PRESS RELEASE

AutoWallis: revenue increased by one fifth, with a 1.5-fold result increase in the first half

Budapest, September 25, 2019 – AutoWallis has closed a strong half-year, having increased its revenue by 21% to HUF 38.4 billion, and its comprehensive result by 148% to HUF 458 billion. All three business units of AutoWallis contributed to these robust numbers, with the International Distribution and the Automotive Service Provider business unit playing an outstanding role.

AutoWallis Plc. has achieved a considerable revenue and result increase on the group level in the first 6 months of 2019, making it possible for the company listed in the Premium category of the Budapest Stock Exchange to continue the realization of its five-year strategy announced in the spring. The group's **revenue increased by 21% to HUF 38.4 billion,** with a contribution from the growth of all three business units (International Distribution, Domestic Distribution, Automotive Service Provider), even if to different degrees. This revenue increase is especially striking in light of signs of a slowdown of the vehicle sales market in the member countries of the European Union (EU). Although the sales of new vehicles dropped by 3.1% in the EU in the first half of this year, the number of vehicles sold in the new vehicle market of Hungary increased by 5.3%, while this growth was 1.4% on average for the states that joined the EU after 2014. The operation of the Group is not independent of the European market as a whole, but its actual operation takes place in Central and Eastern Europe, as well as the Balkans in terms of its activities, efficiency, business opportunities, and value creating potential. The good results are also owing to that AutoWallis is mostly present in the premium segment both in the domestic and the international market, which has increased its share in all markets of the relevant region within the sales of all vehicles.

The operational efficiency of AutoWallis has increased even to a greater extent than its revenue: the *cost of goods sold* (CoGS) increased to a smaller degree than the revenue, by 20%, which means a HUF 1 billion increase to HUF 33.2 billion. Last year, the margin producing capability of the International Distribution business unit experienced a setback due to several temporary effects; having passed these, profitability has basically returned to a normal level in the first half. The *material costs* have increased by 24%, primarily due to the increased costs related to the after-sales services, while the *value of the contracted services* increased by 18%, mostly because of the larger marketing costs resulting from appearing on new international markets and offering a renewed model range. The 34% growth of the *personnel expenses* surpassed the average turnover rate, but the amount of the growth is only 3% of the revenue increase. Based on all this, the overall result of the corporation has increased by 148% to HUF 458 million, while the **EBITDA** (earnings before interest, tax, depreciation and amortization), which the management considers to be the best indicator of profitability, **has increased by 24%, to nearly HUF 1.4 billion**. The primary source of the result increase is the increased performance of the International Distribution business unit compared to the base period, as well as the result increase produced by the Automotive Service Provider business unit, which has been continuously increasing its efficiency in accordance with the strategy of AutoWallis.

Regarding the first half result, Gábor Ormosy, the CEO of AutoWallis, emphasized that the company was following through its five-year strategy announced in the beginning of this year: the data of the first half clearly indicate the organic growth opportunities, while it is also evident that the AutoWallis markets can produce a growth that surpasses the EU average. **The CEO pointed out that in the strategy they calculated with acquisitions** that would contribute to the growth of the revenue and the result as well. He explained that they have identified 20 such acquisition targets so far, and for many of them they have already made contact, started the data acquisition, and in several cases the first offers have been made as well.

As for the three business units of the AutoWallis Group, the revenue of the **International Distribution business unit** increased by 11%, mostly due to the 13.5% growth of the number of new vehicles sold to 1,076 vehicles. The **Domestic Distribution business unit** increased its new vehicle sales by 22% to 1,638 vehicles, while the sales of used cars grew by 75% to 454 vehicles, increasing the revenue by 31%, owing to the outstandingly high number of sold products, partly due to a one-time, larger sales batch. This growth is especially significant in light of that sales is the most important customer relationship management entry point for the notably profitable Automotive Service Provider business unit. Out of the three lines of business of AutoWallis, the revenue share of the most profitable **Automotive Service Provider business unit** has increased by 1% to 10%. As for the three main areas determining the performance of the segment, the number of service hours increased by 15% to 25,118 hours, the fleet size calculated on the basis of the vehicle rentals grew by 11% to 495 vehicles, and the number of rental events increased by 4% to 11,207 when compared to the data of the first half of the previous year. In the first half of this year, the revenue of this business line has increased significantly, by 24%, while the proportionate profitability of the revenue was more than doubled. In the field of vehicle rentals, the Group is present with the Sixt brand, the result of which is greatly impacted by the dynamic growth of the number of travelers arriving to the Liszt Ferenc International Airport, Budapest (7.5% increase in the first half).

AutoWallis results in the first half of 2019*

(Value in HUF 1,000)

	2019 first half	2018 first half	Changes
Revenue	38 423 184	31 809 501	+21%
International Distribution business unit	**16 557 306**	14 971 766	**+11%**
Domestic Distribution business unit	**18 176 222**	13 872 432	**+31%**
Automotive Services business unit	**3 689 656**	2 965 304	**+24%**
Expenditure			
Material cost	**1 186 557**	953 995	**+24%**
Contracted services	**1 802 496**	1 524 914	**+18%**
Cost of goods sold	**33 227 950**	27 628 857	**+20%**
Personnel expenses	**827 282**	617 973	**+34%**
EBITDA**	1 357 228	1 092 098	+24%
Sales result	**868 217**	623 358	**+39%**
Total overall result	**458 061**	184 511	**+148%**

* Non-consolidated data according to the IFRS

** Earnings before interest, tax, depreciation and amortization

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 Motor Pest, Wallis Motor Duna and Wallis Autókölcsönző. 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

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Further information:

Dániel R. Kovács, Financial Communications Mobile: +36-20-771-8710 E-mail: r.kovacs@fincomm.hu