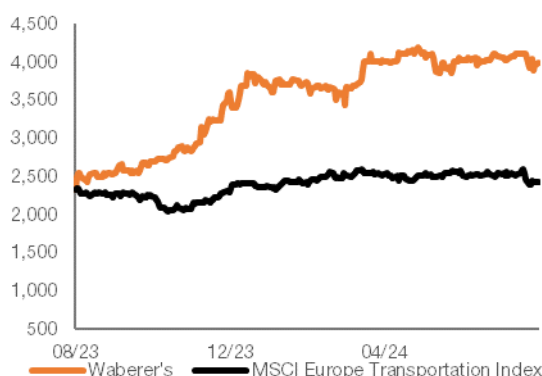


Waberer's

BUY (unch.)

Target price: HUF 4,800 (unch.)

EUR million	Q2/23	Q2/24	chg. YoY
Revenue	175.9	191.8	9%
EBITDA	27.4	25.2	-8%
EBIT	14.3	10.7	-25%
Net income	15.1	5.9	-61%
Net income (excl. FX)	10.4	4.8	-54%
Rec. EBITDA margin	15.6%	13.1%	-2.4%pt
Rec. EBIT margin	8.1%	5.6%	-2.6%pt
Rec. Profit margin	8.6%	3.1%	-5.5%pt



Share price close as of 08/12/2024	HUF 3,990	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	69.6/176	Free float	33%
Daily turnover 12M [HUF million]	95.9	52-week range	HUF 2,330 – 4,190

EBIT guidance maintained as ITS EBIT turns into black

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Key message: Waberer's achieved its highest consolidated EBIT result in the last 4 quarters after all 3 business units recorded positive EBIT for Q2. ITS returned to profitable EBIT level as a result of (1) the successful spring tender season, (2) the first positive impacts of market consolidation on price levels and (3) the positive operational performance of the recently acquired rail logistics subsidiary. For 2024, the management maintained its EBIT guidance of EUR 40mn+, while the Group revenue is expected to be in the range of EUR 750-800mn vs. the previous guidance of EUR 800mn due to the altered consolidation method of newly acquired companies. CEO expects that the trend of Waberer's profitability will be positive in both the short and longer term. After the closing of Q2, Waberer's signed an agreement for the acquisition of the 66.9% stake in Hungarian Post Insurance and Hungarian Post Life Insurance, which will enable its insurance segment to significantly diversify its activities.

Operating performance of the segments:

RCL EBIT increased by 16% YoY to EUR 5.2mn, driven by the improved performance of all main sub-segments, in line with the revenue growth of 20% YoY in Q2.

ITS EBIT performance returned to profit in the reported quarter (EUR 2.3mn, -51% YoY) as a result of a reshaped customer portfolio due to the successful spring tender results and a slight improvement in price levels due to a shift towards a better demand-supply balance in the transportation market. More importantly, for the second half of 2024, the management expects the segment to deliver similar profitability level compared to the same period of last year. PSP Group contributed to the segment's performance by EUR 0.9mn in Q2 or EUR 1.2mn in H1.

The Insurance segment achieved EBIT of EUR 3.2mn, a EUR 1.9mn decrease YoY, while the H1 EBIT came in at EUR 9.2mn (-13% YoY). The deterioration was attributable to the non-recurrence of the one-off positive impact of the IFRS17 transition for the base period, and partly to an exceptionally high claims ratio as high value claims incurred in Q2.

M&A update: After the consolidation of PSP and MDI, the two companies contributed to the EBIT by EUR 1.4mn in Q2 or EUR 1.7mn in H1/24, which includes 5 months of PSP Group's results and 3 months of MDI's results. The closing of the acquisition of Hungarian Post Insurance and Hungarian Post Life Insurance is expected to be completed in Autumn 2024, subject to customary regulatory procedures.

Financial position: The company's net leverage stood at 2.5x ND/EBITDA due to the acquisitions and investments and the lack of the contribution of newly acquired assets, but this is seen to be flattish in H2.

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

[EUR mn]	2023				2024		Q2
	Q1	Q2	Q3	Q4	Q1	Q2	YoY
P&L							
Revenue	176.7	175.9	174.6	183.7	196.7	191.8	9%
EBITDA	23.6	27.4	21.5	23.1	22.1	25.2	-8%
- ITS	10.1	13.8	8.7	13.3	7.7	11.8	-14%
- RCL	8.0	8.4	9.0	5.4	8.4	10.0	19%
- Other	5.5	5.2	3.8	4.4	6.0	3.3	-37%
EBIT	11.2	14.3	8.0	9.3	8.5	10.7	-25%
Net financials, tax	(0.8)	0.8	0.8	(5.7)	(7.4)	(4.8)	-700%
Net profit / (loss)	10.4	15.1	0.5	3.7	1.1	5.9	-61%
Net profit (excl. FX)	8.2	10.4	4.0	0.6	2.8	4.8	-54%
KPI's							
Avg. no. of trucks	2,772	2,787	2,847	2,884	2,886	2,888	4%
Avg. no. of employees	5,915	5,818	6,013	6,077	6,084	6,162	6%
Avg. no. of truck drivers	3,554	3,479	3,668	3,682	3,694	3,588	3%
Margins							
EBIT margin	6.3%	8.1%	4.6%	5.1%	4.3%	5.6%	-2.6%pt
EBITDA margin	13.4%	15.6%	12.3%	12.6%	11.2%	13.1%	-2.4%pt
Net profit margin	5.9%	8.6%	0.3%	2.0%	0.6%	3.1%	-5.5%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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