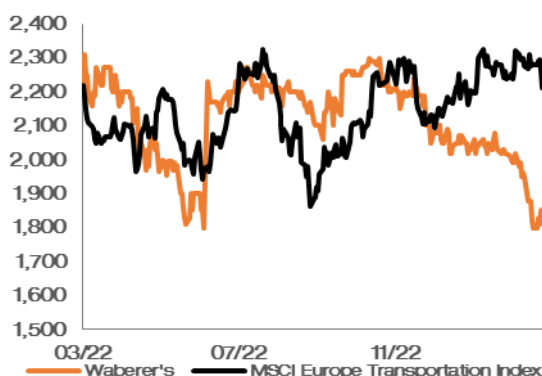


Waberer's

BUY (unch.)

Target price: HUF 3,990 (unch.)

EUR million	Q4/21	Q4/22	chg. YoY
Revenue	150.7	169.2	12%
Gross profit	30.9	30.9	0%
EBITDA	19.4	21.0	8%
EBIT	8.3	8.8	6%
Net income	5.9	7.8	32%
Rec. EBITDA margin	12.9%	12.4%	-0.5%pt
Rec. EBIT margin	5.5%	5.2%	-0.3%pt
Rec. Profit margin	3.9%	4.6%	0.7%pt



Share price close as of 27/03/2023	HUF 1,845	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	32.7/84.6	Free float	19%
Daily turnover 12M [HUF million]	18	52 week range	HUF 1,800 – 2,310

Remarkable dividend proposal, sound guidance for 2023

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- Waberer's reported record breaking EBIT and EBIT margin, the highest since its market debut in 2017 as it achieved an operating profit of EUR 33.3mn (+22% YoY incl. a one-off of EUR 2.7mn related to a subsidy), well ahead of our estimate of EUR 26mn, and EBIT margin of 4.9% in 2022 (vs. 4.6% in 2021) on sales of EUR 676mn. The Company ended the last quarter of 2022 with a great performance as it added EUR 8.8mn at EBIT level to FY figures. After the remarkable year, the BoD proposes a DPS of HUF 100 to the GM for the first time since IPO, translates into a DIVY of 5.4% and a pay-out ratio of around 27%. For 2023, the management cautiously guides a slight increase in sales and flat EBIT, which we consider positively in light of the global macro challenges, as well as our expectation that volumes will drop. Though the demand for logistics services may come under pressure later this year due to high interest rates, Waberer's has been providing less substitutable services to its key account clients since the most recent restructuring. As a result, a major downturn in the economy could potentially support the Group to scale its operations both regionally and continentally.
- CEO Zsolt Barna highlighted:** "2022 was again a challenging year for us. We were forced to cope with the shock of the war. I am particularly pleased that we have succeeded in creating a balanced Group structure, where all three business segments contribute to the Group's performance with similar weight. This healthy balance greatly reduces the risks to the Group's profitability. We plan on concluding the first regional acquisition by the RCL segment in 2023 and we want to improve the visibility of our environmental performance by introducing a transparent ESG reporting system that will make our efforts visible to our customers, investors and financing partners."
- Key positives:** (1) inclining trend in earnings continued in 2022; (2) the Company became more resilient to economic challenges; (3) ITS, the greatest contributor to sales, started to create value in 2022; (4) shareholder remuneration was key to grow confidence of investors.

- **Key negatives:** EBITDA of both RCL and the insurance segments fall significantly (-35% YoY and -55% YoY, respectively), mainly as a result of seasonality and higher base period due to non-recurring items. We need a confirmation in Q1/23 that results for Q4/22 were only an exception and profitability can stabilize at the two business units.
- **Guidance for 2023:**
 - Consolidated revenue could increase by a single digit, fuelled by inflation adjustments.
 - ITS: spot market prices to be under pressure due to reduced market demand, but contract/spot ratio is now at 75/25% (*note: vs. roughly 50/50% in 2019*)
 - RCL: lower retail spending may weigh on volumes, but large retail chains, who are account of Waberer's, will likely gain market share in the longer run.
 - Debt will increase due to the financing needs of the warehouse development, fleet renewal programme and the potential regional acquisition.
 - Flat EBIT in 2023 vs. 2022 (excl. one-off)
 - The management indicated that today's guidance will be reviewed after Q1 results due to uncertainties.
- **We leave our estimates, TP and recommendation unchanged. We expect an EBIT of EUR 32mn on sales of EUR 686mn this year, broadly in line with the guidance. Based on our net profit estimate for 2023, Waberer's trades at a P/E of 3.6x and the stock offers a dividend yield of 5.6%. However, we also need to mention that the growing influence of BDPST and low liquidity of the stock may keep investors away from Waberer's due to potential governance issues, which could overshadow the Company's growth story. In order to resolve the possible conflict of interest between minority shareholders and BDPST, creating a favourable and clear dividend policy should be a top priority of the Board of Directors in the future so that Waberer's becomes an attractive investment.**

[EUR mn]	2021		2022				Difference	
	Q4	Q1	Q2	Q3	Q4	Y-o-Y	Q-o-Q	
P&L								
Revenue	150.7	158.9	173.2	174.6	169.2	12%	-3%	
EBIT	8.3	4.6	10.3	9.7	8.8	6%	-9%	
EBITDA	19.4	16.3	21.7	20.9	21.0	8%	0%	
- ITS	8.4	6.0	9.5	11.3	14.9	77%	32%	
- RCL	6.2	7.4	7.6	6.8	4.0	-35%	-41%	
- Other	4.9	2.8	4.6	2.9	2.2	-55%	-24%	
Net financials, tax	(2.4)	(2.9)	(7.8)	(4.2)	(0.9)	-63%	-79%	
Net profit / (loss)	5.9	1.7	2.5	4.1	7.8	32%	90%	
KPI's								
Avg. no. of trucks	2,787	2,845	2,769	2,741	2,772	-1%	1%	
Avg. no. of employees	5,818	5,805	5,801	5,743	5,915	2%	3%	
Avg. no. of truck drivers	3,479	3,500	3,440	3,406	3,554	2%	4%	
Margins								
EBIT margin	5.5%	2.9%	5.9%	5.6%	5.2%	-0.3%pt	-0.4%pt	
EBITDA margin	12.9%	10.3%	12.6%	12.0%	12.4%	-0.5%pt	0.4%pt	
Net profit margin	3.9%	1.1%	1.5%	2.3%	4.6%	0.7%pt	2.3%pt	

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.

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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