

GB Auto Seeks Cabinet-Level Dialogue on Status of Three-Wheeler and Motorcycle Imports

Move to potentially ban the import of motorcycles and three-wheelers would have adverse impact on job creation, economy, development of peri-urban and rural areas

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(Cairo, Egypt) — GB Auto (AUTO.CA on the Egyptian Exchange), a leading automotive assembler and distributor in the Middle East and North Africa, confirmed this morning that it is in receipt of a statement issued by the Egyptian government's Council of Ministers on 12 February 2014 that appears to authorize the Minister of Finance to impose a 12-month ban on the import of motorcycles and three-wheelers (tuk-tuks). The statement appears to further authorize the Ministry to impose a three-month ban on the import of motorcycle and three-wheeler components.

"The statement issued yesterday, while clearly of concern, is not a final decision, but rather Cabinet having authorized the Minister of Finance to impose a ban if he should determine it is in the national interest," said GB Auto Chairman and CEO Raouf Ghabbour in a statement to the Egyptian Exchange. "Any move to ban the import of motorcycles and three-wheelers would not only have an adverse impact on GB Auto, more importantly a sharply negative impact on the Egyptian economy and the development of peri-urban and rural areas.

"We look forward to meeting with the Minister of Finance to explain the importance of three-wheelers to the nation's peri-urban and rural areas, where they help create more than 150,000 jobs per annum and provide the only means of motorized transport available to millions of citizens. We are optimistic the Minister will agree a ban on three-wheelers would be a potential brake on economic growth and development — and an accelerant of unemployment at a moment at which the nation can least afford it."

Concluded Ghabbour: "GB Auto continues to be fully supportive of state efforts to license and regulate motorcycles and three-wheelers on the nation's roads. We have concrete solutions in mind that would help ensure all three-wheelers and motorcycles we sell are fully and appropriately licensed and look forward to presenting these to the ministry."

GB Auto imports semi-knocked-down (SKD) Bajaj motorcycles and three-wheeler kits, which it then assembles in Egypt.

The Motorcycles and Three-Wheelers division contributed c. 13.9% of GB Auto's total sales revenues in the third quarter of 2013, the most recent quarter for which audited financial results have been released. Three-wheeler sales are also an important component of the business model for GB Auto's Financing Business, where their purchase is financed by subsidiary Mashroey.

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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, Bajaj, Marcopolo, Great Wall, Iveco, Volvo, Mitsubishi Fuso, YTO, Lassa, Yokohama, Westlake, Triangle, Diamond Back 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.

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