Supplementation to the Announcement of RÁBA Automotive Holding Plc. for its Annual General Meeting

RÁBA Automotive Holding Plc. hereby informs its distinguished shareholders that, pursuant to Article 3:259 of Act V of 2013 (Civil Code) and Article 16.5 of the Articles of Association of Rába Plc., **shareholders holding more than 1 per cent of the votes of the Company on a consolidated basis** (Attila György Gagyi Pálffy, Györgyné Gagyi Pálffy and Gábor Oláh) **proposed to the Board of Directors supplementing the agenda of the Company's Annual General Meeting to be held on 13 April 2017 and also submitted the following proposed resolution.**

"1. *1.f)* To agenda item*" Discussion and approval of the Report prepared according to the Accounting Act, establishment of the balance sheet, resolution on the allocation of post-tax profit; resolution on the approval of the Responsible Corporate Governance Report;"* we submit the following draft resolution for the allocation of post-tax profit:

"The Company pays HUF 50 dividend to its shareholders for each common share (common share of HUF 1,000 face value) based on the 2016 annual profit."

Reasoning: The Company has made a profit for years, yet the shareholders have not benefited from it at all. As we are not aware of the previously adopted dividend policy, which was withheld from small shareholders for almost a year, we consider that amount acceptable in line with the dividend policy proposed under a separate agenda item."

2. *1.f)* To agenda item:*" Discussion and approval of the Report prepared according to the Accounting Act, establishment of the balance sheet, resolution on the allocation of post-tax profit; resolution on the approval of the Responsible Corporate Governance Report;"* we submit the following draft resolution for the allocation of post-tax profit:

"The General Meeting instructs the Board of Directors to execute an Own Share Repurchase Programme at the Company, in line with the rules indicated below, if no dividend is paid based on the Company's post-tax 2016, annual post-tax profit:

- The Repurchase Programme is a task aimed at purchasing the common shares of Rába Plc. by the Company and its subsidiaries in compliance with the provisions of the law. The Board of Directors must execute that programme without any deliberation, in compliance with the following rules and within the framework of the currently effective legislation.
- The start date of the Repurchase Programme is the second working day after the completion of dividend payment, or not later than 01 June 2017.
- The Repurchase Programme lasts until the limit defined above is used up, or no longer than 10 working days following the AGM in 2018.
- The Repurchase Programme may be executed on the trading days of Budapest Stock Exchange, only through the offer book issued by Budapest Stock Exchange for the common shares issued by Rába Plc.
- The limit of the Repurchase Programme is 50% of the post-tax profit, included in the consolidated profit and loss account of the consolidated financial statements for 2016, prepared according to IFRS.
- Within the framework of the Repurchase Programme, the price payable by share cannot be higher than a maximised amount. The Maximised Purchase Price equals the Equity stated in the Consolidated Balance Sheet included in the consolidated financial statements for 2016 prepared according to IFRS, plus the difference between the fair value of real estates held for investment purposes specified in the supplementary notes and the book value of the same according to the consolidated financial statements per share.
- The Repurchase Programme may be executed on each trading day, but the execution will be suspended if the daily price of the common shares of Rába Plc., weighted by the trading turnover of Budapest Stock Exchange is consistently higher than the Maximum Purchase

Price for 20 trading days. The suspension lasts until the daily average price of the common shares of Rába Plc. weighted by the trade turnover of Budapest Stock Exchange falls below 90% of the Maximum Purchase Price again. The Repurchase Programme is finally suspended when the total face value of the own shares acquired and owned by the Company reaches 10% of the share capital.

- The purchases under the Repurchase Programme shall be made up to the total volume of an average day. This is the Daily Indicative Limit, the total of which equals 1/250th of the total limit above the dividend payment. During the acquisition of the shares, the purchase price of own shares shall be minimum the average stock exchange price one day prior to the acquisition -10%, while the maximum purchase price cannot be higher than the closing stock exchange price one day prior to the date of acquisition +10%.
- The Chairman of the Board of Directors is responsible for the execution of the Repurchase Programme with an obligation to report at the 2018 annual General Meeting in the framework of a separate agenda item.
- The Company publishes the Maximum Purchase Price and the Daily Indicative Limit in the form of a BSE disclosure on the first day of the Repurchase Programme.
- The Company shall report on the execution of the Repurchase Programme in a separate paragraph in its quarterly reports, indicating the number of shares repurchased in the particular quarter and the average share prices weighted with quantity as well as the maximum prices."

Reasoning: The Company has made a profit for years, yet the shareholders have not benefited from it at all. If MNV Zrt., i.e., the single main shareholder decides at the General Meeting not to have a share in the profit of the Company in the form of dividend, we believe that the Company should introduce a predictable payment instrument within the framework of which the shareholders interested in dividend may obtain an income, under equitable conditions, from the profit of the Company by respecting the protection of ownership interests of the shareholders who do not wish to take that opportunity.

3. Proposed agenda item: *"Decision on the approval of the dividend policy"*

3.1. Draft resolution on agenda item "Decision on the approval of the dividend policy"
"The Company pays at least HUF 50 dividend for each common share in circulation in the amount of 50% of the post-tax profit stated in the consolidated profit and loss account of the Company's consolidated financial statements prepared according to IFRS and approved for the reporting year."

3.2 Draft resolution on agenda item "Decision on the approval of the dividend policy"
"According to its dividend policy, RÁBA Plc. intends to keep the net indebtedness ratio of the Company (net debt and net debt + equity ratio) below 40%.
Within the above limit, the Company pays at least HUF 50 dividend for each common share in circulation in the amount of 50% of the post-tax profit stated in the consolidated profit and loss account of the Company's consolidated financial statements prepared according to IFRS and approved for the reporting year."

3.3 Draft resolution on agenda item "Decision on the approval of the dividend policy"
"According to its dividend policy, RÁBA Plc. intends to keep Company's the net debt / EBITDA ratio below 1.5.
Within the above limit, the Company pays at least HUF 50 dividend for each common share in circulation in the amount of 50% of the post-tax profit stated in the consolidated profit and loss account of the Company's consolidated financial statements prepared according to IFRS and approved for the reporting year."

Reasoning: We intend to provide an opportunity to present and approve the dividend policy, which was prepared earlier yet was withheld from small shareholders for almost a year. Without an available dividend policy, we intend to make a proposal for the elaboration of such a policy.

4. Proposed agenda item: *"Authorisation of the Board of Directors to acquire own shares"*

 4.1 Draft resolution for agenda item "Authorisation of the Board of Directors to acquire own shares":

 "The General Meeting has decided that the Company may acquire own shares from its retained earnings, in view of the terms and conditions of the applicable legislation, on the stock exchange or in the course of public offers, in order to maintain share prices and/or help the achievement of strategic objectives. The total amount of the face value of own shares acquired and owned by the Company cannot be higher than 10% of the equity at any time.

 Pursuant to this resolution, own shares may be acquired for a period of 18 months from the date of this resolution, where the minimum purchase price of an own share is the average stock exchange price one day prior to the date of acquisition -10%, and the maximum purchase price cannot be higher than the closing stock exchange price one day prior to the acquisition +10%.

 The General Meeting authorises the Board of Directors to acquire the own shares as indicated above."

 Reasoning: The durably low liquidity of the Company's shares increases the market risks of potential investors and therefore, despite the positive financial results observed for years, an increasing discount appears between the Company's equity and share prices. For the purposes of the shareholders it is an unrealised loss, which can be stopped and eliminated by boosting liquidity, because it deteriorates the general reputation of the Company and also raises the issue of the purpose of being listed on the Stock Exchange.

 We believe that the Board of Directors should be equipped with tools to prevent that and to acquire own shares for other strategic reasons.

5. Proposed agenda item: *"Modification of the accounting policy of the Company"*

 5.1 Proposed resolution for agenda item "Modification of the accounting policy of the Company"

 "The General Meeting has decided to modify its accounting policy and, instead of the purchase cost value model, to include real properties held for investment purposes in its books and in the balance sheet by applying the fair value model in accordance with the provisions of (IFRS) IAS 40 International Accounting Standard 33-55."

 5.2 Proposed resolution for agenda item "Modification of the accounting policy of the Company":

 "The General Meeting has decided to modify the accounting policy of the Company and to state the other real properties in its books and in the balance sheet by using the revaluation model according to the provisions of (IFRS) IAS 16 International Accounting Standard 31-42."

 Reasoning: The practice followed under the current accounting policy raises an issue as to whether the legislative requirements of presenting a true and fair view of the business is fulfilled by the financial reports of the Company. In our opinion, the Company's financial statements do not reflect a true and fair view of the ownership rights and equity, and therefore propose amending it."

On the basis of the shareholders' proposal for the supplementation of the agenda, the Board of Directors of Rába Plc. supplements its **announcement** (Announcement) for the invitation to the Company's **Annual General Meeting to be held on 13 April 2017,** published on 13 March 2017, **with the following agenda items**:

6. **Decision on the approval of the dividend policy**
7. **Authorisation of the Board of Directors to acquire own shares**
8. **Modification of the accounting policy of the Company**

The serial numbers after agenda item 6 of the Announcement will be modified.

Győr, 27 March 2017

RÁBA Plc. Board of Directors