y-o-y with LE 64.6 million vs. LE 12.9 million last year, with a margin of 20.5%.
- GB Auto also launched in May its own brand, "Primo," in the Agro tires business with extremely positive initial market feedback in terms of performance (grip, durability, and comfort). The company confirms its target to reach 20% share of the Egyptian Agro tire market in 1H2017 and will introduce the brand in the Algerian market within end of year. The Primo product range will be extended to PCR and LTR tires in June 2017 to target Tier 2 growing segments in Egypt and the region.
- The Tires Division continued to pursue its expansion strategy and extended its business cooperation with ZC Rubber, one of the top 10 worldwide tire manufacturers, acquiring the distribution of Westlake Heavy Truck tires in Egypt. Westlake Heavy Truck tires enjoy a solid product quality reputation in the region and will be a fundamental partner to acquire shares in the growing value segments.
- Management is presently reassessing its strategy on the prospective tires project in light of feedback from OEMs and new opportunities that the company is currently evaluating. We remain committed to this division and will continue to increase our supply of tires and expand our brand representations.

Table 5: Tires Sales Activity – Egypt

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
Total Sales Revenues	(LE million)	42.8	101.2	-	143.4	314.9	-
Total Gross Profit	(LE million)	1.0	19.5	-	12.9	64.6	-
Gross Margin	(%)	2.2%	19.3%	17.1	9.0%	20.5%	11.6

Regional

Across the Egyptian border, GB Auto distributes CBU units of Hyundai passenger cars in Iraq and Geely Emgrand passenger cars in Algeria, and offers after-sales services in both markets. Additionally, the company recently launched a successful venture for Bajaj Motorcycles & Three-Wheelers in Iraq, where it also operates two after-sales service centers for its products. GB Auto's regional operations also extend to the tires division, and the company distributes Westlake, Diamond Back and Jumbo tires in Iraq; Avon, Diamond Back, Triangle, and Jumbo in Jordan; and Goodyear, Lassa, and Grandstone in Algeria.

Passenger Cars

Iraq

- Challenges in the Iraqi market continued to impact market demand for Passenger Cars, which has dropped significantly compared to previous years.
- The After-Sales division in Iraq delivered promising results, with revenues up 32.2% y-o-y to LE 27.1 million compared to LE 20.5 million in 3Q15.
- Management will continue on with its cost-cutting strategies, while keeping a watchful eye on the Iraqi market.

Algeria

- GB Auto's lean cost-cutting approach towards its Algerian operations continued to sustain margins during 3Q16. The company had also been taking steps to clear its slow-moving inventory, while it adapts to the country's new regulatory climate.
- Management remains watchful of any opportunities that arise in the market and expects to soon make an announcement on developments in Algeria.

Motorcycles & Three-Wheelers

Iraq

- Results from Iraqi operations were very promising, showing considerable growth y-o-y in terms of both sales volumes and revenues. Management had launched sales of these popular vehicles in Iraq last year to a promising market reception.
- GB Auto operates a small service center and spare parts outlet in Baghdad, and has recently added a second in the area of Al Najaf that also includes a Bajaj showroom.

Tires

- GB Auto's regional Tires division reported a decrease in revenues during 3Q16. Management expects the division's performance to improve in the coming months, despite the region's challenging operating environment.
- Jordan operations are performing well at both the top- and bottom-line levels while the Iraq business is still suffering from severe market conditions. Algeria's top line is growing fast owing to better market coverage and new organization.

Table 6A: Total Sales Activity from Regional Operations

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
Total Regions Revenue	(LE million)	286.1	280.0	-2.1%	1,268.0	850.5	-32.9%
Total Regions Gross Profit	(LE million)	9.8	3.7	-62.6%	46.0	25.3	-45.0%
Total Regions Gross Margin	(%)	3.4%	1.3%	(2.1)	3.6%	3.0%	(0.7)

Table 6B: Hyundai Passenger Car Sales Activity – Iraq

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
Total Sales Volume	(Units)	1,909	1,420	-25.6%	9,206	4,407	-52.1%
Sales Revenue	(LE million)	210.6	206.0	-2.2%	1,041.4	658.8	-36.7%
Gross Profit	(LE million)	3.7	(3.3)	-	24.4	(1.2)	-
<i>Gross Profit Margin</i>	(%)	1.8%	-1.6%	(3.4)	2.3%	-0.2%	(2.5)
After-Sales Revenue	(LE million)	20.5	27.1	32.2%	48.9	66.5	36.0%
After-Sales Gross Profit	(LE million)	4.5	6.7	50.0%	14.1	19.7	39.8%
<i>After-Sales Gross Profit Margin</i>	(%)	21.7%	24.6%	2.9	28.8%	29.6%	0.8
Total Iraq Passenger Car Revenues	(LE million)	231.1	233.1	0.8%	1,090.3	725.3	-33.5%
Total Iraq Passenger Car Gross Profit	(LE million)	8.2	3.4	-58.7%	38.5	18.4	-52.1%
Passenger Car Iraq Gross Margin	(%)	3.5%	1.4%	(2.1)	3.5%	2.5%	(1.0)

Table 6C: Passenger Car Sales Activity – Algeria

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
Total Sales Volume	(Units)	287	86	-70.0%	920	398	-56.7%
Sales Revenue	(LE million)	17.0	5.5	-67.8%	53.0	25.7	-51.5%
Gross Profit	(LE million)	1.0	0.5	-54.0%	3.7	2.7	-28.7%
<i>Gross Profit Margin</i>	(%)	6.2%	8.8%	2.6	7.1%	10.4%	3.3
After-Sales Revenue	(LE million)	1.2	2.6	-	5.0	5.5	9.9%
After-Sales Gross Profit	(LE million)	-	0.5	-	0.9	0.9	-0.3%
<i>After-Sales Gross Profit Margin</i>	(%)	1.8%	19.5%	17.7	18.4%	16.7%	-1.7
Total Algeria Passenger Car Revenues	(LE million)	18.2	8.1	-55.6%	58.0	31.2	-46.2%
Total Algeria Passenger Car Gross Profit	(LE million)	1.1	1.0	-7.4%	4.7	3.6	-23.1%
Passenger Car Algeria Gross Margin	(%)	5.9%	12.2%	6.4	8.0%	11.5%	3.5

Table 6D: Motorcycle & Three-Wheeler Sales Activity – Iraq

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
Three-Wheeler Sales Volume	(Units)	127	438	-	328	955	-
Motorcycle Sales Volume	(Units)	6	64	-	187	220	17.6%
Total Sales Volume	(Units)	133	502	-	515	1,175	-
Sales Revenue	(LE million)	2.6	7.2	-	5.3	16.2	-
Gross Profit	(LE million)	0.3	1.4	-	0.6	2.9	-
<i>Gross Profit Margin</i>	(%)	10.8%	19.8%	9.0	10.9%	18.0%	7.0
Total Motorcycle & Three-Wheeler Revenues	(LE million)	2.6	7.2	-	5.3	16.2	-
Total Motorcycle & Three-Wheeler Gross Profit	(LE million)	0.3	1.4	-	0.6	2.9	-
Motorcycle & Three-Wheeler Gross Margin	(%)	10.8%	19.8%	9.0	10.9%	18.0%	7.0

Table 6E: Tires Sales Activity – Regional

		3Q15	3Q16	% Change 3Q15 v 3Q16	9M15	9M16	% Change 9M15 v 9M16
Total Sales Revenues	(LE million)	25.1	18.0	-28.3%	90.5	64.1	-29.2%
Total Gross Profit	(LE million)	2.0	0.2	-90.3%	6.2	2.7	-56.9%
<i>Gross Margin</i>	(%)	8.1%	1.1%	(7.0)	6.9%	4.2%	(2.7)

Financing Line of Business

GB Auto's future strategy aims to create a full-fledged financial arm that serves its core business while competing aggressively with other non-bank financial service providers. GB Capital is the driver of this strategy. Today, GB Capital oversees the operations of the group's five financial service providers: GB Lease, which offers financial leasing services to a wide range of companies; Mashroey, which offers asset-based lending to microfinance eligible clients throughout Egypt; Drive, which offers factoring services to individuals and companies; Haram Limousine, which offers car rental services on a quasi-operational lease basis to companies in the market; and most recently Tasaheel, which is similar to Mashroey, offers direct microfinance lending services to micro entrepreneurs throughout Egypt. GB Capital's strategy is to benchmark its operations against the best in the field, building on strict and robust credit policies specifically developed for each industry. All companies are staffed with veterans of the financial services industry to provide the required expertise and know-how, and work on a non-exclusive basis with GB Auto to ensure the competitiveness of its operations. The companies' credit approval and disbursement mechanisms are well-advanced and comply with best practices of financial institutions in the country. Furthermore, asset quality and collections — the backbone for the success of any financial institution — are closely monitored, well-maintained and controlled within the group. The aim of GB Capital is to develop a well-diversified and synergetic group of financial services, building on the spirit and strategy of GB Auto while maintaining a high level of focus and specialized expertise within each company. GB Capital is constantly on the lookout for new additions to complement its portfolio.

- GB Auto's Financing Businesses continued its upward trend through 3Q16, with overall revenues for the quarter up 48.1% y-o-y to LE 428.1 million compared to LE 289.1 million in the same period last year.
- Total gross profit was 85.7% higher y-o-y, coming in at LE 109.1 million compared to LE 58.7 million in 3Q15. Gross profit margin rose by 0.8 percentage points to 22.9% at the end of the nine months. However, gross profit margin is an unusual measurement of profitability or operations for financial institutions, where the latter focus on net bottom line, ROAE, and portfolio quality. Along these measurement criteria, the Financing Businesses reported a net bottom line of LE 109.7 million for 9M16, up 51.0% y-o-y, while maintaining a very healthy loan portfolio quality with non-performing loans at 0.5% and a coverage ratio in excess of 100%. ROAE stands at 20.7% (full year 2016 ROAE is estimated to be around 24%).
- The Financing Business model is built on the companies' ability to obtain leverage to fuel their lending portfolios, which widely differs from the trading or manufacturing business model in terms of the amount of debt incurred and the tenor of such debt by any company. All companies under GB Capital remain strongly under-leveraged compared to industry norms and regulatory caps which, in light of the nature of the business (especially for GB Lease, Drive and Tasaheel), allow the companies to borrow up to 8x Shareholders' Equity. Total leverage for the Financing Businesses stood at 3.74x as at September 30, 2016.

- **GB Lease** maintained its strong performance and strong market foothold in 3Q16, reporting a 56.2% y-o-y rise in revenues and ranked second in market share, as per EFSA. By law, GB Lease provides business-to-business financial leasing solutions. It is non-exclusive to GB Auto and caters to a diversified client base. GB Lease's asset base is likewise diversified, and includes real estate, automotive, production lines and other asset classes. Tenor is medium term, and the company's focus is on risk diversification by asset class, industry sector and clients. It operates prudent risk management practices with respect to provisions and risk recognition.
- **Mashroey** was slightly impacted by a 3.2% decrease in its sales volumes for Three-Wheelers and motorized Tricycles, but has nonetheless improved its gross revenue, as management has been able to successfully pass on inflationary price increases and higher interest rates to the end user. The company maintains a healthy portfolio and an extensive products base, with the bulk of its portfolio geared toward asset-based lending to finance the purchase of Tuk Tuks and Tricycles, with new products always in the pipeline. Mashroey's credit policy is stringent, its portfolio tenor is predominantly short term and it operates a nationwide network of 80+ branches and units.
- **Drive** continued to deliver strong results, posting a revenue increase of 66.6% y-o-y for 3Q16 and 82.0% for 9M16. Drive provides factoring services to a well-diversified client base, ranging from business-to-business (SMEs) to business-to-consumer (retail). The company continues to expand its factoring solutions, offering innovative financing products. Operating under a robust credit policy, the company's portfolio tenor is predominately medium term. It operates out of two locations, a head office in Cairo and a branch in Alexandria.
- **Haram Tourism Transport "HTT"** maintained a path of gradual growth, posting an increase of 1.4% y-o-y for the nine-month period. HTT is a car rental company, operating on a quasi-operational lease basis and serves a select range of top-tier industrial, service and multinational companies. Its service agreements are tailored, and entail acquisition, registration, insurance and maintenance of the vehicles, with third-party insurance in place. Average tenor of the portfolio is three years.
- **Tasaheel**, GB Capital's most recent financing venture, recorded LE 19.3 million in revenues during the third quarter. Tasaheel operates as a non-bank financial services company under the Microfinance Law, and focuses on direct lending to microfinance eligible clients -predominately group lending to women, with the aim of helping low income earners generate higher incomes and improve their living standards, and in doing so also support overall community development and economic growth. It operates a nationwide network of 56 branches; with plans to further substantially expand its branch network.
- GB Lease, Drive, and Tasaheel are regulated under the Egyptian Financial Supervisory Authority (EFSA).
- Management notes that as Mashroey, Drive and Haram Tourism Transport transact with the Passenger Cars and the Motorcycles & Three Wheelers lines of business, there are invariably intercompany sales between these units. Results after elimination of these intercompany sales are summarized in Table 5 (below).

Table 7: Financing Businesses Activity

		3Q15	3Q16	% Change 2Q15 v 2Q16	9M15	9M16	% Change 9M15 v 9M16
Total Sales Revenues after Intercompany Elimination	(LE million)	289.1	428.1	48.1%	751.7	1,218.1	62.0%
Total Gross Profit	(LE million)	58.7	109.1	85.7%	165.9	278.6	68.0%
Gross Margin*	(%)	20.3%	25.5%	5.2	22.1%	22.9%	0.8

* Please note that Gross Margin is calculated on total revenues after intercompany elimination.

Startups

GB Auto's Pre-Owned Vehicles division — branded Fabrika — is rolling-out a western-style, pre-owned car operation at all GB-owned points of presence in Egypt. Our newly launched Lubricants business — PAL — distributes G-Energy and Gazpromneft products at GB Auto-branded and third-party points of sales in the Egyptian market under an exclusive strategic alliance with Gazpromneft Lubricants. Our Retail arm now operates retail After-Sales outlets called 360, which distribute tires, tire parts, batteries, parts and lubricants. These points of presence also offer services such as tire installation, battery service and the sale and injection of lubricants in several locations.

- **PAL** operations grew their revenues almost three-fold in 3Q16 to LE 19.4 million compared to LE 6.8 million in the same period last year. The division has been exhibiting steady growth since its launch, but has recently faced stiffer competition from multinational counterparts who produce locally and are not subject to the same FX challenges, allowing them to bypass the impact of the EGP devaluation.
- **Fabrika** recorded sales revenue increases of 158.0% and 148.8% y-o-y for 3Q and 9M16, respectively, with its top line coming in at LE 30.6 million compared to LE 11.9 million last year. It is worth noting that the business began recording net operating profits for the first time in 1Q16 and has remained on a steady path of growth since then, with GB continuously expanding its product and services offerings to better cater to its clients within this segment. Management is currently in the process of developing an incentive scheme that is expected to further boost the division's operational and financial performance.
- GB Auto's newly launched Pre-owned CV&CE venture, GB for Heavy Trucks and Construction Equipment Trading, also yielded promising results during its first three months in operation, recording revenues of LE 10 million and gross profit of LE 1.5 million.
- **Tires & More - 360** GB Auto's new After-Sales retail outlets have been exhibiting steady growth since their launch last June, with margins standing at a 30% average. The current 360 store offers a wide range of passenger car tires, batteries, lubricants, spare parts, and car parts and accessories. 360 also provides related services such as tires and battery installation, oil and filter changing, in addition to some light mechanical services.
- Gross profit from overall startup operations was up nearly 6x at the end of 3Q16 at LE 11.5 million while gross profit margin grew by 8 percentage points to 18.8%.

Table 8: Other Sales Activity

		3Q15	3Q16	% Change 2015 v 2016	9M15	9M16	% Change 9M15 v 9M16
Transport Business Revenues	(LE million)	0.8	0.6	-21.7%	2.3	1.5	-34.9%
Lubricants Sales Revenue	(LE million)	6.8	19.4	-	15.3	45.6	-
Pre-Owned PC Sales Revenue	(LE million)	11.9	30.6	-	28.6	71.1	-
Pre-Owned CV&CE Sales Revenue	(LE million)	-	10.0	-	-	10.0	-
Total Sales Revenues	(LE million)	19.5	60.8	-	46.2	128.5	-
Transport Business Gross Profits	(LE million)	(1.5)	0.3	-	(5.2)	0.6	-
Lubricants Gross Profit	(LE million)	2.8	7.8	-	5.4	16.5	-
Pre-Owned PC Gross Profit	(LE million)	0.7	1.8	-	1.5	4.1	-
Pre-Owned CV&CE Gross Profit	(LE million)	-	1.5	-	-	1.5	-
Total Gross Profit	(LE million)	2.1	11.5	-	1.6	22.8	-
Gross Margin	(%)	10.8%	18.8%	8.0	3.5%	17.7%	14.2

“ Top-line growth was carried down to GB Auto's gross profit which increased by 38.5% y-o-y in 3Q 2016 as the company maintained its gross profit margin during the period. ”

Financial Position and Working Capital Management

GB Auto saw total sale revenues increased by 36.3% y-o-y in 3Q 2016 owing partly to the availability of inventory following its replenishment over the previous periods, and also due to the company's effective use of its pricing power. GB Auto views its ability to consistently meet consumer demand for its products, even amidst difficult times, as a testament to the company's operational strength.

Top-line growth was carried down to GB Auto's gross profit which increased by 38.5% y-o-y in 3Q 2016 as the company maintained its gross profit margin during the period. Additionally, operating profit margin increased by 120 basis points over 3Q 2015 level to stand at 6.8%. GB's net profit from continuing operations recorded LE 39.4 million, with a margin of 0.9%. Meanwhile, GB Auto incurred increased FX losses during the quarter as the company settled CKD related liabilities.

On the cash front, the company continued to use any rapidly generated cash to build its inventory, under very tough FX conditions, which resulted in deeply negative FFOs. Management believes this to be a strategic move meant to position GB Auto as the supplier of choice for consumers wishing to purchase any type of vehicle. This has been made evident over the previous quarters as GB Auto's market share climbed from c. 27.8% in 3Q15 to a historical high of c. 41.5% in 3Q16, a clear sign of the success of the strategy implemented by Management. The operational hedge developed has helped GB Auto to increase its volume sales by c. 13.2% versus a total market decrease of c. 23.4% in the same period.

The group's net debt stood at LE 6.0 billion, an increase of LE 183 million compared to 2Q 2016. Net debt / equity was maintained at c. 1.4x as at September 30 2016 compared to 1.38x at the end of June 2016. Total debt was maintained at LE 6.7 billion at the end of the quarter, and includes LE 2.2 billion of financing business debt, as we continue to expand and grow our financing operations. Worth noting that the recent floating of the Egyptian Pound will result in a one-time non-cash FX loss to be booked in the coming period. Management reiterates here that its continued price adjustments have positioned the company well to manage the associated FX risks. Furthermore, while the recent floating of the Egyptian Pound will lead to some degree of rate volatility in the short term, it is expected that it will eventually help resolve the majority of GB Auto's cash flow issues.

Overall, GB Auto is in a very strong position in the market compared to peers, since we have continued with our strong push to replenish inventory levels, meet market demand, and utilize our pricing power successfully.

Latest Corporate Developments

1) GB Auto inaugurates new Marghem service center in Alexandria

GB Auto's newly launched Marghem center in Alexandria is an integrated facility that includes a 1,150 sqm showroom for Hyundai vehicles and a 5,000 sqm workshop that can accommodate up to 120 vehicles a day. The workshop offers maintenance and mechanical services in addition to painting and car-body repair facilities.

2) GB Auto signs MOU with car service provider Careem

The new agreement offers Careem drivers discounts and promotional offers that extend to a range of vehicles, including Hyundai, Chery, Geely, and Mazda. The agreement also covers maintenance and repair services, as well as spare parts across GB Auto's network of service centers. The MoU also includes a trade-in policy for existing vehicles through GB Auto's Fabrika pre-owned vehicles business Fabrika.

Outlook

The Egyptian economy has always been characterized by a number of strong underlying fundamentals that GB Auto believes play a pivotal role in supporting long-term growth in the market. Such characteristics include, but are not limited to, a swelling population figure, a key geographic location, and a variety of free-trade agreements. The Central Bank of Egypt's move to float the Egyptian pound, earlier in November, leaves us optimistic about the medium- and long-term outlook for the economy and for our industry. In the short term, we are assessing on a day-to-day basis the impact of the float on our corporate and banking environments, particularly as it involves pricing, availability and the overall impact of the float on inflation and consumer spending. GB Auto continues to invest, despite the absence of a short-term outlook on conditions due to the country's current currency climate, policy changes, and procedural reforms.

Management successfully closed an LE 960 million capital increase last year to fund construction of two new facilities. The first will be a wholly-owned plant that will assemble motorcycles and three-wheelers, which management believes to be the first and largest motorized assembly line outside of India for Bajaj. The second will be a new tire-manufacturing facility to serve the MENA region's growing tires market. The two new facilities will expand GB Auto's opportunities in these fast-growing lines of business, enhancing the outlook on FX (via exports) and profitability levels in the long-term.

In addition to a continuous focus on growth and investment in long-term opportunities, management has also stressed efficiency, and the company is accustomed to operating in a lean, resourceful manner in all aspects of the business. Management expects to see the Automotive Directive, a legislation that aims to benefit local assemblers, finalized and approved by the end of the year, opening up an exciting new vista for CKD and automotive manufacturing for GB Auto and other local producers.

In the Passenger Car segment, management acknowledges the downside risk to previous guidance arising from the current national foreign-exchange crunch and the devaluation of the Egyptian Pound against the US Dollar. GB Auto will continue to prioritize an efficient cost base, continuously formulating cost-cutting schemes and pricing policies that will take judicious advantage of its pricing power in order to preserve margins. Downside risk could be mitigated by any move to prioritize foreign exchange for CKD kits as opposed to CBU units, given GB Auto's position as a leading domestic assembler.

“ We are assessing on a day-to-day basis the impact of the float on our corporate and banking environments, particularly as it involves pricing, availability and the overall impact of the float on inflation and consumer spending. ”

“ GB Auto will continue to prioritize an efficient cost base, continuously formulating cost-cutting schemes and pricing policies that will take judicious advantage of its pricing power in order to preserve margins. ”

On the Commercial Vehicles & Construction Equipment line of business, management does not expect significant growth of the tourism market in the short-term. However, given the ongoing investment in infrastructure and renewed economic activity – such as the recent overhaul in public transport that saw the government purchase more than 500 new city buses – divisions in this key line of business are expected to continue their current growth trends for so long as state spending on infrastructure (including urban transport fleets) continues. GB Auto has also launched a pre-owned construction and heavy-truck distribution venture during the third quarter of the year, propelled by the success of our pre-owned Passenger Car operation. The new venture yielded promising results and Management expects it to grow gradually going forward.

GB Auto's After-Sales division continued to perform exceptionally well in the third quarter of 2016, boosting the company's overall profitability levels. After-Sales is expected to continue turning in a particularly strong performance in what remains of the year, based on higher-than-average capacity utilization rates in the current and previous quarters. This compelled GB Auto to introduce a second shift in its New Cairo facility, making it the first in Egypt to offer round-the-clock service, in addition to launching new outlets in key, underserved geographic locations around the country.

Last year, we had shifted payment terms for our Tires Business to an all-cash system – a decision whose benefits we are now reaping as the tire market crisis begins to see resolution. GB Auto also began importing custom-made tire molds to begin producing and marketing its own brand of tires, Primo, which was well-received by the market.

Meanwhile, our Financing Business is expected to continue delivering strong results in the coming period.

Turning our attention to the region, GB Auto continues to view measured risk as worthwhile and remains an investor in long-term growth, not immediate payoffs. Our operations in Algeria and Iraq should be viewed through that lens.

In Algeria, GB Auto is adopting a long-term view and remains confident in the market's long-term potential. The company is now adjusting to new regulatory reforms in order to see its operations to ramp-up once more. Additionally, our representations in tires are very warmly received in Algeria. Going forward, management remains watchful of opportunities to deliver a product offering specifically tailored to the Algerian market.

The Iraqi market, as expected, began 2016 on a challenging note that saw no resolution in the second or third quarters of the year. Although it is likely turmoil will remain a feature of the Iraqi market for some time to come, private-sector actors who stay the course throughout the headwinds will be those ideally placed to capture the upswing when the market begins to improve.

Furthermore, GB Auto's motorcycle and three-wheeler offerings in Iraq have captured the attention of Iraqi consumers and are continuing to deliver promising results. GB Auto's continues to pursue a capital-light approach to regional in-market expansion for both Iraq and Algeria, but Management is optimistic about the market's prospects in the months to come.

Finally, we note that guidance going forward remains subject to change in light of changing regional geopolitical and macroeconomic conditions as well as the ongoing foreign exchange and local currency challenges in Egypt.

Financial Statements

Income Statement

(LE million)	Three Months Ended			Nine Months Ended		
	3Q15	3Q16	% Change	9M15	9M16	% Change
Egypt Passenger Cars Revenues	1,621.2	2,464.3	52.0%	4,550.9	5,925.4	30.2%
Egypt Motorcycles & Three-Wheelers Revenues	511.0	499.5	-2.2%	1,438.6	1,369.5	-4.8%
Egypt Commercial Vehicles & Construction Equipment Revenues	257.1	283.4	10.2%	961.2	814.2	-15.3%
Egypt Tires Revenues	42.8	101.2	-	143.4	314.9	-
Financing Businesses Revenues	289.1	428.1	48.1%	751.7	1,218.1	62.0%
Egypt After-Sales Revenues	143.0	204.0	42.7%	415.4	553.8	33.3%
Regional Revenues	286.1	280.0	-2.1%	1,268.0	850.5	-32.9%
Others Revenues	19.5	60.8	-	46.2	128.5	-
Total Sales Revenues	3,169.8	4,321.4	36.3%	9,575.4	11,174.9	16.7%
Gross Profit						
Egypt Passenger Cars Gross Profits	159.1	214.5	34.8%	477.2	656.4	37.6%
Egypt Motorcycles & Three-Wheelers Gross Profits	83.8	66.2	-21.0%	239.2	203.4	-15.0%
Egypt Commercial Vehicles & Construction Equipment Gross Profits	36.9	54.4	47.2%	121.4	130.0	7.1%
Egypt Tires Gross Profits	1.0	19.5	-	12.9	64.6	-
Financing Businesses Gross Profits	58.7	109.1	85.7%	165.9	278.6	68.0%
Egypt After-Sales Gross Profits	42.1	66.2	57.1%	120.9	173.6	43.5%
Regional Gross Profits	9.8	3.7	-62.6%	46.0	25.3	-45.0%
Others Gross Profits	2.1	11.5	-	1.6	22.8	-
Total Gross Profit	393.6	545.0	38.5%	1,185.1	1,554.7	31.2%
Gross Profit Margin	12.4%	12.6%	0.2	12.4%	13.9%	1.5
Selling and Marketing	(128.4)	(156.4)	21.9%	(373.1)	(453.2)	21.5%
Administration Expenses	(98.2)	(96.1)	-2.1%	(274.0)	(259.5)	-5.3%
Other Income (Expenses)	9.3	(0.4)	-	24.4	17.8	-27.0%
Operating Profit	176.3	292.1	65.7%	562.4	859.7	52.9%
Operating Profit Margin (%)	5.6%	6.8%	1.2	5.9%	7.7%	1.8
Net Provisions and Non-Operating	(16.9)	12.2	-	(29.7)	(19.2)	-35.6%
FV of Investment Property	87.3	-	-	87.3	-	-
EBIT	246.8	304.4	23.3%	620.0	840.6	35.6%
EBIT Margin (%)	7.8%	7.0%	-0.7	6.5%	7.5%	1.0
Foreign Exchange Gains (Losses)	(40.0)	(80.8)	-	(115.2)	(147.9)	28.3%
Net Finance Cost	(79.4)	(164.0)	-	(254.0)	(426.2)	67.8%
Earnings Before Tax	127.4	59.6	-53.2%	250.8	266.6	6.3%
Income Taxes	12.7	(12.6)	-	(41.2)	(81.7)	98.4%
Net Profit Before Minority Interest	140.1	47.0	-66.4%	209.7	184.9	-11.8%
Minority Interest	(37.5)	(7.6)	-79.7%	(4.7)	7.5	-
Net Income	102.6	39.4	-61.6%	205.0	192.4	-6.2%
Net Profit Margin (%)	3.2%	0.9%	(2.3)	2.1%	1.7%	(0.4)
Net Income from Continuing Operations	58.1	39.4	-32.2%	160.4	192.4	19.9%
Net Profit Margin from Continuing Operations (%)	1.8%	0.9%	(0.9)	1.7%	1.7%	-

Balance Sheet

(LE million)	As Of		
	31-Dec-15	30-Sep-16	% Change
Cash	1,188.7	755.6	-36.4%
Net Accounts Receivable	1,649.6	2,436.0	47.7%
Inventory	2,951.0	3,448.8	16.9%
Assets Held For Sale	329.2	313.1	-4.9%
Other Current Assets	1,155.7	1,213.5	5.0%
Total Current Assets	7,274.2	8,167.1	12.3%
Net Fixed Assets	2,044.6	2,102.9	2.9%
Goodwill and Intangible Assets	293.1	308.2	5.1%
Lessor Assets	1,130.9	1,840.9	62.8%
Investment Property	91.5	91.5	-
Other Long-Term Assets	479.1	709.7	48.1%
Total Long-Term Assets	4,039.2	5,053.1	25.1%
Total Assets	11,313.3	13,220.2	16.9%
Short-Term Notes and Debt	4,334.8	5,318.2	22.7%
Accounts Payable	1,786.9	1,822.2	2.0%
Other Current Liabilities	212.4	196.6	-7.5%
Total Current Liabilities	6,334.1	7,336.9	15.8%
Long-Term Notes and Debt	898.5	1,453.3	61.8%
Other Long-Term Liabilities	137.7	144.4	4.9%
Total Long-Term Liabilities	1,036.1	1,597.7	54.2%
Minority Interest	608.7	663.7	9.0%
Common Stock	1,094.0	1,094.0	-
Shares Held With the Group	(26.5)	(26.5)	-
Legal Reserve	296.6	311.1	4.9%
Other Reserves	1,153.0	1,291.1	12.0%
Retained Earnings (Losses)	817.4	952.1	16.5%
Total Shareholder's Equity	3,334.4	3,621.8	8.6%
Total Liabilities and Shareholder's Equity	11,313.3	13,220.2	16.9%

Head Office

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

Investor Relations

Menatalla Sadek, CFA
Chief Investment Officer

Andre Valavanis
Financial Analyst

Sarah Maged
Financial Analyst

Direct: +202 3910 0485
Tel: +202 3539 1201
Fax: +202 3539 0139
e-mail: ir@ghabbour.com

ir.ghabbourauto.com

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 producer and distributor in the Middle East and North Africa. Across five primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires and Financing — 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 Emgrand, 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, Libya and Algeria, and is actively pursuing opportunities in new geographies within its core footprint. The company is headquartered in Giza, Greater Cairo Area, Egypt. 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.