

# Report on the Results of Rába Nyrt. in Q1-Q4 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-Q4 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

- The external market environment remains challenging and inhomogeneous. While the market of commercial and passenger vehicles was lively during most of the year, segments showing a lack of activity in 2014 already, were further eroded. The reasons for this trend included the situation on the CIS market, the global agricultural vehicle market, as well as the decline in demand on the South American market. Additionally, the lower domestic demand for the products of the Vehicle Business Unit also had a negative impact on the sales performance. Owing to the outstanding business development activity, negative effects were offset, thus the sales revenue at group level declined by a mere 3.7 per cent and amounted to HUF 46.2 billion in 2015. The group level sales figure was the result of the decline by 1.9 per cent in the sales of the Axle Business Unit compared to the performance of a year earlier, due to the low activity on target markets and of an increase by 5.6 % in the Components Business Unit and by a decline of 14.4 per cent in the Vehicle Business Unit. During Q4 the Components Business Unit achieved outstanding results, amounting to a significant, 19.7 per cent increase in sales over the result during the base period of 2014. The decline in sales of the Axle and Vehicle Business Units during the last quarter by 15.6 and 6.9 per cent respectively, was the result of the more even distribution of sales during the year, in contrast to the base period. In terms of exchange rates, 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 0.4 per cent, whereas that of the USD exceeded the previous level by 20.2 per cent.
- The Company managed to further increase the competitiveness of its products in 2015. The gross margin during the business year 2015 exceeded that of the base period, amounting to 21.0 per cent upon an increase by 1.8 percentage points.
- In spite of the continuing market challenges and the decline in turnover, in Q1-Q4 of 2015, the Rába Group generated gross profit of HUF 9.7 billion, exceeding last year's level by 5.3 per cent, i.e. HUF 486 million.
- Other revenues and expenditures contained the usual items only, amounting to HUF 10 million in losses during the review period, against the profit of HUF 37 million during the same period of the previous year.
- The operating profit in Q1-Q4 of 2015 exceeded HUF 2 billion, upon considerable, 16.0 per cent, i.e. 302 million increase, amounting to HUF 2,194 million in profits. The increase in operating profit was achieved through the operating profit exceeding the previous year's performance by all three business units of the group: the Axle Business Unit achieved HUF 1,337 million upon an increase by 5.8 per cent, the Components Business Unit registered an outstanding HUF 110.7 per cent increase, amounting to HUF 512 million, whereas the Vehicle Business Unit registered HUF 591 million upon an increase by 4.0 per cent. An additional considerable achievement is that in terms of operating profitability compared to sales all three business units managed to improve their operating efficiency upon volatility in the turnover. During Q4 two of the business units registered growth: the Components Business Unit grew by

248.1 per cent, the Vehicle Business Unit grew by 11.6 per cent at the level of operating profit. The Axle Business Unit, however, concluded the operating profit line of Q4 with a decline by 52.6 per cent due to the unusually high base year figure.

- The EBITDA, reflecting the cash generating efficiency exceeded the level of the base period both in terms of sales efficiency and volume during 2015. The volume of EBITDA amounted to HUF 4.5 billion, with an increase by 341 million, amounting to 9.7 per cent, exceeding the industry average. The EBITDA efficiency above the industry average was achieved through a 1.1 percentage point increase in productivity. All business units improved their cash generating efficiency: the Axle Business Unit, with an efficiency level of 12.2 per cent, well above the industry average, generated HUF 2.8 billion, whereas the Components Business Unit achieved HUF 933 million in EBITDA, exceeding the efficiency of the base period by 1.9 per cent and the Vehicle Business also registered considerable growth by 1.2 per cent, amounting to HUF 803 million in EBITDA.
- The financial result in Q1-Q4 of 2015 amounted to HUF 168 million, against the loss of HUF 584 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 2015 was a profit of HUF 1,951 million, exceeding the result of the base period by more than double. The increase at the level of the result for the current year is 129 per cent, and 123.9 per cent at the level of the total aggregate income.
- The Company's net borrowing continued to decline upon outstanding cash generation, exceeding HUF 5 billion, which allowed Rába Group to develop the lowest net borrowing rate since the establishment of the Company's current structure. The net borrowing amounted to HUF 3.4 billion which is 5.2 billion lower than the HUF 8.6 billion of a year ago. The considerable decline compared to the year-end level is due to the profitable operation, the outstanding cash generating efficiency and the HUF 1.1 billion decline in working capital. Additionally, the revaluation of loans in the amount of HUF 10 million, resulting from the changes in FX rates, not involving any cash movement had a marginal increasing effect. Thus net borrowing declined to 75.5 per cent of the volume of annual EBITDA.
- As a result of the profitable and efficient operation, the Company's own equity was increased by HUF 13.5 per cent, which meant that the value of shareholders' equity per share increased to above HUF 1,300/share.<sup>1</sup>

thousand HUF	2014. Q1-Q4	2015. Q1-Q4	Change	2014. Q4	2015. Q4	Change
Sales revenue	47 915 785	46 153 557	-3.7%	14 012 217	13 222 659	-5.6%
Gross profit	9 190 708	9 676 617	5.3%	3 194 804	2 919 740	-8.6%
<i>Gross margin</i>	19,2%	21,0%	1.8%p	22,8%	22,1%	-0.7%p
EBITDA	4 122 365	4 462 959	8.3%	1 996 748	1 704 569	-14.6%
<i>EBITDA level</i>	8,6%	9,7%	1.1%p	14,3%	12,9%	-1.4%p
Operating profit	1 891 422	2 193 994	16.0%	1 439 586	1 161 254	-19.3%
Net financial result	-583 613	168 009	128.8%	-141 223	33 729	123.9%
Profit for current year	852 124	1 951 525	129.0%	1 105 862	1 098 090	-0.7%
Total comprehensive income	871 437	1 951 525	123.9%	1 105 862	1 098 090	-0.7%

"We are especially pleased that we were able to finalize the financial restructuring and thereby reduce our net loan to a level significantly lower than the industry average ahead of the 120th anniversary of our company. Rába had long not been in such a favorable situation as it was at the end of the last closed financial year: the company operated efficiently, generating a remarkable amount of cash-flow. Thanks to the technological modernisation carried out in previous years and our improving competitiveness we recorded an outstanding operating profit exceeding HUF 2 billion. By reducing our loan to a record low level we were able to get out of the debt trap paving the way for further modernisations and strategic investments, even acquisitions and supporting our

<sup>1</sup> Shareholders' equity/(Total number of shares – number of own shares)

presence in the international markets”, emphasized István Pintér, Chairman-CEO of Rába Automotive Holding Plc.

## EXTERNAL ENVIRONMENT

- In terms of market demand, the last quarter of 2015 was characterised by negative market trends in almost all segments. The decline in demand was perceivable on the North American commercial vehicle market, the demand for American agricultural axles and in the bus and truck segments of the CIS markets as well. Whilst the performance during the last quarter of the year was weak in the North American heavy truck market, a growth of 12 per cent was achieved at an annual level compared to 2014. The expansion of the demand during 2015 on the European heavy truck market reached 19 per cent, upon stable growth. The agricultural vehicle market failed to gain momentum in 2015, the momentum of the global market is yet to be seen. The American market is characterised by further decline in demand, while the European segment is marked by stagnation, thus both segments suffered considerable decline in 2015. The market of passenger vehicles in Europe was characterised by a 9 per cent increase in demand.
- During 2015, the price level of steel was 9.6 per cent lower than during the base period, and the decline was 14.2 per cent for Q4, which had an impact on the cost side of the operation.
- Energy prices showed a decline during both the full year and Q4. The decline was 6.2 and 4.8 per cent, respectively over the same periods of 2014.
- In Q1-Q4 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 20.2 per cent, whereas that of the EUR was 0.4 per cent over the exchange rates of 2014. In Q4, the same exchange rate environment shaped the operation of the company: the increase in the exchange rate of the USD was 15.7 per cent, whereas that of the EUR increased by a minimal 1.4 per cent.<sup>2</sup>

	2014. Q1-Q4	2015. Q1-Q4	Change	2014. Q4	2015. Q4	Change
HUFEUR – average	308,7	309,9	0.4%	308,4	312,6	1.4%
HUFEUR – end of term	314,9	313,1	-0.6%	314,9	313,1	-0.6%
HUFUSD – average	232,5	279,5	20.2%	246,8	285,6	15.7%
HUFUSD – end of term	259,1	286,6	10.6%	259,1	286,6	10.6%
Changes in raw material prices*	107%	97%	-9.6%	105%	91%	-14.2%
Changes in energy prices**	193%	181%	-6.2%	195%	186%	-4.8%

\*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-Q4 of 2015 amounted to HUF 22.8 billion compared to HUF 23.3 billion achieved during the base year of 2014. This corresponds to a decrease of 1.9 per cent.

On the **American market**, the sales revenue in the reporting period was USD 23.8 million, against USD 30.2 million in Q1-Q4 of 2014. This means a decrease of 21.2 per cent.

On the **EU market** Rába Axle Ltd's sales figures in HUF terms increased by 2.4%, amounting to HUF 12.9 billion, compared to HUF 12.6 billion during the base period.

**European exports** exceeded the level of the same period a year earlier by 5.5 per cent during 2015, amounting to EUR 32.8 million, compared to HUF 31.1 million in 2014.

**Domestic sales** before consolidation amounted to HUF 2,728 million, which represents a decline of 9.2 per cent compared to the HUF 3,006 million during the base period.

<sup>2</sup> The average exchange rates were calculated based on the official FX exchange rates of the NBH.

Source: <http://www.mnb.hu/arfolyam-lekerdezes>

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. in Q1-Q4 of 2015 was 51.5 per cent lower than the base period, amounting to EUR 3.6 million.

On the **other markets** the sales revenue during the review period amounted to EUR 7.1 million, against EUR 4.4 million of 2014. The increase by 61.4 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 2015 was a profit of HUF 1,337 million, compared to HUF 1,264 million during the same period of 2014.

At EBITDA level, the operating profit of the Axle Business Unit was HUF 2,777 million compared to HUF 2,685 million registered a year earlier.

million Ft	2014. Q1-Q4	2015. Q1-Q4	Change	2014. Q4	2015. Q4	Change
America	7 020	6 626	-5.6%	1 722	1 117	-35.1%
EU – export	9 609	10 168	5.8%	2 751	3 072	11.7%
EU – domestic	3 006	2 728	-9.2%	597	583	-2.3%
CIS	2 259	1 100	-51.3%	1 062	224	-78.9%
Other	1 357	2 187	61.2%	268	404	50.7%
<b>Total sales</b>	<b>23 251</b>	<b>22 809</b>	<b>-1.9%</b>	<b>6 399</b>	<b>5 400</b>	<b>-15.6%</b>
<b>EBITDA</b>	<b>2 685</b>	<b>2 777</b>	<b>3.4%</b>	<b>1 085</b>	<b>687</b>	<b>-36.7%</b>
<b>Operating profit</b>	<b>1 264</b>	<b>1 337</b>	<b>5.8%</b>	<b>734</b>	<b>348</b>	<b>-52.6%</b>

#### Rába Automotive Components Ltd.

The sales revenue of the Rába Automotive Components Ltd. amounted to HUF 13.1 billion in 2015, which is an increase of 5.6 per cent compared to the base period.

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

**European exports** during 2015 amounted to EUR 17.3 million, which represents a decline of 0.6 per cent compared to the EUR 17.4 million of the base period of 2014.

**Domestic sales** before consolidation amounted to HUF 7,644 million during the reporting period of 2015, which is an increase of 9.4 per cent compared to the sales revenue of HUF 6,987 million during 2014.

The company generated a profit of HUF 512 million at operating level during the reporting period compared to a profit of HUF 243 million in 2014.

On the level of EBITDA, the profit of the Components Business Unit increased to HUF 933 million during the period, from HUF 649 million of the previous year.

million HUF	2014. Q1-Q4	2015. Q1-Q4	Change	2014. Q4	2015. Q4	Change
EU – export	5 377	5 360	-0.3%	1 205	1 293	7.3%
EU - domestic	6 987	7 644	9.4%	1 450	1 875	29.3%
Other	31	87	180.6%	28	44	57.1%
<b>Total sales</b>	<b>12 395</b>	<b>13 090</b>	<b>5.6%</b>	<b>2 683</b>	<b>3 212</b>	<b>19.7%</b>
<b>EBITDA</b>	<b>649</b>	<b>933</b>	<b>43.8%</b>	<b>158</b>	<b>294</b>	<b>86.1%</b>
<b>Operating profit</b>	<b>243</b>	<b>512</b>	<b>110.7%</b>	<b>54</b>	<b>188</b>	<b>248.1%</b>

#### Rába Vehicle Ltd.

The sales revenue of Rába Vehicel Ltd. in 2015 was below the figure of the base period by 14.4 per cent and declined from HUF 13.5 billion to HUF 11.5 billion.

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

**European exports** were 2.3 per cent higher than the level of the base period, thus increasing from EUR 8.8 million to EUR 9.0 million.

**Domestic sales** before consolidation amounted to HUF 8,744 million in 2015, compared to HUF 10,745 million during the base period, a decline of 18.6 per cent.

The operating profit amounted to HUF 591 million during the reporting period, compared to HUF 568 million during the base period last year.

On the level of EBITDA, in 2015 the Vehicle Business Unit registered HUF 803 million profit compared to HUF 779 million in 2014.

million HUF	2014. Q1-Q4	2015. Q1-Q4	Change	2014. Q4	2015. Q4	Change
EU – export	2 704	2 787	3.1%	590	522	-11.5%
EU – domestic	10 745	8 744	-18.6%	4 587	4 323	-5.8%
Other	29	0	-100.0%	29	0	-100.0%
<b>Total sales revenue</b>	<b>13 479</b>	<b>11 532</b>	<b>-14.4%</b>	<b>5 206</b>	<b>4 845</b>	<b>-6.9%</b>
<b>EBITDA</b>	<b>779</b>	<b>803</b>	<b>3.1%</b>	<b>717</b>	<b>786</b>	<b>9.6%</b>
<b>Operating profit</b>	<b>568</b>	<b>591</b>	<b>4.0%</b>	<b>661</b>	<b>738</b>	<b>11.6%</b>

### The Rába Group

The consolidated sales revenue of the Rába Group in 2015 amounted to HUF 46.2 billion, which is a decline of 3.7 per cent compared to the figure of HUF 47.9 billion reported for the base period in 2014.

The operating profit of the group during the current period amounted to HUF 2,194 million, compared to HUF 1,891 million during the same period of 2014.

During the reporting period, the financial result was HUF 168 million, which includes, among others, a net interest payment of HUF 94 million, as well as an exchange rate gain of HUF 282 million.

Based on the above, the Rába Group generated a net profit of HUF 1,952 million in 2015, compared to HUF 852 million during the same period of 2014.

On the level of EBITDA, the Rába Group registered profits of HUF 4,463 million in 2015, against last year's figure of HUF 4,122 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
<b>2014 Q4</b>	<b>6 399</b>	<b>2 683</b>	<b>5 206</b>	<b>14 012</b>
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
<b>2015 Q4</b>	<b>5 400</b>	<b>3 212</b>	<b>4 845</b>	<b>13 223</b>

**Breakdown of the sales revenues during 2015**

million HUF	America	EU			CIS	Other	Total
		Total	export	domestic			
Axle	6 626	12 895	10 168	2 728	1 100	2 187	<b>22 809</b>
Components	86	13 004	5 360	7 644	0	1	<b>13 090</b>
Vehicle	0	11 532	2 787	8 744	0	0	<b>11 532</b>
<b>Consolidated</b>	<b>6 712</b>	<b>36 153</b>	<b>18 315</b>	<b>17 838</b>	<b>1 100</b>	<b>2 188</b>	<b>46 154</b>

**Operating profit of group companies**

	Operating profit									
	2014.					2015.				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Axle	403	368	-241	734	1 264	263	671	55	348	1 337
Components	106	153	-70	54	243	147	187	-10	188	512
Vehicle	-39	40	-94	661	568	10	-63	-94	738	591
Others	-26	-96	-52	-10	-184	-17	-50	-66	-113	-246
<b>Total</b>	<b>444</b>	<b>465</b>	<b>-457</b>	<b>1 439</b>	<b>1 891</b>	<b>403</b>	<b>745</b>	<b>-115</b>	<b>1 161</b>	<b>2 194</b>

**PK2. Companies involved in the consolidation**

Company	Share/Issue capital in HUF thousand	Ownership ratio (%)	Voting ratio <sup>1</sup>	Classification <sup>2</sup>
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

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

<sup>2</sup>Subsidiary (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.	2015.	Index	2014. Q4	2015. Q4	Index
Domestic sales revenues	19 525 556	17 838 452	91.4%	6 356 390	6 546 032	103.0%
Export sales revenues	28 390 229	28 315 105	99.7%	7 655 827	6 676 627	87.2%
<b>Net sales revenues</b>	<b>47 915 785</b>	<b>46 153 557</b>	<b>96.3%</b>	<b>14 012 217</b>	<b>13 222 659</b>	<b>94.4%</b>
Direct cost of sales	38 725 077	36 476 940	94.2%	10 817 413	10 302 919	95.2%
<b>Gross profit</b>	<b>9 190 708</b>	<b>9 676 617</b>	<b>105.3%</b>	<b>3 194 804</b>	<b>2 919 740</b>	<b>91.4%</b>
Cost of sales	718 208	615 676	85.7%	186 677	132 623	71.0%
General and administration expenses	6 617 671	6 856 093	103.6%	1 411 789	1 701 851	120.5%
Other revenues	566 519	644 415	113.7%	55 901	325 329	582.0%
Other expenditures	529 926	655 269	123.7%	212 653	249 341	117.3%
<b>Other items related to business activities</b>	<b>-7 299 286</b>	<b>-7 482 623</b>	<b>102.5%</b>	<b>-1 755 218</b>	<b>-1 758 486</b>	<b>100.2%</b>
<b>Earnings before interest payment and taxation (EBIT)</b>	<b>1 891 422</b>	<b>2 193 994</b>	<b>116.0%</b>	<b>1 439 586</b>	<b>1 161 254</b>	<b>80.7%</b>
Financial revenues	914 794	1 229 675	134.4%	118 330	128 659	8.7%
Financial expenditures	1 498 407	1 061 666	70.9%	259 553	94 930	36.6%
<b>Net financial profit/loss</b>	<b>-583 613</b>	<b>168 009</b>	<b>128.8%</b>	<b>-141 223</b>	<b>33 729</b>	<b>123.9%</b>
<b>PROFIT BEFORE TAXATION</b>	<b>1 307 809</b>	<b>2 362 003</b>	<b>180.6%</b>	<b>1 298 363</b>	<b>1 194 983</b>	<b>92.0%</b>
<b>Profit tax</b>	<b>455 685</b>	<b>410 478</b>	<b>90.1%</b>	<b>192 501</b>	<b>96 893</b>	<b>50.3%</b>
<b>PROFIT AFTER TAXATION</b>	<b>852 124</b>	<b>1 951 525</b>	<b>229.0%</b>	<b>1 105 862</b>	<b>1 098 090</b>	<b>99.3%</b>
<b>Other aggregate income</b>						
Profit (loss) of share-based payments						
Profit of cash-flow hedge transactions	22 993	0	0.0%	0	0	
Deferred tax of cash-flow hedge transaction	3 680	0		0	0	
<b>Other aggregate income</b>	<b>19 313</b>	<b>0</b>		<b>0</b>	<b>0</b>	
<b>Total aggregate income</b>	<b>871 437</b>	<b>1 951 525</b>	<b>223.9%</b>	<b>1 105 862</b>	<b>1 098 090</b>	<b>99.3%</b>

**1. EARNED REVENUES**

During 2015 Rába achieved HUF 46,154 million in sales revenue, compared to HUF 47,916 million during the same period of 2014, which is a change of -3.7 per cent. 61.3 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 2015, the direct cost level of Rába was 79 per cent, compared to 80.8 per cent of the base period. The amount of direct costs was HUF 36,477 million (in Q1-Q4 of 2014: HUF 38,725 million), 5.8 per cent lower than during the base period.

**Gross Profit**

The gross profit changed from HUF 9,191 million to HUF 9,677 million, (HUF +486 million), which is due to the decrease in sales revenue by HUF 1,762 million and to the change by -2,248 million in direct expenses.

**2.2. Cost of sales**

The cost of sales decreased by 14.3 per cent and amounted to HUF 616 million during 2015, compared to HUF 718 million in Q1-Q4 of 2014.

**2.3. General overhead and administrative expenses**

The Company accounts its costs incurred in relation to the administration of the company (2015: HUF 2,764 million) and other general expenses (2015: HUF 4,116 million) under general overhead and administrative expenses (2015: HUF 6,856 million, 2014: HUF 6,618 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 644 million during 2015. This amount was HUF 78 million higher than that of the base period. The major cause for the decline is that in 2015 HUF 80 million more in subsidies were booked.

**2.5. Other expenditures**

The amount of other expenditures during in Q1-Q4 of 2015 was HUF 655 million, HUF 125 million more than during the base period. The company booked HUF 69 million more in stock impairment and HUF 23 million less in compensations and HUF 72 million more in net provisions released, as well as HUF 40 million less in stock reject during the reporting period.

**3. OPERATING PROFIT**

The operating profit of the Company during 2015 was HUF 2,194 million (2014: HUF 1,891 million). The increase in gross profit (HUF +486 million) was deteriorated by the combined change in sales and general overhead costs (HUF +136 million) and the change in the balance of other revenues and expenditures (HUF -47 million). Profitability changed from 3.9 per cent during the base period to 4.8 per cent. The profitability of operating profit + depreciation was 9.7 per cent, against 8.6 per cent during the base period.

**4. FINANCIAL REVENUES AND EXPENDITURES**

During 2015, the net financial result was HUF 168 million, compared to a loss of HUF 584 million during the base period.

The net result of interest incomes and expenses was HUF -94 million during 2015, against HUF -165 million during the base period. The net exchange rate difference of FX items during 2015 was a profit of HUF 282 million (HUF -409 million in 2014).

Financial revenues and expenditures consisted of the following principal items:

in thousand HUF

	<b>2014</b>	<b>2015</b>
Revenue from dividends	4 407	9 324
Interest income	1 770	11 337
Profit from derivative transactions	7 270	
Exchange rate gains	888 332	1 206 561
Other financial revenues	13 015	2 453
<b>Financial revenues</b>	<b>914 794</b>	<b>1 229 675</b>
Interest payable	167 191	105 360
Exchange rate loss	1 296 853	924 740
Other financial expenditures	34 363	31 566
<b>Financial expenditures</b>	<b>1 498 407</b>	<b>1 061 666</b>

**5. EARNINGS DURING THE YEAR**

The earnings before taxation during 2015 amounted to HUF 2,362 million, which, because of the factors outlined in sections 1-4, is HUF 1,054 million more than the figure for 2014. The profitability ratio represents a 5.12 per cent return on sales on the basis of profit before taxation, compared to 2.73 per cent during the base period.

At group level the tax liability amounted to HUF 410 million, of this corporate tax liability represented HUF 94 million, the trade tax liability is HUF 332 million, the deferred tax receivable for the current period is HUF 16 million.



**6. OTHER AGGREGATE INCOME**

During 2015, there was no other aggregate income resulting from cash-flow hedge transactions (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	31.12.2015	Index
Real estate, machines, equipment	14 976 905	14 832 253	99.0%
Intangible assets	1 070 705	789 131	73.7%
Long-term receivables	501 458	429 858	85.7%
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	128 417	64.3%
Deferred tax receivables	189 007	204 784	108.3%
<b>Total invested assets</b>	<b>17 276 187</b>	<b>16 722 865</b>	<b>96.8%</b>
Inventories	6 629 453	6 210 830	93.7%
Receivables	11 303 989	8 374 505	74.1%
Corporate tax receivables	16 839	21 833	129.7%
Liquid assets, bank account	1 025 460	3 199 385	312.0%
<b>Total current assets</b>	<b>18 975 741</b>	<b>17 806 553</b>	<b>93.8%</b>
<b>Total ASSETS</b>	<b>36 251 928</b>	<b>34 529 418</b>	<b>95.2%</b>
Share capital	13 047 555	13 137 555	100.7%
Capital reserve	73 120	64 372	88.0%
Share option reserve	97 017	67 455	69.5%
Retained earnings	1 857 255	3 837 447	206.6%
<b>Total equity and reserves</b>	<b>15 074 947</b>	<b>17 106 829</b>	<b>113.5%</b>
Long-term liabilities	6 423 756	3 005 952	46.8%
Provisions	315 379	261 102	82.8%
<b>Total long-term liabilities</b>	<b>6 739 135</b>	<b>3 267 054</b>	<b>48.5%</b>
Short term loans and credits	3 185 465	3 569 568	112.1%
Short-term liabilities	11 252 381	10 585 967	94.1%
<b>Short-term liabilities total</b>	<b>14 437 846</b>	<b>14 155 535</b>	<b>98.0%</b>
<b>Total LIABILITIES (equity and liabilities)</b>	<b>36 251 928</b>	<b>34 529 418</b>	<b>95.2%</b>

## **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 14,832 million, the change was a decline of 1 per cent. The depreciation of fixed assets during 2015 was HUF 1,957 million.

#### **1.2. Intangible assets**

The net value of intangible assets changed from HUF 1,071 million to HUF 789 million. This represents a decline of 26.3 per cent. The amount of depreciation accounted during the period was HUF 312 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 425 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 72 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 December, 2015 at book value.

#### **1.5. Receivables from the sale of assets**

On 31 December, 2015, the present value of the receivables was HUF 128 million, HUF 71 million less than during the base period.

#### **1.6. Deferred tax receivable**

The amount of receivable was HUF 205 million on 31 December, 2015, which is HUF 16 million more than the amount on 31 December 2014.

### **2. CURRENT ASSETS**

#### **2.1. Stocks**

On 31 December, 2015, the closing value of stocks was HUF 6,211 million (31 December 2014: HUF 6,629 million). The change is a decrease by HUF 419 million, due to the decline in materials and goods by HUF 26 million and of unfinished, semi-finished and finished goods by HUF 393 million.

#### **2.2. Receivables**

The closing figure of receivables as at 31 December, 2015 was HUF 8,375 million, a decline by HUF 2,929 million compared to the 31 December 2014 figure (closing figure for 31 December 2014: HUF 11,304 million). Accounts receivable declined by HUF 1,928 million, advances paid declined by HUF 565 million, whereas other receivables declined by HUF 432 million.

#### **2.3. Liquid assets**

The closing figure of liquid assets on 31 December, 2015 was HUF 3,199 million, HUF 2,174 million higher than on 31 December 2014 (HUF 1,025 million).

In Q4 of 2015, a medium-term loan in the amount of EUR 6 m was taken out, which, was, however, only partly used owing to the unexpectedly strong cash-flow position during the period.

**3. EQUITY AND RESERVES**

The change occurred as follows:

data in thousand HUF

	Registered capital	Capital reserve	Share based payments reserve	Retained earnings	Other aggregate income	Total shareholders' equity
<b>Balance as at 1 Jan 2014</b>	<b>12 940 238</b>	<b>83 140</b>	<b>86 354</b>	<b>985 665</b>	<b>-19 313</b>	<b>14 076 084</b>
Profit of current year				852 124		852 124
Other aggregate income					19 313	19 313
Rewrite of equity	4 220			-4 220		
Share based expenditure made in equity instrument			35 375			35 375
Profit of share based payments drawn	103 097	-10 020	-28 319	23 686		88 444
Deferred tax of share based payment			3 607			3 607
<b>Balance as at 31 December 2014.</b>	<b>13 047 555</b>	<b>73 120</b>	<b>97 017</b>	<b>1 857 255</b>	<b>0</b>	<b>15 074 947</b>
Profit of current year				1 951 525		1 951 525
Profit of share based payments drawn	90 000	-8 748	-32 193	27 921		76 980
Deferred tax of share based payments drawn			2 631	746		3 377
<b>Balance as at 31 Dec 2015</b>	<b>13 137 555</b>	<b>64 372</b>	<b>67 455</b>	<b>3 837 447</b>	<b>0</b>	<b>17 106 829</b>

**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 31 December, 2015, the share capital of the company was HUF 13.138 million.

Within the Management Share Option Incentive Programme of the Rába Group, 90,000 treasury shares were drawn in 2015.

**3.2. Capital reserve**

On 31 December, 2015, the capital reserve was HUF 64 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.

The amount of share based payments made in equity instrument of the shares drawn in 2015 was HUF 32,193 thousand, with a deferred tax of HUF 2,631 thousand.

**3.4. Retained earnings**

The retained earnings (HUF 3,837 million) changed by HUF 1,980 million, i.e. the sum of the net profit of 2015, and the share based payments drawn, 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 December, 2015 amounted to HUF 3,006 million, which was 53.2 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 December, 2015 was HUF 261 million, HUF 54 million lower than the closing value 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 3,570 million) increased by 12.1 per cent compared to the closing value at the end of December 2014 (HUF 3,185 million). Of long-term loans the ones maturing within 1 year were reclassified among short-term loans. Thus the net borrowing of the Rába Group was HUF 3,376 million on 31 December, 2015, a decline by HUF 5,208 million compared to the level as at 31 December 2014.

### 5.2. Short-term liabilities

The total short-term liabilities on 31 December, 2015 amounted to HUF 10,586 million, which is a decline of 6 per cent compared to the closing value (HUF 11,252 million) as at December 2014. Accounts payable decreased by HUF 1,217 million, other liabilities increased by HUF 551 million.

## PK 5. CONSOLIDATED CASH-FLOW STATEMENT

	Figures in thousand HUF	
	2014	2015
<b><u>Cash flows of operating activities</u></b>		
Profit before taxation	1 307 809	2 362 003
<i>Adjustment items related to items with no cash movement:</i>		
Interest expenditure	26 401	7 785
Depreciation and amortisation	2 230 943	2 268 965
Impairment of intangible assets, real estate, machinery and fixtures	10 895	11 992
Impairment of bad and doubtful receivables and of long term receivables	3 330	60 467
Impairment of stocks kept at net realisable value	241 360	230 584
Inventory reject	71 182	31 135
Provisions (release)	-98 977	-54 277
Share based payments made in equity instruments	24 328	-9 644
Result from the sale, write-off and in kind contribution of real estate, machinery and fixtures and intangible assets	-8 384	-3 346
Revaluation of loans and credits at end of period	456 614	9 870
<i>Changes in working capital:</i>		
Changes in trade and other receivables	-1 833 119	2 898 472
Changes in stocks	222 223	123 219
Changes in accounts payable and other liabilities	1 439 223	31 888
Profit tax paid	-432 776	-384 283
Interests paid	-179 934	-113 743
<b>Net cash flows from operating activity</b>	<b>3 481 118</b>	<b>7 471 087</b>
<b><u>Cash-flows from investment activities</u></b>		
Purchase of real estate, machinery and fixtures, as well as of intangibles	-2 890 167	-2 356 638
Revenues from the sale of real estate, machinery and fixtures	9 342	3 723
Interests received, dividend	4 407	9 324
<b>Net cash flows used for investment activities</b>	<b>-2 876 418</b>	<b>-2 343 591</b>
<b><u>Cash flows from financing activities</u></b>		
Revenues from sale (purchase) of treasury shares	103 097	90 000
Borrowing	4 867 271	5 172 925
Repayment of loans and credits	-4 814 619	-8 216 496
<b>Net cash flows from financing activities</b>	<b>155 749</b>	<b>-2 953 571</b>
<b>Net increase/decrease of cash and cash equivalents</b>	<b>760 449</b>	<b>2 173 925</b>

**PK6. Major off-balance sheet items**

Description	Value (HUF)
According to a separate list*	

\* The bank loans of the Rába Group amount to HUF 6,576 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 6,576 million. The amount of bank guarantees issued on behalf of the Rába Group is HUF 303 million.

**RS1. Ownership structure, ratio of participation**

Description of ownership	Total equity						Series listed <sup>1</sup>			
	At beginning of current year (1st January)			At end of term (31 December)			At beginning of term		At end of term	
	% <sup>2</sup>	% <sup>3</sup>	% <sup>2</sup>	% <sup>3</sup>	% <sup>2</sup>	% <sup>3</sup>	%	Pcs	%	Pcs
Domestic institutional/corporate	4.42	4.56	595 475	5.77	5.92	777 267				
Foreign institutional/corporate	0.54	0.56	72 635	1.62	1.66	217 667				
Foreign private individual	0.24	0.25	32 198	0.03	0.03	4 497				
Domestic private individual	17.82	18.40	2 400 970	15.60	16.00	2 101 847				
Employees, managing executives	0.14	0.14	18 738	0.14	0.14	18 738				
Treasury shares	3.16		425 891	2.49		335 891				
Shareholder forming part of general government <sup>4</sup>	73.68	76.09	9 927 539	74.35	76.25	10 017 539				
International Development Institutions <sup>5</sup>	0.00	0.00	0	0.00	0.00	0				
Other <sup>6</sup>	0.00	0.00	0	0.00	0.00	0				
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>13 473 446</b>	<b>100.00</b>	<b>100.00</b>	<b>13 473 446</b>				

<sup>1</sup> 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.

<sup>2</sup> Ownership ratio

<sup>3</sup> 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!

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

<sup>5</sup> E.g.: EBRD, EIB, etc.

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

Name	Nationality <sup>1</sup>	Activity <sup>2</sup>	Quantity (pcs)	Ownership stake (%) <sup>3</sup>	Voting right (%) <sup>3,4</sup>	Comment <sup>5</sup>
Hungarian State Holding Company Ltd. (MNV Zrt)	D	G	10 015 829	74.34	76.24	

<sup>1</sup> Domestic (D), Foreign (F)

<sup>2</sup> Asset manager(A). General government (G). International Development Institution (IFI). Institutional(I).

Business entity (B) Private (P). Employee. Managing executive (E)

<sup>3</sup> Should be rounded to two decimal figures

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

<sup>5</sup> 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 September	31 December
At corporate level	425 891	425 891	425 891	425 891	335 891
Subsidiaries					
Total	425 891	425 891	425 891	425 891	335 891

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

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

	Beginning of Current Year	End of current period
Company level	16	18
Group level	1749	1 664

The consolidated closing headcount as at 31 December 2015, was 1,664, which represented a decline in headcount by 4.9 per cent compared to the end of the base period.

**TSZ2. Managing executives, strategic employees**

Type <sup>1</sup>	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	2015	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	2015	0
SB	Dr. János Kerékyártó	SB member	2012	2015	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	1664
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

<sup>1</sup> 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	31.12.2015	Index
<b>Invested assets</b>	<b>16 311 916</b>	<b>16 399 778</b>	<b>100.54%</b>
Intangible assets	17 326	13 647	78.77%
Fixed assets	5 977 151	6 068 692	101.53%
Financial assets invested	10 317 439	10 317 439	100.00%
<b>Current assets</b>	<b>2 250 562</b>	<b>3 517 288</b>	<b>156.28%</b>
Stocks	348 591	349 191	100.17%
Receivables	1 223 192	348 091	28.46%
Securities	380 254	303 244	79.75%
Liquid assets	298 525	2 516 762	843.07%
<b>Active accruals</b>	<b>12 913</b>	<b>20 170</b>	<b>156.20%</b>
<b>TOTAL ASSETS</b>	<b>18 575 391</b>	<b>19 937 236</b>	<b>107.33%</b>
<b>Shareholders' equity</b>	<b>15 035 183</b>	<b>14 874 226</b>	<b>98.93%</b>
Registered capital	13 473 446	13 473 446	100.00%
Of which: ownership stake repurchased at face value	425 891	335 891	78.87%
Capital reserve	127 654	127 654	100.00%
Retained earnings	1 352 273	1 130 839	83.63%
Fixed reserves	380 254	303 244	79.75%
Net profit	-298 444	-160 957	46.07%
<b>Provisions</b>	<b>84 454</b>	<b>99 113</b>	<b>117.36%</b>
<b>Liabilities</b>	<b>3 346 470</b>	<b>4 768 078</b>	<b>142.48%</b>
Short-term liabilities	3 346 470	4 768 078	142.48%
<b>Passive accruals</b>	<b>109 284</b>	<b>195 819</b>	<b>179.18%</b>
<b>TOTAL LIABILITIES</b>	<b>18 575 391</b>	<b>19 937 236</b>	<b>107.33%</b>

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

Data in thousand HUF

No	Description of item	2014.	2015.	Index
<b>I.</b>	<b>Net sales revenue</b>	1 279 301	1 287 152	100.61%
II.	Direct costs of sales	236 642	243 576	102.93%
<b>III.</b>	<b>Gross sales revenue</b>	<b>1 042 659</b>	<b>1 043 576</b>	<b>100.09%</b>
IV.	Indirect sales costs	1 057 910	1 045 383	98.82%
V.	Other revenues	19 239	7 855	40.83%
VI.	Other expenditures	184 712	198 005	107.20%
<b>A.</b>	<b>OPERATING PROFIT</b>	<b>-180 724</b>	<b>-191 957</b>	<b>-6.22%</b>
<b>B.</b>	<b>Profit of financial transactions</b>	<b>-121 796</b>	<b>25 122</b>	<b>120.63%</b>
<b>C.</b>	<b>ORDINARY BUSINESS PROFIT</b>	<b>-302 520</b>	<b>-166 835</b>	<b>44.85%</b>
D.	EXTRAORDINARY PROFIT	4 076	5 878	144.21%
<b>E.</b>	<b>PROFIT BEFORE TAXATION</b>	<b>-298 444</b>	<b>-160 957</b>	<b>46.07%</b>
XII.	TAX LIABILITY	0	0	
<b>F.</b>	<b>AFTER-TAX PROFIT</b>	<b>-298 444</b>	<b>-160 957</b>	<b>46.07%</b>
<b>G.</b>	<b>NET PROFIT</b>	<b>-298 444</b>	<b>-160 957</b>	<b>46.07%</b>

**PK1. General information pertaining to the financial data**

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

**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, 17 February, 2016.

István Pintér  
Chairman-CEO

Béla Balog  
CFO