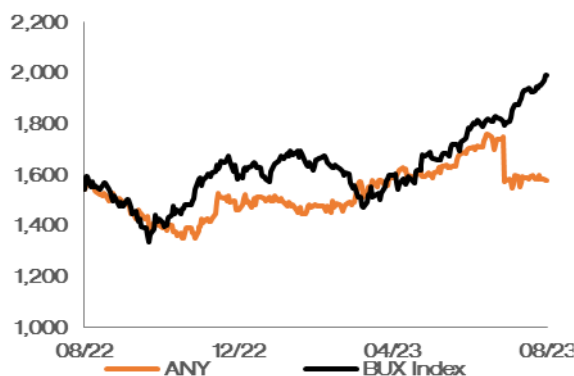


# ANY Security printing

BUY (unch.)

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

HUF million	Q2/22	Q2/23	Chg. (y-o-y)
Revenues	11,691	15,011	28%
EBITDA	1,731	2,271	31%
EBIT	993	1,648	66%
Net profit	549	1,021	86%
EPS (HUF)	38	71	86%
Export ratio	37%	54%	16.6%pt
EBITDA marg.	14.8%	15.1%	0.3%pt
EBIT marg.	8.5%	11.0%	2.5%pt



Share price close as of 15/08/2023	1,610	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]	23.0	52-week range	HUF 1,350-1,760

## Outstanding H1 EPS could spur DPS expectations

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- **Summary:** ANY Security Printing Co. posted a net profit of HUF 1,021mn (+86% YoY) on net sales of HUF 15.0bn (+28% YoY) for Q2/23, boosted by the extraordinary contribution of export sales. H1 net profit came in at HUF 1.5bn vs HUF 1.6bn a year ago (-9% YoY), but the base period was favourably affected by the pent-up demand for personal documents, as well as the additional income from election ballots. During Q2, ANY benefitted from the launch of the enormous Angolan project and other export projects, which together accounted for 54% of total sales. However, high interest rates and unfavourable FX movements resulted in an additional cost of c. HUF 200mn in the quarter. Overall, ANY reported a solid set of results, which we warmly welcome. The trend is completely different compared to the last year when H2 profit slumped. The Company earned an EPS of HUF 104 in the first half of this year. It's worth noting that we conservatively expect an EPS of HUF 189 for the full year, but EPS may exceed HUF 200 in 2023, translating into a DY of at least 12%, above the current HGB yields on all tenors.
- **Key positives:**
  - Booming export sales and export ratio
  - A more value accretive sales mix and margin expansion
  - Outstanding EPS could spur dividend expectations
  - COSG/sales ratio drops as price of materials being on the decline
- **Key negatives:**
  - Falling demand for Romanian form products
  - Interest expenses grew due the need of revolving financing
  - FX revaluation weighed on results, but it may recover in H2
- **Sales** amounted to HUF 26bn (+13%) in H2. The growth predominantly stemmed from the growing volume of export projects. Export sales reached HUF 12.9bn in the first half of 2023, resulted in an export ratio of 49%. The launch of the Angolan project may added

alone around EUR 10mn in Q2, based on our estimate. Regarding these figures, it was a record H1 in the history of the Company both in absolute and relative terms. Export sales mix started to shift toward the value accretive security and card production, while the Romanian sales dropped significantly due to the falling demand for the more traditional form products. **We also note that the impact of the growing export sales could amplify in H2 due to the expected rise in volumes, as well as if the HUF depreciated vs the US dollar and the euro.**

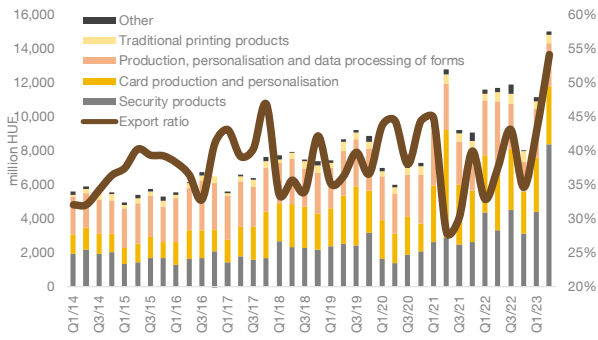
- **EBIT** came in at HUF 1.6bn (+66% YoY), EBITDA totalled HUF 2.3bn (+31% YoY). COGS rose by 5% YoY in Q2 or 3% in H1. Falling commodity prices and lower material costs also contributed to the margin expansion. Importantly, we see further room for price decreases from the side of the suppliers if the economy worsens, so it could be a tailwind onwards. Albeit, a downside risk relates to material costs looks limited at this stage in our view.
- Earlier this year 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. Moreover, EU and HU municipality elections will also boost results in 2024.
- We reiterate our 12m ex-div TP at 2,450 HUF/sh. If we add our conservative DPS forecast of 189 HUF/sh to the TP, the stock offers roughly 64% upside potential on a 12-month horizon.

**PROFIT AND LOSS [HUF MILLION]**

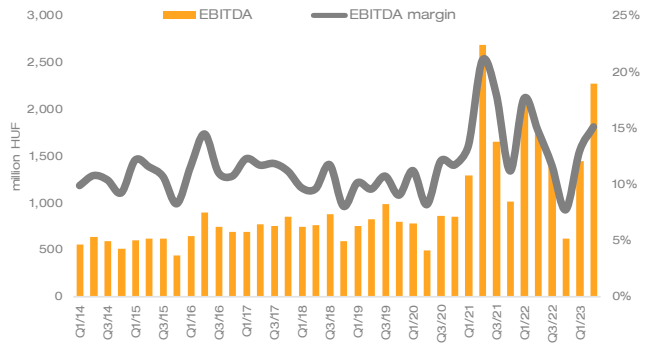
[HUF mn, except per share]	2022				2023		Q2 chg.	
	Q1	Q2	Q3	Q4	Q1	Q2	Y-o-Y	Q-o-Q
<b>P&amp;L</b>								
Revenue	11,574	11,691	11,905	8,010	11,164	<b>15,011</b>	28%	34%
Gross profit	4,431	3,018	3,123	2,053	4,014	<b>5,863</b>	94%	46%
EBITDA	2,044	1,731	1,396	620	1,447	<b>2,271</b>	31%	57%
EBIT	1,485	993	792	317	859	<b>1,648</b>	66%	92%
Net financials, tax, minority	-398	-444	-408	-91	-389	<b>-627</b>	41%	61%
Net profit / (loss)	1,086	549	385	226	470	<b>1,021</b>	86%	117%
EPS [HUF]	76	38	27	16	33	<b>71</b>	86%	117%
<b>Total Sales</b>								
Security products	4,338	3,311	4,501	3,142	4,421	<b>8,395</b>	154%	90%
Card production	3,389	3,852	3,622	2,439	3,167	<b>3,390</b>	-12%	7%
Form production	3,243	3,723	2,637	1,764	2,853	<b>2,549</b>	-32%	-11%
Traditional printing products	392	536	560	619	466	<b>468</b>	-13%	0%
Other	212	269	585	47	257	<b>209</b>	-22%	-19%
<b>o/w export sales</b>								
Security products	381	236	1,750	550	1,148	<b>5,183</b>	2096%	351%
Card production	278	450	676	290	857	<b>541</b>	20%	-37%
Form production	2,950	3,407	2,210	1,661	2,509	<b>2,235</b>	-34%	-11%
Traditional printing products	51	61	64	91	105	<b>28</b>	-54%	-73%
Other	139	229	430	178	159	<b>135</b>	-41%	-15%
<b>Export ratio</b>	<b>32.8%</b>	<b>37.5%</b>	<b>43.1%</b>	<b>34.6%</b>	<b>42.8%</b>	<b>54.1%</b>	16.6%pt	11.3%pt
<b>Margins</b>								
Gross margin	38.3%	25.8%	26.2%	25.6%	36.0%	<b>39.1%</b>	13.2%pt	3.1%pt
EBIT margin	12.8%	8.5%	6.7%	4.0%	7.7%	<b>11.0%</b>	2.5%pt	3.3%pt
EBITDA margin	17.7%	14.8%	11.7%	7.7%	13.0%	<b>15.1%</b>	0.3%pt	2.2%pt
Net profit margin	9.4%	4.7%	3.2%	2.8%	4.2%	<b>6.8%</b>	2.1%pt	2.6%pt

Source: ANY Security Printing, Concorde Research

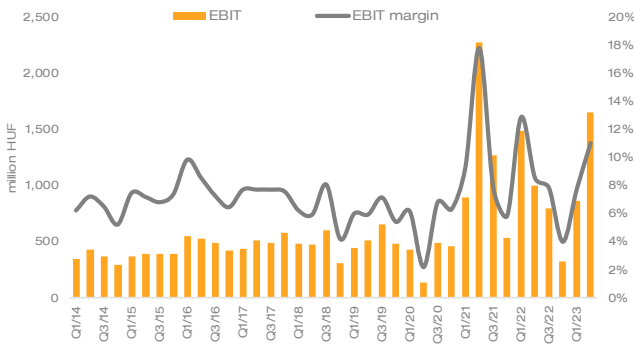
Quarterly sales breakdown



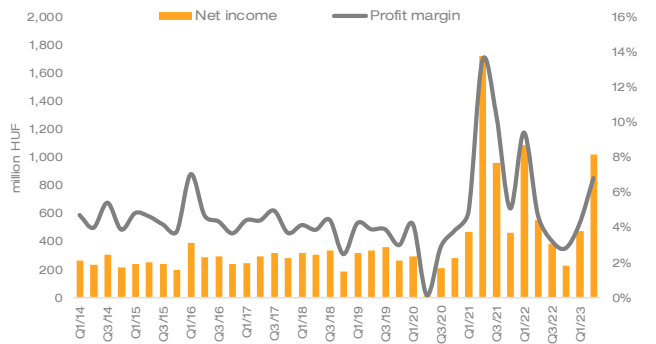
Development of quarterly EBITDA & EBITDA margin



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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