CONCORDE RESEARCH

CEE Equity Research | Transportation | Hungary
18 July 2022

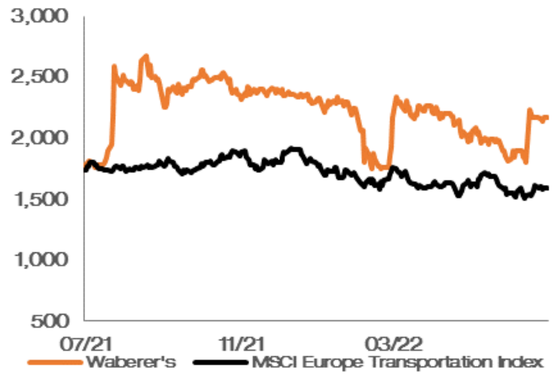
Waberer's

BUY

Target price : HUF 3,990 (prev. HUF 3,400)

Share price: HUF 2,170

EUR million	2021	2022F	2023F
Revenue	591	669	686
EBITDA	74	74	80
EBIT	27	26	32
Net profit	18	16	23
Profit margin	3%	2%	3%
Truck number	2,803	2,872	2,879
P/E	6.3x	6.1x	4.2x
EV/EBITDA	3.1x	2.9x	2.5x
EBITDA/truck [ths EUR]	26.5	25.8	27.9



Share price close as of 15/07/2022	HUF 2,170	Bloomberg	WABERERS HB
Number of shares [million]	17.7	Reuters	WABE.HU
Market capitalization [HUF bn/EUR mn]	38.4/95.7	Free float	26%
Daily turnover 12M [HUF million]	31	52 week range	HUF 1,740 – 2,670

Strategy started to be executed

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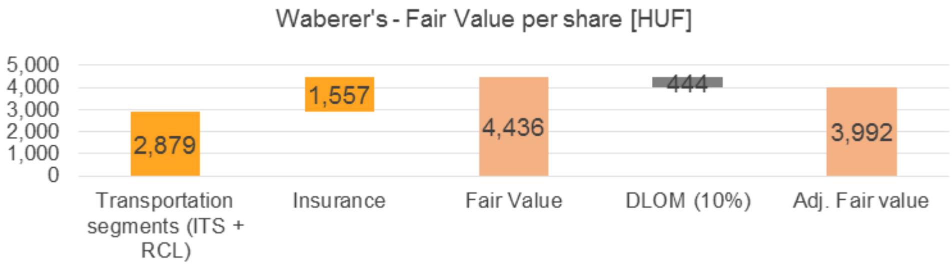
- **We remain Buy-rated on Waberer's, however, we lift our TP to 3,990 HUF/sh from 3,400 HUF/sh, leaving an 84% upside potential to the previous closing. The Management has started to execute strategy, thus we see signs of gradual operational improvement. Given that the management guided ambitious mid-term goals, we upgraded our forecasts, but we modelled lower earnings than the guidance due to deteriorating macro outlook.**
- **Long-term story:** Waberer's is well on track to gain efficiency and to reach higher earnings. Positive impact of investments is expected to be significant both in absolute and margin terms. Compared to our previous forecast, Group EBIT margin could widen by around 1%pt by 2025 if the management delivers ambitious goals. The Co. will save millions of euros on (1) investing in new technologies, (2) developing own warehouse and (3) expanding service complexity. In addition, Waberer's has ample liquidity, which enables them to weather even an economic disaster after the company issued a EUR 111mn 10Y fixed bond in April at attractive price (not disclosed, but assumed at around 4%).
- **Short-term outlook:** According to the management, the Co. hasn't faced significant decrease in demand since March and they are continuously able to pass on fuel price increases to customers. Importantly, the RU-UKR war hasn't affected Waberer's materially so far. Having said that, an economic downturn, which is widely expected, could lead to volatile order flow. This would probably create a challenging environment.
- **We expect Waberer's to reach net profit of EUR 16mn and 23mn in 22F and 23F, respectively, implying '22 and '23 P/E of 6.0x/4.2x, respectively, based on our estimates. We hold our view that the Co. is dirt cheap, implying a massive difference between our TP and the offer price of 2,336 HUF/sh made by qualified shareholders recently.**



Source: Concorde Research

WABERER'S REMAINED RESILIENT DESPITE UNFAVORABLE EXTERNAL ENVIRONMENT

- Following the covid-related and Brexit-related supply chain issues in 2020 and 2021, macro environment remained very challenging for the transportation and logistics sectors. Geopolitical uncertainties keep putting pressure on the global economy as the Russia-Ukraine war has yet to be resolved and the risk of an escalation has increased significantly over time as Western allies have handed over weapons to Ukraine,
- Although the RU-UKR war hasn't affected Waberer's materially, supply chain issues could deepen in the next months. We are increasingly worried that the rapid rise in prices gradually bite into customer's wallet. This could ultimately result in decelerating discretionary spending, leading to a drop in demand for transportation services. However, the Company has a diverse portfolio and the fleet size is much more manageable than it was 2-3 years ago. On the back of new business model, partner contracts protect Waberer's to achieve sustainable financial performance this year.
- Despite external factors remaining unfavorable for Waberer's, the Company is well on track to achieve improving results going forward due to the management's ambitious mid-term growth strategy.
- **The management set out ambitious mid-term goals. In December 2021, the management revealed that the growth strategy consists of 3 pillars: (1) infrastructure development, (2) service complexity expansion, (3) diversification.**

Strategic Goal	Business goal	Projects
Infrastructure development	Increase of cost based competitiveness	Fleet replacement Warehouse development Digitalization
Service complexity expansion	More favourable margins Strategic partnerships	Value added services E-commerce Inhouse logistics expansion Waberer's Go Green
Diversification	Decrease of industry related risks and dependency on current key customers New growth opportunities	Regional expansion Forwarding expanaion New insurance segments

Source: Waberer's

- **Infrastructure development I. – Fleet replacement:** during the past 3 years, Waberer's hasn't renewed its fleet as a result of the financial distress and low utilization, but after liquidity position stabilized in 2021, fleet replacement is on the table again. By the end of 2022, Waberer's expects that more than 45% of the fleet will have been replaced. There are a number of positive impacts of the program. Operational costs including fuel and repair costs can be substantially reduced, while carbon footprint is decreasing. As a result, brand value and working conditions can be improved. The management expects EUR 2.5-3.5mn direct cost saving from the fleet replacement, but lease costs will increase somewhat due to the higher purchase price of vehicles.

- **Infrastructure development II. – Warehouse development:** Waberer's intends to develop in 2 or 3 steps a 50-60ths sqm own warehouse close to Budapest, which could help reduce operational cost as well. The warehouse could be installed by a semi-automatic system and solar panels for providing 100% green energy. Between 2022 and 2024, net CAPEX (less than development aid) of the project is expected to amount to c. EUR 32mn, but the annual cost saving is expected to exceed EUR 1.5mn.

- **Service complexity expansion I. – ITS VAS.:** Waberer's aims to provide high value added services (VAS), including transportation of special goods, intermodal services, Flexible and high volume capacity guarantee, Transportation of high value goods with track & trace service, air cargo services. The Co. also wants to increase the number of alternative fuel vehicles as more and more clients require this type of service to reach carbon neutrality sooner. Currently, VAS services only account for 16% of total revenues, but this is seen at 54% by 2025. More importantly, VAS services are expected to increase margins by at least 5%pts.

- **Service complexity expansion II. – E-commerce service:** Waberer's intends to exploit the growth of e-commerce with the current service of retail chains. Competition level on the home delivery market of big size products is significantly lower compared to home delivery of small size & FMCG products, while the size & financial strength of Waberer's Group provides good market entry opportunity in case regulation of city logistics requires instant switch to environmental friendly vehicles. Financial impact will be negligible, in our view.

- **Service complexity expansion III. – In-house logistics:** this sub-segment is the highest value added service in the logistics supply chain, but a long sales process is needed to gain orders. Waberer's intends to increase the customer base of strategic partnership and reach deeper integration supply chain process of current customers by also cooperating with the suppliers of these customers. Compared to 2021, revenues and EBIT can be lifted by EUR 25-30mn and EUR 3.5-4.0mn, respectively.

- **Service complexity expansion IV. – Waberer's Go Green: (1)** with intermodal services starting to reform the sector, Waberer's keeps its focus on clients with high quality demand at its intermodal service. They expect EUR 5.0-6.0mn revenue increase in 2025, which look quite conservative in our view, given the massively growing trend toward this type of service. **(2)** Waberer's is currently testing alternative fuel vehicles in the RCL segment with Volvo and Renault and an active sales activity launched for temporary and LT services.

- **Diversification I. – Regional expansion:** Waberer's identified further growth opportunities in the CEE region, especially in Serbia, Croatia and Slovakia. Though they didn't disclose the financial impact of the expansion, the management and the strategic owners envisaged to put Waberer's the market leader in regional logistics. Regional consolidation may start next year.

- **Diversification II. – WHB Insurance market strategy:** WHB has gone through an uplifting evolution over the past 5 years as 3rd party revenues more than doubled during this period. At this stage, the management envisaged Growth 3.0 strategy from 2022. They concluded that there is further growth opportunities in real estate and health care insurance segments.

MANAGEMENT HAS STARTED TO CARRY OUT PROJECTS

- In line with management's strategy, several announcements have been unveiled so far this year, which each should result in a beneficial effect on Group's financials. Besides that, other indirect impacts could also add extra million euros to profit from at the earliest 2024 if the management was able to exploit opportunities. However, we also outline that 2022 and 2023 net results are hit by insurance special tax, the HU govt imposed on the sector months ago.

  Positive direct impacts:
  - ✓ Name usage right was extended for additional 99 years with Gyorgy Waberer
  - ✓ Waberer's issued a EUR 111mn 10Y fixed bond via private placement in April
  - ✓ Waberer's successfully acquired Gyarmati Trans
  - ✓ Waberer's establishes a JV with Hungarian Post
  - ✓ Waberer's is entitled to receive over HUF 6.4bn development aid from HIPA

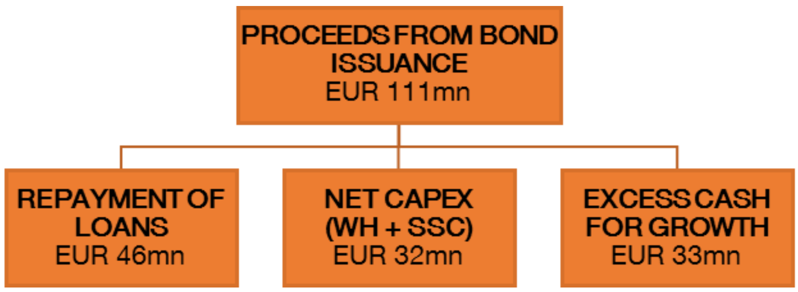
  Positive indirect impact:
  - ✓ Indotek is in advanced talks to buy Sberbank's 43% Fortenova stake
  - ✓ Audi will expand its factory in Győr

  Negative direct impact:
  - ✓ Special tax to be levied on the insurance sector in Hungary

Positive direct impacts

- **Name usage right was extended for additional 99 years with Gyorgy Waberer**
  Gyorgy Waberer and the company extended the right to use the "Waberer" and "Waberer's" names for additional 99 years. It was formal after his return to the Board, but also important, because Waberer's was supposed to spend millions of euros on the rebranding.

- **Waberer's issued a EUR 111mn 10Y fixed bond via private placement in April**
  Waberer's issued a EUR 111mn 10Y fixed bond via private placement on the 1st of April. Pricing hasn't been disclosed, however, based on our estimate and talks with mgmt., we assume it to be attractive which is positive considering the spiking yields across developed markets. In line with the strategy, the Company uses the proceeds to build its own warehouse, finance regional acquisitions and fleet replacement, and refinance existing loans.



Source: Waberer's, Concorde

- **Waberer's successfully acquired Gyarmati Trans**
  Waberer's signed a purchase agreement of the logistics and domestic transportation activities of Gyarmati Trans Kft in April. Gyarmati Trans focuses on refrigerated warehousing and transportation, serving food industry companies in Eastern Hungary. The transaction has successfully closed in June, Gyarmati Trans is expected to generate over HUF 1 bn in annual revenues for RCL segment (c, 1,3% of RCL's revenues). Serving the new customers could be integrated to Waberer's existing operation that provides room for significant synergy opportunities compared to the size of the transaction.

- **Waberer's establishes a JV with Hungarian Post**
  Waberer's and the Hungarian Post will establish a joint venture to serve customers with full range of parcel logistics support. They shall provide the necessary resources for the joint venture in the form of a contribution in kind and shareholder's loan. According to the agreement, Waberer's will own a majority stake in the JV, but no further detail has been disclosed yet.
  The JV will provide its customers - particularly webshops - a full range of logistics outsourcing services, including warehousing, packaging, shipping and delivery, providing them the opportunity to focus their resources on their core sales activities, while the delivery of webshop orders becomes faster and more simple, that also generates customer satisfaction increase.

- **Waberer's will receive over HUF 6.4bn development aid from HIPA**
  Waberer's signed an investment aid agreement with the Ministry of Foreign Affairs through HIPA Hungarian Investment Promotion Agency for logistics center development and shared service center development. Logistics center development is expected to be executed by the end of 2024, while the establishment of the regional shared service center by the end of 2022. The combined value of the two investments is projected to amount to HUF 19bn (c. EUR 47.5mn). As a result, Waberer's is expected to save around EUR 16.2mn (or 370 HUF/sh), representing 34% of the total CAPEX projected by the Company.

Positive indirect impacts

- **Indotek will buy Sberbank's 43% Fortenova stake**
  The read across from Indotek's Croatian expansion to Waberer's is very positive as the Hungarian fund plans to buy Sberbank's 43% stake in Fortenova. Fortenova Group is the largest retailer in Southeast Europe, but Fortenova hasn't integrated the logistics services into its portfolio yet. We are therefore of the view that the appearance of Indotek could be a breakthrough for the future of Waberer's. With an extensive experience in logistics and transportation, Waberer's could carry out this logistics activity in the future, thus exploiting significant synergies within a reasonable timeframe.

- **Audi will expand its factory in Győr**
  Audi is set to invest EUR 301mn to raise production rate of electric motors at its plant in Győr. The read across to Waberer's is positive as the Company provides in-house logistics services for the German carmaker at the factory. Following the agreement with Audi in 2019, both revenues and EBIT jumped and created significant value-add at Group level in 2020. As a result, Waberer's will likely benefit from the expansion as they could also expand revenue generating capability at the facility. Commissioning of the factory is due in 2025.

Direct negative impact

- **Special tax to be levied on the insurance sector in Hungary**
  WHB has to pay HUF 1.2bn (EUR 3mn) per annum in additional insurance tax in 2022 and 2023. As a result, PV of the negative impact is estimated at c.120 HUF/sh, but we would be surprised if the tax wasn't incorporated into insurance fees going forward.

OPINION ON THE PUBLIC OFFER FOR WABERER'S

- Waberer's announced to have received the public offer of
  - Trevelin Holding (as 25.995% owner)
  - HIGH YIELD Vagyonkezelő Zrt (as 20% owner)
  - Geraldton Invest Zrt (as 4.995% owner)
  - MHB Optimum Zrt (as 21% owner)

  for the ordinary shares issued by Waberer's. The offer price is 2,336 HUF/sh.
- The offer has been submitted to the National Bank of Hungary ("MNB") for approval, but the process has been terminated by MNB. However, it was broadly predictable as BDPST Equity Zrt also announced to buy MHB Optimum Zrt, MNB has 60 days to examine the takeover of MHB as BDPST is set to acquire qualified influence over Wáberer Hungária Biztosító Zrt, (WHB is 100% owned by Waberer's). Once the decision has been made by MNB and no further amendment is needed with regard to the public offer, the termination process will be cancelled.
- **The offer price is well below our fair value estimate of Waberer's, but is 30% higher than the closing price as at 1st of July. As a result, we expect that some bargain hunters will accumulate their stakes in the coming weeks to reap short-term profit from the buyout offer.**
- Regardless how fair is the offer price, the question is whether minority shareholders will receive shareholder remuneration (in the form of dividend or share buyback) in the future if they continue to hold their stake in the Company. Moreover, that is also interesting whether the majority owners of Waberer's would squeeze out minorities if they were not accept the current offer price.
- The offer period is subject to MNB's decision, but we expect shareholders can accept the offer no sooner than September. By then, shares in Waberer's are expected to trade some % below the offer price, given the discount factor applied due to the risk-free return and uncertainty.

Shareholder structure of Waberer's (1st of July, 2022)

Shareholders' name	Number of shares	Shareholding (%)
Trevelin Holding Zrt,	4,599,523	26.0%
MHB Optimum Zrt,	3,715,684	21.0%
HIGH YIELD Vagyonkezelő Zrt,	3,538,746	20.0%
Geraldton Invest Zrt	883,838	5.0%
Free-float	4,741,244	26.8%
Treasury shares	214,699	1.2%
Sum	**17,693,734**	**100.0%**

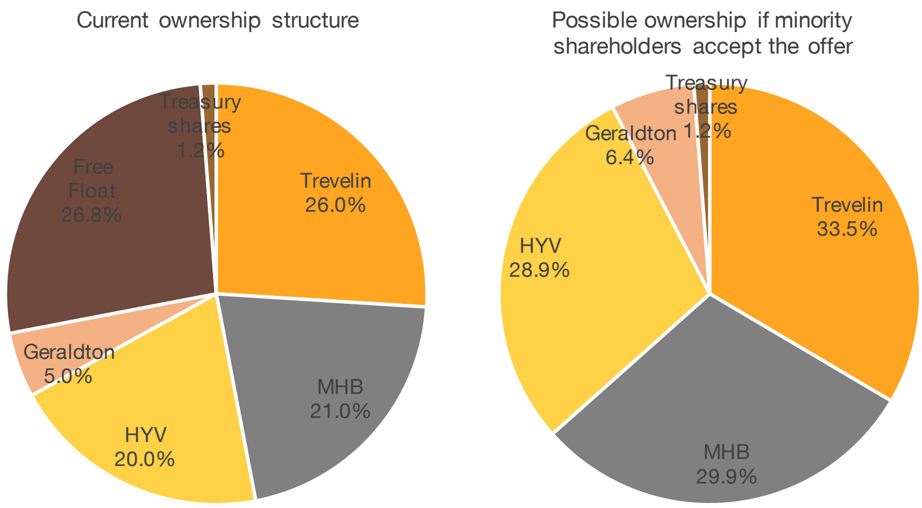
Source: Waberer's

Possible shareholder structure of Waberer's, if minority shareholders accept the offer

Shareholders' name	Number of shares	Shareholding (%)
Trevelin Holding Zrt,	5,925,198	33.5%
MHB Optimum Zrt,	5,296,100	29.9%
HIGH YIELD Vagyonkezelő Zrt,	5,119,160	28.9%
Geraldton Invest Zrt	1,138,577	6.4%
Free-float	0	0.0%
Treasury shares	214,699	1.2%
Sum	**17,693,734**	**100.0%**

Source: Concorde

Current vs. possible ownership structure (if minorities accept offer)



Source: Waberer's, Concorde

M&A ACTIVITY IN THE SECTOR HAS RISEN SINCE THE TURMOIL IN 2020

- Macroeconomic developments are far from normality. With inflation putting pressure on the global economy, central banks across the globe are forced to tighten monetary policy. Cost inflationary pressures arising from wage increases are weighing on the labor intensive warehousing and transportation industry. In addition, energy prices are elevated, resulting in squeezing profit margins. Due to rising costs, current conditions push companies to adopt new technology to reduce costs.
- The European transportation industry is among the most fragmented sectors, with the top 20 road freight players having around 12% market share in the EU-28. However, M&A activity has picked up despite covid-19 impact disrupted global supply chains. Based on Factset data, strategic buyers consistently accounted for more than 80% of the deal count since 2020 and transaction count exceeded 60 in each quarter except Q3 2020. The second quarter of 2021 was outstanding from two aspects: 82 transactions were executed, out of which 98% related to strategic buyers.
- Meanwhile, avg. EV/EBITDA multiple of transactions' pricing has risen to over 12.6x in the period of between Q2/21 and Q1/22 from 8.7x a year earlier, reflecting strong intention from buyer's point of view. This is quite interesting if we look at current valuation of listed companies. While European markets lack of transportation and logistics companies, the US can be also indicative. In case of public trucking companies, EV/EBITDA multiples are usually moving in the range of between 5.0-10.0x, which is well below exit multiples of M&A transactions. This significant gap also suggests asymmetry, which can be attributable to the different interest and approach of strategic and financial investors.

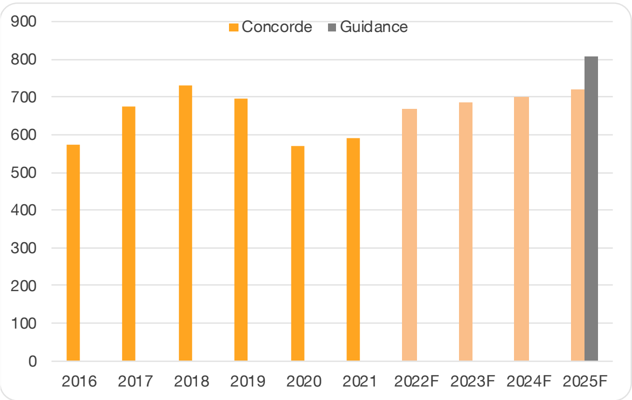
EV ESTIMATE FOR THE SEGMENTS

- We raise our DCF-based fair value estimate for the Transportation segments from 1,976 HUF/sh to 2,880 HUF/sh. In line with our arguments, we expect materially better results in the coming years. The difference between the old and new estimates reflects improving operational results at both ITS and RCL. This is underpinned by management's strategy, including financial guidance. We incorporated higher WACC into the model, which is attributed to rising yield environment and higher cost of equity. We stress that our forecasts are conservative compared to the guidance.

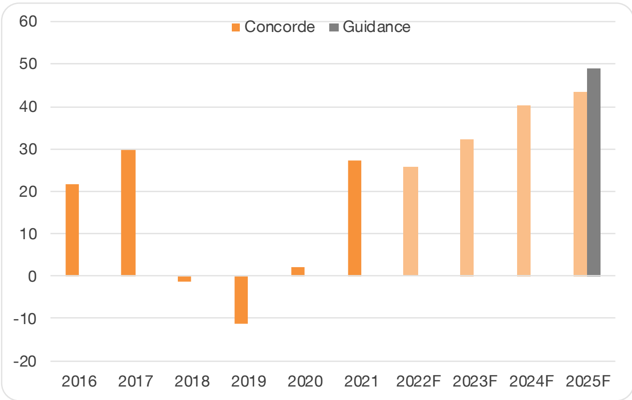
Transportation segments (ITS+RCL)	2022F	2023F	2024F	2025F	2026F
Revenue	599	613	624	640	652
Gross Profit	119	126	134	139	143
Gross margin	*19.8%*	*20.6%*	*21.5%*	*21.7%*	*21.9%*
Recurring EBITDA	63	69	77	80	83
-D&A	-48	-48	-48	-48	-49
EBIT	16	22	29	31	34
EBIT margin	*2.6%*	*3.5%*	*4.6%*	*4.9%*	*5.2%*
-TAX	-2	-2	-3	-4	-4
NOPLAT	14	19	25	28	30
+D&A	48	48	48	48	49
+/- WC	-3	0	0	0	0
- (CAPEX + Lease payment)	-56	-62	-62	-49	-49
Capex/Sales	*9%*	*10%*	*10%*	*8%*	*8%*
Capex/Depreciation	*118%*	*129%*	*129%*	*101%*	*101%*
FCFF	2	5	11	27	30
WACC		10.7%	10.8%	10.8%	10.9%
DF		0.90	0.82	0.74	0.66
DCF		5	9	20	20
TV growth	1.0%				
EV (TV)	201				
Enterprise Value (e-o-y 2022)	254				
Implied EV/EBITDA (2023E)	3.7x				

Source: Concorde's estimate

Evolution of Waberer's Sales (mn EUR)



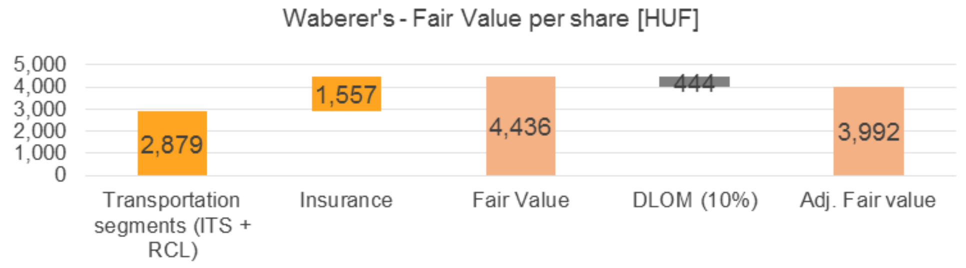
Evolution of Waberer's EBIT (mn EUR)



Source: Waberer's, Concorde's estimate

- **We decrease our target Equity Value by roughly 240 HUF/sh for the Other Segment, which includes the exceptionally profitable Insurance unit.** This is driven by the insurance special tax and lower P/E multiples across the sector. Our estimate of 1557 HUF/sh is derived from a target P/E of 7.4x and net profit estimate of EUR 9.4mn for 22E.
- We continue to apply a 10% liquidity discount, reflecting the low daily stock trading volumes. As a result, we arrive to a 2022 e-o-y target price of HUF 3,990 a share, implying

an 84% upside potential to yesterday's closing price. We assume a EURHUF exchange rate of 400.



Source: Concorde estimate

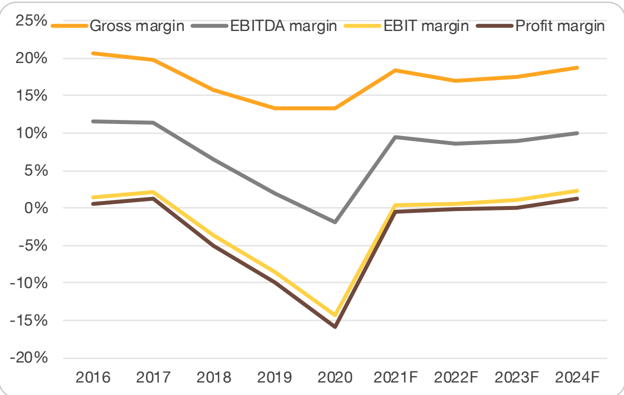
We hold our view that the Company is deeply undervalued and we see asymmetric risk/reward at this point. We are of the view that there is a massive difference between our fair value estimate and the offer price made by qualified shareholders.

RISKS

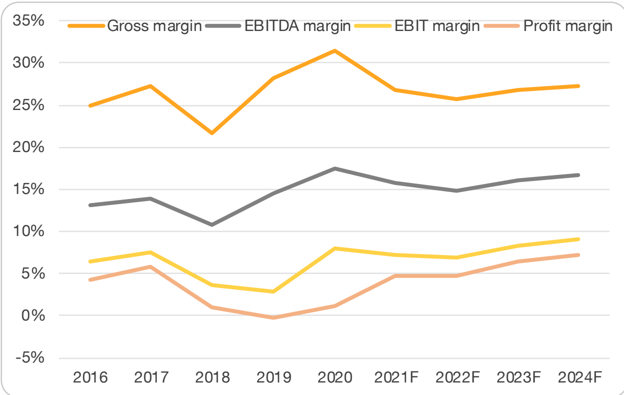
- **Market risks** - Changing macroeconomic environment or sector-specific conditions have significant influence on the financial performance.
- **Execution risk** - The Company goes through a CAPEX-cycle and material costs have risen over the recent quarters. In addition, transportation is a labor intensive industry, thus wage pressure, staff shortage are also putting pressure on the industry.
- **Regulatory risk** – The Company is exposed to the changes in the regulatory environment where it operates in Europe.
- **Financial risk –** The Company is exposed to FX translation risk.
- **ESG – increasing importance of ESG criteria**
    - **E(nvironment):** corporate climate policies, energy use and pollution – all important in case of the Company as the fleet burns millions of litres of fuel year by year.
    - **S(ocial) :** Waberer's must continue to be socially responsible.
    - **G(overnance):** conflict of interest between majority and minority shareholders may occur in the future over shareholders' remuneration.
- **Insurance-specific risks**

WABERER'S IN CHARTS

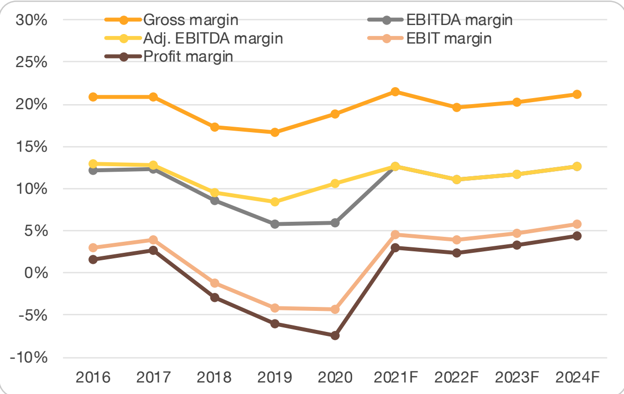
ITS margins



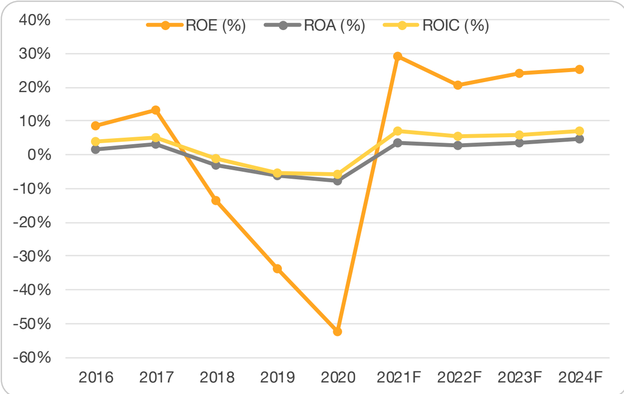
RCL margins



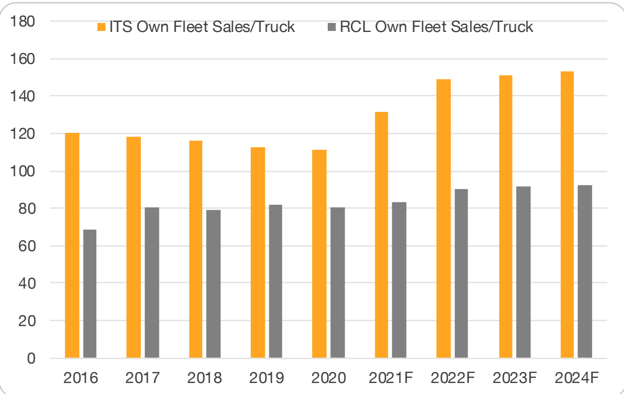
Group margins



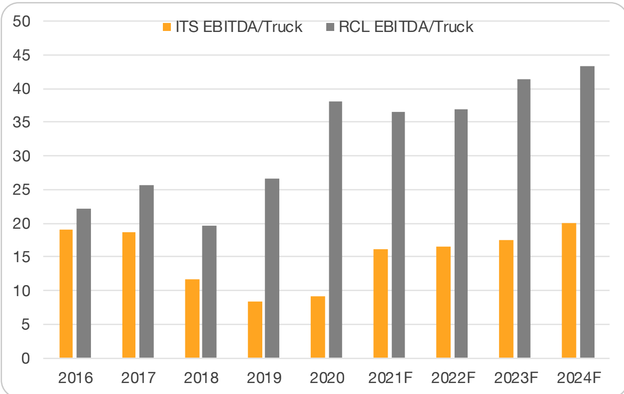
Group profitability



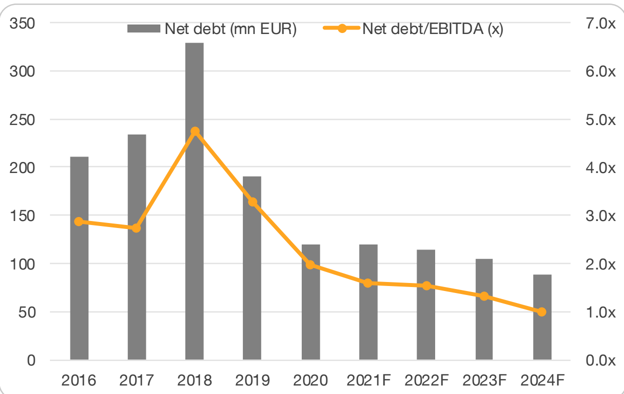
Avg. revenues per truck [ths EUR]



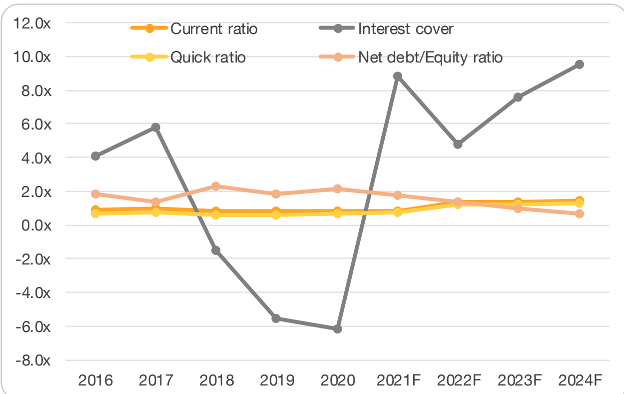
Avg. EBITDA per truck [ths EUR]



Indebtedness



Liquidity ratios



Source: Waberer's, Concorde Research

APPENDIX

PROFIT AND LOSS [EUR MILLION]

	2019	2020	2021F	2022F	2023F	2024F	2025F
Revenue	**696**	**569**	**591**	**669**	**686**	**700**	**720**
OPEX	**-580**	**-462**	**-464**	**-538**	**-547**	**-552**	**-566**
Gross profit	**116**	**107**	**127**	**131**	**139**	**149**	**154**
EBITDA	**40**	**34**	**74**	**74**	**80**	**89**	**93**
Non-recurring items	18	27	0	0	0	0	0
Recurring EBITDA	**58**	**60**	**74**	**74**	**80**	**89**	**93**
D&A	-69	-58	-47	-48	-48	-48	-49
EBIT	**-29**	**-24**	**27**	**26**	**32**	**40**	**44**
Net financial result	-6	-13	-4	-5	-4	-4	-4
EBT	**-35**	**-37**	**23**	**20**	**28**	**36**	**39**
Tax	-6	-4	-5	-5	-5	-5	-5
Net income	**-42**	**-42**	**18**	**16**	**23**	**31**	**34**

BALANCE SHEET [EUR MILLION]

	2019	2020	2021F	2022F	2023F	2024F	2025F
Property	69	61	54	65	85	105	105
Vehicles	154	93	91	91	91	91	91
Total property, plant and equipment	**228**	**158**	**148**	**159**	**179**	**199**	**199**
Intangible assets	50	34	34	34	34	34	34
TOTAL NON-CURRENT ASSETS	**161**	**166**	**187**	**187**	**187**	**187**	**187**
Inventories	4	3	4	4	4	4	4
Trade receivables	112	73	90	114	117	119	122
Cash and cash equivalents	51	76	59	128	138	155	189
TOTAL CURRENT ASSETS	**217**	**175**	**180**	**274**	**287**	**307**	**344**
TOTAL ASSETS	**606**	**499**	**516**	**620**	**652**	**692**	**730**
Shareholder's equity	104	56	68	84	107	138	172
Non-controlling interest	0	0	0	0	0	0	0
TOTAL SHAREHOLDERS' EQUITY	**104**	**56**	**69**	**84**	**107**	**138**	**173**
Long-term portion of leasing	129	102	78	78	78	78	78
TOTAL LONG-TERM LIABILITIES	**237**	**224**	**237**	**330**	**336**	**343**	**343**
Short-term loans and borrowings	49	32	25	0	0	0	0
Short-term portion of leasing	65	62	54	54	54	54	54
Trade payables	118	82	88	108	111	113	116
TOTAL CURRENT LIABILITIES	**266**	**218**	**210**	**206**	**208**	**211**	**214**
TOTAL EQUITY AND LIABILITIES	**606**	**499**	**516**	**620**	**652**	**692**	**730**

CASH-FLOW STATEMENT [EUR MILLION]

Simplified Cash Flow	2019	2020	2021F	2022F	2023F	2024F	2025F
EBIT	**-29**	**-24**	**27**	**26**	**32**	**40**	**44**
D&A	69	58	47	48	48	48	49
Working cap	-12	1	-12	-3	0	0	0
Others	19	41	-15	-10	-9	-9	-9
Operating Cash-Flow	**47**	**75**	**48**	**60**	**71**	**79**	**83**
CAPEX (incl. Lease payment)	-85	-34	-56	-59	-68	-68	-49
Investing Cash-Flow	**-37**	**41**	**-9**	**2**	**3**	**11**	**34**
Financing Cash-Flow	**31**	**-16**	**-9**	**68**	**7**	**7**	**0**
Changes in cash	**58**	**51**	**76**	**59**	**128**	**138**	**155**
Cash and cash eq. at e-o-y	**51**	**76**	**59**	**128**	**138**	**155**	**189**

Source: Concorde's estimate

KPIS

	2019	2020	2021F	2022F	2023F	2024F	2025F
Price (HUF) (year-end)	1,080	1,700	2,360	2,170	2,170	2,170	2,170
EURHUF (year-end)	330	363	369	400	400	400	400
EPS (HUF)	-780	-858	377	353	519	701	773
EPS growth (%)	107%	10%	-144%	-6%	47%	35%	10%
EPS (EUR)	-2.4	-2.4	1.0	0.9	1.3	1.8	1.9
EPS growth (%)	100%	0%	-143%	-14%	47%	35%	10%
DPS (HUF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DPS (EUR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS (HUF)	1,931	1,152	1,428	1,902	2,420	3,122	3,895
BVPS growth (%)	-26%	-40%	24%	33%	27%	29%	25%
BVPS (EUR)	5.9	3.2	3.9	4.8	6.1	7.8	9.7
BVPS growth (%)	-29%	-46%	22%	23%	27%	29%	25%
TBVPS (HUF)	1,006	449	722	1,136	1,654	2,356	3,129
TBVPS growth (%)	-33%	-55%	61%	57%	46%	42%	33%
TBVPS (EUR)	3.0	1.2	2.0	2.8	4.1	5.9	7.8
TBVPS growth (%)	-36%	-59%	58%	45%	46%	42%	33%
Total no. of shares (mln)	17.7	17.7	17.7	17.7	17.7	17.7	17.7
Book Value	104	56	68	84	107	138	172
Tangible Book Value	54	22	35	50	73	104	138
Market capitalization (EUR)	58	83	113	96	96	96	96
-Cash & Equivalents	-51	-76	-59	-128	-138	-155	-189
+Minority	0	0	0	0	0	0	0
+Total debt	242	195	178	243	243	243	243
Enterprise value	249	202	233	211	202	184	150
Invested Capital	405	343	360	468	498	535	570

Source: Concorde's estimate

BREAKDOWNS

REVENUE BREAKDOWN	2019	2020	2021	2022F	2023F	2024F	2025F
ITS	69%	57%	57%	59%	59%	58%	58%
RCL	21%	30%	30%	29%	29%	29%	29%
Insurance	10%	13%	13%	12%	12%	12%	12%
EBITDA BREAKDOWN	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
ITS	48%	34%	44%	46%	46%	47%	47%
RCL	37%	50%	38%	39%	41%	39%	39%
Profit margin	15%	16%	18%	14%	14%	14%	14%
EBIT BREAKDOWN	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
ITS	n.a	n.a	5%	8%	14%	24%	26%
RCL	n.a	n.a	48%	52%	53%	47%	46%
Insurance	n.a	n.a	47%	40%	33%	29%	28%
COST BREAKDOWN	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
Direct wages	17%	18%	18%	18%	19%	19%	19%
Indirect wages	5%	6%	6%	5%	6%	6%	6%
Fuel	16%	12%	13%	16%	15%	14%	14%
Toll & transit	16%	14%	14%	15%	15%	16%	16%
Subcontractors & reinsurance	17%	16%	17%	22%	22%	22%	22%
Depreciation	10%	10%	8%	7%	7%	7%	7%
Others	19%	22%	23%	16%	16%	16%	16%

Source: Concorde's estimate

MARGINS, MULTIPLES, RATIOS

GROUP margins	2019	2020	2021	2022F	2023F	2024F	2025F
Gross margin	17%	19%	21%	20%	20%	21%	21%
EBITDA margin	6%	6%	13%	11%	12%	13%	13%
Adj. EBITDA margin	8%	11%	13%	11%	12%	13%	13%
EBIT margin	-4%	-4%	5%	4%	5%	6%	6%
Profit margin	-6%	-7%	3%	2%	3%	4%	5%
ITS margins	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
Gross margin	13%	13%	18%	17%	18%	19%	19%
EBITDA margin	2%	-2%	9%	9%	9%	10%	10%
Adj. EBITDA margin	6%	6%	9%	9%	9%	10%	10%
EBIT margin	-9%	-14%	0%	1%	1%	2%	3%
Profit margin	-10%	-16%	0%	0%	0%	1%	2%
RCL margins	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
Gross margin	28%	31%	27%	26%	27%	27%	27%
EBITDA margin	14%	18%	16%	15%	16%	17%	17%
EBIT margin	3%	8%	7%	7%	8%	9%	9%
Profit margin	0%	1%	5%	5%	6%	7%	8%
Insurance margins	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
Gross margin	15%	14%	19%	15%	15%	16%	16%
EBITDA margin	13%	13%	17%	13%	13%	14%	14%
EBIT margin	13%	13%	17%	13%	13%	14%	14%
Profit margin	11%	12%	15%	12%	12%	13%	13%
Multiples	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
P/E	n.a	n.a	6.3x	6.1x	4.2x	3.1x	2.8x
P/BV	0.6x	1.5x	1.7x	1.1x	0.9x	0.7x	0.6x
P/TBV	1.1x	3.8x	3.3x	1.9x	1.3x	0.9x	0.7x
EV/CF	n.a	0.2x	n.a	5.1x	3.3x	0.8x	0.2x
EV/sales	0.4x	0.4x	0.4x	0.3x	0.3x	0.3x	0.2x
EV/EBITDA	6.2x	6.0x	3.1x	2.9x	2.5x	2.1x	1.6x
Dividend yield (%)	0%	0%	0%	0%	0%	0%	0%
FCF yield (%)	-65%	50%	-8%	2%	3%	11%	35%
Ratios	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
Sales growth (%)	-5%	-18%	4%	13%	3%	2%	3%
ROE (%)	-34%	-52%	29%	20%	24%	25%	22%
ROA (%)	-6%	-8%	4%	3%	4%	5%	5%
ROIC (%)	-5%	-6%	7%	6%	6%	7%	7%
Net debt/EBITDA (x)	3.3x	2.0x	1.6x	1.6x	1.3x	1.0x	0.6x
Net debt (mn EUR)	191	119	119	115	105	88	54
CAPEX/Depreciation (x)	1.2x	0.6x	1.2x	1.2x	1.4x	1.4x	1.0x
Depreciation/Sales (%)	10%	10%	8%	7%	7%	7%	7%
Liquidity	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
Current ratio	0.8x	0.8x	0.9x	1.3x	1.4x	1.5x	1.6x
Interest cover	-5.5x	-6.1x	8.8x	4.8x	7.6x	9.6x	10.5x
Quick ratio	0.6x	0.7x	0.7x	1.2x	1.2x	1.3x	1.5x
Net debt/Equity ratio	1.8x	2.1x	1.7x	1.4x	1.0x	0.6x	0.3x
Working Cap turnover days	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
Inventories	2	2	2	2	2	2	2
Receivables	59	47	56	62	62	62	62
Payables	66	56	62	59	59	59	59
Avg. returns [in EUR ths]	**2019**	**2020**	**2021**	**2022F**	**2023F**	**2024F**	**2025F**
ITS EBITDA/Truck	8	9	16	16	18	20	21
RCL EBITDA/Truck	27	38	36	37	41	43	45
ITS Own Fleet Sales/Truck	113	111	131	149	151	154	156
RCL Own Fleet Sales/Truck	82	80	83	90	92	92	93

Source: Concorde's estimate

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