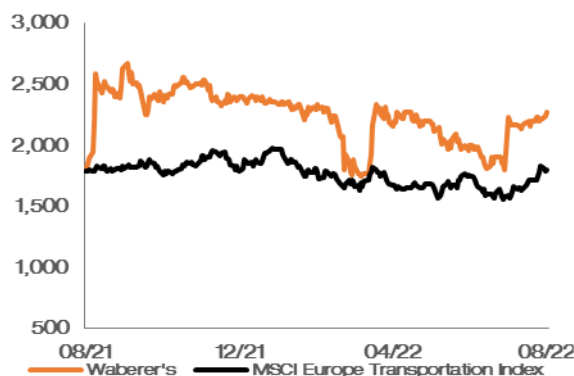


Waberer's

BUY (unch.)

Target price: HUF 3,990 (unch.)

EUR million	Q2/21	Q2/22	chg. YoY
Revenue	150.0	173.2	15%
Gross profit	32.6	36.4	12%
EBITDA	19.6	21.7	11%
EBIT	7.7	10.3	34%
Net income	6.1	2.5	-59%
Rec. EBITDA margin	13.1%	12.6%	-0.5%pt
Rec. EBIT margin	5.1%	5.9%	0.8%pt
Rec. Profit margin	4.1%	1.5%	-2.6%pt



Share price close as of 06/08/2021	HUF 2,270	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	40.2/101.9	Free float	28%
Daily turnover 12M [HUF million]	31	52 week range	HUF 1,750 – 2,670

Record quarterly EBIT on structural improvements

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- Waberer's posted a record quarterly EBIT of EUR 10.6mn (+33% YoY) at Group level for Q2/22, fuelled by improving ITS and Other segments. However, net income totalled EUR 2.5mn in Q2/22 vs. 6.1mn a year earlier, dragged down by non-cash FX revaluation of balance sheet items and also a non-cash deferred tax (both totalled EUR 4.1mn). Importantly, the management stated that "neither the war in Ukraine, nor the increasing inflation generated significant industrial production or retail trade decrease in the relevant European countries, so Waberer's was able to manage temporary fluctuations in demand through its diversified customer and service portfolio". They added that Waberer's proved to be capable of manoeuvring in the current unpredictable macro environment and EBIT guidance was reaffirmed. This confidence, in our view, is also based on the undersupplied European transport market where rising costs can be more easily passed onto customers than it used to be in the past. Overall, the management showed up remarkable results.
- Waberer's reported a revenue of EUR 173mn for Q2, an increase of 15.5% YoY, partly driven by the contractual price correction effect of growing costs incl. fuel & transit. EBIT was broadly stable at RCL, but ITS continued to improve over the previous quarter.
- In contrast, the insurance segment reported a YoY decline in revenue terms, driven by the meaningful HUF depreciation. It was not the case at EBIT level, which reached EUR 4.6mn in the quarter vs. EUR 2.9mn a year earlier. However, an increase of EUR 1.7mn was fully attributable to the positive effect of the revaluation of the damage cost related reserves.
- Key positives:** (1) Stable quarterly results in Q2. (2) Inflationary pressure is well-treated. (3) effective pass-through in revenues and agility of the management are warmly welcomed.
- Key negatives:** external factors have further deteriorated and visibility is limited how consumers will react to challenging macro in H2/22 if the RU-UKR war escalates, sanctions against Russia remain in place and industrial production has to be halt in Europe.

- We leave our target price, earnings forecasts and recommendation unchanged. After the Public Purchase Offer dated 1 July, we revisited our model and set our new TP at HUF 3,990 per share, well above the offered price of 2,336 HUF a share.
- We highlight that Waberer's reached an EBIT of 14.8mn in the first half of 2022, vs. our 2022 full-year EBIT forecast of around EUR 26mn. Due to the considerably strong H1 results, we are increasingly confident that EBIT guidance can be delivered this year even if an economic downturn looms.

[EUR mn]	2021			2022		Difference	
	Q2	Q3	Q4	Q1	Q2	Y-o-Y	Q-o-Q
P&L							
Revenue	150.0	147.8	150.7	158.9	173.2	15%	9%
Gross profit	32.6	31.3	31.9	27.4	36.4	12%	33%
EBIT	7.7	6.6	8.3	4.6	10.3	34%	124%
EBITDA	19.6	18.5	19.4	16.3	21.7	11%	33%
- ITS	8.7	9.2	8.4	6.0	9.5	9%	58%
- RCL	7.9	7.0	6.2	7.4	7.6	-4%	3%
- Other	3.0	2.3	4.9	2.8	4.6	53%	64%
Net financials, tax	(1.6)	(3.3)	(2.4)	(2.9)	(7.8)	388%	169%
Net profit / (loss)	6.1	3.3	5.9	1.7	2.5	-59%	47%
KPI's							
Avg. no. of trucks	2,816	2,768	2,787	2,845	2,769	-2%	-3%
Avg. no. of employees	5,854	5,772	5,818	5,805	5,801	-1%	0%
Avg. no. of truck drivers	3,451	3,401	3,479	3,500	3,440	0%	-2%
Margins							
Gross margin	21.7%	21.2%	21.2%	17.2%	21.0%	-0.7%pt	3.8%pt
EBIT margin	5.1%	4.5%	5.5%	2.9%	5.9%	0.8%pt	3.1%pt
EBITDA margin	13.1%	12.5%	12.9%	10.3%	12.6%	-0.5%pt	2.3%pt
Net profit margin	4.1%	2.2%	3.9%	1.1%	1.5%	-2.6%pt	0.4%pt

Source: Waberer's, Concorde Research

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Rating	Trigger
Buy	Total return is expected to exceed 20% in the next 12 months
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 the 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.

Securities prices:

Prices are taken as of the previous day's close on the home market unless otherwise stated.

Valuations and risks:

Analysis of specific risks to set stock target prices highlighted in our investment case(s) are outlined throughout the report. For details of methodologies used to determine our price targets and risks related to the achievement of the targets referred to in the main body of the report or at [Rating Methodology](https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038) on our website, visit (https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038)

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