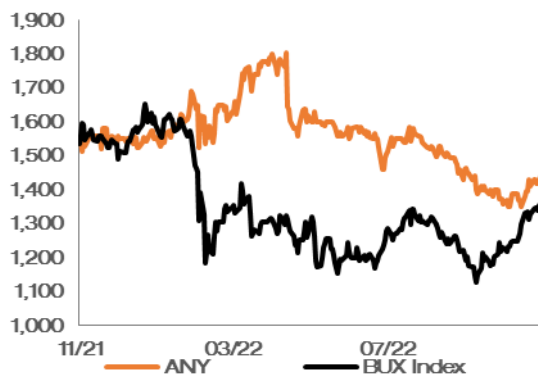


ANY Security printing

BUY

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

HUF million	Q3/21	Q3/22	Chg. (y-o-y)
Revenues	9,189	11,905	30%
EBITDA	1,658	1,398	-16%
EBIT	1,262	794	-37%
Net profit	956	386	-60%
EPS (HUF)	67	27	-60%
Export ratio	30%	43%	12.9%pt
EBITDA marg.	18.0%	11.7%	-6.3%pt
EBIT marg.	13.7%	6.7%	-7.1%pt



Share price close as of 17/08/2022	1,450	Bloomberg	ANY HB
Number of shares [mn] (w/o own shares)	14.3	Reuters	ANYH.BU
Market capitalization [HUF bn/EUR mn]	21.5/52.8	Free float	58%
Daily turnover 12M [EUR th]	32.0	52-week range	HUF 1,350-1,805

Challenges may overshadow the long term outlook

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- **Summary:** ANY Security Printing Co. reported a net income of HUF 386mn on net sales of HUF 11.9bn in Q3/22. As a result, the Company reached a net profit of HUF 2.0bn on net sales of 35.2bn in the first 9 months of 2022. It's worth noting that we expect an EPS of HUF 152 for 2022, out of which an EPS of HUF 141 was achieved in the period between January and September.
- **Key negatives:** Despite the fact that Q3 revenues unexpectedly rose 2% QoQ on the back of the growing export sales, operating and net profit were broadly in line with our expectations. **Due to the skyrocketing energy costs, as well as the rising labour and material costs, we are concerned that the Company will be able to meet our full-year net profit expectation of HUF 2,178mn.**
- **Key positives:** We think that the Company remains an attractive dividend stock as it offers a dividend yield of around 10%. The Company announced to have carried out a milestone investment and signed a 10Y contract with Angola – both are of strategic importance in terms of the expanding export business. **The EUR 130 million contract with Angola or the installation of the new printing machine will support ANY to achieve improving results in the future.**
- **CEO highlighted that difficulties in the supply chains, rising paper, ink, polycarbonate and chip prices and labour costs, as well as increased energy costs resulted in significantly lower profit in the reported period compared to the same period of last year. He added that these factors continue to dominate the operations of the ANY Group, but they have been taking steps to improve efficiency and save energy to mitigate the negative impacts.**
- **More positives (detailed):**
 - **The Company reached a milestone in the quarter as it installed a new intaglio printing machine in Budapest, marking the biggest investment of the company in recent decades.**

- **The international interest in ANY's travel documents has increased noticeably** as the Company's products are exported to 51 countries.
 - **ANY has concluded a 10-year contract for the supply of the Angolan passport system, worth EUR 130 million.** We note that it was rumoured by the local media last summer, but that was too early to materialize as the parties signed the contract during the previous quarter.
 - **The Company says that the expansion in the export book market** is successful in Gyoma and Gyomai Kner Printing House is able to ease the tensions in the book market.
- **A month ago we revisited our estimates. Our 12m ex-div TP was set at 1,940 HUF/sh adjusted for our dividend expectation of 152 HUF/sh. This implies a 44% upside potential to Monday's closing price. Though the stock has lost its attractiveness in light of the rise in risk-free rates and higher 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			Q3 chg.	
	Q3	Q4	Q1	Q2	Q3	Y-o-Y	Q-o-Q
P&L							
Revenue	9,189	9,076	11,574	11,691	11,905	30%	2%
Gross profit	2,141	2,184	4,431	3,018	3,123	46%	3%
EBITDA	1,658	1,016	2,044	1,731	1,398	-16%	-19%
EBIT	1,262	527	1,485	993	794	-37%	-20%
Net financials, tax, minority	-306	-66	-398	-444	-408	33%	-8%
Net profit / (loss)	956	461	1,086	549	386	-60%	-30%
<i>EPS [HUF]</i>	67	32	76	38	27	-60%	-30%
Total Sales							
Security products	2,494	2,612	4,338	3,311	4,501	80%	36%
Card production	3,517	3,056	3,389	3,852	3,622	3%	-6%
Form production	2,525	2,407	3,243	3,723	2,637	4%	-29%
Traditional printing products	496	501	392	536	560	13%	4%
Other	157	499	212	269	585	273%	117%
o/w export sales							
Security products	321	420	381	236	1,750	445%	642%
Card production	70	384	278	450	676	866%	50%
Form production	2,252	2,188	2,950	3,407	2,210	-2%	-35%
Traditional printing products	13	42	51	61	64	392%	5%
Other	116	587	139	229	430	271%	88%
Export ratio	30.2%	39.9%	32.8%	37.5%	43.1%	12.9%pt	5.6%pt
Margins							
Gross margin	23.3%	24.1%	38.3%	25.8%	26.2%	2.9%pt	0.4%pt
EBIT margin	13.7%	5.8%	12.8%	8.5%	6.7%	-7.1%pt	-1.8%pt
EBITDA margin	18.0%	11.2%	17.7%	14.8%	11.7%	-6.3%pt	-3.1%pt
Net profit margin	10.4%	5.1%	9.4%	4.7%	3.2%	-7.2%pt	-1.5%pt

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.

Securities prices:

Prices are taken as of the previous day's close on the home market unless otherwise stated.

Valuations and risks:

Analysis of specific risks to set stock target prices highlighted in our investment case(s) are outlined throughout the report. For details of methodologies used to determine our price targets and risks related to the achievement of the targets referred to in the main body of the report or at [Rating Methodology](#) on our website, visit (https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038)

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