

18 May 2021

ANY PLC

BUY

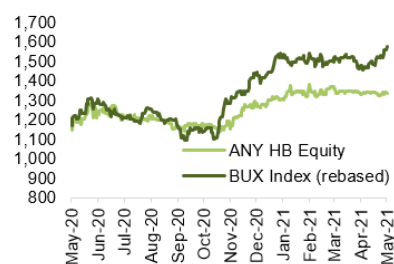
ANY PLC: 1Q21 results – a return to growth both at home and internationally

BBG Ticker	ANY HB
Market Cap (USD mil)	67.9
Price	1,345
Price target	1,424
Upside	5.9%

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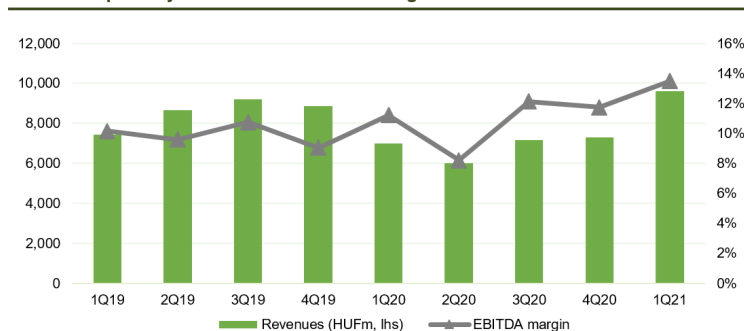
ANY PLC has reported net income of HUF 468m, up 60% yoy, due mostly to the low base effect, as the 1Q20 financials were also affected by the COVID-19 pandemic. However, the strong rebound is also clear on a quarterly basis. We view the results as rather neutral, as we appreciate the rebound in revenues, but note, on the negative side, the increase in the cash conversion cycle, which resulted in a higher net debt/EBITDA ratio. ANY PLC trades currently, on our numbers, at 8.0x and 6.4x EV/EBITDAs for 2021E and 2022E, respectively. We rate the company a BUY, with a price target (PT) of HUF 1,424/share.

All segments rebounded in the quarter, with revenues in the security products line 60% higher yoy, card production up 46% yoy and form production 22% higher yoy. The increase in revenues was supported mostly by higher sales of tax stamps, while immunity certificates also contributed to the increase. The export ratio landed at 45% for the quarter, due to the strong growth in security products meant for exports.

On the negative side, operating expenses also increased, but this was mostly on the back of the overtime bonuses booked by the company in the first quarter. Personnel expenses were, therefore, 20% higher both yoy and qoq, but we believe they could return to a more normalised level over the course of this year. Other costs increased due to higher local taxes, as revenues grew, and a greater loss on the company's FX position.

The EBITDA came in at HUF 1,295m in 1Q21 (+65% yoy, +51% qoq), while the EBIT more than doubled yoy, to HUF 893m.

ANY PLC: quarterly revenues and EBITDA margin



Source: WOOD Research, ANY PLC

We admit that we were surprised to see such an increase in the company's net debt/EBITDA ratio, to 2.83x in 1Q21 from the 2.55x reported for FY20. The increase is mostly the result of an increase in the company's days receivables to 91, from 57. Thus, we believe that, once the receivables are converted to cash, the ratio should decline near to the levels seen in the past.

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ANY Security Printing Company: summary financials

(HUF m)	1Q20	2Q20	3Q20	4Q20	1Q21	yoy	qoq
Revenues	6,986	5,991	7,144	7,303	9,610	38%	32%
Security Products	1,636	1,368	1,857	2,089	2,623	60%	26%
Card Production	2,278	1,728	2,266	1,628	3,316	46%	104%
Form Production	2,588	2,344	2,483	2,894	3,158	22%	9%
Traditional Printing	287	392	354	462	308	7%	-33%
Other	197	159	184	230	205	4%	-11%
Materials expenses	-4,892	-4,175	-4,794	-4,888	-5,889	20%	20%
Personnel expenses	-1,764	-1,727	-1,676	-1,709	-2,373	35%	39%
Other expenses	455	401	190	150	-473	-204%	-415%
EBITDA	784	491	864	857	1,295	65%	51%
D&A	-357	-362	-380	-399	-403	13%	1%
EBIT	428	129	483	458	893	109%	95%
Financial result	-17	-37	-41	-51	-21	24%	-58%
Pre-tax profit	410	92	443	407	872	112%	114%
Tax	-37	-20	-209	-18	-189	416%	938%
Net income	374	72	234	332	682	83%	105%
Minorities	82	64	28	53	214	162%	301%
Net income for shareholders	292	9	205	279	468	60%	68%

Source: Company data, WOOD Research

ANY: operational data summary

	1Q20	2Q20	3Q20	4Q20	1Q21	yoy	qoq
Materials expenses % of revenues	70.0%	69.7%	67.1%	66.9%	61.3%	-8.7pp.	-5.7pp.
Personnel expenses % of revenues	25.3%	28.8%	23.5%	23.4%	24.7%	-0.6pp.	1.3pp.
EBITDA margin	11.2%	8.2%	12.1%	11.7%	13.5%	2.3pp.	1.7pp.
EBIT margin	6.1%	2.2%	6.8%	6.3%	9.3%	3.2pp.	3.0pp.
Net income margin	5.3%	1.2%	3.3%	4.6%	7.1%	1.8pp.	2.5pp.
Net income for shareholders margin	4.2%	0.1%	2.9%	3.8%	4.9%	0.7pp.	1.1pp.

Business lines as % of revenues

Security Products	23%	23%	26%	29%	27%	3.9pp.	-1.3pp.
Card Production	33%	29%	32%	22%	35%	1.9pp.	12.2pp.
Form Production	37%	39%	35%	40%	33%	-4.2pp.	-6.8pp.
Traditional Printing	4%	7%	5%	6%	3%	-0.9pp.	-3.1pp.
Other	3%	3%	3%	3%	2%	-0.7pp.	-1.0pp.

Export revenues

Security Products	312	166	243	296	1,160	272%	292%
Card Production	351	261	85	118	110	-69%	-7%
Form Production	2,245	2,079	2,242	2,603	2,884	28%	11%
Traditional Printing	0	4	4	1	4	n.m.	300%
Other	142	149	139	219	146	3%	-33%

Export as % of total revenues

Security Products	19%	12%	13%	14%	44%	25.2pp.	30.1pp.
Card Production	15%	15%	4%	7%	3%	-12.1pp.	-3.9pp.
Form Production	87%	89%	90%	90%	91%	4.6pp.	1.4pp.
Traditional Printing	0%	1%	1%	0%	1%	1.3pp.	1.1pp.
Other	72%	94%	76%	95%	71%	-0.9pp.	-24.0pp.

Receivable days	51	53	49	57	91	41	35
Inventory days	38	46	49	53	50	13	3
Payable days	33	28	40	49	52	19	3
Cash conversion cycle	56	71	58	61	90	34	29

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
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%
2020	27,424	2,996	1,498	785	53.1	22.1	8.3	0.0	0.0%
2021E	32,349	2,998	1,693	1,033	69.8	16.8	8.0	64.4	5.5%
2022E	35,320	3,739	2,415	1,510	102.1	11.5	6.4	69.8	6.0%

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Date	Rating	Date	PT
14/12/2017	HOLD – initiation of coverage	14/12/2017	HUF 1,406
		20/12/2019	HUF 1,469
13/11/2020	BUY – transfer of coverage	13/11/2020	HUF 1,424

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