

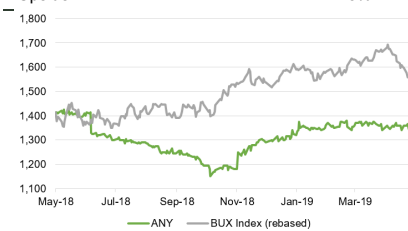
20 May 2019

ANY PLC

HOLD

ANY PLC: 1Q19 results – no surprises, continuing the dynamics of past quarters

BBG Ticker	ANY HB
Market Cap (USD mil)	68.5
Price	1,345
Price target	1,406
Upside	4.5%



ANY reported its 1Q19 results on 17 May, with revenues of HUF 7.44bn, 3.5% lower yoy, but 0.5% higher qoq, due mainly to revenues related to election ballots increasing the results in the base period, 1Q18. The EBITDA margin for the quarter, at 10.1%, was slightly higher than the 9.7% reported in the same quarter last year, due to lower materials and personnel expenses, while the EBITDA was HUF 755m, up 1.1% yoy and 26.7% qoq. The net profit came in at HUF 315m, marginally below 1Q18's HUF 319m, on higher depreciation charges, but mitigated by lower tax and minorities. We view the results as neutral, and in line with our 2019E full-year expectations, with the EBITDA and net profit for the quarter representing around 25% of our full-year targets. At its shareholder meeting in April, the company approved a dividend payment of HUF 79/share, a yield of 5.8% on the 17 May close, in line with our expectations.

The revenues dynamics were driven mainly by a yoy drop of 10.6% in security products (up 8.8% qoq), due to the election ballot revenues reported in 1Q18, increasing the base. The company's other main segments were in line with the same quarter last year, with card production only 0.5% higher and form production down 0.1%. Export revenues accounted for 35% of the total revenues in the quarter, compared to 33% in the same quarter last year, driven by an increase in card production and other revenues.

On the costs side, we saw an improvement compared to last year, with materials expenses down 6.2% and personnel expenses down 4.5%, accounting for 70.2% and 22.3% of sales, respectively. However, election ballot revenues were reported in 1Q18 – these are normally lower margin, as they incur higher overtime costs. Compared to the previous quarter, we see the materials expenses as fairly in line, while there was pressure on personnel expenses, which were up 15.6% qoq. The company reported a gain of HUF 201m in other expenses, 41.9% lower than last year, due to the lower value of capitalised assets.

The company reported EBITDA of HUF 755m, up 1.1% yoy and 26.7% qoq. We see the margin of 10.1% as slightly below our full-year target of 11%; however, in absolute terms, the EBITDA is in line with our expectations, on the back of the higher-than-expected revenues.

The net income for the quarter was reported at HUF 315m, down 1% yoy, but up 72.1% qoq. The dynamic, compared to the same quarter last year, is following the EBITDA trend, driven by a 9.1% higher depreciation charge, but mitigated by 18.4% lower tax expenses and 25.5% lower minorities.

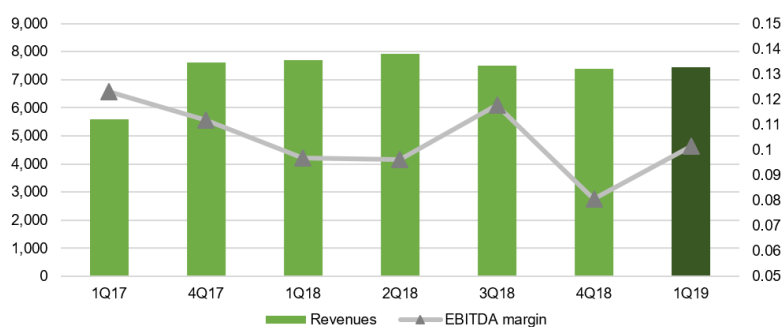
The cash conversion cycle has deteriorated only marginally compared to the previous quarter, with both receivables and inventory days increasing, to a total days of 64 vs. 58 in 4Q18. The leverage ratio was constant this quarter, at 2x net debt/EBITDA, the same level as in 4Q18.

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ANY: quarterly EBITDA dynamics (HUF m)



Source: WOOD Research, company data

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ANY: 1Q19 results review

(HUF m)	1Q18	4Q18	1Q19	yoy	qoq
Revenues	7,713	7,402	7,441	-3.5%	0.5%
Security Products	2,678	2,199	2,393	-10.6%	8.8%
Card Production	2,218	2,107	2,228	0.5%	5.7%
Form Production	2,363	2,402	2,361	-0.1%	-1.7%
Traditional Printing	227	444	291	28.2%	-34.5%
Other	227	250	168	-26.0%	-32.8%
Material expenses	-5,573	-5,180	-5,226	-6.2%	0.9%
Personnel expenses	-1,739	-1,436	-1,660	-4.5%	15.6%
Other expenses	346	-190	201	-41.9%	n.m.
EBITDA	747	596	755	1.1%	26.7%
D&A	-286	-289	-312	9.1%	8.0%
EBIT	461	306	443	-3.8%	44.7%
Financial result	-23	-29	-23	0.9%	-18.4%
Pre-tax profit	454	278	420	-7.4%	51.2%
Tax	-53	-28	-43	-18.4%	53.5%
Net income	401	241	377	-6.0%	56.8%
Minorities	83	57	62	-25.5%	7.7%
Net income for shareholders	319	183	315	-1.0%	72.1%

Source: Company data, WOOD Research

ANY: 1Q19 operational results review

	1Q18	4Q18	1Q19	yoy	qoq
EBITDA margin	9.7%	8.1%	10.1%	0.46pp.	2.09pp.
EBIT margin	6.0%	4.1%	6.0%	-0.02pp.	1.82pp.
Net Income margin	5.2%	3.2%	5.1%	-0.14pp.	1.82pp.
Net Income for shareholders margin	4.1%	2.5%	4.2%	0.11pp.	1.76pp.
Business lines as % of revenues					
Security Products	35%	30%	32%	-2.56pp.	2.45pp.
Card Production	29%	28%	30%	0.01pp.	0.01pp.
Form Production	31%	32%	32%	0.01pp.	-0.01pp.
Traditional Printing	3%	6%	4%	0.01pp.	-0.02pp.
Other	3%	3%	2%	-0.01pp.	-0.01pp.
Export revenues	2,582	3,119	2,616	1.3%	-16.1%
Security Products	227	41	148	-34.8%	261.0%
Card Production	239	678	321	34.3%	-52.7%
Form Production	2,023	2,123	2,033	0.5%	-4.2%
Traditional Printing	7	11	6	-14.3%	-45.5%
Other	86	266	108	25.6%	-59.4%
Export as % of total revenues	33%	42%	35%	1.68pp.	-6.98pp.
Security Products	8%	2%	6%	-0.02pp.	0.04pp.
Card Production	11%	32%	14%	0.04pp.	-0.18pp.
Form Production	86%	88%	86%	0.00pp.	-0.02pp.
Traditional Printing	3%	2%	2%	-0.01pp.	0.00pp.
Other	38%	106%	64%	0.26pp.	-0.42pp.
Receivable days	82	57	64	-18	7
Inventory days	42	42	47	5	5
Payable days	40	40	47	7	7
Cash conversion cycle	84	58	64	-20	6

Source: Company data, WOOD Research

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Year	Sales (HUF m)	EBITDA (HUF m)	EBIT (HUF m)	Net income (HUF m)	EPS (HUF)	P/E (x)	EV/EBITDA (x)	DPS (HUF)	Dividend yield
2016	24,911	2,977	1,969	1,202	81.3	13.2	6.6	65.0	6.1%
2017	26,181	3,068	1,998	1,040	70.3	19.0	8.3	84.0	6.3%
2018	30,527	2,986	1,853	1,140	77.1	17.6	8.5	79.0	5.8%
2019E	27,830	3,049	1,931	1,243	84.0	16.2	8.6	78.1	5.7%
2020E	27,247	3,060	1,926	1,190	80.5	16.9	8.5	84.0	6.2%
2021E	28,204	3,290	2,139	1,321	89.3	15.2	8.0	80.5	5.9%

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14/12/2017	HOLD – initiation of coverage 14/12/2017 HUF 1.406

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