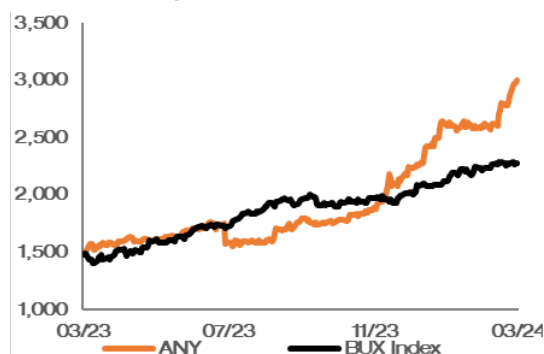


ANY Security Printing

Under revision (prev. Buy)

Target price: Under revision (prev. HUF 2,490)

HUF million	2022	2023	Chg. (y-o-y)
Revenues	43,180	55,475	28%
EBITDA	5,791	8,775	52%
EBIT	3,587	6,402	78%
Net profit	2,245	4,267	90%
EPS (HUF)	157	297	90%
Export ratio	37%	55%	17.4%pt
EBITDA marg.	13.4%	15.8%	2.4%pt
EBIT marg.	8.3%	11.5%	3.2%pt



Share price close as of 08/03/2023	3,030	Bloomberg	ANY HB
Number of shares [mn] (w/o own shares)	14.3	Reuters	ANYH.BU
Market capitalization [HUF bn/EUR mn]	44.8/113.4	Free float	58%
Daily turnover 12M [EUR th]	57.0	52-week range	HUF 1,485-3,030

Excellent year behind and more promising ahead

Head of Research
 Gabor Bukta
 +361 489 2272
 g.bukta@con.hu

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

- ANY posted its Q4 report on Friday, AMC. ANY reported net revenues of HUF 55.5bn for 2023, representing a 28% increase compared to the last year. Net income almost doubled (+90% YoY), reaching HUF 4.3bn (EPS of HUF 298) in the full year. Following the 2023 preliminary report, we must revisit our estimates, hence we put our recommendation under review. Our existing forecast looks outdated as we estimated net sales of HUF 54.7bn for 2024 in August 2023. We believe that ANY's net sales can show double-digit growth this year. In addition, the company has plenty of room to reduce costs, which we detail later.
- Ratio of strategic product segments accounted for 94% in 2023. Sales of security products skyrocketed by 90% YoY. Sales in the form production and data processing segment, however, fell by 2%, while card sales dropped by 9%. Also noteworthy is that export sales accounted for 55% of total sales.
- Operating results were also impressive, in-line with the top and bottom-line figures. EBITDA amounted to HUF 8.8bn and EBIT totalled HUF 6.4bn (+79% YoY). Margins improved significantly. Having said that, interest expense in the amount of about HUF 700mn and FX loss in the amount of HUF 178mn dragged down 2023 results. However, the strong implication of this is how the normalization in mainly HUF rates, as well as the recent depreciation of HUF could boost the net line in 2024.
- After the incredible results, the BoD proposed a DPS of HUF 250 to be distributed to shareholders. Nevertheless, the final DPS is expected to be HUF 258 on our estimate if we take into consideration the treatment of treasury shares.
- Even though we expected a DPS of HUF 280, ANY has to improve its capital structure to keep pace with its outstanding growth, they have simply grown too much in recent years while distributed most of the generated profit as dividends. Due to the reinvestment and higher CAPEX needs, which may reach approx. 130% of the 2024 depreciation on our

estimate after the report, lower-than-expected DPS should be also welcomed by the market. ANY still offers c. 8.5% dividend yield, as it has a spectacular growth potential due to the expansion into new markets.

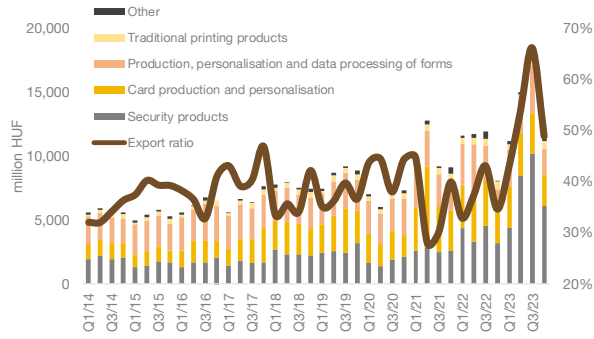
- ANY is expected to sustain the impressive pace of growth in 2024 on revenue level, while we already noted above how much buffer left in terms of the net figure. Parliamentary and EU elections will be also supportive in 2024 and revenues from the Angola project may increase by at least 20% YoY. In the meantime, the cost inflation has been managed to pass through onto consumers. To further explain this, energy prices plunged in recent quarters, while revolving loans will be cheaper, which altogether boost 2024 results, in our view. Revenues may reach HUF 65bn (+17% YoY) in a conservative scenario in 2024.
- The company also announced an exciting story on Friday as it has established a subsidiary in the United States. ANY will hold a 51% stake in Superior ANY Global LLC, while the rest will be held by Superior Packaging & Finishing headquartered in Braintree, Massachusetts. Superior P&F is the most technologically advanced player in the digital printing, personalization, and packaging technology for pharmaceuticals and other products in the US market. The subsidiary aims to be an innovative player in the security printing industry.

PROFIT AND LOSS [HUF MILLION]

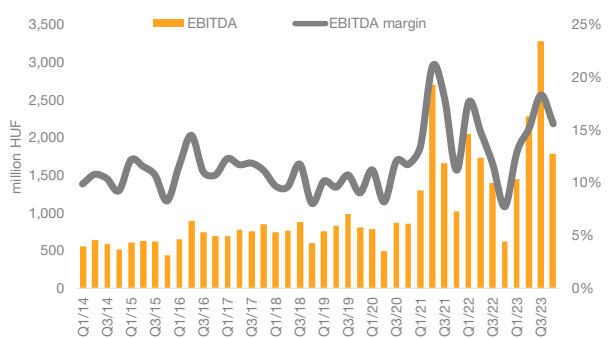
[HUF mn, except per share]	2022		2023		FY Y-o-Y	Q4 chg.	
	Q4	Q4	2022	2023		Y-o-Y	Q-o-Q
P&L							
Revenue	8,010	11,438	43,180	55,475	28%	43%	-36%
Gross profit	2,053	3,274	12,625	17,684	40%	59%	-28%
EBITDA	620	1,782	5,791	8,775	52%	188%	-46%
EBIT	317	1,215	3,587	6,402	78%	283%	-55%
Net financials, tax, minority	-91	-439	-1,342	-2,135	59%	380%	-35%
Net profit / (loss)	226	776	2,245	4,267	90%	244%	-61%
<i>EPS [HUF]</i>	16	54	157	297	90%	244%	-61%
Total Sales							
Security products	3,142	6,082	15,292	29,061	90%	94%	-40%
Card production	2,439	2,483	13,302	12,163	-9%	2%	-20%
Form production	1,764	1,952	11,367	11,151	-2%	11%	-49%
Traditional printing products	619	643	2,107	1,992	-5%	4%	55%
Other	47	278	1,113	1,108	0%	491%	-24%
o/w export sales							
Security products	550	3,433	2,917	17,417	497%	524%	-55%
Card production	290	234	1,694	1,981	17%	-19%	-33%
Form production	1,661	1,589	10,228	9,889	-3%	-4%	-55%
Traditional printing products	91	48	267	205	-23%	-47%	100%
Other	178	281	976	801	-18%	58%	24%
Export ratio	34.6%	48.8%	37.2%	54.6%	17.4%pt	14.3%pt	-17.3%pt
Margins							
Gross margin	25.6%	28.6%	29.2%	31.9%	2.6%pt	3%pt	3.3%pt
EBIT margin	4.0%	10.6%	8.3%	11.5%	3.2%pt	6.7%pt	-4.4%pt
EBITDA margin	7.7%	15.6%	13.4%	15.8%	2.4%pt	7.8%pt	-2.8%pt
Net profit margin	2.8%	6.8%	5.2%	7.7%	2.5%pt	4%pt	-4.4%pt

Source: ANY Security Printing, Concorde Research

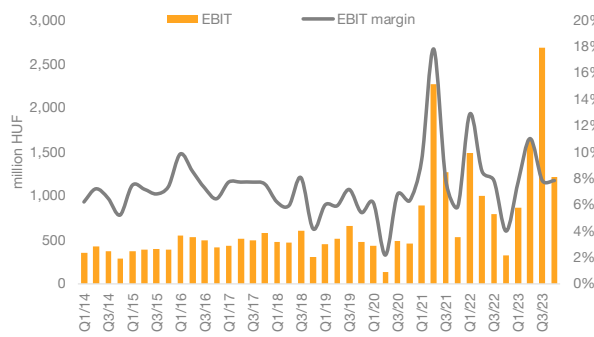
Quarterly sales breakdown



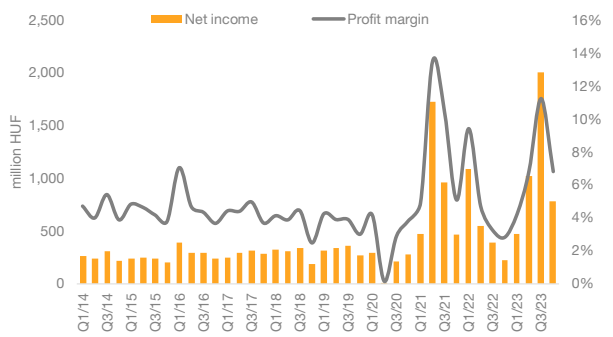
Development of quarterly EBITDA & EBITDA margin



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

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