

Egypt GB Auto eyeing bonds to fund expansion

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GB Auto (AUTO.CA) is considering issuing five-year bonds worth one billion Egyptian pounds (\$183 million) to fund regional expansion and new service centres in Egypt, the company said on Monday

GB Auto, Egypt's biggest listed automobile maker and assembler, operates six after-sales service centres in Egypt and plans to have 25 by the end of 2011.

"We need capital to finance our expansions," investor relations director Bassem El-Shawy told Reuters. "We previously announced that we were looking for an acquisition, and we need to have the capital ready when the opportunity arises."

Shawy said GB Auto was looking to issue bonds because banks have been reluctant to lend to automotive firms since the credit crisis. "We've been applying for loans since March, but banks did not lend to any automotive companies, so we resorted to issuing bonds," he said.

GB Auto manufactures, assembles, imports and distributes vehicles for Hyundai, Volvo, Mistubishi and Bajaj. The company has a 27 percent share of Egypt's automotive sector, Shawy said.

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