



## THIRD QUARTER 2019 FINANCIAL REPORT

### First signs of transformation indicated by visible sequential results improvement

**Budapest, 7 November 2019** - WABERER'S INTERNATIONAL Nyrt. today reports its financial results for the three months ended 30 September 2019.

#### Highlights Q3 2019

- Revenue decreased by 7% to EUR 170 mn in the third quarter of 2019 year-on-year as a result of the efficiency-focused fleet reduction programme in the International Transportation Segment resulting in lower revenue, with continued growth in Regional Contract Logistics and in the Other segment
- Third quarter recurring<sup>1</sup> EBITDA was the strongest quarter this year at EUR 15.3 million, showing gains in utilisation in the international operation due to transformation measures, but decreased by 19% year-on-year
- Third quarter was also the best performing one of the current year in terms of recurring EBIT, because of the continuation of the fleet reduction programme
- Net income for the third quarter stood at EUR -5.6 mn
- The trend turned in net financial indebtedness, with the EBITDA multiple net leverage ratio decreasing by 0.3x to 5.4x, corresponding to a decrease of EUR 38 million compared to end-June 2019 levels<sup>2</sup>
- Management believes that
  - Gains in truck efficiency and the fleet reduction programme has started influencing margins positively and will show more positive effect on results in the quarters to come
  - the financial position of the Group remains stable and nominal net financial indebtedness to reduce further in the fourth quarter

Key figures<sup>3</sup> (EUR mn unless otherwise stated, adjusted to include IFRS 16 effects<sup>4</sup>)

	Q3 2019	Q3 2018	Better (worse)	9M 2019	9M 2018	Better (worse)
Revenue	169.8	182.6	(7.1%)	524.6	546.0	(3.9%)
EBITDA (recurring)	15.3	19.0	(19.2%)	42.5	58.6	(27.4%)
EBIT (recurring)	(1.7)	0.7		(10.4)	7.3	
Net income (recurring)	(5.6)	(2.7)		(19.1)	(2.6)	
EPS (EUR)	(0.52)	(0.02)		(0.63)	(0.04)	
EBITDA margin (recurring)	9.0%	10.4%	(1.4 pp)	8.1%	10.7%	(2.6 pp)
EBIT margin (recurring)	(1.0%)	0.4%	(1.4 pp)	(2.0%)	1.3%	(3.3 pp)
Net income margin (recurring)	(3.3%)	(1.5%)	(1.8 pp)	(3.6%)	(0.5%)	(3.2 pp)

Robert Ziegler, CEO of WABERER'S INTERNATIONAL Nyrt. **commented:** "In the third quarter of 2019, economic conditions remained broadly neutral so Waberer's had the chance to focus on the transformation programme of its flagship International Transportation Segment, which had visible effects on the reported financials for the quarter."

The basis of the transformation programme is the reduction of own trucking capacities, in order to improve the utilisation and thus the profitability of the ITS segment. The first encouraging signs that this concept is working emerged already in the second quarter. In the third quarter, the fleet was cut by another 260 trucks and utilisation levels rose to improved levels.

<sup>1</sup> Non-recurring items include consulting expenses related to the transformation programme as of the third quarter of 2019. Such expenses incurred to an extent of EUR 0.1 mn, EUR 0.3 mn, and EUR 2.4 mn in the first, second, and third quarter of 2019, respectively, totalling EUR 2.9 mn. In order to remain consistent with the quarterly financial reports for the first two quarters of 2019, year-to-date figures for the first 9 months of 2019 and third quarter results are both adjusted by the total EUR 2.9 mn amount.

<sup>2</sup> The improvement in net debt is partly attributable to a change in the accounting treatment of leases at the Group's Polish subsidiary Link sp. z o.o. resulting in net debt improvement of EUR 28 million, see the footnote on page 4 for more details. Adjusting for this change in methodology, net debt decreased by EUR 10 million as per 30 September 2019 compared to 30 June 2019.

<sup>3</sup> For the definitions of non-IFRS measures, please refer to the Glossary on page 8. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

<sup>4</sup> The Company adopted IFRS 16 effective from 1 January 2019 affecting the income statement and balance sheet. Throughout this report, all income statement and balance sheet figures are presented according to IFRS 16 for 2019. To enhance comparability of results, all Group- and segment-level income statement figures for the third quarter and first nine months of 2018 are pro forma figures that include the impact of IFRS 16. For more information how IFRS 16 impacted the Company's financials, please refer to page 7.

This report may contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, the Annual Report 2018 dated 16 April 2019, which is available on our website for investors at [https://www.waberers.com/files/document/document/856/Annual%20Report%202018\\_EN.pdf](https://www.waberers.com/files/document/document/856/Annual%20Report%202018_EN.pdf).





**WABERER'S**  
OPTIMUM SOLUTION

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*This transformation programme had positive effects on the financials: the third quarter was the best one for 2019 in terms of EBITDA and EBIT, both nominally and in margins. At the same time, with a loss posted for the quarter, we at Waberer's need to keep up our commitment and drive to achieve a complete and sustainable profitability turnaround.*

*The reduction of the fleet is only the start of the transformation towards improving utilisation and profitability. The broad and deep-reaching organisational restructuring which is underway since the summer is focusing on the core of the business: 25 initiatives are addressing improvements in Sales, Transportation Planning and Fleet Operations.*

*In Sales, we are changing our portfolio to focus on the most attractive European tradelanes. This will help us become more available in the right places at the right time for our customers. We have structured our Sales organisation for better productivity and sales effectiveness. We are also working closely with our customers to reduce waiting times at loading and unloading and are integrating with a number of digital marketplaces to optimize our backloads.*

*In Transportation Planning we are improving our planning engine with better data, new functionalities and new optimization algorithms. We are also changing the planning process to allow for continuous planning and better integration with Sales and Fleet Operations.*

*In Fleet Operations, we have implemented a new structure that collects all trucks and drivers under one legal unit, called Nexways Cargo. The new structure ensures efficient administration, better control, and a homogenous set of conditions for all colleagues involved in execution. We are also reviving our efforts in route optimization and fuel savings by supporting our drivers with better tools and training.*

*Our subsidiary Link in Poland has also had its turnaround in the third quarter and is on a steady path to meeting our expectations, based on new business and internal productivity improvements.*

*The Regional Contract Logistics segment also posted a strong quarter as, in line with our earlier plans for this year, low-margin or loss-making contracts are successfully renegotiated and new client acquisitions are expected to have higher profitability. Among these new contracts, we have great expectations for the one recently signed with Audi, which is the largest contract won by our logistics operations to date.*



Information on WABERER'S INTERNATIONAL Nyrt. Series „A” ordinary shares

Markets listed  
Trading segment  
BSE ticker  
Xetra code

Budapest Stock Exchange (BSE)  
Equities Prime Market  
WABERERS  
WABS

ISIN  
Reuters ticker  
Bloomberg ticker

HU0000120720  
WABE.hu  
WABERERS HB



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## Management analysis

### Group result for the period

#### Income Statement (EUR mn)

	Q3 2019 <sup>1</sup>	Q3 2018 <sup>1,2</sup>	Better (worse)	9M 2019 <sup>1</sup>	9M 2018 <sup>1,2</sup>	Better (worse)
Revenue	169.8	182.6	(7.1%)	524.6	546.0	(3.9%)
Direct costs	(140.3)	(150.3)	6.6%	(439.4)	(448.1)	1.9%
Gross profit	29.4	32.3	(9.0%)	85.2	97.9	(13.0%)
OPEX	(17.0)	(13.5)	(26.0%)	(43.1)	(40.1)	(7.5%)
Non-recurring items	2.9	0.1		0.5	0.8	(38.7%)
EBITDA (recurring)	15.3	19.0	(19.2%)	42.5	58.6	(27.4%)
Depreciation and Amortisation	(17.1)	(18.3)	6.4%	(52.9)	(51.3)	(3.1%)
EBIT (recurring)	(1.7)	0.7		(10.4)	7.3	
Financial result	(2.5)	(0.9)		(5.1)	(5.9)	12.9%
Taxes	(1.3)	(2.5)	47.7%	(3.7)	(4.0)	7.7%
Net income (recurring)	(5.6)	(2.7)		(19.1)	(2.6)	
Gross margin	17.3%	17.7%	(0.4 pp)	16.2%	17.9%	(1.7 pp)
EBITDA margin (recurring)	9.0%	10.4%	(1.4 pp)	8.1%	10.7%	(2.6 pp)
EBIT margin (recurring)	(1.0%)	0.4%	(1.4 pp)	(2.0%)	1.3%	(3.3 pp)
Net income margin (recurring)	(3.3%)	(1.5%)	(1.8 pp)	(3.6%)	(0.5%)	(3.2 pp)
Average number of trucks	3 964	4 429	(10.5%)	4 178	4 405	(5.2%)
Average number of employees	7 516	8 185	(8.2%)	7 692	8 005	(3.9%)
Average number of truck drivers	5 424	5 993	(9.5%)	5 584	5 899	(5.3%)

<sup>1</sup> Figures adjusted for better comparability, re-categorising the effect of insurance-related provisions, an OPEX item, as Direct Costs. EBITDA is not affected. For exact figures on the effect on the re-categorisation, please refer to page 10.

<sup>2</sup> Pro forma figures restated according to IFRS 16.

### Economic environment

European economic indicators showed a mixed picture in the third quarter of 2019. Euro area industrial production fell by 2-3% year-on-year, while retail trade remained strong, rising by 2%. In Hungary, industrial production and retail trade both expanded by 6% on average.<sup>5</sup>

### Revenue

Group **revenue** decreased by 7% year-on-year in the third quarter of 2019 to EUR 170 million. Revenue in the International Transportation Segment (ITS) showed a 12% decrease compared to the third quarter of last year mainly due to a smaller fleet. In the Regional Contract Logistics (RCL) segment, revenue grew by 2% as a result of a larger warehouse capacity and the renegotiation of existing contracts to achieve better pricing.

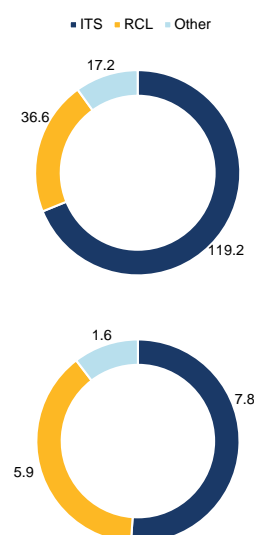
### Gross profit, EBITDA and EBIT

**Gross profit** decreased by 9% year-on-year to EUR 29 million in the third quarter of 2019, with gross margin lower by 0.4 percentage points at 17.3%. The lower margin was driven by an increase in wages and more expensive toll fees, and was partly offset by cheaper fuel, savings in fuel consumption, and higher prices.

Recurring **EBITDA** decreased by 19% in the third quarter year-on-year to EUR 15 million, resulting in an EBITDA margin of 9%, 1.4 percentage points lower than a year ago.

Recurring **EBIT** showed a loss of EUR 1.7 million in the third quarter of 2019 with recurring EBIT margin at -1%, 1.4 percentage points lower than in the same

### Revenue and recurring EBITDA split by segments in Q3 2019 (EUR mn)



Notes: Revenue not filtered for inter-segment eliminations. ITS: International Transportation Segment; RCL: Regional Contract Logistics segment; Other: All other activities including mainly 3<sup>rd</sup> party insurance services.

<sup>5</sup> Source: Eurostat seasonally and calendar day adjusted data for August and September 2019.



period last year. The lower EBIT margin is mainly attributable to the effect of the lower EBITDA margin, which could partly be offset by 6% lower **depreciation and amortisation**.

#### Net income

**Financial result** marked a loss of EUR 2.5 million in the third quarter of 2019, which compares to a loss of EUR 0.9 million in the third quarter of 2018. Interest paid totalled EUR 1.5 million with implied annualised interest rate for the third quarter of the year was 1.6%, in line with the implied annualised interest rate in the third quarter of 2018. Other elements of the financial result, which include non-realised foreign exchange losses due to the revaluation of the liabilities in subsidiaries that do not use the euro as their functional currency, amounted to EUR 1.1 million.<sup>5</sup> In contrast, there was a gain on the revaluation of liabilities of EUR 0.5 million in the third quarter of 2018.

**Tax** expenses amounted to EUR 1.3 million in the quarter due to higher revenue-based taxes. **Recurring net income** showed a loss of EUR 5.6 million.

#### Group cash flow and debt

##### Cash flow

| Cash Flow Statement (EUR mn)<sup>1</sup>

	Q3 2019	Q3 2018	9M 2019	9M 2018
Net cash flows from operations	4.4	21.0	21.9	46.0
of which: change in working capital	(8.1)	3.7	(27.8)	(9.6)
Net cash flows from investing and financing activities	(5.5)	(15.9)	(37.1)	(50.3)
Change in cash and cash equivalents	(1.1)	5.1	(15.2)	(4.3)
Free Cash Flow	2.8	3.2	0.1	5.8
CAPEX	(2.1)	(3.0)	(6.9)	(9.8)

<sup>1</sup> Figures not adjusted for IFRS 16 effects.

**Net cash flows from operations** in the first nine months of 2019 decreased to EUR 22 million as a result of lower profits and higher need for working capital than in the same period in 2018.

**Net cash flows from investing and financing activities** increased to EUR -37 million in the first three quarters of 2019 from EUR -50 million a year earlier, partly due to higher borrowings, a decrease in non-fleet capital expenditures, and one-off expenses last year to buy out minority interests.

**Free cash flow**, which incorporates cash flow from operations, capital expenditures, and all elements of the lease-based financing of the fleet, decreased to EUR 0.1 million in the first nine months of 2019.

#### Debt

| Indebtedness figures (EUR mn)

	30 Sept 2019	31 Dec 2018	30 Sept 2018
Net financial indebtedness	290.6	278.9	286.4
Net leverage ratio	5.4	4.3	3.8

**Net financial indebtedness** stood at EUR 291 million on 30 September 2019, EUR 37 million lower than at the end of June. Since the end of 2018, total net debt was higher by EUR 11 million due to a combination of the technical effect of the adoption of IFRS 16, lower leasing liabilities as a result of a smaller fleet and the different accounting treatment of certain leases.<sup>6</sup>

**Net leverage ratio**, a multiple of last twelve month recurring EBITDA, showed a sequential decrease to 5.4 from 5.7 on 30 June 2019, but increased compared to the end of 2018.

<sup>6</sup> Financial result and gross and net financial debt were affected by a change in the accounting treatment of leases at the Group's Polish subsidiary Link sp. z o.o. Previously, trucks were acquired by Link with the intent to buy the truck at the end of the lease periods, with the total value of the truck capitalised in the balance sheet as an asset and a leasing liability. The new method assumes that the trucks will be handed back to the lessor at the end of the lease periods, with capitalised amount of the contractual lease payments activated on the balance sheet. The change in this accounting method had EUR 0.5 million positive impact on financial result and reduced assets and leasing liabilities by EUR 28 million.

## International Transportation Segment

International Transportation Segment financial information (EUR mn)

	Q3 2019 <sup>1</sup>	Q3 2018 <sup>1,2</sup>	Better (worse)	9M 2019 <sup>1</sup>	9M 2018 <sup>1,2</sup>	Better (worse)
Revenue	119.2	135.3	(12.0%)	376.3	412.3	(8.7%)
Direct Costs	(102.4)	(113.2)	9.6%	(324.8)	(345.2)	5.9%
Gross profit	16.8	22.1	(24.1%)	51.5	67.1	(23.2%)
OPEX	(11.8)	(9.8)	(20.9%)	(29.3)	(30.2)	2.9%
Non-recurring items	2.9	0.1		0.2	0.8	(67.9%)
EBITDA (recurring)	7.8	12.5	(37.1%)	22.4	37.6	(40.4%)
Gross margin	14.1%	16.4%	(2.3 pp)	13.7%	16.3%	(2.6 pp)
EBITDA margin (recurring)	6.6%	9.2%	(2.6 pp)	6.0%	9.1%	(3.2 pp)

<sup>1</sup> Figures adjusted for better comparability, re-categorising the effect of insurance-related provisions, an OPEX item, as Direct Costs. EBITDA is not affected. For exact figures on the effect on the re-categorisation, please refer to page 11.

<sup>2</sup> Pro forma figures restated according to IFRS 16.

International Transportation Segment **revenue** decreased by 12% to EUR 119 million in the third quarter of 2019 compared to the same period in the previous year. The drop in revenue was mainly attributable to the fleet reduction programme, resulting in 14% less trucks than a year ago. Transportation prices rose year-on-year and utilisation of trucking capacities showed a sequential improvement, albeit were broadly stable compared to the levels seen in the same period last year. Freight forwarding activities were notably lower than last year as the own fleet enjoyed priority when allocating orders.

**Gross profit** in ITS dropped by 24% to EUR 17 million in the third quarter of 2019, with gross margin indicating a 2.3 percentage point decrease to 14.1%. The decrease in gross margin is attributable to 8% higher wages and 12% higher unit transit costs, which could not be fully offset by the positive effect of higher prices, 5% lower fuel prices, and 2% lower fuel consumption. Excluding non-recurring items, there were significant savings in OPEX year-on-year but recurring **EBITDA** showed a decrease of 37% to EUR 7.8 million, with 2.6 percentage points lower margin at 6.6%.

## Regional Contract Logistics

Regional Contract Logistics financial information (EUR mn)

	Q3 2019 <sup>1</sup>	Q3 2018 <sup>1,2</sup>	Better (worse)	9M 2019 <sup>1</sup>	9M 2018 <sup>1,2</sup>	Better (worse)
Revenue	36.6	36.0	1.8%	107.6	101.1	6.4%
Direct Costs	(25.5)	(27.1)	6.2%	(77.6)	(74.5)	(4.2%)
Gross profit	11.2	8.9	26.2%	29.9	26.6	12.7%
OPEX	(5.3)	(3.6)	(45.9%)	(14.6)	(10.3)	(41.3%)
Non-recurring items	-	-		-	-	
EBITDA (recurring)	5.9	5.2	12.7%	15.3	16.2	(5.5%)
Gross margin	30.5%	24.6%	5.9 pp	27.8%	26.3%	1.5 pp
EBITDA margin (recurring)	16.1%	14.6%	1.6 pp	14.3%	16.1%	(1.8 pp)

<sup>1</sup> Figures adjusted for better comparability, re-categorising the effect of insurance-related provisions, an OPEX item, as Direct Costs. EBITDA is not affected. For exact figures on the effect on the re-categorisation, please refer to page 11.

<sup>2</sup> Pro forma figures restated according to IFRS 16.

**Revenue** in the Regional Contract Logistics segment increased by 2% year-on-year to EUR 37 million in the third quarter of 2019. The increase in revenue was mainly due to the positive effects of an ongoing repricing effort, with less profitable truckload services being substituted by higher-margin logistics contracts. Warehousing capacities increased by 8 thousand square meters in the third quarter, corresponding to an additional 18 thousand square meters year-on-year.

**Gross profit** grew by 26% to EUR 11 million year-on-year in the third quarter with gross margin increasing by 5.9 percentage points to 30.5%. Recurring **EBITDA** increased by 13% year-on-year to EUR 5.9 million, corresponding to a margin of 16.1%. The improvement in margins is mainly attributable to the favourable effect of a shift towards higher-margin activities, but lower fuel prices, fuel consumption, as well as lower unit transit costs.



## Other segment

| Other segment financial information (EUR mn)

	Q3 2019	Q3 2018	Better (worse)	9M 2019	9M 2018	Better (worse)
Revenue	17.2	14.7	17.1%	50.7	42.5	19.1%
Direct Costs	(15.4)	(12.8)	(20.2%)	(45.4)	(36.5)	(24.5%)
Gross profit	1.8	1.9	(3.5%)	5.2	6.0	(13.2%)
OPEX	(0.2)	(0.6)	61.2%	(0.7)	(1.3)	47.8%
EBITDA (recurring)	1.6	1.3	25.0%	4.6	4.7	(3.7%)
Gross margin	10.7%	13.0%	(2.3 pp)	10.4%	14.2%	(3.9 pp)
EBITDA margin (recurring)	9.3%	8.7%	0.6 pp	9.0%	11.2%	(2.1 pp)

Other segment **revenue** increased by 17% to EUR 17 million in the third quarter compared to the same period of 2018. The increase in revenue was partly due to the Insurance Company's third party activities continued to expand in the MTPL<sup>7</sup> segment and partly a result of the different taxation method of MTPL policyholders.<sup>8</sup>

The increase in revenue had a positive effect on the profitability of the insurance activities as **EBITDA** increased by 25% to EUR 1.6 million with EBITDA margin higher by 0.6 percentage points at 9.3%.

<sup>7</sup> Motor third party liability insurance

<sup>8</sup> As of 1 January 2019 the former accident tax imposed on the MTPL policyholders has been cancelled and in parallel integrated in the insurance tax imposed on the insurance sector. While the accident tax was just a pass through item in the books of the Insurance Company (i.e. no gain/loss was recognised relating to collecting it from the policyholders and then paying to tax authorities), insurance tax is recognised in the income statement and MTPL prices we adjusted accordingly.



## IFRS 16 impact

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and is effective from 1 January 2019. The new standard requires lessees to recognize most leases on their financial statements. The Group has assessed the requirements of the standard and its impacts on the financial statements and has decided to present its financials according to the requirements of IFRS 16 in its interim reports in 2019 as well as the consolidated and standalone financial statements for the full financial year 2019. The impact of the amendment on the financial statements is an increase in properties and a corresponding increase in leasing liabilities, and a reduction in rents paid with a corresponding increase in depreciation and interest paid, as presented in detail in the tables below.

To enhance comparability with 2018, base period Group- and segment-level income statement figures found in the management analysis of interim financial reports are restated pro forma figures that include the impact of IFRS 16.

### IFRS 16 impact on the income statement in the third quarter of 2019 (unaudited, EUR mn)

	Income statement before IFRS 16 adjustment Q3 2019				IFRS 16 impact Q3 2019				Income statement according to IFRS 16 Q3 2019			
	ITS	RCL	Other	Group	ITS <sup>1</sup>	RCL	Other <sup>1</sup>	Group	ITS	RCL	Other	Group
	Revenue	119.2	36.7	17.2	169.8	-	-	-	-	119.2	36.7	17.2
Direct Costs	(103.0)	(27.8)	(15.4)	(143.4)	-	1.8	0.0	1.8	(103.0)	(26.0)	(15.4)	(141.5)
Gross Profit	16.1	8.9	1.8	26.4	-	1.8	0.0	1.8	16.1	10.7	1.8	28.2
OPEX	(11.2)	(4.8)	(0.2)	(15.8)	0.0	-	-	0.0	(11.2)	(4.8)	(0.2)	(15.7)
Non-recurring items	2.9	-	-	2.9	-	-	-	-	2.9	-	-	2.9
EBITDA (recurring)	7.8	4.1	1.6	13.5	0.0	1.8	0.0	1.8	7.8	5.9	1.6	15.3
Depreciation and Amortisation				(15.7)				(1.4)				(17.1)
EBIT (recurring)				(2.2)				0.4				(1.7)
Financial result				(2.1)				(0.4)				(2.5)
Income taxes				(1.3)				-				(1.3)
Net income (recurring)				(5.6)				-				(5.6)

<sup>1</sup> Figures are rounded to zero but are EUR 0.013 million and EUR 0.028 million for ITS and the Other segment, respectively.

### IFRS 16 impact on the balance sheet of 30 September 2019 and debt indicators (unaudited, EUR mn)

	30 Sept. 2019 Balance sheet before IFRS 16 adjustment	30 Sept. 2019 IFRS 16 impact	30 Sept. 2019 Balance sheet according to IFRS 16
<b>NON-CURRENT ASSETS</b>			
Property	16.1	47.4	63.5
<b>Total property, plant and equipment</b>	<b>263.2</b>	<b>47.4</b>	<b>310.6</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>430.6</b>	<b>47.4</b>	<b>478.0</b>
<b>TOTAL ASSETS</b>	<b>645.4</b>	<b>47.4</b>	<b>692.8</b>
<b>LIABILITIES</b>			
<b>LONG-TERM LIABILITIES</b>			
Long-term portion of leasing liabilities	169.7	47.4	217.1
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>271.6</b>	<b>47.4</b>	<b>319.0</b>
<b>TOTAL LIABILITIES</b>	<b>523.0</b>	<b>47.4</b>	<b>570.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>645.4</b>	<b>47.4</b>	<b>692.8</b>
<b>DEBT INDICATORS</b>			
Gross financial indebtedness	285.7	47.4	333.1
Net financial indebtedness	243.2	47.4	290.6
LTM recurring EBITDA	46.2		54.0
Net leverage ratio	5.3		5.4

## Glossary

### Income statement

**Direct Costs:** All costs, expenses and income that can be directly attributed to revenue. In the income statement presentation of the annual report, this includes Cost of trucking subcontractors, Cost of goods sold, Direct wages, benefits & allowances, Fuel cost, Toll fees & transit costs, Repair & maintenance, Insurance costs, Reinsurance fee, Direct rent, Other contracts, Vehicle weight tax and other transport related taxes, and Net gain on fleet sales.

**OPEX:** All costs, expenses and income that cannot be directly assigned to revenue. In the income statement presentation of the annual report, this includes indirect wages & benefits, Other services, Other operating income, and Other operating expense.

**EBITDA:** Earnings before interest, tax, depreciation and amortisation.

**EBIT:** Earnings before interest and tax.

**Non-recurring items:** One-off revenue or cost items related to costs related to IPO-related and other consultancy services, severance payments, provisions for the employee share ownership programme, goodwill impairment, and other income and expense related to lawsuits and settlements.

**Recurring EBITDA:** EBITDA adjusted with non-recurring items.

**Recurring EBIT:** EBIT adjusted with non-recurring items.

**Recurring Net income:** Net income adjusted with non-recurring items.

### Cash flow and debt

**Free Cash Flow:** The sum of the following cash flow items: Net cash from operations, Tangible asset additions, Income from sale of non-current assets held for sale, Borrowings, Lease payments related to sold assets, Lease payment and Interest paid.

**Gross financial indebtedness:** The sum of the following balance sheet items: Long-term portion of long-term loans, Long-term portion of leasing liabilities, Short-term loans and borrowings, and Short-term portion of leasing liabilities.

**Net financial indebtedness:** Gross leverage less Cash and cash equivalents.

**Net leverage ratio:** Net leverage divided by last twelve month recurring EBITDA.

### Other terms

**ITS:** International Transportation Segment, including operations in Poland.

**RCL:** Regional Contract Logistics segment.

**Other segment:** The part of the Group not performing transportation-related operations. The overwhelming majority of the Other segment's performance is the activity of the Insurance Company insuring third parties.

**Insurance Company:** Wáberer Hungária Biztosító Zrt., owned fully by Waberer's International Nyrt.





## Declaration

Undersigned, authorised representatives of WABERER'S INTERNATIONAL Nyrt., the issuer of WABERER'S INTERNATIONAL Nyrt. ordinary shares, hereby declare that WABERER'S INTERNATIONAL Nyrt. takes responsibility for the third quarter 2019 financial report disclosed on 7 November 2019, of WABERER'S Group, which has been prepared to the best of our knowledge in accordance with the applicable financial reporting standards, and give a true and fair view of the assets, liabilities, financial position, and profit of WABERER'S INTERNATIONAL Nyrt. and its subsidiaries and presents a fair review of the position, development and performance of WABERER'S INTERNATIONAL Nyrt. and its subsidiaries together with a description of principal risks and uncertainties.

An Independent Auditor's Report was not prepared for the 2019 third quarter financial report.

Budapest, 7 November 2019

A blue ink signature of Robert Ziegler, consisting of stylized initials and a surname.

Robert Ziegler  
Chief Executive Officer

A blue ink signature of Barna Erdélyi, consisting of stylized initials and a surname.

Barna Erdélyi  
Chief Financial Officer



## Financial statements and key performance indicators

### Group consolidated income statement (IFRS, EUR mn) and key performance indicators

	Quarterly figures		Year-to-date figures		Better (worse)			
	Q3 2019	Q3 2018	9M 2019	9M 2018	Q3 2019		9M 2019	
	unaudited <sup>1</sup>	pro forma <sup>1,2</sup>	unaudited <sup>1</sup>	pro forma <sup>1,2</sup>	EUR mn	percent	EUR mn	percent
Revenue	169.8	182.6	524.6	546.0	(12.9)	(7.1%)	(21.4)	(3.9%)
Direct Costs	(140.3)	(150.3)	(439.4)	(448.1)	10.0	6.6%	8.7	1.9%
Gross Profit	29.4	32.3	85.2	97.9	(2.9)	(9.0%)	(12.8)	(13.0%)
OPEX	(17.0)	(13.5)	(43.1)	(40.1)	(3.5)	(26.0%)	(3.0)	(7.5%)
Non-recurring items	2.9	0.1	0.5	0.8	2.8		(0.3)	(38.7%)
EBITDA (recurring)	15.3	19.0	42.5	58.6	(3.6)	(19.2%)	(16.1)	(27.4%)
Depreciation and Amortisation	(17.1)	(18.3)	(52.9)	(51.3)	1.2	6.4%	(1.6)	(3.1%)
EBIT (recurring)	(1.7)	0.7	(10.4)	7.3	(2.5)		(17.6)	
Financial result	(2.5)	(0.9)	(5.1)	(5.9)	(1.7)		0.8	12.9%
Taxes	(1.3)	(2.5)	(3.7)	(4.0)	1.2		0.3	7.7%
Net income (recurring)	(5.6)	(2.7)	(19.1)	(2.6)	(2.9)		(16.6)	
Average number of trucks	3 964	4 429	4 178	4 405				
Average number of employees	7 516	8 185	7 692	8 005				
Average number of truck drivers	5 424	5 993	5 584	5 899				

<sup>1</sup> Figures adjusted for better comparability, re-categorising the effect of insurance-related provisions, an OPEX item, as direct costs. The re-categorisation affects figures for Direct costs and OPEX by amounts as presented in the table below.

	Q3 2019	Q3 2018	9M 2019	9M 2018
Effect on Direct costs	1.2	-0.5	3.5	1.1
Effect on OPEX	-1.2	0.5	-3.5	-1.1

<sup>2</sup> Pro forma figures restated according to IFRS 16.

### Reconciliation of recurring figures (EUR mn)

	Quarterly figures		Year-to-date figures		Better (worse)			
	Q3 2019	Q3 2018	9M 2019	9M 2018	Q3 2019		9M 2019	
	unaudited	pro forma <sup>1</sup>	unaudited	pro forma <sup>1</sup>	EUR mn	percent	EUR mn	percent
EBITDA (reported)	12.5	18.9	42.1	57.8	(6.4)	(33.9%)	(15.8)	(27.2%)
EBIT (reported)	(4.6)	0.6	(10.8)	6.5	(5.2)		(17.3)	
Net income (reported)	(8.5)	(2.8)	(19.6)	(3.3)	(5.7)		(16.3)	
Non-recurring items	2.9	0.1	0.5	0.8	2.8		(0.3)	(38.7%)
EBITDA (recurring)	15.3	19.0	42.5	58.6	(3.6)	(19.2%)	(16.1)	(27.4%)
EBIT (recurring)	(1.7)	0.7	(10.4)	7.3	(2.5)		(17.6)	
Net income (recurring)	(5.6)	(2.7)	(19.1)	(2.6)	(2.9)		(16.6)	

<sup>1</sup> Pro forma figures restated according to IFRS 16.



## International Transportation Segment, financial information (IFRS, EUR mn) and key performance indicators

	Quarterly figures		Year-to-date figures		Better (worse)			
	Q3 2019	Q3 2018	9M 2019	9M 2018	Q3 2019		9M 2019	
	unaudited <sup>1</sup>	pro forma <sup>1,2</sup>	unaudited <sup>1</sup>	pro forma <sup>1,2</sup>	EUR mn	percent	EUR mn	percent
Revenue	119.2	135.3	376.3	412.3	(16.2)	(12.0%)	(36.0)	(8.7%)
Direct Costs	(102.4)	(113.2)	(324.8)	(345.2)	10.8	9.6%	20.4	5.9%
Gross Profit	16.8	22.1	51.5	67.1	(5.3)	(24.1%)	(15.6)	(23.2%)
OPEX	(11.8)	(9.8)	(29.3)	(30.2)	(2.0)	(20.9%)	0.9	2.9%
Non-recurring items	2.9	0.1	0.2	0.8	2.8		(0.5)	(67.9%)
EBITDA (recurring)	7.8	12.5	22.4	37.6	(4.6)	(37.1%)	(15.2)	(40.4%)
Average number of trucks	3 159	3 659	3 373	3 666				
Average number of truck drivers	4 460	5 075	4 624	4 999				
Number of orders (thousand)	82	92	251	282				

<sup>1</sup> Figures adjusted for better comparability, re-categorising the effect of insurance-related provisions, an OPEX item, as direct costs. The re-categorisation affects figures for Direct costs and OPEX by amounts presented in the table below.

	Q3 2019	Q3 2018	9M 2019	9M 2018
Effect on Direct costs	0.7	-0.5	3.6	0.7
Effect on OPEX	-0.7	0.5	-3.6	-0.7

<sup>2</sup> Pro forma figures restated according to IFRS 16.

## Regional Contract Logistics segment, financial information (IFRS, EUR mn) and key performance indicators

	Quarterly figures		Year-to-date figures		Better (worse)			
	Q3 2019	Q3 2018	9M 2019	9M 2018	Q3 2019		9M 2019	
	unaudited <sup>1</sup>	pro forma <sup>1,2</sup>	unaudited <sup>1</sup>	pro forma <sup>1,2</sup>	EUR mn	percent	EUR mn	percent
Revenue	36.6	36.0	107.6	101.1	0.7	1.8%	6.5	6.4%
Direct Costs	(25.5)	(27.1)	(77.6)	(74.5)	1.7	6.2%	(3.2)	(4.2%)
Gross Profit	11.2	8.9	29.9	26.6	2.3	26.2%	3.4	12.7%
OPEX	(5.3)	(3.6)	(14.6)	(10.3)	(1.7)	(45.9%)	(4.3)	(41.3%)
Non-recurring items	-	-	-	-	-		-	
Recurring EBITDA	5.9	5.2	15.3	16.2	0.7	12.7%	(0.9)	(5.5%)
Average number of trucks	805	770	805	739				
Average number of truck drivers	964	919	960	900				
Warehousing capacity (th. sq. metres)	221.7	203.2	214.0	201.3				

<sup>1</sup> Figures adjusted for better comparability, re-categorising the effect of insurance-related provisions, an OPEX item, as direct costs. The re-categorisation affects figures for Direct costs and OPEX by amounts presented in the table below.

	Q3 2019	Q3 2018	9M 2019	9M 2018
Effect on Direct costs	0.5	0.0	-0.2	0.4
Effect on OPEX	-0.5	0.0	0.2	-0.4

<sup>2</sup> Pro forma figures restated according to IFRS 16.

## Other segment, financial information (IFRS, EUR mn)

	Quarterly figures		Year-to-date figures		Better (worse)			
	Q3 2019	Q3 2018	9M 2019	9M 2018	Q3 2019		9M 2019	
	unaudited	unaudited	unaudited	unaudited	EUR mn	percent	EUR mn	percent
Revenue	17.2	14.7	50.7	42.5	2.5	17.1%	8.1	19.1%
Direct Costs	(15.4)	(12.8)	(45.4)	(36.5)	(2.6)	(20.2%)	(8.9)	(24.5%)
Gross Profit	1.8	1.9	5.2	6.0	(0.1)	(3.5%)	(0.8)	(13.2%)
OPEX	(0.2)	(0.6)	(0.7)	(1.3)	0.4	61.2%	0.6	47.8%
EBITDA	1.6	1.3	4.6	4.7	0.3	25.0%	(0.2)	(3.7%)

## Inter-segment eliminations in the income statement (IFRS, EUR mn)

	Quarterly figures		Year-to-date figures	
	Q3 2019	Q1 2018	9M 2019	6M 2018
	unaudited	unaudited	unaudited	unaudited
Revenue	(3.3)	(3.0)	(9.9)	(6.4)
Direct Costs	2.9	2.5	8.4	5.3
Gross Profit	(0.4)	(0.6)	(1.5)	(1.2)
OPEX	0.4	0.6	1.5	1.2
EBITDA	(0.0)	(0.0)	(0.0)	(0.0)



| Group consolidated balance sheet (IFRS, EUR mn)

	30 September 2019 unaudited	31 December 2018 audited	30 September 2018 unaudited
<b>NON-CURRENT ASSETS</b>			
Property	63.5	20.4	21.3
of which: Right of use assets	47.4	-	-
Fixed assets not yet capitalized	1.8	2.7	3.0
Vehicles	240.3	321.5	329.4
Other equipment	5.0	6.2	6.2
<b>Total property, plant and equipment</b>	<b>310.6</b>	<b>350.8</b>	<b>359.9</b>
Intangible assets	16.7	13.7	11.4
Goodwill	47.6	47.6	53.4
Other Financial investments - Debt instruments - Long term	67.9	46.8	41.5
Other Financial investments - Equity instruments - Long term	-	5.6	5.7
Other non-current financial assets	0.0	0.1	(0.1)
Reinsurance amount of technical reserves	32.6	27.7	25.7
Deferred tax asset	2.5	2.1	0.9
<b>TOTAL NON-CURRENT ASSETS</b>	<b>478.0</b>	<b>494.4</b>	<b>498.2</b>
<b>CURRENT ASSETS</b>			
Inventories	4.1	4.4	3.9
Current income taxes	4.2	1.5	4.0
Trade receivables	115.8	114.4	125.7
Other current assets and derivatives	48.1	49.9	54.2
Cash and cash equivalents	42.4	57.7	54.7
Assets classified as held for sale	0.2	2.8	0.3
<b>TOTAL CURRENT ASSETS</b>	<b>214.8</b>	<b>230.7</b>	<b>242.8</b>
<b>TOTAL ASSETS</b>	<b>692.8</b>	<b>725.1</b>	<b>741.0</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6.1	6.2	6.2
Reserves and retained earnings	117.9	138.6	159.6
Translation difference	(1.8)	0.2	0.8
Total equity attributable to the equity holders of the parent company	<b>122.3</b>	<b>145.0</b>	<b>166.7</b>
Non-controlling interest	0.1	0.1	0.1
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>122.4</b>	<b>145.1</b>	<b>166.7</b>
<b>LIABILITIES</b>			
<b>LONG-TERM LIABILITIES</b>			
Long-term portion of leasing liabilities	217.1	212.2	252.6
Deferred tax liability	1.0	0.8	0.5
Provisions	18.3	22.1	20.7
Other long-term liabilities	-	-	6.8
Other insurance technical provision - long term	82.6	58.6	56.2
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>319.0</b>	<b>293.7</b>	<b>336.8</b>
<b>CURRENT LIABILITIES</b>			
Short-term loans and borrowings	45.3	17.9	14.8
Short-term portion of leasing liabilities	70.7	106.4	73.7
Trade payables	108.6	133.4	122.2
Current income taxes	0.1	0.1	0.5
Provisions	1.3	2.4	0.2
Other current liabilities and derivatives	21.6	22.1	25.9
Other insurance technical provision - short term	3.8	4.1	0.1
<b>TOTAL CURRENT LIABILITIES</b>	<b>251.4</b>	<b>286.4</b>	<b>237.5</b>
<b>TOTAL LIABILITIES</b>	<b>570.4</b>	<b>580.0</b>	<b>574.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>692.8</b>	<b>725.1</b>	<b>741.0</b>
<b>DEBT</b>			
Gross financial indebtedness	333.1	336.6	341.0
Net financial indebtedness	290.6	278.9	286.4
LTM recurring EBITDA <sup>1</sup>	54.0	64.2	75.1
Net leverage ratio	<b>5.4</b>	<b>4.3</b>	<b>3.8</b>

<sup>1</sup> Until 31 December 2018, last twelve months recurring EBITDA does not include the impact of IFRS 16. For the last twelve months for the periods ended in 2019, recurring EBITDA is adjusted for IFRS 16 effects.

| Group consolidated cash flow statement (IFRS, EUR mn)

	Quarterly figures		Year-to-date figures	
	Q3 2019 unaudited	Q3 2018 unaudited	9M 2019 unaudited	9M 2018 unaudited
<b>Profit/loss before tax</b>	<b>(7.1)</b>	<b>(0.2)</b>	<b>(15.9)</b>	<b>0.6</b>
Non-realised exchange loss/gain on other FX assets and liabilities (-)	(1.7)	(0.6)	(1.7)	1.6
Booked depreciation and amortisation	17.1	17.0	52.9	47.9
Impairment	0.1	0.1	0.2	0.0
Interest expense	1.2	1.2	3.5	3.6
Interest income	(0.0)	(0.0)	(0.1)	(0.1)
Difference between provisions allocated and used	(1.2)	(1.0)	(4.9)	(4.1)
Changes of Insurance technical reserves	5.8	2.5	19.1	9.5
Result from sale of tangible assets	(0.4)	(0.1)	(0.5)	(0.1)
Result from sale of non-current assets held for sale	(1.1)	(1.6)	(2.8)	(3.2)
<b>Net cash flows from operations before changes in working capital</b>	<b>12.6</b>	<b>17.3</b>	<b>49.6</b>	<b>55.6</b>
Changes in inventories	(0.1)	(0.2)	0.3	(0.1)
Changes in trade receivables	4.7	(0.2)	(1.0)	(6.4)
Changes in other current assets and derivative financial instruments	2.7	0.0	3.5	(9.3)
Changes in trade payables	(11.2)	9.9	(24.8)	8.9
Changes in other current liabilities and derivative financial instruments	1.2	(0.5)	1.1	5.3
Changes in Insurance technical liabilities	(2.8)	(4.3)	(0.3)	(3.4)
Income tax paid	(2.7)	(1.0)	(6.5)	(4.5)
<b>I. Net cash flows from operations</b>	<b>4.4</b>	<b>21.0</b>	<b>21.9</b>	<b>46.0</b>
Tangible asset additions	(2.1)	(3.0)	(6.9)	(9.8)
Income from sale of tangible assets	2.9	0.1	3.2	0.3
Income from sale of non-current assets held for sale	7.7	3.9	23.2	21.3
Changes in other non-current financial assets	0.0	0.0	0.0	0.2
Changes in Financial investments (Equity and Debt instruments)	(4.0)	2.1	(15.5)	(3.8)
Prepayment made for acquisition	-	-	-	-
Cash and cash equivalents acquired	-	-	-	-
Interest income	0.0	0.0	0.1	0.1
<b>II. Net cash flows from investing activities</b>	<b>4.5</b>	<b>3.1</b>	<b>4.2</b>	<b>8.4</b>
Borrowings	9.3	(2.0)	27.4	9.6
Repayment of loans, borrowings	-	-	-	-
Lease payment	(15.9)	(13.6)	(49.6)	(43.1)
Lease payment related to sold assets	(2.2)	(1.9)	(15.6)	(14.8)
Interest paid	(1.2)	(1.2)	(3.5)	(3.6)
Dividend paid	-	-	-	(0.1)
Loans to parent company	-	-	-	-
Buy-out of non-controlling interest	-	-	-	(5.4)
Own shares	-	(0.2)	-	(1.2)
Capital increase	-	-	-	-
Acquisition of related company	-	-	-	-
<b>III. Net cash flows from financing activities</b>	<b>(10.0)</b>	<b>(19.0)</b>	<b>(41.3)</b>	<b>(58.6)</b>
<b>IV. Changes in cash and cash equivalents</b>	<b>(1.1)</b>	<b>5.1</b>	<b>(15.2)</b>	<b>(4.3)</b>
Cash and cash equivalents as at the beginning of the period	43.5	49.6	57.7	59.0
Cash and cash equivalents as at the end of the period	42.4	54.7	42.4	54.7
<b>Free cash flow</b>	<b>2.8</b>	<b>3.2</b>	<b>0.1</b>	<b>5.8</b>



| Group consolidated statement of changes in equity (IFRS, unaudited, EUR mn)

	Subscribed capital	Reserves and retained earnings	Translation difference	Total equity attributable to the equity holders of the parent company	Non-controlling interest	Total shareholders' equity
<b>Opening value as at 1 January 2019</b>	6.2	138.6	0.2	145.0	0.1	145.1
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	-	(0.8)	-	(0.8)	-	(0.8)
Exchange difference on foreign operations	-	-	(2.0)	(2.0)	-	(2.0)
Other comprehensive income	-	(0.8)	(2.0)	(2.8)	-	(2.8)
Profit/Loss for the period	-	(19.6)	-	(19.6)	0.0	(19.6)
Total comprehensive income	-	(20.4)	(2.0)	(22.4)	0.0	(22.4)
Buyback of own shares from ESOP organisation	(0.0)	-	-	(0.0)	-	(0.0)
Changes in non controlling interest	-	-	-	-	-	-
Other movements	-	(0.3)	-	(0.3)	-	(0.3)
<b>Closing value as at 30 September 2019</b>	6.1	117.9	(1.8)	122.3	0.1	122.4
<b>Opening value as at 1 January 2018</b>	6.2	162.7	(1.7)	167.2	8.3	175.5
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	-	0.0	-	0.0	-	0.0
Exchange difference on foreign operations	-	-	2.6	2.6	-	2.6
Other comprehensive income	-	0.0	2.6	2.6	-	2.6
Profit/Loss for the period	-	(3.4)	-	(3.4)	0.0	(3.3)
Total comprehensive income	-	(3.3)	2.6	(0.8)	0.0	(0.7)
Buy back of own shares from ESOP organisation	0.0	0.1	-	0.1	-	0.1
Changes in non controlling interest	-	-	-	-	(8.2)	(8.2)
Other movements	-	0.1	-	0.1	(0.0)	0.1
<b>Closing value as at 30 September 2018</b>	6.2	159.6	0.8	166.7	0.1	166.7