

# Waberer's

Recommendation: Buy (unch.)

Target price (e-o-y): HUF 1,910 (unch.)

Share price: HUF 1,230

Share price close as of 21/12/2020	HUF 1,230	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	21.8/60	Free float	28%
Daily turnover 12M [HUF million]	13	52 week range	HUF 600 – 1,360

## Ownership structure has been clarified

### Equity Analyst

Gabor Bukta  
 +361 489 2272  
 g.bukta@con.hu

55-61 Alkotás  
 Street,  
 Budapest  
 www.con.hu

Waberer's announced that Trevelin Holding (member of Indotek Group owned by Daniel Jellinek), MHB Optimum Zrt (owned by Ferenc Mike) and High Yield Vagyonkezelő Zrt (owned by Gyorgy Waberer) agreed to buy the full stake of CEE Transport (Mid Europa Partners – MEP).

As it is known, three transactions were announced in October:

- The majority owner, CEE Transport Holdco, i.e. Mid Europa Partners (MEP), is selling one-third of its 71.99% stake or 24% of all shares in the Waberer's group to Trevelin, which is owned by Indotek.
- Indotek also acquired a transferable option (long call - LC) to buy the remaining 47.99 percent stake from MEP.
- MEP acquired a long put (LP) to sell a 47.99 percent stake.

According to the announcement revealed on Tuesday morning (22<sup>nd</sup> Dec), Trevelin has exercised the call option relating to 6.99% (1,236,865 pieces) of the shares issued by Waberer's on top of the previously communicated 24% package (4,246,496 pieces of shares) and as such will acquire 30.99% (5,483,361 pieces) of the shares issued by Waberer's. At the same time Trevelin transferred the call option relating to 21% (3,715,684 pieces) of Waberer's shares to MHB and transferred the call option right relating to 20% (3,538,746 pieces) of Waberer's shares to HIGH YIELD. Simultaneously with the transfers MHB and HIGH YIELD exercised the acquired call option rights respectively.

CEO Barna Erdelyi commented: "I'm glad to introduce the new shareholder structure of Waberer's Group. I'm convinced that – with the support of the new strategic, professional and financial investors – we will be able to continue the successful company restructuring project launched in spring 2020 and - as one of the leading logistics services provide in Hungary and Europe - serve our customers at the highest level."

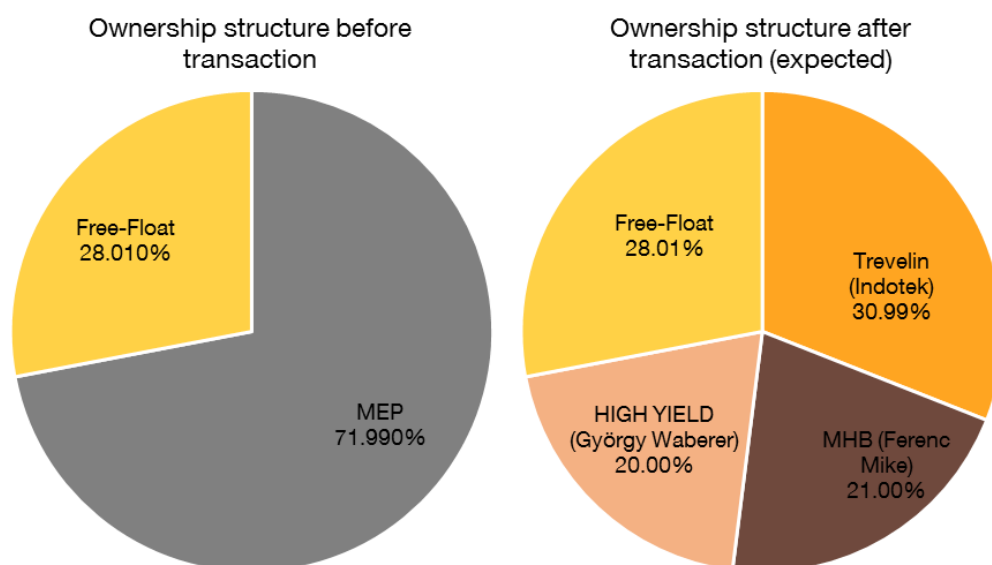
### OPINION

As long as there is no new direction and strategy, the future is uncertain, but we remain optimistic on the stock. We reiterate our BUY recommendation and leave our TP of 1,910 HUF/sh unchanged for Waberer's.

In our view, whatever happens with the ITS (value-destroying segment, in our view) and Insurance segments (hidden value that is worth over HUF 1,000 a share in our view), **Regional Contractual Logistics**, which according to our calculations is currently worth HUF 1,450 a share alone, **may be worth more in the future**. Thanks to the new shareholder structure, it may appreciate and generate even more cash, from which minority shareholders could ultimately benefit.

Appearance of Gyorgy Waberer in the company’s shareholder structure is also a positive development. He established the Company, he knows the Co’s operative structure very well and he has a great experience in the industry. In addition, given that Mr. Waberer owns BILK (one of the largest intermodal logistics centre in Hungary), which provides warehousing capacity to Waberer’s, cost synergies will likely arise from 2021.

We believe that the new shareholders have a long-term view and we are curious how they intend to amend the Group structure in the future. Despite a couple of risk being identified earlier by us, the share price is undervalued and doesn’t reflect the turnaround story.



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.
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