

12 March 2021

## ANY PLC

## BUY

### ANY PLC: 2020 – despite the top-line miss, beats on EBITDA and net income

BBG Ticker	ANY HB
Market Cap (USD mil)	65.5
Price	1,360
Price target	1,424
Upside	4.7%

ANY has reported 2020 revenues of HUF 27.4bn, down 20% yoy and c.5% below our expectations. Strong cost control helped to more than offset the weaker revenue line, and the EBITDA landed at HUF 3bn, 11% lower yoy, but c.28% above our forecast. This translated all the way into the bottom line, which ended the year at HUF 0.8bn, 23% above our expectations. The company trades currently at 9.0x and 7.3x our EV/EBITDAs for 2021E and 2022E, respectively, and close to our price target (PT) of HUF 1,424. However, should ANY's performance continue into 2021E, especially the savings on personnel expenses, which helped to increase the margins in 2020, we could see upside for our PT.

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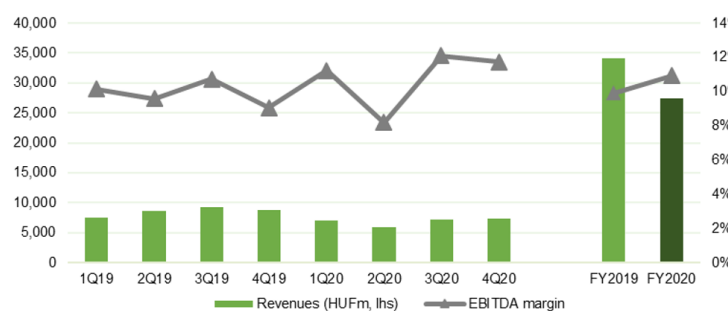
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The security products and card production segments proved especially weaker compared to our expectations, as both were down, by 13% yoy and 12% yoy, respectively. This was offset somewhat by the form production segment, which ended the year 7% higher than in 2019, while the traditional printing and other segments remained mostly flat yoy. Despite declining by 8% yoy in 2020, export sales increased their share of the total revenue to 43%, from the 37% reported in 2019. Lower sales of security materials, meal vouchers and document cards were the largest factors behind the drop in export sales vs. 2019.

We reiterate our view that some of the revenue that was "lost" in 2020 has only shifted in time. According to our understanding, the government has extended the expiry dates of passports and ID cards until April 2021E. As the economy reopens, new passports and ID cards will have to be printed, and we expect most of this revenue to be recorded over 2021E, subject to any further lockdowns and restrictions, which could compel the government to extend the expiry dates once again.

Good cost control helped ANY to increase its margins. While lower material costs are the result of the lower-than-expected top line, we highlight personnel expenses, which fell by 10% yoy, to HUF 6.9bn, and the EBITDA margin, which increased to 10.9%, vs. the 9.9% reported in 2019.

#### Revenues and EBITDA margins



Source: WOOD Research

The net debt to EBITDA increased to 2.55x, while we had expected c.2.7x. We view this as a positive development, especially amid our expectations of a gradual improvement in the leverage, going forward. Following its improvement in 3Q20, the cash conversion cycle worsened again in 4Q, taking the FY20 conversion cycle to 61 days, compared to only 50 days in 2019. The deterioration was mostly the result of higher inventory days, offset slightly by higher days payable.

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## ANY: summary financials

(HUF m)	2017	2018	2019	2020	yoy	WOOD	vs WOOD
<b>Revenues</b>	<b>26,181</b>	<b>30,527</b>	<b>34,131</b>	<b>27,424</b>	<b>-20%</b>	<b>28,892</b>	<b>-5%</b>
Security Products	6,500	9,475	10,504	6,950	-34%	8,028	-13%
Card Production	7,652	9,250	11,002	7,900	-28%	8,987	-12%
Form Production	10,253	9,663	10,255	10,309	1%	9,630	7%
Traditional Printing	1,288	1,496	1,609	1,495	-7%	1,484	1%
Other	488	643	761	770	1%	763	1%
Material expenses	-17,270	-21,590	-22,848	-18,749	-18%	-19,341	-3%
Personnel expenses	-5,957	-6,505	-7,716	-6,876	-11%	-7,639	-10%
Other expenses	114	554	-195	1,196	-713%	-434	n.m.
<b>EBITDA</b>	<b>3,068</b>	<b>2,986</b>	<b>3,372</b>	<b>2,996</b>	<b>-11%</b>	<b>2,345</b>	<b>28%</b>
D&A	-1,070	-1,133	-1,289	-1,498	16%	-1,287	16%
<b>EBIT</b>	<b>1,998</b>	<b>1,853</b>	<b>2,083</b>	<b>1,498</b>	<b>-28%</b>	<b>1,058</b>	<b>42%</b>
Financial result	-93	-101	-102	-145	43%	-83	75%
Pre-tax profit	1,904	1,752	1,981	1,353	-32%	975	39%
Tax	-360	-362	-459	-82	-82%	-183	-55%
Net income	1,544	1,391	1,522	1,012	-34%	792	28%
Minorities	412	251	249	227	-9%	156	45%
<b>Net income for shareholders</b>	<b>1,132</b>	<b>1,140</b>	<b>1,273</b>	<b>785</b>	<b>-38%</b>	<b>635</b>	<b>23%</b>

Source: Company data, WOOD Research

## ANY: operational data summary - annual

	2017	2018	2019	2020	yoy
Materials expenses % of revenues	66.0%	70.7%	66.9%	68.4%	1.4pp.
Personnel expenses % of revenues	22.8%	21.3%	22.6%	25.1%	2.5pp.
EBITDA margin	11.7%	9.8%	9.9%	10.9%	1.0pp.
EBIT margin	7.6%	6.1%	6.1%	5.5%	-0.6pp.
Net Income margin	5.9%	4.6%	4.5%	3.7%	-0.8pp.
Net Income for shareholders margin	4.3%	3.7%	3.7%	2.9%	-0.9pp.

## Business lines as % of revenues

Security Products	25%	31%	31%	25%	-5.4pp.
Card Production	29%	30%	32%	29%	-3.4pp.
Form Production	39%	32%	30%	38%	7.5pp.
Traditional Printing	5%	5%	5%	5%	0.7pp.
Other	2%	2%	2%	3%	0.6pp.

<b>Export revenues</b>	<b>11,120</b>	<b>11,071</b>	<b>12,638</b>	<b>11,659</b>	<b>-8%</b>
Security Products	788	872	1,751	1,017	-42%
Card Production	1,202	1,316	1,457	815	-44%
Form Production	8,779	8,306	8,887	9,169	3%
Traditional Printing	23	46	23	9	-61%
Other	328	531	520	649	25%

<b>Export as % of total revenues</b>	<b>42%</b>	<b>36%</b>	<b>37%</b>	<b>43%</b>	<b>5.5pp.</b>
Security Products	12%	9%	17%	15%	-2.0pp.
Card Production	16%	14%	13%	10%	-2.9pp.
Form Production	86%	86%	87%	89%	2.3pp.
Traditional Printing	2%	3%	1%	1%	-0.8pp.
Other	67%	83%	68%	84%	16.0pp.

Receivable days	65	57	54	57	3
Inventory days	39	42	32	53	22
Payable days	37	40	36	49	13
<b>Cash conversion cycle</b>	<b>67</b>	<b>58</b>	<b>50</b>	<b>61</b>	<b>11</b>

Source: Company data, WOOD Research

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
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	16.8	8.8	79.0	6.1%
2019	34,130	3,372	2,083	1,273	86.0	16.2	8.1	77.1	5.5%
2020E	28,892	2,345	1,058	635	43.0	32.2	11.9	0.0	0.0%
2021E	32,349	2,998	1,693	1,033	69.8	19.8	9.0	64.4	4.7%
2022E	35,320	3,739	2,415	1,510	102.1	13.6	7.3	69.8	5.0%

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