

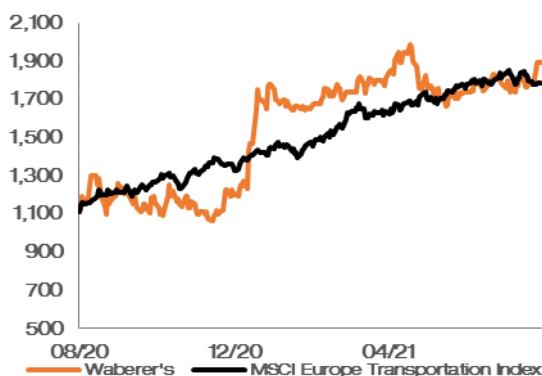
# Waberer's

NEUTRAL (unch.)

Target price: HUF 2,170 (unch.)

Share price: HUF 1,895

EUR million	Q2/20	Q2/21	chg. YoY
Revenue	115.5	150.0	30%
Gross profit	21.5	32.6	51%
EBITDA	9.9	19.6	98%
EBIT	-2.7	7.7	n.m.
Net income	-11.5	6.1	n.m.
Rec. EBITDA margin	8.6%	13.1%	4.5%pt
Rec. EBIT margin	-2.4%	5.1%	7.5%pt
Rec. Profit margin	-10.0%	4.1%	14%pt



Share price close as of 06/08/2021	HUF 1,895	Bloomberg	WABERERS HB
Number of diluted shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	33.5/94.7	Free float	28%
Daily turnover 12M [HUF million]	26	52 week range	HUF 1,065 – 1,985

## Remarkable turnaround in Q2/21

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- **Waberer's posted an encouraging net income of EUR 6.1mn at Group level for Q2/21, up by 126% QoQ or EUR 17.7mn from the same period of last year. The recovery continued at all segments despite supply chain disruptions, which haven't affected Waberer's financial results materially yet. EBIT grew by 71% or EUR 3.2mn QoQ to EUR 7.7mn in Q2, while EBITDA amounted to EUR 19.6mn, up 98% YoY and 18% QoQ. We highlight that the International Transportation Segment delivered positive EBIT after 13 consecutive quarterly losses.**
- **Key positives:** (1) On both quarterly and annual basis, revenues and EBIT rose. (2) After 13 consecutive quarterly losses, Waberer's reported a positive EBIT at ITS. (3) RCL and Insurance segments were broadly stable, margins proved to be sustainable. (4) Thanks to the improved cash generation, net leverage ratio fell to 1.7x. (5) The Management has proven that the introduction of the new trade lane model in 2020 was a successful step toward better profitability.
- **Key negatives:** (1) Based on Waberer's' major partners, the automotive and electronics industries continue to face global component and chip shortages, which may lead to significant drop in volumes over the next months or quarters. (2) Due to tightening labour market, the management "needs to pay special attention to maintaining the necessary size of drivers".
- **We leave our target price, earnings forecasts and recommendation unchanged, but we soon publish an earnings revision as our forecasts for the current year look to be depressed considering compelling H1/21 results. Conference call starts at 11 am Monday, where the management may add some colour to H2 outlook or potential impact of supply chain disruptions or current labour shortage.**

[EUR mn]	2020			2021		Difference	
	Q2	Q3	Q4	Q1	Q2	Y-o-Y	Q-o-Q
<b>P&amp;L</b>							
Revenue	115.5	137.0	143.0	142.3	<b>150.0</b>	30%	5%
Gross profit	21.5	28.2	32.0	29.9	<b>32.6</b>	51%	9%
EBIT	(2.7)	1.2	3.5	4.5	<b>7.7</b>	n.m.	71%
EBITDA	9.9	14.0	16.0	16.6	<b>19.6</b>	98%	18%
- ITS	1.3	3.2	4.2	6.4	<b>8.7</b>	549%	36%
- RCL	5.8	8.3	9.2	7.2	<b>7.9</b>	36%	10%
- Other	2.7	2.5	2.6	3.0	<b>3.0</b>	10%	0%
Net financials, tax	(8.8)	(2.4)	(3.5)	(1.8)	<b>(1.6)</b>	-82%	-11%
Net profit / (loss)	(11.5)	(1.1)	(0.0)	2.7	<b>6.1</b>	n.m.	126%
<b>KPI's</b>							
Avg. no. of trucks	2,673	2,814	2,836	2,821	<b>2,816</b>	5%	0%
Avg. no. of employees	7,428	6,431	6,139	5,984	<b>5,854</b>	-21%	-2%
Avg. no. of truck drivers	3,777	3,535	3,566	3,541	<b>3,451</b>	-9%	-3%
<b>Margins</b>							
Gross margin	18.6%	20.6%	22.4%	21.0%	<b>21.7%</b>	3.1%pt	0.7%pt
EBIT margin	-2.4%	0.9%	2.4%	3.2%	<b>5.1%</b>	7.5%pt	2%pt
EBITDA margin	8.6%	10.2%	11.2%	11.7%	<b>13.1%</b>	4.5%pt	1.4%pt
Net profit margin	-10.0%	-0.8%	0.0%	1.9%	<b>4.1%</b>	14%pt	2.2%pt

Source: Waberer's, Concorde Research

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Reduce	Total return is expected to be in the range of -10-(-20%)
Sell	Total return is expected to be lower than -20%
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