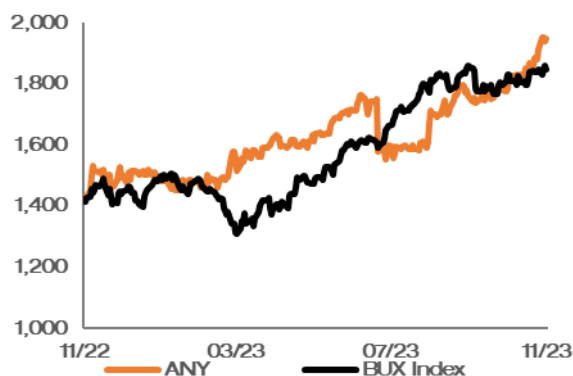


ANY Security Printing

BUY (unch.)

Target price (12M ex-div): HUF 2,490 (unch.)

HUF million	Q3/22	Q3/23	Chg. (y-o-y)
Revenues	11,905	17,862	50%
EBITDA	1,396	3,274	135%
EBIT	792	2,680	238%
Net profit	385	2,000	420%
EPS (HUF)	27	139	420%
Export ratio	43%	66%	23%pt
EBITDA marg.	11.7%	18.3%	6.6%pt
EBIT marg.	6.7%	15.0%	8.3%pt



Share price close as of 17/11/2023	1,950	Bloomberg	ANY HB
Number of shares [mn] (w/o own shares)	14.3	Reuters	ANYH.BU
Market capitalization [HUF bn/EUR mn]	28.9/76.6	Free float	58%
Daily turnover 12M [EUR th]	36.0	52-week range	HUF 1,420-1,950

Record quarterly EPS raises our DPS forecast

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- ANY Security Printing Co. posted a net profit of HUF 2.0bn (+420% YoY or +96% QoQ) on net sales of HUF 17.9bn (+50% YoY or +19% QoQ) for Q3/23, boosted by the extraordinary contribution of export sales. EPS for the 9M/23 reached 243 HUF/sh. As a result, we raise our DPS estimate from HUF 214 to HUF 280. We reiterate our 12m ex-div TP at 2,490 HUF/sh, leaving a 42% total return upside potential.
- 9M/23 net profit came in at HUF 3.5bn vs HUF 2.0bn a year ago (+73% YoY), despite the same period of 2022 having been favourably affected by the pent-up demand for personal documents, as well as the additional income from election ballots. During Q3, ANY continued to benefit from the launch of the enormous Angolan and other export projects, which together accounted for 66% of total Q3 sales. Favourable FX movements in Q3 erased H1 losses fully and turned positive by the end of Sept. This alone added HUF 417mn to net results in the third quarter. However, finance costs amounted to HUF 152mn due to the need for revolving loans.
- Overall, ANY reported a solid set of results again. Our DPS forecast translates into a DivY of 14.4%, significantly above the current HGB yields on all tenors. Based on dividend expectations, ANY will likely offer the highest dividend yield in 2024 from this year's profit in Hungary. ANY's DY is also competitive with inflation-linked bonds, which makes the stock more attractive, in our view.
- Key positives:
 - Booming export sales and export ratio
 - A more value accretive sales mix and margin expansion
 - Outstanding EPS could spur dividend expectations
 - COSG/sales ratio drops as price of materials being on the decline

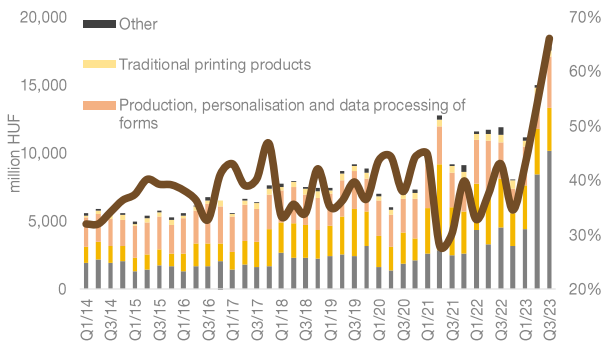
- **Key negatives:**
 - Falling demand for Romanian form products
 - Interest expenses grew due to the need of revolving financing
- **Sales** amounted to HUF 44bn (+25%) in 9M/23. The growth predominantly stemmed from the growing volume of export projects. Export sales reached HUF 24.7bn in the first nine months of 2023, resulted in an export ratio of 56%. The launch of the Angolan project may have added alone around EUR 15mn in Q3, based on our estimate. Regarding these figures, it was a record quarter in ANY's history. Export sales mix started to shift toward the value accretive security and card production, but we also welcome that the Romanian sales strengthened again.
- **In Q3, EBIT** came in at HUF 2.7bn (+238% YoY), EBITDA totalled HUF 3.3bn (+135% YoY). COGS rose by 52% YoY in Q3 or 20% in 9M. EBITDA and EBIT margins stood at 18.3% and 7.8%, respectively.
- **Earlier this year we argued that the high yield environment and uncertainty will not last forever, so it's worth thinking about what comes next. With this report, investors got more clarity on that. We continue to consider ANY as one of the most attractive small-cap stories in the region due to the limited competition in the sector, as well as the Company's growth story, know-how and the announced deal with Angola, which will add billions of HUF in sales annually in the next 10 years. Moreover, EU and HU municipality elections will also boost results in 2024.**
- **Shares in ANY historically traded at an avg. premium of c. 2.7% compared to the HU10Y government bond yield right before the dividend payment date. However, the gap was c. 7.5% based on Friday's closing prices.**

PROFIT AND LOSS [HUF MILLION]

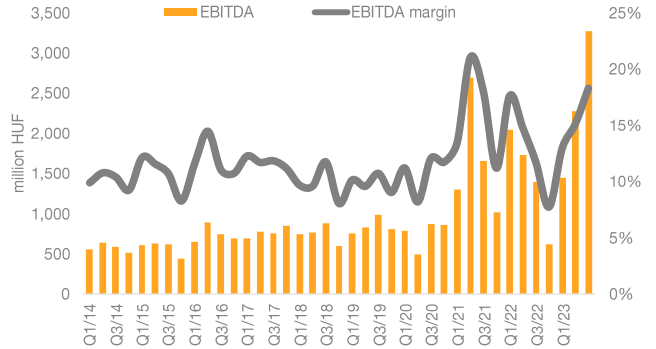
[HUF mn, except per share]	2022		2023			Q2 chg.	
	Q3	Q4	Q1	Q2	Q3	Y-o-Y	Q-o-Q
P&L							
Revenue	11,905	8,010	11,164	15,011	17,862	50%	19%
Gross profit	3,123	2,053	4,014	5,863	4,533	45%	-23%
EBITDA	1,396	620	1,447	2,271	3,274	135%	44%
EBIT	792	317	859	1,648	2,680	238%	63%
Net financials, tax, minority	-408	-91	-389	-627	-680	67%	8%
Net profit / (loss)	385	226	470	1,021	2,000	420%	96%
EPS [HUF]	27	16	33	71	139	420%	96%
Total Sales							
Security products	4,501	3,142	4,421	8,395	10,163	126%	21%
Card production	3,622	2,439	3,167	3,390	3,123	-14%	-8%
Form production	2,637	1,764	2,853	2,549	3,797	44%	49%
Traditional printing products	560	619	466	468	415	-26%	-11%
Other	585	47	257	209	364	-38%	74%
o/w export sales							
Security products	1,750	550	1,148	5,183	7,653	337%	48%
Card production	676	290	857	541	349	-48%	-35%
Form production	2,210	1,661	2,509	2,235	3,556	61%	59%
Traditional printing products	64	91	105	28	24	-63%	-14%
Other	430	178	159	135	226	-47%	67%
Export ratio	43.1%	34.6%	42.8%	54.1%	66.1%	23%pt	12%pt
Margins							
Gross margin	26.2%	25.6%	36.0%	39.1%	25.4%	-0.9%pt	-13.7%pt
EBIT margin	6.7%	4.0%	7.7%	11.0%	15.0%	8.3%pt	4%pt
EBITDA margin	11.7%	7.7%	13.0%	15.1%	18.3%	6.6%pt	3.2%pt
Net profit margin	3.2%	2.8%	4.2%	6.8%	11.2%	8%pt	4.4%pt

Source: ANY Security Printing, Concorde Research

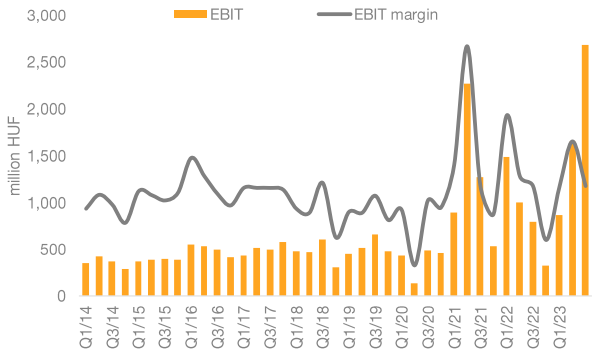
Quarterly sales breakdown



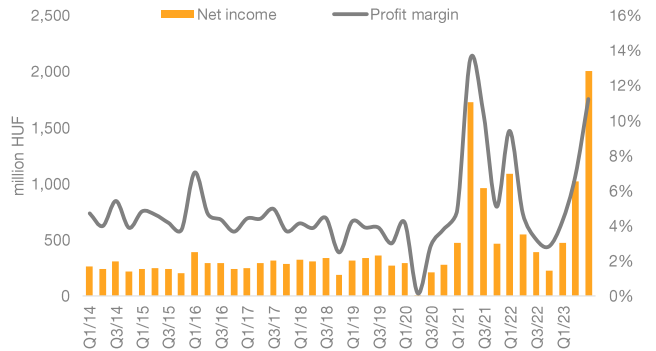
Development of quarterly EBITDA & EBITDA margin



Quarterly EBIT & EBIT margin



Quarterly net profit & net profit margin



Source: ANY Security Printing, Concorde Research

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Rating	Trigger
Buy	Total return is expected to exceed 20% in the next 12 months
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.

Securities prices:

Prices are taken as of the previous day’s close on the home market unless otherwise stated.

Valuations and risks:

Analysis of specific risks to set stock target prices highlighted in our investment case(s) are outlined throughout the report. For details of methodologies used to determine our price targets and risks related to the achievement of the targets referred to in the main body of the report or at [Rating Methodology](#) on our website, visit (https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038)

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