

21 September 2022

AutoWallis Group to expand into two new areas

Investor presentation – Successes, challenges and targets

We are building the leading car dealership and mobility service provider in the Central and Eastern European region

AutoWallis
GROUP



Recent news

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**SsangYong importer:
in Austria**



Expanding to the west: we are
entering Austria

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JóAutók.hu transaction



Expanding into online sales
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Renault transaction



New top brands in AutoWallis'
portfolio

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1. A changing automotive industry

How will we remain competitive, and what are we doing to achieve that?

How is the supply chain changing in the region?

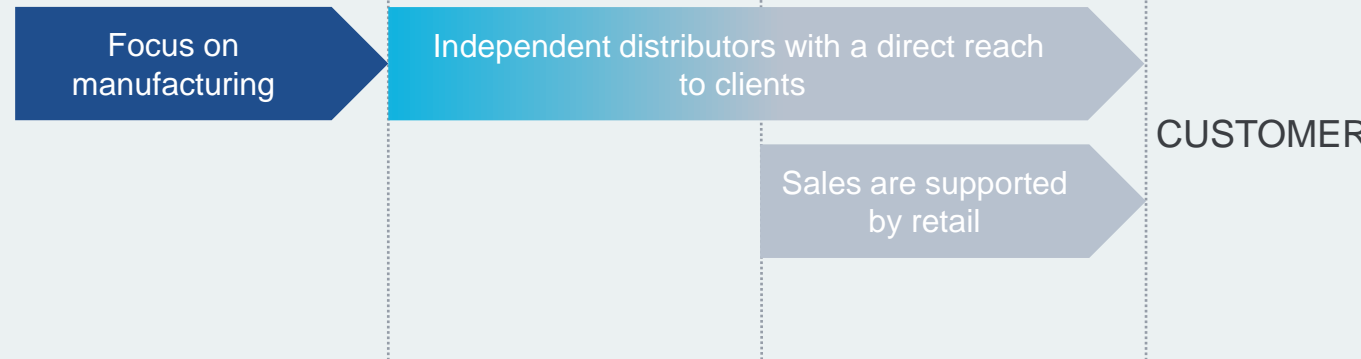


Supply chain today



- Manufacturers own exclusive national distribution rights as well.
- Retail entities operate in a strict franchise system according to the manufacturers' guidelines.
- Cars can only be bought offline through the retail network.
- Customers are in a direct contractual relationship with retailers. Retailers buy and sell inventories at their own risk.

Supply chain in the future



- Manufacturers will focus on production and technological transformation, passing on distribution to independent professional entities in more fragmented regions.
- Distributors of the future will develop direct relationships with customers using online tools and will adopt uniform pricing on a national level.
- The role of retailers will switch from direct sales to sales support and services (acting as agents).
- Analytics, IT tools and online sales capabilities will increase in importance.

What drives these changes in the automotive value chain?

1

Technological transformation

Manufacturers are forced to engage in capital-intensive, innovative and continuous technological improvement due to

- environmental regulations becoming more stringent and
- the technological development of alternative propulsion systems

2

The role of digital sales channels

Online marketing, sales and distribution are becoming increasingly important the focus of retail is switching to professional sales support and services instead of direct sales

3

Mobility services are becoming increasingly important

The demand for alternative mobility is growing, but ownership is still popular alongside car sharing; the brand loyalty of customers is declining, and so customers will be more open to brand-independent mobility solutions

Manufacturers rely on regional merchants: Funding technological transformation, improving cost efficiency and streamlining

To achieve this, they are:

1. returning to their core activity of production
2. opening up to digital sales channels and concentrating the franchise network
3. selling distribution rights and passing on **exclusive** distribution activities to local entities in more fragmented markets

A unique growth opportunity for acquisitions in the regional distribution and retail market and the related services

AutoWallis Group is one of the leading consolidators in the region

What challenges and opportunities does the change in the distribution model provide?

Changing distribution

IMPORTER

AGENT

Inventory management, marketing, back office, direct sales

Online sales support

IT and operational development

Less investment projects and lower operating costs

Financing
Developing new processes

A focus on quality after achieving volume goals
Online and direct sales

Success criteria in a changing distribution model

1. **Capital adequacy and financing ability** will be critical if inventory management becomes a responsibility of importers
2. Company groups that **possess both retail and distribution experience** will be quick to adapt to changes
3. The **network of distributors** will continue to play a crucial role in the distribution model of the future
4. **Digitisation and online customer service and sales solutions** will become part of the normal course of business
5. Wide range of **mobility services**

The diversified operating model of AutoWallis Group serves as a solid foundation for its ability to benefit from change

Vision 2030

AutoWallis Group is one of the leading consolidators in the region

Strong and profitable car dealership and mobility service provider

Selective growth in retail and distribution

A group that operates efficiently and utilises synergies

Car rental and fleet management
New service activities
New mobility services

Development of a regional retail and distribution network
Professional operation

A portfolio that covers our entire value chain under the AutoWallis Brand
Modern IT and organisation

Goal: To become the leading car dealership and mobility service provider in the Central and Eastern European region by 2030.



2. Results and projections for 2025

Continuing on our path announced in 2021

AutoWallis
GROUP

Strategic goals set in 2021 and their achievement

	TARGET	ACTUAL
BUSINESS & FINANCIAL	<ul style="list-style-type: none"> In 2021, the number of vehicles sold will be between 23,300 and 25,700 ✓ The Group's revenue in 2021 exceeded HUF 191 billion ✓ The Group's EBITDA for 2021 reached HUF 6.2 billion ✓ The Group achieved an EBITDA margin of around 3% in 2021 ✓ Increasing the consolidated IFRS equity ratio of 15% for 2020 ✓ 	<ul style="list-style-type: none"> 25,000+ vehicles sold Revenue of HUF 195 billion EBITDA of HUF 7.8 billion 4% EBITDA margin Consolidated IFRS equity/total assets ratio of 27%
CAPITAL MARKET	<ul style="list-style-type: none"> Creating opportunities for obtaining additional funding through bonds or loans ✓ Increasing the number of retail investors by at least 20% ✓ Increasing free float beyond 35% Increasing average daily liquidity - Becoming one of the five most liquid stocks on the BSE ✓ Increasing index weights Being included in regional indices 	<ul style="list-style-type: none"> Green financing framework (issue of green bonds for HUF 6.6 billion so far) and successful capital increases for HUF 10 billion 2,000 new shareholders and over 40 institutional investors The index weight increased by 90% Continuing with the analyst and market maker programme

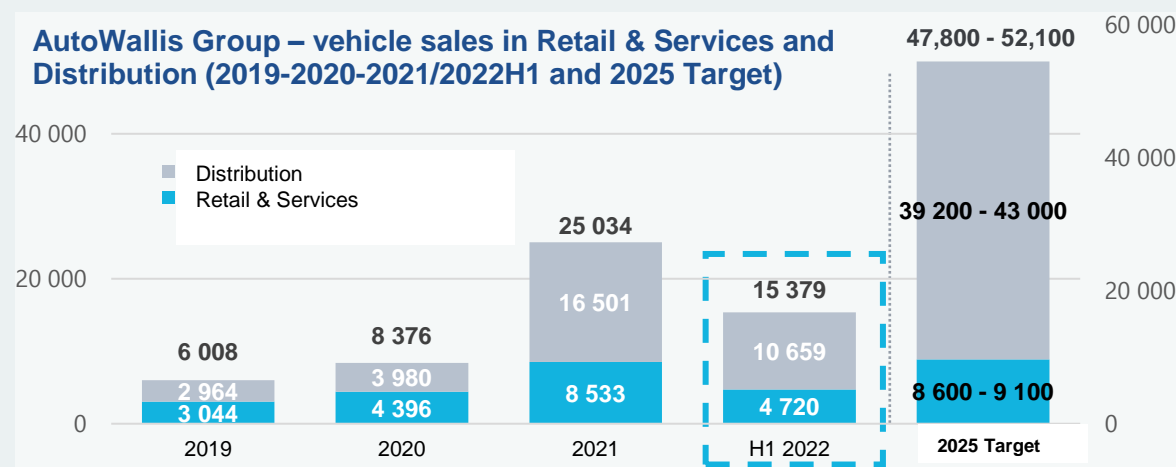
Sales figures for each business unit

The Group's vehicle sales in H1 was 60% of its sales for the entire previous year

Data (units)	2019	2020	2021	2025 Target
Retail & Services Business Unit	3,044	4,396	8,533	8,600 – 9,100
New vehicles sold	2,242	3,196	6,920	
Used vehicles sold	802	1,200	1,613	
Distribution Business Unit	2,964	3,980	16,501	39,200 – 43,000
New vehicles sold	2,964	3,980	16,501	
Total vehicle sales	6,008	8,376	25,034	47,800 – 52,100

Source: the Issuer's consolidated IFRS financial statements and own data

Data (units)	2020H1	2021H1	2022H1
Retail & Services Business Unit	1,336	4,270	4,720
New vehicles sold	987	3,428	3,783
Used vehicles sold	349	842	937
Distribution Business Unit	1,804	7,385	10,659
New vehicles sold	1,804	7,385	10,659
Total vehicle sales	3,140	11,655	15,379



Source: the Issuer's consolidated IFRS financial statements and own data

- **AutoWallis Group analysed its previously set ambitious targets for the number of vehicles sold and confirmed these targets despite the expected transformation of the automotive market and changes in the macroeconomic environment.**
- The goal is to sell as many as 30,000 vehicles in the Retail & Services and Distribution Business Units starting from 2022.
- A strategic objective of the Group is to become one of the largest players in the Central and Eastern European region in terms of the number of cars sold.
- Improving services and increasing their percentage share within EBITDA: short-term and long-term car rental and fleet management.

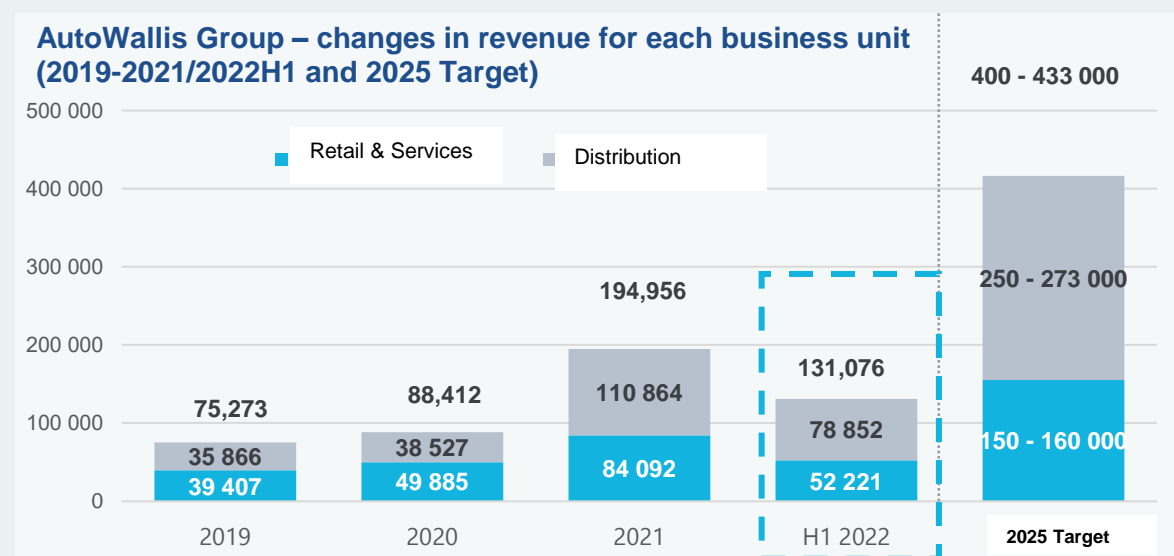
1. Offering auxiliary activities to cover the entire value chain and retaining the profit generated by vehicle sales within the group.
2. More efficient operation by exploiting synergies among companies.

Revenue figures for each business unit

The Group's revenue in H1 was 67% of its revenue for the entire previous year

Data (HUF million)	2019	2020	2021	2022H1	2025 Target
Retail & Services	39,407	49,885	84,092	52,221	150 – 160,000
Distribution	35,866	38,527	110,864	78,852	250 – 273,000
AW Group revenue	75,273	88,412	194,956	131,076	400 – 433,000

Source: the Issuer's consolidated IFRS financial statements and own data



Source: the Issuer's consolidated IFRS financial statements and own data

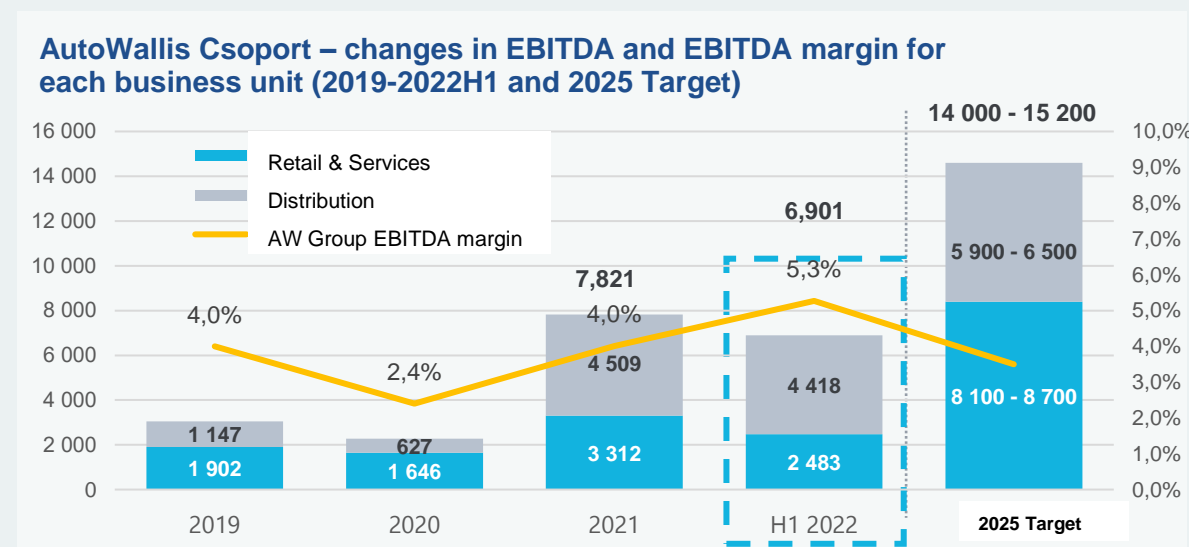
- AutoWallis Group reassessed its previously published targets for 2025 in light of the changes in the macroeconomic environment and maintains that the Group's annual revenue for 2025 is expected to exceed HUF 400 billion.
- Revenue growth has been driven by the acquisition of exclusive distribution rights, the expansion of the retail & services business and the ongoing improvement of services (rental and fleet management).
 - The revenue of the Retail & Services Business Unit was nearly doubled in 2021 as a result of the successful acquisitions and organic growth.
 - The revenue of the Distribution Business Unit increased nearly threefold in 2021, partly thanks to the Opel transaction. The 2022 revenue of the business unit could surpass even the figures for 2021.
- All of this is based on the fact that the Group considers its previous targets to be reasonable. The Group achieved outstanding results this year, which would justify raising the targets; however, taking the current macroeconomic environment into account, the Group believes that maintaining the target figures at their current level is justified.

EBITDA figures for each business unit

The Group's H1 EBITDA of nearly HUF 7 billion was almost as much as the figure for the entire year 2021

Data (HUF million)	2019	2020	2021	2022H1	2025 Target
Retail & Services	1,902	1,646	3,312	2,483	8,100 – 8,700
Distribution	1,147	627	4,509	4,418	5,900 – 6,500
AW Group EBITDA	3,049	2,273	7,821	6,901	14,000 – 15,200

Source: the Issuer's restated data and own projections for the periods between 2018 and 2021H1



Source: the Issuer's restated data and own projections for the periods between 2018 and 2021H1

- Due to the extraordinary market circumstances, 2022 is likely to be a year of outstanding profitability on an annual scale as well. In light of the normalisation of supply and demand and the current macroeconomic environment, the Group believes that the EBITDA margin is expected to return to normal by 2025.
- The Group's HUF 7.8 billion EBITDA figure for 2021 exceeded the upper limit of the previously targeted HUF 5.5-6.2 billion EBITDA range by 26%.
- The drivers of growth included capitalising on market opportunities and efficiency improvements. As a result of the above, the Group's EBITDA margin improved from 4.0% in 2021 to 5.3%, outperforming even the 2019 figure.

The Group's **EPS** (earnings per share) of **HUF 9.14** for **2022H1** was higher than the figure for the entire last year.

3. Capital market presence

In 2021, AutoWallis conducted the share issue of the decade

Our capital market presence

Growth strategy and fundamental value creation



- **Planned purchase of treasury shares:**
 - The third ESOP was launched in 2021 with a budget of 1.6 million ordinary shares of AutoWallis
 - For acquisitions by share swap
- **The shares are significantly undervalued in comparison to the target prices of independent analysts**
- Issue of 10-year bonds for nearly HUF 10 billion, the majority of which are green bonds; HUF 16 billion in capital increases
- Our index weight was up by 90% in 2021
- More than 4,000 stable retail investors and over 40 institutional investors
- Credit rating of B+ by SCOPE Ratings, with stable growth prospects (14 July 2022)
- **An important goal is to become an investment target for ESG funds as well**
 - ESG report in 2023 and an independent certification in 2024
 - Green bonds, green investments and the publication of our first green report
 - Energy audit in 2020 and 2021, five energy efficiency projects identified, two 50 kW solar panel parks installed this year alone, joint energy purchasing, active energy management
 - Social responsibility

4. Two new directions for the Group

Turning west from the CEE region
A step towards online sales solutions

Expanding into online sales solutions

The Group is to enter the online automotive sales market by acquiring JóAutók.hu

The Group will acquire JóAutók.hu and Autó-Licit.hu, two aggregators of verified used car ads posted by certified sellers

- **JóAutók.hu** is a portal for verified traders and verified used cars.
- **JóAutók.hu** currently supports the conventional sale of used cars as an aggregator where sellers are typically car trader companies, but individuals are also able to post ads.
- The **Autó-Licit.hu** interface is a place where contracted fleet managers and, to a smaller extent, individuals are offering their cars for sale, while buyers include registered dealerships and contracted fleet managers.

The Group is to acquire online sales competencies through this transaction, in line with its announced strategy

- The operation of the websites will remain unchanged after the transaction, and the sites will be used by the Group for sales purposes.
- Net Mobilitás Zrt., the entity that operates the two portals, will be acquired by the Group from WAM Immobilia Ingatlanhasznosító és Üzemeltető Zrt. by way of a share swap. The transaction is expected to be completed by the end of the year.



Expanding to the west

The Group will enter the Austrian market as an importer of SsangYong vehicles

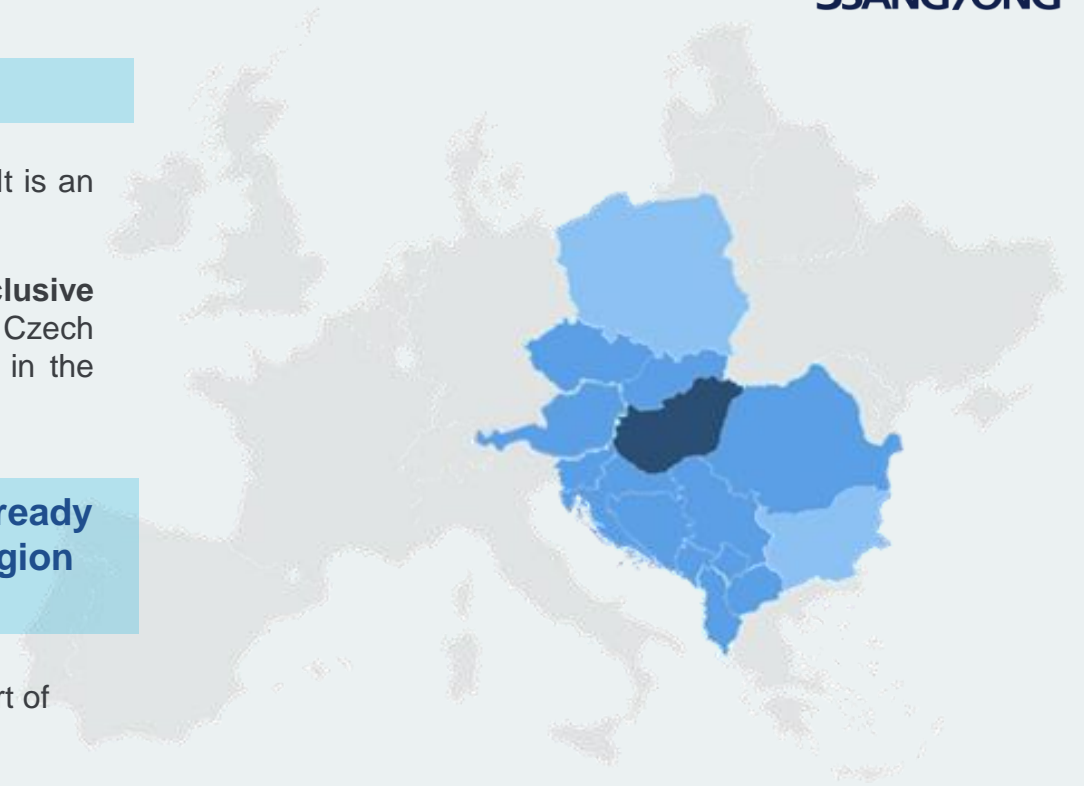


The Group will expand into a new country as a distributor

- The Group **acquired import rights for SsangYong vehicles in Austria**. It is an important new market in terms of diversification.
- As a result, the Group will **represent this Korean brand as an exclusive importer in four regional markets alongside Hungary** (Romania, the Czech Republic, Slovakia and Austria), while in Hungary, the Group is involved in the retail of this dynamically growing brand as well.

The Group will be present in 15 countries, strengthening its already diversified operating model by expanding outside the CEE region through this pilot project

- The distribution of motor vehicles in the Austrian market will begin at the start of 2023.



Expanding to the west

A business development project that generates a significant increase in volume



SSANGYONG



- **The Group is the largest European importer of SsangYong vehicles**
- 10-year cooperation with the manufacturer
- **The Austrian automotive market is more than twice the size of Hungary's**
- In 2021, a total of 1,000 SsangYong vehicles were sold in Hungary; this represents an increase of 15.5% over the course of one year, while the Hungarian passenger car market declined by 3.4%
- In 2022, the brand is expected to sell 2,300 units in the domestic market and a total of 7,200 cars in the current geographical area covered by AutoWallis
- If we are able to replicate the success and performance of the rest of our markets in Austria as well, this could translate into additional sales of 4,000 units annually

The Group expects to see sales increase further next year in the five countries

New top brands in our portfolio after Opel

Exclusive distribution of the Renault, Dacia and Alpine brands in Hungary



- In April 2022, the Group and the Portuguese group Salvador Caetano announced that they would jointly acquire Renault Hungária
- The distribution of the brands will begin in October
- In total, Renault Hungária sold more than 13,000 motor vehicles in Hungary in 2021
- Dacia was the 7th largest brand in the Hungarian market with 8,139 units sold, while Renault sold 5,207 units
- **The takeover of Renault Hungária's team and its experienced dealership network ensures continuity and quality**

Renault, Dacia and Alpine brands in the portfolio

Renault Group is a leader in electrification



- In recent years, the Renault Group has spent over EUR 5 billion on developing electric vehicles
- **Dacia is the fastest-growing car brand in Europe and has the third largest market share** among private customers (with a nearly 40% increase in market share this year)
- **Renault plans to launch at least 11 new models by 2025**, all of which will be available as electric versions as well
- **The development of the Alpine brand is an area of focus for its manufacturer**, which represents additional opportunities for AutoWallis Group

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