

# Report on the Results of Rába Nyrt. in Q1 of 2016

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 2016
Phone:	36-96-624-460
Fax:	36-96-624-006
E-mail:	adam.steszli@raba.hu
Investor's contact person:	Ádám Steszli

## SUMMARY

- While external markets showed volatility during the first quarter of 2016, the sales of the Vehicle Business Unit characterised by a cyclicity different from the base period determined the sales revenue of the Rába Group. The sales revenue was 31.0 per cent below the level of the previous year, amounting to HUF 9.6 billion. As a result of the conscious product strategy of all business units, positive performance offset the decline in turnover of the segments suffering from low demands. The Axle Business Unit achieved growth in the European commercial vehicle segment due to its strategic partnerships and business development strategy, thus reducing the impact of the low activity on the global agricultural market, the Russian market and the American commercial vehicle sector. Relying on its partnerships, the Components Business Unit achieved stable growth in terms of its domestic sales, offsetting the decline in demand on export markets. In the Vehicle Business Unit, due to the cyclical nature of the business, different from Q1 of 2016, domestic sales have declined but export sales based on the segment of chassis structures, as the driving force behind the business, have demonstrated stable growth. In total, during Q1 of 2016, the sales revenue of the Axle, Components and Vehicle Business Units declined by 12.9 per cent, 1.4 per cent and 74.1 per cent respectively, compared to Q1 of 2015. In terms of exchange rates, the exchange rate of the Euro, generating the majority of FX sales, as well as of the USD exports were affected by a minor increase. The exchange rate of the EUR exceeded the levels of the base period by 1.0 per cent, whereas that of the USD exceeded the previous level by 3.1 per cent.
- The Company managed to increase the competitiveness of its products in Q1 of 2016, in line with the volatility of export markets. The gross margin during Q1 of 2016 considerably exceeded that of the base period, amounting to 22.2 per cent upon an increase by 4.9 percentage points.

The overall decline in sales turnover resulted in the decline in gross profit which was, however, offset by the increase in efficiency: the Rába Group generated a gross profit in excess of HUF 2.1 billion in Q1 of 2016.

- Other revenues and expenditures contained the usual items only, amounting to HUF 26 million in profit during the review period, against the loss of HUF 6 million during the same period of the previous year.
- The operating profit in Q1 of 2016 was affected by the challenging trends on the export markets, as well as by the decline in sales due to varying cyclicity, the group continues to have profit steadily: in Q1 of 2016 the operating profit amounted to HUF 232 million.
- The EBITDA, reflecting the cash generating efficiency declined in Q1 of 2016 compared to the level of the base period due to the decline in sales, the efficiency measured against sales, increased, however, compared to the base period. The EBITDA amounted to HUF 775 million, with an increase in efficiency by 1 percentage point. Such achievement is the result of the two major businesses (Axle and Component Business Units) operating at a cash generation efficiency at or above the industry average.
- The financial result in Q1 of 2016 amounted to a loss of HUF 33 million, against the profit of

HUF 456 million generated during the same period of 2015. The difference was caused primarily by the decline in interest burden resulting from the declining borrowing, as well as by the exchange rate losses generated by the exchange rate changes.

- The total aggregate income during Q1 of 2016 was a profit of HUF 110 million.
- The Company's net borrowing reduced to a record low at the end of 2015 increased slightly by Q1 of 2016, largely due to the increase in working capital compared to the end of the year. The net borrowing of HUF 3.8 billion was the result of the profitable operation, the continued high efficiency in cash generation and was offset by the revaluation of loans in the amount of HUF 21 million. The net borrowing achieved in Q1 of 2016 is some HUF 2.5 billion lower than the net borrowing position of a year earlier.
- As a result of the profitable and efficient operation, the Company's own equity was further increased.<sup>1</sup>

thousand HUF	Q1 of 2015	Q1 of 2016	Change
Sales revenue	13 914 255	9 594 909	-31.0%
Gross profit	2 403 698	2 134 170	-11.2%
<i>Gross margin</i>	17,3%	22,2%	4.9%p
EBITDA	982 890	774 588	-21.2%
<i>EBITDA level</i>	7,1%	8,1%	1%p
Operating profit	403 034	232 423	-42.3%
Net financial result	455 637	-32 766	-107.2%
Profit for current year	709 184	109 617	-84.5%
Total aggregate profit	709 184	109 617	-84.5%

"Last year was a milestone in the history of Rába: having achieved sufficient financial leeway, developments of strategic significance could be commenced earlier than planned. Improving competitiveness and efficiency, succeeding in the markets, creating value for stockowners – these principles guide our company in its quest to achieve its strategic goals. The first important step is the large scale modernization investment, which the AGM gave its consent to. After the implementation of the technology and capacity development program our market share and position in the global automotive industry will further strengthen, and if everything goes as planned every second or third European heavy truck will roll off the assembly lines on Rába-manufactured front axles", emphasized István Pintér, Chairman-CEO of Rába Automotive Holding Plc.

## EXTERNAL ENVIRONMENT

- Positive demand trends continued on the European market of heavy vehicles during the first months of 2016, growth in the first quarter reached 18 per cent. Fleet renewal needs seem to stabilise at a high level in Europe, thus demand outlooks are positive for the entire year of 2016. The North-American heavy vehicle market, though, has shown weak demand during the first months of the year, the decline in demand during the first quarter was 7 per cent against the base period. The stagnating demand for shipping, as well as the competitive prices of second-hand vehicles result in a decline in the demand outlook on the North-American market in spite of the low fuel prices and low interest rates. In terms of Brasil, one of the most important emerging markets, the first quarter of 2016 brought a significant decline in the activity on the commercial vehicle market. The decline of registrations on the Brazilian market was 27 per cent. The global agricultural vehicle market failed to show significant activities during Q1 of 2016 as well, the demand for Rába products was below the level of the base period in 2015. The Russian bus and heavy truck markets were characterised by both high volatility and uncertainty during the first months of 2016, bus manufacturing suffered a 9 per cent loss, the output of heavy trucks, however, showed a 15 per cent increase. The market of European

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

passenger cars saw an 8 per cent increase in demand.

- During Q1 of 2016, the price level of steel continues to decline, the decline was 17.0 per cent on average compared to the base period of 2015, which had an impact on the cost side of the operation.
- Energy prices showed a decline in Q1 of 2016 by 6.1 per cent compared to the level a year earlier.
- In Q1 of 2016 the average exchange rate of both the EUR and the USD was higher than during the base period. The increase in the exchange rate of the EUR was 1.0 per cent, whereas that of the USD was 3.1 per cent over the average exchange rates in Q1 of 2015.<sup>2</sup>

	Q1 2015	Q1 2016	Change
HUFEUR – average	308.8	312.0	1.0%
HUFEUR – end of term	299.1	314.2	5.0%
HUFUSD – average	274.6	283.1	3.1%
HUFUSD – end of term	278.9	276.6	-0.8%
Changes in raw material prices*	100%	83%	-17.0%
Changes in energy prices**	183%	172%	-6.1%

\*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 2016 amounted to HUF 5.2 billion compared to HUF 5.9 billion achieved during the base period. This corresponds to a decrease by 12.9 per cent.

On the **American market**, the sales revenue in the reporting period was USD 3.2 million, against USD 6.9 million in Q1 of 2015. This means a decrease by 53.6 per cent.

On the **EU market** Rába's sales figures in HUF terms increased by 3.0 per cent, amounting to HUF 3.4 billion, compared to HUF 3.3 billion during the base period.

**European exports** exceeded the level of the same period a year earlier by 3.4 per cent in Q1 of 2016, amounting to EUR 9.0 million, compared to HUF 8.7 million in the same period of 2015.

**Domestic sales** before consolidation amounted to HUF 602 million, which represents a decline of 12.5 per cent compared to the HUF 688 million during the base period.

On the **CIS and East-European markets** export sales revenues achieved by Rába Axle Ltd. in Q1 of 2016. was 1.9 per cent lower than the base period, amounting to EUR 1.3 million.

On the **other markets** the sales revenue during the review period amounted to EUR 1.4 million, against EUR 0.9 million in Q1 of 2015, which corresponds to an increase by 55.6 per cent in FX terms.

The operating result of the company in Q1 of 2016 was a profit of HUF 151 million, compared to HUF 263 million during the same period of 2015.

At EBITDA level, the operating profit of the Axle Business Unit was HUF 483 million compared to HUF 637 million registered a year earlier.

<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>

million Ft	Q1 2015	Q1 2016	Change
America	1 880	898	-52.2%
EU – export	2 660	2 817	5.9%
EU – domestic	688	602	-12.5%
CIS	417	409	-1.9%
Other	284	436	53.5%
<b>Total sales</b>	<b>5 928</b>	<b>5 162</b>	<b>-12.9%</b>
<b>EBITDA</b>	<b>637</b>	<b>483</b>	<b>-24.2%</b>
<b>Operating profit</b>	<b>263</b>	<b>151</b>	<b>-42.6%</b>

### Rába Automotive Components Ltd.

The sales revenue of Rába Automotive Components Ltd. amounted to HUF 3.5 billion in Q1 of 2016, which is a decrease of 1.4 % compared to the base period.

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

**European exports** during Q1 of 2016 amounted to EUR 4.5 million, which represents a decline of 11.8 per cent compared to the EUR 5.1 million of the base period of 2015.

**Domestic sales** before consolidation amounted to HUF 2,058 million during the reporting period of 2016, which is an increase of 4.5 per cent compared to the sales revenue of HUF 1,969 million during Q1 of 2015.

The company generated a profit of HUF 195 million at operating level during the reporting period compared to a profit of HUF 147 million in Q1 of 2015.

On the level of EBITDA, the profit of the Components Business Unit increased to HUF 300 million during the period, from HUF 250 million of the previous year.

million HUF	Q1 2015	Q1 2016	Change
EU – export	1 574	1 409	-10.5%
EU - domestic	1 969	2 058	4.5%
Other	3	29	866.7%
<b>Total sales</b>	<b>3 546</b>	<b>3 496</b>	<b>-1.4%</b>
<b>EBITDA</b>	<b>250</b>	<b>300</b>	<b>20.0%</b>
<b>Operating profit</b>	<b>147</b>	<b>195</b>	<b>32.7%</b>

### Rába Vehicle Ltd.

The sales revenue of Rába Vehicle Ltd. in Q1 of 2016 was below the figure of the base period by 74.1 per cent and declined from HUF 4.7 billion to HUF 1.2 billion.

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

**European exports** were 3.4 per cent higher than the level of the base period, thus increasing from EUR 2.9 million to EUR 3.0 million.

**Domestic sales** before consolidation amounted to HUF 293 million in Q1 of 2016, compared to HUF 3,838 million during the base period, a decline of 92.4 per cent.

The operating profit amounted to HUF 53 million of losses during the reporting period, compared to the profit of HUF 10 million during the base period last year.

On the level of EBITDA, in 2015 the Vehicle Business Unit registered HUF 3 million profit compared to HUF 64 million in the base period of 2015.

million HUF	Q1 2015	Q1 2016	Change
EU – export	890	933	4.8%
EU – domestic	3 838	293	-92.4%
<b>Total sales revenue</b>	<b>4 728</b>	<b>1 226</b>	<b>-74.1%</b>
<b>EBITDA</b>	<b>64</b>	<b>3</b>	<b>-95.3%</b>
<b>Operating profit</b>	<b>10</b>	<b>-53</b>	<b>-630.0%</b>

### The Rába Group

The consolidated sales revenue of the Rába group in Q1 of 2016 amounted to HUF 9.6 billion, which is a decline of 31.0% compared to the figure of HUF 13.9 billion reported for the base period in 2015.

The operating profit of the group during the current period amounted to HUF 232 million, compared to HUF 403 million during the same period of 2015.

During the reporting period, the financial result was a loss of HUF 33 million, which includes, among others, a net interest payment of HUF 16 million, as well as an exchange rate loss of HUF 3 million.

Based on the above, the Rába group generated a net profit of HUF 110 million in Q1 of 2016, compared to HUF 709 million during the same period of 2015.

On the level of EBITDA, the group registered profits of HUF 775 million in Q1 of 2016, against last year's figure of HUF 983 million.

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

#### Sales revenue by business unit

Sales revenue (million HUF)	Axle	Components	Vehicle	Rába Group Consolidated
<b>2015 Q1</b>	<b>5 928</b>	<b>3 546</b>	<b>4 728</b>	<b>13 914</b>
2015 Q2	6 474	3 428	1 094	10 607
2015 Q3	5 006	2 905	865	8 410
2015 Q4	5 400	3 212	4 845	13 223
<b>2016 Q1</b>	<b>5 162</b>	<b>3 496</b>	<b>1 226</b>	<b>9 595</b>

#### Breakdown of the sales revenues of Q1 of 2016

million HUF	America	EU			CIS	Other	Total
		Total	export	domestic			
Axles	898	3 419	2 817	602	409	436	<b>5 162</b>
Components	29	3 467	1 409	2 058	0	0	<b>3 496</b>
Vehicles	0	1 226	933	293	0	0	<b>1 226</b>
<b>Consolidated</b>	<b>927</b>	<b>7 823</b>	<b>5 158</b>	<b>2 664</b>	<b>409</b>	<b>436</b>	<b>9 595</b>

#### Operating profit of group companies

	Operating profit					
	2015.					2016.
	Q1	Q2	Q3	Q4	Year	Q1
Axle	263	671	55	348	1 337	151
Components	147	187	-10	188	512	195
Vehicle	10	-63	-94	738	591	-53
Others	-17	-50	-66	-113	-246	-61
<b>Total</b>	<b>403</b>	<b>745</b>	<b>-115</b>	<b>1 161</b>	<b>2 194</b>	<b>232</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	Q1 2015	Q1 2016	Index
Domestic sales revenues	6 207 347	2 664 254	42.9%
Export sales revenues	7 706 908	6 930 655	89.9%
<b>Net sales revenues</b>	<b>13 914 255</b>	<b>9 594 909</b>	<b>69.0%</b>
Direct cost of sales	11 510 557	7 460 739	64.8%
<b>Gross profit</b>	<b>2 403 698</b>	<b>2 134 170</b>	<b>88.8%</b>
Cost of sales and marketing	147 629	122 730	83.1%
General and administration expenses	1 846 920	1 804 763	97.7%
Other revenues	111 676	109 651	98.2%
Other expenditures	117 791	83 905	71.2%
<b>Other items related to business activities</b>	<b>-2 000 664</b>	<b>-1 901 747</b>	<b>95.1%</b>
<b>Revenue from operations</b>	<b>403 034</b>	<b>232 423</b>	<b>57.7%</b>
Financial revenues	994 332	192 247	19.3%
Financial expenditures	538 695	225 013	41.8%
<b>Net financial profit/loss</b>	<b>455 637</b>	<b>-32 766</b>	<b>107.2%</b>
<b>PROFIT BEFORE TAXATION</b>	<b>858 671</b>	<b>199 657</b>	<b>23.3%</b>
<b>Profit tax</b>	<b>149 487</b>	<b>90 040</b>	<b>60.2%</b>
<b>PROFIT AFTER TAXATION</b>	<b>709 184</b>	<b>109 617</b>	<b>15.5%</b>
<b>Other aggregate income</b>	<b>0</b>	<b>0</b>	
<b>Total aggregate income</b>	<b>709 184</b>	<b>109 617</b>	<b>15.5%</b>

**1. EARNED REVENUES**

During Q1 of 2016 Rába achieved HUF 9,595 million in sales revenue, compared to HUF 13,914 million during the same period of 2015, which is a change of -31 per cent. 72.2 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 2016, the direct cost level of Rába was 77.8 per cent, compared to 82.7% of the base period. The amount of direct costs was HUF 7,461 million, 35 per cent lower than during the base period (Q1 of 2015: HUF 11,511 million).

**Gross Profit**

The gross profit changed from HUF 2,404 million to HUF 2,134 million, (HUF -270 million), which is due to the decrease in sales revenue by HUF 4,319 million and to the change by -4,050 million in direct expenses.

**2.2. Cost of sales and marketing**

The cost of sales and marketing decreased by 17 per cent and amounted to HUF 123 million during Q1 of 2016, compared to HUF 148 million in Q1 of 2015.

**2.3. General overhead and administrative expenses**

Rába accounts its costs incurred in relation to the administration of the company (Q1 of 2016: HUF 862 million) and other general expenses (Q1 of 2016: HUF 862 million) under general overhead and administrative expenses (Q1 of 2016: HUF 1, 805 million, Q1 of 2015: HUF 1,847 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 110 million during Q1 of 2016. This amount was HUF 2 million lower than that of the base period. The major cause for the decline is that in Q1 of 2016 HUF 9 million more in subsidies were booked, discounts increased by HUF 7 million and compensations declined by HUF 18 million.

**2.5. Other expenditures**

The amount of other expenditures during Q1 of 2016 was HUF 84 million, HUF 34 million less than during the base period. The company booked HUF 36 million less in stock impairment during the reporting period.

**3. OPERATING PROFIT**

The operating profit of Rába during Q1 of 2016 was HUF 232 million (Q1 of 2015: HUF 403 million). The decrease in gross profit (HUF -270 million) was improved by the combined change in sales and general overhead costs (HUF -67 million) and the change in the balance of other revenues and expenditures (HUF+32 million). Profitability changed from 2.9% during the base period to 2.4%. The profitability of operating profit + depreciation was 8.1 per cent, against 7.1 per cent during the base period.

**4. FINANCIAL REVENUES AND EXPENDITURES**

During Q1 of 2016, the net financial result was a loss of HUF 33 million, compared to the profit of HUF 456 million during the base period.

The net result of interest incomes and expenses was HUF -16 million during Q1 of 2016, against HUF -35 million during the base period. The net exchange rate difference of FX items during Q1 of 2016 was a loss of HUF 3 million (HUF +492 million in Q1 of 2015).

Financial revenues and expenditures consisted of the following principal items:

	in thousand HUF	
	<b>Q1 of 2015</b>	<b>Q1 of 2015</b>
Revenue from dividends	4 999	0
Interest income	1 113	1 854
Profit from derivative transactions	0	0
Exchange rate gains	987 190	189 201
Other financial revenues	1 030	1 192
<b>Financial revenues</b>	<b>994 332</b>	<b>192 247</b>
Interest payable	36 337	17 618
Exchange rate loss	495 638	192 175
Other financial expenditures	6 720	15 220
<b>Financial expenditures</b>	<b>538 695</b>	<b>225 013</b>

**5. EARNINGS DURING THE YEAR**

The earnings before taxation during Q1 of 2016 amounted to HUF 200 million, which, because of the factors outlined in sections 1-4, is HUF 659 million less than the figure for Q1 of 2015. The profitability ratio represents a 2.08 per cent return on sales on the basis of profit before taxation, compared to 6.17 per cent during the base period.

At group level the tax liability amounted to HUF 90 million, of this corporate tax liability represented HUF 16 million, the trade tax liability is HUF 73 million, the deferred tax receivable for the current period is HUF 1 million.

**6. IFRS-HAS DIFFERENCE**

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 Dec 2015	31 March 2016	Index
Real estate, machines, equipment	14 832 253	14 492 222	97.7%
Intangible assets	789 131	716 940	90.9%
Long-term receivables	430 063	412 335	95.9%
Property for investment purposes	338 217	338 217	100.0%
Receivables from sale of assets	128 417	128 417	100.0%
Deferred tax receivables	204 784	203 975	99.6%
<b>Total invested assets</b>	<b>16 722 865</b>	<b>16 292 106</b>	<b>97.4%</b>
Inventories	6 210 830	6 488 794	104.5%
Receivables	8 397 055	7 600 996	90.5%
Liquid assets, bank account	3 199 385	2 641 286	82.6%
<b>Total current assets</b>	<b>17 807 270</b>	<b>16 731 076</b>	<b>94.0%</b>
<b>Total ASSETS</b>	<b>34 530 135</b>	<b>33 023 182</b>	<b>95.6%</b>
Share capital	13 473 446	13 473 446	100.0%
Reserve from share-based payments	67 455	66 275	98.3%
Retained earnings	3 869 173	3 979 970	102.9%
<b>Total equity and reserves</b>	<b>17 106 830</b>	<b>17 219 902</b>	<b>100.7%</b>
Long-term liabilities	3 005 952	2 827 440	94.1%
Provisions	261 102	257 903	98.8%
<b>Total long-term liabilities</b>	<b>3 267 054</b>	<b>3 085 343</b>	<b>94.4%</b>
Short-term portion of loans and credits	3 569 568	3 581 424	100.3%
Other payables	10 586 683	9 136 513	86.3%
<b>Total short-term liabilities</b>	<b>14 156 251</b>	<b>12 717 937</b>	<b>89.8%</b>
<b>Total equity and liabilities</b>	<b>34 530 135</b>	<b>33 023 182</b>	<b>95.6%</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 14,832 million on 31 December 2015 to HUF 14,492 million, the change was a decline of 2.3%. The depreciation of fixed assets during Q1 of 2016 was HUF 467 million.

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

The net value of intangible assets changed from HUF 789 million to HUF 717 million. This represents a decline of 9.1 per cent. The amount of depreciation accounted during the period was HUF 75 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 408 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, 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 2016 at book value.

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

On 31 March, 2016, the present value of the receivables was HUF 128 million.

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

The amount of receivable was HUF 204 million on 31 March, 2016, which is HUF 16 million less than the amount on 31 December 2015.

### **2. CURRENT ASSETS**

#### **2.1. Stocks**

On 31 March, 2016, the closing value of stocks was HUF 6,489 million (31 December 2015: HUF 6,211 million). The change is an increase by HUF 278 million, due to an increase in materials and goods by HUF 139 million and of unfinished, semi-finished and finished goods by HUF 139 million.

#### **2.2. Receivables**

The closing figure of receivables as at 31 March, 2016 was HUF 7,601 million, a decline by HUF 796 million compared to the 31 December 2015 figure (closing figure for 31 December 2015: HUF 8,397 million). Accounts receivable declined by HUF 1,236 million, advances paid increased by HUF 179 million, whereas other receivables increased by HUF 246 million.

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

The closing figure of liquid assets on 31 March, 2016 was HUF 2,641 million, HUF 558 million less than on 31 December 2015 (HUF 3,199 million).

### 3. EQUITY AND RESERVES

The change occurred as follows:

data in thousand HUF

	Registered capital	Treasury shares*	Share based payments reserve	Retained earnings	Other aggregate income	Total shareholders' equity
<b>Balance as at 31 Jan 2015</b>	<b>13 473 446</b>	<b>-384 496</b>	<b>97 017</b>	<b>1 888 980</b>	<b>0</b>	<b>15 074 947</b>
Profit for current year				709 184		709 184
<b>Balance as at 31 March 2015</b>	<b>13 473 446</b>	<b>-384 496</b>	<b>97 017</b>	<b>2 598 164</b>	<b>0</b>	<b>15 784 131</b>
Profit of current year				1 242 342		1 242 342
Profit of share based payments drawn		81 252	-32 193	27 921		76 980
Deferred tax of share based payment			2 631	746		3 377
<b>Balance as at 31 December 2015.</b>	<b>13 473 446</b>	<b>-303 244</b>	<b>67 455</b>	<b>3 869 173</b>	<b>0</b>	<b>17 106 830</b>
Profit of current year				109 617		109 617
Profit of share based payments drawn		3 455	-1 316	1 180		3 319
Deferred tax of share based payments drawn			136			136
<b>Balance as at 31 March 2016</b>	<b>13 473 446</b>	<b>-299 789</b>	<b>66 275</b>	<b>3 979 970</b>	<b>0</b>	<b>17 219 902</b>

\*As from 2015, the Group has changed the way in which shareholders' equity is presented in terms of showing separately transactions related to treasury shares in order to provide more reliable and more relevant information.

#### 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 Marc, 2016, the share capital of the company was HUF 13.473 million.

Within the Management Share Option Incentive Programme of the Rába Group, 3,827 treasury shares were drawn in Q1 of 2016.

#### 3.2. Treasury shares

On 31 March, 2016, the value of treasury shares was HUF 299,789 thousand (332,064 shares) 31 December, 2015: HUF 303,244 thousand, 335,891 shares), All rights related to the shares of the company owned by the Group ("treasury shares") are suspended until the renewed issue of the shares in question.

#### 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 Sept, 2016, upon unchanged terms.

The amount of share based payments made in equity instrument of the shares drawn in Q1 of 2016 was HUF 1,316 thousand, with a deferred tax of HUF 136 thousand.

#### 3.4. Retained earnings

The retained earnings (HUF 3,980 million) changed by HUF 111 million, i.e. the sum of the profit for the year in question and the share based payments drawn) compared to the closing value for the previous year (HUF 3,869 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, 2016 amounted to HUF 2,827 million, which was 5.9 per cent lower than the opening balance of the period (on 31 December 2015, the closing figure was HUF 3,006 million).

#### **4.2. Provisions**

The closing value of provisions as at 31 March, 2016 was HUF 258 million, HUF 3 million lower than the closing value as at 31 December, 2015.

### **5. SHORT-TERM LIABILITIES**

#### **5.1. Short-term credits and loans**

The total amount of short-term credits and loans (HUF 3,581 million) increased by 0.3 per cent compared to the closing value at the end of Dec 2015 (HUF 3,570 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 3,768 million on 31 March, 2016, an increase by HUF 391 million compared to the level as at 31 Dec 2015.

#### **5.2. Short-term liabilities**

The total short-term liabilities on 31 March 2016 amounted to HUF 9,137 million, which is a decline of 13.7 per cent compared to the closing value (HUF 10,587 million) as at December 2015. Accounts payable decreased by HUF 2,076 million, other liabilities increased by HUF 626 million.

**PK 5. CONSOLIDATED CASH-FLOW STATEMENT**

Figures in thousand HUF

	<b>Q1 2015</b>	<b>Q1 2016</b>
<b><u>Cash flows of operating activities</u></b>		
Profit before taxation	858 671	199 657
<i>Adjustment items related to items with no cash movement:</i>		
Interest expenditure	19 315	14 741
Depreciation and amortisation	579 856	542 165
Impairment of intangible assets, real estate, machinery and fixtures	120	0
Impairment of bad and doubtful receivables and of long term receivables	411	569
Impairment of stocks kept at net realisable value	48 464	12 000
Inventory reject	3 099	6 701
Provisions (release)	-300	-3 199
Share based payments made in equity instruments	0	3 455
Result from the sale, write-off and in kind contribution of real estate, machinery and fixtures and intangible assets	-2 230	-402
Revaluation of loans and credits at end of period	-411 075	21 216
<i>Changes in working capital:</i>		
Changes in trade and other receivables	3 343 878	869 504
Changes in stocks	-87 705	-290 665
Changes in accounts payable and other liabilities	-1 382 585	-1 308 507
Profit tax paid	-210 572	-157 982
Interests paid	-43 414	-17 535
<b>Net cash flows from operating activity</b>	<b>2 715 933</b>	<b>-108 282</b>
<b><u>Cash-flows from investment activities</u></b>		
Purchase of real estate, machinery and fixtures, as well as of intangibles	-797 583	-262 347
Revenues from the sale of real estate, machinery and fixtures	2 230	402
Interests received, dividend	4 999	0
<b>Net cash flows used for investment activities</b>	<b>-790 354</b>	<b>-261 945</b>
<b><u>Cash flows from financing activities</u></b>		
Borrowing	714 849	0
Repayment of loans and credits	-1 927 216	-187 872
<b>Net cash flows from financing activities</b>	<b>-1 212 367</b>	<b>-187 872</b>
<b>Net increase/decrease of cash and cash equivalents</b>	<b>713 212</b>	<b>-558 099</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 6,409 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 6,409 million.

The amount of bank guarantees issued on behalf of the Rába Group is HUF 749 million.

**Event after the cut-off date**

According to the resolution of the annual general meeting on April 15, 2016 the company will revise the applied evaluation model of the groups of assets. The decision on the modification of the Accounting Policy could have an impact on the FY 2016.

**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 March)			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	5.77	5.91	777 267	5.83	5.97	785 127				
Foreign institutional/corporate	1.62	1.66	217 667	1.66	1.70	223 357				
Foreign private individual	0.03	0.03	4 497	0.03	0.03	4 512				
Domestic private individual	15.60	16.00	2 101 847	15.53	15.92	2 092 109				
Employees, managing executives	0.14	0.14	18 738	0.14	0.14	18 738				
Treasury shares	2.49		335 891	2.46		332 064				
Shareholder forming part of general government <sup>4</sup>	74.35	76.25	10 017 539	74.35	76.23	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	76.22	

<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
At corporate level	335 891	332 064
Subsidiaries		
Total	335 891	332 064

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	18	18	20
Group level	1733	1664	1 633

The consolidated closing headcount as at 31 March, 2016, was 1,633, which represented a decline in headcount by 1.9 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 Rátty	Board Member	2015		0
BD	Dr. József Steigler	Board member	2013	2015	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 Kerékgyártó	SB member	2012	2015	0
SB	László Somodi	SB member	2015		0
SP	István Pintér	Chief Executive	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

<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)

This was happened after the cut-off date that Dr. Csaba Polacsek resigned from his position as the Chairman of the Supervisory Board as of the day following the day of the AGM on April 15, 2016, Dr. Zsolt Harmath resigned from his position as a member of the Board of Directors as of April 14, 2016. The AGM on April 15, 2016 elected Dr. Zsolt Harmath as the Chairman of the Supervisory Board.

**RÁBA NYRT. (INDIVIDUAL) BALANCE SHEET (HAS)**

Data in HUF thousand

Description of item	31.12.2015	31.03.2016	Index
<b>Invested assets</b>	<b>16 399 777</b>	<b>16 379 855</b>	<b>99.88%</b>
Intangible assets	13 646	11 104	81.37%
Fixed assets	6 068 692	6 051 312	99.71%
Financial assets invested	10 317 439	10 317 439	100.00%
<b>Current assets</b>	<b>3 517 288</b>	<b>3 173 724</b>	<b>90.23%</b>
Stocks	349 191	348 223	99.72%
Receivables	348 091	545 942	156.84%
Securities	303 244	299 789	98.86%
Liquid assets	2 516 762	1 979 770	78.66%
<b>Active accruals</b>	<b>20 170</b>	<b>30 795</b>	<b>152.68%</b>
<b>TOTAL ASSETS</b>	<b>19 937 235</b>	<b>19 584 374</b>	<b>98.23%</b>
<b>Shareholders' equity</b>	<b>14 874 225</b>	<b>14 800 736</b>	<b>99.51%</b>
Registered capital	13 473 446	13 473 446	100.00%
Of which: ownership stake repurchased at face value	335 891	332 064	98.86%
Capital reserve	127 654	127 654	100.00%
Retained earnings	1 130 839	973 337	86.07%
Fixed reserves	303 244	299 789	98.86%
Net profit	-160 958	-73 490	54.34%
<b>Provisions</b>	<b>99 113</b>	<b>98 753</b>	<b>99.64%</b>
<b>Liabilities</b>	<b>4 768 078</b>	<b>4 427 057</b>	<b>92.85%</b>
Short-term liabilities	4 768 078	4 427 057	92.85%
<b>Passive accruals</b>	<b>195 819</b>	<b>257 825</b>	<b>131.66%</b>
<b>TOTAL LIABILITIES</b>	<b>19 937 235</b>	<b>19 584 371</b>	<b>98.23%</b>

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

Data in thousand HUF

No	Description of item	Q1 2015.	Q1 2015.	Index
<b>I.</b>	<b>Net sales revenue</b>	326 636	319 812	97,91%
II.	Direct costs of sales	57 202	76 899	134,43%
<b>III.</b>	<b>Gross sales revenue</b>	<b>269 434</b>	<b>242 913</b>	<b>90,16%</b>
IV.	Indirect sales costs	249 337	266 056	106,71%
V.	Other revenues	19	469	2468,42%
VI.	Other expenditures	42 363	41 932	98,98%
<b>A.</b>	<b>OPERATING PROFIT</b>	<b>-22 247</b>	<b>-64 606</b>	<b>-190,40%</b>
<b>B.</b>	<b>Profit of financial transactions</b>	<b>82 922</b>	<b>-8 884</b>	<b>110,71%</b>
<b>C.</b>	<b>ORDINARY BUSINESS PROFIT</b>	<b>60 675</b>	<b>-73 490</b>	<b>221,12%</b>
D.	EXTRAORDINARY PROFIT	-350	0	0,00%
<b>E.</b>	<b>PROFIT BEFORE TAXATION</b>	<b>60 325</b>	<b>-73 490</b>	<b>221,82%</b>
XII.	TAX LIABILITY	2 900	0	
<b>F.</b>	<b>AFTER-TAX PROFIT</b>	<b>57 425</b>	<b>-73 490</b>	<b>227,98%</b>
<b>G.</b>	<b>NET PROFIT</b>	<b>57 425</b>	<b>-73 490</b>	<b>227,98%</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>		Hungarian	<input type="checkbox"/>	IFRS	<input checked="" type="checkbox"/>
<b>Other: .....</b>				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 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 May, 2016

István Pintér  
Chairman-CEO

Béla Balog  
CFO