



Leading private equity firm Development Partners International invests in two GB Capital subsidiaries

13 August 2018

Dear Investors,

This disclosure is a follow-on to our announcement from Wednesday, 8 August 2018 and to our press release sent earlier today to the EGX.

GB Capital has sold a minority stake in Mashroey and Tasaheel, our business, consumer and microfinance platform to Development Partners International (DPI), a leading pan-African private equity investor based in London.

The sale of the minority stake will result in proceeds to GB Capital of up to LE 480 million. The transaction took place at a highly attractive P/E multiple ahead of the current 2018e trading multiple of GB Auto — and ahead of the sum-of-the-parts valuation multiples for GB Capital shown in recent publications by sell-side research houses. The proceeds will be used to finance further growth at GB Capital.

By way of background: Earlier this year, GB Capital simplified its corporate structure. As part of that transaction, a 75% stake in both of Tasaheel and Mashroey were transferred to MNT Investment B.V. The other 25% stake in both of Tasaheel and Mashroey are still owned, as previously, directly by GB Capital in Egypt.

MNT Investment B.V. is a Netherlands-domiciled company that is majority-owned by GB Capital. The minority shareholders in MNT were the previously existing minority shareholders in Tasaheel and Mashroey.

At the end of last week, the board of GB Auto authorized the sale of 20% of MNT Investment B.V. to Development Partners International. The minority shareholders of MNT Investment B.V. simultaneously sold a 13% stake to DPI. Together, the two transactions have resulted in DPI acquiring a minority 33% stake in MNT Investment B.V.

GB Capital remains the majority shareholder of MNT Investment B.V. with a 53% stake. Directly and indirectly GB Capital post transaction owns a 65% stake in each of Tasaheel and Mashroey.

DPI has a proven track record of supporting fast-growing companies in Africa and will contribute their expertise in the future expansion of Tasaheel and Mashroey. Both Tasaheel and Mashroey have reached critical size within GB Capital with a combined headcount of more than 5000 employees. Additionally, the expertise of DPI will further enhance the corporate governance and support the existing management teams of Tasaheel and Mashroey, creating further value for GB Capital.



Speaking of the transaction, GB Auto Chairman and Chief Executive Officer Dr. Raouf Ghabbour said: “I am very pleased this morning to provide additional details of this strategic transaction. Expansion beyond our core market of Egypt is a cornerstone of our strategy to create superior risk-adjusted returns for all of our investors, and today’s transaction is key to our goal of entering new African markets. DPI has broad and deep knowledge of African markets, and their experience and contribution to corporate governance makes them an ideal partner for us.”

Mounir Nakhla, Co-Founder and Managing Director of GB Capital subsidiaries Mashroey and Tasaheel, added: “From banking to retail and infrastructure, DPI has proven itself an added-value investor. We look forward to working with them in our future expansion into consumer and microfinance in African markets. Additionally, we will work together to help both Mashroey and Tasaheel secure better-priced funding from banks outside our region.”

A table summarizing the direct and indirect ownership of Tasaheel and Mashroey before and after the transaction with DPI appears below:

Direct and Indirect ownership in Tasaheel and Mashroey:

	Pre Transaction	Post Transaction
GB Capital	80%	65%
Minority	20%	10%
Development Partners International	-	25%

—Ends—



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. Its operations are run across two divisions, GB Capital which combines its diverse finance activities and the Auto & Auto Related Division with six primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires, After-Sales, and Regional operations. The Auto & Auto Related Divisions main business activities include assembly, manufacturing, sales and distribution, 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

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