

CONCORDE RESEARCH

CEE Equity Research | Car dealership | Hungary  
30 May 2023

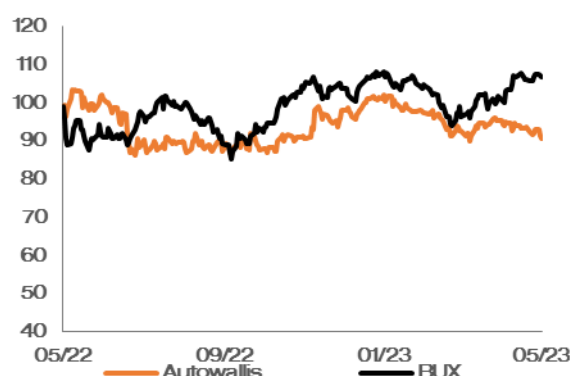
# AutoWallis

Rating: BUY (unch.)

Target price (12-m): HUF 199 (unch.)

Share price: HUF 95

HUF million	2022	2023E	2024E
Revenue	270 166	378 590	447 727
EBITDA	14 455	19 268	22 726
EBIT	10 951	12 936	14 947
Net profit	8 300	12 758	14 502
EBITDA margin	5.4%	5.1%	5.1%
PAT margin	3.1%	3.4%	3.2%
EPS	19.3	28.8	32.8
DPS	0.0	0.0	0.0
BVPS	83.4	103.1	135.9
P/E (x)	4.9	3.3	2.9
P/BV (x)	1.1	0.9	0.7
EV/EBITDA (x)	2.8	4.5	3.8



Share price close as of 13/04/2023	HUF 95	Bloomberg	AUTOWALL HB
Number of diluted shares [mn]	442.3	Reuters	AUTW.HU
Market capitalization [HUF mn/EUR mn]	42 106 / 113.3	Free float	38.32%
Enterprise value [HUF mn/EUR mn]	86 092 / 231.7	52 week range	HUF 86 – 103
Daily turnover 12M [EUR th]	18	EURHUF (x)	371.6

### Record results for Q1/23 appear to be unsustainable

- AutoWallis posted revenue of more than HUF 100 bln for Q1/23 (+74% YoY). The expansion was primarily organic (the sales of the Slovenian Avto Aktiv, the purchase of which was closed in the spring of 2022), and was driven by wholesale of Opel and SsangYong vehicles, so AutoWallis continues to move on a stable growth path and exceeded the industry trend. The acquisition of Renault Hungária, which AutoWallis implemented jointly with the Portuguese company Salvador Caetano in the last quarter of 2022, also contributed significantly to the outstanding sales performance. It is worth noting that more than half of AutoWallis' revenues have already come from export.
- EBITDA rose by 74% YoY to HUF 5.64 bln, resulting in an EBITDA margin of 5.6% (up from 5.4% in Q1/22), while total net profit attributable to shareholders of the parent company came in at HUF 4.97 bln (+167% YoY). As a result, EPS was HUF 11.55 in Q1/23 compared with HUF 4.38 in Q1/22 and HUF 19.27 in FY2022, exceeding our estimate.

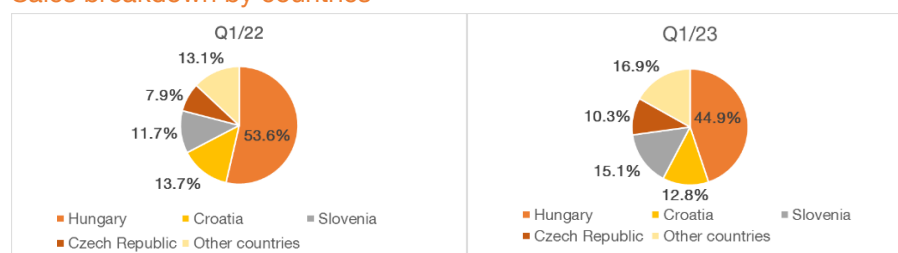
#### Equity Analyst

Attila Vágó  
+361 489 2265  
a.vago@con.hu

55-61 Alkotás  
Street,  
Budapest  
www.con.hu

- AutoWallis maintained its healthy capital structure, with the consolidated equity adequacy ratio staying at 27% at the end of March 2023. The net debt/EBITDA ratio (including leases) stood at 2.59x at the end of March 2023 compared to 2.62x at the end of 2022. In the past two years AutoWallis has strengthened its capital adequacy by increasing the portion of long - term fixed forint financing in its capital structure and the necessary resources to implement the growth plans set out in its medium-term strategy).

### Sales breakdown by countries



Source: Autowallis, Concorde

- AutoWallis sold 13,800 cars in Q1/23 (+19% YoY). Sales revenue in the Group's wholesale business increased to HUF 63.4 bln (+71% YoY), while its retail business increased to HUF 37.2 bln (+80% YoY).
- The wholesale business increased the number of vehicles sold by 113% to 11,223 units. The EBITDA margin of the wholesale business improved from 5.4% to 6.0%, however there is the sign that demand has already become more price sensitive in the past month, which is reflected in deteriorating gross margin QoQ (12.4% in Q1/23 vs. 16.8% in Q4/22).
- In the retail division AutoWallis sold 2,091 new (+26% YoY) and 486 used (unch, YoY) vehicles, which was already strengthened by Avto Aktiv and Opel brands. The EBITDA margin of the retail business declined from 5.4% to 4.9% YoY, while gross margin also dropped significantly QoQ from 24.6% to 19.2%, mainly due to of the transaction effect of the Slovenian expansion (transaction effect was actually 70%). The value of the services used increased by 50% compared to the base period, which was primarily attributable to higher volume and increasing cost logistics activities related to increased sales volumes of Opel and SsangYong cars.
- We note that margin erosion clearly reflects the effect of the margin normalization that has started in the industry due to the reappearance of stocks. It is worth highlighting that the economic slowdown in the CEE region, rising prices and interest rates, as well as narrowing financing opportunities affect adversely the demand in the car market, which may inevitably lead to a decrease in the price and/or margins of new and used cars. Demand for mid-range car brands has started to ebb, but deliveries are still determined by previous delivery delays, and the increase in the price level of motor vehicles and mobility services has so far offset the decrease in volume sold. All of this may further stimulate the consolidation that has already been ongoing in the car dealer segment, and, in our view, can support the growth strategy of AutoWallis.
- In the service area of the retail business, the number of service hours increased by 52% YoY. In Hungary, Sixt, represented by AutoWallis, increased the number of rental events by ca. 10% YoY, while the number of

rental days also rose by 10% YoY thanks to growing tourism. With Nelson Flottalizing Kft. joining the Group at the beginning of the year, the long-term car rental and fleet management services significantly they rose. As a result, the Group served its customers' needs with 3,565 vehicles in the first quarter (+429% YoY). The number of passengers arriving at the Budapest International Airport in the first quarter reached a total of 2.9 million, which is 46.4% more than the traffic of the same period last year, and only 8 percent less than before the epidemic.

- The 62% YoY increase in personnel expenses was primarily driven by the acquisitions carried out in 2021 and 2022 and the resulting increase in the number of employees (the average number of employees increased by 201 to 912 in Q1/23), as well as the wage increases implemented following rapid consumer inflation and the tight labor market.
- The net financial income in 2022 was HUF 269 mln, which corresponds to a more than 500% YoY increase compared to the previous year, which was a combined result of the increased interest rates and the unrealized exchange and derivative transaction gains.
- The acquisition of Renault Hungária was completed in October 2022, which AutoWallis implemented together with Salvador Caetano in 50%/50% ownership. As a result, 50% of the result of Renault Hungária is recorded as the result from the associated and jointly managed enterprises, and it amounted to HUF 691 mln, or 12% of total pre-tax profit. in Q1/23.

#### Consolidated financial and operational highlights

	Q1/23	Q1/22	Ch (%)	FY22	FY21	Ch (%)
Total vehicle sales	13 800	7 410	18.8	31 303	25 034	25.0
- new vehicles	13 314	6 925	19.9	29 488	23 421	25.9
- used vehicles	486	485	2.7	1 815	1 613	12.5
<b>Total revenue</b>	<b>100 545</b>	<b>57 702</b>	<b>74.2</b>	<b>270 166</b>	<b>194 956</b>	<b>38.6</b>
<i>Gross margin</i>	<i>14.9%</i>	<i>15.0%</i>	<i>-10bps</i>	<i>16.8%</i>	<i>14.1%</i>	<i>267bps</i>
<b>EBITDA</b>	<b>5 644</b>	<b>3 125</b>	<b>80.6</b>	<b>14 455</b>	<b>7 821</b>	<b>84.8</b>
<i>EBITDA margin</i>	<i>5.6%</i>	<i>5.4%</i>	<i>20bps</i>	<i>5.4%</i>	<i>4.0%</i>	<i>140bps</i>
<b>Net income (parent)</b>	<b>4 974</b>	<b>1 860</b>	<b>167.4</b>	<b>8 300</b>	<b>3 100</b>	<b>167.8</b>
<b>EPS</b>	<b>11.55</b>	<b>4.38</b>	<b>163.9</b>	<b>19.27</b>	<b>8.95</b>	<b>115.3</b>
Net debt/EBITDA (x)	2.59-	n.a.	n.a.	2.62	0.66	297.0
<b>Wholesale business</b>						
No. of new vehicles sold	11 223	5 266	113.1	22 174	16 501	34.4
<b>Revenue (HUF bln)</b>	<b>63 356</b>	<b>37 061</b>	<b>71.0</b>	<b>158 936</b>	<b>110 864</b>	<b>43.4</b>
<i>Gross margin</i>	<i>12.4%</i>	<i>12.7%</i>	<i>-30bps</i>	<i>14.4%</i>	<i>12.1%</i>	<i>230bps</i>
<b>EBITDA</b>	<b>3 828</b>	<b>2 013</b>	<b>90.2</b>	<b>9 206</b>	<b>4 509</b>	<b>104.2</b>
<i>EBITDA margin</i>	<i>6.0%</i>	<i>5.4%</i>	<i>60bps</i>	<i>5.8%</i>	<i>4.1%</i>	<i>170bps</i>
<b>Retail business</b>						
No. of new vehicles sold	2 091	1 659	26.0	7 314	6 920	5.7
No. of used vehicles sold	486	485	0.2	1 815	1 613	12.5
Total no. of vehicles sold	2 577	2 144	20.2	9 129	4 263	114.1
<b>Revenue (HUF bln)</b>	<b>37 189</b>	<b>20 641</b>	<b>80.2</b>	<b>111 230</b>	<b>84 092</b>	<b>32.3</b>
<i>Gross margin</i>	<i>19.2%</i>	<i>19.1%</i>	<i>10bps</i>	<i>20.2</i>	<i>16.7</i>	<i>350bps</i>
<b>EBITDA</b>	<b>1 816</b>	<b>1 112</b>	<b>63.3</b>	<b>5 249</b>	<b>3 312</b>	<b>58.5</b>
<i>EBITDA margin</i>	<i>4.9%</i>	<i>5.4%</i>	<i>-50bps</i>	<i>4.7</i>	<i>3.9</i>	<i>80bps</i>
Service hours	45 004	29 679	51.6	163 862	130 375	25.7
Fleet size (for car rental)	3 565	674	428.9	877	603	45.4
Rents (units)	4 556	4 155	9.7	22 525	15 648	43.9
Rental days	43 060	39 185	9.9	211 511	164 132	28.9

Source: AutoWallis' Q1-4/22 interim report

### Outlook and Valuation

- In the last 2 months it has become clear that demand for passenger cars has notably weakened. Although the car manufacturers and dealers could easily meet the demand by overcoming the supply problems of the past years, it seems that the various headwinds are still weighing on passenger car demand, including high inflation eroding household real incomes, weak sentiment, high uncertainty, and tightening financial conditions. Of course, this may just reflect some delays in passenger car purchases (there is no comprehensive survey on this yet), but there reportedly is a very serious drop of 30-40 percent in the recent sales statistics of new cars, for example in Hungary, just as the total retail turnover also fell enormously in the last half-year, and the housing market has also completely frozen. The stronger forint can support car sales, but margins will likely tend to deteriorate, as the costs related to maintaining the operation (e.g. wages) are increasing rapidly.
- Recovery cycles will largely be determined by the normalization of semiconductor supplies that started in the final quarter of 2022 and abating inflation. Leading indicators, including PMI data, started to pick up in late 2022 but remain at levels indicative of a mild recession. Still, with energy-related risks having diminished recently, we became a little more optimistic for regional markets where AutoWallis is present.
- We hold our view that longer-term EU car market growth prospects will remain challenging. Looking beyond the short-term headwinds to growth, structural factors, such as dull demographics, increasingly constraining transport legislation, and disruptive social evolutions (e.g., shifts in transport habits and relationship with cars), which could hamper vehicle sales potential, will likely restrain market growth rates in EU. The transfer to electrification has already led to a phase of uncertainty because it is not clear which concept (plug-in hybrid electric, battery electric, compressed natural gas, fuel cell, gasoline, or diesel) will come out on top. In addition, OEMs' fleet CO2 emissions targets starting from 2020/21 will be a huge challenge for all participants and will affect the market structure, powertrain mix, and car prices. On the positive side, growth in Central European countries should become more sustainable, as the market is far from saturated, and new demand, i.e., newcomers to the new-car market, should keep building, along with wealth and income gains.
- We raised our short-term earnings estimates, but did not change our long-term growth rate and margin forecasts. Our new EBITDA estimates for 2023 and 2024 are HUF 19.3 bln and HUF 22.7 bln (+17% higher compared to our previous estimates), on new revenue forecasts of HUF 378.6 bln (+41% YoY) and HUF 447.7 bln (+18% YoY). Our new EPS estimates are HUF 28.8 for 2023 and HUF 32.8 for 2024 (vs. HUF 20.9 and HUF 22.3 previously).
- AutoWallis is trading at extremely low EV/EBITDA and P/E multiples, based on our 2023 earnings estimates, of 3.3x and 4.5x, respectively. We revised up our 12-TP from HUF 199 to HUF 205 per share, implying a 116% upside potential from the current share price. However, we note that AutoWallis will likely not pay a dividend for quite some time for at least two reasons: 1) it focuses on growth and therefore reinvests its entire cash flow; 2) as long as external financing remains key to financing rapid growth, AutoWallis must maintain an adequate level of equity.
- We maintain our BUY rating on AutoWallis.

Fair value (HUF)	<b>156.5</b>				
12-m TP (HUF)	<b>205</b>				
	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>	<b>TV</b>
Revenue growth	41.3%	18.3%	18.3%	3.0%	3.0%
EBIT/ Rev.	3.4%	3.3%	3.3%	3.3%	3.3%
Tax	15.0%	15.0%	23.0%	23.0%	23.0%
RONIC	25.3%	11.7%	7.0%	11.4%	11.4%
ND/V	5.0%	5.3%	3.3%	6.0%	6.0%
r <sub>A</sub>	12.6%	13.8%	14.4%	11.5%	11.5%
r <sub>D</sub>	7.4%	7.6%	7.6%	7.6%	7.6%
ROIC	29.14%	24.23%	20.83%	20.34%	19.89%
NOPLAT	10 987	12 704	13 610	14 018	14 439
Risk free rate	7.8%	7.8%	8.2%	6.0%	6.0%
Unlevered beta	0.8	0.8	0.8	0.8	0.8
Beta multiple	1.0	1.3	1.2	1.2	1.2
Levered beta	1.2	1.2	1.2	1.2	1.216
ERP	6.0%	6.0%	6.0%	6.0%	6.0%
Unlevered cost of equity	12.6%	12.6%	13.0%	10.8%	10.8%
Levered cost of equity	12.9%	14.1%	14.6%	11.8%	11.8%
Net debt	4 391	5 363	3 781	7 368	7 589
Net debt (calculated)	4 391	5 363	3 781	7 368	7 589
D/E	5.3%	30.0%	30.0%	30.0%	30.0%
E/V	95.0%	94.7%	96.7%	94.0%	94.0%
r <sub>E</sub>	12.9%	14.1%	14.6%	11.8%	11.8%
WACC	12.5%	13.7%	14.3%	11.4%	11.4%
<b>P&amp;L</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>	<b>TV</b>
Rev.	378 590	447 727	529 491	545 375	561 737
D&A	6 342	7 780	5 295	5 454	5 617
EBIT	12 926	14 946	17 675	18 205	18 752
Financial rev.	-326	-405	-286	-557	-574
PBT	12 600	14 540	17 389	17 649	18 752
Tax	1 890	2 181	4 000	4 059	4 313
Net Income	10 710	12 359	13 390	13 589	14 439
Net compr. income	12 741	14 498	15 707	15 941	14 439
<b>CF</b>					
EBIT	12 926	14 946	17 675	18 205	18 752
EBITDA	19 268	22 726	22 970	23 659	
NOPLAT	10 987	12 704	13 610	14 018	14 439
DIC	14 722	12 919	3 577	3 684	3 795
FCFF	-3 735	-215	10 033	10 334	10 644
Interest	-326	-405	-286	-557	-574
Tax shield	49	61	66	128	132
Ddebt	972	-1 582	3 588	221	228
FCFD	695	-1 927	3 368	-208	-214
FCFE	-3 040	-2 142	13 401	10 126	10 430
dividend	0	0	0	0	
Dcash	-3 040	-2 142	13 401	10 126	10 430
<b>FCFF</b>					
FCFF	-3 735	-215	10 033	10 334	10 644
D/V	5.0%	5.3%	3.3%	6.0%	6.0%
WACC	12.5%	13.7%	14.3%	11.4%	11.4%
<b>Value of firm (bop)</b>	<b>87 314</b>	<b>102 007</b>	<b>116 190</b>	<b>122 801</b>	<b>126 485</b>
<b>APV</b>					
FCFF	-3 735	-215	10 033	10 334	10 644
r <sub>A</sub>	12.6%	13.8%	14.4%	11.5%	11.5%
PV(FCFF)	86 152	100 747	114 818	121 298	124 937
TS	49	61	66	128	132
PV(TS)	1 162	1 259	1 372	1 503	1 549
<b>Value of firm (bop)</b>	<b>87 314</b>	<b>102 007</b>	<b>116 190</b>	<b>122 801</b>	<b>126 485</b>
<b>FCFE</b>					
FCFE	-3 040	-2 142	13 401	10 126	10 430
r <sub>E</sub>	12.9%	14.1%	14.6%	11.8%	11.8%
PV(E)	82 924	96 644	112 410	115 433	118 896
D	4 391	5 363	3 781	7 368	7 589
<b>Value of firm (bop)</b>	<b>87 314</b>	<b>102 007</b>	<b>116 190</b>	<b>122 801</b>	<b>126 485</b>
<b>EVA</b>					
NOPLAT	10 987	12 704	13 610	14 018	14 439
IC at the beginning	37 702	52 424	65 343	68 920	72 604
WACC	0	0	0	0	0
EVA	6 256	5 525	4 249	6 151	6 151
PV(EVA)	49 612	49 583	50 847	53 881	53 881
<b>Value of firm (bop)</b>	<b>87 314</b>	<b>102 007</b>	<b>116 190</b>	<b>122 801</b>	<b>126 485</b>

## DISCLAIMER

Concorde Securities Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interests that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For analysts' certification and other important disclosures, please refer to the "Disclaimer" section at the end of this report.

### DISCLAIMER I.

This research report has been prepared by Concorde Securities Ltd., a full-service Hungarian investment banking, investment management and brokerage firm. Concorde Securities Ltd. is under the supervision of the National Bank of Hungary in its capacity as financial supervisory authority.

Concorde Securities Ltd. is registered in Hungary and does not have any subsidiaries, branches or offices outside of Hungary. Therefore we are not allowed to provide direct investment banking services to US investors and restrictions may apply to our potential investment banking services according to your country's jurisdiction. For important disclosures to U.S. investors, please refer of the "Notice to U.S. Investors" section at the end of this Disclaimer.

Our salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are their own and may be contrary to the opinions expressed in our research products, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed by our analysts or traders.

Our research, sales and trading professionals are paid based on the profitability of the respective divisions of Concorde Securities Ltd., which from time-to-time may include revenues from the firm's capital market activity. Concorde Securities Ltd. does not prohibit analysts, salespeople and traders from maintaining a financial interest in the securities or futures of any companies that they cover or trade on their clients' behalf in strict compliance with the Hungarian Capital Markets Act.

### *ANALYSTS CERTIFICATION*

The research analysts undersigned and responsible for the preparation of this report hereby certify that (i) the views expressed in this research report accurately reflect their personal views about any and all of the securities or issuers referred to in this research report; (ii) no part of the analysts' compensation was, is or will be directly or indirectly related to the specific recommendation or views expressed in this report and (iii) no part of their compensation is tied to any specific investment transactions performed by Concorde Securities Ltd.

Name and job title of individuals involved in the production of this report are disclosed at the end of this report.

Concorde Securities Ltd. is a leading manager and underwriter of Hungarian equity offerings. We have investment banking and other business relations with a substantial percentage of the companies traded on the Budapest Stock Exchange and covered by our research department. Concorde Securities Ltd, its directors and employees may have a position in these securities, which may change at any time.

Concorde Securities Ltd. acted as Lead Manager of the private and public share placement of the shares of FHB in 2003, Masterplast in 2012 and Duna House in 2016. Concorde Securities Ltd. acted as the Co-lead Manager of Gedeon Richter's exchangeable bond issue in September 2004. Concorde Securities Ltd. has provided financial advice to Magyar Telekom.



**EXPLANATION OF RATINGS AND METHODOLOGY**

Rating	Trigger
Buy	Total return is expected to exceed 20% in the next 12 months
Accumulate	Total return is expected to be in the range of 10-20%
Neutral	Total return is expected to be in the range of 10%-(-10%)
Reduce	Total return is expected to be in the range of -10-(-20%)
Sell	Total return is expected to be lower than -20%
Under Revision	The stock is put Under Revision if the covering analyst considers new information may change the valuation materially and if this may take more time.
Coverage in transition	Coverage in transition rating is assigned to a stock if there is a change in analyst.

**Securities prices:**

Prices are taken as of the previous day’s close on the home market unless otherwise stated.

**Valuations and risks:**

Analysis of specific risks to set stock target prices highlighted in our investment case(s) are outlined throughout the report. For details of methodologies used to determine our price targets and risks related to the achievement of the targets referred to in the main body of the report or at [Rating Methodology](#) on our website, visit ([https://www.con.hu/wp-content/uploads/2016/04/Methodology\\_concorde\\_research.pdf?tstamp=201710021038](https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038))

**Research disclosures:**

Concorde Securities Ltd. may have published other investment recommendations in respect of the same securities/instruments recommended in this report during the preceding 12 months. Disclosure of previous investment recommendations produced by Concorde Securities Ltd. in the previous 12 months can be found at [Rating history](#). (<https://www.con.hu/wp-content/uploads/2016/04/Rating-history.pdf?tstamp=201710021038>)

*GENERAL*

This report is provided for information purposes only and does not represent an offer for sale, or the solicitation of any offer to buy or sell any securities.

The information, and any opinions, estimates and forecast have been obtained from sources believed by us to be reliable, but no representation or warranty, express or implied is made by us as to their accuracy or completeness. The information, opinions, estimates and forecasts may well be affected by subsequent changes in market conditions. This document may not be reproduced in whole or in part, or published for any purpose.

REPRODUCTION OR REBROADCAST OF ANY PORTION OF THIS RESEARCH REPORT IS STRICTLY PROHIBITED WITHOUT THE WRITTEN PERMISSION OF CONCORDE SECURITIES LTD.

**DISCLAIMER II.**

This research/commentary was prepared by the assignment of Budapest Stock Exchange Ltd. (registered seat: 1054 Budapest, Szabadság tér 7. Platina torony I. ép. IV. emelet; company registration number: 01-10-044764, hereinafter: BSE) under the agreement which was concluded by and between BSE and Concorde Securities Ltd. (registered seat: H-1123 Budapest Alkotás utca 50., company registration number: 01-10-043521, hereinafter: Investment Service Provider)

BSE shall not be liable for the content of this research/commentary, especially for the accuracy and completeness of the information therein and for the forecasts and conclusions; the Service Provider shall be solely liable for these. The Service Provider is entitled to all copyrights regarding this research/commentary however BSE is entitled to use and advertise/spread it but BSE shall not modify its content.

This research/commentary shall not be qualified as investment advice specified in Point 9 Section 4 (2) of Act No. CXXXVIII of 2007 on Investment Firms and Commodity Dealers and on the Regulations Governing their Activities. Furthermore, this document shall not be qualified as an offer or call to tenders for the purchase, sale or hold of the financial instrument(s) concerned by the research/commentary.

### **NOTICE TO U.S. INVESTORS**

This report was prepared, approved, published and distributed by Concorde Securities Ltd. located outside of the United States (a “non-US Group Company”). This report is distributed in the U.S. by LXM LLP USA, a U.S. registered broker dealer, on behalf of Concorde Securities Ltd. only to major U.S. institutional investors (as defined in Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (the “Exchange Act”)) pursuant to the exemption in Rule 15a-6, and any transaction effected by a U.S. customer in the securities described in this report must be effected through LXM LLP USA.

Neither the report nor any analyst who prepared or approved the report is subject to U.S. legal requirements or the Financial Industry Regulatory Authority, Inc. (“FINRA”) or other regulatory requirements pertaining to research reports or research analysts. No non-US Group Company is registered as a broker-dealer under the Exchange Act or is a member of the Financial Industry Regulatory Authority, Inc. or any other U.S. self-regulatory organization.

**Analyst Certification.** Each of the analysts identified in this report certifies, with respect to the companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report. Please bear in mind that (i) Concorde Securities Ltd. is the employer of the research analyst(s) responsible for the content of this report and (ii) research analysts preparing this report are resident outside the United States and are not associated persons of any US regulated broker-dealer and that therefore the analyst(s) is/are not subject to supervision by a US broker-dealer, and are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with US rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

**Important US Regulatory Disclosures on Subject Companies.** This material was produced by Concorde Securities Ltd. solely for information purposes and for the use of the recipient. It is not to be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient. It is distributed in the United States of America by LXM LLP USA and elsewhere in the world by Concorde Securities Ltd. or an authorized affiliate of Concorde Securities Ltd. This document does not constitute an offer of, or an invitation by or on behalf of Concorde Securities Ltd. or its affiliates or any other company to any person, to buy or sell any security. The information contained herein has been obtained from published information and other sources, which Concorde Securities Ltd. or its Affiliates consider to be reliable. None of Concorde Securities Ltd. accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document. Emerging securities markets may be subject to risks significantly higher than more established markets. In particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. By accepting this document, you agree to be bound by all the foregoing provisions.

LXM LLP USA assumes responsibility for the research reports content in regards to research distributed in the U.S. LXM LLP USA or its affiliates has not managed or co-managed a public offering of securities for the subject company in the past 12 months, has not received compensation for investment banking services from the subject company in the past 12 months, does not expect to receive and does not intend to seek compensation for investment banking services from the subject company in the next 3 months. LXM LLP USA has never owned any class of equity securities of the subject company. There are not any other actual, material conflicts of interest of LXM LLP USA at the time of the publication of this research report. As of the publication of this report LXM LLP USA does not make a market in the subject securities.



**Sales:**

Norbert Harcsa  
+36 1 489 2340  
[n.harcsa@con.hu](mailto:n.harcsa@con.hu)

Tamas Hegedus  
+ 36 1 489 2388  
[t.hegedus@con.hu](mailto:t.hegedus@con.hu)

**Trade:**

Steve Simon  
+36 1 489 2335  
[i.simon@con.hu](mailto:i.simon@con.hu)

Peter Rimar  
+36 1 489 2230  
[p.rimar@con.hu](mailto:p.rimar@con.hu)