

## PRESS RELEASE

### AutoWallis: 10 percent growth in the first quarter

**Budapest, May 27, 2020 – In spite of the deteriorating environment, AutoWallis has managed to increase its revenue by 10% to HUF 20.2 billion in the first quarter of this year. Domestic sales increased by 21%, international sales by 1%, while the revenue of the Automotive Services Business Unit by 13%. The temporary negative impact of the COVID-19 virus could be observed in the finances of the Budapest Stock Exchange automotive company already in March, and the results of the corporation were also adversely affected by one-time items.**

The new passenger car market of the European Union (EU, EFTA, United Kingdom) significantly (-26.3%) shrank in the first quarter, primarily due to the drop in demand owing to the **COVID-19 epidemic**, with a comparatively smaller setback on the Hungarian market (-4.9%). Notwithstanding, the revenue of the **Domestic Distribution Business Unit** of AutoWallis increased by 21 percent to HUF 9.2 billion, that of the **International Distribution Business Unit** by 1% to HUF 9.1 billion, and that of the **Automotive Services Business Unit** (including after-sales services and car rentals as well) by 13% to HUF 1.8 billion. **The total consolidated revenue of the three AutoWallis business units increased by 10% to HUF 20.2 billion in the first three months**, despite the negative economic impacts of the COVID-19 epidemic emerging in the Hungarian market already in March, especially in tourism, which significantly impaired the profitability of the car rental segment. **Gábor Ormosy, the CEO of the corporation emphasized** that although the operation of AutoWallis is not independent of the European automotive market, the actual region of operation of the group – in accordance with its strategy announced last year – is Central and Eastern Europe and the Balkan region, where it mostly distributes premium vehicles, while also providing the related automotive services. The CEO pointed out that although the COVID-19 epidemic has a short-term adverse effect on the economic operators of the market in general, the numbers of the above-mentioned regions and the premium segment may be permanently better than the overall indicators of the EU or the global automotive market. This tendency may continue, making it possible **to continue working towards the goal announced in the AutoWallis strategy, that is, increasing the revenue above HUF 130 billion by 2024 via organic growth and acquisitions.**

**The first quarter results of AutoWallis were impaired by one-time items:** first, as already indicated in an earlier, extraordinary announcement, assets of a total registered value of HUF 250 million were unlawfully removed from the site of two subsidiaries of the group, HUF 158 million of which concerned the first quarter; secondly, on the last day of the quarter, there was a financially unrealized foreign exchange revaluation difference of HUF 581 million. This latter was caused by that the economic restrictions applied in the Balkan region due to the COVID-19 virus resulting in higher outstanding supplier payables – connected with the inventory value that was exceptionally high by the end of March – invoiced in euros, and not yet paid for liquidity management reasons, which had to be revaluated at the quarter-end exchange rate in accordance with the IFRS regulations. At the same time, it is important to note that this amount is just a snapshot of an unrealized value, which was calculated on the exceptionally low end-of-March forint exchange rate (359.09 HUF/EUR), and as the sales of the stock started with euro-based invoices and the related payables are paid for now on the lower exchange rate, these will eventually compensate for this financially unrealized loss.

Without these one-time negative items, the **EBITDA** (earnings before interest, tax, depreciation and amortization), the best indicator of the group's profitability, **would have increased by 23 percent** to

HUF 667 million, while the full overall result by 35 percent to HUF 156 million, while with the one-time, temporary items the EBITDA was HUF 509 million, and the total overall result HUF -582 million. In the first three months, the group's *material costs* decreased by 1 percent to HUF 555 million, while the *contracted services* by 6 percent to HUF 609 million. In the meantime, *the cost of goods sold (CoGS)* increased by a slightly higher rate, by 12 percent to HUF 18.1 billion because the cost of the rental fleet could not follow the drastic drop in the revenue of the Automotive Services Business Unit in March. The 25 percent increase of the *personnel expenses* (the average statistical headcount of the group increased to 325) surpassed the average of the turnover increase, just like in the previous year, but the nominal amount of this change is only 5 percent of the revenue increase. The AutoWallis group makes major efforts to ensure the headcount and expertise necessary for supporting growth, and maintaining this was a primary objective even during the COVID-19 epidemic.

	Q1 2020	Q1 2019	Changes
<b>Revenue</b>	<b>20 151 946</b>	<b>18 295 732</b>	<b>+10%</b>
<i>International Distribution Business Unit</i>	<b>9 079 944</b>	9 023 948	<b>+1%</b>
<i>Domestic Distribution Business Unit</i>	<b>9 238 505</b>	7 649 029	<b>+21%</b>
<i>Automotive Services Business Unit</i>	<b>1 833 496</b>	1 622 755	<b>+13%</b>
<b>Expenditure</b>			
<i>Material cost</i>	<b>554 860</b>	558 695	<b>-1%</b>
<i>Contracted services</i>	<b>608 755</b>	646 775	<b>-6%</b>
<i>Cost of goods sold</i>	<b>18 096 961</b>	16 216 225	<b>+12%</b>
<i>Personnel expenses</i>	<b>486 880</b>	391 061	<b>+25%</b>
<b>EBITDA**</b>	<b>509 023</b>	<b>544 693</b>	<b>-7%</b>
<i>Sales result</i>	<b>76 962</b>	240 615	<b>-68%</b>
<i>Total overall result</i>	<b>- 582 450</b>	115 670	<b>-604%</b>

\* Consolidated data according to the IFRS

\*\* Earnings before interest, tax, depreciation and amortization

	Q1 2020	Q1 2019	Changes
<b>International Distribution Business Unit</b>			
Number of new vehicles sold (pcs.)	<b>696</b>	568	<b>+22,5%</b>
<b>Domestic Distribution Business Unit</b>			
Number of new vehicles sold (pcs.)	<b>744</b>	617	<b>+20,6%</b>
Number of used vehicles sold (pcs.)	<b>187</b>	217	<b>-13,8%</b>
<b>Automotive Services Business Unit</b>			
Number of service hours (hours)	<b>11,655</b>	11,367	<b>+2,5%</b>
Rental Fleet Size (pcs.)	<b>539</b>	445	<b>+21,1%</b>
Number of rental events (pcs.)	<b>3,610</b>	4,755	<b>-24,1%</b>

**\* Important information:**

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April 30, 2020

Preliminary, non-consolidated data.

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**Planned publication(s):**

Q1-Q2 2020

July 31, 2020

Q1-Q3, 2020

November 2, 2020

The AutoWallis Plc. Sales Report is published on the last day of the month following each quarter (should it fall on a weekend or bank holiday, it is published on the next business day).

## **AutoWallis Plc.**

AutoWallis Plc., a company listed in the Premium category of the Budapest Stock Exchange, as well as in the BUX and BUMIX indices, aims to become a major mobility service provider in the Central and Eastern European region by 2029. By 2024, the company is planning to double its 2018 consolidated revenue of HUF 65.5 billion calculated on the basis of IFRS (International Financial Reporting Standard) standards, which it hopes to achieve primarily via its organic growth. In addition, the company intends to operate as an asset management company that represents a traditional, conservative business policy through the continuous, acquisition-based expansion of its portfolio focusing on automotive investments. The AutoWallis group is present in 14 countries of the Central and Eastern European region (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia), where it is engaged in the retail and wholesale of vehicles, parts, and accessories, in repair and maintenance services, as well as in short- and long-term vehicle rentals. The group includes Wallis Automotive Europe, Wallis British Motors, Wallis Motor Pest, Wallis Motor Duna and Wallis Autókölcshöz. The vehicles represented by the group include BMW cars and motorbikes, Saab spare vehicle parts, as well as the following brands: MINI, Isuzu, Jaguar, Land Rover, Maserati, SsangYong, and Sixt rent-a-car. Out of these, BMW holds a dominant position in the premium car market, while Sixt is a leader in the car rental market. [www.autowallis.hu](http://www.autowallis.hu)

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