otp Global Markets

# AutoWallis

08/31/2026

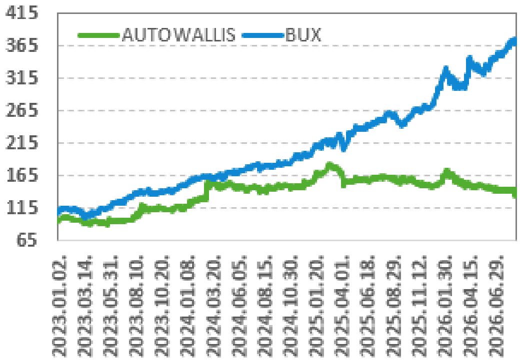
**Recommendation: Hold**
(previously Buy)
**12-month target price: HUF 158**
(previously HUF 198)
**Upside potential: 16%**

**Following the latest quarterly results, we have revised our DCF model and earnings estimates. We are lowering our 12-month target price to HUF 158 and downgrading our recommendation from Buy to Hold. The challenges facing the distribution business have not been resolved and, in fact, intensified during the first half of the year. This was the main reason behind the downward revision to our revenue and earnings forecasts for the current year.**

**Growth also moderated in retail, with margins remaining under pressure. We therefore expect the recovery in profitability to be both later and more gradual than previously assumed. While Mobility continues to deliver a strong earnings performance, its contribution at Group level remains insufficient to offset the weakness across the automotive distribution businesses.**

**Following our estimate revisions, we now model a revenue CAGR of 3.6% and an EBITDA CAGR of 7.4% over the forecast period. As before, our forecasts do not incorporate potential future M&A. On an organic basis, we expect revenue to approach HUF 570bn and EBITDA to reach approximately HUF 27bn by 2030.**

**Our estimates remain well below management's current long-term ambitions. However, we believe the more relevant question is whether the targets set out in the company's previous 2028 growth strategy remain achievable and, consequently, whether they will need to be materially reset.**




| Teljesítmény | 3 hó | 6 hó | Idén | 1 év |
|---|---|---|---|---|
| Autowallis | -8% | -18% | -10% | -17% |
| BUX | 16% | 19% | 36% | 43% |

| m HUF | 2024 | 2025 | 2026e | 2027e |
|---|---|---|---|---|
| Revenue | 398 460 | 477 432 | 472 505 | 500 856 |
| EBITDA | 20 175 | 18 852 | 16 626 | 20 479 |
| EBIT | 14 370 | 11 060 | 8 711 | 12 303 |
| Net profit | 6 976 | 5 717 | 3 240 | 6 296 |
| EBITDA margin | 5,1% | 3,9% | 3,5% | 4,1% |
| EBIT margin | 3,6% | 2,3% | 1,8% | 2,5% |
| EPS | 12,7 | 10,6 | 6,1 | 11,8 |
| DPS | 0 | 0 | 0 | 0 |
| EV/EBITDA | 7,2 | 7,7 | 8,7 | 7,1 |
| P/E | 10,7 | 12,7 | 22,2 | 11,4 |

| | | | |
|---|---|---|---|
| Share price (2025.11.19): | 135 | Free float: | 26,5% |
| Number of shares (m): | 539,5 | Daily turn. (m HUF): | 16,33 |
| Market cap. (m HUF): | 72 827 | Bloomberg: | AUTOWALL HB |

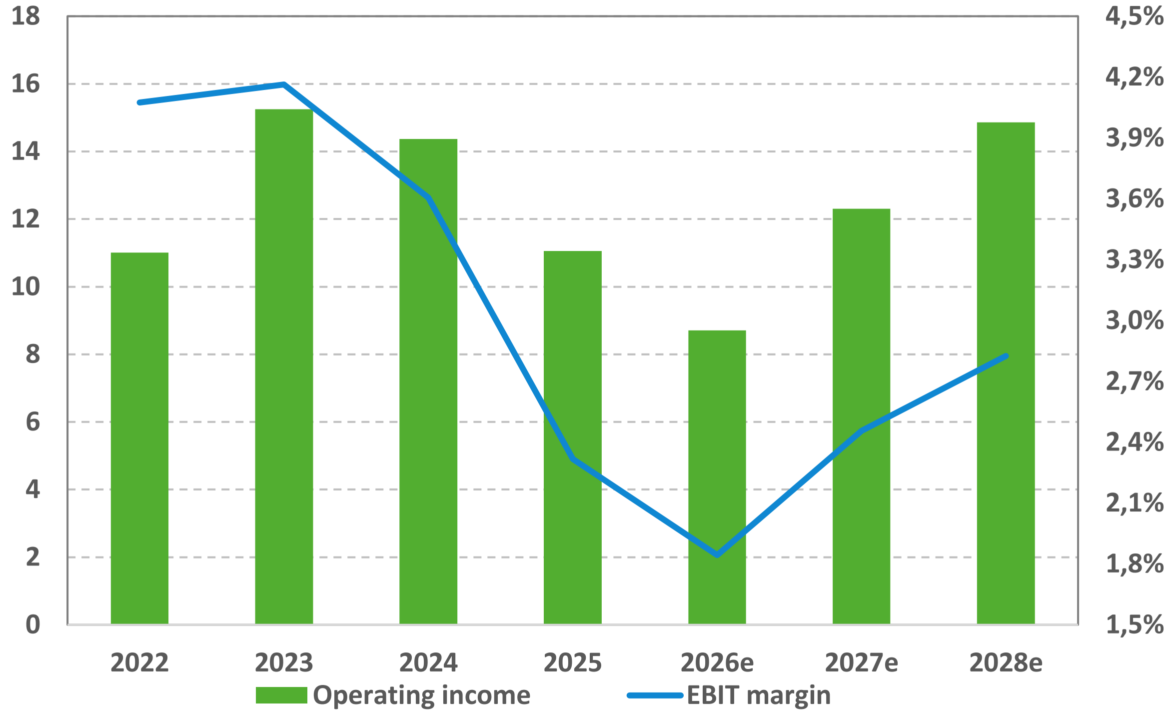

József Puzsár
Senior Analyst

# Margins are under pressure

Since our last target price update on 21 November 2025, the European automotive market backdrop has, in our view, shifted further to the downside. While new car registrations across the EU increased by 6% in 1H26, with even stronger growth in Hungary and Slovenia, AutoWallis' two most important markets, this favourable volume trend did not translate into improved financial performance for the company.

We believe this disconnect largely reflects intensifying price competition from Chinese brands and the sharp increase in vehicle exports from China to Europe. This is putting significant pressure on incumbent manufacturers, which are being forced to respond more aggressively to defend their market positions, with the resulting price competition weighing on margins. Margin pressure at the OEM level is, in turn, flowing through to distributors and retailers.

**Operating income (HUF Bn) and EBIT margin**




Source: AutoWallis, OTP Multi-Asset Research

AutoWallis' financial performance in 2026 is also being held back by the significant appreciation of the Hungarian forint since the April elections. The forint was approximately 8% stronger on average compared with 1H25, creating a headwind to both revenue and operating profit. Although a lower EUR/HUF exchange rate has a positive impact on certain items, including foreign-currency-denominated liabilities, and both realised and unrealised FX movements were more favourable year-on-year in 2Q, we view the overall impact of a stronger forint as negative for the company.

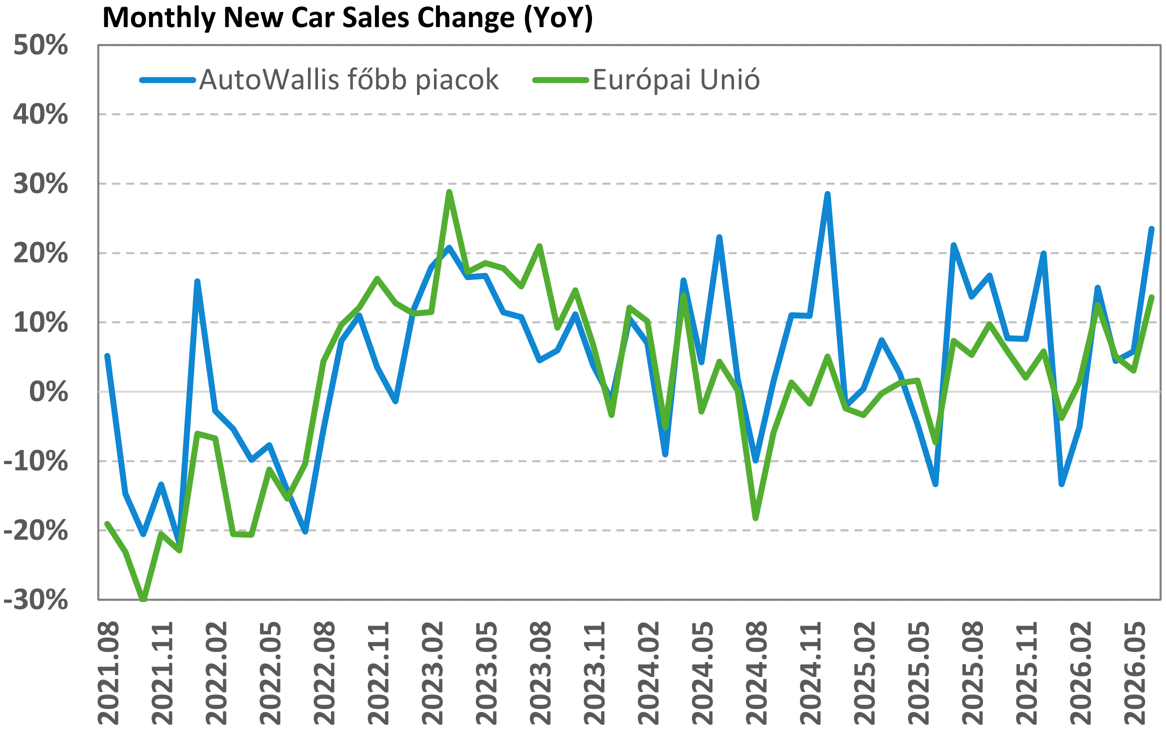
Historically, AutoWallis has been able to sustain revenue growth through a continuous stream of acquisitions. However, following several years of expansion, we now expect revenue to decline in 2026, assuming no sizeable transaction is completed during the remainder of the year. Moreover, as highlighted above, margin pressure did not ease in 1H26 and, if anything, intensified.

AutoWallis has responded well to the changing market environment by adding a growing number of Chinese brands to its portfolio. However, launching and scaling new brands requires significant upfront investment. We therefore expect the associated costs to weigh on margins for longer than previously anticipated.

## Brand-specific issues add to the pressure

Alongside the broader market headwinds, a number of individual brands and geographies are also underperforming. KGM, which had previously delivered a strong performance, appears to be among the first casualties of the growing Chinese presence in Europe. The South Korean OEM had established a strong position in the affordable and reliable vehicle category, precisely the segment now facing a rapid influx of Chinese competitors. KGM is currently undergoing a repositioning, although the measures taken so far appear to have had limited success.

Dacia and Opel have also faced production and logistics disruptions, which created an additional drag in 1H26. These issues could begin to ease in the near term, potentially providing some relief in the second half. In Romania, meanwhile, the local automotive market continues to be constrained by high inflation, an uncertain economic outlook amid the domestic political crisis, and elevated financing costs.




Source: AutoWallis, OTP Multi-Asset Research

## Target Price Revision

**Following the weak 1H26 results, we have updated our DCF model. We now forecast lower revenue in both the near and medium term and have also reduced our margin assumptions. We believe the key financial targets set out in the company's 2028 strategy are becoming increasingly difficult to achieve. As a result, we cut our 12-month price target to HUF 158. While this still implies approximately 16% upside to the current share price, we see the risk-reward as less compelling given the elevated execution and market risks. We therefore downgrade the shares to Hold from Buy.**

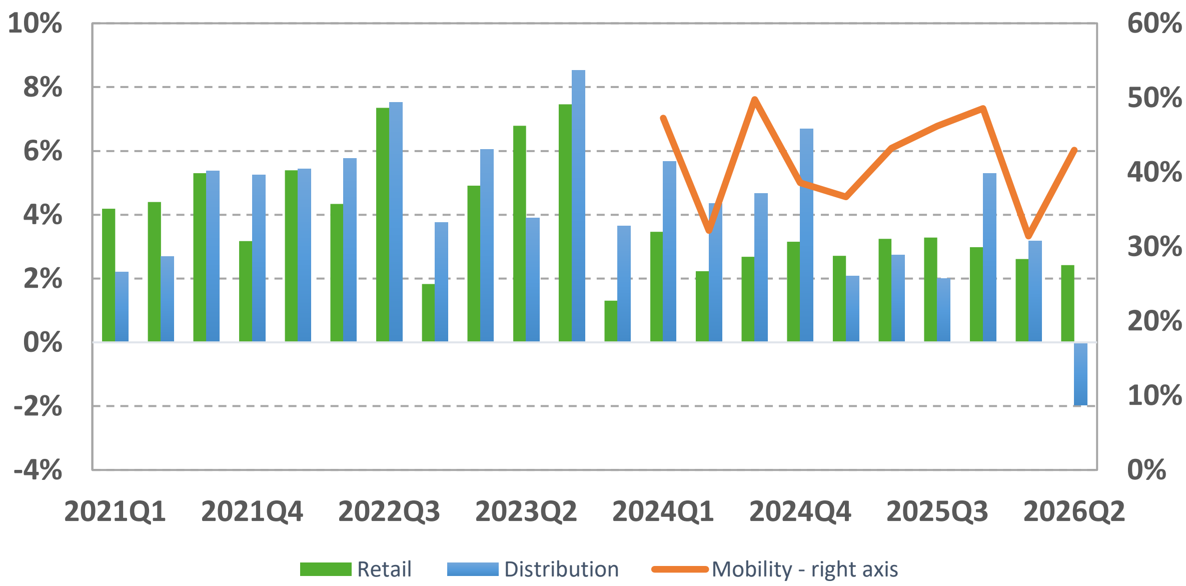
Our valuation continues to reflect only completed acquisitions, given that the strategic rationale, timing, financing structure and purchase price of future transactions could all have a material impact on our assessment of fair value. Accordingly, any further acquisitions would require us to revisit our valuation. Management indicated on the earnings call that the 2028 strategy could be reviewed, with an update potentially coming at the company's Investor Day at the end of September.

Distribution business unit remains the segment with the highest degree of earnings uncertainty. Segment revenue declined by 10% in 1Q26 and by a further 22% in 2Q26. In addition, Distribution EBITDA turned negative in the second quarter, at minus HUF 960mn. This reflected the challenges discussed above, including price competition from Chinese brands, new-brand launch costs, and the weakness affecting Opel, KGM and the Romanian market. At this stage, it remains difficult to identify a clear catalyst for a sustainable recovery. That said, pressure should begin to ease if the genuinely temporary issues, such as Opel's production disruptions, are resolved and the upfront costs associated with launching new brands start to roll off.

Retail business unit is not facing margin pressure of the same magnitude as Distribution, although the impact of the weaker market backdrop is also evident, with margins remaining below last year's levels. Segment revenue increased by 2% year-on-year in 1H26, while new-car sales volumes rose by 9.7%. Slovenia was the standout market, delivering 27% volume growth. However, profitability in 1Q26 was held back by a less favourable sales mix, reflecting a higher share of volume brands, as well as start-up costs related to the new Debrecen dealership. In the second quarter, the main drags on profitability were higher inventory levels and increased depreciation charges.

Mobility remains the most promising part of the portfolio. It combines the Group's strongest earnings contribution with a still-robust growth profile, with segment revenue increasing by 25% in 1H26. Although Mobility accounted for only 2.7% of Group revenue in 2Q26, it generated 70% of consolidated EBITDA during the quarter. This contribution should be viewed in context, as distribution EBITDA was negative, mechanically inflating Mobility's share of Group earnings. Nevertheless, an acquisition in this segment would, in our view, be particularly accretive to the Group's earnings profile.

**EBITDA margin by Business Unit**




Source: AutoWallis, OTP Multi-Asset Research

Overall, we have materially reduced our forecasts for 2026. We now expect revenue to decline by 1% to HUF 472.5bn, compared with our previous estimate of HUF 511bn. We forecast EBITDA of HUF 16.6bn, down from HUF 24.4bn previously. We have also incorporated a more conservative earnings trajectory for the subsequent years. We continue to see attractive long-term potential in AutoWallis' growth strategy. However, demonstrating that the strategy can be executed smoothly will, in our view, also require a more supportive market environment.

| Autowallis DCF model | 2026e | 2027e | 2028e | 2029e | 2030e | TV |
|---|---|---|---|---|---|---|
| EBIT | 8 711 | 12 303 | 14 859 | 17 335 | 18 500 | |
| Tax | -2 003 | -2 830 | -3 418 | -3 987 | -4 255 | |
| **NOPLAT** | **6 707** | **9 474** | **11 441** | **13 348** | **14 245** | |
| D&A | 7 915 | 8 175 | 8 260 | 8 349 | 8 393 | |
| Working capital change | -1 852 | 5 292 | 3 603 | -1 180 | -4 776 | |
| CAPEX | 12 209 | 10 485 | 10 112 | 9 764 | 9 561 | |
| FCFF | 4 265 | 1 871 | 5 987 | 13 113 | 17 854 | |
| TV growth | | | | | | 2,0% |
| TV | | | | | | 213 341 |
| PV of FCFF | 3 848 | 1 522 | 4 394 | 8 692 | 10 704 | 115 888 |
| Enterprise value | 145 048 | | | | | |
| Net debt | 80 778 | | | | | |
| Associates | 2 492 | | | | | |
| Equity value | 66 762 | | | | | |
| Number of shares | 539 456 846 | | | | | |
| Cost of capital | 16% | | | | | |
| 12-m target price | 158 | | | | | |

Source: AutoWallis, Bloomberg, OTP Multi-Asset Research

| Autowallis WACC calculation | 2026e | 2027e | 2028e | 2029e | 2030e | TV |
|---|---|---|---|---|---|---|
| Risk free rate | 5,5% | 5,3% | 5,0% | 4,8% | 4,5% | 4,5% |
| Equity risk premium | 6,5% | 6,5% | 6,5% | 6,5% | 6,5% | 6,5% |
| **Cost of equity** | **16,1%** | **16,2%** | **16,1%** | **15,9%** | **15,4%** | **15,6%** |
| Cost of debt | 7,5% | 7,0% | 7,0% | 7,0% | 7,0% | 6,5% |
| Tax rate | 29,3% | 23,0% | 23,0% | 23,0% | 23,0% | 23,0% |
| After tax cost of debt | 5,3% | 5,4% | 5,4% | 5,4% | 5,4% | 5,0% |
| Debt (%) | 48,6% | 48,6% | 49,3% | 49,2% | 48,1% | 49,2% |
| Equity (%) | 51,4% | 51,4% | 50,7% | 50,8% | 51,9% | 50,8% |
| WACC | 10,8% | 10,9% | 10,8% | 10,7% | 10,6% | 10,4% |

Source: AutoWallis, Bloomberg, OTP Multi-Asset Research

# Peer Group Analysis

AutoWallis currently trades at a premium to the peer-group median, despite offering a weaker growth profile in terms of both revenue and earnings. While valuation multiples and consensus growth estimates can change quickly, the current market-based relative valuation also supports our decision to downgrade the shares to Hold from Buy.

| Company | Country | Market cap (EUR) | Rev. growth (25-27) | EBITDA Margin 2025 | EBITDA Margin 2026 | EBITDA growth (25-27) | EV/EBITDA 2026 | EV/EBITDA 2027 | P/E 2026 | P/E 2027 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sixt | Germany | 3 237 | 6,1% | 33,0% | 32,3% | 5,5% | 4,5 | 4,3 | 10,5 | 9,6 |
| Zigup | Britain | 1 234 | 5,0% | 27,0% | 28,2% | 8,6% | 3,4 | 3,2 | 8,6 | 8,0 |
| Inchcape | Britain | 3 370 | 6,4% | 7,5% | 7,1% | 4,3% | 5,0 | 4,7 | 9,4 | 8,3 |
| Motorpoint | Britain | 122 | 7,4% | 2,1% | 2,4% | 15,8% | 5,5 | 4,9 | 14,3 | 10,8 |
| Kamux | Finland | 62 | 1,4% | 2,1% | 2,1% | 6,4% | 5,3 | 4,6 | 42,5 | 15,6 |
| Dogus Otomotive | Turkey | 657 | 14,0% | 5,8% | 6,3% | 21,8% | 3,6 | 2,7 | 6,6 | 3,1 |
| Auto Partner | Poland | 924 | 13,3% | 7,6% | 9,1% | 23,9% | 10,1 | 8,8 | 13,8 | 11,5 |
| Inter Cars | Poland | 3 179 | 11,4% | 6,7% | 7,4% | 18,4% | 9,6 | 8,4 | 12,9 | 10,7 |
| Bilia | Sweden | 1 276 | 3,3% | 6,3% | 7,0% | 10,1% | 7,9 | 7,3 | 14,6 | 12,2 |
| D'Ieteren | Belgium | 9 584 | 8,4% | 9,2% | 8,5% | -0,7% | 16,6 | 15,9 | 13,1 | 11,6 |
| Meko | Sweden | 375 | 2,9% | 8,5% | 10,0% | 16,2% | 5,5 | 4,9 | 9,3 | 6,7 |
| Auto1 | Germany | 4 934 | 18,7% | 2,4% | 2,7% | 38,9% | 19,5 | 13,9 | 37,1 | 22,9 |
| Ayvens | France | 9 077 | -1,2% | 6,4% | 7,0% | 6,0% | 26,2 | 24,5 | - | 8,3 |
| Vertu Motors | Britain | 311 | 2,6% | 1,8% | 1,8% | 1,4% | 4,0 | 3,9 | - | 13,5 |
| Wetteri | Finland | 28 | 3,9% | 2,0% | 2,8% | 35,8% | 8,3 | 5,1 | - | - |
| **Median** | | | **6,1%** | **6,4%** | **7,0%** | **10,1%** | **5,5** | **4,9** | **13,0** | **10,7** |
| **AutoWallis** | **Hungary** | **202** | **2,4%** | **3,9%** | **3,5%** | **4,2%** | **8,6** | **7,0** | **22,2** | **11,4** |

Source: Bloomberg, OTP Multi-Asset Research

| Profit and loss m HUF | 2024 | 2025 | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|
| **Revenue** | **398 460** | **477 432** | **472 505** | **500 856** | **525 898** |
| COGS | -327 079 | -390 846 | -385 564 | -409 199 | -429 659 |
| Interest income from finance leases | 1 932 | 1 745 | 1 658 | 1 724 | 1 759 |
| Material used | -10 071 | -16 413 | -17 483 | -16 027 | -15 777 |
| Services | -22 832 | -26 391 | -25 988 | -27 547 | -28 924 |
| Personal expenses | -19 541 | -25 977 | -27 502 | -28 327 | -29 177 |
| **EBITDA** | **20 175** | **18 852** | **16 626** | **20 479** | **23 119** |
| Depreciation | -5 678 | -7 666 | -7 915 | -8 175 | -8 260 |
| EBIT | 14 370 | 11 060 | 8 711 | 12 303 | 14 859 |
| Financial results | -5 711 | -3 154 | -4 686 | -4 322 | -4 362 |
| Profit before taxes | 9 097 | 8 092 | 4 208 | 8 176 | 10 701 |
| Taxation | -2 121 | -2 375 | -968 | -1 881 | -2 461 |
| **Net profit** | **6 976** | **5 717** | **3 240** | **6 296** | **8 240** |

Source: AutoWallis, OTP Multi-Asset Research

| Balance sheet m HUF | 2024 | 2025 | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|
| Property, plant and equipment | 37 437 | 38 715 | 40 547 | 42 014 | 43 231 |
| Assets held for operating leases | 2 988 | 6 388 | 7 888 | 8 638 | 9 313 |
| Right-of-use assets | 8 363 | 11 252 | 11 585 | 11 947 | 12 180 |
| Goodwill | 8 681 | 9 262 | 9 262 | 9 262 | 9 262 |
| **Non-current assets total** | **73 117** | **79 931** | **83 807** | **86 434** | **88 451** |
| Goods | 69 693 | 75 127 | 77 113 | 81 840 | 85 932 |
| Trade receivables | 18 345 | 25 521 | 21 263 | 22 539 | 23 665 |
| Net investment in lease (short term) | 4 498 | 4 904 | 4 659 | 4 845 | 4 942 |
| Cash and cash equivalents | 24 422 | 16 004 | 19 287 | 22 246 | 24 051 |
| **Current assets total** | **131 449** | **142 508** | **140 037** | **150 154** | **158 130** |
| **Assets total** | **204 566** | **222 439** | **223 843** | **236 588** | **246 581** |
| Issued capital (legal parent) | 6 743 | 6 743 | 6 743 | 6 743 | 6 743 |
| Share premium | 25 412 | 25 412 | 25 412 | 25 412 | 25 412 |
| Retained earnings | 29 219 | 33 316 | 36 524 | 42 757 | 50 914 |
| Non-controlling interest | 992 | 0 | 0 | 0 | 0 |
| **Shareholder's equity** | **62 895** | **65 208** | **68 448** | **74 744** | **82 984** |
| Long term debentures | 10 324 | 16 475 | 16 475 | 16 475 | 16 475 |
| Long term loans | 17 839 | 16 332 | 16 422 | 15 686 | 14 950 |
| Long term lease liabilities | 10 420 | 13 418 | 13 418 | 13 418 | 13 418 |
| **Long term liabilities** | **45 922** | **52 639** | **51 993** | **51 310** | **50 657** |
| Short term loans | 3 812 | 3 365 | 3 365 | 3 365 | 3 365 |
| Inventory financing loans | 10 365 | 11 417 | 13 109 | 12 437 | 13 059 |
| Short term lease liabilities | 7 352 | 7 288 | 7 288 | 7 288 | 7 288 |
| Liabilities from reverse factoring (interest bearing) | 22 827 | 10 568 | 8 698 | 12 667 | 12 402 |
| Advance payment received from custome | 4 691 | 4 211 | 7 088 | 7 513 | 7 888 |
| Trade payables | 23 627 | 32 037 | 31 616 | 32 327 | 33 943 |
| Liabilities from reverse factoring (non-interest bearing) | 9 278 | 16 540 | 13 072 | 15 771 | 15 828 |
| **Short term liabilities** | **95 749** | **104 592** | **103 402** | **110 534** | **112 940** |
| **Liabilities** | **141 671** | **157 231** | **155 395** | **161 844** | **163 597** |
| **Equity and liabilities** | **204 566** | **222 439** | **223 843** | **236 588** | **246 581** |

Source: AutoWallis, OTP Multi-Asset Research

OTP Bank's recommendations and target prices for AutoWallis shares over the last twelve months:

| Date | Recommendation | Price Target | Publication |
|---|---|---|---|
| **11/17/2025** | **Buy** | **HUF 210** | **Earnings report note** |
| **11/21/2025** | **Buy** | **HUF 198** | **Research report** |
| **03/02/2026** | **Buy** | **HUF 198** | **Earnings report note** |
| **05/21/2026** | **Buy** | **HUF 198** | **Earnings report note** |
| **08/25/2026** | **Under revision** | **Under revision** | **Earnings report note** |

Closing date of the analysis: 08/25/2026, 14:00

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h) a reference to the planned frequency of updates to the document;

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k) a list of all their recommendations on any financial instrument or issuer that were disseminated during the preceding 12-month period.

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