

A front-facing view of a classic car, possibly a Volkswagen Beetle, with a blue tint. The car's hood, headlights, and windshield are visible. The text is overlaid on the car's front.

**2007**  
**PRELIMINARY FINANCIAL RESULTS**

**Analysts meeting**

**29th February 2008**

**AAA AUTO**

# IMPORTANT NOTICE

Any forward-looking statements concerning future economic and financial performance of AAA AUTO GROUP contained in this Presentation are based on assumptions and expectations of the future development of factors having material influence on the future economic and financial performance of AAA AUTO GROUP. These factors include, but are not limited to, future macroeconomic situation, development of market competition and related demand for used cars and other products and services. The actual development of these factors, however, may be different. Consequently, the actual future results of economic and financial performance of AAA AUTO GROUP could materially differ from those expressed in the forward-looking statements contained in this Presentation.

Although AAA AUTO GROUP makes every effort to provide accurate information, we cannot accept liability for any misprints or other errors.

*The released results are preliminary financial results which can differ from the final (audited) results. The audited financial statements for the year 2007 will be subject to the approval of the general meeting of the company that will be held in due course during the second quarter of 2008.*

# Agenda

- 1. 2007 Business and Financial Highlights**
- 2. Strategy and Measures**
- 3. Financial Results**
- 4. Outlook**



**BUSINESS AND FINANCIAL  
HIGHLIGHTS**

**1**

**AAA AUTO**

# 2007 Highlights

## During the year 2007 AAA Auto Group achieved several key milestones

- ✓ **The Company successfully turned from a local used-car retailer into a regional player**
  - » The regional network grew to 45 branches in 5 countries
- ✓ The Group's expansion further strengthened its position as the leader on the market of used cars and vehicle-oriented financial services in the CEE region\*
- ✓ The Group's mother company AAA Auto Group N.V. was successfully listed on the Prague and Budapest Stock Exchanges (free float: 26.2%)

\* *In terms of market share in sales volume*

# 2007 Highlights

- ✓ **The core business of the Group showed a continued strong performance in 2007:**

- Total Revenues up 35% yoy
- Gross Profit on Sales up 25.6% yoy
- Gross Profit Margin lower at 17.1% (down 1.3 percentage points yoy)

*On the back of margin contraction in 4Q 2007 to 15.9% (-3.0pp yoy)*

- ✓ **The Group's profitability in the 4Q 2007 was influenced by:**
  - I. Unexpected factors that accompanied the expansion**
  - II. Weaker markets**

# 2007 Highlights

- ✓ **The Group's historically strongest expansion...**
  - during the year 2007 the number of branches was increased to 45 new branches from the 25 already opened at YE 2006
- ✓ **...influenced the operating performance significantly**
  - the expansion was accompanied by HR problems
  - minor but numerous delays in opening new branches
  - the launch of most branches fell into the seasonally weakest months of the year
- ✓ **...coincided with weaker sales across markets of used cars**  
in last months of 2007 (CR, Slovakia)

# Breakdown of expansion impact & weaker markets

**Total Revenues ...** € 470m (+34.9% yoy) & **Gross Profit...** € 80.2m (+ 25.6%)

- weaker than internal plans due to lower-than-expected sales in 4Q 2007

**Gross Profit margin ...** 17.1% (-1.3pp yoy)

- a drop in 4Q (weak markets, low season, HR issues, sales discounts)
- partially mitigated by continued enhanced focus on up-sale products

**OPEX ...** € 78.9m (+54%)

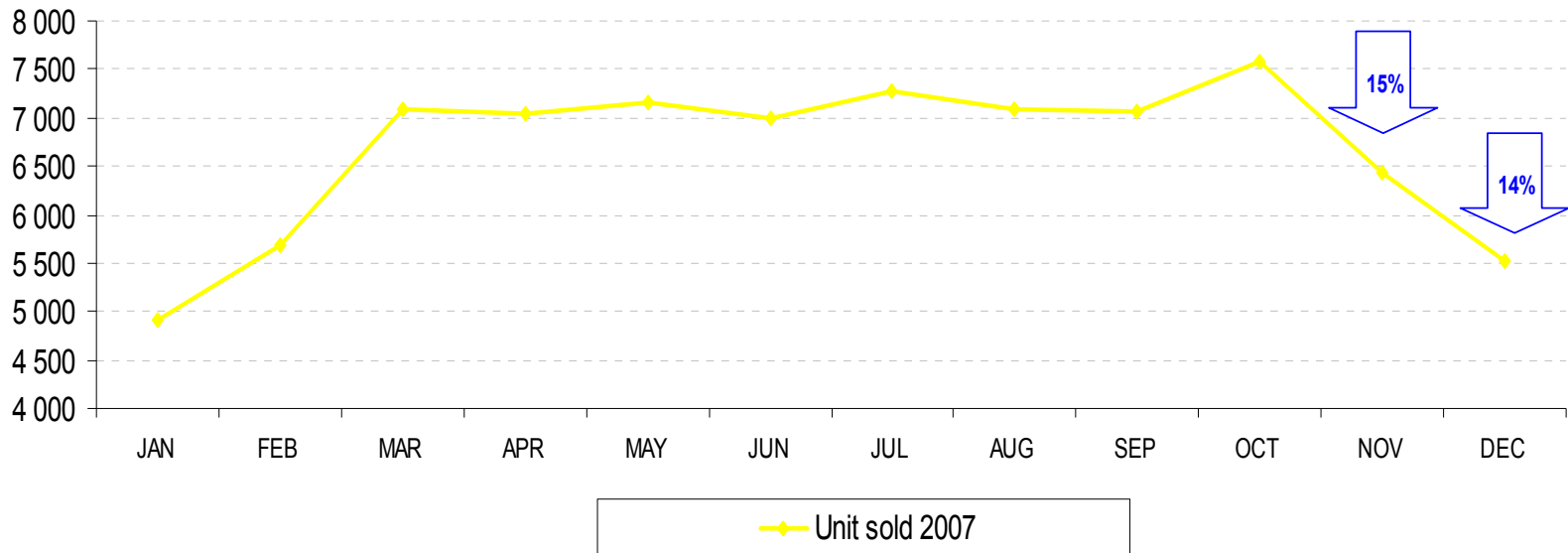
- inflated greatly by higher operating costs for new branches
- higher personnel cost, compromising on quality of newly recruited staff, reallocation of Czech managers
- higher marketing activity to promote new branches in a weak season

**EBITDA ...** € 4.6m (-69%), **EBITDA margin ...** 1.0%



# Sales Development in 4Q 2007

- ✓ AAA Auto's monthly car sales unexpectedly dropped in November (15% mom) and December (14% mom)



# Breakdown of expansion impact & weaker markets

**EBIT ... € 0.73m**

- reduced by a substantial increase in depreciation charges (63%) on the back of acquisition of new branches (equipment, IT systems, buildings)

**Profit before Taxes... € -3.8m**

- increase of interest expenses related primarily to financing of cars stock and working capital requirements of new branches by short-term borrowings which bear higher interest rate
- financing of expansion and acquisition of new branches by long-term borrowings
- increase of inter-bank offered rate (PRIBOR) by 6.8% in 2007

**Net Profit... € -4.9m**

# 2007 Financial Highlights

**Total Assets** ... € 154m (up 56% yoy)

**Equity** ... € 37.7m (up 115% yoy)

**Total Debt** <sup>1)</sup> ... € 89.4m (down 41% yoy) of which ST debt 52 % & LT debt 48 %

**Cash and cash equivalents** ... € 5.3m (up 70% yoy)

**Net Debt / Equity ratio** <sup>2)</sup> ... 218%, down from 313% at YE 2006

*1) Total Debt = Long and Short-Term Borrowings + Finance Lease*

*2) Net Debt / Equity = (Long and Short-Term Borrowings + Finance Lease – Cash and Cash Equivalents) / Equity*

# Operational Highlights

*The Group's expansion further strengthened its position as the leader\* on the market of used cars and vehicle-oriented financial services in the CEE region*

**Branches...** 45 branches in 5 countries, up from 25 at YE 2006

**Sales...** 79,871 cars sold, up 29% yoy

**Stock ...** 9,049 cars on stock, up 42% yoy,

**Stock turnover ...** 35 days, maintained low (36 days at YE 2006)

**Average price of a car sold ...** € 5,293, up 5% yoy

**Number of employees ...** 3,834, up 33% yoy

*\* In terms of market share in sales volume*

# 4Q 2007 Development

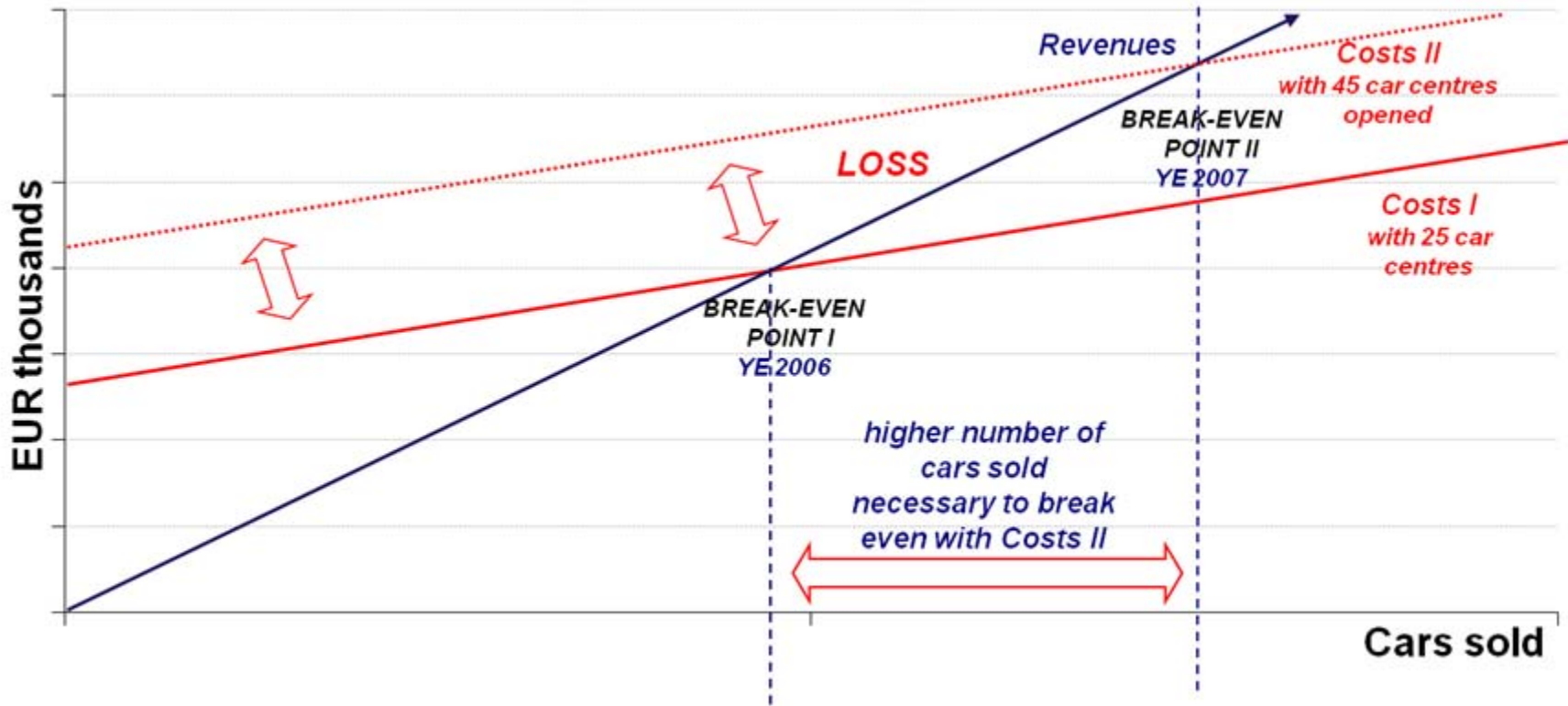
## The combination of the two factors...

- ✓ **OPEX:** nearly double the number of branches lifted the break-even point
  - enhanced by continued HR problems and delays in branch launching
  - the year end came before the new branches started generating sales
  
- ✓ **Revenues:** resulting weaker-than-expected sales & revenues
  - further weakened by an unpredictable drop of sales of used cars across the markets in November and December 2007 (one of the reasons - stronger crown helped car imports)

**...had a cumulative effect and resulted in a financial loss**

# 4Q 2007 Development

» In the 4Q 2007 the company got near the break-even point and even a relatively low decrease of expected sales by several thousand cars caused vaulting over to a loss «





2

**STRATEGY &  
PROFITABILITY MEASURES**

**AAA AUTO**

# Strategy for year 2008

**Consolidation of Past  
Expansion...**



# Strategy

- I. Maximizing revenues and profitability in all branches
- II. Strengthening branch network profitability before continuing future expansion
- III. Cost-cutting measures across the Group
- IV. Organizational changes

# I. Profitability Measures

## ✓ Revenue maximisation

**New Markets:** More customer-oriented sales strategy, using competitive advantages

**Domestic Markets (CR & Slovakia): Customer segmentation & retention**

- Launch of Premium Brand: 2008 – CR; 2009 – Slovakia & Hungary
- Auto Diskont: lower end of the used-car market
- Servicing: car servicing for existing and new customers

## ✓ Focus on gross profit margin enhancement

- Increase in 'metal margin' over LT (lower purchase prices, more liquid cars)
- Strategic focus on financial services – the main profit margin driver
- More aggressive promotion of other up-sale products & services

## ✓ Past expansion = future sales generation, to be reflected in 2008

## II. Expansion Strategy

- ✓ **Strengthening branch network profitability before continuing future expansion**
  
- ✓ **Opening a lower number of branches this year will:**
  - put lower strain on the company's resources
  - decrease the demand for a high number of qualified personnel needed in a short period of time
  - give more time to find more suitable location for new branches
    - » reduces the risk of delays & shall increase expected sales

# III. Cost-Cutting Measures

## ✓ **Currently still undertaking a profitability analysis**

### **I. Micro level:** re-setting stricter SALES targets for each branch

- » Implementation of strict control system
- » Optimization of CAR STOCK – number & liquidity
- » Optimization of HR – headcount & job positions

### **II. Macro level:** OPEX control system

Setting tighter caps for operational and financial KPIs

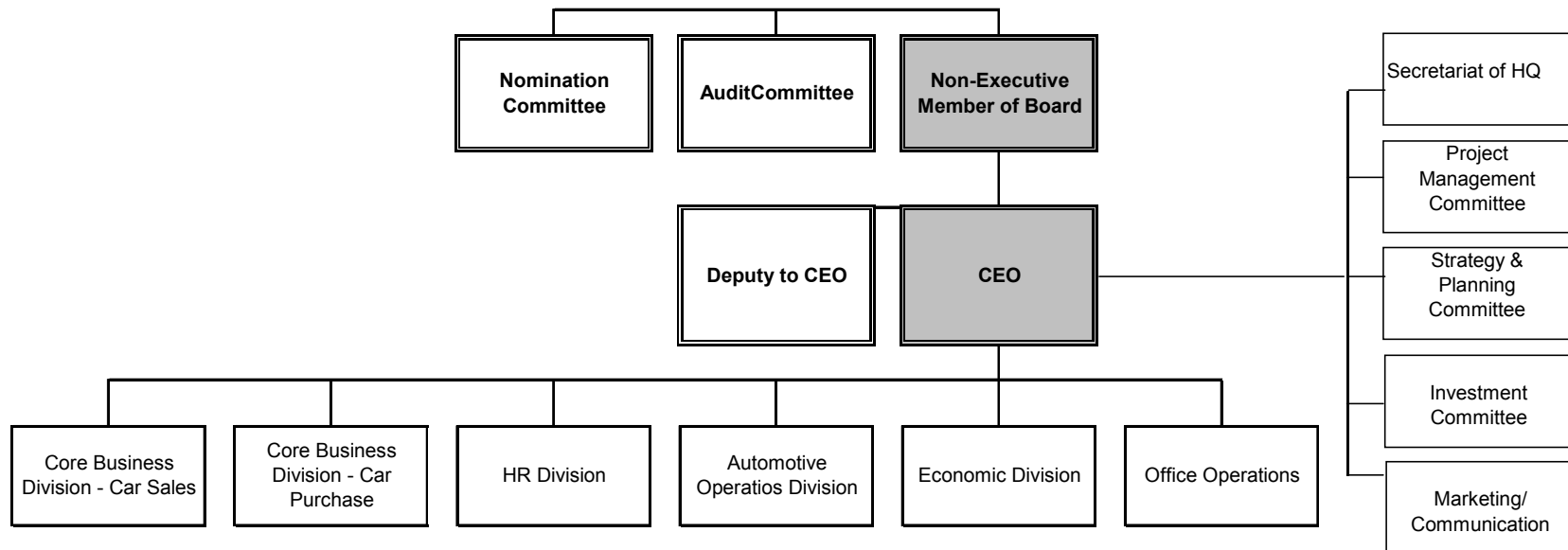
## ✓ **External advisory services** (PWC) in the areas of:

Optimizing HR processes, KPI reporting, taxes, debt structure and smart close (month-end management reporting)

# IV. Organizational changes

## Changes in the Top Management Structure

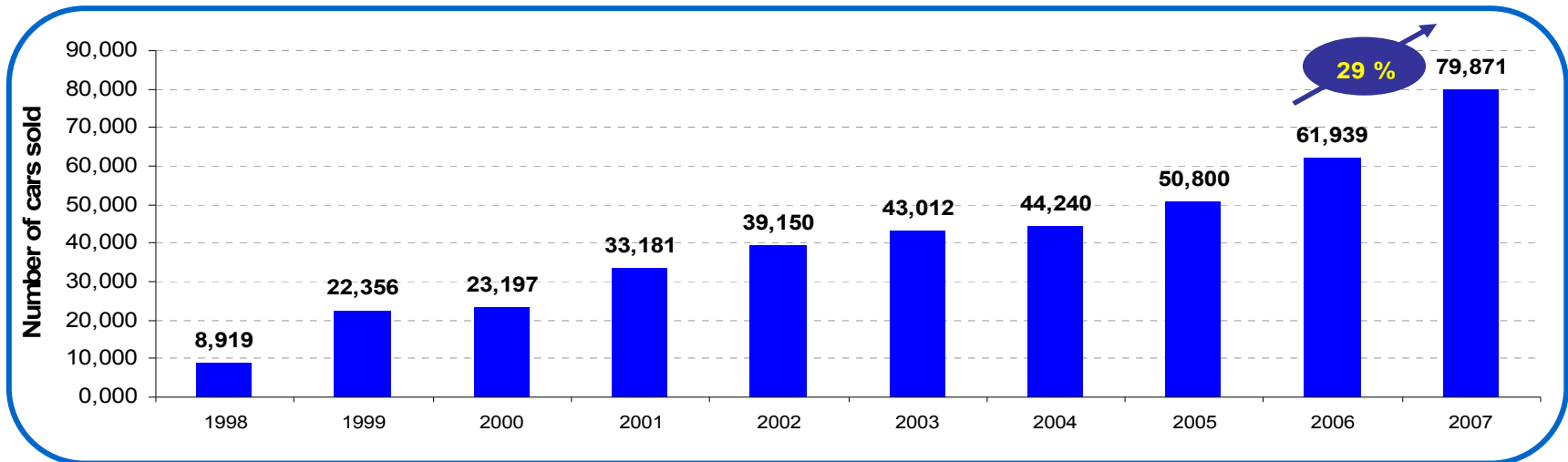
- ✓ Leaner
- ✓ More sales-oriented



# Expansion Summary

# Sales Performance Acceleration

1992	1998	2001	2005	2006	2007
<b>Start-up</b>	<b>Second branch</b>	<b>100 000<sup>th</sup> car sold</b>	<b>International Expansion</b>	<b>Expansion and growth continues</b>	<b>Growth continues</b>
<ul style="list-style-type: none"> <li>Anthony James Denny started to import used cars, launching a western-style and professional large used cars business in the Czech republic</li> </ul>	<ul style="list-style-type: none"> <li>In 1998 second branch in Brno was opened</li> <li>Establishment of call centre</li> </ul>	<ul style="list-style-type: none"> <li>We sold our 100,000th car</li> </ul>	<ul style="list-style-type: none"> <li>Entering Slovak market by opening first car centre in Bratislava</li> <li>First auto centre in Romania, Bucharest,</li> </ul>	<ul style="list-style-type: none"> <li>300,000th car sold</li> <li>25 car centres</li> <li>First branch in Hungary (Budapest) and in Poland (Warsaw)</li> </ul>	<ul style="list-style-type: none"> <li>45 branches in 5 countries</li> <li>79,871 cars sold</li> <li>Continued expansion</li> <li>IPO successfully realized</li> </ul>



## AAA AUTO

# Expansion in 2007

**During the year 2007 we opened 22 new branches \*  
of which 8 branches in 4Q**

Successfully opened

- Czech Republic (6 auto centres + 1 purchase centre\*\*), Hungary (6), Poland (2) and Slovakia (6)

Delays to opening

- 6 branches delayed due to legal issues or HR and recruitment problems in Poland, Hungary and Romania

*\*The number of branches increased to 45 branches from 25 as at YE 2006. During the year 2007 the total 22 new branches were opened, of which 8 in 4Q however, while two branches were closed down.*

*\*\* including one purchase car centre that only purchases and does not sell any cars*



# Expansion in 2008

## 3 – 6 branches to be opened during the year 2008

- ✓ 1 in Czech Republic
- ✓ 2 in Slovakia
- ✓ 2 in Hungary
- ✓ 1 in Poland

**Down from the initial plan of 12 to 16 new branches announced at the end of the 3Q 2007**

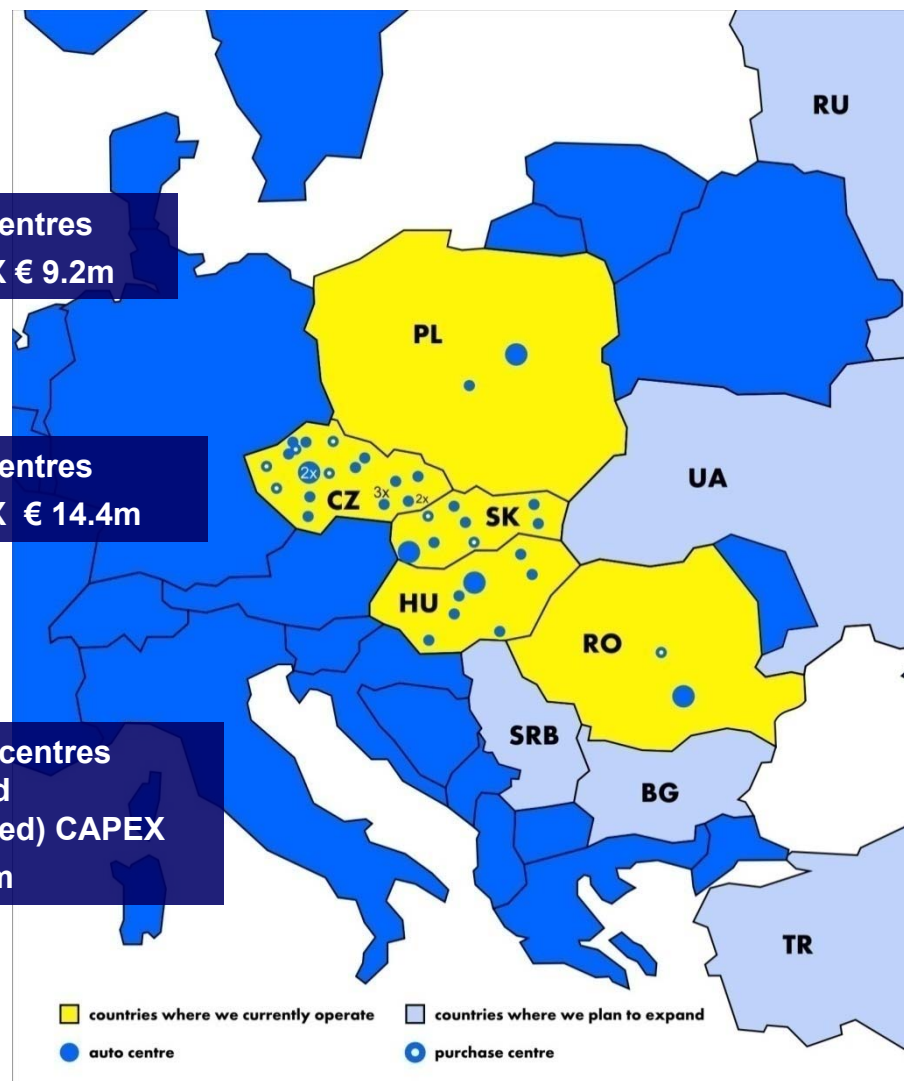
# Regional Growth

2004	12 auto centers in the Czech Rep.
2005	3 new branches in the Czech Rep. 3 in Slovakia 1 in Romania
	19 car centres opened as end of 2005
2006	2 new branches in the Czech Rep. 1 in Hungary 2 in Slovakia
	25 car centres opened as end of 2006
2007	6 new branches in the Czech Rep. 6 in Slovakia 2 in Poland 6 in Hungary
	45 car centres opened as end of 2007
	3 - 6 new car centres planned to be opened
2008 E	48 - 51 to be OPENED by end of 2008

7 car centres  
CAPEX € 9.2m

6 car centres  
CAPEX € 14.4m

22 car centres  
opened  
(2 closed) CAPEX  
€ 26.5m





3

2007

FINANCIAL RESULTS

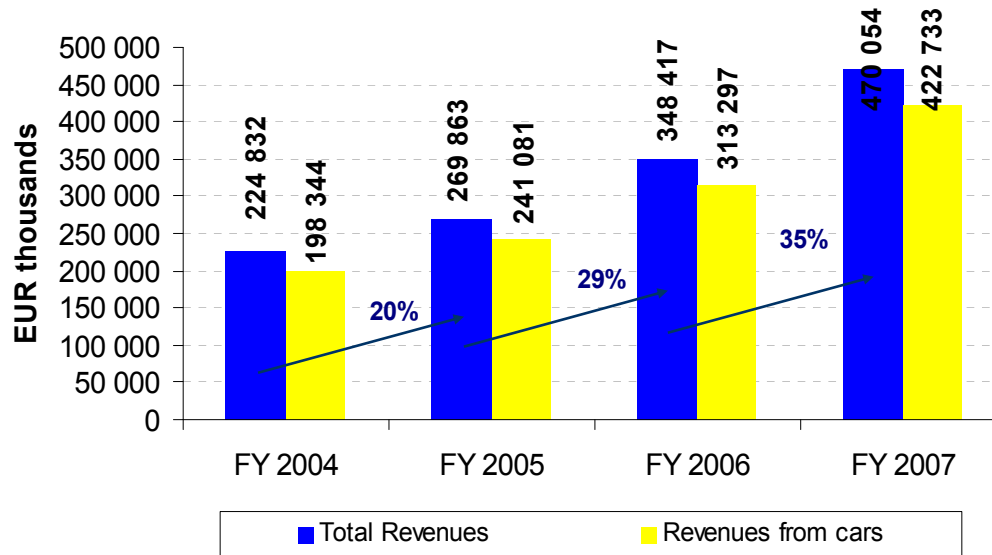
**AAA AUTO**

# Consolidated Income Statement YE 2007

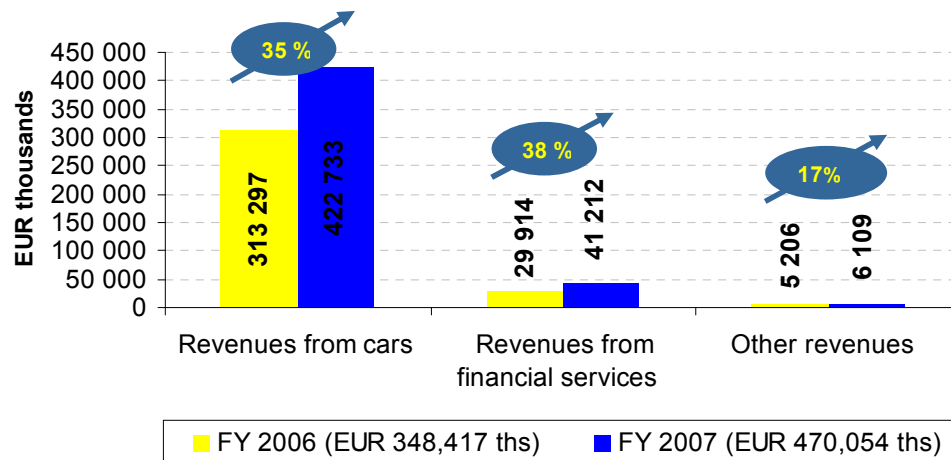
AAA Auto Group N.V. Consolidated Income Statement for FY 2007 ('000 €)

	2007	2006
<b>Revenue</b>	<b>470,054</b>	<b>348,417</b>
Cost of goods sold	-389,812	-284,518
<b>Gross Profit</b>	<b>80,242</b>	<b>63,899</b>
<i>Gross Profit Margin</i>	<i>17.1%</i>	<i>18.3%</i>
Other operational income	3,235	2,195
Operating expenses	-78,864	-51,159
Advertising expenses	-10,671	-9,618
Staff expenses	-41,464	-25,133
Other expenses	-26,729	-16,408
<b>EBITDA</b>	<b>4,614</b>	<b>14,935</b>
<i>EBITDA Margin</i>	<i>1.0%</i>	<i>4.3%</i>
Depreciation and amortisation expense	-3,881	-2,382
<b>Profit before interest and tax (EBIT)</b>	<b>733</b>	<b>12,553</b>
Financial expense	-4,546	-2,854
<b>Profit before tax (EBT)</b>	<b>-3,813</b>	<b>9,669</b>
Income tax expense	-1,097	-2,632
<b>Profit for the year (Net Profit)</b>	<b>-4,910</b>	<b>7,067</b>
Attributable to:		
Equity holders of the parent	-4 906	6 864
Minority interest	-4	204

# Revenues Development & Structure

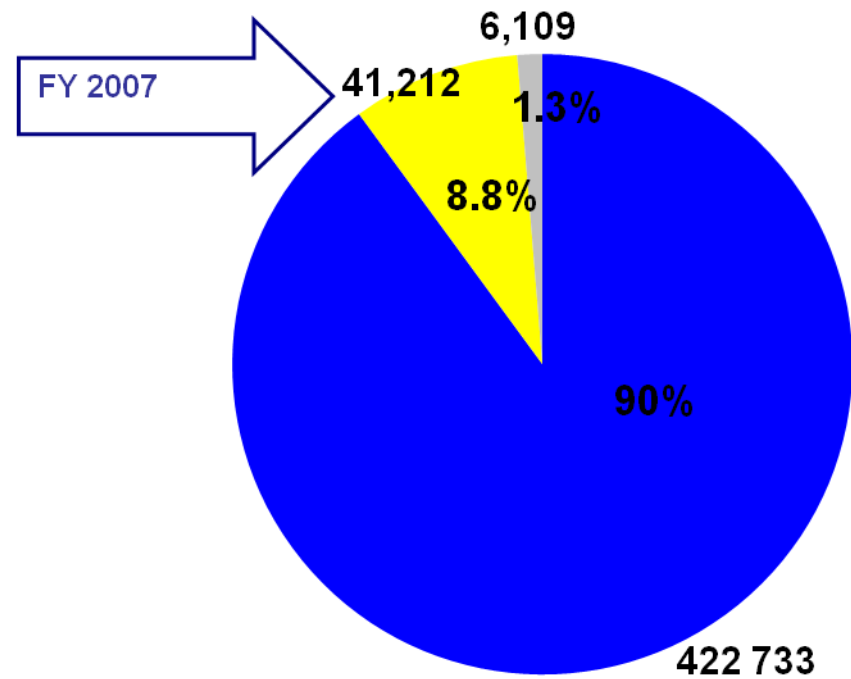
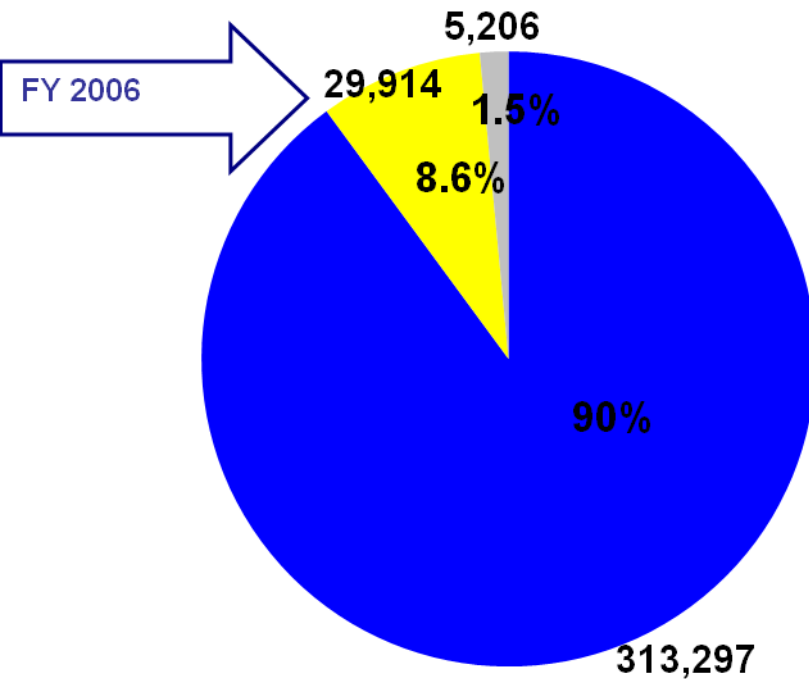


- ✓ total revenues increased 35% yoy
- ✓ Still continues strong performance in 2007
- ✓ Revenues target not achieved due to lower-than-expected sales in 4Q 2007



- ✓ The categories growth reflected to year-on-year increase of Total Revenue
- ✓ Indicate the same contribution as in year 2006

# Category Contribution to Revenues



■ Revenues from cars

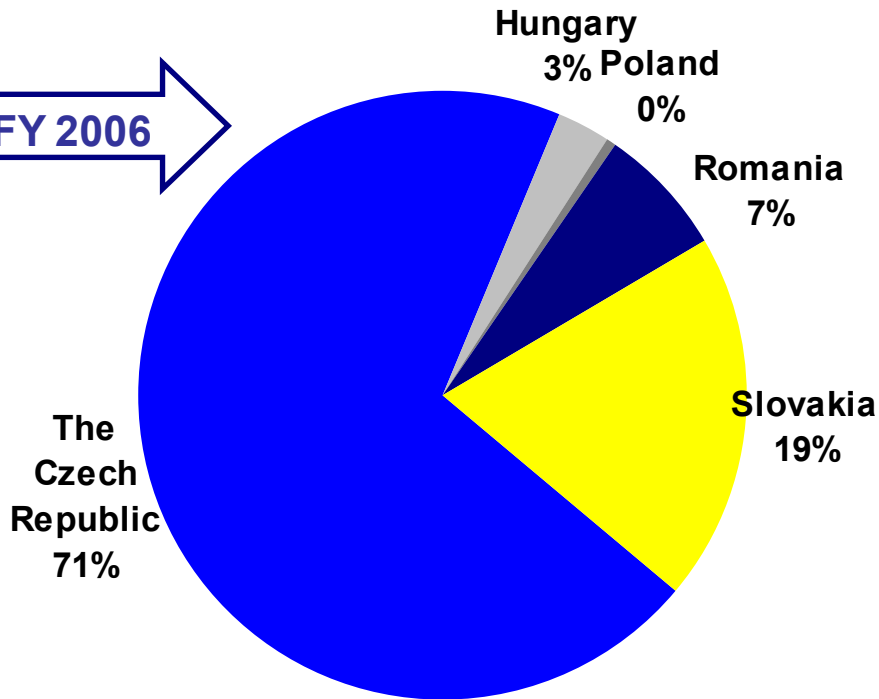
■ Revenues financial services

■ Other Revenues

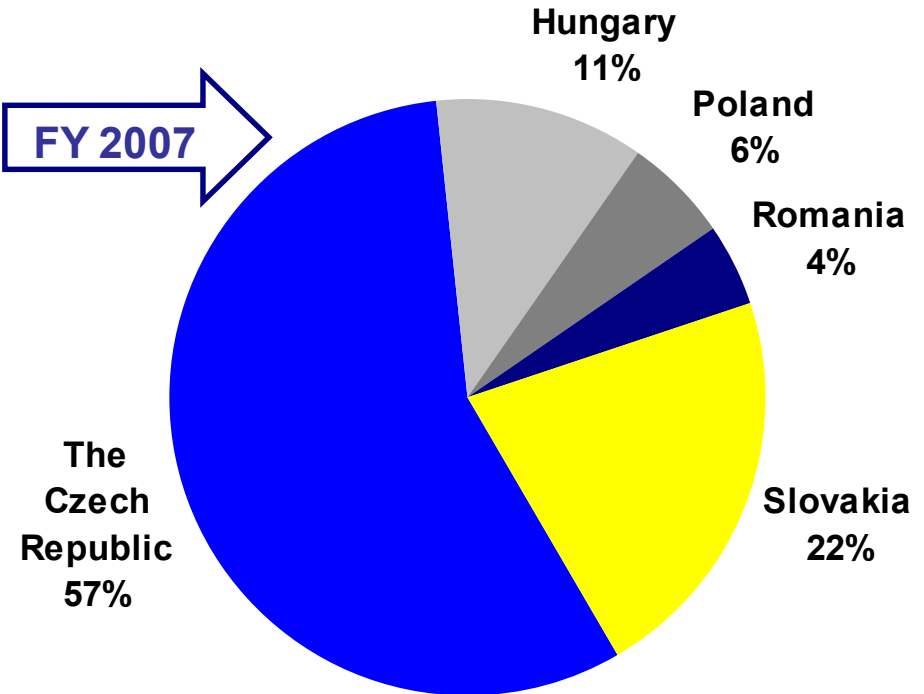
[EUR thousands]

# Geographical Diversification of Revenues

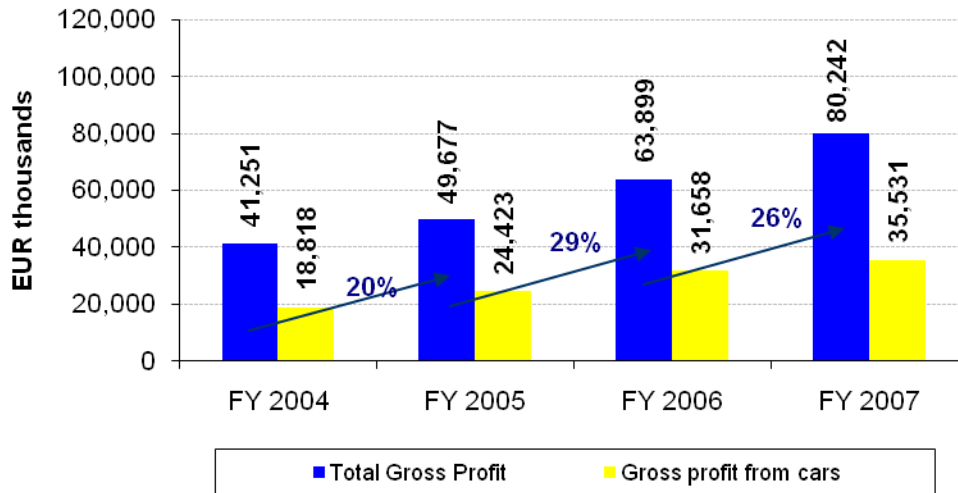
FY 2006



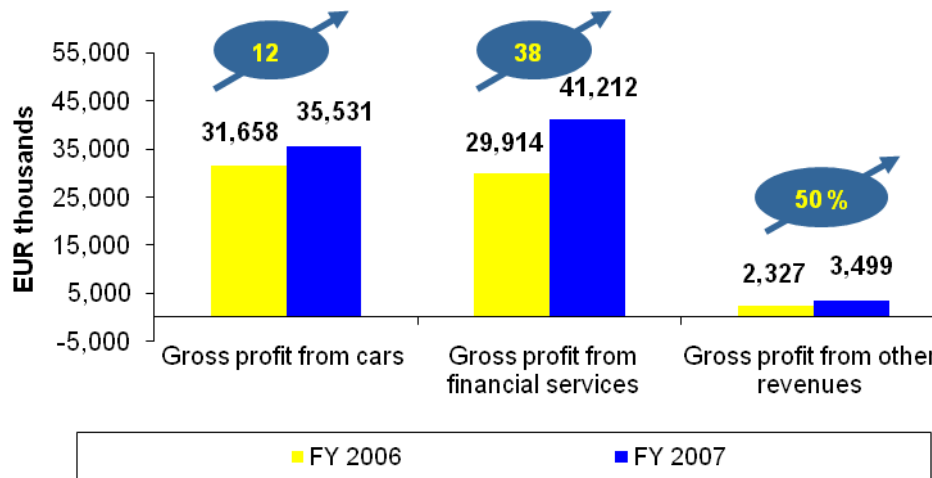
FY 2007



# Gross Profit Development & Structure



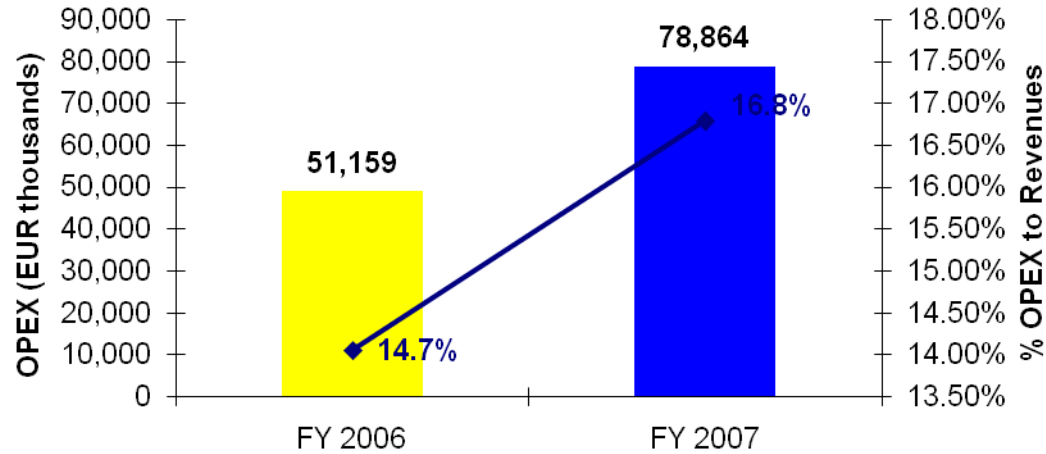
- ✓ Total Gross Profit increase 26% year-on-year
- ✓ Unexpected drop of gross margin in 4Q



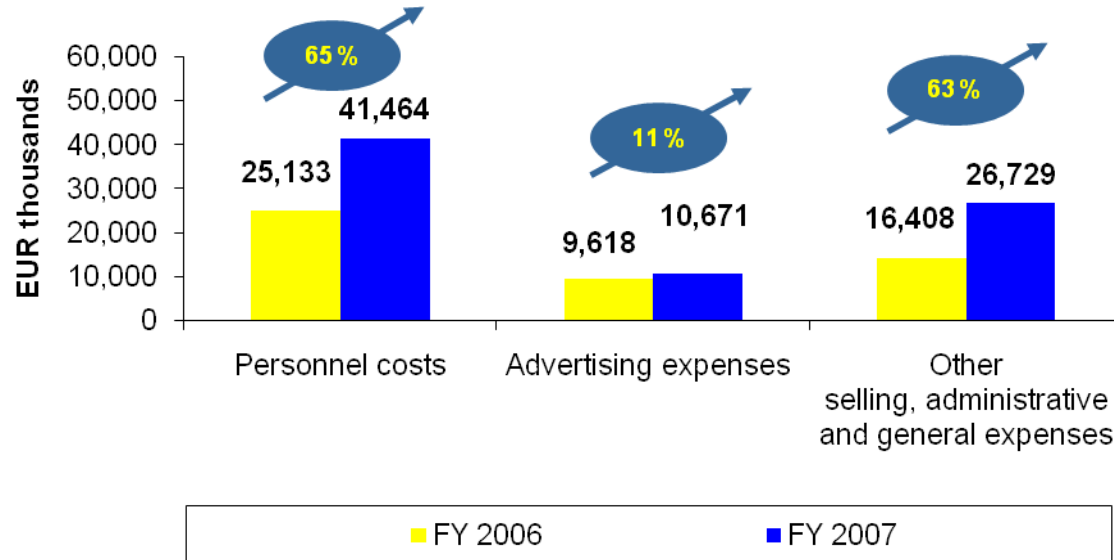
- ✓ Strong increase of gross profits of financial services and other revenues



# OPEX

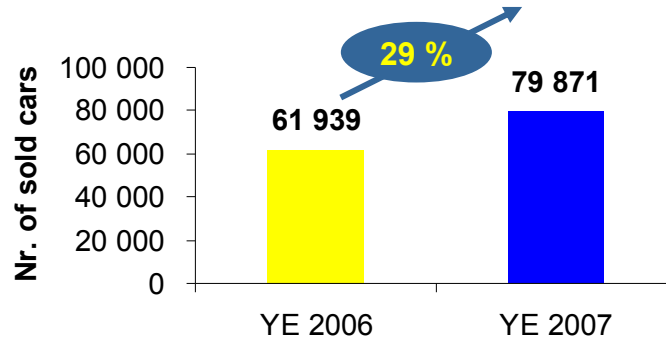


- ✓ Growth of OPEX enhanced by continued HR problems and delays in branch launching



# Operational Highlights

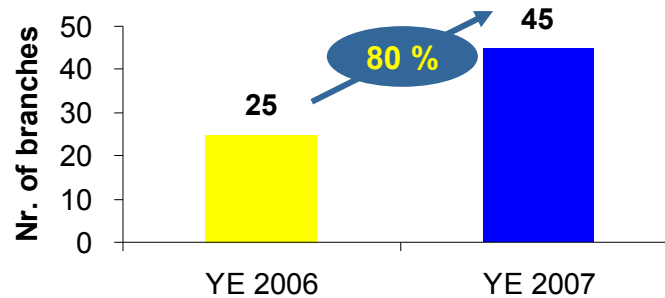
Number of sold cars



✓ In the last quarter (especially in Nov. and Dec.) lower-than-expected sales, 5,000 below the internal target

✓ 29% year-on-year increase

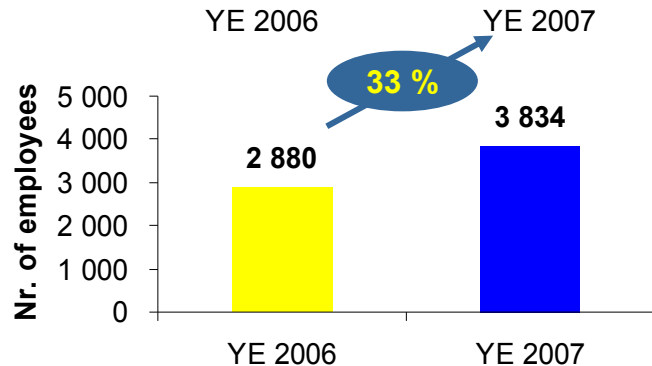
Branches



✓ Massive expansion in last two quarters of 2007 openings delayed due to HR and legal issues

✓

Employees



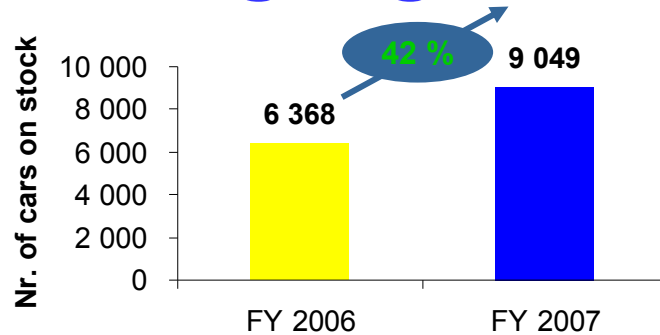
✓ Compromising on HR quality of newly recruited personnel

✓ Reallocation of Czech managers to foreign branches

**AAA AUTO**

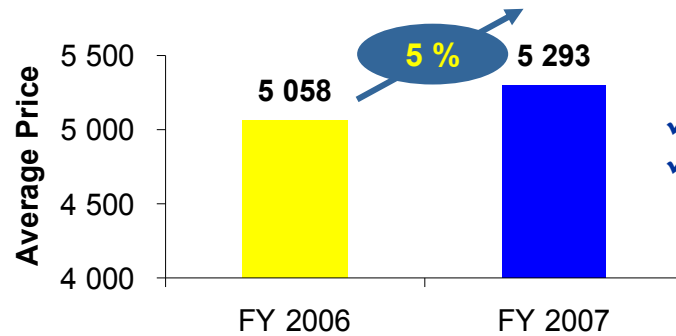
# Operational Highlights

No. of cars  
on stock



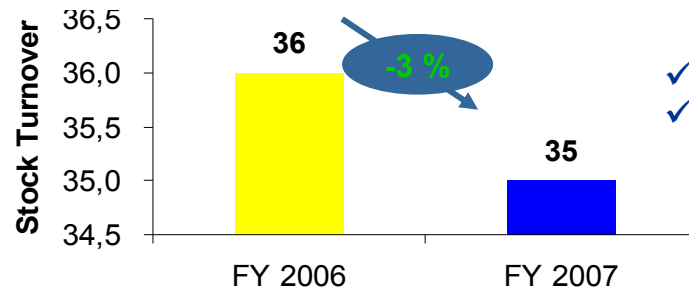
- ✓ 42% yoy increase, but confirmed decrease since end of 9M
- ✓ Focus on stock optimization and low stock turnover

Average  
price



- ✓ 5% yoy increase
- ✓ Effected by inflation and focus on more expensive cars

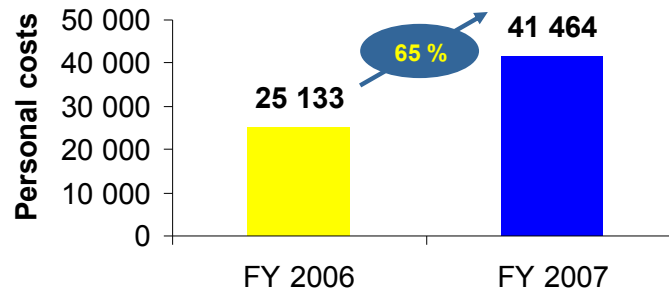
Stock  
Turnover



- ✓ Increasing liquidity of our car stock
- ✓ 3% yoy decrease

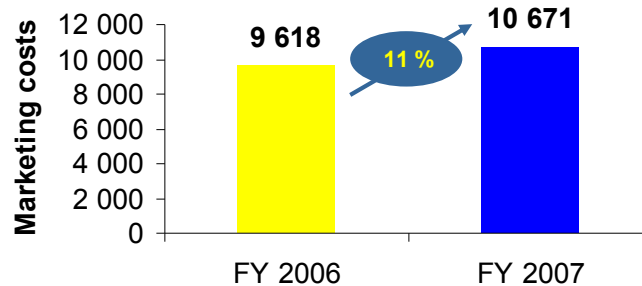
# OPEX

## Personal costs



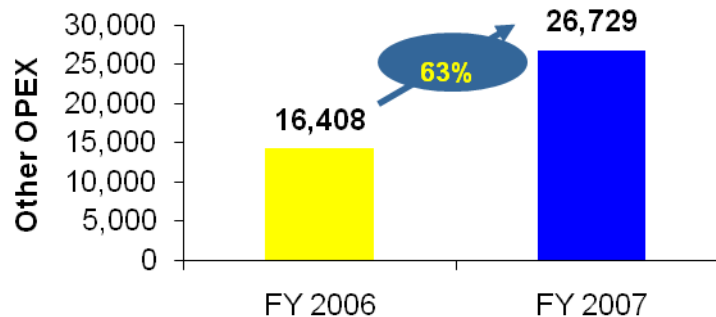
- ✓ HR issues with new branches
- ✓ senior selling/buying position and manager supported new auto centres opening

## Marketing costs



- ✓ higher marketing activity to promote new branches

## Other OPEX



- ✓ The major part of other operation costs (material used and travel) related to the opening of new sites

# Consolidated Balance Sheet

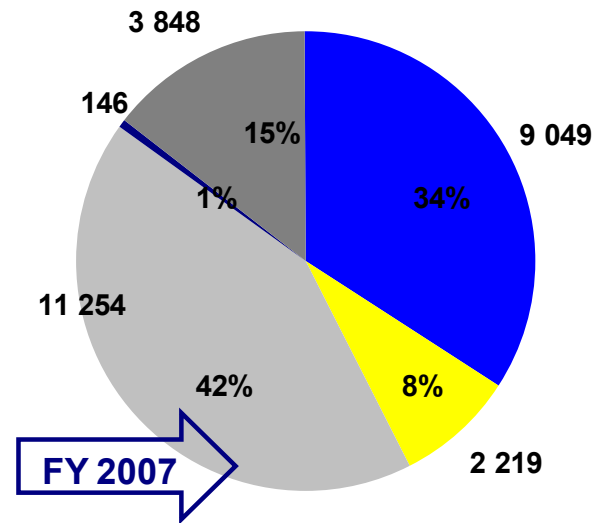
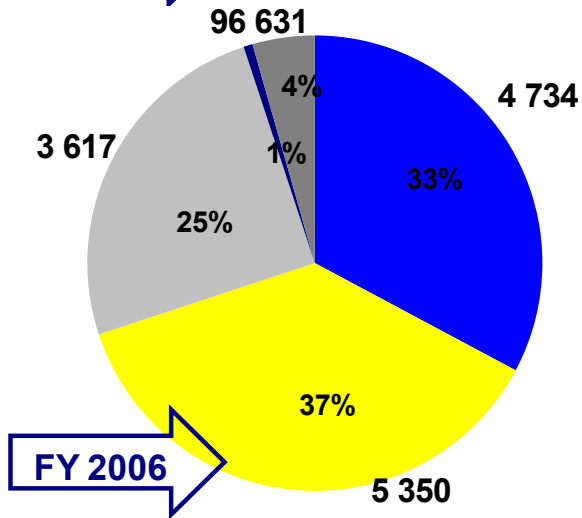
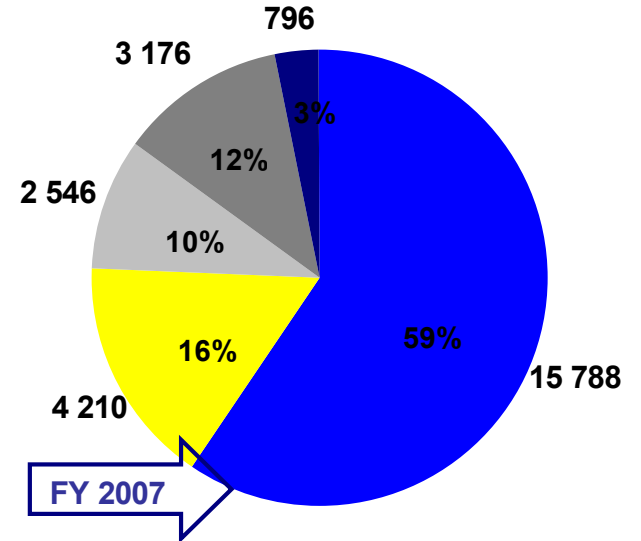
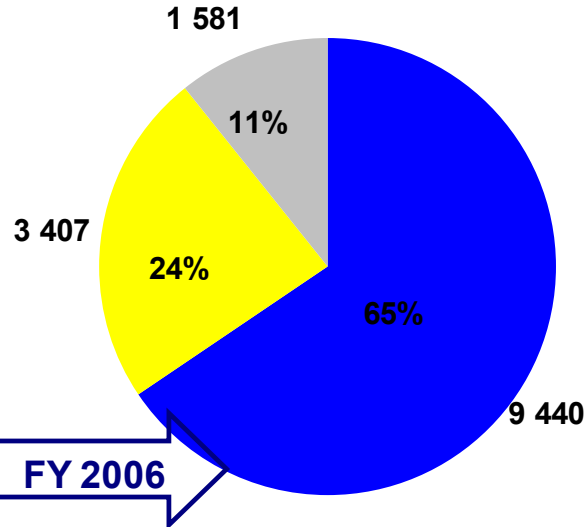
## Consolidated Balance Sheet for FY 2007('000 €)

### AAA Auto Group N.V.

ASSETS	2007	2006
<b>Non-current assets</b>		
Goodwill and other intangible assets	1 748	1 197
Property, plant and equipment	64 535	38 168
Other financial assets	180	324
Deferred tax assets	44	129
Total non-current assets	66 507	39 818
<b>Current assets</b>		
Inventories	57 486	38 197
Trade and other receivables	22 413	11 812
Current tax asset	1 419	11
Other financial assets	529	5 470
Cash and cash equivalents	5 342	3 136
Non-current assets classified as held for sale	369	278
Total current assets	87 558	58 904
<b>TOTAL ASSETS</b>	<b>154 065</b>	<b>98 722</b>

EQUITY AND LIABILITIES	2007	2006
<b>Equity</b>		
Issued capital	6 776	5 000
Share premium	31 042	0
Reserves	1 957	1 842
Retained earnings	-2 063	10 704
<b>Equity attributable to equity holders of the parent</b>	<b>37 712</b>	<b>17 546</b>
Minority interest	0	4
<b>Total equity</b>	<b>37 712</b>	<b>17 550</b>
<b>Non-current liabilities</b>		
Bank and other borrowings	40 120	36 047
Deferred tax liabilities	671	705
Obligations under finance lease	2 659	328
Other liabilities	0	0
Total non-current liabilities	43 450	37 080
<b>Current liabilities</b>		
Trade and other payables	23 709	13 874
Current tax liabilities	497	1 739
Obligations under finance lease	3 992	220
Bank overdrafts and borrowings	42 590	26 966
Provisions	865	561
Other liabilities	1 250	732
Total current liabilities	72 903	44 092
<b>Total liabilities</b>	<b>116 353</b>	<b>81 172</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>154 165</b>	<b>98 722</b>

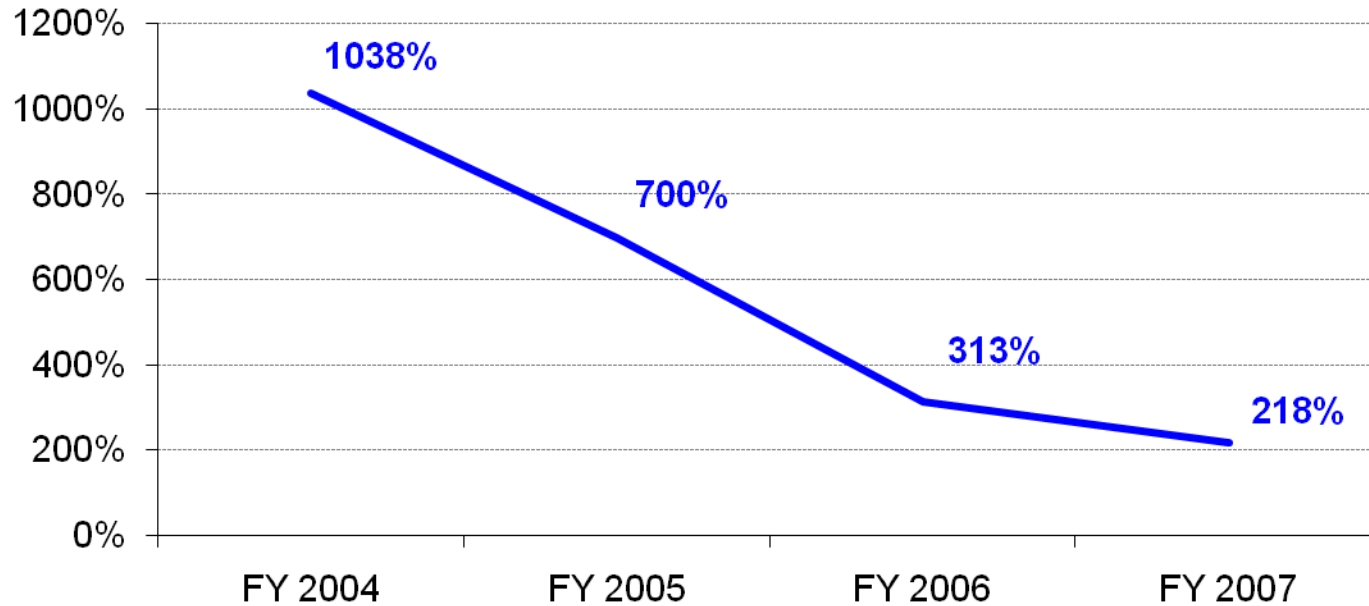
# CAPEX



# IPO

- ✓ The primary reason for entering the PSE and BSE was an acquisition of new funds for expansion of AAA Auto Group and cash-flows optimization
- ✓ 17,757,875 new shares issued (26.2% = free float)
- ✓ 50,000,000 shares held by the principal shareholder - Automotive Industries (73.8%)
- ✓ IPO proceeds = EUR 34.5 m
- ✓ Net proceeds = EUR 31.6 m, after deduction of all costs
- ✓ **The Company used the proceeds from the Offering to:**
  - Reduce the stock financing borrowings and bank overdrafts in Czech Republic, Slovakia, Romania and Hungary
  - Financing corporate core business expansion in 4Q 2007
  - EUR 7m of the shareholder's loan, including the accrued interest, to the Principal Shareholder already paid, EUR 1.53m remains to be repaid

# Net Debt / Equity Ratio



*\* Net Debt / Equity = (Long and Short-Term Borrowings + Finance Lease – Cash and Cash Equivalents + Financial Assets) / Equity*





4

**OUTLOOK**

**AAA AUTO**

# Outlook

**1Q 2008**

- ✓ the negative trend from 4Q 2007 continued to 1Q 2008 – low sales and weaker markets

**Measures**

- ✓ Implementation of new strategy & measures
- ✓ Profitability and cost-efficiency targets

**Expansion**

- ✓ 3 - 6 new branches in 2008
- ✓ expansion to Russia in 2009

**YE 2008**

- ✓ new guidance for YE 2008 to be announced after 1Q 2008 results

# Investor Relations Team

**Lucie Tůmová**

**IR Manager**

**Tel: +420 283 060 238**

**Email:**

[lucie.tumova@aaaauto.cz](mailto:lucie.tumova@aaaauto.cz)

**Petra Lapková**

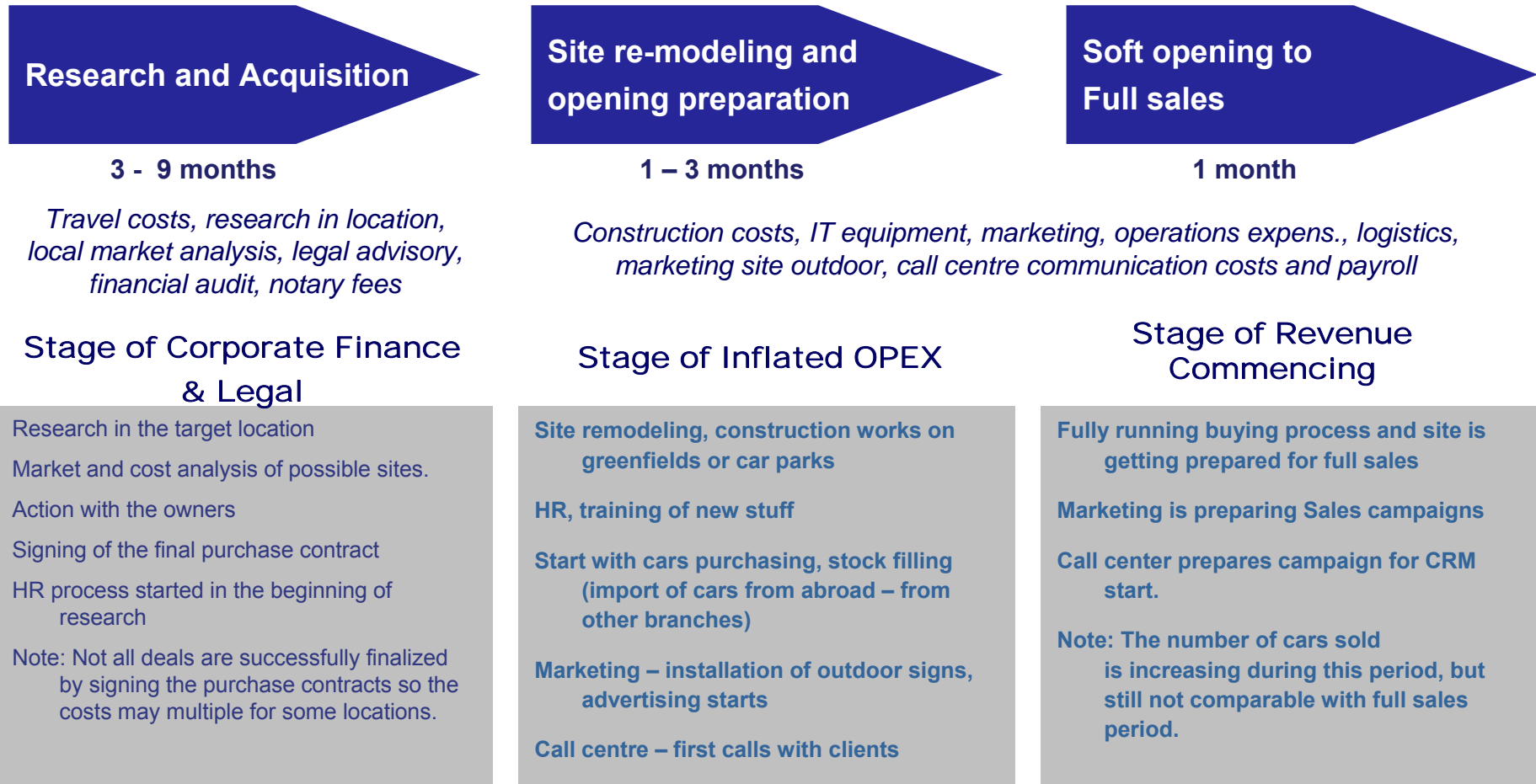
**IR Consultant**

**Tel: + 420 603 489 663**

**Email:**

[petra.lapkova@krpartners.cz](mailto:petra.lapkova@krpartners.cz)

# Back-up Slides



**SUMMARY: OPENING OF A NEW BRANCH MAY TAKE FROM 3 MONTHS UP TO 1 YEAR**  
**TOTAL EXTRA OPEX COSTS: EUR 100 – 400 ths**