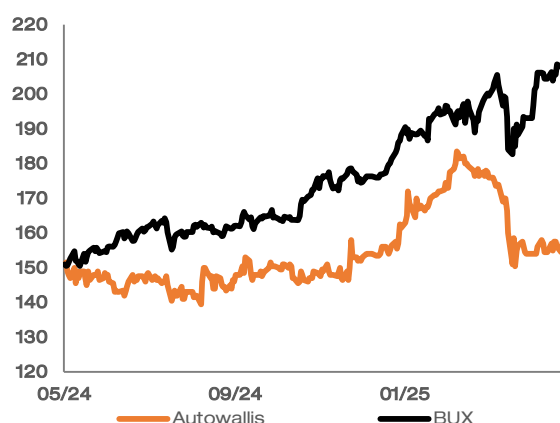


# AutoWallis

Rating: Buy (unch.)

Target price (12-m): HUF 210 (prev. HUF 235)

HUF million	24/Q1	25/Q1	Change (%)
Revenue	89,125	107,262	20.4%
EBITDA	4,758	3,260	-31.5%
EBIT	3,540	1,548	-56.3%
Net profit	1,411	646	-54.2%
EPS	2.70	1.21	-55.1%
Gross margin	17.8%	17.3%	-51bps
EBITDA margin	4.0%	1.4%	-253bps
EBIT margin	5.3%	3.0%	-230bps
PBT margin	2.3%	1.0%	-129bps
No. of vehicles sold	11,603	11,814	1.8%
Export ratio	57%	64%	700bps



Share price close as of 16/05/2025	HUF 163.5	Bloomberg	AUTOWALL HB
Number of diluted shares [mn]	539.5	Reuters	AUTW.BU
Market capitalization [HUF bn/EUR mn]	88.2/219.4	Free float	26.57%
Daily turnover 12M [HUF mn/EUR ths]	27.5/68.6	52-week range	HUF 138 – 184

## Profitability plunges in Q1, outlook remains unchanged

### Equity Analyst

Mate Somlai-Kiss  
+36 1 489 2341  
m.somlai@con.hu

### HILLSIDE

55-61 Alkotás Street,  
H-1123 Budapest  
www.con.hu

- **Key message:** AutoWallis posted Q1/25 results this morning. The company achieved record quarterly revenues of HUF 107.3bn, increasing 20% YoY, mainly driven by closed acquisitions. Profitability shrunk further in Q1 after we saw some contraction last year, as EBITDA dropped -31.5% on the year to HUF 3.3bn, while EPS came in at HUF 1.21 (-55% YoY). The rise in fix costs may continue to deteriorate earnings in the short term, while according to the management, this is necessary to support inorganic growth aspirations. The management also mentioned that efficiency improvement measures are underway, therefore long-term strategic goals remain unchanged. Based on the weak earnings in Q1, we slightly adjust our 2025 forecasts, and as a result, we set our 12m TP at HUF 210, but we reiterate our Buy recommendation.
- **Group operational highlights:** COGS increased in line with revenue growth (+21%), therefore gross margin remained roughly flat at 17.3% (vs. 17.8% YoY). Personnel expenses grew significantly (+45%), driven by the increased headcount due to acquisitions. Material expenses and services used also

increased due to the inorganic growth, as well as a broad price increase of the services used. Other income and expenses also affected earnings negatively, due to one-off and favorable base period results.

- Financial results came in at a loss of HUF -0.8bn. Net interest income and lease expenses remained flat, while the improvement YoY was due to favourable FX movements.
- AutoWallis' capital structure continued to remain strong, with a consolidated equity adequacy ratio of 31%. Net debt/EBITDA ratio decreased to 3.0x, as previously anticipated.
- **Distribution BU** sales volume decreased by 5%, while revenues increased by 3% YoY. Profitability was depressing due to the exceptionally weak performance of Opel, which is expected to normalize in the next quarters. Another negative impact was the bulk sale of more than 500 vehicles affected by an insurance event at breakeven. Insurance compensation is expected to offset this result in the future.
- **Retail BU** revenues increased by 40% thanks to the Czech acquisitions. However, profitability decreased significantly, mainly due to the weaker than expected Q1 brand campaigns and the increased personal expenses due to inorganic headcount growth.
- **Mobility BU** revenues increased by 38%, driven by the strong Q1 volume of Sixt and the fleet expansion. Earnings decreased compared to the base period, due to an increase in D&A, damages and fees.
- **Opinion:** Our view on the European automotive sector continues to be slightly pessimistic, however, in Q1/25 several factors weighed on earnings. We think the company will improve results in the remainder of the year and onwards. The management flagged that they have developed top level competencies (mainly personnel and IT) that are able to treat the growth they aspire to reach, therefore we have reason to believe that what seems to be an additional cost in the moment will continue to become marginal, as additional inorganic expansion takes place in the future. Without the negative one-off items of the first quarter, AutoWallis would be able to deliver the same level of profitability we saw last year, even in a slightly more difficult environment.
- **Due to the weak first quarter, we slightly modified our forecasts. Margin contraction might be slightly larger than previously anticipated, but we leave our top line estimates unchanged, as we see encouraging revenue growth driven by closed acquisitions. Our outlook remains unchanged, and we continue to think that AutoWallis is deeply undervalued. Based on our updated estimates, we forecast a net profit of HUF 9.6bn for 2025, with an EPS of HUF 17.6. Accordingly, we cut our 12m TP to HUF 210, with a reiterated Buy recommendation.**

### Consolidated financial and operational highlights

[HUF mn - except per share]	2024				2025	Change	
	Q1	Q2	Q3	Q4	Q1	Y-o-Y	Q-o-Q
<b>P&amp;L</b>							
Revenues	89,125	106,041	96,080	107,214	107,262	20.4%	0.0%
EBITDA	4,758	4,249	5,012	6,156	3,260	-31.5%	-47.0%
EBIT	3,540	2,950	3,374	4,506	1,548	-56.3%	-65.6%
PBT	2,018	2,420	1,886	2,773	1,044	-48.3%	-62.4%
Net income (parent)	1,411	1,854	1,340	2,222	646	-54.2%	-70.9%
Comprehensive income	1,708	1,885	1,363	2,525	324	-81.0%	-87.2%
EPS	2.70	3.47	2.49	4.16	1.21	-55.1%	-70.9%
<b>Group Margins</b>							
Gross margin	17.8%	15.7%	18.9%	19.3%	17.3%	-51bps	-204bps
EBITDA margin	5.3%	4.0%	5.2%	5.7%	3.0%	-230bps	-270bps
EBIT margin	4.0%	2.8%	3.5%	4.2%	1.4%	-253bps	-276bps
PBT margin	2.3%	2.3%	2.0%	2.6%	1.0%	-129bps	-161bps
<b>Distribution BU</b>							
Revenues	47,492	61,180	52,644	57,606	49,018	3.2%	-14.9%
EBITDA	2,692	2,660	2,458	3,853	1,016	-62.3%	-73.6%
PBT	1,409	1,944	1,316	2,786	818	-42.0%	-70.6%
EBITDA margin	5.7%	4.3%	4.7%	6.7%	2.1%	-360bps	-462bps
PBT margin	3.0%	3.2%	2.5%	4.8%	1.7%	-130bps	-317bps
No. of new vehicles sold	8,582	10,727	7,936	8,951	8,145	-5.1%	-9.0%
<b>Retail and Services BU</b>							
Revenues	40,209	42,895	40,486	47,523	56,284	40.0%	18.4%
EBITDA	1,392	957	1,086	1,499	1,525	9.5%	1.7%
PBT	763	274	160	527	451	-40.9%	-14.4%
EBITDA margin	3.5%	2.2%	2.7%	3.2%	2.7%	-75bps	-44bps
PBT margin	1.9%	0.6%	0.4%	1.1%	0.8%	-110bps	-31bps
No. of new vehicles sold	2,424	2,500	2,272	2,441	2,731	12.7%	11.9%
No. of used vehicles sold	597	608	700	648	938	57.1%	44.8%
Total no. of vehicles sold	3,021	3,108	2,972	3,089	3,669	21.4%	18.8%
Service hours	47,763	48,863	54,424	59,199	80,308	68.1%	35.7%
<b>Mobility</b>							
Revenues	1,424	1,966	2,950	2,085	1,960	37.6%	-6.0%
EBITDA	673	633	1,468	804	719	6.8%	-10.6%
PBT	-154	-243	410	-95	-225	46.2%	136.8%
EBITDA margin	47.3%	32.2%	49.8%	38.6%	36.7%	-1060bps	-188bps
PBT margin	-10.8%	-12.4%	13.9%	-4.6%	-11.5%	-67bps	-692bps
Fleet size (rental)	3,678	3,775	3,853	3,830	3,776	2.7%	-1.4%
Rents (units)	91,920	99,204	92,515	92,586	89,271	-2.9%	-3.6%
Rental days	38,302	47,824	70,916	45,763	43,515	13.6%	-4.9%

Source: AutoWallis reports, Concorde Research

## APPENDIX

Indicators	2023	2024F	2025F	2026F	2027F	2028F	2029F
EPS	21.3	12.8	17.6	21.8	26.0	30.4	33.8
BVPS	107.6	114.8	132.3	154.1	180.1	210.5	244.4
CFPS	9.0	-24.4	27.4	31.6	19.5	25.9	31.4
P/E	6.1x	12.0x	9.3x	7.5x	6.3x	5.4x	4.8x
EV/EBITDA	4.3x	7.2x	6.2x	4.9x	4.0x	3.3x	1.5x
P/BV	1.2x	1.3x	1.2x	1.1x	0.9x	0.8x	0.7x
P/S	0.2x	0.2x	0.2x	0.2x	0.2x	0.2x	0.1x
P/CF	14.4x	-6.3x	6.0x	5.2x	8.4x	6.3x	5.2x
ROE	23.6%	12.6%	14.4%	15.4%	15.7%	15.7%	15.0%
ROA	6.2%	3.6%	4.6%	5.3%	5.8%	6.3%	6.4%
ROIC	15.2%	10.0%	9.6%	11.5%	13.1%	14.3%	15.1%
Gross margin	16.6%	17.9%	17.3%	17.3%	17.4%	17.4%	17.5%
EBITDA margin	6.3%	5.1%	4.8%	5.0%	5.3%	5.5%	5.7%
EBIT margin	4.2%	3.6%	3.3%	3.5%	3.8%	4.0%	4.2%
PBT margin	3.3%	2.3%	2.6%	2.9%	3.2%	3.5%	3.7%

Source: AutoWallis, Concorde Research

Income Statement	2023	2024F	2025F	2026F	2027F	2028F	2029F
Revenues	366,267	398,460	454,010	494,125	533,451	573,895	604,006
OPEX	-346,005	-379,405	-433,061	-469,990	-506,032	-543,043	-570,506
Depreciation	-4,452	-5,678	-6,810	-7,412	-8,002	-8,608	-9,060
Other income / expenses	-560	993	663	721	779	838	882
Operating profit	15,249	14,370	14,801	17,444	20,195	23,081	25,322
EBITDA	23,155	20,175	21,612	24,856	28,197	31,690	34,382
Financial profit	-4,391	-5,711	-3,510	-3,358	-3,345	-3,333	-3,314
Profit before taxes	11,929	9,097	11,729	14,524	17,288	20,186	22,445
Taxes	-2,086	-2,121	-2,111	-2,614	-3,112	-3,633	-4,040
Profit after tax	9,843	6,976	9,618	11,910	14,177	16,553	18,405
Comprehensive income	9,561	7,480	10,192	12,535	14,851	17,278	19,169

Source: AutoWallis, Concorde Research

Cash Flow Statement	2023	2024F	2025F	2026F	2027F	2028F	2029F
Cash Flow from Operation	206,834	236,194	24,354	26,051	20,282	23,114	26,660
Cash Flow from Investing	-3,767	-14,656	-8,853	-8,894	-9,602	-9,039	-9,513
Cash Flow from Financing*	-206,834	-210,179	-4,753	-5,648	-1,613	-1,533	-2,149
Opening Cash	16,887	13,097	24,421	35,169	46,677	55,744	68,287
Change in Cash	-3,789	11,324	10,748	11,508	9,067	12,543	14,998
Closing Cash	13,097	24,421	35,169	46,677	55,744	68,287	83,285

\*Actuals include reverse factoring items

Source: AutoWallis, Concorde Research

Balance Sheet	2023	2024F	2025F	2026F	2027F	2028F	2029F
<b>Assets</b>							
PP&E	21,885	37,437	38,254	38,847	39,487	39,659	39,841
Operating lease assets	2,696	2,988	3,192	3,341	3,501	3,544	3,589
ROU assets	6,106	8,363	8,874	9,244	9,644	9,752	9,865
Goodwill	5,460	8,681	8,681	8,681	8,681	8,681	8,681
Intangibles	3,037	2,937	3,448	3,818	4,218	4,326	4,439
Other LT assets	11,312	12,711	13,990	15,351	16,693	18,062	19,192
Inventories	58,385	69,693	68,412	64,981	70,152	75,471	79,431
Other inventories	139	207	207	207	207	207	207
Trade receivables	15,851	18,345	19,902	21,660	23,384	25,157	26,477
Other current assets	13,981	18,782	18,824	19,225	19,619	20,023	20,324
Cash and equivalents	13,097	24,422	35,169	46,677	55,744	68,287	83,285
<b>Total assets</b>	<b>151,949</b>	<b>204,566</b>	<b>218,954</b>	<b>232,033</b>	<b>251,331</b>	<b>273,169</b>	<b>295,331</b>
<b>Equity</b>							
Issued capital	6,163	6,743	6,743	6,743	6,743	6,743	6,743
Share premium	20,293	25,412	25,412	25,412	25,412	25,412	25,412
Share-based reserves	285	383	383	383	383	383	383
Treasury shares	-243	-598	-598	-598	-598	-598	-598
Translation difference	239	744	744	744	744	744	744
Retained earnings	22,377	29,219	38,688	50,449	64,476	80,880	99,136
NCI	995	992	1,141	1,290	1,439	1,588	1,737
<b>Liabilities</b>							
Bonds	9,522	17,839	17,800	17,140	16,480	15,820	15,160
LT loans	5,660	10,324	10,324	10,324	10,324	10,324	10,324
LT leases	9,036	10,420	10,420	10,420	10,420	10,420	10,420
LT deferred income	187	0	0	0	0	0	0
Non interest-bearing	808	2,975	2,975	2,975	2,975	2,975	2,975
ST loans	3,284	3,812	3,812	3,812	3,812	3,812	3,812
Inventory financing loans	8,207	10,365	9,607	9,126	9,850	10,595	11,149
Trade payables	25,033	23,627	28,609	31,137	33,615	36,163	38,061
ST leases	4,540	7,352	7,352	7,352	7,352	7,352	7,352
Reverse factoring (IB)	11,674	22,827	22,408	21,284	22,977	24,720	26,017
Other interest bearing	476	160	160	160	160	160	160
Reverse factoring (non IB)	6,134	9,278	10,283	11,189	12,075	12,985	13,653
Other ST liabilities	17,278	18,328	18,328	18,328	18,328	18,328	18,328
<b>Equity and liabilities</b>	<b>151,949</b>	<b>204,566</b>	<b>218,954</b>	<b>232,034</b>	<b>251,332</b>	<b>273,169</b>	<b>295,332</b>

Source: AutoWallis, Concorde Research

Valuation - (HUF mn)	2025F	2026F	2027F	2028F	2029F	TY
NOPAT	12,137	14,304	16,560	18,927	20,764	
+ D&A	6,810	7,412	8,002	8,608	9,060	
+/- WC	4,706	4,201	-4,417	-4,543	-3,382	
- CAPEX	-8,853	-8,894	-9,602	-9,039	-9,513	
FCFF	14,800	17,023	10,543	13,953	16,928	17,267
WACC	10.7%	10.7%	10.8%	10.8%	11.1%	
DCF	13,372	13,880	7,754	9,251	9,992	111,747
LT growth						2.0%
EV	165,995					
- Net Debt	-63,041					
- Minority	-992					
Associates	2,975					
Equity Value	104,937					
No. of shares (mn)	539					
Liquidity discount	10%					
Fair value / share	175					
12-m TP	210					

Source: Concorde Research

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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 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.

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