

EQUITY NOTE: RÁBA Automotive Holding

Recommendation: HOLD (unchanged)

Target price (12M): HUF 1,353 (unchanged)

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News:

On 28 May 2021, Rába Automotive Holding announced the signing of the contract to sell the previously auctioned conference centre and hotel in downtown Győr. The purchase price is HUF 1.455bn.

Comments:

- As it was announced earlier, in accordance with the resolution of the AGM held on 8 April 2021, the GM authorized the Management to sell this piece of Rába's property portfolio through the Hungarian National Asset Management Inc's electronic bidding system.
- On 14 May 2021 Rába announced that the auction had been successfully closed with a purchase price of HUF 1.455bn.
- Once the bidder fulfils its payment obligation, which we think is very probable, it adds 83 HUF/share net profit to the enterprise value. As we wrote earlier, once a part of the property portfolio is purchased, the future sale of the remaining portfolio (also part of our valuation) represents smaller value. With these changes, the net effect of the transaction is 66 HUF/share.
- Consequently, in our latest quarterly update (21 May 2021) we revised up our 12M TP to HUF 1,353. The new target price reflected the effect of the recent (auctioned though then not yet signed) property sale on Rába's enterprise value.
- As Rába's recent (28 May) announcement did not contain new information regarding the property sale in question but confirmed the conclusion of the deal, we maintain our previous TP of 1,353 HUF/share and the HOLD recommendation. Rába's recent announcement has not contained any details on the terms of the contract or the future use of the cash inflow deriving from the property sale.

Notes:

[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:

Period	Recommendations	Percent of Recommendations
Q2 2020	BUY	0%
	HOLD	100%
	SELL	0%
Q3 2020	BUY	0%
	HOLD	100%
	SELL	0%
Q4 2020	BUY	100%
	HOLD	0%
	SELL	0%
Q1 2021	BUY	0%
	HOLD	100%
	SELL	0%

Date	Recommendation	Target Price	Publication
19/05/2020	HOLD	HUF 891	Quarterly Earnings Update
13/08/2020	HOLD	HUF 891	Quarterly Earnings Update
03/12/2020	BUY	HUF 1197	Quarterly Earnings Update
18/02/2021	HOLD	HUF 1280	Quarterly Earnings Update
21/05/2021	HOLD	HUF 1353	Quarterly Earnings Update

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

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