

7 March 2019

ANY PLC

HOLD

ANY PLC: weaker 4Q18, but full-year results in line with our estimates

BBG Ticker	ANY HB
Market Cap (USD mil)	71.8
Price	1,355
Price target	1,406
Upside	3.8%

ANY reported its 4Q18 results yesterday (6 March). The company reported revenues of HUF 7.4bn, 4.9% lower than our expectations and 2.7% lower yoy. The margin for the quarter was weaker than expected, due mainly to higher operating expenses and an FX loss above our estimate, with an EBITDA margin of 8.1%, vs. our expectation of 10.7%, and EBITDA of HUF 596m, 28.7% lower than we forecast. Net profit was HUF 183m for the quarter, slightly less than half of our expectation, supported by lower tax and minorities. For FY18, ANY reported revenues of HUF 30.5bn, significantly higher than our estimate, by 17.6%, and up 16.6% yoy. However, most of the revenues gain came from lower profitability products, resulting in EBITDA of HUF 3bn, only slightly higher than our forecast, and 2.7% below the 2017 levels. In terms of net profit, the full-year results were also in line with our expectations, at HUF 1.1bn. We view the 4Q18 results as slightly negative, as the EBITDA margin for the quarter is the lowest since 4Q15. The share price is up 17% since its lows in October 2018, outperforming the market, particularly as the company reported strong 3Q18 numbers. Given the positive momentum since, we could see a negative market reaction to the weaker 4Q18 numbers, in our view. In terms of dividends, the company typically has a 100% payout, and we expect a DPS of HUF 77, in line with our initial estimate, translating into a yield of 5.7%.

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For the full-year, the beat on the top line was driven mainly by a continuing good performance in security products (up 45.8% yoy and +30.7% vs. expectations), with election ballots being a significant contributor, and card production (up 20.9% yoy and +40% vs. expectations). Form production revenues continued their downward trend, -5.8% yoy and 8.9% lower than our expectations, due to lower volumes of printed domestic tax forms and, particularly, lower export sales. Export revenues accounted for 36% of the sales for the year, with the main growth driver being card production, mitigated by a decline in form production.

Looking at costs, the impact of the increasing sales of lower profitability products resulted in material expenses reported at 70.7% of sales, compared to 66% last year and 5ppts higher than our expectations. The company also reported an increase in personnel costs, to HUF 6.5bn, +9.2% yoy and 10.3% higher than our expectations, as a result of extra overtime costs due to higher turnover, and increases in wages. A positive result of HUF 554m in other expenses was driven mainly by a gain in the value of unfinished products connected with security cards.

This resulted in an EBITDA of HUF 3bn, down 2.7% yoy, but 3.7% higher than our expectations for 2018. We see the margin of 9.8% (compared to our forecast of 11.1%) as neutral, given that the increase in turnover is characterised by a lower profitability sales mix. The net financial result was fairly in line with our expectations, while tax expenses were significantly higher than we had modelled, at a 21% effective tax rate for the year. Minorities were lower than expected, at HUF 251m, driven by lower export sales, resulting in net profit of HUF 1.1bn, in line with both the 2017 results and our expectations.

Leverage increased to 2x net debt/EBITDA at the end of 2018, from 1.5x in the previous year, and we view this as mainly a factor of deteriorating working capital, driven by both a decline in receivables and an increase in inventories.

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ANY: 4Q18 results review

(HUF m)	4Q17	3Q18	4Q18	yoy	qoq	4Q18E	vs. WOOD
Revenues	7,604	7,489	7,402	-2.7%	-1.2%	7,785	-4.9%
Security Products	1,680	2,283	2,199	30.9%	-3.7%		
Card Production	2,711	2,397	2,107	-22.3%	-12.1%		
Form Production	2,568	2,233	2,402	-6.5%	7.6%		
Traditional Printing	437	469	444	1.6%	-5.3%		
Other	208	107	250	20.2%	133.6%		
Material expenses	-4,903	-5,419	-5,180	5.6%	-4.4%	-5,309	-2.4%
Personnel expenses	-1,714	-1,750	-1,436	-16.2%	-17.9%	-1,600	-10.3%
Other expenses	-137	561	-190	n.m.	-133.9%	0	n.m.
EBITDA	850	881	596	-29.9%	-32.3%	836	-28.7%
D&A	-276	-280	-289	4.7%	3.2%	-275	5.0%
EBIT	573	601	306	-46.5%	-49.0%	560	-45.3%
Financial result	-23	-25	-29	24.0%	14.6%	-24	19.6%
Pre-tax profit	550	576	278	-49.5%	-51.8%	536	-48.2%
Tax	-170	-225	-28	-83.6%	-87.6%	-64	-56.6%
Net income	380	351	241	-36.7%	-31.5%	472	-49.0%
Minorities	100	19	57	-42.8%	197.0%	88	-35.2%
Net income for shareholders	280	332	183	-34.5%	-44.8%	384	-52.2%

Source: Company data, WOOD Research

ANY: 2018 results review

(HUF m)	2017	2018	yoy	2018E	vs. WOOD
Revenues	26,181	30,527	16.6%	25,950	17.6%
Security Products	6,500	9,475	45.8%	7,248	30.7%
Card Production	7,652	9,250	20.9%	6,608	40.0%
Form Production	10,253	9,663	-5.8%	10,602	-8.9%
Traditional Printing	1,288	1,496	16.1%	1,143	30.9%
Other	488	643	31.8%	349	84.3%
Material expenses	-17,270	-21,590	25.0%	-17,127	26.1%
Personnel expenses	-5,957	-6,505	9.2%	-5,900	10.3%
Other expenses	114	554	386.0%	-45	n.m.
EBITDA	3,068	2,986	-2.7%	2,878	3.7%
D&A	-1,070	-1,133	5.9%	-1,101	2.9%
EBIT	1,998	1,853	-7.3%	1,778	4.2%
Financial result	-93	-101	7.6%	-133	-24.3%
Pre-tax profit	1,904	1,752	-8.0%	1,645	6.5%
Tax	-360	-362	0.4%	-195	85.5%
Net income	1,544	1,391	-9.9%	1,450	-4.1%
Minorities	412	251	-39.1%	295	-14.9%
Net income for shareholders	1,132	1,140	0.7%	1,155	-1.3%

Source: Company data, WOOD Research

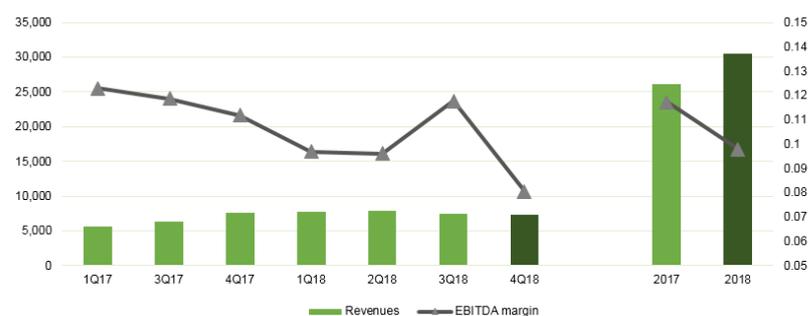
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ANY: 2018 results review

	2017	2018	yoy	2018E	vs. WOOD
EBITDA margin	11.7%	9.8%	-0.23pp.	11.1%	0.63pp.
EBIT margin	7.6%	6.1%	-0.28pp.	6.9%	0.78pp.
Net Income margin	5.9%	4.6%	-0.47pp.	5.6%	0.31pp.
Net Income for shareholders margin	4.3%	3.7%	-0.50pp.	4.5%	-0.13pp.
Business lines as % of revenues					
Security Products	25%	31%	-1.99pp.	28%	-3.11pp.
Card Production	29%	30%	5.39pp.	25%	3.76pp.
Form Production	39%	32%	-3.85pp.	41%	-1.69pp.
Traditional Printing	5%	5%	0.33pp.	4%	0.52pp.
Other	2%	2%	0.11pp.	1%	0.52pp.
Export revenues	11,120	11,071	20.5%	10,558	5.3%
Security Products	788	872	67.3%	870	-9.4%
Card Production	1,202	1,316	278.0%	396	203.2%
Form Production	8,779	8,306	8.4%	9,117	-3.7%
Traditional Printing	23	46	130.0%	-	n.m.
Other	328	531	0.0%	174	88.0%
Export as % of total revenues	42%	36%	5.43pp.	41%	1.79pp.
Security Products	12%	9%	5.07pp.	12%	0.12pp.
Card Production	16%	14%	10.35pp.	6%	9.71pp.
Form Production	86%	86%	10.02pp.	86%	-0.38pp.
Traditional Printing	2%	3%	0.91pp.	0%	1.79pp.
Other	67%	83%	-8.00pp.	50%	17.21pp.
Receivable days	65	57	-8	70	-13
Inventory days	39	42	3	33	9
Payable days	37	40	3	37	3
Cash conversion cycle	67	58	-9	66	-8

Source: Company data, WOOD Research

ANY: revenues and EBITDA margins



Source: Company data, WOOD Research

Year	Sales (HUF m)	EBITDA (HUF m)	EBIT (HUF m)	Net Income (HUF m)	EPS (HUF)	P/E (x)	EV/EBITDA (x)	Dps (HUF)	Dividend yield
2016	24,911	2,977	1,969	1,202	81.3	13.2	6.6	65.0	6.1%
2017	26,181	3,068	1,998	1,040	70.3	19.0	8.3	84.0	6.3%
2018	30,527	2,986	1,853	1,140	77.1	17.6	8.4	79.0	5.8%
2019E	27,830	3,049	1,931	1,243	84.0	16.1	8.5	77.1	5.7%
2020E	27,247	3,060	1,926	1,190	80.5	16.8	8.5	84.0	6.2%
2021E	28,204	3,290	2,139	1,321	89.3	15.2	8.0	80.5	5.9%

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CETV	5
CEZ	5
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Conpet	1
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Dino	5

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DO&CO	1, 5
Electrica	5
Enea	5
Energa	5
Erste Group Bank	5
Eurocash	5
Fortuna	5
S.C. Fondul Proprietatea S.A.	1, 4, 5
Getin Noble Bank	5
GTC	5
Handlowy	5
ING BSK	5
Immofinanz	5
IPF	5
ITG	1, 3
JSW	5
Kernel	5
KGHM	5
Komerčni	5
Kruk	5
Lotos	5
LPP	5
mBank	5
MedLife	1, 2, 3
Millennium	5
MOL	5
MONETA Money Bank	1, 2, 3, 5
Netia	5
OMV	5
Orange PL	5
Pekao	5
PGE	5
Philip Morris	5
PKO BP	1, 2, 3, 5
PKN Orlen	5
PKP Cargo	5
PZU	5
RBI	5
RC2	4
Romgaz	5
SIF2	10
SNP – OMV Petrom	3, 5
O2 CR	1, 4, 5
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