

Waberer's

BUY (unch.)

Target price: HUF 3,400 (unch.)

Public offer for Waberer's

- Waberer's announced to have received the public offer of
 - Trevelin Holding (as 25.995% owner)
 - HIGH YIELD Vagyonkezelő Zrt (as 20% owner)
 - Geraldton Invest Zrt (as 4.995% owner)
 - MHB Optimum Zrt (as 21% owner)for the ordinary shares issued by Waberer's.

The bidders informed Waberer's that the offer has been submitted to the MNB for approval, the Offer is subject to the relevant and effective supervisory procedure.

Offer price is HUF 2,335.77 per shares.

The twist in the offer is that BDPST Equity Zrt also announced to buy MHB Optimum.

In our view, a few favourable news came out earlier this year, which each should have a positive impact on Waberer's in the future:

- ✓ Waberer's issued a EUR 111mn 10Y fixed bond via private placement on the 1st of April. Pricing hasn't been disclosed, however, based on our estimate and talk with mgmt., we assume it to be very attractive which is positive given the spiking yields across developed markets. In line with the strategy - presented in December 2021 - the Company will use the proceeds to build its own warehouse, finance regional acquisitions and fleet replacement, and refinance existing loans.
 - ✓ Waberer's successfully acquired Gyarmati Trans - this is a small company with a revenue of around HUF 1bn and the financial impact looks to be negligible (less than 1% of total revenues)
 - ✓ Audi will expand its factory in Győr - as a result of the in-house logistics services, Waberer's could also expand its revenue generating capability at the facility
 - ✓ Waberer's to receive HUF 6.4bn development aid from HIPA - the aid of around HUF 6.4bn corresponds to EUR 16.2mn (or 370 HUF/sh), representing 34% of the total CAPEX projected by the Company for the two investments.
 - ✓ The read across from Indotek's Croatian expansion to Waberer's is very positive as the Hungarian fund plans to buy Sberbank's 43% stake in Fortenova. Fortenova Group is the largest retailer in Southeast Europe, but Fortenova hasn't integrated the logistics services into its portfolio yet. We are therefore of the view that the appearance of Indotek could be a breakthrough for the future of Waberer's. With an extensive experience in logistics and transportation, Waberer's could carry out this logistics activity in the future, thus exploiting significant synergies within a reasonable timeframe.
- **All in all, the offer price is well below our fair value estimate of Waberer's (TP at 3,400 HUF/sh), but 30% higher than Friday's closing price. However, as Waberer's is majority owned by the above-mentioned companies, the question remains whether**

minority shareholders will be rewarded at the end of the day, if they don't accept the offer. Can they expect dividends or will they be squeezed by the bidders?

- If the majority owners really need this paper, we think that they will be willing to pay a higher price for it. This is because:
 - ✓ Indotek may be close to the buyout of Sberbank's Fortenova stake;
 - ✓ the stock trades at a cheap valuation (P/E at around 5x), and growth potential is significant despite volatile macro environment, in our view.
- Although the offer period hasn't been disclosed, we expect shareholders can accept the offer no sooner than September due to regulatory permission. Taking into account the applied discount factor, fair present value of the offer is at around 2,300 HUF/sh.

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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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Securities prices:

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Valuations and risks:

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