



Company Data:	
Recommendation:	Buy
Target Price*:	HUF 395
Price:	HUF 251 (17. June 2021.)
52 week range:	HUF 196-308
Market cap (HUF, m):	177 516
Average daily turnover (number of shares):	232 723
Code:	OPUS HB
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Opus Global

First half results

Consolidated Results

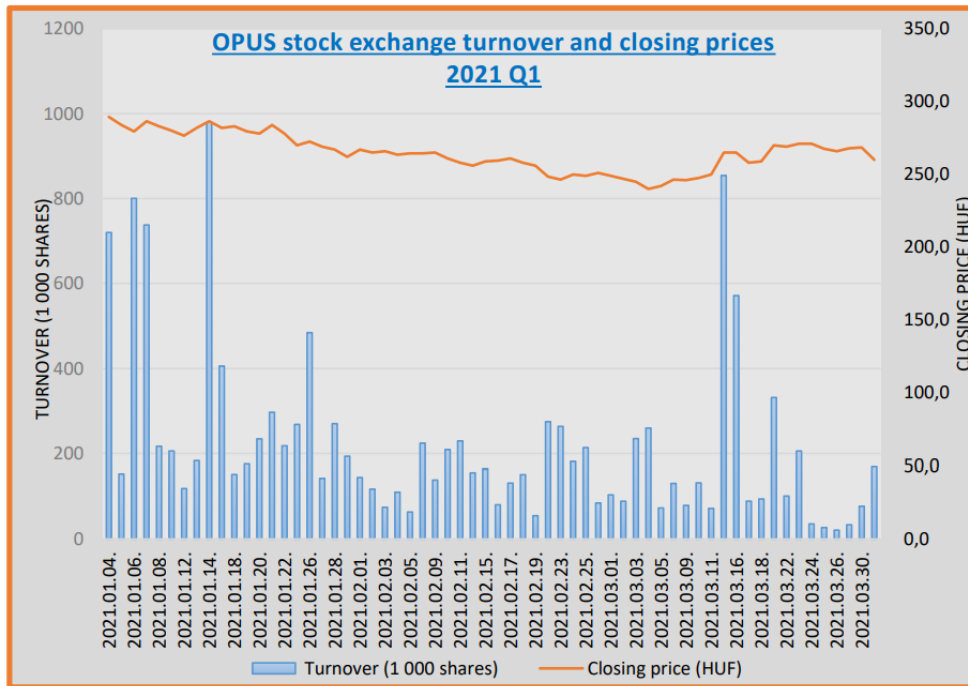
In the first quarter of 2021 Opus had an Operating EBIT of HUF -0.9 bn, compared to a gain of HUF 4.8 bn in the first quarter of 2020. The main reason for the weakening performance is the Covid pandemic, which had the largest impact on the Tourism segment, but also caused higher operating costs for the Industry and Agricultural segments. The re-addition of the Energy segment is the bright spot of the quarter. Altogether, due to the financial transactions the group achieved a Total comprehensive income of HUF 8.1 bn compared to last year's HUF 3.3 bn.

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**The target price was based on the fundamental analysis of the company and it is not guaranteed that the price of the share will reach the given target price. Please note, that the Energy segment was not included in the valuation, as the financial performance of the segment was not included in the Q1 results.*



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Source: Opus

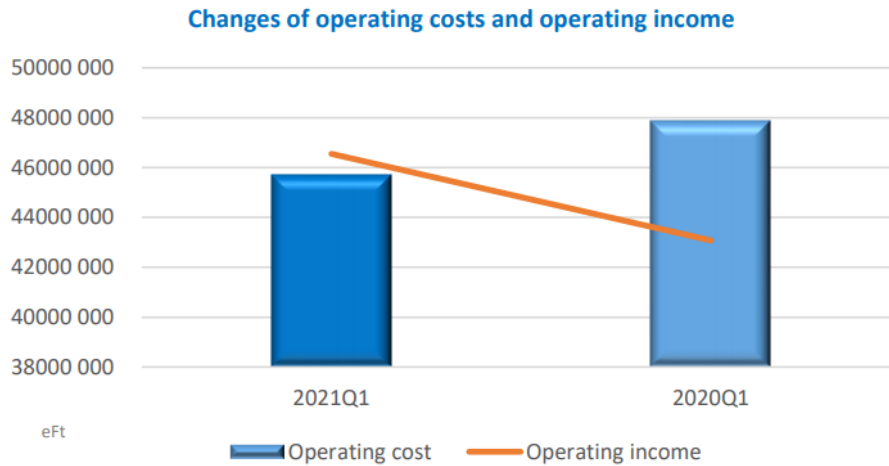
The revenue of Opus Global decreased by 4.6% YoY, while the operating costs increased by 8.1% YoY resulting in an operating loss. The revenue decreased due to the weak contribution from the Tourism segment, while costs increased in the Agricultural and Industry segments.

Consolidated	2021 Q1	2020 Q1	Change
Revenue	45 694 499	47 873 789	-4,55%
Operating expenses	46 549 895	43 077 673	8,06%
Operating EBIT	- 855 396	4 796 116	
P/L after Taxes	8 178 952	2 704 545	202,42%

The re-addition of the Energetics segment, through the acquisition of TIGÁZ increased the Balance sheet by 21% YoY. The cash and equivalents also decreased by 6% YoY. The gain on financial transactions was mostly caused by a Badwill gain on the purchase of TIGÁZ Group.

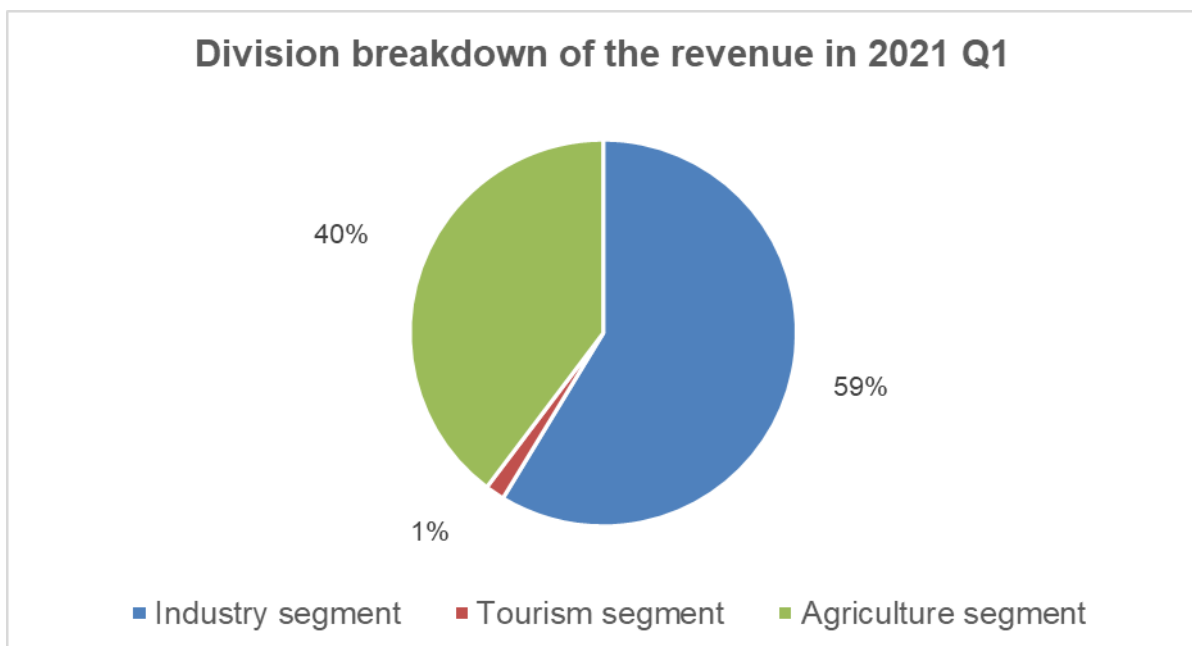


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Source: OPUS

The Covid-19 had a larger effect on the firms operation in the first quarter compared to previous quarters. The revenue breakdown shows that in the first quarter the industry segment had the largest contribution. It was responsible for 59% of the revenue, while the agricultural segment contributed with 40% and tourism lagged as the Covid-19 pandemic hit the segment the most, its contribution was only 1%.





Industry segment

While previously the segment was not held back by the Covid-19 pandemic, the first quarter was a bit different. The construction industry companies in the segment were able to operate in a full capacity, but the increasing raw material, wages and the costs of safety equipment and education increased operating costs significantly. The management thinks this is one off and the operating margins will improve in the coming periods. Disruptions at Wamsler SE is mostly over, and it achieved a YoY growth. The segment, due to its low leverage, decided to not participate in the loan moratorium.

In the first quarter of 2021 the revenues increased by 13.0% YoY, while the operating expenses were up by 17.6% YoY. This resulted in a decline in operating margin. If we compare the earnings after taxes the segment achieved a small loss compared to a significant gain in Q1 2020.

The sub segment level shows that 89.5% of revenue came from the construction arm. Which is smaller than at year end, as Wamsler was able to increase production, the number of units produced was up by 68% YoY, while sales increased by 46% YoY.

Production and sales data of the Wamsler Group

Business aspects	2020 Q1	2021 Q1	Change year/year %	Change year/year
Total produced (pcs)	8 347	13 997	67.70%	5 650
Total sold (pcs)	9 745	14 202	45.70%	4 457
- of which exported	6 854	13 362	95.00%	6 508
- of which sold domestically	2 891	840	-70.90%	-2 051
Average staff number	573	501	-12.60%	-72
Closing staff number	571	496	-13.10%	-75

Source: OPUS

The construction arm is able to increase revenue, but the costs were increasing quicker, which reduced margins. If the costs of the divisions will not improve, then the margins can remain low, which will reduce the profitability of the segment on the long run.



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Industry Segment	2021 Q1	2020 Q1	Change
Revenue	27 540 339	24 369 338	13,01%
Operating expenses	27 402 195	23 306 744	17,57%
Operating EBIT	138 144	1 062 594	-87,00%
P/L after Taxes	- 168 151	16 013 165	

Tourism segment

The segment faces the largest difficulties due to the Covid-19 pandemic. The effect is universal and we observed unprecedented collapse in global travel which can affect the segment in the medium term as well.

To offset the negative effect the Hunguest Group decided to participate in numerous government aid programs. The most important is the loan moratorium; this is the only arm of the firm which decided to enter the program. The tourism tax was suspended for the year and there were significant changes in the cafeteria program in Hungary, which will benefit the domestic tourism sector. The renovation of the hotels is ongoing, no major delay was reported.

During the first quarters nearly all hotels were closed, only Hotel Platánus was open, and Hotel Sóstó and Hotel Pelion were opened occasionally to accommodate business travellers. The management is expecting better results for Q2 as the Hungarian hotels can reopen in May.

The company published the reopening schedule as follows:

Hotels opened on 7 May 2021:

- Hunguest Hotel Apollo
- Hunguest Hotel Aqua-Sol
- Hunguest Hotel Forrás
- Hunguest Hotel Freya
- Lifestyle Hotel Mátra
- Hunguest Hotel Pelion
- Hunguest Hotel Répce Gold
- Saliris Resort
- Hunguest Hotel Sóstó

Hotel opened on 14 May 2021:

- Hunguest Hotel Erkel



Source: Opus

The foreign hotels in Austria are expected to reopen at the end of the second quarter pending on the reopening on the country, while the Montenegrin hotel is operating in accordance with local regulation. The renovation of the Montenegrin hotel was postponed to the autumn.

The camping operation, due to the seasonality of the business, was not affected in Q1, as they were closed in Q1, only opening in April.

Due to the effect of the pandemic revenue was down 88.0% YoY, while operating expenses only decreased by 68.8%. This significant decrease in margins resulted in an operating loss and the earnings after taxes show a loss of HUF 1.43 bn, compared to a loss of HUF 0.9 bn last year in the same period.

The revenue decrease can be explained by the closure of the hotels as a result of the pandemic, but the management is optimistic about the summer, based on the advanced reservations for the period.

Tourism Segment	2021 Q1	2020 Q1	Change
Revenue	759 517	6 333 070	-88,01%
Operating expenses	2 068 315	6 619 725	-68,76%
Operating EBIT	- 1 308 798	- 286 655	
P/L after Taxes	- 1 435 747	- 1 019 652	

Agricultural and Food segment

The activities and the main business of the companies in the agricultural segment were not significantly affected by the emergence of the COVID-19 pandemic. The negative impact was indirect, the costs of raw materials increased significantly and the sales prices only increased gradually. The demand for alcoholic products decreased compared to last year, due to lower demand for sanitisers and the Bolivian and Pakistani imports to the EU.

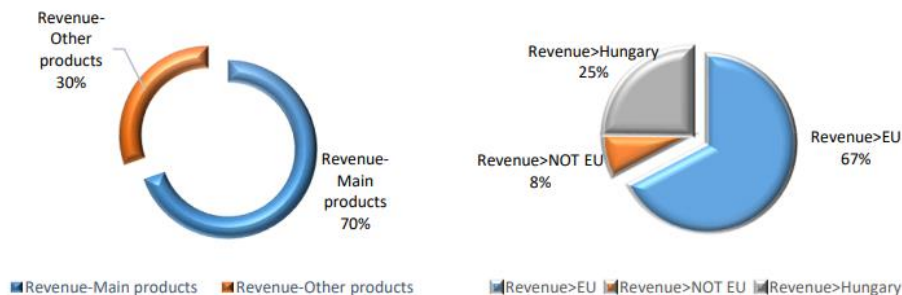
Demand for starch products increased in Q1, as the company's product is now accepted by large paper manufacturers and the spot transactions made with these companies had a positive impact on the quarter.



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Csabatáj increased revenue by 134% YoY, as corn produced in 2020 was sold in Q1 2021, but this is a one off effect. It is usually sold in H2 of the year.

Breakdown of the revenues in the Agriculture division in 2021 Q1 by product category and geography:



The segment's revenue grew to HUF 18.7 bn during Q1 which represents a 23.2% YoY growth, which was driven by increased factory output and the result of the production optimization. The operating cost grew to HUF 17.8 billion during Q1 which is a 28% growth YoY, resulting worse operating EBIT margin. The raw material costs were the largest drag on margins, as they increased by 35% YoY. The division's profit was also negatively affected by the depreciation due to the end of the trial period at VIRE SOL. EBITDA was nearly flat in Q1 YoY.

Agriculture Segment	2021 Q1	2020 Q1	Change
Revenue	18 633 789	15 130 823	23,15%
Operating expenses	17 882 494	13 967 114	28,03%
Operating EBIT	751 295	1 163 709	-35,44%
P/L after Taxes	55 544	547 657	-89,86%

Power engineering segment

The year of 2021 is a real breakthrough regarding the power engineering segment because of the significant acquisition of TIGÁZ and TITÁSZ, which can materially contribute to the balance sheet, revenues and profit lines as well. Based on 2020 year end results the new division could have increased Opus's revenue by 20% and the Balance Sheet by 21%.

Significant synergies can be materialized between TIGÁZ and TITÁSZ, due to their operations in the similar geographical region and their analogous



activity. The strategic objective of Opus is to become a significant player of the domestic energy market. The HUF 39 billion bond issuance in April proves Opus's commitment regarding the energy segment.

The company's board of directors, in accordance with its decision made on 11 March 2021, gained an indirect control of 49.57% in TIGÁZ, and this transaction was completed on 31 March 2021. It means that the balance sheet data of this company was included in the consolidated IFRS data of 2021 Q1, but the income statement - for the lack of time - was not influenced by the figures of the acquired business.

Opus announced its intent to purchase TITÁSZ in October 2019. The next important milestone of the transaction process was the signing of the sale and purchase agreement on 30 March 2021. The completion of the transaction - is expected for the third quarter of 2021. Opus will have 50% share in TITÁSZ directly through Opus Energy kft..



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Equilor's regulatory authority is the Hungarian National Bank.

The report was closed on the 18th of June.

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