

# ANY Security printing

BUY

Target price (12M ex-div): HUF 1,940 (unch.)

HUF million	2021	2022	Chg. (y-o-y)
Revenues	40,658	43,180	6%
EBITDA	6,663	5,790	-13%
EBIT	4,952	3,586	-28%
Net profit	3,607	2,244	-38%
EPS (HUF)	251	156	-38%
Export ratio	35%	37%	2.1%pt
EBITDA marg.	16.4%	13.4%	-3.0%pt
EBIT marg.	12.2%	8.3%	-3.9%pt



Share price close as of 10/03/2023	1,495	Bloomberg	ANY HB
Number of shares [mn] (w/o own shares)	14.3	Reuters	ANYH.BU
Market capitalization [HUF bn/EUR mn]	22.1/57.7	Free float	58%
Daily turnover 12M [EUR th]	28.0	52-week range	HUF 1,350-1,805

## Profit beats our estimate despite high energy costs

**Equity Analyst**  
Gabor Bukta  
+361 489 2272  
g.bukta@con.hu

55-61 Alkotás  
Street,  
Budapest  
www.con.hu

- Summary:** ANY Security Printing Co. reported a net income of HUF 223mn on net sales of HUF 8.0bn for Q4/22. As a result, the Company reached a net profit of HUF 2.24bn on net sales of 43.2bn in 2022. In a nutshell, it was already known in the fourth quarter that the year would not end gently in terms of financial results, as it was roughly expected due to higher energy costs, seasonality, and the adverse impact of the strengthening of the forint, which wiped out approximately HUF 51 million in Q4. Having said that, the Company reached an EPS of HUF 156 in 2022, exceeding our estimate of HUF 152, so overall we are glad to see that extreme high energy prices didn't put a more severe pressure on the company during the 3 months through December. More importantly, ANY proposed to distribute the entire 2022 net profit to its shareholders, which translates into a dividend yield of around 10.5%.
- Key negatives:** The last quarter was affected by rising costs; in addition to extremely high energy prices, the difficulties in the raw materials market continue to impact the Company's operations, CEO Zsamboki highlighted in a comment.
- Key positives:** The Company remains an attractive dividend stock as it offers a dividend yield of more than 10%. The Company earlier announced to have carried out a milestone investment and signed a 10Y contract with Angola. The EUR 130 million contract with Angola makes ANY confident that their growth is secured for 2023. In connection with the agreement, ANY received a significant amount as a prepayment from Angola in an extent of roughly HUF 4-5bn. In our view, given higher interest rates on deposits, the Company may earn financial income on them, which could add to 2023 profit. Besides that, given the normalization in electricity and gas prices, financials are expected to recover during the first half of this year.
- We reiterate our 12m ex-div TP at 1,940 HUF/sh adjusted for our dividend expectation of 156 HUF/sh. This implies a roughly 40% upside potential to Friday's closing price. Though**

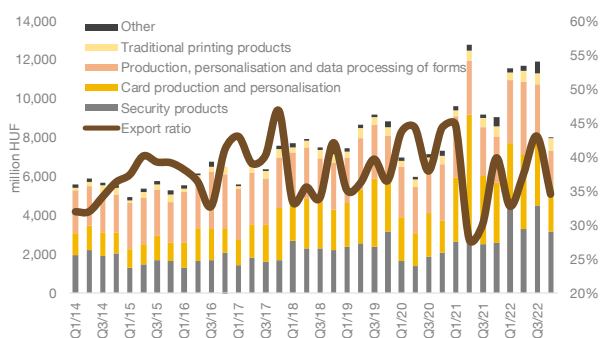
the stock has lost its attractiveness in light of the rise in risk-free rates and higher long-term HUF yields, we are of the view that the management's efforts in the Company will bear fruit and they will emerge even stronger from the current energy crisis. ANY will be able to pass on rising costs to its customers due to the complex service and product mix offered globally so we consider the stock as a valuable asset with a solid growth potential.

PROFIT AND LOSS [HUF MILLION]

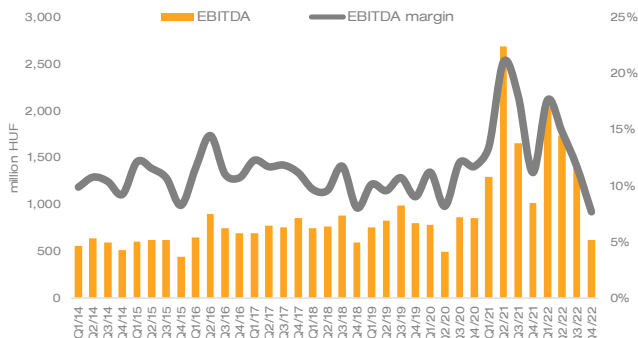
[HUF mn, except per share]	2021					2022					FY		Q4 chg.	
	Q4	Q1	Q2	Q3	Q4	2021	2022	Y-o-Y	Y-o-Y	Q-o-Q	Y-o-Y	Y-o-Y	Q-o-Q	
<b>P&amp;L</b>														
Revenue	9,076	11,574	11,691	11,905	<b>8,010</b>	40,658	43,180	6%	30%	2%				
Gross profit	2,184	4,431	3,018	3,123	<b>2,053</b>	13,927	12,625	-9%	46%	3%				
EBITDA	1,016	2,044	1,731	1,398	<b>617</b>	6,663	5,790	-13%	-16%	-19%				
EBIT	527	1,485	993	794	<b>314</b>	4,952	3,586	-28%	-37%	-20%				
Net financials, tax, minority	-66	-398	-444	-408	<b>-91</b>	-1,345	-1,342	0%	33%	-8%				
Net profit / (loss)	461	1,086	549	386	<b>223</b>	3,607	2,244	-38%	-60%	-30%				
EPS [HUF]	32	76	38	27	<b>16</b>	251	156	-38%	-60%	-30%				
<b>Total Sales</b>														
Security products	2,612	4,338	3,311	4,501	<b>3,142</b>	10,579	15,292	45%	80%	36%				
Card production	3,056	3,389	3,852	3,622	<b>2,439</b>	16,227	13,302	-18%	3%	-6%				
Form production	2,407	3,243	3,723	2,637	<b>1,764</b>	10,858	11,367	5%	4%	-29%				
Traditional printing products	501	392	536	560	<b>619</b>	1,816	2,107	16%	13%	4%				
Other	499	212	269	585	<b>47</b>	1,177	1,113	-5%	273%	117%				
<b>o/w export sales</b>														
Security products	420	381	236	1,750	<b>550</b>	2,494	2,917	17%	445%	642%				
Card production	384	278	450	676	<b>290</b>	859	1,694	97%	866%	50%				
Form production	2,188	2,950	3,407	2,210	<b>1,661</b>	9,841	10,228	4%	-2%	-35%				
Traditional printing products	42	51	61	64	<b>91</b>	77	267	247%	392%	5%				
Other	587	139	229	430	<b>178</b>	1,003	976	-3%	271%	88%				
<b>Export ratio</b>	<b>39.9%</b>	<b>32.8%</b>	<b>37.5%</b>	<b>43.1%</b>	<b>34.6%</b>	<b>35.1%</b>	<b>37.2%</b>	2.1%pt	12.9%pt	5.6%pt				
<b>Margins</b>														
Gross margin	24.1%	38.3%	25.8%	26.2%	<b>25.6%</b>	34.3%	29.2%	-5%pt	2.9%pt	0.4%pt				
EBIT margin	5.8%	12.8%	8.5%	6.7%	<b>3.9%</b>	12.2%	8.3%	-3.9%pt	-7.1%pt	-1.8%pt				
EBITDA margin	11.2%	17.7%	14.8%	11.7%	<b>7.7%</b>	16.4%	13.4%	-3%pt	-6.3%pt	-3.1%pt				
Net profit margin	5.1%	9.4%	4.7%	3.2%	<b>2.8%</b>	8.9%	5.2%	-3.7%pt	-7.2%pt	-1.5%pt				

Source: ANY Security Printing, Concorde Research

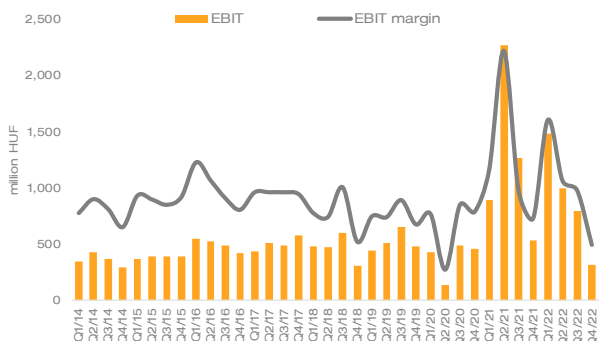
Quarterly sales breakdown



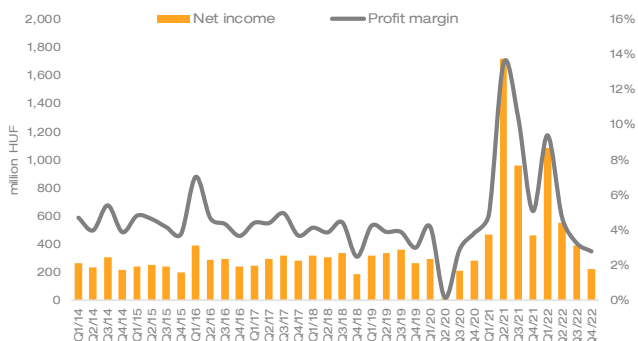
Development of quarterly EBITDA & EBITDA margin



Quarterly EBIT & EBIT margin



Quarterly net profit & net profit margin



Source: ANY Security Printing, Concorde Research

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Rating	Trigger
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.

**Securities prices:**

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