



## Opus Global 2022 FY results

Company Data	
Recommendation	buy
Target price*	232
Current price	HUF 121
52-week range	HUF 115- HUF 226
Market cap (HUF, mn)	84 619
Average daily turnover (number of shares)	356 484
Bloomberg code	OPUS HB

**Jozsef Puzsar**

Analyst

+36 1 430 3980

jozsef.puzsar@equilor.hu

## Consolidated Results

Consolidated, HUF '000'	2022 FY	2021 FY	Change
Operating income, total	535 322 934	307 891 544	74%
Operating expenses	501 260 457	290 781 842	72%
Operating EBIT	34 062 477	17 109 702	99%
P/L after Taxes	22 228 641	41 664 779	-47%

Source: OPUS

OPUS has achieved significant growth in both revenue and operating EBIT in 2022. Revenue grew by 74 % YoY, while EBIT increased by 99 %. The energy division experienced strong growth in 2022 driven by the fully consolidated results of TITÁSZ and TIGÁZ for the whole financial year, which were not included in the 2021 figures. The other segments of OPUS also saw significant revenue growth, but if we look at the operating EBIT it is not as clear cut. The industry and tourism sectors saw significant declines, which were offset by the notable improvement in the agricultural segment.

Net profit however showed a substantial decrease due to the one-time positive item of HUF 30 billion (badwill) recognized by the company in the base period (2021) related to the acquisitions in the energy segment. The financial result was further deteriorated by increased interest expenses, as well as less dividend received from subsidiaries of Mészáros Építőipari Holding Zrt.

The economic challenges seen last year may continue in 2023 as well, basically for all segments of OPUS. It will be important to see how the company can adapt to the changed environment and whether it will be able to reach organic growth after the major acquisitions are completed. The company will not pay any dividend after the 2022 results according to the proposal for the Annual General Meeting.

\*The target price was based on the fundamental analysis of the company and it is not guaranteed that the price of the share will reach the given target price.

## Industry Segment

Industry, HUF '000'	2022 FY	2021 FY	Change
Operating income, total	217 896 138	158 896 902	37%
Operating expenses	202 943 246	140 248 039	45%
Operating EBIT	14 952 892	18 648 863	-20%
P/L after Taxes	27 949 733	36 412 044	-23%

Source: OPUS

The Industry segment's revenue increased by 37% YoY in 2022, while operating costs increased more than revenue (+45% YoY). This resulted in a 20% decline in operating EBIT. Companies in the division had limited ability to pass on the effects of increasing energy prices and the weakening HUF to their customers during the year. Profit after taxes decreased even more (-23% YoY) as the subsidiaries of Mészáros Építőipari Holding Zrt. have decided to pay a total of HUF 11.8 billion in dividends this year, compared to HUF 19.2 billion last year.

The heavy industry subsegment's revenue increased by 37.8% YoY to HUF 18.59 billion. This growth can be attributed to a combination of factors, including increased demand, favorable pricing, and exchange rate effects. However, the key driver of this growth appears to be Wamsler's strategic shift towards more complex, higher value-added product categories.

As we highlighted before the coming quarters can have significant challenges as the decline in government orders was already noticeable in 2022 and may be more significant in 2023. Additionally, the volatile prices of raw materials and the shortage of labor also represent significant risks to the segment's profitability.

## Tourism Segment

Tourism, HUF '000'	2022 FY	2021 FY	Change
Operating income, total	30 709 994	18 445 627	66%
Operating expenses	29 315 563	16 651 900	76%
Operating EBIT	1 394 431	1 793 727	-22%
P/L after Taxes	- 3 086 227	- 882 525	250%

Source: OPUS

The Tourism segment achieved substantial increase in revenue in 2022, due to the fact that the previous year was restrained by COVID lockdowns. However, the drastic increase in energy prices significantly increased costs, resulting in a 22% decline in EBIT compared to the previous year. It is important to note that the operating costs of the acquired Hotel Eger & Park, as well as the renovation program for the hotel portfolio also contributed to the higher cost level. The segment reported a substantial financial loss on the revaluation of the liabilities due to the weakening HUF and the payment of interests.

The company expects significant domestic tourism in 2023 as households face difficulties such as declining real wages and increasing cost of living and may cut back on luxury expenses like foreign holidays. However, a more severe than currently expected livelihood crisis could have a negative impact on domestic tourism hence on the operation of OPUS's Tourism segment as well.

## Agricultural and Food segment

Agricultural and Food segment, HUF '000'	2022 FY	2021 FY	Change
Operating income, total	139 813 743	80 757 989	73%
Operating expenses	133 810 147	85 882 139	56%
Operating EBIT	6 003 596	- 5 124 150	-
P/L after Taxes	1 589 828	- 7 429 903	-

Source: OPUS

The Agricultural and food segment reported strong results. Revenue was up by 73 % YoY, while costs were contained, resulting in EBIT rising from negative territory in 2021 to HUF 6 billion in 2022. In the food subsector, the effects of rising raw material and energy prices were successfully reflected in the prices of products, while the weakening forint also had a positive impact on revenues. The main product (starch products and sugars) accounted for 68% of sales while by-products (feed and wheat gluten) contributed 32% of sales in 2022.

Despite a challenging year for agriculture due to drought and increased costs of input materials and energy prices the Agricultural and food segment of OPUS demonstrated significant improvement in its annual result.

## Energy Segment

Energy, HUF '000'	2022 FY	2021 FY	Change
Operating income, total	154 455 821	58 595 377	164%
Operating expenses	144 741 463	51 301 045	182%
Operating EBIT	9 714 358	7 294 332	33%
P/L after Taxes	6 515 241	5 712 668	14%

Source: OPUS

The Energy segment's revenue increased by 164% YoY however, the year-on-year comparison of segment performance does not provide an accurate picture of the profitability trend due to the timing of the acquisitions made in 2021. Revenues from core activities have shown growth even after adjusting for the base effect, despite changes in consumer habits (energy-saving efforts) and a milder-than-usual weather that resulted in a decrease in the volume of distributed natural gas and electricity. The reduced distributed energy was offset by a favorable development in revenue recognized in distribution tariffs, resulting in an approximately 8% increase in revenue for the gas distribution business and a 41% increase in revenue for the electricity business.

Operating costs increased at a higher rate than revenue growth, which was driven by an increase in the cost of procurement to make up for network losses, which was negatively impacted by the increase in gas and electricity prices and the weakening forint. Overall, the energy business of OPUS achieved an operating profit of HUF 9.7 billion and a net profit of HUF 6.5 billion for the financial year of 2022.


**Equilor Investment Ltd.**

Member of the Budapest, Prague and Warsaw Stock Exchanges

1026 Budapest, Pasareti ut 122-124.

Tel: 430 3980 | Fax: 430 3981

equilor@equilor.hu

www.equilor.hu

**Research**

Jozsef Puzsar

Analyst

(+36 1) 430 3980

jozsef.puzsar@equilor.hu

Zoltán Varga

Senior Analyst

(+36 1) 436 7015

zoltan.varga@equilor.hu

**Institutional sales**

Attila József Szabó

Sales Trader

(+36 1) 808 9200

attila.szabo@equilor.hu

**Brokerage**

Vavrek Zsolt

Head of Premium Investment Services

(+36 1) 430 3991

zsolt.vavrek@equilor.hu

**Private Banking**

Máté Szüle

Private Banking

(+36 1) 808 9221

mate.szule@equilor.hu

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 The report was closed on the 11<sup>th</sup> of April, 2023.

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