

19 November 2021

## ANY PLC

## HOLD

### ANY PLC: 3Q21 – on track to book record 2021E revenues, very likely to beat our forecast

BBG Ticker	ANY HB
Market Cap (USD mil)	72.0
Price	1,560
Price target	1,562
Upside	0.1%

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Yesterday (18 November), after the market closed, ANY Security Printing Company reported its 3Q21 results. The company booked revenues of c.HUF 9.2bn, 29% higher yoy, but 28% short of its record-high revenues reported in 2Q21. The company generated c.HUF 1.7bn of EBITDA, +92% yoy, implying a very solid margin of 18%, and reported net income of c.HUF 1bn. Following the strong 2Q21, ANY has reported another very solid quarter, so we see the chances of it achieving record-high revenues in 2021E and, at the same time, beating our estimates as very likely.

The company is trading close to our price target (PT) of HUF 1,562/share, which implies EV/EBITDAs, on our numbers, of 7.8-9.0x for 2021-23E. However, we note that, as the 9M21 EBITDA has exceeded our 2021E estimate already, the actual EV/EBITDA multiple will be lower. On the other hand, we do not expect the company to have another record-breaking year in 2022E, so 9.0x EV/EBITDA for 2023E, on our numbers, is more reasonable, in our view.

The business dynamics remained the same as previous quarters. The strong growth rates are the result of the low base effect from the lockdown periods last year, some one-off sales of immunity certificates and the return of businesses such as passport printing. The Hungarian government extended the expiry dates of passports in 2020, but these need to be extended again now, supporting the company's revenues. What has changed compared to previous quarters is that the company's sales were mostly domestic in 3Q21, as only approximately 30% of its total revenues came from exports. Previously, the company booked closer to 40-45% of its total sales abroad. We note that ANY's target is to increase its export ratio to more than 50%, so we expect this to normalise soon.

In 9M21, ANY generated more than 90% of our FY21E revenue estimate, so we believe that it is now very likely to beat our forecast. We estimate net income of HUF 1.8bn in 2021E, vs. the HUF 3.1bn reported in 2021 ytd already; and the EBITDA has exceeded our 2021E estimate already.

On the negative side, we continue to highlight the elevated cost base, with materials expenses 29% higher yoy and personnel expenses up as much as 36% yoy, but we note that this was the result of the higher top-line growth, as the majority of the cost base seems to be variable, rather than fixed. Net other expenses were supported by the gain on the sale of the Bulgarian subsidiary (ANY booked a gain of HUF 598m vs. our expectations of HUF 500m).

#### ANY Security Printing Company: 3Q21 summary financials

(HUF m)	3Q20	4Q20	1Q21	2Q21	3Q21	yoy	qoq
<b>Revenues</b>	<b>7,144</b>	<b>7,303</b>	<b>9,610</b>	<b>12,782</b>	<b>9,189</b>	<b>29%</b>	<b>-28%</b>
Security Products	1,857	2,089	2,623	2,850	2,494	34%	-12%
Card Production	2,266	1,628	3,316	6,338	3,517	55%	-45%
Form Production	2,483	2,894	3,158	2,768	2,525	2%	-9%
Traditional Printing	354	462	308	511	496	40%	-3%
Other	184	230	205	316	157	-15%	-50%
Materials expenses	-4,794	-4,888	-5,889	-5,854	-6,204	29%	6%
Personnel expenses	-1,676	-1,709	-2,373	-2,739	-2,275	36%	-17%
Other expenses	190	150	-53	-1,495	948	399%	n.m.
<b>EBITDA</b>	<b>864</b>	<b>856</b>	<b>1,296</b>	<b>2,694</b>	<b>1,658</b>	<b>92%</b>	<b>-38%</b>
D&A	-380	-399	-403	-424	-396	4%	-7%
<b>EBIT</b>	<b>484</b>	<b>457</b>	<b>893</b>	<b>2,270</b>	<b>1,262</b>	<b>161%</b>	<b>-44%</b>
Financial result	-41	-51	-21	-21	-13	-67%	-37%
Pre-tax profit	443	407	872	2,248	1,249	182%	-44%
Tax	-209	-18	-189	-422	-206	-1%	-51%
<b>Net income</b>	<b>234</b>	<b>389</b>	<b>682</b>	<b>1,826</b>	<b>1,043</b>	<b>346%</b>	<b>-43%</b>
Minorities	28	110	214	104	66	133%	-36%
<b>Net income for shareholders</b>	<b>205</b>	<b>279</b>	<b>468</b>	<b>1,722</b>	<b>956</b>	<b>366%</b>	<b>-44%</b>

Source: Company data, WOOD Research

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## ANY: operational data summary

	3Q20	4Q20	1Q21	2Q21	3Q21	yoy	qoq
Materials expenses % of revenues	67.1%	66.9%	61.3%	45.8%	67.5%	0.4pp.	21.7pp.
Personnel expenses % of revenues	23.5%	23.4%	24.7%	21.4%	24.8%	1.3pp.	3.3pp.
EBITDA margin	12.1%	11.7%	13.5%	21.1%	18.0%	5.9pp.	-3.0pp.
EBIT margin	6.8%	6.3%	9.3%	17.8%	13.7%	7.0pp.	-4.0pp.
Net income margin	3.3%	5.3%	7.1%	14.3%	11.3%	8.1pp.	-2.9pp.
Net Income for shareholders margin	2.9%	3.8%	4.9%	13.5%	10.4%	7.5pp.	-3.1pp.
<b>Business lines as % of revenues</b>							
Security Products	26%	29%	27%	22%	27%	1.1pp.	4.8pp.
Card Production	32%	22%	35%	50%	38%	6.6pp.	-11.3pp.
Form Production	35%	40%	33%	22%	27%	-7.3pp.	5.8pp.
Traditional Printing	5%	6%	3%	4%	5%	0.4pp.	1.4pp.
Other	3%	3%	2%	2%	2%	-0.9pp.	-0.8pp.
<b>Export revenues</b>							
	2,713	3,237	4,304	7,881	2,772	2%	-65%
Security Products	243	296	1,160	1,753	321	32%	-82%
Card Production	85	118	110	405	70	-18%	-83%
Form Production	2,242	2,603	2,884	5,401	2,252	0%	-58%
Traditional Printing	4	1	4	22	13	225%	-41%
Other	139	219	146	300	116	-17%	-61%
<b>Export as % of total revenues</b>							
	38%	44%	45%	62%	30%	-7.8pp.	-31.5pp.
Security Products	13%	14%	44%	62%	13%	-0.2pp.	-48.6pp.
Card Production	4%	7%	3%	6%	2%	-1.8pp.	-4.4pp.
Form Production	90%	90%	91%	195%	89%	-1.1pp.	-105.9pp.
Traditional Printing	1%	0%	1%	4%	3%	1.5pp.	-1.7pp.
Other	76%	95%	71%	95%	74%	-1.7pp.	-21.1pp.

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
2019	34,131	3,372	2,083	1,273	102.9	13.5	8.1	78.5	5.6%
2020	27,424	2,995	1,497	785	72.2	19.5	10.3	0.5	0.0%
2021E	34,385	4,011	2,639	1,798	135.6	11.5	7.8	83.0	5.3%
2022E	35,729	3,621	2,240	1,500	113.9	13.7	8.7	121.6	7.8%
2023E	36,598	3,526	2,135	1,400	107.3	14.5	9.0	101.4	6.5%

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