

AAA AUTO

Regulatory Announcement of Inside Information

Published: 27.04.2011 at 8:00

AAA AUTO Group Reports Audited Consolidated Financial Results for 2011

Prague / Budapest, 27 April 2012 – The audited financial results announced by AAA Auto Group N.V. today confirm the highest net income and operating profit the group has ever achieved, even when compared to pre-crisis levels. In line with the preliminary financial results the company reported on 29 March 2012, the net profit doubled year on year to EUR 10.3 million on an operating profit (EBITDA) of EUR 22.0 million (+64% yoy) and total turnover of EUR 276.3 million (+35% yoy).

“The audited 2011 results confirm extraordinarily strong results for AAA AUTO Group in terms of net profit. The company is now significantly more profitable on lower sales volumes compared to the pre-crisis levels. We plan on maintaining this level of profitability throughout the current year despite the uncertain economic situation and aim to increase our net income by another 20% compared to the 2011 net income on a sales growth of at least 5% yoy,” commented Anthony James Denny, CEO of AAA AUTO Group, on the audited 2011 financial results.

According to the audited financial results, the AAA AUTO Group recorded a **total turnover** of EUR 276.3 million in 2011 in all its markets in the Czech Republic, Slovakia and Russia, representing an increase of 34.8% compared to the total revenues recorded in 2010. From this amount the **revenues from sale of cars** accounted for EUR 230.0 million (+ 31.9% year-on-year), the remaining EUR 46.3 million constituted the **revenues from financial services and up-sale products** (+ 51.4% yoy). Revenues on the Group's main market in the Czech Republic grew by 38% yoy and by 22% in Slovakia.

The **gross profit on sales** grew by 35.3% to the level of EUR 71.5 million, while the **gross profit margin** (measuring the profitability of the company's sales) grew to its so far highest level of 25.9% in 2011.

Together with the sales growth, **operating expenses** (OPEX) also grew by 19.4% to EUR 50.6 million, of which personnel expenses that account for 52% of the total operating expenses grew by 24.6% as the salespeople's wages are pegged to sales and gross profit growth. However, as the overall controlled increase in OPEX (19%) was maintained below the level of the increase in total revenues (35%), the **OPEX/Revenue ratio** was lowered from 20.7% in 2010 to 18.3% in 2011.

The outstanding improvement in the operating performance was reflected by a 64.3% increase in the **operating profit (EBITDA)** to the amount of EUR 22.0 million compared to EUR 13.4 million¹ realised in 2010. When compared to the level before the crisis, the operating profitability improved significantly as the effect from the cost-cutting, multi-skilling and other restructuring measures, the Company implemented throughout the recession, has fully materialised. As a result, AAA AUTO Group now generates an operating profit nearly twice as high as in 2007² on half the sales volumes.

The operating profitability, measured as an **EBITDA margin**, increased to its so far highest level of 8.0% in 2011 compared to 6.5% in 2010.

¹ Note that the results for 2010 were retrospectively reclassified (remaining discontinued operations were reclassified into continuing operations) to make the financial results for 2011 and 2010 fully comparable.

² The compared results are for continuing operations on the main markets, the Czech Republic and Slovakia, to make the operating profitability fully comparable. The compared years are 2011 versus 2007.

In 2011 the company made also **impairment charges** against the value of properties the group holds in Hungary and Poland at the amount of EUR 1.1 million due to the situation on the local real estate markets. At the level of financial costs, the **interest expense** decreased by 5.4% yoy to EUR 1.8 million as a result of the company's program for gradual reduction of the overall debt of the Group which reduced the net debt / equity ratio³ from 275% as at the end of 2010 to 138% as at the end of 2011. The company also recorded **foreign exchange losses** of EUR 2.7 million - primarily on the back of the depreciation of HUF - the majority of which were unrealised and non-cash.

The **profit before tax** more than doubled in 2011 compared to 2010¹ amounting to EUR 14.0 million.

The AAA AUTO Group concluded the year 2011 with a **consolidated net profit** of EUR 10.3 million which is double the amount of EUR 5.1 million that the group recorded in 2010. The group's net profit includes also a net loss for its newly opened Russian operations at the amount of EUR 0.7 million. The company expects its first Russian branch to reach a break event point at the level of net income at mid 2012.

*The audited financial results are in line with the preliminary results for 2011 that the company reported on 29 March 2012. Note that as at 2011 all remaining **discontinued operations were reclassified to continuing operations**. In order to make the financial results for 2011 fully comparable year on year, the financial results for 2010 have been retrospectively reclassified in the same manner⁴. As from 2011 onwards all operations of the Group will thus be classified as continuing.*

AAA Auto Group N.V. also released its [Annual Report 2011](#) today, including the audited annual accounts and the auditor's report for 2011. The Annual Report is available on the company's website www.aaaauto.nl in the About Us / Investors / Publications section.

Contacts:

Dana Pavlousková
Group PR & IR Manager
AAA AUTO Group
Tel.: +420 283 068 229
GSM: +420 602 666 622
E-mail: dana.pavlouskova@aaaauto.cz

Pavel Tuček
Analyst & IR Administration Coordinator
AAA AUTO Group
Tel.: +420 283 068 583
GSM: +420 734 395 245
E-mail: pavel.tucek@aaaauto.cz

³ Net Debt / Equity = [(Long and Short Term Borrowings + Finance Lease + Liabilities of disposal group classified as held for sale) – (Cash and Cash Equivalents + Financial Assets)] / Equity

⁴ For more information about the reclassification see the Annual Report 2011, Note 3 to the Consolidated Financial Statements, paragraph 3.4 Comparative amounts. Note also that the reclassification for 2010 affected only the Consolidated Statement of Comprehensive Income (previously reported as the Income Statement), whereas the reclassification for 2011 affected all the financial statements as reported below.

Appendix

Audited Consolidated Financial Statements

The consolidated financial statements of AAA Auto Group N.V. and all of its subsidiaries (the Group) have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as adopted by the European Union ("IFRS").

AAA Auto Group N.V. CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 December 2011 (EUR '000)

ASSETS	Note ^{*)}	31/12/11	31/12/10
Non-current assets			
Intangible assets	12	150	143
Property, plant and equipment	13	39,249	37,315
Other financial assets		206	255
Deferred tax assets	17	62	17
Total non-current assets		39,667	37,730
Current assets			
Inventories	14	28,974	23,463
Trade and other receivables	15	8,008	10,242
Current tax asset	9	54	1
Other non-financial assets	15	2,315	1,676
Cash and cash equivalents		5,152	3,665
		44,503	39,047
Assets of disposal group classified as held for sale	25	-	3,916
		44,503	42,963
TOTAL ASSETS		84,170	80,693
EQUITY AND LIABILITIES	Note ^{*)}	31/12/11	31/12/10
Equity			
Issued capital	22	38,185	38,185
Reserves		8,353	6,445
Accumulated losses		(20,733)	(30,166)
Equity attributable to equity holders of the company		25,805	14,464
Total equity		25,805	14,464
Non-current liabilities			
Bank and other borrowings	16	26,321	16,299
Deferred tax liabilities	17	62	220
Total non-current liabilities		26,383	16,519
Current liabilities			
Trade and other payables	18	8,260	10,683
Current tax liabilities	9	2,192	1,757
Bank overdrafts and borrowings	16	14,324	26,449
Provisions	20	3,043	3,023
Other financial liabilities		761	3,818
Other non-financial liabilities	18	3,402	3,220
		31,982	48,950
Liabilities of disposal group classified as held for sale	25	-	760
		31,982	49,710
Total liabilities		58,365	66,229
TOTAL EQUITY AND LIABILITIES		84,170	80,693

^{*)} For financial notes see the Annual Report 2011

AAA Auto Group N.V.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2011 (EUR '000)

	Notes ^{*)}	2011	2010 ^{**)}
Continuing operations			
Revenue	4,5	276,291	205,012
Other income		1,106	2,958
Changes in inventories	7	3,227	2,671
Car inventory sold		(207,995)	(154,830)
Advertising expenses		(6,101)	(4,426)
Employee benefit expenses	7	(26,513)	(21,286)
Depreciation and amortisation expense	12,13,5	(2,347)	(2,064)
Impairment of property plant and equipment	13,5	(1,070)	(1,892)
Other expenses	6	(18,028)	(16,715)
Finance cost	8,5	(4,554)	(2,562)
Profit before tax		14,016	6,866
Income tax expense	9	(3,673)	(1,755)
Profit for the period		10,343	5,111
Other comprehensive income			
Foreign currency translation differences		1,570	1,561
Other comprehensive income for the period, net of income tax		1,570	1,561
Total comprehensive income for the period		11,913	6,672
Earnings per share from: operations attributable to the equity holders of the company during the year (expressed in EUR cent per share)			
Basic earnings per share	10	15.26	7.54
Diluted earnings per share	10	14.76	7.29

^{*)} For financial notes see the Annual Report 2011

^{**)} Note that the results for 2010 were retrospectively reclassified (all discontinued operations were reclassified into continuing operations) to make the financial results for 2011 and 2010 fully comparable.

AAA Auto Group N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2011 (EUR '000)

	Note ^{*)}	Share capital	Share premium	Equity/ legal reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 01/01/10		6,776	31,409	653	428	4,186	(35,650)	7,802
Profit for the year		-	-	-	-	-	5,111	5,111
Other comprehensive income								
Foreign currency translation differences		-	-	-	-	1,561	-	1,561
Total comprehensive income		-	-	-	-	1,561	5,111	6,672
Equity legal reserve		-	-	156	-	-	(156)	-
Reclassification		-	-	(529)	-	-	529	-
Share options	26	-	-	-	(10)	-	-	(10)
Balance at 31/12/10		6,776	31,409	280	418	5,747	(30,166)	14,464
Balance at 01/01/11		6,776	31,409	280	418	5,747	(30,166)	14,464
Profit for the year		-	-	-	-	-	10,343	10,343
Other comprehensive income								
Foreign currency translation differences		-	-	-	-	1,570	-	1,570
Total comprehensive income		-	-	-	-	1,570	10,343	11,913
Transactions with owners								
Equity legal reserve		-	-	176	-	-	(176)	-
Distribution to the majority shareholder ^{**)}		-	-	-	-	-	(734)	(734)
Share options	26	-	-	-	162	-	-	162
Balance at 31/12/11		6,776	31,409	456	580	7,317	(20,733)	25,805

^{*)} For financial notes see the Annual Report 2011

^{**)} Reference is made to Note 24 section c in Annual Report 2011

AAA Auto Group N.V.
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2011 (EUR '000)

	Notes ^{*)}	2011	2010
Cash flows from operating activities			
Profit for the year		10,343	5,111
Adjustments for:			
Income tax expense	9	3,673	1,755
Depreciation and impairment of fixed assets	12, 13	3,417	3,956
Change in provisions and in provisions to inventories and receivables	20	(2,038)	2,501
(Gain) / loss on disposal of fixed assets		97	(1,636)
Interest income		(47)	(13)
Interest expense	8	1,803	1,970
Share options	7, 26	162	(10)
Foreign exchange (gain)/loss	8	2,667	510
(Increase)/decrease in inventories	14	(4,379)	(10,062)
Decrease/(increase) in receivables and other assets		2,534	324
Increase/(decrease) in payables and other liabilities		(7,075)	(411)
Interest paid		(991)	(1,054)
Interest received		47	13
Income tax paid		(3,494)	(1,743)
Net cash provided by operating activities		6,719	1,211
Cash flows from investing activities			
Purchase of property, plant and equipment ^{**)}	13	(3,785)	(2,513)
Proceeds from disposals of property, plant and equipment		864	5,698
Net cash used in investing activities		(2,921)	3,185
Cash flows from financing activities			
Proceeds from third party loans	16	11,171	1,842
Repayment of third party loans	16	(13,375)	(6,609)
Payment of finance lease liabilities	16	(37)	(1,780)
Net cash from financing activities		(2,241)	(6,547)
Net increase/(decrease) in cash and cash equivalents		1,557	(2,151)
Net foreign exchange difference		(70)	(212)
Cash and cash equivalents at the beginning of the year		3,665	6,028
Cash and cash equivalents at the end of the year		5,152	3,665

^{*)} For financial notes see the Annual Report 2011