

Report on the Results of Rába Nyrt. in Q1-Q3 of 2015

Unaudited, consolidated quarterly report
according to the International Financial Reporting Standards (IFRS)

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Sector:	Machine industry
Period:	Q1-Q3 of 2015
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SUMMARY

- In Q1-Q3 of 2015, the group registered sales of HUF 32.9 billion upon a decline in sales by 2.9 per cent. A positive factor is that export sales increased, but minimally in spite of the fact that the demand on the market of agricultural axles, a determining factor within the company's portfolio and the CIS market have remained rather passive. Growth in exports was 4.4 per cent in Q1-Q3 of 2015, while in Q3 it amounted to a significant 17.5 per cent. Following the weak performance in domestic sales during the first half of the year, Q3 brought growth exceeding 20 per cent in all business units. As a result, the increase in domestic sales at group level amounted to 24.9 per cent in Q3. Consequently, the decline in domestic sale during Q1-Q3 of 2015 dropped to 14.3 per cent. The group level sales figure was the result of the increase by 3.3 per cent in the sales of the Axle Business Unit compared to the performance of a year earlier, due to the low activity on major target markets and of an increase by 1.7 % in the Components and by a decline of 19.2 per cent in the Vehicle Business Unit. During Q3 though, the all three business units of the group registered sales growth already, amounting to an outstanding 32.0 per cent for the Axle Business Unit and 8.1 per cent for the Components Business Unit and to 11.8 per cent for the Vehicle Business Unit. The exchange rate of the Euro, generating the majority of FX sales remained more or less unchanged, while the more modest exports in USD were influenced by the considerable increase in the exchange rate of the USD. The exchange rate of the EUR exceeded the levels of the base period by 0,1 per cent, whereas that of the USD exceeded the previous level by 21.7 per cent.
- The gross margin increased during both Q1-Q3 and Q3 compared to the base period, by 2.8 and 5. per cent respectively. The increase in the margin is the result of the favourable changes in the product portfolio and of the stringent production cost control.
- In spite of the continuing market challenges and the decline in turnover, in Q1-Q3 of 2015, the Rába Group generated gross profit of HUF 6.6 billion, exceeding last year's level by 12.7 per cent, i.e. HUF 761 million. The Group succeeded in achieving substantial cost cutting amounting to HUF 100 million in terms of fixed costs.
- Other revenues and expenditures contained the usual items only, amounting to HUF 87 million in losses during the review period, against the profit of HUF 193 million during the same period of the previous year.
- The operating profit in Q1-Q3 of 2015 was HUF 1,033 million, so that two of the largest business units of the Group registered an operating profit exceeding the performance of the previous year. The Group achieved an operating profit amounting to more than double that of the previous year since both the axle and the component divisions managed to increase their profit for both the nine-month period and the third quarter. The Company at group level generated substantial results in terms of reducing fixed costs, thus contributing to the improvement in profitability.
- The EBITDA, reflecting the cash generating efficiency exceeded the level of the base period both in terms of sales efficiency and volume during the first nine-month period. The volume of EBITDA exceeded HUF 2.7 billion, its level reached 8.4 per cent. The two largest business units improved their cash generating efficiency: the Axle Business Unit, with an EBITDA level

of 12.0 per cent generated HUF 2.1 billion, well above the industrial average, whereas the Components Business Unit achieved HUF 638 million in EBITDA, exceeding the efficiency of the base period.

- The financial result in Q1-Q3 of 2015 amounted to HUF 134 million, against the loss of HUF 442 million generated during the same period of 2014. The difference was caused primarily by the exchange rate gains generated by the exchange rate changes.
- The total aggregate income during the first 9 months of 2015 was a profit of HUF 853 million, in contrast to the loss of HUF 254 million in the same period of 2014.
- The Company's net borrowing during the period in question remained significantly lower than that of the previous years. This means that the net borrowing amounted to HUF 5.2 billion which was considerably lower than the HUF 7,7 billion of a year ago and than the HUF 8.6 billion at the end of 2014 (HUF 2,5 billion lower than the former, HUF 3,4 billion lower than the latter). The considerable decline is due to the profitable operation and the HUF 228 million decline in working capital. Additionally, the revaluation of loans in the amount of HUF 13 million, resulting from the changes in FX rates, not involving any cash movement also contributed to a minimal extent.

th HUF	2014. Q1-Q3	2015. Q1-Q3	Change	2014. Q3	2015. Q3	Change
Sales revenue	33 903 568	32 930 898	-2,9%	7 032 735	8 409 984	19,6%
Gross profit	5 995 904	6 756 877	12,7%	1 099 054	1 771 029	61,1%
<i>Gross margin</i>	17,7%	20,5%	2,8%p	15,6%	21,1%	5,5%p
EBITDA	2 125 617	2 758 390	29,8%	99 959	457 650	357,8%
<i>EBITDA level</i>	6,3%	8,4%	2,1%p	1,4%	5,4%	4%p
Operating profit	451 836	1 032 740	128,6%	-457 141	-114 851	-74,9%
Net financial result	-442 390	134 280	130,4%	25 191	-11 877	147,1%
Profit for current year	-253 738	853 435	-436,3%	-497 910	-173 176	-65,2%
Total aggregate profit	-234 425	853 435	-464,1%	-497 910	-173 176	-65,2%

„We have long been working on our objective to bring Rába to a financial risk level lower than the industry average by decreasing our indebtedness and thus create the conditions to make strategic progress. We've reached this goal in this financial year since we have been able to keep our net loan on a low level throughout the year. This feat together with the outstanding cash-flow generation and the efficient management allow us sufficient room not seen for a long time to create the basis for further growth and development”, emphasized István Pintér, Chairman-CEO of Rába Automotive Holding Plc.

EXTERNAL ENVIRONMENT

- The trends characteristic for the heavy vehicle sector in this year continued during the current quarter. Thus, during the first nine months there was considerable growth in demand on both the North American and the European markets. Demand, however, on the CIS markets, as well as in South America remained low. The increase in demand on the North American heavy truck market is explained by the reviving effect of overall economic expansion, where market growth exceeded 18 per cent¹ although the rate of growth seems to decline following the first quarter. Growth on the European heavy truck market was continuously increasing, reaching 20 per cent during Q1-Q3 of 2015. The agricultural vehicle segment failed to be set into motion during Q1-Q3 of 2015, both the European and the American markets were characterised by an 8 per cent decline compared to the base period of 2014. The Russian truck and bus markets continued to be affected by the weak exchange rate of the Russian rouble, consequently the truck market suffered a 20 per cent, while the bus market registered a 15 per cent decline in Q1-Q3 of 2015. The European market of passenger vehicles underwent a significant increase in the demand, amounting to nearly 9 per cent in Q1-Q3 of 2015.

¹ Based on January-August 2015 figures

- During the first 9 months of 2015, the price level of steel was 8.1 per cent lower than during the base period, and during Q3 of 2015 the decline was 8,3 per cent, which had an impact on the cost side of the operation.
- Energy prices showed a decline during both the 9-month period and Q3. The decline was 6.7 and 9.4 per cent, respectively over the same periods of 2014.
- In Q1-Q3 of 2015 the average exchange rate of the USD was considerably higher than one year ago, whereas the Euro basically stagnated between the two periods. The increase in the exchange rate of the USD was 21.7 per cent, whereas that of the EUR was 0.1 per cent over the exchange rates of the first 9 months of 2014. In Q3, the same exchange rate environment shaped the operation of the company: the increase in the exchange rate of the USD was 19.1 per cent, whereas that of the EUR declined by a minimal 0,1 per cent.²

	2014. Q1-Q3	2015. Q1-Q3	Change	2014. Q3	2015. Q3	Change
HUFEUR – average	308,8	309,0	0,1%	312,2	312,0	-0,1%
HUFEUR – end of term	310,4	313,3	1,0%	310,4	313,3	1,0%
HUFUSD – average	227,9	277,4	21,7%	235,5	280,6	19,1%
HUFUSD – end of term	245,1	279,1	13,8%	245,1	279,1	13,8%
Changes in raw material prices*	108%	99%	-8,1%	107%	98%	-8,3%
Changes in energy prices**	192%	179%	-6,7%	201%	182%	-9,4%

* Rába indices – own calculation - base: 2007. Q1; average values for the period

** Rába indices – own calculation - base: 2004. Dec; average values for the period

Rába Axle Ltd.

The sales revenue of Rába Axle Ltd. in Q1-Q3 of 2015 amounted to HUF 17,4 billion compared to HUF 16.9 billion achieved during the base year of 2014. This corresponds to a decrease of 3.3 per cent.

On the **American market**, the sales revenue in the reporting period was USD 19.9 million, against USD 23.2 million in Q1-Q3 of 2014. This means a decrease of 14.2 per cent.

On the **EU market** Rába Axle Ltd's sales figures in HUF terms decreased by 1.1%, amounting to HUF 9.2 billion, compared to HUF 9.3 billion during the base period.

European exports exceeded the level of the same period a year earlier by 3.6 per cent during the first 9 months of 2015, amounting to EUR 23.0 million, compared to EUR 22.2 million in 2014.

Domestic sales before consolidation amounted to HUF 2,145 million, which represents a decline of 11.0 per cent compared to the HUF 2,409 million during the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. in Q1-Q3 of 2015 was 26.8 per cent lower than the base period, amounting to EUR 2,8 million.

On the **other markets** the sales revenue during the review period amounted to EUR 5.8 million, against EUR 3.5 million of Q1-Q3 of the previous year. The increase by 65.7 per cent in FX terms is due to the expansion of the customer portfolio in the context of the company's strategy.

The operating result of the company in Q1-Q3 of 2015 was a profit of HUF 989 million, compared to HUF 530 million during the same period of 2014.

At EBITDA level, the operating profit of the Axle Business Unit was HUF 2,090 million compared to HUF 1, 601 million registered a year earlier.

² The average exchange rates were calculated based on the official FX exchange rates of the NBH.
Source: <http://www.mnb.hu/arfolyam-lekerdezes>

million Ft	2014. Q1-Q3	2015. Q1-Q3	Change	2014. Q3	2015. Q3	Change
America	5 299	5 509	4,0%	818	1 682	105,6%
EU - export	6 858	7 096	3,5%	1 524	1 759	15,4%
EU – domestic	2 409	2 145	-11,0%	604	744	23,2%
CIS	1 197	876	-26,8%	348	51	-85,3%
Other	1 089	1 783	63,7%	497	769	54,7%
Total sales	16 851	17 409	3,3%	3 792	5 006	32,0%
EBITDA	1 601	2 090	30,5%	111	416	274,8%
Operating profit	530	989	86,6%	-241	55	122,8%

Rába Automotive Components Ltd.

The sales revenue of the Rába Automotive Components Ltd. amounted to HUF 9.9 billion in Q1-Q3 of 2015, which is an increase of 1.7% compared to the base period.

Rába Automotive Components Ltd. generates a considerable portion of its sales on the European market.

European exports during Q1-Q3 of 2015 amounted to EUR 13.2 million, which represents a decline of 2.2 per cent compared to the base period of 2014.

Domestic sales before consolidation amounted to HUF 5,769 million during the reporting period of 2015, which is a decrease of 4.2 per cent compared to the sales revenue of HUF 5,538 million during 2014.

The company generated a profit of HUF 324 million at operating level during the reporting period compared to a profit of HUF 189 million in Q1-Q3 of 2014.

On the level of EBITDA, the profit of the Components Business Unit increased to HUF 638 million during the period, from HUF 491 million of the previous year.

million HUF	2014. Q1-Q3	2015. Q1-Q3	Change	2014. Q3	2015. Q3	Change
EU - export	4 172	4 067	-2,5%	1 261	1 099	-12,8%
EU - domestic	5 538	5 769	4,2%	1 409	1 785	26,7%
Other	3	42	1300,0%	0	1	
Total sales	9 712	9 878	1,7%	2 670	2 885	8,1%
EBITDA	491	638	29,9%	28	95	239,3%
Operating profit	189	324	71,4%	-70	-10	85,7%

Rába Vehicle Ltd.

The sales revenue of Rába Vehicle Ltd. in Q1-Q3 of 2015 was below the figure of the base period by 19.2 per cent and declined from HUF 8.2 billion to HUF 6.7 billion.

A significant portion of the sales revenue of Rába Vehicle Ltd. is generated on the European market.

European exports were 5.8 per cent higher than the level of the base period, thus increasing from EUR 6.9 million to EUR 7.3 million.

Domestic sales before consolidation amounted to HUF 4,421 million in Q1-Q3 of 2015, compared to HUF 6,159 million during the base period, a decline of 28.2 per cent.

The operating profit amounted to a loss of HUF 147 million during the reporting period, compared to the loss of HUF 93 million during the base period last year.

On the level of EBITDA, in Q1-Q3 of 2015 the Company registered HUF 17 million profit compared to HUF 63 million in Q1-Q3 of 2014.

million HUF	2014. Q1-Q3	2015. Q1-Q3	Change	2014. Q3	2015. Q3	Change
EU - export	2 114	2 265	7,1%	606	558	-7,9%
EU – domestic	6 159	4 421	-28,2%	224	306	36,6%
Total sales revenue	8 273	6 686	-19,2%	830	865	4,2%
EBITDA	63	17	-73,0%	-34	-38	11,8%
Operating profit	-93	-147	-58,1%	-94	-94	0,0%

The Rába Group

The consolidated sales revenue of the Rába Group in Q1-Q3 of 2015 amounted to HUF 32.9 billion, which is a decline of 2.9% compared to the figure of HUF 33.9 billion reported for the base period in 2014.

The operating profit of the group during the current period amounted to HUF 1.033 million, compared to HUF 452 million during the same period of 2014.

During the reporting period, the financial result was HUF 134 million, which includes, among others, a net interest payment of HUF 89 million, as well as an exchange rate gain of HUF 235 million.

Based on the above, the Rába Group generated a net profit of HUF 853 million in Q1-Q3 of 2015, compared to HUF 254 million during the same period of 2014.

On the level of EBITDA, the group registered profits of HUF 2.758 million in Q1-Q3 of 2015, against last year's figure of HUF 2.126 million.

The Rába Group – other data and events pertaining to the business activity

Sales revenue by business units

Sales revenue (million HUF)	Axle	Components	Vehicle	Rába Group consolidated
2014.Q1	7 040	3 723	1 452	11 837
2014.Q2	6 020	3 317	5 990	15 034
2014.Q3	3 792	2 672	830	7 033
2014.Q4	6 399	2 683	5 206	14 012
2015 Q1	5 928	3 546	4 728	13 914
2015 Q2	6 474	3 428	1 094	10 607
2015 Q3	5 006	2 905	865	8 410

2014. Breakdown of the sales revenues during Q1-Q3 of 2015

million HUF	America	EU			CIS	Other	Total
		Total	export	domestic			
Axle	5 509	9 241	7 096	2 145	876	1 783	17 409
Components	42	9 836	4 067	5 769	0	1	9 878
Vehicle	0	6 686	2 265	4 421	0	0	6 686
Consolidated	5 551	24 721	13 429	11 292	876	1 784	32 931

Operating profit of group companies

million HUF	Operating profit						
	2014.				2015.		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Axle	403	368	-241	734	263	671	55
Components	106	153	-70	54	147	187	-10
Vehicle	-39	40	-94	661	10	-63	-94
Others	-26	-96	-52	-10	-17	-50	-66
Total	444	465	-457	1 439	403	745	-115

PK2. Companies involved in the consolidation

Company	Share/Issue capital in HUF thousand	Ownership ratio (%)	Voting ratio ¹	Classifica- tion ²
Rába Axle Ltd.	9,762,800	100.00	100.00	S
Rába Automotive Components Ltd.	300,000	100.00	100.00	S
Rába Vehicle Ltd.	835,100	100.00	100.00	S

¹Voting right securing participation in the decision-making at the general meeting of the company subject to consolidation.

²Subsidiary (S); Jointly controlled (J); Affiliated (A)PK.

PK. 4. CONSOLIDATED PROFIT AND LOSS ACCOUNT ACCORDING TO IFRS

Currency*	HUF	X	EUR	
Unit*	1,000	X	1,000,000	

* Indicate with an X.

Description of item	2014. Q1-Q3	2015. Q1-Q3	Index	2014. Q3	2015. Q3	Index
Domestic sales revenues	13 169 166	11 292 420	85,7%	1 977 300	2 470 582	124,9%
Export sales revenues	20 734 402	21 638 478	104,4%	5 055 435	5 939 402	117,5%
Net sales revenues	33 903 568	32 930 898	97,1%	7 032 735	8 409 984	119,6%
Direct cost of sales	27 907 664	26 174 021	93,8%	5 933 681	6 638 955	111,9%
Gross profit	5 995 904	6 756 877	112,7%	1 099 054	1 771 029	161,1%
Cost of sales	531 531	483 053	90,9%	157 382	173 665	110,3%
General and administration ex- penses	5 205 882	5 154 242	99,0%	1 573 903	1 673 080	106,3%
Other revenues	510 618	319 086	62,5%	251 651	111 674	44,4%
Other expenditures	317 273	405 928	127,9%	76 561	150 809	197,0%
Other items related to business activities	-5 544 068	-5 724 137	103,2%	-1 556 195	-1 885 880	121,2%
Earnings before interest pay- ment and taxation (EBIT)	451 836	1 032 740	228,6%	-457 141	-114 851	25,1%
Financial revenues	796 464	1 101 016	138,2%	166 667	286 392	71,8%
Financial expenditures	1 238 854	966 736	78,0%	141 476	298 269	210,8%
Net financial profit/loss	-442 390	134 280	130,4%	25 191	-11 877	147,1%
Dividend of affiliated company	0	0				
PROFIT BEFORE TAXATION	9 446	1 167 020	12354,6%	-431 950	-126 728	29,3%
Profit tax	263 184	313 585	119,2%	65 960	46 448	70,4%
PROFIT AFTER TAXATION	-253 738	853 435	-336,3%	-497 910	-173 176	34,8%
Other aggregate income						
Profit (loss) of share-based pay- ments						
Profit of cash-flow hedge transac- tions	22 992	0		0	0	
Deferred tax of cash-flow hedge transaction	3 679	0		0	0	
Other aggregate income	19 313	0		0	0	
Total aggregate income	-234 425	853 435	-364,1%	-497 910	-173 176	34,8%

1. EARNED REVENUES

During Q1-Q3 of 2015 Rába achieved HUF 32,931 million in sales revenue, compared to HUF 33,904 million during the same period of 2014, which is a change of -3 per cent. 65.7 per cent of the revenues came from exports, while the rest came from domestic sales.

2. COSTS AND OTHER REVENUES, EXPENDITURES

2.1. Direct costs

During Q1-Q3 of 2015, the direct cost level of Rába was 79,5 per cent, compared to 82.3% of the base period. The amount of direct costs was HUF 26,174 million (in Q1-Q3 of 2014: HUF 27,907 million), 6.2 per cent lower than during the base period.

Gross Profit

The gross profit changed from HUF 5,996 million to HUF 6,757 million, (HUF +761 million), which is due to the decrease in sales revenue by HUF 973 million and to the change by -1,734 million in direct expenses.

2.2. Cost of sales

The cost of sales decreased by 9.1 per cent and amounted to HUF 483 million during Q1-Q3 of 2015, compared to HUF 532 million in Q1-Q3 of 2014.

2.3. General overhead and administrative expenses

Rába accounts its costs incurred in relation to the administration of the company (Q1-Q3 of 2015: HUF 2,096 million) and other general expenses (Q1-Q3 of 2015: HUF 3,072 million) under general overhead and administrative expenses (Q1-Q3 of 2015: HUF 5,054 million, Q1-Q3 of 2014: HUF 5,206 million), and adjusts them with the net value of the non-capitalised, according to international regulations, costs of technical development, and by restating certain bank charges to financial expenditures.

2.4. Other revenues

Other revenues amounted to HUF 319 million during Q1-Q3 of 2015. This amount was HUF 192 million lower than that of the base period. The major cause for the decline is that in Q1-Q3 of 2014 the Company released HUF 249 million worth of provisions, whereas this was not significant during the current period and in Q1-Q3 of 2015 HUF 52 million more in subsidies were booked.

2.5. Other expenditures

The amount of other expenditures during in Q1-Q3 of 2015 was HUF 406 million, HUF 27.9 million more than during the base period. The company booked HUF 95 million more in stock impairment and HUF 14 million less in stock reject during the reporting period.

3. OPERATING PROFIT

The operating profit of the Company during Q1-Q3 of 2015 was HUF 1.033 million (Q1-Q3 of 2014: HUF 452 million). The increase in gross profit (HUF +761 million) was further increased by the combined change in sales and general overhead costs (HUF -100 million) and was deteriorated by the change in the balance of other revenues and expenditures (HUF -280 million). Profitability changed from 1.3% during the base period to 3.1%. The profitability of operating profit + depreciation was 8,4 per cent, against 6.3 per cent during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

During Q1-Q3 of 2015, the net financial result was HUF 134 million, compared to a loss of HUF 442 million during the base period.

The net result of interest incomes and expenses was HUF -89 million during Q1-Q3 of 2015, against HUF -121 million during the base period. The net exchange rate difference of FX items during Q1-Q3 of 2015 was a profit of HUF 235 million (HUF -310 million in Q1-Q3 of 2014).

Financial revenues and expenditures consisted of the following principal items:

	in thousand HUF	
	Q1-Q3 of 2014	Q1-Q3 of 2015
Revenue from dividends	3 408	6 993
Exchange rate gains of participation sold	0	0
Interest income	1 109	1 474
Gains on share draw down	11 048	0
Exchange rate gains	779 143	1 090 456
Other financial revenues	1 756	2 093
Financial revenues	796 464	1 101 016
Interest payable	122 459	90 794
Exchange rate loss	1 089 434	855 705
Other financial expenditures	26 961	20 237
Financial expenditures	1 238 854	966 736

5. EARNINGS DURING THE YEAR

The earnings before taxation during Q1-Q3 of 2015 amounted to HUF 1.167 million, which, because of the factors outlined in sections 1-4, is HUF 1,158 million more than the figure for Q1-Q3 of 2014. The profitability ratio represents a 3.5 per cent return on sales on the basis of profit before taxation, compared to 0.03 per cent during the base period.

At group level the tax liability amounted to HUF 314 million, of this corporate tax liability represented HUF 56 million, the trade tax liability is HUF 223 million, the deferred tax liability for the current period is HUF 34 million.

6. OTHER AGGREGATE INCOME

During Q1-Q3 of 2015, there was no other aggregate income resulting from cash-flow hedge transactions (Q1-Q3 of 2014: HUF 19 million).

7. IFRS-HAS DIFFERENCES

In the case of Rába, the differences between the profit and loss accounts prepared according to the Hungarian Accounting Standards (HAS) and the International Accounting Standards (IFRS) are predominantly due to the following factors:

- accounting under IFRS as costs of technical development in part and of foundation and reorganisation expenses in full, capitalised according to HAS;
- accounting of the share options made available to the managers within the Share Option Programme;
- the reclassification into profit tax of the business tax accounted under HAS as other expenditures;
- any rebate accounted as other expenditure according to the HAS requirements must be accounted as an item reducing the sales revenues according to the IFRS requirements;
- restatement of certain bank charges accounted as indirect expenditure under the Hungarian Accounting Regulations into financial expenditure;

PK. 3. CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS

Currency*	HUF	X	EUR	
Unit*	1 000	X	1 000 000	

* Indicate with X.

Item	31.12.2014	30.09.2015	Index
Real estate, machines, equipment	14 976 905	14 070 627	93,9%
Intangible assets	1 070 705	863 005	80,6%
Long-term receivables	501 458	448 922	89,5%
Property for investment purposes	338 217	338 217	100,0%
Investments accounted through the capital method	205	205	100,0%
Receivables from sale of assets	199 690	199 690	100,0%
Deferred tax receivables	189 007	154 836	81,9%
Total invested assets	17 276 187	16 075 502	93,1%
Inventories	6 629 452	7 808 483	117,8%
Receivables	11 303 990	7 019 451	62,1%
Corporate tax receivables	16 839	30 245	179,6%
Liquid assets, bank account	1 025 460	302 381	29,5%
Total current assets	18 975 741	15 160 560	79,9%
Total ASSETS	36 251 928	31 236 062	86,2%
Share capital	13 047 555	13 047 555	100,0%
Capital reserve	73 120	73 120	100,0%
Share option reserve	97 017	97 017	100,0%
Retained earnings	1 857 255	2 710 690	146,0%
Total equity and reserves	15 074 947	15 928 382	105,7%
Long-term liabilities	6 423 756	4 323 816	67,3%
Provisions	315 379	315 179	99,9%
Total long-term liabilities	6 739 135	4 638 995	68,8%
Short term loans and credits	3 185 465	1 149 250	36,1%
Short-term liabilities	11 252 381	9 519 435	84,6%
Short-term liabilities total	14 437 846	10 668 685	73,9%
Total LIABILITIES (equity and liabilities)	36 251 928	31 236 062	86,2%

Analysis of principal balance sheet items and their changes**1. INVESTED ASSETS****1.1. Properties, machines and equipment**

The consolidated net value of properties, machines and equipment changed from the closing value of HUF 14,977 million on 31 December 2014 to HUF 14,071 million, the change was a decline of 6.1%. The depreciation of fixed assets during Q1-Q3 of 2015 was HUF 1,491 million.

1.2. Intangible assets

The net value of intangible assets changed from HUF 1,071 million to HUF 863 million. This represents a decline of 19.4 per cent. The amount of depreciation accounted during the period was HUF 234 million.

1.3. Long-term receivables

This balance sheet line shows other long-term loans given (HUF 6 million), as well as long-term advance payments in the amount of HUF 443 million are also shown here, as this is the consequence of the partial payment of a long-term liability upon favourable conditions, to be recorded annually in the indirect cost line. In consequence of the discharge of liabilities during the year, and the repayments of the loans, the amount of long term receivables declined by HUF 53 million during the period.

1.4. Real estate for investment purposes

The value of real estate for investment purposes did not change during the period, it amounted to HUF 338 million on 30 September, 2015 at book value.

1.5. Receivables from the sale of assets

On 30 September, 2015, the present value of the receivables was HUF 200 million.

1.6. Deferred tax receivable

The amount of receivable was HUF 155 million on 30 September 2015, which is HUF 34 million less than the amount on 31 December 2014. The most substantial part of the decline in the deferred tax receivable is the release of the deferred tax receivable set aside for the negative tax base accrued.

2. CURRENT ASSETS

2.1. Stocks

On 30 September, 2015, the closing value of stocks was HUF 7,808 million (31 December 2014: HUF 6,629 million). The change is an increase by HUF 1,179 million, due to the increase in materials and goods by HUF 333 million and of unfinished, semi-finished and finished goods by HUF 846 million.

2.2. Receivables

The closing figure of receivables as at 30 September 2015 was HUF 7,019 million, a decline by HUF 4,285 million compared to the 31 December figure (closing figure for 31 December 2014: HUF 11,304 million). Accounts receivable declined by HUF 3,918 million, advances paid declined by HUF 318 million, whereas other receivables declined by HUF 35 million.

2.3. Liquid assets

The closing figure of liquid assets on 30 September 2015 was HUF 302 million, HUF 723 million lower than on 31 December 2014 (HUF 1,025 million).

3. EQUITY AND RESERVES

The change occurred as follows:

Figures in thousand HUF

	Registered capital	Capital reserve	Share based payments reserve	Retained earnings	Other aggregate income	Total shareholders' equity
Balance as at 1 Jan 2014	12 940 238	83 140	86 354	985 665	-19 313	14 076 084
Profit of current year				-253 738		-253 738
Other aggregate income					19 313	19 313
Share based expenditure made in equity instrument			35 375			35 375
Profit of share based payments drawn	103 097	-10 020	-28 319	23 685		88 443
Deferred tax of share based expenditure made in equity instrument			3 607			3 607
Balance as at 30 Sept 2014.	13 043 335	73 120	97 017	755 612	0	13 969 084
Profit of current year				1 105 863		1 105 863
Rewrite of equity	4 220			(4 220)		0
Share-based expenditure made in capital instrument						0
Profit of share based payments drawn						0
Deferred tax of share based payments drawn						0
Balance as at 31 Dec 2014	13 047 555	73 120	97 017	1 857 255	0	15 074 947
Profit of current year				853 435		853 435
Balance as at 30 Sept 2015	13 047 555	73 120	97 017	2 710 690	0	15 928 382

3.1. Share capital

RÁBA Nyrt.'s share capital consists of common shares with a nominal value of HUF 1,000 each, entitling the shareholders to the dividend announced in a particular period, and providing one vote at the General Meeting of the Company. On 30 September 2015, the share capital of the company was HUF 13.048 million.

3.2. Capital reserve

On 30 September, 2015, the capital reserve was HUF 73 million, equal to the difference between the cost and the face value of the repurchased Rába treasury shares.

3.3. Share option reserve

The general meeting of shareholders of the Company held 17 April 2014, authorised the Company to extend the term of the Management Share Option Incentive Programme expiring on 30 June, 2014, until 30 June, 2016, upon unchanged terms.

No share option was drawn during Q1-Q3 of 2015.

3.4. Retained earnings

The retained earnings (HUF 2,711 million) changed by HUF 853 million, i.e. the net profit of Q1-Q3 of 2015, compared to the closing balance of the previous year (HUF 1,857 million).

4. LONG-TERM LIABILITIES

4.1 Long-term liabilities

Long-term liabilities contain the amount of long-term loans and credits. The closing value of long-term liabilities as at 30 September, 2015 amounted to HUF 4.324 million, which was 32.7 per cent lower than the opening balance of the period (on 31 December 2014, the closing figure was HUF 6,424 million).

4.2. Provisions

The closing value of provisions as at 30 September 2015 was HUF 315 million, no major changes occurred compared to the situation as at 31 December, 2014.

5. SHORT-TERM LIABILITIES

5.1. Short-term credits and loans

The total amount of short-term credits and loans (HUF 1,149 million) decreased by 64 per cent compared to the closing value at the end of December 2014 (HUF 3.185 million). Thus the net borrowing of the Rába group was HUF 5,171 million on 30 September 2015, a decline by HUF 3,413 million compared to the level as at 31 December 2014.

5.2. Short-term liabilities

The total short-term liabilities on 30 September 2015 amounted to HUF 9.519 million, which is a decline of 15.4 per cent compared to the closing value (HUF 11,252 million) as at December 2014. Accounts payable decreased by HUF 2,511 million, other liabilities increased by HUF 788 million.

PK 5. CONSOLIDATED CASH-FLOW STATEMENT

Figures in thousand HUF

Q1-Q3 2014 **Q1-Q3 2015****Cash flows of operating activities**

Profit before taxation 9 446 1 167 020

Adjustment items related to items with no cash movement:

Interest expenditure 24 479 4 145

Depreciation and amortisation 1 673 781 1 725 650

Impairment of intangible assets, real estate, machinery and fixtures 9 763 11 458

Impairment of bad and doubtful receivables and of long term receivables 3 027 -20 348

Impairment of stocks kept at net realisable value 85 904 180 893

Inventory reject 27 783 13 853

Provisions (release) -247 991 -200

Share based payments made in equity instruments 24 328 0

Changes in real value of derivative financial instruments and receivables -2 476 0

Result from the sale, write-off and in kind contribution of real estate, machinery and fixtures and intangible assets -7 850 -3 102

Result of sale of investments accounted using the equity method 0 0

Revaluation of loans and credits at end of period 318 852 13 470

Changes in working capital:

Changes in trade and other receivables 2 791 696 4 324 237

Changes in stocks -884 456 -1 373 778

Changes in accounts payable and other liabilities -698 072 -980 029

Profit tax paid -231 987 -306 710

Interests paid -137 785 -112 681

Net cash flows from operating activity 2 758 442 4 643 878**Cash-flows from investment activities**

Purchase of real estate, machinery and fixtures, as well as of intangibles -1 426 357 -1 227 615

Revenue from the sale of investments accounted using the equity method 0 0

Revenues from the sale of real estate, machinery and fixtures 8 447 3 290

Interests received, dividend 3 408 6 993

Net cash flows used for investment activities -1 414 502 -1 217 332**Cash flows from financing activities**

Revenues from sale (purchase) of treasury shares 103 097 0

Borrowing 3 784 558 4 897 945

Repayment of loans and credits -5 071 322 -9 047 570

Net cash flows from financing activities -1 183 667 -4 149 625**Net increase/decrease of cash and cash equivalents 160 273 -723 079****PK6. Major off-balance sheet items**

Description	Value (HUF)
According to a separate list*	

* The bank loans of the Rába Group amount to HUF 5,473 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 5,473 million. The amount of bank guarantees issued on behalf of the Rába Group is HUF 492 million.

RS1. Ownership structure, ratio of participation

Description of ownership	Total equity						Series listed ¹			
	At beginning of current year (1st January)			At end of term (30 September)			At beginning of term		At end of term	
	% ²	% ³	% ²	% ³	% ²	% ³	%	Pcs	%	Pcs
Domestic institutional/corporate	4,42	4,56	595 475	5,61	5,79	755 891				
Foreign institutional/corporate	0,54	0,56	72 635	1,61	1,66	216 535				
Foreign private individual	0,24	0,25	32 198	0,08	0,08	10 456				
Domestic private individual	17,82	18,40	2 400 970	15,72	16,24	2 118 396				
Employees, managing executives	0,14	0,14	18 738	0,14	0,14	18 738				
Treasury shares	3,16		425 891	3,16		425 891				
Shareholder forming part of general government ⁴	73,68	76,09	9 927 539	73,68	76,09	9 927 539				
International Development Institutions ⁵	0,00	0,00	0	0,00	0,00	0				
Other ⁶	0,00	0,00	0	0,00	0,00	0				
TOTAL	100,00	100,00	13 473 446	100,00	100,00	13 473 446				

¹ If the series listed equals the total equity, it need not be filled in if so indicated. If more than one series are listed on the Stock Exchange, the ownership structure should be specified for each series.

² Ownership ratio

³ Voting right ensuring participation during the decision making process at the issuing general meeting of shareholders. If the ownership ratio and the voting right are the same, only the column regarding the ownership ratio needs to be filled in/published while stating such fact!

⁴ E.g.: ÁPV Rt., Social Security, Local Government, 100% state-owned companies, etc.

⁵ E.g.: EBRD, EIB, etc.

RS3. List and introduction of shareholders with a stake exceeding 5%

Name	Nationality ¹	Activity ²	Quantity (pcs)	Ownership stake (%) ³	Voting right (%) ^{3,4}	Comment ⁵
Hungarian State Holding Company Ltd. (MNV Zrt)	D	G	9 925 829	73,67	76,07	

¹ Domestic (D), Foreign (F)

² Asset manager(A). General government (G). International Development Institution (IFI). Institutional(I). Business entity (B) Private (P). Employee. Managing executive (E)

³ Should be rounded to two decimal figures

⁴ Voting right ensuring participation during the decision making process at the general meeting of shareholders of the issuer.

⁵ E.g.: strategic investor, financial investor, etc.

RS2. Changes in the number of treasury shares during the current year (No. of pcs.)

	1 January	31 March	30 June	30 Sept
At corporate level	425 891	425 891	425 891	425 891
Subsidiaries				
Total	425 891	425 891	425 891	425 891

All of the shares repurchased are directly owned by the parent company

TSZ1. Headcount of full-time employees (No. of people)

	End of base period	Beginning of Current Year	End of current period
Company level	17	16	18
Group level	1785	1749	1 714

The consolidated closing headcount as at 30 September 2015, was 1,714, which represented a decline in headcount by 4 per cent compared to the end of the base period.

TSZ2. Managing executives, strategic employees

Type ¹	Name	Position	Beginning of mandate	End/ termination of mandate	Shares held (pcs)
BD	István Pintér	Chairman of the BD	2005		7 082
BD	Alan Spencer	Board member	2006		0
BD	Dr. Tibor Zoltán Hajdu	Board member	2012		0
Dr.	Dr. Zsolt Harmath	Board member	2015		0
BD	Dr. Miklós Rátky	Board Member	2014		0
BD	Dr. József Steigler	Board member	2013		0
BD	Dr. Péter Székács	Board member	2012	2014	0
BD	István György Filótás	Board member	2015		0
BD	György Wáberer	Board member	2012		0
SB	Dr. Csaba Polacsek	Chairman of the SB	2012		0
SB	Dr. Mónika Bartha	SB member	2015		0
SB	Dr. Tamás Berencsi	SB member	2013		0
SB	Dr. János Kerékgyártó	SB member	2012		0
SB	László Somodi	SB member	2015		0
SP	István Pintér	Chief Executive Officer	2003	Definite	7 082
SP	Béla Balog	Deputy CEO	2004	Indefinite	3 332
SP	Ádám Steszli	HR and controlling director	2014	indefinite	1 664
SP	Ákos Farkas	Purchasing and Asset Mgmt. Director	2013		1 664
SP	István Pintér	Managing Director	2004	Indefinite	7 082
SP	László Urbányi	Managing Director	2005	Indefinite	3 332
SP	János Torma	Managing Director	2005	Indefinite	1 664
Total number of shares owned (pcs):					18 738

¹ Employee in strategic position (SP), Member of the Board of Directors (BD), Member of the Supervisory Board (SB), Member of the Board (ITT)

RÁBA NYRT. (INDIVIDUAL) BALANCE SHEET (HAS)

Data in HUF thousand

Description of item	31.12.2014	30.09.2015	Index
Invested assets	16 311 916	16 308 911	99,98%
Intangible assets	17 326	15 733	90,81%
Fixed assets	5 977 151	5 975 739	99,98%
Financial assets invested	10 317 439	10 317 439	100,00%
Current assets	2 250 562	1 613 870	71,71%
Stocks	348 591	352 883	101,23%
Receivables	1 223 192	844 934	69,08%
Securities	380 254	380 254	100,00%
Liquid assets	298 525	35 799	11,99%
Active accruals	12 913	65 655	508,44%
TOTAL ASSETS	18 575 391	17 988 436	96,84%
Shareholders' equity	15 035 183	14 900 197	99,10%
Registered capital	13 473 446	13 473 446	100,00%
Of which: ownership stake repurchased at face value	425 891	425 891	100,00%
Capital reserve	127 654	127 654	100,00%
Retained earnings	1 352 273	1 053 829	77,93%
Fixed reserves	380 254	380 254	100,00%
Net profit	-298 444	-134 986	54,77%
Provisions	84 454	84 454	100,00%
Liabilities	3 346 470	2 847 436	85,09%
Short-term liabilities	3 346 470	2 847 436	85,09%
Passive accruals	109 284	156 349	143,07%
TOTAL LIABILITIES	18 575 391	17 988 436	96,84%

RÁBA NYRT. (INDIVIDUAL) PROFIT AND LOSS STATEMENT (HAS)

Data in thousand HUF

No	Description of item	Q1-Q3 2014	Q1-Q3 2015	Index
I.	Net sales revenue	888 944	923 864	103,93%
II.	Direct costs of sales	168 443	175 639	104,27%
III.	Gross sales revenue	720 501	748 225	103,85%
IV.	Indirect sales costs	774 899	765 458	98,78%
V.	Other revenues	33 100	196	0,59%
VI.	Other expenditures	127 821	131 656	103,00%
A.	OPERATING PROFIT	-149 119	-148 693	0,29%
B.	Profit of financial transactions	-87 775	13 192	115,03%
C.	ORDINARY BUSINESS PROFIT	-236 894	-135 501	42,80%
D.	EXTRAORDINARY PROFIT	-3 198	515	116,10%
E.	PROFIT BEFORE TAXATION	-240 092	-134 986	43,78%
XII.	TAX LIABILITY	0	0	
F.	AFTER-TAX PROFIT	-240 092	-134 986	43,78%
G.	NET PROFIT	-240 092	-134 986	43,78%

PK1. General information pertaining to the financial data

	Yes	No		
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Consolidated	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Accounting principles		Hungarian <input type="checkbox"/>	IFRS <input checked="" type="checkbox"/>	Other <input type="checkbox"/>
Other:				

Declaration of liability

We, the undersigned, authorised signatories of the Company, hereby declare that the data and statements contained in the quarterly report are true and accurate. The report reflects the true and fair value of the Company's assets, liabilities, financial position, profit and loss, the situation, development and performance of the business and also describes the main risks and factors of uncertainty. The Company does not conceal any fact that is important for assessing its financial and economic position.

In the context of the quarterly report, Rába Nyrt. wishes to emphasize the following:

- The figures shown in the report are unaudited but have been compiled from the available data relying on the best efforts of the management.
- Rába has prepared its quarterly report in compliance with the requirements of the Stock Exchange Regulations and in consideration of the IAS 34 Standard (interim financial statement).

Győr, 12 November, 2015.

István Pintér
Chairman-CEO

Béla Balog
CFO