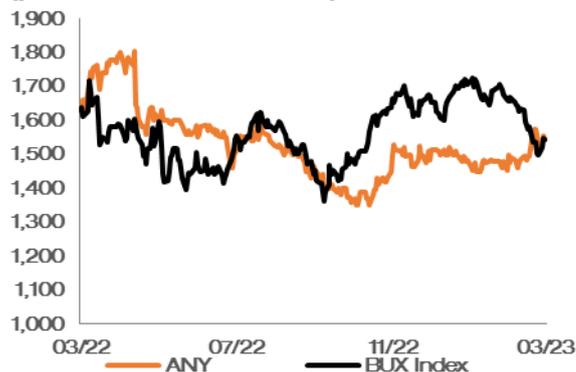


# ANY Security printing

BUY (unch.)

Target price (12m ex-div): HUF 2,450 (prev. HUF 1,940)

| HUF million   | 2022   | 2023F  | 2024F  | 2025F  |
|---------------|--------|--------|--------|--------|
| Revenues      | 43,180 | 48,504 | 53,594 | 53,612 |
| EBITDA        | 5,633  | 6,239  | 7,292  | 7,360  |
| EBIT          | 3,586  | 3,960  | 4,773  | 4,840  |
| Net profit    | 2,244  | 2,712  | 3,296  | 3,224  |
| EPS (HUF)     | 156    | 189    | 230    | 225    |
| Export ratio  | 37%    | 40%    | 39%    | 41%    |
| EBITDA margin | 13.0%  | 12.9%  | 13.6%  | 13.7%  |
| EBIT margin   | 8.3%   | 8.2%   | 8.9%   | 9.0%   |
| Profit margin | 5.2%   | 5.6%   | 6.2%   | 6.0%   |



|                                       |           |               |                 |
|---------------------------------------|-----------|---------------|-----------------|
| Share price as of 23/03/2023          | 1,555     | Bloomberg     | ANY HB          |
| Number of shares [million]            | 14.7      | Reuters       | ANYH.BU         |
| Market capitalization [HUF bn/EUR mn] | 23.0/60.0 | Free float    | 73%             |
| Daily turnover 12M [EUR th]           | 26        | 52 week range | HUF 1,350-1,805 |

## Worth thinking about life beyond HGBs

**Equity Analyst**  
Gabor Bukta  
+361 489 2272  
g.bukta@con.hu

55-61 Alkotás  
Street,  
Budapest  
www.con.hu

- The market environment is very challenging as recession fears, uncontrolled inflation and higher bond yields fully confused the investment community. In addition to them, the war between Russia and Ukraine made the CEE region unattractive.** In particular, the Hungarian stock market trades at near all-time low valuation (forward 12m P/E of 5.3x) and suffers from quite low liquidity, broadly attributable also to the highly unpredictable and always changing taxation in specific sectors in Hungary. As a result of the dried up liquidity in the local stock market, ANY Security Printing Co. has been also a victim as investors are looking for more tradeable securities rather than deep value this time around. Moreover, the alternative risk-free rate offers nearly 14% annual yield, making riskier assets less interesting for investors. So even if ANY offers a dividend yield of c10% after 2022 profit, the market cannot reward this at this stage as it doesn't count on growth opportunities.
- Having said that, the currently high yield environment and uncertainty will not last forever and it's worth thinking about what comes next. We consider ANY as one of the most attractive small-cap stories in the region.** The reason is very simple, because minority shareholders are rowing in the same boat with the big shareholders of the Company and any conflict of interest has never emerged over time. ANY has a great track record in distributing 100% of its net income as dividend under normal circumstances and we continue to assume this going forward. This year and next, the company is expected to grow despite the global macroeconomic backdrop. A massive contributor to this year's growth will be the 10-year contract with Angola for the supply of the Angolan passport system, worth EUR 130mn which was signed last year. This will alone add roughly HUF 5bn per annum on average in sales, which we conservatively incorporate in our model for the first 2 years from now due to the production ramp-up. As a result, dividend yield of 10% based on current share price is a cautious underestimation for the next few years.

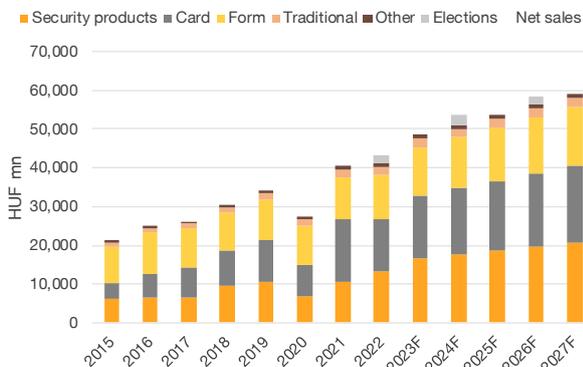
- **Highly attractive government bond yields overshadow ANY’s growth story as ANY is classified as a typical dividend stock. However, the stock may become an appropriate inflation hedge if investors can overlook short-term challenges.** It is underpinned by (1) the growing proportion of export sales and (2) the shift in the product mix (typically security and card products).

### Change to our estimates

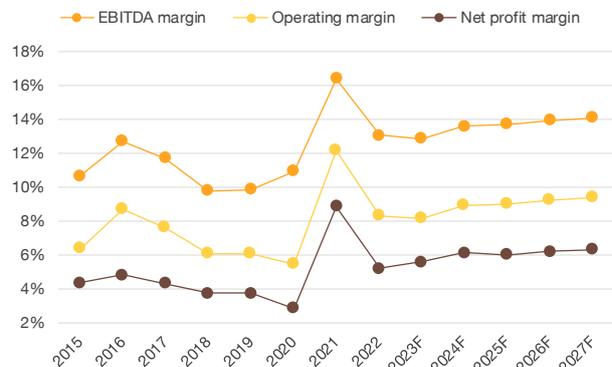
- **We cannot stress enough how significant is the financial impact of the 10-year contract with Angola. After the model update, we expect a net profit of HUF 2.7bn (+21% YoY) on net sales of HUF 48.5bn (+12% YoY) for 2023 in our base scenario. However, if project pipeline will be completely carried out this year, net sales of over HUF 50bn is also conceivable. There is no doubt that the resurgence in material and energy costs could weigh on ANY’s profitability and pose risk to our estimates, but the company is in a unique situation to pass on rising costs gradually to customers. In addition, the Company may neutralize its financial expenses as the difference between borrowing costs and interest income will shrink due to fixed long-term loans and high short-term depo rates.**
- **We double down our BUY rating and raise our 12-m ex-div TP to HUF 2,450 (from HUF 1,940), reflecting faster than previously expected growth, lower energy prices and improving margins onwards. We also add that we were overly pessimistic earlier for 2023. Our new TP implies a 65% total return upside potential (including DPS of HUF 156).**
- **For 2023 and 2024, we expect an EPS of HUF 189 and HUF 230, respectively, driven by the expansion in Africa and the positive impact of European parliamentary and Hungarian municipal elections in ‘24.**
- **We continue to value ANY by using both DCF and DDM based approach. ANY trades at a P/E of 8.2x ‘23 EPS, 6.7x of ‘24 EPS, 6.9x of ‘25 EPS.**

## ANY IN CHARTS

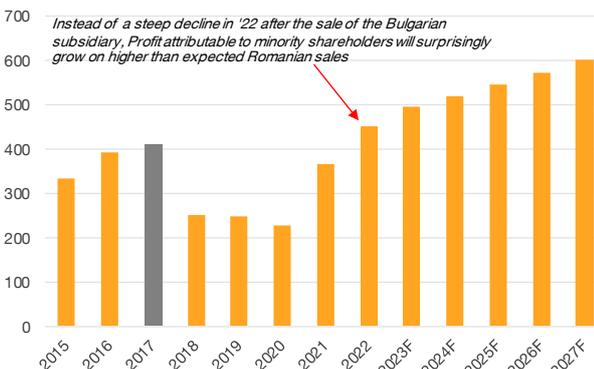
Revenues



Margins



Evolution of the profit of the non-controlling interest (HUF mn)



EPS [HUF]



Source: Concorde Research

| P&L                          | 23F Old       | 23F New       | Chg (%)    | 24F Old       | 24F New       | Chg (%)    |
|------------------------------|---------------|---------------|------------|---------------|---------------|------------|
| <b>Net sales</b>             | <b>47,247</b> | <b>48,504</b> | <b>3%</b>  | <b>51,893</b> | <b>53,594</b> | <b>3%</b>  |
| Cost of Sales                | -34,089       | -34,208       | 0%         | -37,028       | -37,704       | 2%         |
| <b>Gross profit</b>          | <b>13,158</b> | <b>14,297</b> | <b>9%</b>  | <b>14,865</b> | <b>15,890</b> | <b>7%</b>  |
| SG&A                         | -9,883        | -9,867        | 0%         | -10,497       | -10,581       | 1%         |
| Gain on sale of fixed assets | 0             | 0             | -          | 0             | 0             | -          |
| Foreign currency (loss)/gain | 0             | 0             | -          | 0             | 0             | -          |
| Other expenses               | -470          | -470          | 0%         | -519          | -536          | 3%         |
| <b>EBITDA</b>                | <b>5,168</b>  | <b>6,239</b>  | <b>21%</b> | <b>6,444</b>  | <b>7,292</b>  | <b>13%</b> |
| Depreciation                 | 2,362         | 2,280         | -3%        | 2,595         | 2,519         | -3%        |
| <b>Operating profit</b>      | <b>2,806</b>  | <b>3,960</b>  | <b>41%</b> | <b>3,849</b>  | <b>4,773</b>  | <b>24%</b> |
| Interest inc./exp., net      | -170          | 49            | -129%      | -183          | -3            | -99%       |
| <b>EBT</b>                   | <b>2,636</b>  | <b>4,009</b>  | <b>52%</b> | <b>3,666</b>  | <b>4,770</b>  | <b>30%</b> |
| Deferred tax inc./exp.       | 0             | 0             | -          | 0             | 0             | -          |
| Income tax expenses          | -501          | -802          | 60%        | -697          | -954          | 37%        |
| <b>Profit after tax</b>      | <b>2,135</b>  | <b>3,207</b>  | <b>50%</b> | <b>2,970</b>  | <b>3,816</b>  | <b>28%</b> |
| Minority interest            | 489           | 495           | 1%         | 514           | 520           | 1%         |
| <b>Net profit</b>            | <b>1,646</b>  | <b>2,712</b>  | <b>65%</b> | <b>2,456</b>  | <b>3,296</b>  | <b>34%</b> |
| <b>EPS</b>                   | <b>120</b>    | <b>189</b>    | <b>58%</b> | <b>171</b>    | <b>230</b>    | <b>34%</b> |

Source: Concorde Research

## APPENDIX

### MAIN INDICATORS

|                          | 2018   | 2019   | 2020   | 2021   | 2022   | 2023F  | 2024F  | 2025F  |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| EPS (HUF)                | 79     | 89     | 55     | 251    | 156    | 189    | 230    | 225    |
| EPS growth (%)           | 0.6    | 11.7   | -38.4  | 359.6  | -37.8  | 20.8   | 21.6   | -2.2   |
| 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  | 23.7   | 21.6   | -2.2   |
| DPS (common shares, HUF) | 82     | 91     | 0      | 163    | 156    | 189    | 230    | 225    |
| CFPS (HUF)               | 153    | 308    | 137    | 295    | 791    | 257    | 241    | 425    |
| CFPS growth (%)          | 79.7   | 101.7  | -55.7  | 102.2  | 168.4  | -67.6  | -6.1   | 76.4   |
| 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  | -66.8  | -6.1   | 76.4   |
| BVPS (HUF)               | 412    | 419    | 452    | 635    | 633    | 665    | 704    | 699    |
| 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 | 12.9  | 13.6  | 13.7  |
| Operating margin (%)  | 6.1  | 6.1  | 5.5  | 12.2 | 8.3  | 8.2   | 8.9   | 9.0   |
| Net profit margin (%) | 3.7  | 3.7  | 2.9  | 8.9  | 5.2  | 5.6   | 6.2   | 6.0   |

### VALUATION

|                    | 2018  | 2019  | 2020F | 2021 | 2022 | 2023F | 2024F | 2025F |
|--------------------|-------|-------|-------|------|------|-------|-------|-------|
| P/E                | 17.0x | 15.2x | 24.7x | 6.2x | 9.6x | 8.2x  | 6.7x  | 6.9x  |
| P/CF               | 8.8x  | 4.4x  | 9.9x  | 5.3x | 1.9x | 6.0x  | 6.4x  | 3.6x  |
| P/BV               | 3.3x  | 3.2x  | 3.0x  | 2.4x | 2.4x | 2.3x  | 2.2x  | 2.2x  |
| EV/sales           | 0.9x  | 0.8x  | 1.0x  | 0.7x | 0.6x | 0.5x  | 0.5x  | 0.5x  |
| EV/EBITDA          | 9.0x  | 7.9x  | 9.0x  | 4.3x | 4.3x | 4.2x  | 4.0x  | 4.0x  |
| Dividend yield (%) | 6.1   | 6.5   | 0.0   | 10.5 | 10.4 | 12.2  | 14.8  | 14.5  |
| FCF yield (%)      | 0.3   | 8.7   | -0.1  | 13.8 | 30.5 | 5.6   | 3.5   | 15.7  |

### OTHER RATIOS

|                        | 2018 | 2019 | 2020  | 2021 | 2022 | 2023F | 2024F | 2025F |
|------------------------|------|------|-------|------|------|-------|-------|-------|
| Sales growth (%)       | 16.6 | 11.8 | -19.6 | 48.3 | 6.2  | 12.3  | 10.5  | 0.0   |
| ROE (%)                | 18.7 | 20.6 | 11.0  | 38.4 | 24.0 | 27.6  | 31.6  | 31.2  |
| ROA (%)                | 5.9  | 6.2  | 3.4   | 15.6 | 6.6  | 8.0   | 9.8   | 9.5   |
| Net debt/EBITDA        | 2.0x | 1.6x | 1.9x  | 0.7x | 0.2x | 0.4x  | 0.6x  | 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         | 34.5         | 37.8         | 34.8         |
| Card                 | 30.3         | 32.2         | 28.8         | 39.9         | 30.8         | 33.3         | 31.7         | 33.4         |
| Form                 | 31.7         | 30.0         | 37.6         | 26.7         | 26.3         | 25.7         | 24.4         | 25.6         |
| Traditional printing | 4.9          | 4.7          | 5.5          | 4.5          | 4.9          | 4.6          | 4.2          | 4.3          |
| Other                | 2.1          | 2.2          | 2.8          | 2.9          | 2.6          | 2.1          | 1.9          | 1.9          |
| <b>Total</b>         | <b>100.0</b> |

### EXPORT AS % OF TOTAL SEGMENT REVENUES

|                      | 2018 | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F | 2025F |
|----------------------|------|------|------|------|------|-------|-------|-------|
| Security             | 9%   | 14%  | 15%  | 24%  | 19%  | 28%   | 26%   | 32%   |
| Card                 | 14%  | 13%  | 10%  | 5%   | 13%  | 14%   | 14%   | 14%   |
| Form                 | 86%  | 87%  | 89%  | 91%  | 90%  | 90%   | 90%   | 90%   |
| Traditional printing | 3%   | 1%   | 1%   | 4%   | 13%  | 13%   | 13%   | 14%   |
| 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         | 5,411         | 3,424         | 3,626         |
| Accounts receivable                 | 4,737         | 5,042         | 4,248         | 5,683         | 5,607         | 6,644         | 7,342         | 7,344         |
| Inventories                         | 3,519         | 2,961         | 4,008         | 3,279         | 6,487         | 5,980         | 6,607         | 6,610         |
| Other current assets                | 1,013         | 630           | 1,090         | 1,617         | 1,143         | 1,143         | 1,143         | 1,143         |
| <b>Total current assets</b>         | <b>10,289</b> | <b>9,920</b>  | <b>11,676</b> | <b>11,876</b> | <b>19,631</b> | <b>19,179</b> | <b>18,516</b> | <b>18,723</b> |
| Property, plant, equipment          | 8,550         | 10,194        | 10,954        | 10,939        | 13,663        | 13,891        | 14,142        | 14,319        |
| Intangibles, goodwill               | 372           | 461           | 349           | 337           | 336           | 817           | 817           | 817           |
| Other assets                        | 5             | 11            | 10            | 10            | 17            | 17            | 17            | 17            |
| <b>Total non-current assets</b>     | <b>9,016</b>  | <b>10,553</b> | <b>11,301</b> | <b>11,285</b> | <b>14,497</b> | <b>14,725</b> | <b>14,977</b> | <b>15,153</b> |
| <b>Total assets</b>                 | <b>19,304</b> | <b>20,473</b> | <b>22,977</b> | <b>23,161</b> | <b>34,128</b> | <b>33,903</b> | <b>33,493</b> | <b>33,877</b> |
| Trade accounts payable              | 3,372         | 3,337         | 3,658         | 3,185         | 4,326         | 4,917         | 5,433         | 5,435         |
| Other payables & accruals           | 1,337         | 2,571         | 2,541         | 2,794         | 11,052        | 9,302         | 7,342         | 7,344         |
| 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           |
| <b>Total current liabilities</b>    | <b>10,060</b> | <b>11,317</b> | <b>9,170</b>  | <b>8,767</b>  | <b>18,207</b> | <b>17,447</b> | <b>16,403</b> | <b>16,807</b> |
| 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           |
| <b>Total long term liabilities</b>  | <b>2,102</b>  | <b>1,858</b>  | <b>5,318</b>  | <b>3,952</b>  | <b>5,326</b>  | <b>5,326</b>  | <b>5,326</b>  | <b>5,326</b>  |
| Minority interest                   | 1,052         | 1,105         | 1,356         | 1,048         | 1,230         | 1,297         | 1,347         | 1,399         |
| 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         | 8,356         | 8,940         | 8,868         |
| Treasury shares                     | -455          | -455          | -455          | -455          | -455          | -455          | -455          | -455          |
| Other comp. income                  | -31           | -40           | 123           | 94            | 232           | 232           | 232           | 232           |
| <b>Total shareholders' equity</b>   | <b>6,090</b>  | <b>6,193</b>  | <b>7,134</b>  | <b>9,394</b>  | <b>9,366</b>  | <b>9,833</b>  | <b>10,418</b> | <b>10,345</b> |
| <b>Total liabilities and equity</b> | <b>19,304</b> | <b>20,473</b> | <b>22,977</b> | <b>23,161</b> | <b>34,128</b> | <b>33,903</b> | <b>33,493</b> | <b>33,877</b> |

**PROFIT AND LOSS [HUF MILLION]**

|                              | 2018          | 2019          | 2020          | 2021          | 2022          | 2023F         | 2024F         | 2025F         |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Net sales</b>             | <b>30,527</b> | <b>34,131</b> | <b>27,424</b> | <b>40,658</b> | <b>43,180</b> | <b>48,504</b> | <b>53,594</b> | <b>53,612</b> |
| Cost of Sales                | -22,488       | -25,413       | -20,287       | -26,730       | -30,555       | -34,208       | -37,704       | -37,228       |
| <b>Gross profit</b>          | <b>8,039</b>  | <b>8,718</b>  | <b>7,137</b>  | <b>13,927</b> | <b>12,625</b> | <b>14,297</b> | <b>15,890</b> | <b>16,384</b> |
| SG&A                         | -6,125        | -6,453        | -6,096        | -8,712        | -8,830        | -9,867        | -10,581       | -11,008       |
| Gain on sale of fixed assets | 5             | 16            | 64            | 507           | 0             | 0             | 0             | 0             |
| Foreign currency loss/gain   | 60            | 10            | 48            | 36            | 150           | 0             | 0             | 0             |
| Other expenses               | -126          | -208          | 345           | -807          | -359          | -470          | -536          | -536          |
| <b>EBITDA</b>                | <b>2,986</b>  | <b>3,372</b>  | <b>2,996</b>  | <b>6,663</b>  | <b>5,633</b>  | <b>6,239</b>  | <b>7,292</b>  | <b>7,360</b>  |
| Depreciation                 | 1,133         | 1,289         | 1,498         | 1,712         | 2,047         | 2,280         | 2,519         | 2,520         |
| <b>Operating profit</b>      | <b>1,853</b>  | <b>2,083</b>  | <b>1,498</b>  | <b>4,952</b>  | <b>3,586</b>  | <b>3,960</b>  | <b>4,773</b>  | <b>4,840</b>  |
| Int. income/expense, net     | -101          | -102          | -145          | -70           | -200          | 49            | -3            | -128          |
| <b>Profit before tax</b>     | <b>1,752</b>  | <b>1,981</b>  | <b>1,353</b>  | <b>4,882</b>  | <b>3,386</b>  | <b>4,009</b>  | <b>4,770</b>  | <b>4,712</b>  |
| Deferred tax expenses        | -9            | -4            | -57           | -270          | 0             | 0             | 0             | 0             |
| Income tax expenses          | -352          | -455          | -284          | -639          | -692          | -802          | -954          | -942          |
| <b>Profit after tax</b>      | <b>1,391</b>  | <b>1,522</b>  | <b>1,012</b>  | <b>3,972</b>  | <b>2,694</b>  | <b>3,207</b>  | <b>3,816</b>  | <b>3,769</b>  |
| Minority interest            | 251           | 249           | 227           | 365           | 450           | 495           | 520           | 546           |
| <b>Net profit</b>            | <b>1,140</b>  | <b>1,273</b>  | <b>785</b>    | <b>3,607</b>  | <b>2,244</b>  | <b>2,712</b>  | <b>3,296</b>  | <b>3,224</b>  |

**CASH FLOW STATEMENT [HUF MILLION]**

|                              | 2018          | 2019          | 2020          | 2021          | 2022          | 2023F         | 2024F         | 2025F         |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Incomes before tax</b>    | <b>1,752</b>  | <b>1,981</b>  | <b>1,353</b>  | <b>4,882</b>  | <b>3,386</b>  | <b>4,009</b>  | <b>4,770</b>  | <b>4,712</b>  |
| Depreciation                 | 1,133         | 1,289         | 1,498         | 1,712         | 2,047         | 2,280         | 2,519         | 2,520         |
| Change in working capital    | -204          | 1,614         | -530          | -1,686        | 6,509         | -1,689        | -2,769        | 0             |
| Other items                  | -422          | -327          | -163          | -545          | -234          | -802          | -954          | -942          |
| <b>Operating cash flow</b>   | <b>2,259</b>  | <b>4,557</b>  | <b>2,158</b>  | <b>4,362</b>  | <b>11,709</b> | <b>3,797</b>  | <b>3,566</b>  | <b>6,289</b>  |
| <b>Investing cash flow</b>   | <b>-2,195</b> | <b>-2,812</b> | <b>-2,181</b> | <b>-1,196</b> | <b>-4,931</b> | <b>-2,508</b> | <b>-2,771</b> | <b>-2,696</b> |
| <b>Cash before financing</b> | <b>64</b>     | <b>1,746</b>  | <b>-24</b>    | <b>3,166</b>  | <b>6,778</b>  | <b>1,290</b>  | <b>795</b>    | <b>3,593</b>  |
| <b>Financing cash flow</b>   | <b>89</b>     | <b>-1,479</b> | <b>1,068</b>  | <b>-4,199</b> | <b>-1,682</b> | <b>-2,272</b> | <b>-2,782</b> | <b>-3,390</b> |
| <b>Cash at the beginning</b> | <b>867</b>    | <b>1,020</b>  | <b>1,287</b>  | <b>2,330</b>  | <b>1,298</b>  | <b>6,393</b>  | <b>5,411</b>  | <b>3,424</b>  |
| <b>Cash at the end</b>       | <b>1,020</b>  | <b>1,287</b>  | <b>2,330</b>  | <b>1,298</b>  | <b>6,393</b>  | <b>5,411</b>  | <b>3,424</b>  | <b>3,626</b>  |

Concorde Securities Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interests that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For analysts certification and other important disclosures, please refer to the “Disclaimer” section at the end of this report.

## DISCLAIMER

This research report has been prepared by Concorde Securities Ltd., a full-service Hungarian investment banking, investment management and brokerage firm. Concorde Securities Ltd. is under the supervision of the National Bank of Hungary in its capacity as financial supervisory authority.

Concorde Securities Ltd. is registered in Hungary and does not have any subsidiaries, branches or offices outside of Hungary. Therefore we are not allowed to provide direct investment banking services to US investors and restrictions may apply to our potential investment banking services according to your country’s jurisdiction.

Our salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are their own and may be contrary to the opinions expressed in our research products, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed by our analysts or traders.

Our research, sales and trading professionals are paid based on the profitability of the respective divisions of Concorde Securities Ltd., which from time-to-time may include revenues from the firm’s capital market activity. Concorde Securities Ltd. does not prohibit analysts, salespeople and traders from maintaining a financial interest in the securities or futures of any companies that they cover or trade on their clients’ behalf in strict compliance with the Hungarian Capital Markets Act.

### ANALYSTS CERTIFICATION

The research analysts undersigned and responsible for the preparation of this report hereby certify that (i) the views expressed in this research report accurately reflect their personal views about any and all of the securities or issuers referred to in this research report; (ii) no part of the analysts’ compensation was, is or will be directly or indirectly related to the specific recommendation or views expressed in this report and (iii) no part of their compensation is tied to any specific investment transactions performed by Concorde Securities Ltd.

Name and job title of individuals involved in the production of this report are disclosed at the end of this report.

Concorde Securities Ltd. is a leading manager and underwriter of Hungarian equity offerings. We have investment banking and other business relations with a substantial percentage of the companies traded on the Budapest Stock Exchange and covered by our research department. Concorde Securities Ltd, its directors and employees may have a position in these securities, which may change at any time.

Concorde Securities Ltd. acted as Lead Manager of the private and public share placement of the shares of FHB in 2003, Masterplast in 2012 and Duna House in 2016. Concorde Securities Ltd. acted as the Co-lead Manager of Gedeon Richter’s exchangeable bond issue in September 2004. Concorde Securities Ltd. has provided financial advice to Magyar Telekom.

### EXPLANATION OF RATINGS AND METHODOLOGY

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

### Research disclosures:

Concorde Securities Ltd. may have published other investment recommendations in respect of the same securities/instruments recommended in this report during the preceding 12 months. Disclosure of previous investment recommendations produced by Concorde Securities Ltd. in the previous 12 months can be found at [Rating history](https://www.con.hu/wp-content/uploads/2016/04/Rating-history.pdf?tstamp=201710021038). (<https://www.con.hu/wp-content/uploads/2016/04/Rating-history.pdf?tstamp=201710021038>)

#### *GENERAL*

This report is provided for information purposes only and does not represent an offer for sale, or the solicitation of any offer to buy or sell any securities.

The information, and any opinions, estimates and forecast have been obtained from sources believed by us to be reliable, but no representation or warranty, express or implied is made by us as to their accuracy or completeness. The information, opinions, estimates and forecasts may well be affected by subsequent changes in market conditions. This document may not be reproduced in whole or in part, or published for any purpose.

REPRODUCTION OR REBROADCAST OF ANY PORTION OF THIS RESEARCH REPORT IS STRICTLY PROHIBITED WITHOUT THE WRITTEN PERMISSION OF CONCORDE SECURITIES LTD.

### DISCLAIMER II.

This research/commentary was prepared by the assignment of Budapest Stock Exchange Ltd. (registered seat: 1054 Budapest, Szabadság tér 7. Platina torony I. ép. IV. emelet; company registration number: 01-10-044764, hereinafter: BSE) under the agreement which was concluded by and between BSE and Concorde Securities Ltd. (registered seat: H-1123 Budapest Alkotás utca 50., company registration number: 01-10-043521, hereinafter: Investment Service Provider)

BSE shall not be liable for the content of this research/commentary, especially for the accuracy and completeness of the information therein and for the forecasts and conclusions; the Service Provider shall be solely liable for these. The Service Provider is entitled to all copyrights regarding this research/commentary however BSE is entitled to use and advertise/spread it but BSE shall not modify its content.

This research/commentary shall not be qualified as investment advice specified in Point 9 Section 4 (2) of Act No. CXXXVIII of 2007 on Investment Firms and Commodity Dealers and on the Regulations Governing their Activities. Furthermore, this document shall not be qualified as an offer or call to tenders for the purchase, sale or hold of the financial instrument(s) concerned by the research/commentary.