

# Report on the Results of Rába Plc. in Q1-Q3 of 2019

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

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## MANAGEMENT REPORT

### MAIN RESULTS OF THE COMPANY

- During Q3 of 2019, relevant markets of Rába were characterised by considerable volatility and substantial differences in terms of market activity. The earlier growth on the European market was followed by a drastic correction, whereas the earlier decline in the Russian truck market turned into a moderate increase. Additionally, the agricultural segment, an area of determining significance, continued to fall behind earlier sales. Such considerable market volatility is a clear sign of economic uncertainty, which requires substantial flexibility from market players. In terms of production costs, the wage pressure, which has been present for years is now accelerating further and the drastically increasing energy prices have had a considerable impact on the operation, as well as on financial performance. In terms of sales, in Q3 of 2019, a 0.7 per cent increase in sales characterised the performance of the Group. The contribution of the Components Business Unit to such result was an outstanding 13.0 per cent increase in sales revenue, and of the Axle Business Unit a decline in sales by 1.8 per cent and of the Vehicle Business Unit a 15.0 per cent decline in sales. Regarding the cumulative period of Q1-Q3 of 2019, group-level sales amounted to HUF 37.9 billion, an increase by 9.3 per cent, i.e. HUF 3.2 billion. At the level of business units, the Components and the Vehicle Business units achieved considerable growth of 17.5 and 32.4 per cent respectively, while the Axle Business Unit generated losses of 4.4 per cent. In terms of the exchange rate environment, an increase was manifest in Q1-Q3 of 2019, in the exchange rates of both the USD representing a lesser portion in the company's foreign exchange turnover and in the EUR, representing a more substantial portion of FX sales. In the case of the USD, the average exchange rate increased by 8.0 per cent, while the EUR exchange rate increased by 1.8 per cent compared to the level of the base period of one year earlier.
- A factor with a significant impact on the business of the group is that the orders due in 2019 under the new framework agreement concluded with the Ministry of Defense in 2018 have not materialised, thus no sales revenue is expected to be generated from this in 2019. We are working on actually generating contents for 2020 and the years beyond.
- Due to the significant increase in wage costs and to the pressure of energy prices on our costs, the gross margin in Q1-Q3 of 2019 declined by 2.3 percentage points to 19.8 per cent, resulting in a gross profit of HUF 7,181 million. Gross profitability, considered weak for the season, in Q3 of 2019 reached 16.6 per cent, upon a decline by 3.3 percentage points, amounting to HUF 1,711 million in profits.
- The balance of other revenues and expenditures amounted to HUF 61 million in losses during the review period, against the loss of HUF 251 million during the same period of the previous year.
- In spite of the volatile market conditions and their consequences, Rába succeeded in generating profits at both group and subsidiary level. The key elements of maintaining profitable operations were wage costs kept under control, and eliminating the price pressure exerted by sup-

pliers. At group level, the operating profit exceeded the level of last year's by HUF 97 million, amounting to HUF 1,192 million. As regards the operating profit of the subsidiaries, in Q1-Q3 of 2019, the Axle Business Unit generated profits of HUF 333 million, the Components Business Unit registered profits of HUF 472 million, whereas the Vehicle Business Unit had profits of HUF 504 million. During Q3 of 2019, the operating profit of the Axle and the Components Business Units increased substantially, by HUF 125 million and HUF 99 million respectively, whereas the Vehicle Business Unit, characterised by substantial decline in sales, fell short by HUF 264 million. In total, the Group level operating profit amounted to HUF 37 million in losses in Q3 of 2019.

- In terms of cash generating efficiency, the Company generated a group-level EBITDA of HUF 471 million in Q3 of 2019, through which the cumulative EBITDA-level operating profit for the period increased by 4.7 per cent, i.e. HUF 123 million to HUF 2,747 million. Although increasing wages and energy costs had a negative impact on profitability, EBITDA-level profitability was 7.2 per cent in Q1-Q3 of 2019. The contribution to the group-level EBITDA of the Axle Business Unit and the Components Business Unit was a considerable increase in EBITDA for Q3 of 2019. The Axle Business Unit generated profits of HUF 342 million with an increase of HUF 97 million, i.e. 39.3 per cent, whereas the Components Business Unit generated EBITDA-level profits of HUF 239 million, i.e. 75.7 per cent, an increase by HUF 103 million. The Vehicle Business Unit generated a loss of HUF 56 million at EBITDA level, upon declining sales volume.
- The financial loss in Q1-Q3 of 2019 amounted to HUF 482 million, compared to the loss of HUF 140 million generated during the same period of the previous year. The financial performance was fundamentally influenced by the realised exchange rate loss of HUF 405 million and the interest burden of HUF 65 million.
- The total aggregate income and profit for the current year decreased by 32.7 per cent in Q1-Q3 of 2019 resulting in a profit of HUF 425 million.
- The net loan portfolio in Q1-Q3 of 2019 shows an increase by HUF 4.0 billion compared to the same period of last year, as well as compared to the end of the year, which corresponds to the path forecast by the Company. As a result of the profitable operation, the increasing working capital reflecting the expanding sales and the financing of investments of strategic significance, the net loan portfolio amounted to HUF 11.4 billion. The revaluation, due to exchange rate fluctuation, of loans, worth HUF 417 million not involving cash movements, also contributed to the increase in net borrowing.
- As a result of the profitable and efficient operation, the shareholder's equity increased by 3.7 per cent compared to the same period of the previous year. The shareholder's equity per share reached HUF 1.562/share.

thousand HUF	2018 Q1-Q3	2019 Q1-Q3	Change	2018 Q3	2019 Q3	Change
Sales revenue	34 689 026	37 922 473	9.3%	10 212 355	10 284 090	0.7%
Gross profit	7 368 557	7 181 258	-2.5%	2 029 406	1 711 542	-15.7%
<i>Gross margin</i>	21.2%	18.9%	-2.3%p	19.9%	16.6%	-3.3%p
EBITDA	2 623 521	2 746 558	4.7%	563 775	471 040	-16.4%
<i>EBITDA</i>	7.6%	7.2%	-0.4%p	5.5%	4.6%	-0.9%p
Operating profit	1 095 207	1 192 172	8.9%	51 432	-36 531	-171.0%
Net financial profit/loss	-139 701	-481 508	-244.7%	14 097	-388 070	-2852.9%
Profit after tax for the current year	632 252	425 356	-32.7%	-6 975	-429 034	-6050.8%
Total comprehensive income	632 252	425 356	-32.7%	-6 975	-429 034	-6050.8%

## GOAL, STRATEGY OF THE BUSINESS

"The basis of our business policy and the token of maintaining our market positions is the flexible and customer-driven management of our manufacturing capacity and product portfolio. Moreover, based on our internationally acknowledged competence and soon fully available modernized pro-

duction technology we strive to compensate for the once again discernible volatility of the markets by building new businesses.” – said István Pintér, Chairman-CEO of Rába Automotive Holding Plc.

## EXTERNAL ENVIRONMENT OF THE BUSINESS

- In Europe, Q3 of 2019 was a period when correction measures were taken in the wake of the stringent regulatory measures introduced on the truck market, as is shown by the 19.1 per cent decline in registration figures following a 16.2 per cent increase. As a result, the market expansion shrank to 5.3 per cent in Q1-Q3 of 2019 compared to the base period. Recently, the European truck market has been characterised by strong activity within shipping, due to economic uncertainties, though, fleet owners tend to postpone their vehicle purchases and the demand on the market is increasingly limited to the necessary fleet renewals. In consequence, market outlooks for the future are much more modest than so far. The demand for Rába products in the agricultural segment remained below the level of Q1-Q3 of 2018, the decline was 16.0 per cent. The Russian bus and truck markets were also characterised by declining demand during the review period, although the decline was more moderate at 3.5 per cent. An increase in demand was observed on the Russian bus market, exceeding the level of the previous year by 9 per cent. The European passenger car market showed a decline in demand during the first 9 months of 2019, registration of new cars fell behind last year's figure by 1.6 per cent.
- A factor with a significant impact on the business of the group is that the orders due in 2019 under the new framework agreement concluded with the Ministry of Defence in 2018 have not materialised, thus no sales revenue is expected to be generated from this in 2019. We are working on actually generating contents for 2020 and the years beyond.
- The steel prices in Q3 of 2019 were 5.8 per cent lower, influencing the production activities of Rába, hence the 3.2 per cent lower average price level during Q1-Q3 2019 than during the base period.
- The drastic increase in energy prices felt during Q1 of 2019 seemed to subside during Q2 and Q3, still, energy price level during the review period was still 8.2 per cent higher than a year earlier.
- With regard to the exchange rate environment, an increase occurred in case of both the USD, representing a lesser proportion in the FX turnover of the company and in the case of the EUR, representing more substantial weight in the FX turnover in Q1-Q3 of 2019. In the case of the USD the exchange rate increased by 8.0 per cent, while the EUR exchange rate increased by 1.8 per cent compared to the base period.<sup>1</sup>

	2018. Q1-Q3	2019. Q1-Q3	Change	2018. Q3	2019. Q3	Change
EURHUF – average	317.5	323.2	1.8%	324.2	328.1	1.2%
EURHUF – end of period	323.8	334.7	3.4%	323.8	334.7	3.4%
USDHUF – average	266.2	287.6	8.0%	278.7	295.1	5.9%
USDHUF – end of period	278.8	306.1	9.8%	278.8	306.1	9.8%
Changes in raw material prices*	127%	123%	-3.2%	128%	120%	-5.8%
Changes in energy prices**	171%	185%	8.2%	179%	177%	-1.1%

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

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

## SUMMARY OF RESULTS OF DURING THE CURRENT PERIOD

### Rába Axle Ltd.

The sales revenue of Rába Axle Ltd. in Q1-Q3 of 2019 amounted to HUF 17.7 billion compared to HUF 18.5 billion achieved during the base period of 2018. This corresponds to a decrease of 4.4 per cent.

<sup>1</sup> The average exchange rates were calculated based on the official FX exchange rates of the MNB.  
Source: <http://www.mnb.hu/arfolyam-lekerdezes>

On the **American market**, the sales revenue in the reporting period was USD 9.4 million, compared to the USD 8.0 million of Q1-Q3 of 2018. This corresponds to an increase of 17.5 per cent.

On the **EU market**, Rába Axle Ltd's sales figures in HUF terms decreased by 9.2 per cent, amounting to HUF 12.4 billion, compared to HUF 13.6 billion during the base period.

**European exports** remained below the level of the same period a year earlier by 13.0 per cent in Q1-Q3 of 2019 amounting to EUR 29.5 million, compared to HUF 33.9 million in Q1-Q3 of 2018.

**Domestic sales** before consolidation amounted to HUF 2,865 million which represents a decrease of 0.3 per cent compared to the HUF 2,878 billion of the base period.

On the **CIS and East-European** markets, the export sales revenues achieved by Rába Axle Ltd. in Q1-Q3 of 2019 were 54.6 per cent lower than the base period in 2018, decreasing from EUR 4.2 million to EUR 1.9 million.

In the **other** markets, the sales revenue during the reporting period amounted to EUR 6.3 million, which exceeded the EUR 4.5 million turnover of the 2018 base period by 40.0 per cent.

The operating result of the Company in Q1-Q3 of 2019 was a profit of HUF 333 million, compared to HUF 437 million during the same period of the previous year.

At EBITDA level the operating profit of the Axle Business Unit was HUF 1,148 million compared to HUF 1,275 million registered a year earlier.

Million HUF	2018 Q1-Q3	2019 Q1-Q3	Change	2018 Q3	2019 Q3	Change
America	2 135	2 689	25.9%	773	707	-8.5%
EU - export	10 771	9 520	-11.6%	2 647	2 601	-1.7%
EU - domestic	2 878	2 869	-0.3%	921	876	-4.9%
CIS	1 330	614	-53.8%	388	303	-21.9%
Other	1 425	2 027	42.2%	570	718	26.0%
<b>Total sales revenue</b>	<b>18 538</b>	<b>17 720</b>	<b>-4.4%</b>	<b>5 299</b>	<b>5 206</b>	<b>-1.8%</b>
<b>EBITDA</b>	<b>1 275</b>	<b>1 148</b>	<b>-10.0%</b>	<b>246</b>	<b>342</b>	<b>39.0%</b>
<b>Operating profit</b>	<b>437</b>	<b>333</b>	<b>-23.8%</b>	<b>-32</b>	<b>93</b>	<b>390.6%</b>

### Rába Automotive Components Ltd.

The sales revenue of Rába Automotive Components Ltd. amounted to HUF 12.7 billion in Q1-Q3 of 2019, which is an increase of 17.5 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 2019 amounted to EUR 18.0 million, which represents an increase of 18.2 per cent compared to the EUR 15.2 million of the base period of 2018.

**Domestic sales** before consolidation amounted to HUF 6,924 million during the reporting period, which corresponds to an increase by 15.3 per cent compared to the sales revenue of HUF 6,003 million during Q1-Q3 of 2018.

The Business Unit generated a profit of HUF 472 million at operating level during the reporting period compared to a profit of HUF 437 million in Q1-Q3 of 2018.

On the level of EBITDA, the profit of the Automotive Components Business Unit was HUF 844 million during the period, compared to HUF 795 million of the previous year.

Million HUF	2018 Q1-Q3	2019 Q1-Q3	Change	2018 Q3	2019 Q3	Change
EU - export	4 833	5 804	20.1%	1 429	1 682	17.7%
EU - domestic	6 003	6 924	15.3%	1 604	1 745	8.8%
Other	10 836	12 728	17.5%	3 032	3 427	13.0%
<b>Total sales revenue</b>	<b>795</b>	<b>844</b>	<b>6.2%</b>	<b>136</b>	<b>239</b>	<b>75.7%</b>
<b>EBITDA</b>	<b>437</b>	<b>472</b>	<b>8.0%</b>	<b>10</b>	<b>109</b>	<b>990.0%</b>

**Rába Vehicle Ltd.**

The sales revenue of Rába Vehicle Ltd. in Q1-Q3 of 2019 was above the figure of the base period by 32.4 per cent and increased from HUF 6.7 billion to HUF 8.8 billion.

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

**European exports** were 15.4 per cent higher than the level of the base period, thus increasing from EUR 12.0 million to EUR 13.9 million.

**Domestic sales** before consolidation amounted to HUF 4,326 million in Q1-Q3 of 2019, compared to HUF 2,832 million during the base period, representing an increase by 52.8 per cent.

The operating profit amounted to HUF 504 million during the reporting period compared to the profit of HUF 367 million during the base period last year.

On the level of EBITDA, in the reporting period the Vehicle Business Unit registered a profit of HUF 704 million compared to the profit of HUF 538 million in Q1-Q3 of 2018.

Million HUF	2018 Q1-Q3	2019 Q1-Q3	Change	2018 Q3	2019 Q3	Change
EU - export	3 819	4 477	17.2%	1 091	1 313	20.3%
EU - domestic	2 832	4 326	52.8%	1 243	670	-46.1%
Other	6 651	8 803	32.4%	2 334	1 983	-15.0%
<b>Total sales revenue</b>	538	704	30.9%	190	-56	-129.5%
<b>EBITDA</b>	367	504	37.3%	135	-129	-195.6%

**Rába Group**

The consolidated sales revenue of the Rába Group in Q1-Q3 of 2019 amounted to HUF 37.9 billion, which is an increase of 9.3 per cent compared to the figure of HUF 34.7 billion reported for the base period Q1-Q3 of 2018.

The operating profit of the group during the current period amounted to HUF 1,192 million, compared to HUF 1,095 million during the same period a year earlier.

During the reporting period, the financial result was a loss of HUF 482 million, which includes, among others, a net interest payment of HUF 65 million, as well as exchange rate losses of HUF 405 million.

Based on the above, the Rába Group generated a net profit of HUF 425 million in Q1-Q3 of 2019, compared to a profit of HUF 632 million during the same period of the previous year.

On the level of EBITDA, the Rába Group registered profits of HUF 2,747 million in Q1-Q3 of 2019, against last year's figure of HUF 2,624 million.

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

Sales revenue (HUF million)	Axle	Components	Vehicles	Rába Group consolidated
2018 Q1	6 439	3 854	2 493	12 370
2018 Q2	6 800	3 950	1 824	12 107
<b>2018 Q3</b>	<b>5 299</b>	<b>3 032</b>	<b>2 334</b>	<b>10 212</b>
2018 Q4	6 488	4 225	3 730	13 943
2019 Q1	6 510	4 670	4 115	14 725
2019 Q2	6 004	4 632	2 706	12 914
<b>2019 Q3</b>	<b>5 206</b>	<b>3 427</b>	<b>1 983</b>	<b>10 284</b>

**Breakdown of the sales revenues for Q1-Q3 of 2019**

HUF million	America	EU			CIS	Other	Total
		Total	export	domestic			
Axle	2 689	12 389	9 520	2 869	614	2 027	<b>17 720</b>
Components	0	12 728	5 804	6 924	0	0	<b>12 728</b>
Vehicle	0	8 803	4 477	4 326	0	0	<b>8 803</b>
<b>Consolidated</b>	<b>2 689</b>	<b>32 592</b>	<b>19 802</b>	<b>12 790</b>	<b>614</b>	<b>2 027</b>	<b>37 922</b>

**Operating profit of group companies**

	Operating profit							
	2018.					2019.		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
Axle	154	315	-32	192	629	220	20	93
Component	197	230	10	216	653	178	185	109
Vehicle	223	9	135	355	722	540	93	-129
Other	-24	-60	-62	-107	-253	-8	1	-110
<b>Total</b>	<b>550</b>	<b>494</b>	<b>51</b>	<b>656</b>	<b>1 751</b>	<b>930</b>	<b>299</b>	<b>-37</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	L
Rába Automotive Components Ltd.	300 000	100.00	100.00	L
Rába Vehicle Ltd.	835 100	100.00	100.00	L

<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).

In May 2019, the Company acquired Diagonal Valor Kft., but the real value of the assets bought and liabilities assumed has not yet been determined, thus the company acquired is expected to be included in the consolidation at the end of the year.

**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	2018. Q1-Q3	2019. Q1-Q3	Index	Q3 2018	Q3 2019	Index
Domestic sales revenues	10 376 227	12 790 153	123,3%	3 314 450	2 960 338	89,3%
Export sales revenues	24 312 799	25 132 320	103,4%	6 897 905	7 323 751	106,2%
<b>Revenues</b>	<b>34 689 026</b>	<b>37 922 473</b>	<b>109,3%</b>	<b>10 212 355</b>	<b>10 284 090</b>	<b>100,7%</b>
Direct cost of sales	27 320 469	30 741 215	112,5%	8 182 949	8 572 547	104,8%
<b>Gross profit</b>	<b>7 368 557</b>	<b>7 181 258</b>	<b>97,5%</b>	<b>2 029 406</b>	<b>1 711 542</b>	<b>84,3%</b>
Cost of sales and marketing	566 398	617 740	109,1%	228 482	198 944	87,1%
General and administration expenses	5 456 040	5 310 173	97,3%	1 658 231	1 521 786	91,8%
Other revenues	226 648	437 695	193,1%	72 041	158 846	220,5%
Other expenditures	477 560	498 868	104,5%	163 302	186 190	114,0%
<b>Total other operating expenses</b>	<b>-6 273 350</b>	<b>-5 989 086</b>	<b>95,5%</b>	<b>-1 977 974</b>	<b>-1 748 074</b>	<b>88,4%</b>
<b>Revenue from operations</b>	<b>1 095 207</b>	<b>1 192 172</b>	<b>108,9%</b>	<b>51 432</b>	<b>-36 531</b>	<b>-71,0%</b>
Financial revenues	383 066	200 140	52,2%	-6 664	159 977	-2400,6%
Financial expenditures	522 767	681 649	130,4%	-20 761	548 048	-2639,8%
<b>Net financial profit/loss</b>	<b>-139 701</b>	<b>-481 508</b>	<b>-344,7%</b>	<b>14 097</b>	<b>-388 070</b>	<b>-2752,9%</b>
<b>PROFIT BEFORE TAXATION</b>	<b>955 506</b>	<b>710 664</b>	<b>74,4%</b>	<b>65 529</b>	<b>-424 602</b>	<b>-648,0%</b>
<b>Profit tax</b>	<b>323 254</b>	<b>285 308</b>	<b>88,3%</b>	<b>72 504</b>	<b>4 432</b>	<b>6,1%</b>
<b>After-tax profit in the current year</b>	<b>632 252</b>	<b>425 356</b>	<b>67,3%</b>	<b>-6 975</b>	<b>-429 034</b>	<b>6150,8%</b>
Basic value of profit per share (HUF)	47	32				
Diluted value of profit per share (HUF)	47	32				

## **1. EARNED REVENUES**

During Q1-Q3 of 2019, Rába generated HUF 37,922 million in sales revenue, compared to HUF 34,689 million during the same period of the previous year, which is a change of 9.3 per cent. 66.3 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 2019, the direct cost level of Rába was 83.4 per cent compared to 80.1 per cent of the base period. The amount of direct costs was HUF 30,741 million, 12.5 per cent more than during the base period (Q1-Q3 of 2018: HUF 27,320 million).

### **Gross profit**

The gross profit changed from HUF 7,369 million in the base period to HUF 7,181 million (HUF -188 million), which is due to the increase in sales revenue by HUF 3,233 million and by 3,421 million in direct expenses.

### **2.2. Cost of sales**

The cost of sales increased by 9.1 per cent and amounted to HUF 618 million during Q1-Q3 of 2019, compared to HUF 566 million in Q1-Q3 of 2018.

### **2.3. General overhead and administrative expenses**

Rába accounts for its costs incurred in relation to the administration of the company (Q1-Q3 of 2019: HUF 2,319 million) and other general costs (Q1-Q3 of 2019: HUF 2,991 million) under general overhead and administrative expenses (Q1-Q3 of 2019: HUF 5,310 million, Q1-Q3 of 2018: 5,456 million).

### **2.4. Other revenues and expenditures**

Other revenues amounted to a loss of HUF 61 million in Q1-Q3 of 2019 compared to HUF 251 million in losses during the same period of last year.

## **3. OPERATING PROFIT**

The operating profit of the Company during Q1-Q3 of 2019 was HUF 1,192 million (Q1-Q3 of 2018: HUF 1,095 million). The decrease in gross profit (HUF 187 million) was offset by the combined change in sales and general overhead costs (HUF 94 million) and was improved by the change in the balance of other revenues and expenditures (HUF 190 million). Profitability changed from 3.2 per cent during the base period to 3.1 per cent. The profitability of operating profit + depreciation changed from 7.6 per cent during the base period to 7.2 per cent.

## **4. FINANCIAL REVENUES AND EXPENDITURES**

During Q1-Q3 of 2019, the net financial result was a loss of HUF 482 million, compared to the loss of HUF 140 million during the base period.

The net result of interest incomes and expenses was HUF -65 million during Q1-Q3 of 2019 (against HUF -43 million during the base period).

The net exchange rate difference of FX items during Q1-Q3 of 2019 was HUF -405 million (HUF -92 million in the base period).

Financial revenues and expenditures consisted of the following principal items:

in HUF thousand

	Q1-Q3 of 2018	Q1-Q3 of 2019
Interest income	302	10
Exchange rate gains	382 718	197 805
Other financial revenues	0	2 325
<b>Financial revenues</b>	<b>383 065</b>	<b>200 141</b>
Interest payable	43 284	65 450
Exchange rate loss	474 322	603 172
Other financial expenditures	5 161	13 027
<b>Financial expenditures</b>	<b>522 767</b>	<b>681 649</b>

## 5. PROFIT IN THE CURRENT YEAR

The earnings before taxation during Q1-Q3 of 2019 amounted to HUF 711 million, which, because of the factors outlined in sections 1-4 is HUF 245 million less than the figure for Q1-Q3 of 2018. The profitability ratio represents a 1.9 per cent return on sales on the basis of profit before taxation, against the level of 2.8 per cent during the base period.

The Group has HUF 285 million in tax liability during the review period. Within that, the corporate tax liability was HUF 27 million, the local business tax liability was HUF 241 million and the deferred tax liability in the reporting period was HUF 17 million.

## PK. 3. STATEMENT OF CONSOLIDATED FINANCES ACCORDING TO IFRS (BALANCE SHEET ACCORDING TO IFRS)

Currency*	HUF	X	EUR	
Unit*	1.000	X	1.000.000	

\*Indicate with X.

Description of item	31.12.2018	30.09.2019	Index
Real estate, machines, equipment	19 144 674	24 988 353	130.5%
Intangible assets	182 827	154 640	84.6%
Other long-term assets	332 617	278 679	83.8%
Property for investment purposes	338 217	338 217	100.0%
Other investments	205	74 905	36539.1%
Subsidiary investments	0	400 000	
Deferred tax receivables	22 065	12 787	58.0%
<b>Total invested assets</b>	<b>20 020 605</b>	<b>26 247 580</b>	<b>131.1%</b>
Inventories	9 071 591	9 954 678	109.7%
Trade receivables and other receivables	12 265 856	7 590 738	61.9%
Profit tax receivable	37 672	147 573	391.7%
Liquid assets. bank account	683 530	284 963	41.7%
<b>Total current assets</b>	<b>22 058 649</b>	<b>17 977 952</b>	<b>81.5%</b>
<b>Total assets</b>	<b>42 079 254</b>	<b>44 225 532</b>	<b>105.1%</b>
Registered capital	13 473 446	13 473 446	100.0%
Treasury shares	-108 952	-108 952	100.0%
Retained earnings	7 500 457	7 685 998	102.5%
<b>Total equity and reserves</b>	<b>20 864 951</b>	<b>21 050 491</b>	<b>100.9%</b>
Long-term credits and loans	5 915 784	5 694 429	96.3%
Provisions	245 477	245 477	100.0%
Deferred tax liability	103 531	111 148	107.4%
<b>Total long-term liabilities</b>	<b>6 264 792</b>	<b>6 051 054</b>	<b>96.6%</b>
Provisions	244 468	197 556	80.8%
Short-term portion of loans and credits	2 186 268	5 983 322	273.7%
Trade liabilities and other payables	12 518 775	10 943 109	87.4%
<b>Total short-term liabilities</b>	<b>14 949 511</b>	<b>17 123 987</b>	<b>114.5%</b>
<b>Total equity and liabilities</b>	<b>42 079 254</b>	<b>44 225 532</b>	<b>105.1%</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 19,145 million on 31 December, 2018 to HUF 24,988 million. This represents an increase by 30.5 per cent. The depreciation of tangible assets was HUF 1,442 million in Q1-Q3 of 2019.

In line with the provisions of the IFRS 16 Standard effective from 1 January, 2019, the Company identified assets, forklifts and passenger vehicles in the amount of HUF 189 million, where the lessor let use of the assets to Rába. (HUF 175 million on 1 January, 2019, with purchases during the reporting period of HUF 13 million.) During the reporting period, the depreciation of these assets amounted to HUF 52 million. According to the decision adopted within the accounting policy, the Company applied the modified retrospective method as from 1 January, 2019, for the contracts still in effect on 1 January, 2019 and deemed operating leasing as per the provisions of the earlier IAS 17 regulations: based on the rules of IFRS 16, the contract was recalculated as if IFRS 16 had always been used, i.e. in the case of leases earlier deemed operating leasing as per the IAS 17, the value of the usage right is set identical with the leasing liability.

For leases expiring within less than 12 months of the transition, earlier deemed operating leasing as per IAS 17, the Company used the possibility of exemption and continues to account for fees paid as per the contract under expenses until the end of the lease term.

**1.2. Intangible assets**

The net value of intangible assets changed from HUF 183 million to HUF 155 million. This represents a decline by 15.4 per cent. The amount of depreciation accounted during the period was HUF 113 million.

**1.3. Other long-term assets**

This balance sheet line shows other long-term loans given HUF 2 million (31 December, 2018: HUF 3 million), receivables from the sale of assets amounting to HUF 130 million (31 December 2018: HUF 130 million), as well as long-term advance payments in the amount of HUF 147 million (31 December 2018: HUF 200 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 53 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, 2019.

**1.5. Other investments**

During the current year, the Company acquired Diagonal Valor Kft. The definitive identification and valuation as per IFRS of the assets acquired are underway, thus the purchase of 100 per cent of the business stake is temporarily shown under investments. During the reporting period, Rába Plc. purchased a 24.9 per cent stake in Rekard Hajtómű és Gépgyártó Kft., shown under the balance sheet line "other investments".

**1.6. Deferred tax receivables**

The amount of receivable was HUF 13 million on 30 September, 2019, which is HUF 9 million less than the amount on 31. December 2018.

**2. CURRENT ASSETS****2.1. Inventories**

On 30 September, 2019, the closing value of stocks was HUF 9,955 million (31 December, 2018: HUF 9,072 million). The change is an increase by HUF 883 million. The components of the change are: a decline in materials and goods by HUF 214 million and an increase in unfinished, semi-finished and finished goods by HUF 1,097 million.

**2.2. Trade receivables and other receivables**

The closing figure of receivables as at 30 September, 2019 was HUF 7,591 million, a decline by HUF 4,675 million compared to the 31 December, 2018 figure (closing figure for 31 December, 2018: HUF 12,266 million). Accounts receivable decreased by HUF 1,239 million, advances made for investment and inventories decreased by HUF 3,487 million and other receivables increased by HUF 51 million.

**2.3. Profit tax receivables**

At the end of the quarter, the Group had profit tax receivables.

On 30 September, 2019, the Group had a HUF 148 million profit tax receivable, within which the corporate tax receivable amounts to HUF 68 million and the local trade tax receivable is HUF 80 million.

**2.4. Liquid assets**

The closing figure of liquid assets on 30 September, 2019 was HUF 285 million, HUF 399 million less than on 31 December, 2018 (HUF 684 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
<b>Balance as at 01 January, 2018</b>	<b>13 473 446</b>	<b>-108 952</b>	<b>0</b>	<b>6 613 450</b>	<b>0</b>	<b>19 977 944</b>
Profit for current year				632 252		632 252
Dividend payment				-309 918		-309 918
<b>Balance as at 30 September 2018</b>	<b>13 473 446</b>	<b>-108 952</b>	<b>0</b>	<b>6 935 784</b>	<b>0</b>	<b>20 300 278</b>
Profit of current year				564 673		564 673
<b>Balance as at 01 January 2019</b>	<b>13 473 446</b>	<b>-108 952</b>	<b>0</b>	<b>7 500 457</b>	<b>0</b>	<b>20 864 951</b>
Profit of the current year				425 356		425 356
Dividend payment				-239 815		-239 815
<b>Balance as at 30 September 2019</b>	<b>13 473 446</b>	<b>-108 952</b>	<b>0</b>	<b>7 685 998</b>	<b>0</b>	<b>21 050 492</b>

**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, 2019, the share capital of the Company was HUF 13,473 million.

**3.2. Treasury shares**

On 30 September, 2019, the value of treasury shares was HUF 108,952 thousand (120,681 shares), with no changes since 31 December, 2018. 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 7,686 million) changed by HUF 425 million. i.e. the profit for the reporting year and HUF 239 million paid in dividends, compared to the closing value for the previous year (HUF 7,500 million).

**4. LONG-TERM LIABILITIES****4.1. Long-term credits and loans, leasing liabilities**

The closing value of long-term credits and loans as at 30 September, 2019 amounted to HUF 5,694 million, which was 3.7 per cent lower than the opening balance of the period (on 31 December, 2018, the closing figure was HUF 5,916 million).

On 1 January, 2019, the Company had leasing liabilities of HUF 176 million in the context of the leasing contracts identified in line with the provisions of the new IFRS 16 leasing standard, the amount of which increased by HUF 13 million during the current year, declined by HUF 50 million through repayment.

#### **4.2. Provisions**

The closing value of provisions as at 30 September, 2019 was HUF 443 million, of which HUF 245 million is long-term. The amount of long-term provisions has not changed since 31 December 2018.

#### **4.3. Deferred tax liability**

On 30 September, 2019, the Company had deferred tax liabilities in the amount of HUF 111 million, which is HUF 8 million more than the amount on 31 December, 2018.

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

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

The total amount of short-term credits and loans of HUF 5,983 million increased by 173.7 per cent compared to the closing value at the end of December 2018 (HUF 2,186 million).

The net borrowing of the Rába group was HUF 11,393 million on 30 September, 2019, an increase by HUF 3,974 million compared to the level as at 31 December, 2018.

#### **5.2. Provisions**

The short-term portion of provisions amounted to HUF 198 million on 30 September, 2019, which is HUF 47 million lower than the amount on 31 December, 2018.

#### **5.3. Profit tax liability**

At the end of the quarter, the Group had profit tax receivables.

#### **5.4. Accounts payable and other short-term liabilities**

On 30 September, 2019, the amount of accounts payable and other short-term liabilities was HUF 10,943 million, which is 12.6 per cent less than the closing value as at the end of December 2018 (HUF 12,519 million). Accounts payable declined by HUF 2,234 million, other liabilities increased by HUF 77 million, whereas passive accruals increased by HUF 581 million.

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

Data in HUF thousand

	<b>2018</b> <b>Q1-Q3</b>	<b>2019</b> <b>Q1-Q3</b>
<b>Cash-flows from operating activities</b>		
Profit before taxation	955 505	710 664
<i>Adjustment items related to items with no cash movement:</i>		
Interest expenditure	15 772	10 619
Depreciation and amortisation	1 528 314	1 554 386
Impairment of intangible assets, properties, machines and equipment		
Write-off of intangible assets and fixed assets	15 414	18 453
Impairment of bad and doubtful receivables and of long term receivables	11 802	4 581
Impairment of stocks kept at net realisable value	166 500	146 147
Scrapping of stocks	4 502	58 464
Provisions / (release)	37 996	-46 912
Result from the sale of real estate, machinery and fixtures and intangible assets	-445	-110 922
Revaluation of loans and credits at end of period	214 967	417 252
<i>Changes in working capital:</i>		
Changes in trade and other receivables	-867 562	4 670 538
Changes in stocks	-2 490 050	-1 087 698
Changes in accounts payable and other liabilities	656 319	-1 183 057
Taxes paid	-343 982	-378 312
Interests paid	-27 512	-54 831
<b>Net cash flows from operating activity</b>	<b>-122 460</b>	<b>4 729 372</b>
<b>Cash-flows from investment activities</b>		
Purchase of real estate, machinery and fixtures, as well as of intangibles	-3 424 390	-7 514 445
Purchase of investments	0	-474 700
Revenues from the sale of real estate, machinery and fixtures as well as intangible assets	459	124 587
Interests received	302	9
<b>Net cash flows used for investment activities</b>	<b>-3 423 629</b>	<b>-7 864 549</b>
<b>Cash flows from financing activities</b>		
Loans and credits received	3 873 037	4 502 902
Loans and credits and leasing repayment	-1 672 768	-1 526 477
Dividend paid	-309 917	-239 815
<b>Net cash flows from financing activities</b>	<b>1 890 352</b>	<b>2 736 610</b>
<b>Net increase/decrease of cash and cash equivalents</b>	<b>-1 655 737</b>	<b>-398 567</b>

**BASIS FOR THE INTERIM FINANCIAL REPORT**

The summary consolidated interim financial report prepared in accordance with IAS 34 Directive (on Interim Financial Reporting) should be read in conjunction with the financial report for the year ended 31 December, 2018, prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Body ("IASB") and adopted by the European Union. The consolidated interim financial report is unaudited. Rába Plc. published its statutory accounts for the year ended 31 December, 2018 on the official electronic portal of the Budapest Stock Exchange and on the information system operated by the National Bank of Hungary for stock market publications. This report for 31 December, 2018 is based on audited figures and the auditor issued an unqualified opinion.

Upon preparing the financial statement, apart from the application of the IAS 17 leasing standard, the Group followed the same accounting policy as in the last financial statement for 2018. The Company has been using the new leasing IFRS standard since 1 January, 2019, which has not modified the Group's consolidated financial report to any large extent.

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

Description	Value (HUF)
According to a separate list*	

\* The bank loans of the Rába Group amount to HUF 11,539 million, of which the loans secured with liens and mortgages on movable assets and real property amount to HUF 10,181 million.

The amount of bank guarantees issued on behalf of the Rába Group is HUF 3,505 million.

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

Description of ownership	Total equity						Series listed <sup>1</sup>			
	Beginning of current year (01 January)			At end of term (30 September)			At beginning of period		At end of term	
	% <sup>2</sup>	% <sup>3</sup>	pcs	% <sup>2</sup>	% <sup>3</sup>	pcs	%	pcs	%	pcs
Domestic institutional/corporate	7.89	7.96	1 063 082	7.74	7.81	1 043 340				
Foreign institutional/corporate	2.24	2.26	302 409	2.08	2.10	280 871				
Foreign private individual	0.08	0.08	10 805	0.08	0.08	10 572				
Domestic private individual	14.41	14.54	1 941 856	14.72	14.85	1 983 369				
Employees. leading officials	0.13	0.13	17 074	0.13	0.13	17 074				
Treasury shares	0.90		120 681	0.90		120 681				
Shareholder forming part of general government <sup>4</sup>	74.35	75.02	10 017 539	74.35	75.02	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 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.

<sup>2</sup> Ownership ratio

<sup>3</sup> 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.

<sup>4</sup> E.g.: MNV Zrt., 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	depository (yes/no)	Quantity (pcs)	Share (%)
Magyar Nemzeti Vagyonkezelő Zrt. (Hungarian State Holding Co. Ltd.)	no	10 015 829	74.34
<b>Total</b>		10 015 829	74.34

**RS2. Changes in the number of treasury shares during the current year (pcs)**

	1 January		31 March		30 June		30 September	
	pcs	%	pcs	%	pcs	%	pcs	%
At corporate level	120 681	0.9	120 681	0.9	120 681	0.9	120 681	0.9
Subsidiaries <sup>1</sup>	-	-	-	-	-	-	-	-
Grand total	120 681	0.9	120 681	0.9	120 681	0.9	120 681	0.9

<sup>1</sup> Consolidated companies

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	16	15	18
At group level	1 452	1 417	1 369

The consolidated closing headcount as at 30 September, 2019 was 1,369. The decline in headcount is 5.7 per cent compared to the end of the base period.

**TSZ2. Managing executives. strategic employees**

Type <sup>1</sup>	Company	Position	Beginning of mandate	End/termination of	Number of shares owned (pcs)
BD	István Pintér	Chairman of the Board of Directors	2005		7 082
BD	Dr. Ibolya Virág Csernák Bánóczy	Board member	2019		
BD	János Major	Board member	2019		
BD	Ákos Mátyás Pálvölgyi	Board member	2019		
BD	Roland Sebők	Board member	2019		
BD	Dr. Tamás Tóth	Board member	2019		
BD	György Wáberer	Board member	2012		
BD	Ákos Csókay	Board member	2017	2019	
BD	Dr. János Géza Fördös	Board member	2016	2019	
BD	Dr. Péter Hartmann	Board member	2016	2019	
BD	Dr. Miklós Rátky	Board member	2014	2019	
BD	Andor Nándor Tóth	Board member	2018	2019	
SB	Dr. Zoltán Lajos Pafféri	Chairman of the Supervisory Board	2018		
SB	Dr. Gábor Czepek	Chairman of the Supervisory Board	2016	2018	
SB	Dr. Zsolt Harmath	Supervisory Board member	2016		
SB	Dr. Tünde Kanta	Supervisory Board member	2017		
SP	István Pintér	Chief Executive Officer	2003	indefinite	7 082
SP	Béla Balog	Chief Financial 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):					17 074

<sup>1</sup> Employee in a strategic position (SP). Supervisory Board Member (SB). Member of the Board of Directors (BD)

As from 1 October, 2019, Attila Deák is the director of strategic purchasing and business development of the company.

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

**RÁBA PLC. (INDIVIDUAL) BALANCE SHEET (IFRS)**

Data in HUF thousand

Description of item	31.12.2018	30.09.2019	Index
Property, machinery, equipment	6 065 657	6 009 881	99.08%
Intangible assets	12 809	14 701	114.77%
Other long-term assets	1 503 883	1 503 883	100.00%
Real estate for investment	338 217	338 217	100.00%
Subsidiary investments	11 918 570	12 318 570	103.36%
Other investments	205	74 905	36539.02%
Deferred tax receivable	4 973	10 025	201.59%
<b>Total invested assets</b>	<b>19 844 314</b>	<b>20 270 182</b>	<b>102.15%</b>
Inventories	8 029	9 243	115.12%
Accounts receivable and other receivables	2 311 343	3 392 460	146.77%
Profit tax receivable	17 167	23 219	135.25%
Cash and cash equivalents	449 688	11 737	2.61%
<b>Total current assets</b>	<b>2 786 227</b>	<b>3 436 659</b>	<b>123.34%</b>
<b>TOTAL ASSETS</b>	<b>22 630 541</b>	<b>23 706 841</b>	<b>104.76%</b>
Registered capital	13 473 446	13 473 446	100.00%
Treasury shares	-108 952	-108 952	100.00%
Retained earnings	3 655 891	3 429 397	93.80%
<b>Total equity and reserves</b>	<b>17 020 385</b>	<b>16 793 891</b>	<b>98.67%</b>
Long term credits and loans	95 700	95 700	100.00%
Provisions		4 960	
<b>Total long-term liabilities</b>	<b>95 700</b>	<b>100 660</b>	<b>105.18%</b>
Provisions	71 766	127 789	178.06%
Short-term financial liabilities	0	2 670 246	
Accounts payable and other liabilities	5 442 690	4 014 255	73.75%
<b>Total short-term liabilities</b>	<b>5 514 456</b>	<b>6 812 290</b>	<b>123.54%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>22 630 541</b>	<b>23 706 841</b>	<b>104.76%</b>

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

Data in HUF thousand

Description	2018 Q1-Q3	2019 Q1-Q3	Index	2018 Q3	2019 Q3	Index
Sales revenues	1 089 786	1 192 915	109.5%	353 721	370 300	104.7%
Direct costs of sales	275 269	286 641	104.1%	92 639	97 360	105.1%
<b>Gross profit</b>	<b>814 517</b>	<b>906 274</b>	<b>111.3%</b>	<b>261 082</b>	<b>272 940</b>	<b>104.5%</b>
Sales and marketing costs	39 136	26 320	67.3%	15 824	3 741	23.6%
General overhead costs	749 543	815 772	108.8%	257 314	255 369	99.2%
Other revenues	262 294	216 730	82.6%	0	3 619	
Other expenditures	172 190	187 190	108.7%	49 541	127 876	258.1%
<b>Other operating expenditures total</b>	<b>-698 575</b>	<b>-812 552</b>	<b>116.3%</b>	<b>-322 679</b>	<b>-383 367</b>	<b>118.8%</b>
<b>Operating profit</b>	<b>115 942</b>	<b>93 722</b>	<b>80.8%</b>	<b>-61 597</b>	<b>-110 427</b>	<b>179.3%</b>
Financial income	3 307	35 906	1085.8%	406	-17 030	-4194.6%
Financial expenditures	84 014	107 336	127.8%	-6 106	37 710	-617.6%
<b>Net financial income</b>	<b>-80 707</b>	<b>-71 430</b>	<b>88.5%</b>	<b>6 512</b>	<b>-54 740</b>	<b>-840.6%</b>
<b>PROFIT BEFORE TAXATION</b>	<b>35 235</b>	<b>22 292</b>	<b>63.3%</b>	<b>-55 085</b>	<b>-165 167</b>	<b>299.8%</b>
<b>Profit Tax</b>	<b>7 725</b>	<b>8 969</b>	<b>116.1%</b>	<b>3 137</b>	<b>-3 760</b>	<b>-119.9%</b>
<b>PROFIT OF CURRENT YEAR</b>	<b>27 510</b>	<b>13 323</b>	<b>48.4%</b>	<b>-58 222</b>	<b>-161 407</b>	<b>277.2%</b>
<b>TOTAL AGGREGATE PROFIT/LOSS OF CURRENT YEAR</b>	<b>27 510</b>	<b>13 323</b>	<b>48.4%</b>	<b>-58 222</b>	<b>-161 407</b>	<b>277.2%</b>
<b>EBITDA</b>	<b>278 070</b>	<b>261 176</b>	<b>93.9%</b>	<b>-7 933</b>	<b>-54 192</b>	<b>683.1%</b>

**SEGMENT INFORMATION**

From a business perspective, the Group can be split into three main segments: Axle, Vehicle and Automotive Components.

It is on the basis of these business segments that the Group prepares segment information for the management. Management is responsible for assigning resources to the segments, as well as for holding the segments accountable for their performance.

The Axle Segment encompasses the production and sale of axles, axle parts and axle components, the Vehicle Segment is responsible for the manufacturing of truck and bus chassis and the related components, as well as for the assembly and sale of vehicles, while the Automotive Components Segment is responsible for the production of vehicle components, seat frames, pressed structures, as well as truck chassis and for the sewing of seat covers and for the sale of these products.

Segment results, segment assets and segment liabilities include items that can be directly attributed to the segment. General overhead items include the revenues, expenditures, assets and liabilities of the holding headquarters.

Capital expenditures of the segment include the total expenditures during the period expended upon real estate, machinery and equipment, as well as intangible assets.



	Q1-Q3 of 2018.						Q2 of 2018.					
	Axles IFRS	Vehicles IFRS	Components IFRS	General overhead	Inter-segment filters	Consolidated	Axles IFRS	Vehicles IFRS	Components IFRS	General overhead	Inter-segment filters	Consolidated
Revenues	17 963 825	6 421 374	10 136 085	167 741	0	34 689 026	5 065 356	2 282 661	2 809 349	54 989	0	10 212 355
Inter-segment revenues	574 486	229 557	699 698	922 045	-2 425 786	0	234 119	51 038	222 983	298 732	-806 873	0
<b>Total revenue from sales</b>	<b>18 538 311</b>	<b>6 650 932</b>	<b>10 835 783</b>	<b>1 089 786</b>	<b>-2 425 786</b>	<b>34 689 026</b>	<b>5 299 475</b>	<b>2 333 700</b>	<b>3 032 332</b>	<b>353 721</b>	<b>-806 873</b>	<b>10 212 355</b>
<b>Direct cost of sales</b>	<b>-14 843 430</b>	<b>-5 185 620</b>	<b>-8 885 585</b>	<b>-275 269</b>	<b>1 869 432</b>	<b>-27 320 471</b>	<b>-4 299 877</b>	<b>-1 812 096</b>	<b>-2 575 933</b>	<b>-92 639</b>	<b>597 594</b>	<b>-8 182 951</b>
<b>GROSS PROFIT</b>	<b>3 694 881</b>	<b>1 465 312</b>	<b>1 950 199</b>	<b>814 517</b>	<b>-556 354</b>	<b>7 368 555</b>	<b>999 598</b>	<b>521 604</b>	<b>456 399</b>	<b>261 082</b>	<b>-209 279</b>	<b>2 029 404</b>
Sales and marketing costs	-336 695	-175 620	-14 947	-39 136	0	-566 398	-95 086	-113 345	-4 227	-15 825	0	-228 482
General overhead costs	-2 900 967	-912 540	-1 449 536	-749 543	556 546	-5 456 040	-885 749	-274 241	-450 305	-257 314	209 378	-1 658 230
Other revenues	150 227	38 420	39 543	262 294	-263 836	226 648	40 044	14 603	18 895	0	-1 500	72 042
Other expenditures	-170 451	-48 681	-87 807	-172 190	1 570	-477 559	-90 938	-14 210	-10 112	-49 542	1 500	-163 302
<b>TOTAL OTHER OPERATING EXPENDITURES</b>	<b>-3 257 885</b>	<b>-1 098 421</b>	<b>-1 512 748</b>	<b>-698 575</b>	<b>294 280</b>	<b>-6 273 349</b>	<b>-1 031 729</b>	<b>-387 192</b>	<b>-445 749</b>	<b>-322 680</b>	<b>209 378</b>	<b>-1 977 972</b>
<b>REVENUE FROM OPERATIONS</b>	<b>436 996</b>	<b>366 891</b>	<b>437 451</b>	<b>115 942</b>	<b>-262 074</b>	<b>1 095 206</b>	<b>-32 131</b>	<b>134 412</b>	<b>10 650</b>	<b>-61 598</b>	<b>99</b>	<b>51 433</b>
Interest income	3 342	12 593	838	3 339	-19 809	303	3 096	12 593	837	3 338	-19 809	55
Interest expenditure	-23 245	-13 162	-14 147	-12 539	19 809	-43 284	-9 964	-12 628	-4 890	-7 285	19 809	-14 959
Profit tax expenditure	-130 855	-67 191	-117 484	-7 724	0	-323 254	-10 632	-25 464	-33 271	-3 137	0	-72 504
<b>Assets</b>	<b>7 134 106</b>	<b>1 620 627</b>	<b>3 580 542</b>	<b>19 428 842</b>	<b>-12 915 261</b>	<b>18 848 855</b>	<b>850 824</b>	<b>-20 768</b>	<b>18 959</b>	<b>-179</b>	<b>99</b>	<b>848 935</b>
Real estate, machinery and equipment	6 839 942	1 555 088	3 507 944	6 022 056	11 182	409 910	879 934	-16 039	27 376	-737	99	-16 635 668
Intangible assets	107 918	48 763	33 923	13 261	0	4 659	-13 775	-3 326	-6 874	558	0	-222 623
Real estate for investment	0	0	0	338 217	0	7 730	0	0	0	0	0	-330 488
Other long-term assets	184 308	16 599	11 728	1 464 640	-1 333 741	7 851	-15 335	-1 403	-991	0	0	-353 411
Inventories	6 544 965	855 893	1 947 473	8 611	-30 273	213 149	986 862	-91 890	363 450	-147	0	-7 855 244
Receivables	7 674 812	5 026 003	1 690 207	3 024 445	-6 695 284	244 996	-831 691	-73 750	-291 421	2 381 441	-1 800 019	-11 090 627
Cash and cash equivalent	134 115	2 338	2 904	843 247	-1	22 456	110 758	-43	-134	-414 669	0	-1 264 234
<b>Liabilities</b>	<b>10 963 271</b>	<b>3 587 345</b>	<b>1 982 246</b>	<b>16 631 932</b>	<b>-12 864 520</b>	<b>463 937</b>	<b>-62 822</b>	<b>133 956</b>	<b>4 459</b>	<b>-82 667</b>	<b>99</b>	<b>-19 843 313</b>
Provisions	20 149	178 737	0	121 013	3	7 311	-35 878	0	0	10 000	0	-338 468
Financial liabilities	0	0	0	35 932	-35 932	0	0	0	0	0	0	0
Liabilities	8 419 203	1 754 802	3 495 498	3 915 436	-6 695 282	248 869	1 598 449	-288 504	127 383	-534 144	-1 800 019	-11 537 622
Capital expenditures	2 691 615	92 541	537 074	113 795	0	3 435 025	2 435 346	47 126	608 342	73 121	0	3 163 935
Depreciation	838 261	171 018	357 101	162 128	-192	1 528 316	277 685	55 795	125 299	53 664	-99	512 344

RÁBA Plc.'s consolidated report for Q1-Q3 of 2019 in accordance with the IFRS

	Q1-Q3 of 2019.						Q3 of 2019					
	Axles IFRS	Vehicles IFRS	Components IFRS	General overhead	Inter-segment filters	Consolidated	Axles IFRS	Vehicles IFRS	Components IFRS	General overhead	Inter-segment filters	Consolidated
Revenues	17 147 763	8 545 298	12 037 596	191 817	0	37 922 473	5 051 177	1 906 494	3 259 136	67 283	0	10 284 090
Inter-segment revenues	572 038	257 767	690 624	1 001 097	-2 521 527	0	154 444	76 225	167 842	303 017	-701 528	0
<b>Total revenue from sales</b>	<b>17 719 801</b>	<b>8 803 065</b>	<b>12 728 220</b>	<b>1 192 915</b>	<b>-2 521 527</b>	<b>37 922 473</b>	<b>5 205 621</b>	<b>1 982 720</b>	<b>3 426 978</b>	<b>370 300</b>	<b>-701 528</b>	<b>10 284 090</b>
<b>Direct cost of sales</b>	<b>-14 557 008</b>	<b>-7 089 140</b>	<b>-10 714 064</b>	<b>-286 641</b>	<b>1 905 636</b>	<b>-30 741 217</b>	<b>-4 290 366</b>	<b>-1 735 820</b>	<b>-2 944 923</b>	<b>-97 360</b>	<b>495 920</b>	<b>-8 572 549</b>
<b>GROSS PROFIT</b>	<b>3 162 793</b>	<b>1 713 925</b>	<b>2 014 156</b>	<b>906 273</b>	<b>-615 891</b>	<b>7 181 256</b>	<b>915 255</b>	<b>246 900</b>	<b>482 054</b>	<b>272 939</b>	<b>-205 608</b>	<b>1 711 541</b>
Sales and marketing costs	-232 155	-334 342	-24 923	-26 320	0	-617 740	-61 119	-128 588	-5 496	-3 741	0	-198 944
General overhead costs	-2 688 335	-916 140	-1 506 176	-815 772	616 249	-5 310 173	-846 679	-257 919	-367 589	-255 368	205 767	-1 521 787
Other revenues	296 478	76 181	62 104	216 730	-213 796	437 697	98 068	34 852	22 841	3 619	-533	158 846
Other expenditures	-205 472	-35 441	-73 534	-187 190	2 768	-498 869	-12 393	-23 721	-22 732	-127 876	533	-186 189
<b>TOTAL OTHER OPERATING EXPENDITURES</b>	<b>-2 829 483</b>	<b>-1 209 742</b>	<b>-1 542 529</b>	<b>-812 552</b>	<b>405 221</b>	<b>-5 989 085</b>	<b>-822 123</b>	<b>-375 375</b>	<b>-372 976</b>	<b>-383 367</b>	<b>205 767</b>	<b>-1 748 074</b>
<b>REVENUE FROM OPERATIONS</b>	<b>333 310</b>	<b>504 183</b>	<b>471 628</b>	<b>93 721</b>	<b>-210 671</b>	<b>1 192 171</b>	<b>93 132</b>	<b>-128 474</b>	<b>109 078</b>	<b>-110 428</b>	<b>159</b>	<b>-36 533</b>
Interest income	738	10 750	690	6 702	-18 870	10	102	3 739	33	2 926	-6 799	1
Interest expenditure	-37 900	-16 001	-12 018	-18 400	18 870	-65 450	-13 005	-5 091	-3 720	-7 408	6 799	-22 425
Profit tax expenditure	-90 165	-58 635	-127 538	-8 969	0	-285 307	-4 967	25 671	-28 895	3 759	0	-4 432
<b>Assets</b>	<b>13 657 839</b>	<b>2 106 739</b>	<b>3 497 113</b>	<b>20 267 931</b>	<b>26 247 579</b>	<b>26 247 579</b>	<b>5 133 274</b>	<b>18 391</b>	<b>-103 354</b>	<b>-3 762</b>	<b>39 529 782</b>	<b>5 044 708</b>
Real estate, machinery and equipment	13 446 724	2 053 569	3 468 181	6 009 868	24 988 351	24 988 351	5 144 727	19 656	-98 263	-10 327	24 978 500	5 055 953
Intangible assets	80 638	41 428	17 872	14 701	154 639	154 639	3 881	138	-2 949	-1 419	154 639	-349
Real estate for investment	0	0	0	338 217	338 217	338 217	0	0	0	0	338 217	0
Other long-term assets	128 541	11 565	8 175	1 503 882	278 680	278 680	-15 335	-1 403	-991	0	1 652 162	-17 729
Inventories	6 101 142	1 761 862	2 116 213	9 242	9 954 679	9 954 679	-135 936	-233 215	143 058	765	9 988 459	-225 327
Receivables	4 781 495	4 734 190	1 800 791	3 392 460	7 590 740	7 590 740	-4 380 369	-110 489	-291 321	1 552 561	12 632 531	-5 306 024
Cash and cash equivalent	266 959	3 111	3 156	11 737	284 962	284 962	45 430	-5 949	-321	-323 375	284 963	-284 217
<b>Liabilities</b>	<b>11 099 939</b>	<b>4 052 829</b>	<b>2 423 977</b>	<b>16 789 575</b>	<b>21 050 492</b>	<b>21 050 492</b>	<b>-115 323</b>	<b>-172 455</b>	<b>20 007</b>	<b>-161 423</b>	<b>34 366 480</b>	<b>-429 034</b>
Provisions	33 398	155 889	30 254	223 489	443 033	443 033	0	100	0	88 751	443 030	88 851
Financial liabilities												
Liabilities	8 190 474	2 295 877	3 560 696	4 014 257	10 943 109	10 943 109	635 752	-138 710	-275 847	566 712	15 984 899	-1 288 499
Capital expenditures	6 449 075	553 938	464 132	107 563	0	7 574 708	6 081 663	142 939	179 192	-38 272	0	6 365 523
Depreciation	814 988	199 548	372 756	167 453	-199	1 554 387	249 271	72 448	129 779	56 234	0	507 573

**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, as well as of 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.

Győr, 13 November, 2019

István Pintér  
Chairman - Chief Executive Officer

Béla Balog  
Chief Financial Officer