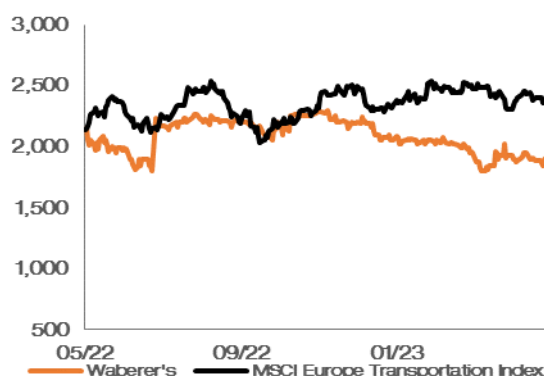


# Waberer's

BUY (unch.)

Target price: HUF 3,990 (unch.)

EUR million	Q1/22	Q1/23	chg. YoY
Revenue	158.9	176.7	11%
Gross profit	27.4	35.7	30%
EBITDA	16.3	23.6	45%
EBIT	4.6	11.2	146%
Net income	1.7	10.4	508%
Rec. EBITDA margin	10.3%	13.4%	3.1%pt
Rec. EBIT margin	2.9%	6.3%	3.4%pt
Rec. Profit margin	1.1%	5.9%	4.8%pt



Share price close as of 08/05/2023	HUF 1,920	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	35.2/94.6	Free float	19%
Daily turnover 12M [HUF million]	13	52 week range	HUF 1,800 – 2,300

## Record quarterly earnings, raised profit guidance

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- Waberer's Group achieved its highest quarterly EBIT and highest net income of the recent period in the first quarter of 2023. EBIT totaled EUR 11.2 mn (+146% YoY), while net income came in at EUR 10.4 mn (+508% YoY), significantly ahead of the same period of last year, which was also affected by a non-realized FX gain of EUR 2.2mn. In light of this year's solid start, the management raised its profit guidance for 2023.
- EBITDA contribution by segment:
  - ITS: EBITDA amounted to EUR 10.1mn (+68% YoY) In the ITS, result was boosted by the increasing pricing power at multinational clients.
  - RCL: EBITDA totalled EUR 8.0mn (+7% YoY). RCL was negatively impacted by the deteriorating domestic demand, which was offset by the expansion of logistics activity serving the domestic investment activities.
  - Other segment (insurance): EBITDA amounted to EUR 5.5mn (+96% YoY). Financial performance of the insurance segment rose on (1) high interest rates and (2) lower expected damage related costs – due to the introduction of IFRS17 accounting principles.
- Key positives: (1) record Q EBIT and net income, (2) model shift in the ITS continued to improve margins, (3) the Company is expected to benefit from falling energy prices.
- Key negatives: (1) demand for FMCG products drops in Hungary, thus volumes fall, (2) rate hikes may soon weigh on auto sales, despite stable order books in the automotive sector, (3) regarding the insurance segment, IFRS17 may cause some volatility in the P&L in the next few quarters.
- Profit guidance has been raised. Based on Q1 results, assuming favourable energy costs, as well as the results of the transportation tenders in Q1 2023, the management expects EBIT for 2023 to exceed 2022's EBIT of 33.3mn (excluding the positive one-off regarding

the out-of-court agreement announced on April 4, 2023). We note that the mgmt. previously expected flat EBIT for this year when they announced in March.

- CEO Zsolt Barna highlighted:** “We have had a very successful tender season in recent months, which reflects the demand for high quality, reliable, customer-focused services in the international transport market and supports our successful operation throughout the year. Deteriorating macroeconomic effects currently negatively influences the price level on spot market for ad hoc transfers, which is becoming less significant in our portfolio. RCL’s diversified activities compensated for the decline at FMCG customers with an increase in the logistics activity related to domestic investments and a stable order volume by customers in the automotive sector. We started the construction of our first modern own warehouse in the first quarter and we are working on a further ambitious warehouse development concept, which could both support the increase of the competitiveness of our warehousing activity and provide infrastructure for further organic growth.”
- We leave our estimates, TP and recommendation unchanged. Waberer’s soon distributes 100 HUF/sh as dividend to its shareholders for the first time since its IPO. This was a major step to lure investors’ attention, but the low liquidity of the stock may keep investors away from Waberer’s. Having said that, the management’s efforts are remarkable, while the stock is dirt cheap in our view.**

[EUR mn]	2022				2023	Difference	
	Q1	Q2	Q3	Q4	Q1	Y-o-Y	Q-o-Q
<b>P&amp;L</b>							
Revenue	158.9	173.2	174.6	169.2	<b>176.7</b>	11%	4%
Gross profit (excl. D&A)	27.4	36.4	35.5	30.9	<b>35.7</b>	30%	16%
EBIT	4.6	10.3	9.7	8.8	<b>11.2</b>	146%	27%
EBITDA	16.3	21.7	20.9	21.0	<b>23.6</b>	45%	12%
- ITS	6.0	9.5	11.3	14.9	<b>10.1</b>	68%	-32%
- RCL	7.4	7.6	6.8	4.0	<b>8.0</b>	7%	100%
- Other	2.8	4.6	2.9	2.2	<b>5.5</b>	96%	150%
Net financials, tax	(2.9)	(7.8)	(4.2)	(0.9)	<b>(0.8)</b>	-72%	-11%
Net profit / (loss)	1.7	2.5	4.1	7.8	<b>10.4</b>	508%	33%
<b>KPI's</b>							
Avg. no. of trucks	2,845	2,769	2,741	2,772	<b>2,832</b>	0%	2%
Avg. no. of employees	5,805	5,801	5,743	5,915	<b>6,000</b>	3%	1%
Avg. no. of truck drivers	3,500	3,440	3,406	3,554	<b>3,655</b>	4%	3%
<b>Margins</b>							
EBIT margin	2.9%	5.9%	5.6%	5.2%	<b>6.3%</b>	3.4%pt	1.1%pt
EBITDA margin	10.3%	12.6%	12.0%	12.4%	<b>13.4%</b>	3.1%pt	0.9%pt
Net profit margin	1.1%	1.5%	2.3%	4.6%	<b>5.9%</b>	4.8%pt	1.3%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%
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Coverage in transition	Coverage in transition rating is assigned to a stock if there is a change in analyst.

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