

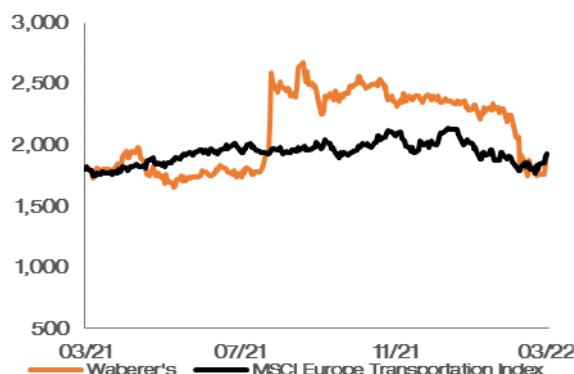
Waberer's

Recommendation: BUY (unch.)

Target price (e-o-y): HUF 3,400 (unch.)

Share price: HUF 2,000

EUR million	Q4/20	Q4/21	chg. YoY %
Revenue	143.0	150.7	5%
Rec. EBITDA	32.0	31.9	0%
Rec. EBIT	16.0	19.4	21%
Rec. Net income	3.5	8.3	137%
Reported Net income	(0.0)	5.9	n.m.
Rec. EBITDA margin	11.2%	12.9%	1.7%pt
Rec. EBIT margin	2.4%	5.5%	3.1%pt
Rec. Profit margin	0.0%	3.9%	3.9%pt



Share price close as of 18/03/2022	HUF 1,930	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.5	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	33.7/90.9	Free float	28%
Daily turnover 12M [HUF million]	30	52 week range	HUF 1,660 – 2,670

Huge surprise, earnings at around pre-IPO levels

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- Waberer's reported a net income for Q4 of 5.9mn, resulting in a net income of EUR 18.1mn in 2021. Overall, earnings surprised to the upside as we expected a net income of EUR 15mn for 2021. This report just cement our view that the Company has a compelling risk/reward profile as shares in Waberer's trade at a 41% discount to our TP of HUF 3,400 as of writing. Considering the stable operations and a successful restructuring, undervaluation of the stock is fully unreasonable.
- Revenues increased by 5.4% YoY to EUR 150.7mn in Q4/21 vs. EUR 143.0mn a year ago. This was driven by the improving revenue generating capability of ITS segment and stable growth at RCL and Other segments.
- EBIT amounted to EUR 8.3mn in Q4 vs. EUR 3.5mn a year ago. As a result, Group EBIT reached EUR 27.3mn in 2021. This improvement was attributable to the ITS and Other segments that offset the EBIT decrease in the RCL segment.
- The Management stated that 2021 had proved that the transformed business model could operate stably with significant cash-generating capacity. They added that the financial position also stabilized as net leverage ratio came down to 1.6x LTM EBITDA because of a meaningful growth in operating results.
- **Risks:** Although the Company is directly not affected by the RU-UKR war, they expect further supply chain disruption in Europe and volatile volumes. Importantly, we stress that we expect a drop in earnings for the ongoing Q1/22 as a result of the change in minimum wage, tax and energy price changes, which put some pressure on the financials in the short-term. However, these costs are industry-wide and should be incorporated into transport fees.

[EUR mn]	2020	2021				Difference	
	Q4	Q1	Q2	Q3	Q4	Y-o-Y	Q-o-Q
P&L							
Revenue	143.0	142.3	150.0	147.8	150.7	5%	2%
Gross profit	32.0	29.9	32.6	31.3	31.9	0%	2%
EBIT	3.5	4.5	7.7	6.6	8.3	137%	26%
EBITDA	16.0	16.6	19.6	18.5	19.4	21%	5%
- ITS	4.2	6.4	8.7	9.2	8.4	100%	-9%
- RCL	9.2	7.2	7.9	7.0	6.2	-33%	-11%
- Other	2.6	3.0	3.0	2.3	4.9	88%	113%
Net financials, tax	(3.5)	(1.8)	(1.6)	(3.3)	(2.4)	-32%	-27%
Net profit / (loss)	(0.0)	2.7	6.1	3.3	5.9	n.m.	79%
KPI's							
Avg. no. of trucks	2,836	2,821	2,816	2,768	2,787	-2%	1%
Avg. no. of employees	6,139	5,984	5,854	5,772	5,818	-5%	1%
Avg. no. of truck drivers	3,566	3,541	3,451	3,401	3,479	-2%	2%
Margins							
Gross margin	22.4%	21.0%	21.7%	21.2%	21.2%	-1.2%pt	0%pt
EBIT margin	2.4%	3.2%	5.1%	4.5%	5.5%	3.1%pt	1%pt
EBITDA margin	11.2%	11.7%	13.1%	12.5%	12.9%	1.7%pt	0.4%pt
Net profit margin	0.0%	1.9%	4.1%	2.2%	3.9%	3.9%pt	1.7%pt

Source: Waberer's, Concorde Research

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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.

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Valuations and risks:

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