

Waberer's

BUY (unch.)

Target price: HUF 4,800 (unch.)

EUR million	Q1/23	Q1/24	chg. YoY
Revenue	176.7	196.7	11%
EBITDA	23.6	22.1	-6%
EBIT	11.2	8.5	-24%
Net income	10.4	1.1	-89%
Net income (excl. FX)	8.2	2.8	-66%
Rec. EBITDA margin	13.4%	11.2%	-2.1%pt
Rec. EBIT margin	6.3%	4.3%	-2%pt
Rec. Profit margin	5.9%	0.6%	-5.3%pt



Share price close as of 05/15/2024	HUF 4,130	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	73.1/190	Free float	29%
Daily turnover 12M [HUF million]	93.6	52-week range	HUF 1,810 – 4,190

Record quarterly revenues, but weak EBIT in Q1

Head of Research

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

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

Key message: Waberer's reached revenues of EUR 196.7mn in Q1/24, a quarterly record at consolidated level. The Group achieved an EBIT of EUR 8.5mn, supported by further improvement in the Contract Logistics and Insurance segments. Despite the drop in the quarterly EBIT, we expect that earnings will improve in the coming quarters. The management reaffirmed its FY2024 EBIT guidance of over EUR 40mn as they continue to see growing operating results after a temporary slowdown. RCL and the insurance segments remained quite strong, while the ITS segment is projected to reach higher margins due to the pass-through of higher costs after the segment was hit by significantly higher toll fees in Q1 (in-line with previous comments). Following a significant CAPEX-cycle, the financial indebtedness of the Company may have peaked at around EUR 237mn at the end of March, which translated into a net debt to EBITDA ratio of 2.5x. Waberer's will distribute HUF 120 as dividends (goes ex-div on 25 June).

Operating performance of the segments:

RCL EBIT increased by 15% YoY to EUR 4.6mn, driven by the profitability of its successful in-house logistics and domestic transportation service-related customer acquisitions in the previous period, while the core activity was able to maintain its profitability despite stagnating domestic customer demand.

ITS EBIT, however, contracted significantly as the segment reported an EBIT of EUR -2.0mn, representing a decrease of EUR 3.8 million vs. the same period of last year. The profitability of freight forwarding services - i.e. services performed by subcontractors - improved slightly, while own fleet transport activities achieved a lower profitability due to the weak European economy and the significant toll fee increases at the beginning of the year.

The Insurance segment achieved the highest EBIT result in its history. EBIT of EUR 5.9 million represents an increase of 9.5% compared to Q1 2023. The improved result is

mainly due to high investment results, while the insurance client portfolio has also grown by 15% in the last 12 months.

M&A update: In the ITS, Waberer's closed the acquisition of the rail logistics PSP Group at the beginning of Q1/24, which contributed 2 months to the segment's results. In the RCL segment, the acquisition of MDI has successfully closed, which will be reflected from Q2 in the results. The management also hinted that the closing of the sale process of Posta Biztosító is expected in the summer. We add that the acquisition of Posta Biztosító would increase the indebtedness of Waberer's. The Group's liquidity was at a healthy level at the end of Q1, but this is quite low to cover the value of such transaction.

We reiterate our Buy recommendation and maintain our TP of 4,800 HUF a share.

[EUR mn]	2023				2024	Q1
	Q1	Q2	Q3	Q4	Q1	YoY
P&L						
Revenue	176.7	175.9	174.6	183.7	196.7	11%
EBITDA	23.6	27.4	21.5	23.1	22.1	-6%
- ITS	10.1	13.8	8.7	13.3	7.7	-24%
- RCL	8.0	8.4	9.0	5.4	8.4	5%
- Other	5.5	5.2	3.8	4.4	6.0	9%
EBIT	11.2	14.3	8.0	9.3	8.5	-24%
Net financials, tax	(0.8)	0.8	0.8	(5.7)	(7.4)	n.m.
Net profit / (loss)	10.4	15.1	0.5	3.7	1.1	-89%
Net profit (excl. FX)	8.2		4.0	0.6	2.8	-66%

Source: Waberer's, Concorde Research

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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.

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Valuations and risks:

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