

Report on the results of Rába Plc. in Q1 of 2015

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

Company:	RÁBA Automotive Holding Plc.
Company address:	H-9027 Győr, Martin u. 1.
Sector:	Machine industry
Period:	Q1 of 2015
Phone:	+36-96-624-460
Fax:	+36-96-624-006
E-mail:	adam.steszli @ raba.hu
Investor's contact person:	Ádám Steszli

SUMMARY

- In Q1 of 2015 the group registered sales of HUF 13.9 billion upon growth of 17.6 per cent. The increase in sales was the result of substantial increase in domestic sales, since the Rába Group achieved a considerable increase of 77.7% on the domestic markets compared to the base period of 2014. The driver of domestic sales was the vehicle sales launched within the Vehicle Business Unit. In the case of the CIS countries, the considerable weakening of the Russian rouble, the low global activities on the market of high performance agricultural equipment and the market of special trucks resulting in a lower sales figure on export markets. The low market activity determined primarily the performance of the Axle Business Unit, the leading exporter of the group. On the positive side, in the Vehicle Business Unit growth of the chassis structures segment generated double digit growth. The group level sales figure was the result of the decline by 15.8 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 export target markets and of a decline by 4.8 % in the Components Business Unit and an increase in sales by 225.6 per cent of 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 0.3 per cent, whereas that of the USD exceeded the previous level by 22.2 per cent.
- The gross margin increased by 3.9 percentage points during Q1, compared to the base period. The decline in the margin is the result of the unfavourable changes in the product portfolio and of the decline in the orders for the Axle Business Unit.
- In spite of market challenges, the Rába Group generated gross profits exceeding HUF 2.4 billion in Q1 of 2015. The Group succeeded in achieving substantial cost cutting in terms of fixed costs, as a result of which Q1 of 2015 proved to be the most efficient quarter of the last decade in terms of cumulative cost management. Compared to the base period of a year earlier upon increasing sales, administrative and sales costs were cut by some HUF 110 million, representing a 5.2 per cent decline over the base period.
- Other revenues and expenditures contained the usual items only, amounting to HUF 6 million in losses during the review period, against the profit of HUF 37 million during the same period of the previous year. The difference stems from the release of provisions characteristic for the base period and from subsidies received in the reporting period.
- The operating profit in Q1 of 2015 was HUF 403 million, so that all three main business units of the group registered an operating profit. In spite of the negative effects of the unfavourable demand manifest on several key markets, the Company at group level generated substantial results in terms of reducing fixed costs, thus contributing to the operating profitability of all major business units.
- The EBITDA, reflecting the cash generating efficiency fell short of the level of the base period both in terms of sales efficiency and volume during the first quarter. This however, is merely the result of the changes in the proportions of key business units, since all three business units have retained, or improved their cash generating efficiency. The Axle Busi-

ness Unit, with an EBITDA level of 10.7 per cent has kept its efficiency rate above the division average, whereas the Components and Vehicle Business Units have both increased their EBITDA-level efficiency in terms of both volume and efficiency compared to the same period a year earlier. All in all, the group level EBITDA, while declined by 1.4 percentage points, nearly reached the level of HUF 1 billion, amounting to HUF 983 million.

- The financial result in Q1 of 2015 amounted to HUF 456 million, against the loss of HUF 375 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 result during the first three months of 2015 was a profit of HUF 709 million, in contrast to the loss of 17 million in the same period of 2014. The result as per the total aggregate income was HUF 709 million.
- The Company has reduced its net borrowing to HUF 6.2 billion which was considerably lower than the HUF 6.8 billion of a year ago and than the HUF 8.6 billion at the end of 2014. This means that the net borrowing in Q1 of 2015 was the lowest of the last decade. The considerable decline is due to the profitable operation and the HUF 670 million decline in working capital. Additionally, the revaluation of loans in the amount of HUF 441 million, resulting from the changes in FX rates, not involving any cash movement also contributed.

thousand HUF	2014. Q1	2015. Q1	Change
Sales revenue	11 836 807	13 914 255	17,6%
Gross profit	2 511 915	2 403 698	-4,3%
<i>Gross margin</i>	21,2%	17,3%	-3,9%p
EBITDA	1 006 313	982 890	-2,3%
<i>EBITDA level</i>	8,5%	7,1%	-1,4%p
Operating profit	444 126	403 034	-9,3%
Net financial result	-374 789	455 637	221,6%
Profit for current year	-16 755	709 185	4332,7%
Total aggregate profit	2 558	709 185	27624,2%

„Rába has proved that it has effective measures on group as well as on business unit level against the volatility of the markets: active business development, attainment of new market segments and efficient cost management help maintain a continuously profitable operation in the rapidly changing environment of the industry. Our most important goals include improving the crisis-proofness of the group and opening up a new course of development, where the further reduction of the net loan plays a crucial role, which we expect to drop below the 150 per cent of the EBITDA this year”, emphasized István Pintér, Chairman-CEO of Rába Automotive Holding Plc.

EXTERNAL ENVIRONMENT

- The heavy vehicle sector during the first quarter was characterised by continued considerable market growth 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 24 per cent.¹ Growth on the European heavy truck market was primarily triggered by the favourable sales trends of South and West European countries in the first place, the increase in demand during Q1 of 2015 reached 15 per cent. The agricultural vehicle segment failed to be set into motion during Q1 of 2015, both the European and the American markets were characterised by decline. While the American demand declined to more than half, decline in Europe slowed down, amounting to 2 per cent compared to Q1 of 2014. The Russian truck and bus markets con-

¹ Based on Jan-Feb 2015 figures

tinued to be affected by the weak exchange rate of the Russian rouble, consequently the truck market suffered a 23 per cent, while the bus market registered an over 16 per cent decline in Q1 of 2015. The European market of passenger vehicles underwent a significant increase in the demand, amounting to more than 8 per cent in Q1 of 2015.

- During the first three months of 2015, the price level of steel was 7.7 per cent lower than during the base period, which had an impact on the cost side of the operation.
- Energy prices in Q1 of 2015 were 4.0 per cent lower than at the same period of 2014.
- In Q1 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 average growth in exchange rate was 22.2 per cent in the case of the USD and 0.3 per cent in the case of the EUR.²

	2014. Q1	2015. Q1	Change
HUFEUR – average	307,9	308,8	0,3%
HUFEUR – end of term	307,1	299,1	-2,6%
HUFUSD – average	224,7	274,6	22,2%
HUFUSD – end of term	223,4	278,9	24,9%
Changes in raw material prices*	109%	100%	-7,7%
Changes in energy prices**	191%	183%	-4,0%

*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 of 2015 amounted to HUF 5.9 billion compared to HUF 7.0 billion achieved during the base year of 2014. This corresponds to a decrease of 15.8 per cent.

On the **American market**, the sales revenue in the reporting period was USD 6.9 million, against USD 12.1 million in Q1 of 2014. This means a decrease of 43.0 per cent.

On the **EU market** Rába's sales figures in HUF terms decreased by 10.8%, amounting to HUF 3.3 billion, compared to HUF 3.7 billion during the base period.

European exports amounted to EUR 8.7 million during Q1 of 2015, compared to EUR 8.9 million during the same period of 2014. This is a decline of 2.2%.

Domestic sales before consolidation amounted to HUF 688 million, which represents a decline of 27.3

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. in Q1 of 2015. was at the same level as during the base period, amounting to EUR 1.4 million.

On the **other markets** the sales revenue during 2014 amounted to EUR 923 thousand, against EUR 653 thousand of the previous year. The increase by 41.3 per cent 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 of 2015 was a profit of HUF 263 million, compared to HUF 403 million during the same period of 2014.

At EBITDA level, the operating profit of the Axle Business Unit was HUF 637 million compared to HUF 763 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	2015. Q1	Change
America	2 718	1 880	-30,8%
EU - export	2 756	2 660	-3,5%
EU – domestic	947	688	-27,3%
CIS	421	417	-1,0%
Other	198	284	43,4%
Total sales	7 040	5 928	-15,8%
EBITDA	763	637	-16,5%
Operating profit	403	263	-34,7%

Rába Automotive Components Ltd.

The sales revenue of the Rába Automotive Components Ltd. amounted to HUF 3.5 billion in Q1 of 2015, which is a decline of 4.8% compared to the sales of HUF 3.7 billion of a year earlier.

Rába Automotive Components Ltd. generates most of its sales on the European market.

European exports during Q1 of 2015 were at the level of the previous year, amounting to EUR 5.1 million.

Domestic sales before consolidation amounted to HUF 1,969 million during the reporting period of 2015, which is a decrease of 7.8 per cent compared to the sales revenue of HUF 2,135 million during 2014.

The company generated a profit of HUF 147 million at operating level during the reporting period compared to a profit of HUF 106 million in Q1 of 2014.

On the level of EBITDA, the profit of the Components Business Unit increased to HUF 250 million during the period, from HUF 210 million of the previous year.

million HUF	2014. Q1	2015. Q1	Change
EU - export	1 589	1 574	-0,9%
EU - domestic	2 135	1 969	-7,8%
Other	0	3	
Total sales	3 723	3 546	-4,8%
EBITDA	210	250	19,0%
Operating profit	106	147	38,7%

Rába Vehicle Ltd.

The sales revenue of Rába Vehicle Ltd. in Q1 of 2015 exceeded the figure of the base period by 225.6 per cent and increased from HUF 1.5 billion to HUF 4.7 billion.

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

European exports were 38.1 per cent higher than the level of the base period, thus increasing from EUR 2.1 million to EUR 2.9 million.

Domestic sales before consolidation amounted to HUF 3,838 million in Q1 of 2015, compared to HUF 790 million during the base period. The outstanding revenue increase is a tribute to the business development projects announced during recent years.

The operating profit amounted to HUF 10 million during the reporting period, compared to the loss of HUF 10 million during the base period last year.

On the level of EBITDA, in Q1 of 2015 the Company registered HUF 64 million profit compared to HUF 9 million in Q1 of 2014.

million HUF	2014. Q1	2015. Q1	Change
EU - export	662	890	33,8%
EU – domestic	790	3 838	385,8%
Total sales revenue	1 452	4 728	225,6%
EBITDA	9	64	607,5%
Operating profit	-39	10	-125,6%

The Rába Group

The consolidated sales revenue of the Rába group in Q1 of 2015 amounted to HUF 13.9 billion, which is an increase of 17.6% compared to the figure of HUF 11.8 billion reported for the base period in 2014.

The operating profit of the group during the current period amounted to HUF 403 million, compared to HUF 444 million during the same period of 2014.

During the reporting period the financial result was HUF 456 million, which includes, among others, a net interest payment of HUF 35 million, as well as an exchange rate profit of HUF 492 million.

Based on the above, the Rába group generated a net profit of HUF 709 million in Q1 of 2015, compared to a loss of HUF 17 million during the same period of 2014.

On the level of EBITDA, the group registered profits of HUF 983 million in Q1 of 2015, against last year's figure of HUF 1,006 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

2014. Breakdown of the sales revenues during Q1 of 2015

million HUF	America	EU			CIS	Other	Total
		Total	export	domestic			
Axle	1 880	3 348	2 660	688	417	284	5 928
Components	3	3 543	1 574	1 969	0	0	3 546
Vehicle	0	4 728	890	3 838	0	0	4 728
Consolidated	1 883	11 330	5 123	6 207	417	284	13 914

Operating profit of group companies

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

PK2. Companies involved in the consolidation

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

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	Q1 of 2014	Q1 of 2015	Index
Domestic sales revenues	3 492 856	6 207 347	177,7%
Export sales revenues	8 343 951	7 706 908	92,4%
Net sales revenues	11 836 807	13 914 255	117,6%
Direct cost of sales	9 324 892	11 510 557	123,4%
Gross profit	2 511 915	2 403 698	95,7%
Cost of sales	180 149	147 629	81,9%
General and administration expenses	1 924 711	1 846 920	96,0%
Other revenues	154 541	111 676	72,3%
Other expenditures	117 470	117 791	100,3%
Other items related to business activities	-2 067 789	-2 000 664	3,2%
Earnings before interest payment and taxation (EBIT)	444 126	403 034	90,7%
Financial revenues	378 801	994 332	262,5%
Financial expenditures	753 590	538 695	71,5%
Net financial profit/loss	-374 789	455 637	221,6%
Dividend of affiliated company	0	0	
PROFIT BEFORE TAXATION	69 337	858 671	1238,4%
Profit tax	86 092	149 486	173,6%
PROFIT AFTER TAXATION	-16 755	709 185	4232,7%
Other aggregate income			
Profit (loss) of share-based payments			
Profit from cash-flow hedge transaction	22 992	0	
Deferred tax of cash-flow hedge transaction	3 679	0	
Other aggregate income	19 313	0	
Total aggregate income	2 558	709 185	27724,2%

1. EARNED REVENUES

During Q1 of 2015 Rába achieved HUF 13,914 million in sales revenue, compared to HUF 11,837 million during the same period of 2014, which is an increase of 17.6 per cent. 55.4 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 of 2015, the direct cost level of Rába was 82.7 per cent, compared to 78.8% of the base period. The reason for the change is that the sale of products with a higher cost level in-

creased. The amount of direct costs was HUF 11,511 million (in Q1 of 2014: HUF 9,325 million).

Gross Profit

The gross profit changed from HUF 2,512 million to HUF 2,404 million, (HUF -108 million), which is due to the increase in sales revenue by HUF 2,077 million and to the increase by 2,186 million in direct expenses.

2.2. Cost of sales

The cost of sales decreased by 18.1 per cent and amounted to HUF 148 million during Q1 of 2015, compared to HUF 180 million in Q1 of 2014.

2.3. General overhead and administrative expenses

Rába accounts its costs incurred in relation to the administration of the company (Q1 of 2015: HUF 772 million) and other general expenses (Q1 of 2015: HUF 1,080 million) under general overhead and administrative expenses Q1 of 2015: HUF 1,847 million, Q1 of 2014: HUF 1,925 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, as well as by the share-based expenditures in capital instruments and cash.

2.4. Other revenues

Other revenues amounted to HUF 112 million during Q1 of 2015. This amount was HUF 43 million lower than that of the base period. The major cause for the decline is that in Q1 of 2014 the Company released HUF 67 million worth of provisions, whereas this was not significant during the current period and in Q1 of 2015 HUF 18 million more in subsidies were accounted for.

2.5. Other expenditures

The amount of other expenditures during in Q1 of 2015 was HUF 118 million, roughly equal to the figure of the base period.

3. OPERATING PROFIT

The operating profit of Rába during Q1 of 2015 was HUF 403 million (Q1 of 2014: HUF 444 million). The decline in gross profit (HUF -108 million) was mitigated by the combined change in sales and general overhead costs (HUF -110 million) and was deteriorated by the change in the balance of other revenues and expenditures (HUF -43 million). Profitability changed from 3.8% during the base period to 2.9%. The profitability of operating profit + depreciation was 7.1 per cent, against 8.5 per cent during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

During Q1 of 2015, the net financial result was HUF 456 million, compared to HUF 375 million during the base period.

The net result of interest incomes and expenses was HUF -35 million during Q1 of 2015, against HUF -44 million during the base period. The net exchange rate difference of FX items during Q1 of 2015 was a profit of HUF 492 million during and HUF -331 million in Q1 of 2014.

Financial revenues and expenditures consisted of the following principal items:

Figures in thousand HUF

	Q1 of 2014	Q1 of 2015
Revenue from dividends	0	4 999
Exchange rate gains of participation sold	0	0
Interest income	620	1 113
Gains on share draw down	7 302	0
Exchange rate gains	370 150	987 190
Other financial revenues	729	1 030
Financial revenues	378 801	994 332
Interest payable	44 710	36 337
Exchange rate loss	701 589	495 638
Other financial expenditures	7 291	6 720
Financial expenditures	753 590	538 695

5. EARNINGS DURING THE YEAR

The earnings before taxation during Q1 of 2015 amounted to HUF 859 million, which, because of the factors outlined in sections 1-4, is HUF 789 million more than the figure for Q1 of 2014. The profitability ratio represents a 6.2 per cent return on sales on the basis of profit before taxation, compared to 0.6 per cent during the base period.

At group level the tax liability amounted to HUF 149 million, of this corporate tax liability represented HUF 37 million, the trade tax liability is HUF 82 million, the deferred tax liability for the current period is HUF 30 million.

6. OTHER AGGREGATE INCOME

During Q1 of 2015, there was no other aggregate income resulting from cash-flow hedge transactions (Q1 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 re-organisation 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;
- accounting under IFRS among indirect costs of the FX shipping costs reducing the sales revenues under the Hungarian accounting rules;
- 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.	31.03.2015.	Index
Real estate, machines, equipment	14 976 905	14 729 140	98,3%
Intangible assets	1 070 705	1 008 198	94,2%
Long-term receivables	501 458	482 979	96,3%
Property for investment purposes	338 217	338 217	100,0%
Investments accounted through the capital method	204	204	100,0%
Receivables from sale of assets	199 690	199 690	100,0%
Deferred tax receivables	189 007	158 500	83,9%
Total invested assets	17 276 186	16 916 928	97,9%
Inventories	6 629 452	6 665 594	100,5%
Receivables	11 303 990	8 041 006	71,1%
Corporate tax receivables	16 839	22 712	134,9%
Liquid assets, bank account	1 025 460	1 738 672	169,6%
Total current assets	18 975 741	16 467 984	86,8%
Total ASSETS	36 251 927	33 384 912	92,1%
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	2 566 440	138,2%
Total equity and reserves	15 074 947	15 784 132	104,7%
Long-term liabilities	6 423 756	5 713 574	88,9%
Provisions	315 379	315 079	99,9%
Total long-term liabilities	6 739 135	6 028 653	89,5%
Short term loans and credits	3 185 465	2 272 205	71,3%
Short-term liabilities	11 252 380	9 299 922	82,6%
Short-term liabilities total	14 437 845	11 572 127	80,2%
Total LIABILITIES (equity and liabilities)	36 251 927	33 384 912	92,1%

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 14,729 million, the change was a decline of 1.7%. The depreciation of fixed assets during Q1 of 2015 was HUF 502 million.

1.2. Intangible assets

The net value of intangible assets changed from HUF 1,071 million to HUF 1,008 million. This represents a decline of 5.8 per cent. The amount of depreciation accounted during the period was HUF 78 million.

1.3. Long-term receivables

This balance sheet line shows other long-term loans given (HUF 4 million), as well as long-term advance payments in the amount of HUF 479 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 18 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 31 March, 2015 at book value.

1.5. Receivables from the sale of assets

On 31 March, 2015, the present value of the receivable was HUF 200 million.

1.6. Deferred tax receivable

The amount of receivable was HUF 159 million on 31 March 2015, which is HUF 31 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 31 March, 2015, the closing value of stocks was HUF 6,666 million (31 December 2014: HUF 6,630 million). The change is an increase by HUF 36 million, due to the increase in materials and goods by HUF 109 million and the decline of unfinished, semi-finished and finished goods by HUF 73 million.

2.2. Receivables

The closing figure of receivables as at 31 March 2015 was HUF 8,041 million, a decline by HUF 3,263 million compared to the 31 December figure (closing figure for 31 December 2014: HUF 11,304 million). Accounts receivable declined by HUF 2,8631 million, advances paid declined by HUF 565 million, whereas other receivables increased by HUF 170 million.

2.3. Liquid assets

The closing figure of liquid assets on 31 March 2015 was HUF 1,739 million, HUF 713 million higher 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 share-holders' 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				-16 755		-16 755
Other aggregate income					19 313	19 313
Share based expenditure made in equity instrument	68 142	-6 623	-16 100	13 168		58 587
Deferred tax of share based expenditure made in equity instrument			2 254			2 254
Balance as at 31 March 2014.	13 008 380	76 517	72 508	982 078	0	14 139 483
Profit of current year				868 879		868 879
Other aggregate profit	4 220			(4 220)		0
Share-based expenditure made in capital instrument			35 375			35 375
Profit of share based payments drawn	34 955	-3 397	-12 219	10 518		29 857
Deferred tax of share based payments drawn			1 353	0		1 353
Balance as at 31 Dec 2014	13 047 555	73 120	97 017	1 857 255	0	15 074 947
Profit of current year				709 185		709 185
Balance as at 31. March, 2015	13 047 555	73 120	97 017	2 566 440	0	15 784 132

3.1. Share capital

RÁBA Plc.'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 31 March 2015, the share capital of the company was HUF 13.048 million.

3.2. Capital reserve

On 31 March, 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 of 2015.

3.4. Retained earnings

The retained earnings (HUF 2,566 million) changed by HUF 709 million, i.e. the net profit of Q1 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 31 March, 2015 amounted to HUF 5,714 million, which was 11 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 31 March 2015 was HUF 315 million, which is HUF 0.3 million lower than the closing value 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 2,272 million) decreased by 28.7 per cent compared to the closing value at the end of Dec 2014 (HUF 3.185 million). Thus the net borrowing of the Rába group was HUF 6,247 million on 31 March 2015, a decline by HUF 2,337 million compared to the level as at 31 Dec 2014.

5.2. Short-term liabilities

The total short-term liabilities on 31 March 2015 amounted to HUF 9,300 million, which is a decline of 17.4 per cent compared to the closing value (HUF 11,252 million) as at December 2014. Accounts payable decreased by HUF 2,157 million, other liabilities increased by HUF 205 million.

PK 5. CONSOLIDATED CASH-FLOW STATEMENT FOR 2014.

Figures in thousand HUF

	<u>Q1 2014</u>	<u>Q1 2015.</u>
<u>Cash-flows of operating activities</u>		
Profit before taxation	69 338	858 671
<i>Adjustment items related to items with no cash movement:</i>		
Interest expenditure	27 183	19 315
Depreciation and amortisation	562 187	579 856
Impairment of properties, machinery and equipment	93	120
Impairment of bad and doubtful receivables and of long term receivables	27	411
Impairment of stocks kept at net realisable value	30 094	48 464
Inventory reject	24 754	3 099
Provisions (release)	-67 000	-300
Share based payments made in equity instruments	-7 302	0
Changes in real value of derivative financial assets and receivables	-11 016	0
Result of sale, write-off and in-kind contribution of real assets, machinery and fixtures and intangible assets	-2 187	-2 230
Proceeds from sale of investments accounted through the equity method	0	0
Revaluation of loans and credits at end of period	268 427	-411 075
<i>Changes in working capital:</i>		
Changes in trade and other receivables	1 228 942	3 343 878
Changes in stocks	-169 932	-87 705
Changes in accounts payable and other liabilities	879 209	-1 382 585
Profit tax paid	-218 538	-210 572
Interests paid	-57 821	-43 414
Net cash flows from operating activity	2 556 458	2 715 933
<u>Cash-flows from investment activities</u>		
Purchase of real estate, machinery and fixtures, as well as of intangibles	-336 046	-797 583
Proceeds from the sale of investments accounted through the equity method	0	0
Revenues from the sale of real estate, machinery and fixtures	2 187	2 230
Interests received, dividend	0	4 999
Net cash flows used for investment activities	-333 859	-790 354
<u>Cash flows from financing activities</u>		
Revenues from sale (purchase) of treasury shares	68 142	0
Borrowing	1 912 300	714 849
Repayment of loans and credits	-3 359 185	-1 927 216
Net cash flows from financing activities	-1 378 743	-1 212 367
Net increase/decrease of cash and cash equivalents	843 856	713 212

PK6. Major off-balance sheet items

Description	Value (HUF)
According to a separate list*	

* The bank loans of the Rába Group amount to HUF 7,986 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 7,687 million. The amount of bank guarantees issued on behalf of the Rába Group is HUF 872 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 (31 March)			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	3,48	3,59	468 261				
Foreign institutional/corporate	0,54	0,56	72 635	1,91	1,97	257 021				
Foreign private individual	0,24	0,25	32 198	0,08	0,08	10 520				
Domestic private individual	17,82	18,40	2 400 970	17,56	18,13	2 365 476				
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% (as at 31.03.2015)

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.)

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

	1 January	31 March
At corporate level	425 891	425 891
Subsidiaries		
Total	425 891	425 891

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	1 926	1749	1733

The consolidated closing headcount as at 31 March 2015, was 1,733, which represented a decline in headcount by 10 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. Zoltán Borbíró	Board member	2012	2013	n.a.
BD	Dr. Tibor Zoltán Hajdu	Board member	2012		0
BD	Dr. Miklós Rátky	Board Member	2014		
BD	Dr. József Steigler	Board member	2013		0
BD	Dr. Péter Székács	Board member	2012	2014	0
BD	György Wáberer	Board member	2012		0
SB	Dr. Csaba Polacsek	Chairman of the SB	2012		0
SB	Dr. Tamás Berencsi	SB member	2013		0
SB	Dr. János Kerékgyártó	SB member	2012		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 Management 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)

The General Meeting of Shareholders of Rába Plc, with its resolution adopted on 16 April, 2015, recalled Dr. József Steigler from the Board of Directors of the Company and elected, as from 17 April, 2015 Mr. György István Filótás. György István Filótás holds no Rába shares.

RÁBA PLC. (INDIVIDUAL) BALANCE SHEET (HAS)

Data in HUF thousand

No	Description of item	31.12.2014	31.03.2015	Index
A.	Invested assets	16 311 916	16 289 459	99.86%
I.	Intangible assets	17 326	15 018	86.68%
II.	Fixed assets	5 977 151	5 957 002	99.66%
III.	Financial assets invested	10 317 439	10 317 439	100.00%
B.	Current assets	2 250 562	3 070 890	136.45%
I.	Stocks	348 591	352 034	100.99%
II.	Receivables	1 223 192	946 359	77.37%
III.	Securities	380 254	380 254	100.00%
IV.	Liquid assets	298 525	1 392 243	466.37%
C.	Active accruals	12 913	37 688	291.86%
	TOTAL ASSETS	18 575 391	19 398 037	104.43%
D.	Shareholders' equity	15 035 183	15 092 608	100.38%
I.	Registered capital	13 473 446	13 473 446	100.00%
	Of which: ownership stake repurchased at face value	425 891	425 891	100.00%
III.	Capital reserve	127 654	127 654	100.00%
IV.	Retained earnings	1 352 273	1 053 829	77.93%
V.	Fixed reserves	380 254	380 254	100.00%
VII.	Net profit	-298 444	57 425	119.24%
E.	Provisions	84 454	84 454	100.00%
F.	Liabilities	3 346 470	4 028 113	120.37%
III.	Short-term liabilities	3 346 470	4 028 113	120.37%
G.	Passive accruals	109 284	192 862	176.48%
	TOTAL LIABILITIES	18 575 391	19 398 037	104.43%

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

Data in thousand HUF

No	Description of item	Q1 2014	Q1 2015	Index
I.	Net sales revenue	302 664	326 636	107.92%
II.	Direct costs of sales	54 478	57 202	105.00%
III.	Gross sales revenue	248 186	269 434	108.56%
IV.	Indirect sales costs	259 598	249 337	96.05%
V.	Other revenues	25 177	19	0.08%
VI.	Other expenditures	41 876	42 363	101.16%
A.	OPERATING PROFIT	-28 111	-22 247	20.86%
VIII.	Revenues from financial transactions	75 608	95 780	126.68%
IX.	Expenditures of financial transactions	136 670	12 858	9.41%
B.	Profit of financial transactions	-61 062	82 922	235.80%
C.	ORDINARY BUSINESS PROFIT	-89 173	60 675	168.04%
D.	EXTRAORDINARY PROFIT	-2 300	-350	84.78%
E.	PROFIT BEFORE TAXATION	-91 473	60 325	165.95%
XII.	TAX LIABILITY	0	2 900	
F.	AFTER-TAX PROFIT	-91 473	57 425	162.78%
G.	NET PROFIT	-91 473	57 425	162.78%

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
Other:				<input checked="" type="checkbox"/>
				Other
				<input type="checkbox"/>

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 Plc. wishes to emphasize the following:

- The figures shown in the quarterly report are unaudited but have been compiled from the available data relying on the best efforts of the management.
- Rába Plc. 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, 14 May, 2015

István Pintér
Chairman-CEO

Béla Balog
CFO