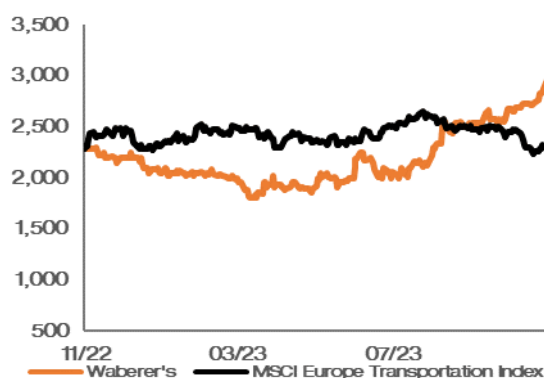


Waberer's

BUY (unch.)

Target price: HUF 4,800 (unch.)

EUR million	Q3/22	Q3/23	chg. YoY
Revenue	174.6	174.6	0%
EBITDA	20.9	21.5	3%
EBIT	9.7	8.0	-18%
Net income	4.1	0.5	-88%
Net income (excl. FX)	5.9	4.0	-32%
Rec. EBITDA margin	12.0%	12.3%	0.3%pt
Rec. EBIT margin	5.6%	4.6%	-1%pt
Rec. Profit margin	2.3%	0.3%	-2.1%pt



Share price close as of 03/11/2023	HUF 2,880	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	50.3/132.6	Free float	19%
Daily turnover 12M [HUF million]	14	52 week range	HUF 1,800 – 2,880

Not a quality report, but we see the positives

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- Waberer's reported its Q3/23 results today, where the Company achieved a quarterly EBIT of EUR 8.0mn. Net income came in at EUR 0.5mn, down 87% YoY on unfavourable FX movements. RCL and the insurance segments continued to perform well, but the ITS segment experienced a slowdown on the spot market. All in all, this is not a quality report, but we focus on the positives and mid-term targets. The Company will publish its Group-wide strategy later this year and introduce an employee shareholder program to support the execution of the Group strategy. This should be supportive for the share price.
- Positives:** (1) RCL and the insurance segments are continuously driving operating results higher; (2) the management confirmed its FY 2023 EBIT guidance of over EUR 40mn; (3) recently announced acquisitions are underway; (4) they are working on automotive tenders, which could add to the profit in the future.
- Negatives:** challenges remain as the spot market in Europe has further deteriorated on hectic market environment.
- Revenue** reached EUR 174.6mn in Q3 (flat YoY), while 9M revenues were at EUR 527mn, driven by lower fees on lower fuel prices. The drop in demand on the international spot market also contributed to the disappointing top line figure, while key account customers experienced longer and more concentrated planned summer factory closures than in the previous year. However, higher revenues in the RCL segment and the insurance segment offset the negative impact of the ITS.
- EBIT decreased by 18% YoY or EUR 1.7mn in Q3, reflecting the weakness in the ITS. ITS EBIT came in at EUR -1.2mn, which corresponded to a YoY decrease of EUR 4.7mn, due to the afore-mentioned reasons. RCL EBIT was up by 62%, totalling EUR 5.5mn including a one-off positive impact from closure of a supplier dispute of c. EUR 1mn. Group-defined

Insurance EBIT reached EUR 3.7mn, an EUR 1.1mn increase compared to the same period of last year. The EBIT improvement is mainly due to higher results on the investment portfolio in the favourable yield environment, which offset the increase in reinsurance and claims costs.

- Adjusted net income came in at EUR 4.0mn, which was a decrease of EUR 1.9mn on a like-for-like basis. Net debt reached EUR 202.5mn at the end of Q3 on the back of the slight increase in the fleet size and lease liabilities, as well as the ongoing CAPEX program. The leverage is very close to our end-of-year forecast.

Recommendation:

- We leave our estimates, target price and recommendation unchanged. A few weeks ago, we raised our TP to 4,800 HUF/sh and remained Buy-rated. Since then, the stock has gained c.14%. Structural improvements, sustainable profitability and conscious growth together underpin our view that Waberer's is dirt cheap and one of the most undervalued growth stocks in the CEE region. Waberer's trades at a FY24 P/E of 4.0x and EV/EBITDA of 3.4x, on our estimates.

[EUR mn]	2022		2023			Q3	9M		9M
	Q3	Q4	Q1	Q2	Q3	YoY	2022	2023	YoY
P&L									
Revenue	174.6	169.2	176.7	175.9	174.6	0%	506.7	527.2	4%
EBIT	9.7	8.8	11.2	14.3	8.0	-18%	24.6	33.5	36%
EBITDA	20.9	21.0	23.6	27.4	21.5	3%	58.9	72.5	23%
- ITS	11.3	14.9	10.1	13.8	8.7	-23%	26.8	32.6	22%
- RCL	6.8	4.0	8.0	8.4	9.0	32%	21.8	25.4	17%
- Other	2.9	2.2	5.5	5.2	3.8	31%	10.3	14.5	41%
Net financials, tax	(4.2)	(0.9)	(0.8)	0.8	0.8	-119%	(14.9)	0.8	-105%
Net profit / (loss)	4.1	7.8	10.4	15.1	0.5	-88%	8.3	26.0	213%
Net profit (excl. FX)	5.9				4.0	-32%	14.8	22.5	52%
KPI's									
Avg. no. of trucks	2,741	2,772	2,787	2,847	2,884	5%	2,807	2,840	1%
Avg. no. of employees	5,743	5,915	5,818	6,013	6,077	6%	5,803	6,007	4%
Avg. no. of truck drivers	3,406	3,554	3,479	3,668	3,682	8%	3,470	3,662	6%
Margins									
EBIT margin	5.6%	5.2%	6.3%	8.1%	4.6%	-1%pt	4.9%	6.4%	1.5%pt
EBITDA margin	12.0%	12.4%	13.4%	15.6%	12.3%	0.3%pt	11.6%	13.8%	2.1%pt
Net profit margin	2.3%	4.6%	5.9%	8.6%	0.3%	-2.1%pt	1.6%	4.9%	3.3%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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