

21 November 2019

ANY PLC

HOLD

ANY PLC: 3Q19 results – strong top-line growth

BBG Ticker	ANY HB
Market Cap (USD mil)	67.4
Price	1,370
Price target	1,406
Upside	2.6%



ANY reported its 3Q19 results yesterday (20 November), after the market closed. The top line showed strong growth, with revenues at HUF 9.2bn for the quarter, up 22.7% yoy and 6.2% qoq, due to the strong performance in its card and form businesses. EBITDA was reported at HUF 987m, at a margin of 10.7%, up 12% yoy and 19.1% qoq, with higher materials and personnel expenses offset by gains in other expenses (mainly inventories). The company incurred a higher tax charge in the quarter, at HUF 209m, resulting in net income of HUF 357m, up 7.5% yoy and 6.2% qoq. While, on the top line, we see upside risk for our full-year estimate, with the 9M19 revenues at 91% of our full-year target, on a net income basis, we believe the company is likely to be fairly in line, due to wage pressure and a lower profitability sales mix putting pressure on its cost base. Overall, we view the results as neutral. On our 2019 P/E of 16.3x and EV/EBITDA of 8.6x, we see the company as fairly valued and we reiterate our HOLD rating.

ANY: 3Q19 results review

(HUF m)	3Q18	2Q19	3Q19	yoy	qoq	9M19	2019E 9M19 as % of 2019E	
Revenues	7,489	8,649	9,188	22.7%	6.2%	25,278	27,830	90.8%
Security Products	2,283	2,546	2,404	5.3%	-5.6%	7,343	8,586	85.5%
Card Production	2,397	2,792	3,475	45.0%	24.5%	8,495	6,938	122.4%
Form Production	2,233	2,638	2,801	25.4%	6.2%	7,800	10,814	72.1%
Traditional Printing	469	536	372	-20.7%	-30.6%	1,199	1,143	104.9%
Other	107	136	136	27.1%	0.0%	440	349	126.1%
Material expenses	-5,419	-5,878	-6,297	16.2%	7.1%	-17,401	-18,646	93.3%
Personnel expenses	-1,750	-1,944	-2,128	21.6%	9.5%	-5,732	-6,112	93.8%
Other expenses	561	1	224	-60.1%	n.m.	426	-23	-1859.7%
EBITDA	881	829	987	12.0%	19.1%	2,571	3,049	84.3%
D&A	-280	-319	-333	18.9%	4.4%	-964	-1,117	86.3%
EBIT	601	510	653	8.7%	28.2%	1,607	1,931	83.2%
Financial result	-25	-23	-23	-7.4%	2.3%	-69	-176	39.5%
Pre-tax profit	576	487	630	9.4%	29.4%	1,538	1,756	87.6%
Tax	-225	-55	-209	-6.8%	281.8%	-307	-207	148.6%
Net income	351	432	421	19.8%	-2.7%	1,230	1,549	79.4%
Minorities	19	96	64	229.9%	-33.7%	221	307	72.3%
Net income for shareholders	332	336	357	7.5%	6.2%	1,009	1,243	81.2%

Source: Company data, WOOD Research

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The top-line dynamics were strong for the quarter, with revenues of HUF 9.2bn, up 22.7% yoy and 6.2% qoq. The strong result compared to the same quarter last year came mainly from the company's card production division, which posted HUF 3.5bn of revenues, 45% yoy growth, and continued the positive trend from the previous quarter. Form production showed positive dynamics as well, posting HUF 2.8bn of revenues, up 25.4% yoy and 6.2% qoq. The strong performance in the two segments came mainly from its export markets, with the export ratio for the quarter at 40%, compared to 34% in the same quarter last year, and 43.3% yoy growth in exports over 3Q19.

On the costs side, materials and personnel expenses continued to erode profitability, reported at 68.5% and 23.2% of revenues for the quarter, respectively, given the lower profitability sales mix and wage pressure in Hungary.

The company reported EBITDA of HUF 987m, 12% higher than the same quarter last year. The margin for the quarter was 10.7%, stronger than its 9M19 results, at 10.2%, but weaker than what we have pencilled in for the full year (albeit on lower revenues), at 11%, due to materials and personnel cost inflation. The 9M19 EBITDA stands at HUF 2.6bn, 84% of our full-year target, with some small upside risk for our estimates.

Net income for the quarter was reported at HUF 357m, up 7.5% yoy. Some erosion from the EBITDA level was due to the higher tax charge, at HUF 209m. While the company does not comment on the higher expenses in its report, we believe it is compensation for the lower tax level over 1H19, and the effective tax rate stood at 20% as at 9M19, in line with our estimates.

The cash conversion cycle improved vs. the previous quarter, albeit still at a high level of 73 total days, vs. 77 in 2Q19 and 51 in 3Q18, while the net debt to EBITDA ratio was 2.1x, a small improvement from the 2.2x level seen in the previous quarter.

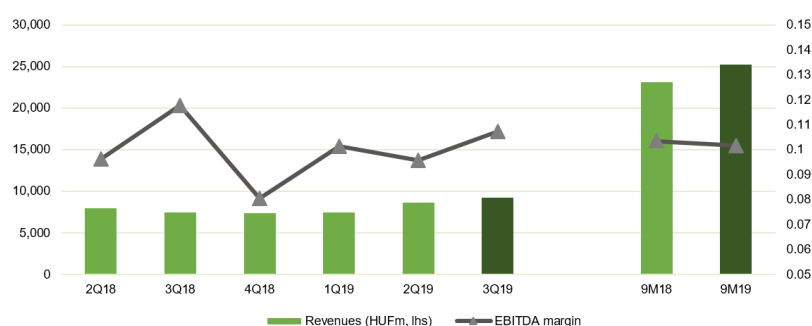
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ANY: 3Q19 operational results review

	3Q18	2Q19	3Q19	yoy	qoq	9M19	2019E
EBITDA margin	11.8%	9.6%	10.7%	-1.02pp.	1.16pp.	10.2%	11.0%
EBIT margin	8.0%	5.9%	7.1%	-0.92pp.	1.22pp.	6.4%	6.9%
Net Income margin	4.7%	5.0%	4.6%	-0.11pp.	-0.42pp.	4.9%	5.6%
Net Income for shareholders margin	4.4%	3.9%	3.9%	-0.55pp.	0.00pp.	4.0%	4.5%
Business lines as % of revenues							
Security Products	30%	29%	26%	-4.32pp.	-3.27pp.		
Card Production	32%	32%	38%	0.06pp.	0.06pp.		
Form Production	30%	30%	30%	0.01pp.	0.00pp.		
Traditional Printing	6%	6%	4%	-0.02pp.	-0.02pp.		
Other	1%	2%	1%	0.00pp.	0.00pp.		
Export revenues							
Security Products	2,547	3,134	3,650	43.3%	16.5%		
Card Production	443	180	822	85.6%	356.7%		
Form Production	123	516	352	186.2%	-31.8%		
Traditional Printing	1,882	2,333	2,344	24.5%	0.5%		
Other	17	11	2	-88.2%	-81.8%		
Other	82	94	130	58.5%	38.3%		
Export as % of total revenues							
Security Products	34%	36%	40%	5.72pp.	3.49pp.		
Card Production	19%	7%	34%	0.15pp.	0.27pp.		
Card Production	5%	18%	10%	0.05pp.	-0.08pp.		
Form Production	84%	88%	84%	-0.01pp.	-0.05pp.		
Traditional Printing	4%	2%	1%	-0.03pp.	-0.02pp.		
Other	77%	69%	96%	0.19pp.	0.26pp.		
Receivable days							
	50	73	77	27	4		
Inventory days							
	42	48	44	2	-4		
Payable days							
	42	44	48	6	4		
Cash conversion cycle							
	51	77	73	22	-4		

Source: Company data, WOOD Research

ANY: quarterly EBITDA dynamics (HUF m)



Source: WOOD Research, company data

Year	Sales (HUF m)	EBITDA (HUF m)	EBIT (HUF m)	Net income (HUF m)	EPS (HUF)	P/E (x)	EV/EBITDA (x)	DPS (HUF)	Dividend yield
2016	24,911	2,977	1,969	1,202	81.3	13.2	6.6	65.0	6.1%
2017	26,181	3,068	1,998	1,040	70.3	19.0	8.3	84.0	6.3%
2018	30,527	2,986	1,853	1,140	77.1	17.8	8.5	79.0	5.8%
2019E	27,830	3,049	1,931	1,243	84.0	15.4	8.2	78.1	6.1%
2020E	27,247	3,060	1,926	1,190	80.5	16.0	8.2	84.0	6.5%
2021E	28,204	3,290	2,139	1,321	89.3	14.5	7.7	80.5	6.2%

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