

# EQUITY NOTE: RÁBA Automotive Holding

Recommendation: HOLD (unchanged)

Target price (12M): HUF 1,476 (unchanged)

1 September 2021

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## News:

- 1) On 30 August, 2021, the BoD of Rába Automotive Holding Plc announced that the Company would hold an extraordinary general meeting (EGM) on the basis of the initiation of Hungarian Defence Industry Innovation Ltd. ("NVII Zrt.") as the majority owner of the Company.

Important dates to remember:

Date of the General Meeting: 30 September 2021, 10 a.m.

The record date of identification of shareholders: 23 September 2021

The closing date of Register of Shareholder: 28 September 2021, 6 p.m.

According to the announcement, the agenda items of the extraordinary general meeting and the reason for the request for putting these items on the agenda are as follows:

- i. Election of the members of the Board of Directors, setting the remuneration: In accordance with the provisions of the Articles of Association, NVII Zrt. request to elect new Members of the Board of Directors.
  - ii. Amendment of the Articles of Association: Articles of Association – to include the change of the entity who exercises the ownership rights, the legislative changes and changes of BSE, other amendments.
  - iii. Amendment of the Remuneration rules and policy: to update compliance with legislative requirements, other amendments.
- 2) On 31 August 2021, Rába Automotive announced the acquisition of voting rights. According to the announcement, the influence of Ministry for Innovation and Technology had changed.

## Comments:

- 1) After the unexpected overhaul of the BoD in November 2020 and the change of the Management in May 2021, the governing body of the company is going to be changed once more. It is not yet clear whether the new appointments are consequences of the recent ownership change or can be linked to the previous check-in of new members of the BoD, the Supervisory Body, and the Management.
  - From this point of view, the publication of the submissions to the EGM expected to be released on the 21<sup>st</sup> day before the meeting (in

- line with the Articles of Association) – that is on 9 September, 2021 – will be substantial.
- With the same deadline, shareholders representing at least one per cent of the votes, may request the BoD – in writing – to put any item on the agenda of the EGM, and such shareholders may also submit draft resolutions regarding the items on agenda. Looking back historically, there is chance that such additions to the list of submissions from the small shareholders may emerge.
- 2) In a string of notices during the past few months, the Company informed investors about the change in its ownership background concerning the share of different organizations owned by the Hungarian State. In short, although the kind of majority state ownership (74.34%) has not been amended, the share of the previous owner, Hungarian National State Asset Management Inc. (MNV) was transferred to the National Defence Industry Innovation Ltd. (NVII Zrt.).
- Last month, Rába Automotive published an announcement about the disposal of voting rights, informing that the influence of NVII in Rába Automotive has changed. According to media reports, which offer more details, the tight-lipped official announcement covers that 20% of Rába's voting right has been placed from NVII to the 'Foundation for Széchenyi University'. The latest announcement, of 31 August, is supposed to be linked to this ownership change.

**Notes:**

[The initiation report, which contains the assumptions of the models used, is available here.](#)

[The valuation methodology used in this present equity research note to determine our price targets and recommendations is available here. \(Also available in Hungarian\)](#)

This investment recommendation has not used proprietary models.

The risk warning, which includes the adequate explanations of the length of time of the investment to which the recommendation relates as well as a sensitivity analysis of the assumptions, is indicated in the part of this recommendation where the length of time and the risks of the investment are presented.

Any information relating to the date and time for the price mentioned in this recommendation is revealed in the part of the recommendation where the given price is indicated.

OTP Bank Plc's recommendations and price targets history for Rába Automotive Holding in the past twelve months:

| Period         | Recommendations | Percent of Recommendations |
|----------------|-----------------|----------------------------|
| <b>Q3 2020</b> | BUY             | 0%                         |
|                | <b>HOLD</b>     | <b>100%</b>                |
|                | SELL            | 0%                         |
| <b>Q4 2020</b> | <b>BUY</b>      | <b>100%</b>                |
|                | HOLD            | 0%                         |
|                | SELL            | 0%                         |
| <b>Q1 2021</b> | BUY             | 0%                         |
|                | <b>HOLD</b>     | <b>100%</b>                |
|                | SELL            | 0%                         |
| <b>Q2 2021</b> | BUY             | 0%                         |
|                | <b>HOLD</b>     | <b>100%</b>                |
|                | SELL            | 0%                         |

| Date              | Recommendation | Target Price    | Publication                      |
|-------------------|----------------|-----------------|----------------------------------|
| <b>13/08/2020</b> | <b>HOLD</b>    | <b>HUF 891</b>  | <b>Quarterly Earnings Update</b> |
| <b>03/12/2020</b> | <b>BUY</b>     | <b>HUF 1197</b> | <b>Quarterly Earnings Update</b> |
| <b>18/02/2021</b> | <b>HOLD</b>    | <b>HUF 1280</b> | <b>Quarterly Earnings Update</b> |
| <b>21/05/2021</b> | <b>HOLD</b>    | <b>HUF 1353</b> | <b>Quarterly Earnings Update</b> |
| <b>26/08/2021</b> | <b>HOLD</b>    | <b>HUF 1476</b> | <b>Quarterly Earnings Update</b> |
| <b>01/09/2021</b> | <b>HOLD</b>    | <b>HUF 1476</b> | <b>Equity Note</b>               |

[The list of all recommendations made in the past 12 months is available here.](#)

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