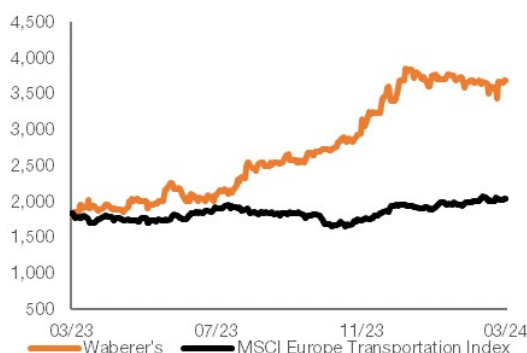


Waberer's

BUY (unch.)

Target price: HUF 4,800 (unch.)

EUR million	FY22	FY23	chg. YoY
Revenue	679.4	710.9	5%
EBITDA	83.3	95.6	15%
EBIT	36.6	42.8	17%
Net income	19.3	29.7	54%
Net income (excl. FX)	23.3	23.1	-1%
Rec. EBITDA margin	12.3%	13.4%	1.2%pt
Rec. EBIT margin	5.4%	6.0%	0.6%pt
Rec. Profit margin	2.8%	4.2%	1.3%pt



Share price close as of 03/21/2024	HUF 3,690	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	64.5/163.9	Free float	29%
Daily turnover 12M [HUF million]	50.1	52-week range	HUF 1,810 – 3,850

One-offs distorted FY results, outlook shows resilience

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- **Waberer's reported its Q4/23 results on Thursday AMC, where the Company achieved a quarterly EBIT of EUR 9.3mn, corresponding to a decrease of 23% YoY. Net income came in at EUR 3.7mn, down 66% YoY driven by (1) the lower industrial output in Europe; (2) a massive increase in tax liabilities booked in Q4 and (3) the high base period after the restatement of last year's results.**
- **For the full year, Waberer's reported a net income of EUR 29.7mn, an increase of EUR 10.4mn or +54% YoY and EBIT of EUR 42.8mn (+17% YoY) on revenues of EUR 711mn (+5% YoY). Revenues and EBIT were higher than our FY estimate of EUR 706mn and EUR 41.8mn, respectively, while the net income slightly missed our forecast of EUR 32mn due to the one-off tax of c. EUR 4mn in Q4.**
- **Current trends:** The economic environment is unfavorable for Waberer's in Europe as the industrial production in the relevant countries fell over the last year. The manufacturing sector suffered in Germany and Italy in 2023, slightly offset by the relative strength of France and the UK. Fees came under pressure on the spot market as a result, however, Waberer's may face just a temporary hiccup in the ITS segment due to the high proportion of the key account customer portfolio. The annual EBITDA of the ITS for the full year was EUR 45.9mn (+10% YoY) despite a decrease of 10% YoY in Q4. Notwithstanding, the RCL and the insurance segments continued to perform very well. EBITDA rose 19% YoY in 2023 in both segments. RCL's EBIT came in at EUR 15.3mn, while WHB (rebranded to 'Gránit Biztosító') reached an EBIT of EUR 18.6mn, both the highest results in the segment's history. In the RCL, it was attributed to the growth of the automotive logistics business and the petrochemical production support logistics business, which is new to Waberer's portfolio, while the insurance segment benefitted from the high interest rate environment.
- **BVPS rose to EUR 8.5 or c. HUF 3,380 (at current EURHUF rate) as of 31 Dec 2023.**

- **FY2024 outlook and our comments:**
 - For 2024, management expects consolidated revenue of close to EUR 800 million and an EBIT performance of over EUR 40 million, similarly to 2023 .
 - ITS: PSP (Petrolsped) acquisition will support this segment’s earnings from 2024.
 - RCL: Assuming a successful closure, the earnings of the acquired Serbian subsidiary will support this segment’s results.
 - Insurance: Gránit Biztosító (earlier WHB) has entered into strategic agreements with Gránit Bank, MOL and Vodafone to expand its distribution channels, thus providing the basis for further successful diversification of the business.

One-off positive effects no longer expected in 2024:

- One-off positive impact of IFRS17 transition
- Outstanding investment performance due to high interest rate environment, especially in the insurance segment
- Positive impact of out-of-court settlement of truck manufacturer litigation
- **The BoD proposed a DPS of HUF 120 after 2023 results. This is lower than our estimate of HUF 175, but it is reasonable given the high CAPEX needs and the current leverage ratio of 2.2x ND/EBITDA. Until 2027, the management plans to spend EUR 100mn for investments (excl. vehicle leases), but this projection could significantly grow in case of the acquisition of ‘Posta Biztosító’.**
- For H1/2024, the management guided a significant drop in Group EBIT due to the significant increase in toll fees and transit costs, but this will reverse in the second half of 2024 after the renewal of contracts. The composition of the EBIT is seen to change in 2024 compared to 2023. WHB may deliver lower earnings thanks to the lower interest rate environment, but RCL and ITS will likely improve on the back of the acquisitions.
- **We leave our estimates, target price and recommendation unchanged (Buy, HUF 4,800). Structural improvements, sustainable profitability and the conscious growth together underpin our view that Waberer’s is a cheap growth stock in the CEE region. Waberer’s trades at a FY24 P/E of 5.1x on our estimates. The management’s guidance looks conservative, however, highly depends on how the macro environment will develop in Europe.**
- **We also note that Trevelin Holding further reduced its stake in Waberer’s by c.3% to 19.3%, resulting that the free float increased to 28.7%.**

[EUR mn]	2022	2023				Q4	FY		FY
	Q4	Q1	Q2	Q3	Q4	YoY	2022	2023	YoY
P&L									
Revenue	172.7	176.7	175.9	174.6	183.7	6%	679.4	710.9	5%
EBITDA	24.3	23.6	27.4	21.5	23.1	-5%	83.3	95.6	15%
- ITS	14.8	10.1	13.8	8.7	13.3	-10%	41.6	45.9	10%
- RCL	4.0	8.0	8.4	9.0	5.4	35%	25.8	30.8	19%
- Other	5.5	5.5	5.2	3.8	4.4	-20%	15.9	18.9	19%
EBIT	12.1	11.2	14.3	8.0	9.3	-23%	36.6	42.8	17%
Net financials, tax	(0.9)	(0.8)	0.8	0.8	(5.7)	533%	(15.8)	(4.9)	-69%
Net profit / (loss)	11.0	10.4	15.1	0.5	3.7	-66%	19.3	29.7	54%
Net profit (excl. FX)	8.5			4.0	0.6		23.3	23.1	-1%
KPI's									
Avg. no. of trucks	2,772	2,787	2,847	2,884	2,941	6%	2,775	2,891	4%
Avg. no. of employees	5,915	5,818	6,013	6,077	6,084	3%	5,816	6,044	4%
Avg. no. of truck drivers	3,554	3,479	3,668	3,682	3,694	4%	3,464	3,694	7%
Margins									
EBIT margin	7.0%	6.3%	8.1%	4.6%	5.1%	-1.9%pt	5.4%	6.0%	0.6%pt
EBITDA margin	14.1%	13.4%	15.6%	12.3%	12.6%	-1.5%pt	12.3%	13.4%	1.2%pt
Net profit margin	6.4%	5.9%	8.6%	0.3%	2.0%	-4.4%pt	2.8%	4.2%	1.3%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.

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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](#) on our website, visit (https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038)

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