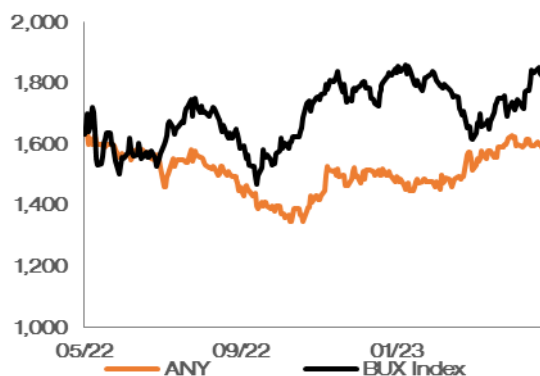


# ANY Security printing

BUY (unch.)

Target price (12M ex-div): HUF 2,450 (unch.)

HUF million	Q1/22	Q1/23	Chg. (y-o-y)
Revenues	11,574	11,164	-4%
EBITDA	2,044	1,450	-29%
EBIT	1,485	863	-42%
Net profit	1,086	474	-56%
EPS (HUF)	76	33	-56%
Export ratio	33%	43%	10%pt
EBITDA marg.	17.7%	13.0%	-4.7%pt
EBIT marg.	12.8%	7.7%	-5.1%pt



Share price close as of 10/03/2023	1,615	Bloomberg	ANY HB
Number of shares [mn] (w/o own shares)	14.3	Reuters	ANYH.BU
Market capitalization [HUF bn/EUR mn]	23.9/64.5	Free float	58%
Daily turnover 12M [EUR th]	18.0	52-week range	HUF 1,350-1,640

## Unfavourable FX movements weighed on Q1 profit

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- On Monday, AMC, ANY Security Printing Co. reported a net income of HUF 474mn (-56% YoY) on net sales of HUF 11.2bn (-4% YoY) for Q1/23. Though results were down YoY, we don't attribute much importance to that as Q1 was distorted by several factors, including a predominantly non-realized FX loss of HUF 245mn.
- EBIT came in at HUF 863mn (-42% YoY), EBITDA totalled HUF 1,451mn (-29% YoY). The significant drop in earnings were also attributed to the high base period, which was positively impacted by elections and document renewals after covid-19. So it made comparison difficult.
- **Key positives:** Very good news was, however, the share of export sales, which accounted for 43% of total. Both security products and solutions and card manufacturing and personalisation segments saw revenue growth, thanks to higher demand for passport and paper-based security documents and card document.
- **Key negatives:** Interest expense was quite high as it amounted to HUF 111mn. We expect that the Company will benefit from the current rate environment this year, but it hasn't materialized yet due to higher interest rates on revolving loans. Later this year, we expect a significant improvement on that line.
- In our March note, we argued that the high yield environment and uncertainty will not last forever, so it's worth thinking about what comes next. We consider ANY as one of the most attractive small-cap stories in the region due to the limited competition in the sector, as well as the Company's growth story, know-how and the announced deal with Angola, which will add billions of HUF in sales annually in the next 10 year. We reiterate our 12m ex-div TP at 2,450 HUF/sh. With adding the dividend of 161 HUF/sh, this implies a roughly 62% upside potential compared to Monday's closing price.

PROFIT AND LOSS [HUF MILLION]

[HUF mn, except per share]	2022				2023	Q1 chg.	
	Q1	Q2	Q3	Q4	Q1	Y-o-Y	Q-o-Q
<b>P&amp;L</b>							
Revenue	11,574	11,691	11,905	8,010	<b>11,164</b>	-4%	39%
Gross profit	4,431	3,018	3,123	2,053	<b>4,014</b>	-9%	95%
EBITDA	2,044	1,731	1,398	617	<b>1,450</b>	-29%	135%
EBIT	1,485	993	794	314	<b>863</b>	-42%	175%
Net financials, tax, minority	-398	-444	-408	-91	<b>-389</b>	-2%	326%
Net profit / (loss)	1,086	549	386	223	<b>474</b>	-56%	113%
EPS [HUF]	76	38	27	16	<b>33</b>	-56%	113%

**Total Sales**

Security products	4,338	3,311	4,501	3,142	<b>4,421</b>	2%	41%
Card production	3,389	3,852	3,622	2,439	<b>3,167</b>	-7%	30%
Form production	3,243	3,723	2,637	1,764	<b>2,853</b>	-12%	62%
Traditional printing products	392	536	560	619	<b>466</b>	19%	-25%
Other	212	269	585	47	<b>257</b>	21%	447%

**o/w export sales**

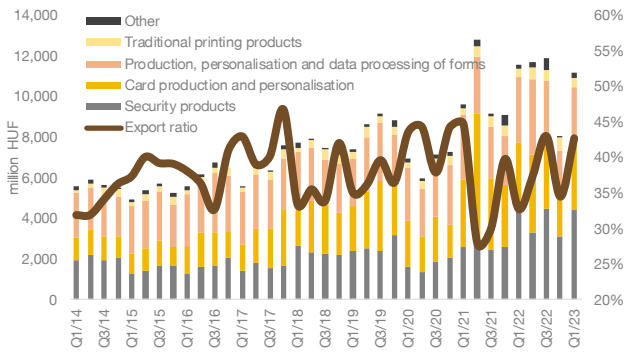
Security products	381	236	1,750	550	<b>1,148</b>	201%	109%
Card production	278	450	676	290	<b>857</b>	208%	196%
Form production	2,950	3,407	2,210	1,661	<b>2,509</b>	-15%	51%
Traditional printing products	51	61	64	91	<b>105</b>	106%	15%
Other	139	229	430	178	<b>159</b>	14%	-11%
<b>Export ratio</b>	<b>32.8%</b>	<b>37.5%</b>	<b>43.1%</b>	<b>34.6%</b>	<b>42.8%</b>	10%pt	8.2%pt

**Margins**

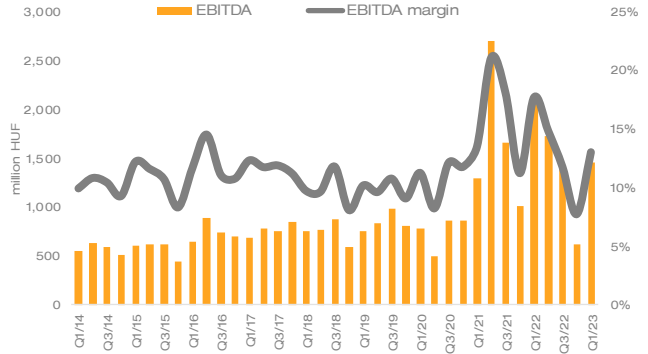
Gross margin	38.3%	25.8%	26.2%	25.6%	<b>36.0%</b>	-2.3%pt	10.3%pt
EBIT margin	12.8%	8.5%	6.7%	3.9%	<b>7.7%</b>	-5.1%pt	3.8%pt
EBITDA margin	17.7%	14.8%	11.7%	7.7%	<b>13.0%</b>	-4.7%pt	5.3%pt
Net profit margin	9.4%	4.7%	3.2%	2.8%	<b>4.2%</b>	-5.1%pt	1.5%pt

Source: ANY Security Printing, Concorde Research

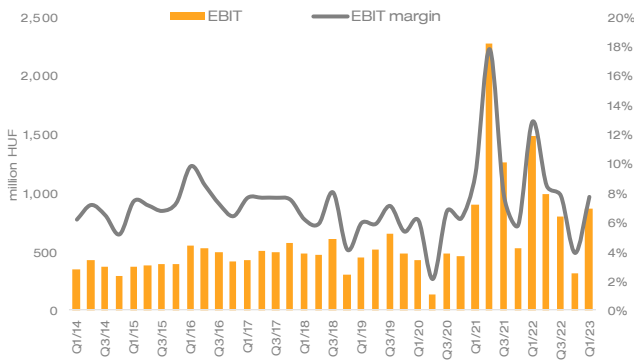
Quarterly sales breakdown



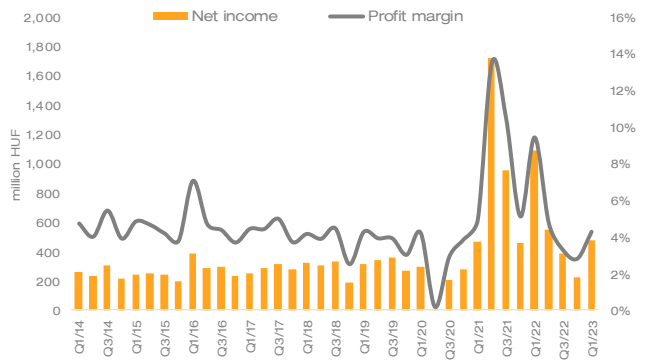
Development of quarterly EBITDA & EBITDA margin



Quarterly EBIT & EBIT margin



Quarterly net profit & net profit margin



Source: ANY Security Printing, Concorde Research

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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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