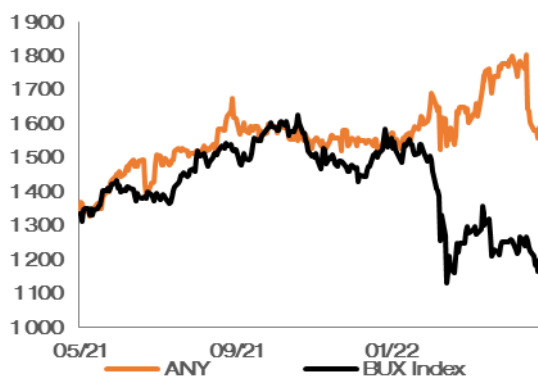


# ANY Security printing

BUY

Target price (12M ex-div): HUF 2,000 (unch.)

HUF million	Q1/21	Q1/22	Chg. (y-o-y)
Revenues	9,610	11,574	28%
EBITDA	1,296	2,044	101%
EBIT	893	1,485	182%
Net profit	468	1,086	136%
EPS (HUF)	33	76	136%
Export ratio	44.8%	32.8%	-7.1%pt
EBITDA marg.	13.5%	17.7%	6.5%pt
EBIT marg.	9.3%	12.8%	7%pt



Share price close as of 13/05/2022	1,590	Bloomberg	ANY HB
Number of shares [million]	14.8	Reuters	ANYH.BU
Market capitalization [HUF bn/EUR mn]	23.5/61.0	Free float	78%
Daily turnover 12M [EUR th]	48.0	52-week range	HUF 1,300-1,805

## Awesome earnings boosted by elections

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- Summary:** ANY Security Printing Co. surprisingly reported a solid set of results as it achieved a net income of HUF 1,086mn (+618mn or +132% YoY) on net sales of HUF 11.6bn (+2.0bn or +20% YoY) in the first quarter of 2022. The significant jump in earnings was driven by "the steady increase in document orders as the June deadline for renewal of expiring documents approaches, as well as the uninterrupted completion of printing works for the parliamentary elections and the excellent performance of the subsidiaries".
- Key positives:** (1) By the end of March, the Company surprisingly achieved more than 30% of our FY22 sales estimate and 63% of our FY22 net income estimate. (2) There is no meaningful setback in form production after the sale of the Bulgarian asset. (3) Margins significantly widened despite the cost inflation.
- Key negatives:** (1) Export ratio dropped.
- Sales grew at all business lines. However, the most significant change was predominantly attributed to the increased demand for security products and solutions, mainly due to the election ballots. As a result, sales growth of security products accounted for 87% of the total net sales growth of c. HUF 2.0bn. Both card and form production reached a steady low single-digit growth.
- Exports amounted to HUF 3.8 billion (-12% YoY), due to the higher base period, which was attributed to the development of document security systems in Q1/21. Export ratio was at 33% in the quarter.
- EBITDA rose to HUF 2.04bn (+58% YoY) in Q1/22, while EBITDA margin came in at 17.7% vs. 13.5% a year ago. EPS for Q1 stood at 74 HUF/sh.**
- In a short comment, CEO added that the unfavorable macro environment, increased delivery times and prices and difficulties in accessing raw materials challenge the staff, but

don't cause disruption. The Company continues to develop its technology, products and services to ensure their continued growth in domestic and international markets.

- We are absolutely convinced that ANY is one of the best assets in the CEE when it comes to the slowing global economy despite the rising yield environment, because ANY's business model looks bulletproof. Moreover, in light of the war, Q2 results might be also favorably affected by the increasing demand for passports. We leave our conservative estimates, recommendation and target price unchanged. Our 12m ex-div TP of 2,000 HUF/sh adjusted for our modest dividend expectation of 120 HUF/sh implies a 33% upside potential to the current share price.

**PROFIT AND LOSS [HUF MILLION]**

[HUF mn]	2021				2022	Q1 chg.	
	Q1	Q2	Q3	Q4	Q1	Y-o-Y	Q-o-Q
<b>P&amp;L</b>							
Revenue	9,610	12,782	9,189	<b>9,076</b>	11,574	20%	28%
Gross profit	3,482	6,120	2,141	<b>2,184</b>	4,431	27%	103%
EBITDA	1,296	2,694	1,658	<b>1,016</b>	2,044	58%	101%
EBIT	893	2,270	1,262	<b>527</b>	1,485	66%	182%
Net financials, tax, minority	-425	-548	-306	<b>-66</b>	-398	-6%	500%
Net profit / (loss)	468	1,722	956	<b>461</b>	1,086	132%	136%
EPS	33	120	67	<b>32</b>	76	132%	136%
<b>Total Sales</b>							
Security products	2,623	2,850	2,494	<b>2,612</b>	4,338	65%	66%
Card production	3,316	6,338	3,517	<b>3,056</b>	3,389	2%	11%
Form production	3,158	2,768	2,525	<b>2,407</b>	3,243	3%	35%
Traditional printing products	308	511	496	<b>501</b>	392	27%	-22%
Other	205	316	157	<b>499</b>	212	3%	-58%
<b>o/w export sales</b>							
Security products	1,160	593	321	<b>420</b>	381	-67%	-9%
Card production	110	295	70	<b>384</b>	278	153%	-28%
Form production	2,884	2,517	2,252	<b>2,188</b>	2,950	2%	35%
Traditional printing products	4	18	13	<b>42</b>	51	1175%	21%
Other	146	154	116	<b>587</b>	139	-5%	-76%
<b>Export ratio</b>	<b>44.8%</b>	<b>28.0%</b>	<b>30.2%</b>	<b>39.9%</b>	<b>32.8%</b>	-12%pt	-7.1%pt
<b>Margins</b>							
Gross margin	36.2%	47.9%	23.3%	<b>24.1%</b>	38.3%	2%pt	14.2%pt
EBIT margin	9.3%	17.8%	13.7%	<b>5.8%</b>	12.8%	3.5%pt	7%pt
EBITDA margin	13.5%	21.1%	18.0%	<b>11.2%</b>	17.7%	4.2%pt	6.5%pt
Net profit margin	4.9%	13.5%	10.4%	<b>5.1%</b>	9.4%	4.5%pt	4.3%pt

Source: ANY Security Printing, Concorde Research

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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.

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