

## PRESS RELEASE

### AutoWallis: 11% revenue increase in the first three quarters

**Budapest, November 30, 2020 – AutoWallis concluded the first three quarters with a turnover of HUF 62.6 billion and an EBITDA of HUF 1.8 billion. The 11% revenue increase significantly surpasses the performance of the automotive markets of Hungary, the European Union and the region. The positive figures are due to a number of factors: following the setback caused by the COVID-19 epidemic, organic growth has already been observable in the third quarter, and the company also implemented six major business developments and acquisitions this year. The latter have already had some positive effects, but will only be fully reflected in the 2021 figures.**

The past nine months have been rather challenging for the global automotive market, mainly due to the negative economic effects of the COVID-19 epidemic, but AutoWallis's financial data and the six major business developments and acquisitions announced this year show that even in such a negative environment, it is possible to grow in an organic way and via acquisitions. Regarding this, Gábor Ormosy, CEO of AutoWallis spoke about that the company was following through with the implementation of the growth strategy announced in 2019, despite the unforeseeable negative environment this year. He recalled that the plan was counting on doubling their 2018 revenues by 2024. **In the first three quarters of this year, AutoWallis increased its revenues by 11.2 percent to HUF 62.6 billion, partly as a result of acquisitions and organic growth.** By contrast, the new vehicle market in the European Union (EU, EFTA, United Kingdom) experienced a 29.3% setback in this period, while the Hungarian market dropped by 21.7%.

The performance of AutoWallis's three business units was rather varied: the revenue of the **International Distribution Business Unit** increased by 11.2% to HUF 26.3 billion, while the sales volume increased to a larger extent, by 26.6%. This is because the increase occurred at lower average sales prices, partly due to the shift of product mix to smaller vehicles, and also because of the significant volume of fleet sales realized on the Balkan markets with a considerably lower than average margin. The revenue of the **Domestic Distribution Business Unit** increased by 17.4% to HUF 31.3 billion, while the sales volume grew by 19%, which is significantly better performance than the overall shrinkage of the Hungarian market. This was partly due to that the organic growth of AutoWallis was complemented by business developments (the Jaguar Land Rover dealership opened in April, as well as the 2020 third quarter turnover of Wallis Kerepesi and ICL Autóház). In the **Automotive Services Business Unit** (including after-sales services and car rentals), the business unit most exposed to the unfavorable environment, the decline in tourism and business travel, and the almost complete stopping of airport traffic, there was a revenue decrease of 16.4% despite the management's best efforts to decrease the size of the available rental fleet, and to use it for alternative purposes, like courier services. The service activity has increased by 10 percent to 41.733 hours, due to the fact that the decrease of the first half was offset by the combination of the trend reversal and the impact of the service activity from newly-listed subsidiaries in the third quarter. At the same time, the fleet size calculated on the basis of vehicle rentals fell by 26% to 437 and the number of rental events by 63.6% to 6,976, which had a negative impact on revenue and profitability.

**Gábor Ormosy pointed out that the figures for the first nine months already included the six significant business developments and acquisitions of this year to some extent, but these would only be fully reflected in the figures for 2021** (these include the acquisition of the largest Hungarian Opel and KIA dealership; beginning the distribution of Jaguar and Land Rover models in Hungary; the takeover of the largest Slovenian BMW dealership; equity investment in Inicial Autóház,

a major company of the Western Hungarian region involved in the sales and servicing of seven significant vehicle brands, and the acquisition of the importer rights of Opel in in Bosnia and Herzegovina, Croatia, Slovenia and Hungary; as well as the planned takeover of the Slovenian Avto Aktiv, which sells and services BMW, MINI, Jaguar, Land Rover, Toyota and Suzuki vehicles in four cities).

The EBITDA (earnings before interest, tax, depreciation and amortization), **the figure most informative of AutoWallis's profitability**, was HUF 1.8 billion in the first three quarters, that is, 28.5% lower than the data from the same period of the previous year, which is partly due to the unfavorable environment and one-time effects. The **comprehensive overall result** was a loss of HUF 211 million due to the one-time negative items, without which the company would have realized a profit of HUF 95 million in the first three quarters. The primary reason for the low performance was the COVID-19 epidemic leading to a drop in automotive services due to the full stoppage of airport traffic, in addition to the temporary decline in the profit producing capability of the International Distribution Business Unit. The *cost of goods sold (CoGS)* increased by 12.5% to HUF 55 billion, mostly due to that the expenses related to the rental fleet could not promptly follow the drastic decline in the revenue of the Automotive Services Business Unit. The *cost of contracted services* increased by 5.4% to HUF 2.4 billion, while *personnel expenses* increased by 25.2 percent to HUF 1.6 billion (the average statistical headcount in the group increased to 436). The latter, similarly to last year, surpassed the average of the turnover change, and already includes the personnel expenses incurred due to the recruitment necessary for launching the new Jaguar Land Rover dealership and service in Budapest, which opened its gates in April, as well as the prorated personnel expenses related to Wallis Kerepesi, which joined the AutoWallis group in the third quarter.

	Q1-Q3 2020	Q1-Q3 2019	Changes
<b>Revenue</b>	<b>62 630 613</b>	<b>56 326 365</b>	<b>+11,2%</b>
<i>International Distribution Business Unit</i>	<b>26 343 041</b>	23 691 329	<b>+11,2%</b>
<i>Domestic Distribution Business Unit</i>	<b>31 260 441</b>	26 623 635	<b>+17,4%</b>
<i>Automotive Services Business Unit</i>	<b>5 027 131</b>	6 011 400	<b>-16,4%</b>
<b>Expenditure</b>			
<i>Material cost</i>	<b>1 865 107</b>	1 805 471	<b>+3,3%</b>
<i>Contracted services</i>	<b>2 447 233</b>	2 322 748	<b>+5,4%</b>
<i>Cost of goods sold</i>	<b>55 006 283</b>	48 891 567	<b>+12,5%</b>
<i>Personnel expenses</i>	<b>1 596 975</b>	1 275 502	<b>+25,2%</b>
<b>EBITDA**</b>	<b>1 802 567</b>	<b>2 522 251</b>	<b>-28,5%</b>
<i>Sales result</i>	<b>668 518</b>	1 177 399	<b>-43,2%</b>
<i>Total overall result</i>	<b>- 211 164</b>	964 027	<b>#</b>

\* Consolidated data according to the IFRS

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

	Q1-Q3 2020	Q1-Q3 2019	Changes
<b>International Distribution Business Unit</b>			
Number of new vehicles sold (pcs.)	1 963	1 551	+26,6%
<b>Domestic Distribution Business Unit</b>			
Number of new vehicles sold (pcs.)	2 775	2 332	+19,0%
Number of used vehicles sold (pcs.)	778	651	+19,5%
<i>International + Domestic Distribution Business Unit - new vehicles (pcs.)</i>	4 738	3 883	+22,0%
<i>International + Domestic Distribution Business Unit - total (pcs.)</i>	5 516	4 534	+21,7%
<b>Automotive Services Business Unit</b>			
Number of service hours (hours)	41 733	37 943	+10,0%
Rental Fleet Size (pcs.)	437	592	-26,2%
Number of rental events (pcs.)	6 976	19 177	-63,6%
Number of rental days (pcs.)	61 228	109 530	-44,1%

**\* Important information:**

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Preliminary, non-consolidated data.

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**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, Wallis Kerepesi, Wallis Autókölcsonzó, as well as Inicial Autóház. The brands represented by the group include BMW cars and motorbikes, Citroën, Dacia, Isuzu, Jaguar, Land Rover, Maserati, MINI, Nissan, Opel, Peugeot, Renault, SsangYong, Suzuki, and Toyota, as well as Saab spare vehicle parts, and Sixt rent-a-car. [www.autowallis.hu](http://www.autowallis.hu)

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