

Report on the Results of Rába Nyrt. in Q1-Q3 2017

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:	Q3-Q3 of 1017
Phone:	+36 96 624-460
Fax:	+36 96 624-006
E-mail:	adam.steszli@raba.hu
Investor's contact person:	Ádám Steszli

SUMMARY

- In Q3 of 2017 the market demand was characterised fundamentally by positive market movement. Increased activity was felt on RÁBA's all key markets. The European commercial vehicle market was stabilised at the earlier high level of demand and an increase in demand compared to the earlier situation was felt on the American commercial vehicle market, as well as on the Russian commercial vehicle and bus markets and on the market of agricultural axles, as well. Such market activity is manifest not only on the customer side but also throughout the entire supply chain, which generates substantial changes in market conditions. Such volatility may have an impact on competitiveness, as well as on profitability, thus it requires considerable flexibility and adaptability from market player, including our company. In sales terms, the company achieved a 9.1 per cent increase in Q3 of 2017 and of 6.4 per cent in Q1-Q3 of 2017. The Axle Business Unit achieved a 4.6 per cent sales growth through considerable export and domestic sales growth. The sales activity of the Components Business Unit was characterised by a considerable increase in exports and a decline in domestic sales. As a result, sales revenues declined by 6.4 per cent. The Vehicle Business Unit achieved considerable growth in terms of both export markets and domestic sales, resulting in an outstanding sales growth of 43.8 per cent. All in all, in Q3 of 2017, the group-level sales revenue exceeded last year's sales revenue by HUF 1.9 billion, amounting to HUF 30.8 billion. In terms of exchange rates, both the exchange rate of the EUR, generating the majority of FX sales, and the smaller-scale USD exports were affected by the decrease in average exchange rates: the change in exchange rates was -1.2 per cent in the case of the EUR and -0.8 per cent in the case of the USD.
- As a consequence of the increase in activities impacting the entire supply chain, the steel raw material prices, which earlier increased drastically, stabilised at a high level and future outlooks forecast further considerable increase. The level of raw material prices, 17.8 per cent higher than that of the base period in 2016, also impacted the level of profitability, gross margin declined by 0.9 percentage points to 21.4 per cent.
- Managing the impact of the steep increase in steel raw material prices is a key issue, in the company's focus in Q1-Q3 of 2017. As a result of the increased sales, the gross margin amounted to HUF 6,604 million, exceeding the level of the base period by HUF 146 million.
- The balance of other revenues and expenditures was a profit of HUF 18 million, during the review period, against the loss of HUF 150 million during the same period of the previous year.
- In spite of the volatile demand terms, drastically increasing and then stabilised steel prices and lesser decline in exchange rates, Q1-Q3 of 2017 was concluded with outstanding results in terms of profitability: all business units generated a positive operating result, thus contributing to the HUF 1,087 million in operating profits of the Rába Group, with a 36.8 per cent increase. The Axle Business Unit, generated operating profits of HUF 686 million with a 1.6 per cent increase over the results of the base period; in spite of the substantial decline in domestic sales, the Components Business Unit generated operating profits amounting to HUF 384 million, while the Vehicle Business Unit generated a profit of HUF 122 million against the loss of the

base period, thus contributing to the increase in group-level profits.

- In terms of the cash generating efficiency, the company's performance was outstanding: in spite of the increased pressure on the cost-side and of declining exchange rates, EBITDA – level profitability was retained: efficiency on sales remained at 8.3 level, identical with the level of the base period in 2016. As a result of the profitability retained, the EBITDA exceeded the base level by HUF 160 million, amounting to HUF 2,554 million. All of the business unit generated a positive EBITDA-level result: the Axle Business Unit registered an EBITDA of HUF 1,537 million, the Components Business Unit generated HUF 679 million in EBITDA-level result, whereas the Vehicle Business Unit contributed to the profitability at group level with an EBITDA of HUF 288 million.
- The financial profit in Q1-Q3 of 2017 amounted to a loss of HUF 91 million, against the profit of HUF 31 million generated during the same period of 2016. The deteriorating impact¹ of the exchange rate loss suffered and of the revaluation of loans was offset by the interest burden declining because of the decline in borrowing.
- The total aggregate income and profit in Q1-Q3 of 2017 was a profit of HUF 716 million, exceeding the base period by 40.4 per cent.
- The RÁBA Group's financial situation in Q1-Q3 of 2017 continued to be characterised by a stable liquidity position. Profitable operations continued to generate substantial cash. As a result of increased sales and secure material supply, working capital increased by HUF 929 million compared to the level of a year earlier and by HUF 243 million compared to the level at year-end. Investment programmes continued as planned, their financing need largely determined net borrowings, which amounted to HUF 4.8 billion, HUF 3.2 billion above the level of a year earlier and HUF 3.7 billion above the closing level at year-end. The level of net borrowing was also influenced by the HUF 22 million worth of revaluation of loans because of exchange rate changes, not involving cash movements, though.
- As a result of the profitable and efficient operation, the Company's shareholder's equity further increased by 7.4 per cent compared to the same period of last year.

thousand HUF	Q1-Q3 2016	Q1-Q3 2017	Change	Q3 2016	Q3 2017	Change
Sales revenue	28 964 305	30 826 917	6.4%	8 429 616	9 200 820	9.1%
Gross profit	6 457 802	6 604 140	2.3%	2 015 756	1 716 723	-14.8%
<i>Gross margin</i>	22,3%	21,4%	-0.9%p	23,9%	18,7%	-5.2%p
EBITDA	2 393 745	2 553 763	6.7%	538 877	567 267	5.3%
<i>EBITDA level</i>	8,3%	8,3%	0%p	6,4%	6,2%	-0.2%p
Operating profit	794 731	1 086 820	36.8%	6 784	93 456	1277.6%
Net financial result	31 431	-90 569	388.2%	61 437	-49 191	-180.1%
Profit for current year	509 945	715 880	40.4%	3 099	2 852	-8.0%
Total aggregate revenue	509 945	715 880	40.4%	3 099	2 852	-8.0%

"The market changes and increasing activity affecting the automotive industry have demanded continuous and flexible responses on the part of Rába. Our solid financial results enable us to carry out our major investment program, started last year, in a timely manner, while concentrating on the areas that are decisive in the long run. Furthermore, we've managed to meet the appreciably growing market demands to a high standard, thanks to the already completed technology upgrades that have helped increase our productivity and efficiency", said István Pintér, Chairman-CEO of Rába Automotive Holding Plc.

¹ Although the average exchange rate of the EUR declined, the closing exchange rate serving as the basis for the revaluation exceeded the value of the base period.

EXTERNAL ENVIRONMENT

- The activity of the American heavy commercial vehicle market seen in Q2 of 2017 continued in Q3 as well, as a result of the favourable economic conditions: the double digit decline experienced earlier as a general phenomenon, became single digit by Q1-Q3, the decline in demand compared to the base period was a mere 7 per cent. As a result of the revival of the North American economy, the demand outlooks of the heavy commercial vehicle market also expanded. The European commercial vehicle market continued to stabilise at a high level: in Q1-Q3 of 2017, the number of new commercial vehicle registrations equalled the level of 2016, considered outstanding. The European commercial vehicle market continues to be driven by the high demand for supplies, the need to utilise the capacity of the vehicle fleets and the resulting fast rate of renewal. The stabilisation of the European market at a high level may continue. The earlier decline in demand on the Brazilian commercial vehicle market recognised among emerging markets seems to come to a halt: Q3 of 2017 seems to show some increase in activities, as a result of which the earlier double digit decline in demand has dropped to 4 per cent. The increase in activity characteristic for the first half of the year, continued in Q3 of 2017. In Q1-Q3 of 2017, both the American and the European demand exceeded the level of the base period. Russian heavy commercial vehicle sales grew particularly dynamically, the market expanded by 48 per cent during the reporting period, compared to the level of the previous year. Russian bus manufacturing also grew substantially, in Q1-Q3 of 2017 12.3 per cent more buses were released by Russian bus manufacturers than a year before. The market of European passenger cars was characterised by a 4 per cent increase in demand.
- The increase in raw material prices fundamentally determining the first half of 2017 remained a dominant factor in Q3 of 2017 as well. The increase in steel raw material prices was 20.8 per cent in Q3 of 2017, through which the cumulative average price increase for the period reached 17.8 per cent. Such increase in the single largest cost element had a negative impact on profitability.
- Concerning energy prices, favourable production conditions continued to have an impact on the Company's operation. Average energy prices in Q1-Q3 of 2017 were 7.8 per cent lower than the figure recorded for the previous year.
- In terms of the exchange rates, the decline of both the EUR and the USD had an impact on both the sales and production activity. While the cumulative period was characterised by a slight exchange rate decline, there were major exchange rate movements in Q3 of 2017. In Q3 of 2017 the EUR exchange rate was 1.5 per cent, the USD exchange rate was 6.4 per cent lower than the year before. The cumulative average exchange rate decline for the EUR is 1.2 per cent, for the USD it was 0.8 per cent.²

	Q1-Q3 2016	Q1-Q3 2017	Change	Q3 2016	Q3 2017	Change
HUF/EUR – average	312.2	308.4	-1.2%	311.2	306.4	-1.5%
HUF/EUR - end of period	309.2	311.2	0.7%	309.2	311.2	0.7%
HUF/USD - average	279.7	277.4	-0.8%	278.7	260.9	-6.4%
HUF/USD - end of period	276.4	263.8	-4.6%	276.4	263.8	-4.6%
Changes in raw material prices*	87%	102%	17.8%	87%	105%	20.8%
Changes in energy prices**	170%	157%	-7.8%	174%	164%	-6.0%

*Rába indices – own calculation - base: 2007. Q3; average values for the period

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

Due to the changes in the accounting of discounts and rebates granted afterwards, 2016 figures have been adjusted to allow comparability between the years.

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

Rába Axle Ltd.

The sales revenue of Rába Axle Ltd. in Q1-Q3 of 2017 amounted to HUF 16.2 billion compared to HUF 15.5 billion achieved during the base period of 2016. This corresponds to an increase by 4.6 per cent.

On the **American market**, the sales revenue in the reporting period was USD 7.3 million, against USD 8.9 million in Q1-Q3 of 2016. This means a decrease of 18.0 per cent.

On the **EU market**, Rába Axle Ltd.'s sales figures in HUF terms increased by 16.1 per cent, amounting to HUF 12.0 billion, compared to HUF 10.3 billion during the base period.

European exports during Q1-Q3 of 2017 exceeded the level of the same period a year earlier by 19.2 per cent, amounting to EUR 31.0 million, compared to HUF 26.0 million in the same period of 2016.

Domestic sales before consolidation amounted to HUF 2,537 million, which represents an increase of 15.2 per cent compared to the HUF 2,203 million of the base period.

On the **CIS and East-European** markets, export sales revenues achieved by Rába Axle Ltd. in Q1-Q3 of 2017. were 23.8 per cent lower than the base period in 2016, declining from EUR 4.2 million to EUR 3.2 million.

On the **other** markets, the sales revenue during the reporting period amounted to EUR 3.8 million, against EUR 4.4 million in Q1-Q3 of 2016, which corresponds to a decline by 13.6 per cent in FX terms.

The operating result of the Company in Q1-Q3 of 2017 was a profit of HUF 686 million, compared to HUF 675 million during the same period of the previous year.

At EBITDA level, the operating profit of the Axle Business Unit was HUF 1,537 million compared to HUF 1,649 million registered a year earlier.

million HUF	Q1-Q3 2016	Q1-Q3 2017	Change	Q3 2016	Q3 2017	Change
America	2 483	2 032	-18.2%	736	605	-17.8%
EU – export	8 124	9 452	16.3%	2 287	2 451	7.2%
EU – domestic	2 203	2 537	15.2%	729	755	3.6%
CIS	1 304	987	-24.3%	339	336	-0.9%
Other	1 361	1 174	-13.7%	363	468	28.9%
Total sales revenue	15 475	16 182	4.6%	4 455	4 615	3.6%
EBITDA	1 649	1 537	-6.8%	410	304	-25.9%
Operating profit	675	686	1.6%	97	41	-57.7%

Rába Automotive Components Ltd.

The sales revenue of the Rába Automotive Components Ltd. amounted to HUF 9.6 billion in Q1-Q3 of 2017, which is a decline by 6.4 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 Q1-Q3 of 2017 amounted to EUR 14.0 million, which represents an increase of 11.1 per cent compared to the EUR 12.6 million of the base period of 2016.

Domestic sales before consolidation amounted to HUF 5,258 million during the reporting period, which is a decline of 16.1 per cent compared to the sales revenue of HUF 6,264 million during Q1-Q3 of 2016.

The Business Unit generated a profit of HUF 384 million at operating level during the reporting period compared to a profit of HUF 471 million in Q1-Q3 of 2016.

On the level of EBITDA, the profit of the Components Business Unit changed to HUF 679 million during the period, from HUF 781 million of the previous year.

million HUF	Q1-Q3 2016	Q1-Q3 2017	Change	Q3 2016	Q3 2017	Change
EU – export	3 921	4 304	9.8%	1 111	1 185	6.7%
EU - domestic	6 264	5 258	-16.1%	1 837	1 630	-11.3%
Other	58	22	-62.1%	10	0	-100.0%
Total sales revenue	10 244	9 584	-6.4%	2 957	2 815	-4.8%
EBITDA	781	679	-13.1%	146	142	-2.7%
Operating profit	471	384	-18.5%	42	40	-4.8%

Rába Vehicle Ltd.

The sales revenue of Rába Vehicle Ltd. in Q1-Q3 of 2017 was 43.8 per cent higher than the figure of the base period and increased from HUF 4.2 billion to HUF 6.1 billion.

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

European exports were 23.8 per cent higher than the level of the base period, thus increasing from EUR 8.4 million to EUR 10.4 million.

Domestic sales before consolidation amounted to HUF 2,879 million in Q1-Q3 of 2017, compared to HUF 1,634 million during the base period, an increase of 76.2 per cent.

The operating profit amounted to HUF 122 million during the reporting period, compared to the loss of HUF 208 million during the base period last year.

On the level of EBITDA, in the reporting period the Vehicle Business Unit registered HUF 288 million compared to the loss of HUF 43 million in Q1-Q3 of 2016.

million HUF	Q1-Q3 2016	Q1-Q3 2017	Change	Q3 2016	Q3 2017	Change
EU – export	2 610	3 220	23.4%	766	900	17.5%
EU – domestic	1 634	2 879	76.2%	582	1 173	101.5%
Total sales revenue	0	3	0.0%	0	0	0.0%
EBITDA	4 244	6 102	43.8%	1 349	2 073	53.7%
Operating profit	-43	288	769.8%	-28	113	503.6%
	-208	122	158.7%	-82	57	169.5%

Rába Group

The consolidated sales revenue of the Rába Group in Q1-Q3 of 2017 amounted to HUF 30.8 billion, which is an increase by 6.4 per cent compared to the figure of HUF 29.0 billion reported for the base period in 2016.

The operating profit of the group during the current period amounted to HUF 1,087 million, compared to HUF 795 million during the same period a year earlier.

During the reporting period, the financial result was a loss of HUF 91 million, which includes, among others, a net interest payment of HUF 28 million, as well as exchange rate gains of HUF 56 million.

Based on the above, the Rába group generated a net profit of HUF 716 million in Q1-Q3 of 2017, compared to a profit of HUF 510 million during the same period of the previous year.

On the level of EBITDA, the group registered profits of HUF 2,554 million in Q1-Q3 of 2017, against last year's figure of HUF 2,394 million.

The Rába Group – other data and events pertaining to the business activity**Sales revenue by business division**

Sales revenue (HUF million)	Axle	Components	Vehicles	Rába Group consolidated
2016 Q1	5 162	3 494	1 224	9 591
2016 Q2	5 858	3 793	1 671	10 925
2016 Q3	4 455	2 957	1 349	8 448
2016 Q4	5 250	3 110	5 582	13 664
2017 Q1	5 583	3 268	1 979	10 525
2017 Q2	5 984	3 501	2 051	11 101
2017 Q3	4 615	2 815	2 073	9 201

Breakdown of the sales revenue for Q1-Q3 of 2017

HUF million	America	EU			CIS	Other	Total
		Total	export	domestic			
Axle	2 032	11 989	9 452	2 537	987	1 174	16 182
Components	22	9 562	4 304	5 258	0	0	9 584
Vehicle	0	6 099	3 220	2 879	0	3	6 102
Consolidated	2 054	26 609	16 977	9 632	987	1 177	30 827

Operating profit of group companies

	Operating profit						
	2016.				2017.		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Axle	152	426	97	291	163	482	41
Components	194	235	42	171	127	217	40
Vehicle	-55	-71	-82	780	10	55	57
Other	-61	-42	-40	-37	-36	-25	-43
Total	230	548	17	1 205	264	729	94

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	S
Rába Automotive Components Ltd.	300,000	100.00	100.00	S
Rába Vehicle Ltd.	835,100	100.00	100.00	S

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

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

PK. 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-Q3 2016	Q1-Q3 2017	Index
Domestic sales revenues	9 101 336	9 632 090	105.8%
Export sales revenues	19 862 969	21 194 827	106.7%
Net sales revenues	28 964 305	30 826 917	106.4%
Direct cost of sales	22 506 503	24 222 777	107.6%
Gross profit	6 457 802	6 604 140	102.3%
Cost of sales and marketing	364 113	398 797	109.5%
General and administration expenses	5 149 064	5 136 915	99.8%
Other revenues	298 295	440 810	147.8%
Other expenditures	448 189	422 418	94.2%
Total other operating expenses	-5 663 071	-5 517 320	97.4%
Revenue from operations	794 731	1 086 820	136.8%
Financial revenues	545 192	444 063	81.5%
Financial expenditures	513 761	534 632	104.1%
Net financial profit/loss	31 431	-90 569	388.2%
PROFIT BEFORE TAXATION	826 162	996 251	120.6%
Profit tax	316 217	280 371	88.7%
PROFIT AFTER TAXATION IN THE CURRENT YEAR	509 945	715 880	140.4%
Total overall profit in the current year	509 945	715 880	140.4%

1. EARNED REVENUES

During Q1-Q3 of 2017, Rába achieved HUF 30,827 million in sales revenue, compared to HUF 28,964 million during the same period of 2016, which is a change of 6.4 per cent. 68.8 per cent of the revenues in the reporting period came from exports, while the rest came from domestic sales.

2. COSTS AND OTHER REVENUES, EXPENDITURES**2.1. Direct costs**

During Q1-Q3 of 2017, the direct cost level of Rába was 81.3 per cent, compared to 76.1% of the base period. The amount of direct costs was HUF 24,223 million, 7.6 per cent more than during the base period (Q1-Q3 of 2016: HUF 22,507 million).

Gross profit

The gross profit changed from HUF 6,458 million in the base period to HUF 6,604 million, (HUF 146 million), which is due to the increase in sales revenue by HUF 1,862 million and by 1,716 million in direct expenses.

2.2. Cost of sales

The cost of sales increased by 9.5 per cent and amounted to HUF 399 million during Q1-Q3 of 2017, compared to HUF 364 million in Q1-Q3 of 2016.

2.3. General overhead and administrative expenses

Rába accounts its costs incurred in relation to the administration of the company (Q1-Q3 of 2017: HUF 2,214 million) under general overhead and administrative expenses (Q1-Q3 of 2017: HUF 5,137 million, Q1-Q3 of 2016: 5,149 million) and other general costs (Q1-Q3 of 2017: HUF 2,952 million). These are adjusted 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 18 million in Q1-Q3 of 2017, compared to HUF 150 million in losses during the same period of last year.

3. OPERATING PROFIT

The operating profit of the Company during Q1-Q3 of 2017 was HUF 1,087 million (Q1-Q3 of 2016: HUF 795 million). The increase in gross profit (HUF 146 million) was deteriorated by the combined change in sales and general overhead costs (HUF 22 million) and was improved by the change in the balance of other revenues and expenditures (HUF 168 million). Profitability changed from 2.7% during the base period to 3.5%. The profitability of operating profit + depreciation did not change from 8.3 per cent during the base period.

4. FINANCIAL REVENUES AND EXPENDITURES

During Q1-Q3 of 2017, the net financial result was a loss of HUF 91 million, compared to the profit of HUF 31 million during the base period.

The net result of interest incomes and expenses was HUF -28 million during Q1-Q3 of 2017 (against HUF -48 million during the base period).

The net exchange rate difference of FX items during Q1-Q3 of 2017 was of HUF -56 million (HUF 71 million in the base period).

Financial revenues and expenditures consisted of the following principal items:

in HUF thousand

	Q1-Q3 2016	Q1-Q3 2017
Dividend income	2 930	3 081
Interest income	4 675	466
Profit from derivative transactions	0	0
Exchange rate gains	516 669	439 602
Other financial revenues	20 918	914
Financial revenues	545 192	444 063
Interest payable	52 866	28 862
Exchange rate loss	445 764	496 046
Other financial expenditures	15 131	9 724
Financial expenditures	513 761	534 632

5. PROFIT IN THE CURRENT YEAR

The earnings before taxation during Q1-Q3 of 2017 amounted to HUF 996 million which, because of the factors outlined in sections 1-4, is HUF 170 million more than the figure for Q1-Q3 of 2016. The profitability ratio represents a 3.23 per cent return on sales on the basis of profit before taxation, compared to 2.85 per cent during the base period.

The Group has HUF 280 million in tax liability. Within that, the corporate income tax liability was HUF 55 million, the local business tax liability was HUF 212 million, and the deferred tax liability in the reporting period was HUF 13 million.

6. 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, while discounts received and accounted under other revenues according to the Hungarian regulations, is accounted as a cost reduction item;
- financial discounts offered or received and shown in financial results as per the HAS, is presented as revenue or cost reduction item under the international regulations;
- restatement of certain bank charges accounted as indirect expenditure under the Hungarian Accounting Regulations into financial expenditure.

The amount paid for services in advance, in foreign currency, is valued as per the IFRS regulations (IAS 21) at the spot exchange rate valid at the time of the transaction. According to the Hungarian regulations, the FX exchange rate differences accounted for in the financial income for this transaction, are deleted.

PK. 3. CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS

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

*Indicate with X.

Description of item	31.12.2016	30.09.2017	Index
Real estate, machines, equipment	14 409 547	15 050 726	104.4%
Intangible assets	499 559	334 284	66.9%
Other long-term assets	342 892	291 639	85.1%
Property for investment purposes	338 217	338 217	100.0%
Receivables from the sale of assets	126 808	126 809	100.0%
Deferred tax receivables	82 038	59 241	72.2%
Total invested assets	15 799 061	16 200 916	102.5%
Inventories	5 728 057	7 924 118	138.3%
Trade receivables and other receivables	10 074 774	9 699 722	96.3%
Profit tax receivable	0	136 712	
Liquid assets, bank account	1 900 095	407 811	21.5%
Total current assets	17 702 926	18 168 363	102.6%
Total assets	33 501 987	34 369 279	102.6%
Registered capital	13 473 446	13 473 446	100.0%
Treasury shares	-108 952	-108 952	100.0%
Retained earnings	5 314 151	5 760 574	108.4%
Total equity and reserves	18 678 645	19 125 068	102%
Long-term credits and loans	2 239 344	3 551 742	158.6%
Provisions	150 243	149 143	99.3%
Deferred tax liability	44 486	35 148	79.0%
Total long-term liabilities	2 434 073	3 736 033	153.5%
Provisions	89 470	52 098	58.2%
Profit tax liability	12 745	0	
Short-term portion of loans and credits	746 448	1 614 141	216.2%
Trade liabilities and other payables	11 540 606	9 841 939	85.3%
Total short-term liabilities	12 389 269	11 508 178	92.9%
Total equity and liabilities	33 501 987	34 369 279	102.6%

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 14,410 million on 31 December 2016 to HUF 15,051 million. This represents an increase of 4.4 per cent. The depreciation of tangible assets was HUF 1,295 million in Q1-Q3 of 2017.

1.2. Intangible assets

The net value of intangible assets changed from HUF 500 million to HUF 334 million. This represents a decline of 33.1 per cent. The amount of depreciation accounted during the period was HUF 172 million.

1.3. Other long-term receivables

This balance sheet line shows other long-term loans given (HUF 5 million), as well as long-term advance payments in the amount of HUF 340 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 quarter, the amount of long term receivables declined by HUF 51 million during the period.

1.4. Property for investment purposes

The book value of real estate for investment purposes did not change during the period, it amounted to HUF 338 million on 30 September, 2017.

1.5. Receivables from the sale of assets

On 30 September, 2017, the present value of the receivables was HUF 127 million (base: HUF 127 million).

1.6. Deferred tax receivables

The amount of receivable was HUF 59 million on 30 September, 2017, which is HUF 23 million less than the amount on 31 December 2016. The receivable is reduced by the deferred tax of the accrued loss released through the booking of the tax base for Q1-Q3.

2. CURRENT ASSETS**2.1. Inventories**

On 30 September, 2017, the closing value of stocks was HUF 7,924 million (31 December 2016: HUF 5,728 million). The change is an increase by HUF 2,196 million. Components of the change: an increase in materials and goods by HUF 812 million and of unfinished, semi-finished and finished goods by HUF 1,384 million.

2.2. Trade receivables and other receivables

The closing figure of receivables as at 30 September, 2017 was HUF 9,699 million, a decline by HUF 375 million compared to the 31 December 2016 figure (closing figure for 31 December 2016: HUF 10,075 million). Accounts receivable decreased by HUF 3,558 million, advances made for investment and inventories increased by HUF 2,931 million and other receivables increased by HUF 252 million.

2.3. Profit tax receivables

On 30 September, 2017, profit tax receivables amount to HUF 137 million, of which the corporate tax receivable is HUF 20 million and local trade tax receivable is HUF 117 million.

On 31 December, 2016, in terms of profit tax balance, the Group had a HUF 22 million profit tax liability, instead of a receivable, within which the corporate tax liability amounts to HUF 19 million and the local trade tax receivable is HUF 3 million.

2.4. Liquid assets

The closing figure of liquid assets on 30 September, 2017 was HUF 408 million, HUF 1,492 million less than on 31 December 2016 (HUF 1,900 million).

3. EQUITY AND RESERVES

The change occurred as follows:

in HUF thousand

	Share capital	Treasury shares	Reserve from share-based payments	Retained earnings	Other aggregate income	Total shareholders' equity
Balance as at 1 January 2016	13 473 446	-303 244	67 455	3 869 173	0	17 106 830
Profit for current year				509 945		509 945
Balance as at 31 March 2015	13 473 446	-303 244	67 455	4 379 118	0	17 616 775
Profit for current year				867 577		867 577
Profit of the drawn share-based payments		194 292	-75 260	67 456		186 488
Deferred tax on the drawn share-based payments			7 805	0		7 805
Balance as at 31 December 2016	13 473 446	-108 952	0	5 314 151	0	18 678 645
Profit for current year				715 880		715 880
Dividend payment				-269 457		-269 457
Balance as at 30 September 2017	13 473 446	-108 952	0	5 760 574	0	19 125 068

3.1. Registered 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 30 September, 2017, the share capital of the Company was HUF 13,473 million.

The Management Share Option Incentive Programme of the Rába Group was terminated on 30 June, 2016.

3.2. Treasury shares

On 30 September, 2017, the value of treasury shares was HUF 108,952 thousand (120,681 shares), with no changes since 31 December, 2016. 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. Retained earnings

The retained earnings (HUF 5,761 million) changed by HUF 446 million, i.e. the profit for the reporting year, compared to the closing value for the previous year (HUF 5,314 million).

4. LONG-TERM LIABILITIES

4.1. Long-term liabilities

The closing value of long-term liabilities as at 30 September, 2017 amounted to HUF 3,552 million, which was 58.6 per cent higher than the opening balance of the period (on 31 December 2016 the closing figure was HUF 2,239 million).

4.2. Provisions

The closing value of provisions as at 30 September, 2017 was HUF 201 million, of which HUF 149 million is long-term, the rest is the amount set aside for the liabilities expected for after the reporting period. The amount of long-term provisions declined by HUF 1.1 million compared to 31 December, 2016.

4.3. Deferred tax liability

On 30 September 2017, the Company had deferred tax liabilities in the amount of HUF 35 million, which is HUF 9 million less than the amount on 31 December, 2016.

5. SHORT-TERM LIABILITIES

5.1. Short-term credits and loans

The total amount of short-term credits and loans (HUF 1,614 million) increased by 116.2 per cent compared to the closing value at the end of December 2016 (HUF 746 million).

The net borrowing of the Rába group was HUF 4,758 million on 30 September, 2017, an increase by HUF 3,672 million compared to the level as at 31 December 2016.

5.2. Provisions

The short-term portion of provisions amounted to HUF 52 million on 30 September, 2017, which is HUF 37 million lower than the amount on 31 December, 2016.

5.3. Profit tax liability

At the end of the quarter, the Group had profit tax receivables, whereas at the end of the previous year the Group had a profit tax liability of HUF 13 million.

5.4. Accounts payable and other short-term liabilities

On 30 September, 2017, the amount of accounts payable and other short-term liabilities was HUF 9,842 million, which is 14.7 per cent less than the closing value as at the end of December, 2016 (HUF 11,541 million). Accounts payable declined by HUF 1,605 million, other liabilities by HUF 278 million, whereas passive accruals increased by HUF 184 million.

PK 5. CONSOLIDATED CASH-FLOW STATEMENT

Data in HUF thousand

	Q1-Q3 2016	Q1-Q3 2017
Cash-flows from operating activities		
Profit before taxation	826 161	996 251
<i>Adjustment items related to items with no cash movement:</i>		
<i>Interest income</i>		
Interest expenditure	13 143	9 971
Depreciation and amortisation	1 599 014	1 466 943
Impairment of intangible assets, properties, machines and equipment	71	16 044
Impairment of bad and doubtful receivables and of long term receivables	7 354	9 650
Impairment of stocks kept at net realisable value	205 659	158 504
Scrapping of stocks	10 559	36 779
Provisions / (release)	-23 627	-38 472
Share-based expenditure in capital instrument	-20 918	0
Result from the sale, write-off and in kind contribution of real estate, machinery and fixtures and intangible assets	-1 064	-24 904
Revaluation of loans and credits at end of period	-40 494	22 098
<i>Changes in working capital:</i>		
Changes in trade and other receivables	2 357 218	362 323
Changes in stocks	-1 424 579	-2 391 344
Accounts payable and other liabilities	-689 031	-2 036 379
Profit tax paid	-347 878	-416 370
Interests paid	-51 096	-20 222
Net cash flows from operating activity	2 420 492	-1 849 128
Cash-flows from investment activities		
Purchase of real estate, machinery and fixtures, as well as of intangibles	-847 693	-1 564 145
Revenues from the sale of real estate, machinery and fixtures as well as intangible assets	1 064	29 372
Interests received, dividend	2 930	3 081
Net cash flows used for investment activities	-843 699	-1 531 692
Cash flows from financing activities		
Proceeds from the sale (purchase) of treasury shares	215 210	0
Loans and credits received	277 896	2 902 419
Loans and credits repaid	-3 381 695	-744 426
Dividend paid		-269 457
Net cash flows from financing activities	-2 888 589	1 888 536
Net increase/decrease of cash and cash equivalents	-1 311 796	-1 492 284

PK6. Major off-balance sheet items

Description	Value (HUF)
According to a separate list*	

* The bank loans of the Rába Group amount to HUF 5,166 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 4,894 million.

The amount of bank guarantees issued on behalf of the Rába Group is HUF 612 million.

RS1. Ownership structure, ratio of participation

Description of ownership	Total equity						Series listed ¹			
	Beginning of current year (01 January)			At end of term (30 September)			At beginning of period		At end of term	
	% ²	% ³	pcs	% ²	% ³	pcs	%	pcs	%	pcs
Domestic institutional/corporate	7.83	7.90	1 054 460	7.61	7.68	1 024 895				
Foreign institutional/corporate	0.26	0.26	35 291	2.20	2.22	296 394				
Foreign private individual	0.04	0.04	5 382	0.04	0.04	5 473				
Domestic private individual	16.49	16.64	2 221 355	14.78	14.91	1 991 390				
Employees, leading officials	0.14	0.14	18 738	0.13	0.13	17 074				
Treasury shares	0.90		120 681	0.90		120 681				
Shareholder forming part of general government ⁴	74.35	75.02	10 017 539	74.35	75.02	10 017 539				
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 listed series equals the total share capital and it is indicated, there is no need to fill it in. If more than one series are listed at the Stock Exchange, the ownership structure must be specified for each series.

² Ownership ratio

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

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

⁵ E.g.: EBRD, EIB, etc.

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

Name	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting right (%) ^{3,4}	Comment ⁵
Hungarian State Holding Company Ltd. (MNV Zrt.)	D	G	10 015 829	74.34	75.01	

¹ Domestic (D). Foreign (F)

² Custodian (C). General government (G). International Development Institution (IFI). Institutional (I). Business entity (B) Private (P). Employee, leading official (D)

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 (pcs)

	1 January	31 March	30 June	30 September
At corporate level	120 681	120 681	120 681	120 681
Subsidiaries				
Grand total	120 681	120 681	120 681	120 681

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

TSZ1. Headcount of full-time employees (people)

	End of base period	Beginning of current year	End of current period
At corporate level	19	20	17
At group level	1 555	1 556	1 521

The consolidated closing headcount as at 30 September, 2017 was 1,521. The decline in headcount is 2.2 per cent compared to the end of the base period.

TSZ2. Managing executives, strategic employees

Type ¹	Company	Position	Beginning of mandate	End/termination of mandate	Number of shares owned (pcs):
BD	István Pintér	Chairman of the BD	2005		7,082
BD	Alan Spencer	Board member	2006	2016	
BD	Ákos Csókay	Board member	2017		0
BD	István György Filótás	Board member	2015	2016	
BD	Dr. János Géza Fördös	Board member	2016		0
BD	Dr. Tibor Zoltán Hajdu	Board member	2012	2016	
BD	Dr. Zsolt Harmath	Board member	2015	2016	
BD	Dr. Péter Hartmann	Board member	2016		0
BD	Dr. Róbert Homolya	Board member	2016	2017	
BD	Dr. Miklós Rátky	Board member	2014		0
BD	Dr. Norbert Szivek	Board member	2016	2017	
BD	György Wáberer	Board member	2012		0
SB	Dr. Csaba Polacsek	Chairman of the SB	2012	2016	
SB	Dr. Gábor Czepek	Chairman of the SB	2016		0
SB	Dr. Mónika Bartha	SB member	2015	2017	
SB	Dr. Zsolt Harmath	SB member	2016		0
SB	Dr. Tünde Kanta	SB member	2017		0
SB	László Somodi	SB member	2015	2016	0
SP	István Pintér	Chief Executive Officer	2003	definite	7,082
SP	Béla Balog	Deputy Chief Executive Officer	2004	indefinite	3,332
SP	Ádám Steszli	HR and Controlling Director	2014	indefinite	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 a strategic position (SP), Member of the Management (MM), Supervisory Board Member (SB), Member of the Board of Directors (BD)

As from 1 January, 2017, Rába's individual financial accounts are drawn up in accordance with the provisions of the IFRS.

RÁBA PLC. (INDIVIDUAL) BALANCE SHEET (IFRS)

Data in HUF thousand

Description of item	31.12. 2016	30.09. 2017	Index
Property, machinery, equipment	6 077 486	6 076 671	99.99%
Intangible assets	20 143	16 405	81.44%
Other long-term assets	8 837	9 937	112.45%
Real estate for investment	338 217	338 217	100.00%
Long-term participation	11 033 696	11 033 696	100.00%
Receivables from the sale of assets	126 809	126 809	100.00%
Total invested assets	17 605 188	17 601 735	99.98%
Inventories	11 315	20 294	179.35%
Accounts receivable and other receivables	1 551 819	2 452 513	158.04%
Profit tax receivable	0	10 418	
Cash and cash equivalents	1 603 984	212 864	13.27%
Total current assets	3 167 118	2 696 089	85.13%
TOTAL ASSETS	20 772 306	20 297 824	97.72%
Registered capital	13 473 446	13 473 446	100.00%
Treasury shares	-108 951	-108 952	100.00%
Retained earnings	2 027 242	1 800 807	88.83%
Total equity and reserves	15 391 737	15 165 301	98.53%
Provisions	24 513	28 786	117.43%
Deferred tax liability	8 631	8 400	97.32%
Total long-term liabilities	33 144	37 186	112.20%
Provisions	4 273	0	0.00%
Profit tax liability	23 028	0	0.00%
Short-term portion of credits and loans	0	528 915	
Accounts payable and other liabilities	5 320 124	4 566 422	85.83%
Total short-term liabilities	5 347 425	5 095 337	95.29%
TOTAL EQUITY AND LIABILITIES	20 772 306	20 297 824	97.72%

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

Data in HUF thousand

Description of item	Q1-Q3 2016	Q1-Q3 2017	Index
Sales revenues	969 728	1 048 502	108,1%
Direct costs of sales	229 359	261 551	114,0%
Gross revenue	740 369	786 951	106,3%
Sales and marketing costs	26 826	38 926	145,1%
General overhead costs	739 738	739 385	100,0%
Other revenues	193	330	171,0%
Other expenditures	117 796	114 675	97,4%
Other operating expenditures total	-884 167	-892 656	101,0%
Operating profit	-143 798	-105 705	73,5%
Financial income	42 875	176 230	411,0%
Financial expenditures	14 282	14 107	98,8%
Net financial income	28 593	162 123	-467,0%
PROFIT BEFORE TAXATION	-115 205	56 418	149,0%
Profit Tax	16 645	13 396	80,5%
PROFIT OF CURRENT YEAR	-131 850	43 022	132,6%
TOTAL AGGREGATE PROFIT/LOSS OF CURRENT YEAR	-131 850	43 022	132,6%
EBITDA	6 269	49 793	-694,3%

PK1. General information pertaining to the financial data

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

Declaration of liability

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

Regarding 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, November 15, 2017

István Pintér
Chairman - CEO

Béla Balog
Chief Financial Officer