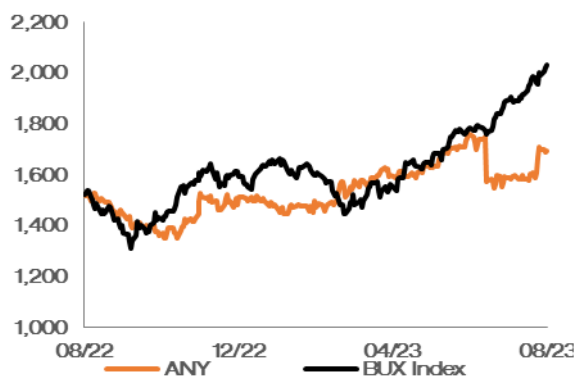


ANY Security printing

BUY (unch.)

Target price (12m ex-div): HUF 2,490 (prev. HUF 2,450)

HUF million	2022	2023F	2024F	2025F
Revenues	43,180	51,614	54,713	52,287
EBITDA	5,633	7,099	7,563	7,263
EBIT	3,586	4,673	4,992	4,806
Net profit	2,244	3,005	3,379	3,254
EPS (HUF)	156	209	236	227
Export ratio	37%	49%	45%	45%
EBITDA margin	13.0%	13.8%	13.8%	13.9%
EBIT margin	8.3%	9.1%	9.1%	9.2%
Profit margin	5.2%	5.8%	6.2%	6.2%



Share price as of 22/08/2023	1,690	Bloomberg	ANY HB
Number of shares [million]	14.7	Reuters	ANYH.BU
Market capitalization [HUF bn/EUR mn]	25.1/65.5	Free float	73%
Daily turnover 12M [EUR th]	28	52 week range	HUF 1,350-1,760

The last call to believe in life beyond HGBs

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- **We made some changes to our estimates after the outstanding Q2 report. As a result, we lift our 12-m ex-div TP to 2,490 HUF/sh from 2,450 HF/sh, as well as our gross DPS expectation to HUF 214 from HUF 189. The stock offers roughly 60% upside potential on a 12-month time horizon. We reiterate our Buy recommendation.**
- As known, ANY posted a net profit of HUF 1.5bn for the first half of 2023, thanks to the exceptionally high Q2 net of HUF 1bn. Even though this translated into a roughly 9% YoY drop, earnings deteriorated horribly in the second half of 2022 due to the steep rise in material and energy costs. This year, trends are very different. On the revenues' side, they managed to build higher input costs in their selling prices. Moreover, ANY is well prepared for any swings in energy prices. In March, we emphasized that sooner or later investors should focus on longer term goals, so it's worth thinking of the future. **We pointed out that high yield environment (especially in Hungary) and uncertainty will not last forever and it's also worth thinking about life beyond the risk-free Hungarian Government Bonds.**
- Why? (1) **ANY offers outstanding dividend yield** even if the stock is no doubt characterized by low liquidity. (2) **ANY is the only Hungarian stock, which could consistently beat even the S&P 500 index in HUF terms by 3%points per annum over the last 10 years**, with an accumulated total return of more than 500% to date. In addition, we have a strong reason to believe that this trend may continue. (3) **ANY has started to benefit from the 10-year deal signed with Angola** last year for the supply of the Angolan passport system, being worth EUR 130mn. This will massively contribute to next years' profits.
- **ANY may distribute a gross DPS of 214 HUF/sh to its shareholders next summer. Even though ANY trades at a premium valuation vs. the Hungarian stock index based on PE ratios (ANY at 8.1x 24E EPS vs. BUX at 5.7x 24E EPS), it offers a DivY of 12.6%. This translates into a 4.9% premium above the 10Y HU Govt. Bond (vs. historic avg. of 2.7%).**

Changes to our estimates

- In our March note, we stressed how significant is the financial impact of the 10-year contract with Angola. We admit that we clearly underestimated this impact for 2023. ANY may earn EUR 25-30mn (c20% of total revenues) in relation to the project, expected to fully materialize in revenues, while margins could widen as a result of the high value-add.
- On the other hand, we overestimated the positive impact of high interest rates. ANY has held its liquid assets mostly in FX denominated depos, on which it has lost large amount of money in HUF terms so far this year. Due to the high interest rates on HUF denominated revolving loans and lower interest rates on EUR and USD deposits, the company had to book a net financial loss of HUF 215mn for the first half of this year, while the FX loss amounted to HUF 333mn. We expect that the revaluation loss will partly recover in H2. However, this is a factor which we cannot forecast appropriately, but the depreciation of the HUF by the end of 2023 would certainly favour the underlying results.
- After the model update, we expect a net profit of HUF 3.0bn, +11% vs. our previous estimate of HUF 2.7bn on net sales of HUF 51.6bn, +6% vs. our prev. est. of HUF 48.5bn for 2023. EPS may reach HUF 209 in 2023. If ANY continues to distribute 100% of the profit in line with its long-term strategy, gross DPS may grow to HUF 214, implying a dividend yield of 12.6%.
- **Outlook remained encouraging**, since it is also noteworthy that EU and HU municipality elections will boost results in 2024. We expect an EPS of HUF 236 for the next year so the dividend yield looks sustainable until at least 2025. However, we don't expect any drop in earnings onwards.
- **Risks:** There is no doubt that the resurgence in material and energy costs may affect the profitability of ANY temporarily, posing risks to our estimates. Having said that, the company is in a unique situation to pass on rising costs gradually to customers.
- **We continue to value ANY by using both DCF and DDM based approach.** ANY trades at a P/E of 8.1x '23 EPS, 7.2x of '24 EPS, 7.5x of '25 EPS.

Sensitivity analysis

- Since ANY is a dividend stock, it is extremely sensitive to changes in risk-free yields. Based on the historic dividend yields of the stock, ANY offered an average premium of around 2.7%pts above the actual 10-year Hungarian Government bond yield right before ex-dividend dates over the last 10 years.
- If we take this observation into account, while we assume no changes in the 10Y HGB yield, ANY should appreciate 22% until the next ex-dividend date.
- In a bear case scenario (+2%pts in the HU10Y yield), we would expect almost no changes in the share price.
- According to the bull case scenario (-2%pts in the HU10Y yield), we would expect a +50% move in the share price by the next ex-div date.
- We also note that a long-term risk-free rate of 6% is incorporated into our DCF-model. Both our 12-m ex-div TP and the bull case point on very similar level.

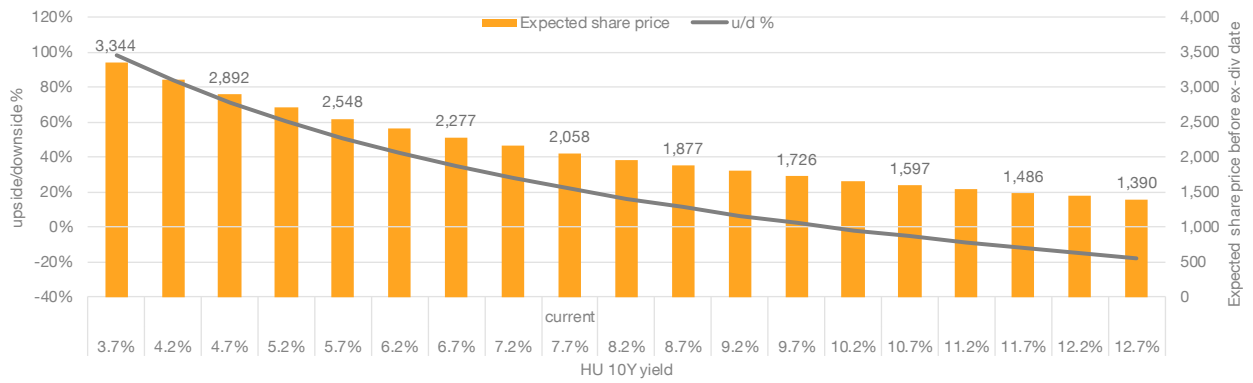
Sensitivity analysis	Bull case		Base case (current 10Y)		Bear case
Current share price = 1,690 HUF					
10Y HGB yield	5.7%	6.7%	7.7%	8.7%	9.7%
premium*	2.7%	2.7%	2.7%	2.7%	2.7%
Expected DIVY (HGB+premium)	8.4%	9.4%	10.4%	11.4%	12.4%
Expected DPS (HUF)	214	214	214	214	214
Target price**	2,543	2,273	2,054	1,874	1,723
To the current Share Price	50%	34%	22%	11%	2%

* average premium of ANY's DivY above 10Y HGB yields between 2013 and 2023

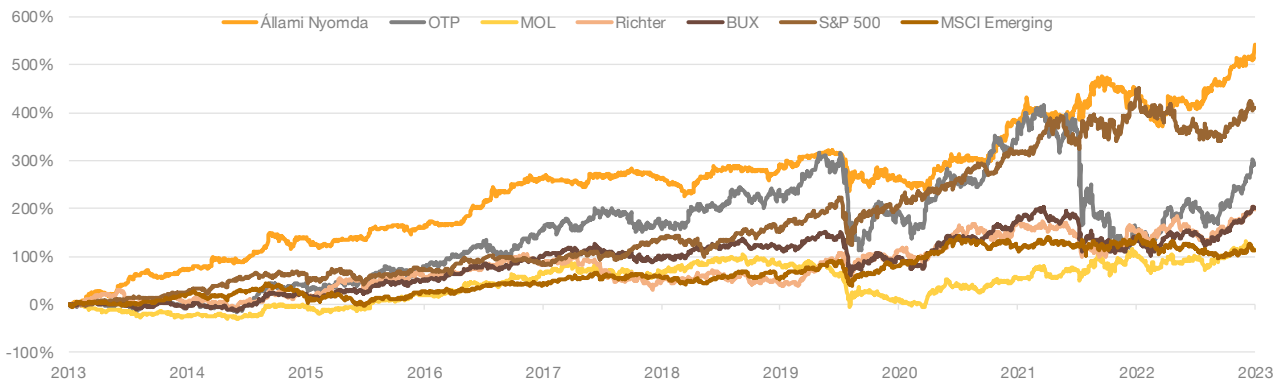
** differs from our 12-m ex-div target price; calculation based on historic valuation of the stock vs. 10Y HGB yields

Source: Bloomberg, Concorde Research

Scenario analysis - expected share price before the next ex-div date depending on the actual 10Y HGB yield and our DPS estimate



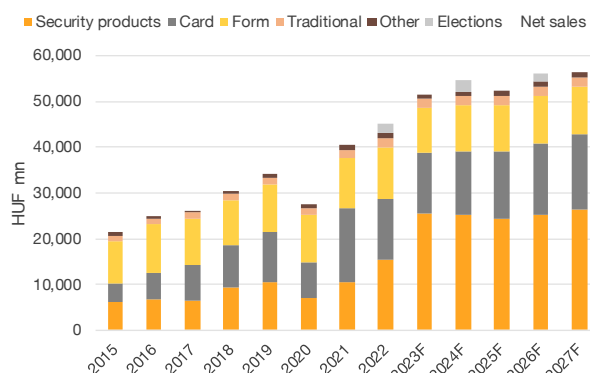
Total return performance since Aug/2013



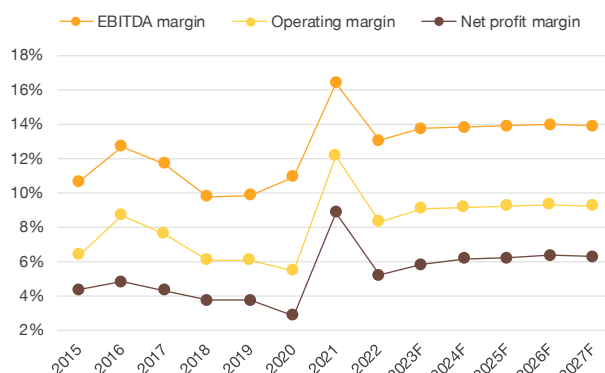
Source: Concorde Research

ANY IN CHARTS

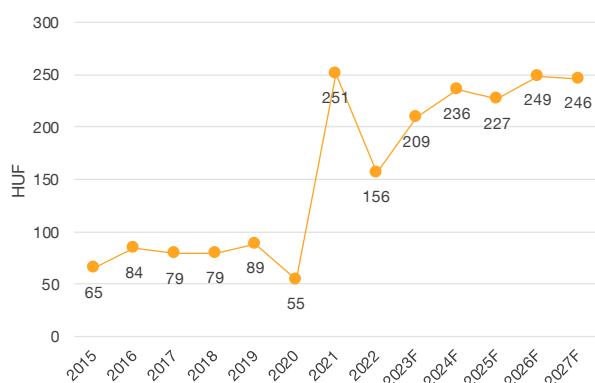
Revenues



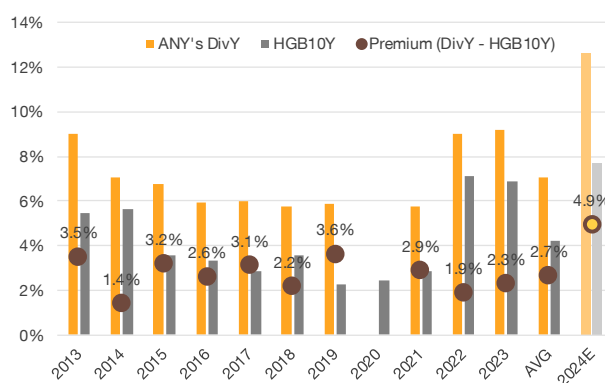
Margins



EPS [HUF]



ANY's dividend yield vs. its historic average (right before ex-date)



Source: Concorde Research

P&L	23F Old	23F New	Chg (%)	24F Old	24F New	Chg (%)
Net sales	48,504	51,614	6%	53,594	54,713	2%
Cost of Sales (COGS)	-34,208	-34,431	1%	-37,704	-37,348	-1%
Gross profit	14,297	17,183	20%	15,890	17,365	9%
SG&A	-9,867	-11,840	20%	-10,581	-11,826	12%
Gain on sale of fixed assets	0	0		0	0	
Foreign currency (loss)/gain	0	-200		0	0	
Other expenses	-470	-470	0%	-536	-547	2%
EBITDA	6,239	7,099	14%	7,292	7,563	4%
Depreciation	2,280	2,426	6%	2,519	2,571	2%
Operating profit	3,960	4,673	18%	4,773	4,992	5%
Interest inc./exp., net	49	-439	-996%	-3	-287	9451%
EBT	4,009	4,234	6%	4,770	4,705	-1%
Deferred tax inc./exp.	0	0		0	0	
Income tax expenses	-802	-847	6%	-954	-941	-1%
Profit after tax	3,207	3,387	6%	3,816	3,764	-1%
Minority interest	495	383	-23%	520	383	-26%
Net profit attr. to shareholder	2,712	3,005	11%	3,296	3,381	3%
EPS	189	209	11%	230	236	2%

Source: Concorde Research

APPENDIX

MAIN INDICATORS

	2018	2019	2020	2021	2022	2023F	2024F	2025F
EPS (HUF)	79	89	55	251	156	209	236	227
EPS growth (%)	0.6	11.7	-38.4	359.6	-37.8	33.9	12.5	-3.7
EPS (EUR)	0.2	0.3	0.2	0.7	0.4	0.5	0.6	0.6
EPS growth (%)	-2.2	7.7	-38.4	316.6	-43.2	39.5	12.5	-3.7
DPS (common shares, HUF)	82	91	0	163	156	214	240	231
CFPS (HUF)	153	308	137	295	791	286	232	415
CFPS growth (%)	79.7	101.7	-55.7	102.2	168.4	-63.9	-18.7	78.8
CFPS (EUR)	0.5	0.9	0.4	0.8	2.0	0.7	0.6	1.1
CFPS growth (%)	74.8	94.4	-55.7	83.3	144.8	-62.4	-18.7	78.8
BVPS (HUF)	412	419	452	635	633	675	696	683
Total no. of shares (th)	14,795	14,795	14,795	14,795	14,795	14,795	14,795	14,795

MARGINS (%)

	2018	2019	2020	2021	2022	2023F	2024F	2025F
EBITDA margin (%)	9.8	9.9	10.9	16.4	13.0	13.8	13.8	13.9
Operating margin (%)	6.1	6.1	5.5	12.2	8.3	9.1	9.1	9.2
Net profit margin (%)	3.7	3.7	2.9	8.9	5.2	5.8	6.2	6.2

VALUATION

	2018	2019	2020F	2021	2022	2023F	2024F	2025F
P/E	17.0x	15.2x	24.7x	6.2x	9.6x	8.1x	7.2x	7.5x
P/CF	8.8x	4.4x	9.9x	5.3x	1.9x	5.9x	7.3x	4.1x
P/BV	3.3x	3.2x	3.0x	2.4x	2.4x	2.5x	2.4x	2.5x
EV/sales	0.9x	0.8x	1.0x	0.7x	0.6x	0.5x	0.6x	0.6x
EV/EBITDA	9.0x	7.9x	9.0x	4.3x	4.3x	4.0x	4.1x	4.3x
Dividend yield (%)	6.1	6.5	0.0	10.5	10.4	12.6	14.2	13.7
FCF yield (%)	0.3	8.7	-0.1	13.8	30.5	6.2	2.4	14.1

OTHER RATIOS

	2018	2019	2020	2021	2022	2023F	2024F	2025F
Sales growth (%)	16.6	11.8	-19.6	48.3	6.2	19.5	6.0	-4.4
ROE (%)	18.7	20.6	11.0	38.4	24.0	30.1	32.8	32.2
ROA (%)	5.9	6.2	3.4	15.6	6.6	8.6	10.1	9.8
Net debt/EBITDA	2.0x	1.6x	1.9x	0.7x	0.2x	0.3x	0.7x	0.7x
CAPEX/Depreciation	1.9x	2.2x	1.5x	0.7x	2.4x	1.1x	1.1x	1.1x
Depreciation/Sales (%)	3.7	3.8	5.5	4.2	4.7	4.7	4.7	4.7

REVENUE BREAKDOWN (%)

	2018	2019	2020	2021	2022	2023F	2024F	2025F
Security	31.0	30.9	25.3	26.0	35.4	49.4	50.7	46.6
Card	30.3	32.2	28.8	39.9	30.8	25.6	25.5	28.2
Form	31.7	30.0	37.6	26.7	26.3	19.3	18.4	19.5
Traditional printing	4.9	4.7	5.5	4.5	4.9	3.8	3.6	3.8
Other	2.1	2.2	2.8	2.9	2.6	1.9	1.8	1.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

EXPORT AS % OF TOTAL SEGMENT REVENUES

	2018	2019	2020	2021	2022	2023F	2024F	2025F
Security	9%	14%	15%	24%	19%	51%	45%	46%
Card	14%	13%	10%	5%	13%	17%	17%	17%
Form	86%	87%	89%	91%	90%	87%	86%	85%
Traditional printing	3%	1%	1%	4%	13%	14%	15%	15%
Other	83%	68%	84%	85%	88%	80%	80%	80%

BALANCE SHEET [HUF MILLION]

	2018	2019	2020	2021	2022	2023F	2024F	2025F
Cash and equivalents	1,020	1,287	2,330	1,298	6,393	5,541	3,122	3,229
Accounts receivable	4,737	5,042	4,248	5,683	5,607	7,070	7,495	7,163
Inventories	3,519	2,961	4,008	3,279	6,487	6,363	6,745	6,446
Other current assets	1,013	630	1,090	1,617	1,143	1,143	1,143	1,143
Total current assets	10,289	9,920	11,676	11,876	19,631	20,118	18,505	17,981
Property, plant, equipment	8,550	10,194	10,954	10,939	13,663	13,905	14,162	14,334
Intangibles, goodwill	372	461	349	337	336	817	817	817
Other assets	5	11	10	10	17	17	17	17
Total non-current assets	9,016	10,553	11,301	11,285	14,497	14,739	14,997	15,169
Total assets	19,304	20,473	22,977	23,161	34,128	34,858	33,502	33,150
Trade accounts payable	3,372	3,337	3,658	3,185	4,326	5,232	5,546	5,300
Other payables & accruals	1,337	2,571	2,541	2,794	11,052	9,899	7,495	7,163
Short term loan	4,887	4,896	2,508	2,315	2,541	2,941	3,341	3,741
Other short-term liabilities	386	513	463	473	288	288	288	288
Total current liabilities	10,060	11,317	9,170	8,767	18,207	18,359	16,669	16,491
Deferred tax liability	328	342	399	669	840	840	840	840
Long term loan	1,253	1,046	4,478	3,088	4,358	4,358	4,358	4,358
Other long-term liabilities	521	470	441	196	128	128	128	128
Total long term liabilities	2,102	1,858	5,318	3,952	5,326	5,326	5,326	5,326
Minority interest	1,052	1,105	1,356	1,048	1,230	1,185	1,204	1,223
Share capital	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Capital reserve	251	251	251	251	251	251	251	251
Retained earnings	4,875	4,988	5,766	8,054	7,888	8,511	8,825	8,632
Treasury shares	-455	-455	-455	-455	-455	-455	-455	-455
Other comp. income	-31	-40	123	94	232	232	232	232
Total shareholders' equity	6,090	6,193	7,134	9,394	9,366	9,988	10,303	10,110
Total liabilities and equity	19,304	20,473	22,977	23,161	34,128	34,858	33,502	33,150

PROFIT AND LOSS [HUF MILLION]

	2018	2019	2020	2021	2022	2023F	2024F	2025F
Net sales	30,527	34,131	27,424	40,658	43,180	51,614	54,713	52,287
Cost of Sales	-22,488	-25,413	-20,287	-26,730	-30,555	-34,431	-37,348	-35,173
Gross profit	8,039	8,718	7,137	13,927	12,625	17,183	17,365	17,113
SG&A	-6,125	-6,453	-6,096	-8,712	-8,830	-11,840	-11,826	-11,785
Gain on sale of fixed assets	5	16	64	507	0	0	0	0
Foreign currency loss/gain	60	10	48	36	150	-200	0	0
Other expenses	-126	-208	345	-807	-359	-470	-547	-523
EBITDA	2,986	3,372	2,996	6,663	5,633	7,099	7,563	7,263
Depreciation	1,133	1,289	1,498	1,712	2,047	2,426	2,571	2,457
Operating profit	1,853	2,083	1,498	4,952	3,586	4,673	4,992	4,806
Int. income/expense, net	-101	-102	-145	-70	-200	-439	-289	-260
Profit before tax	1,752	1,981	1,353	4,882	3,386	4,234	4,702	4,546
Deferred tax expenses	-9	-4	-57	-270	0	0	0	0
Income tax expenses	-352	-455	-284	-639	-692	-847	-940	-909
Profit after tax	1,391	1,522	1,012	3,972	2,694	3,387	3,762	3,636
Minority interest	251	249	227	365	450	383	383	383
Net profit	1,140	1,273	785	3,607	2,244	3,005	3,379	3,254

CASH FLOW STATEMENT [HUF MILLION]

	2018	2019	2020	2021	2022	2023F	2024F	2025F
Incomes before tax	1,752	1,981	1,353	4,882	3,386	4,234	4,702	4,546
Depreciation	1,133	1,289	1,498	1,712	2,047	2,426	2,571	2,457
Change in working capital	-204	1,614	-530	-1,686	6,509	-1,587	-2,896	53
Other items	-422	-327	-163	-545	-234	-847	-940	-909
Operating cash flow	2,259	4,557	2,158	4,362	11,709	4,226	3,437	6,147
Investing cash flow	-2,195	-2,812	-2,181	-1,196	-4,931	-2,668	-2,829	-2,629
Cash before financing	64	1,746	-24	3,166	6,778	1,558	609	3,518
Financing cash flow	89	-1,479	1,068	-4,199	-1,682	-2,410	-3,028	-3,410
Cash at the beginning	867	1,020	1,287	2,330	1,298	6,393	5,541	3,122
Cash at the end	1,020	1,287	2,330	1,298	6,393	5,541	3,122	3,229

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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 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](https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038) on our website. (https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038)

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