

EQUITY NOTE: RÁBA Automotive Holding

Recommendation: BUY (unchanged)

Target price (12M): HUF 1,403 (unchanged)

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News

On April 11, 2019 Rába Automotive Holding held ITS AGM. As expected, shareholders approved the proposed and submitted resolutions, including the final figures of the Y2018 financial statement, the dividend payment, the acquisition of “Rekard Group” and the changes in the composition of the Board of Directors.

Comments

- 1) The financial statement of 2018 approved by the AGM presents the same figures as in the already published Q4 2018 earnings report. As the final financial statement does not include any new information compared to the previous reports, from this point of view, there was no need to change our valuation model released in [our latest equity report](#).
- 2) The 17.8 HUF/share dividend proposal is in line with the management’s dividend payment practice in the past few years. Although not declared, on the basis of the past two years of “dividend history”, we can expect the management to stick to the 20% payout ratio in the short run as well. The dividend payout starts on May 28, 2019. Only shareholders recorded in the company’s registry of shareholders by May 21, 2019 the latest will be entitled to dividend.
- 3) The AGM also approved the HUF 700m acquisition of “Rekard Group”. As we detailed in our [latest equity note](#), the publicly available information at present does not make it possible to quantify the value of the enterprises to be acquired. When new information emerges concerning the deal, we will update our analysis.
- 4) We maintain our latest BUY recommendation on Rába Automotive Holding, with 1,403 HUF/share 12-month target price. This target price is 15% higher than the 1,220 HUF/share closing price on April 12, 2019, offering 17% TR in a 12-month period.

[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:

Date	Recommendation	Target Price	Publication
17/05/2018	HOLD	HUF 1469	Quarterly Earnings Update
29/08/2018	BUY	HUF 1427	Quarterly Earnings Update
15/11/2018	BUY	HUF 1412	Quarterly Earnings Update
22/11/2018	BUY	HUF 1412	Equity Note
21/02/2019	BUY	HUF 1502	Quarterly Earnings Update
04/04/2019	BUY	HUF 1403	Equity Note
15/04/2019	BUY	HUF 1403	Equity Note

Period	Recommendations	Percent of Recommendations
Q2 2018	BUY	0%
	HOLD	100%
	SELL	0%
Q3 2018	BUY	100%
	HOLD	0%
	SELL	0%
Q4 2018	BUY	100%
	HOLD	0%
	SELL	0%
Q1 2019	BUY	100%
	HOLD	0%
	SELL	0%

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

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