



EQUILOR

**30 YEARS EXPERIENCE
IN CAPITAL MARKETS**



OPUS

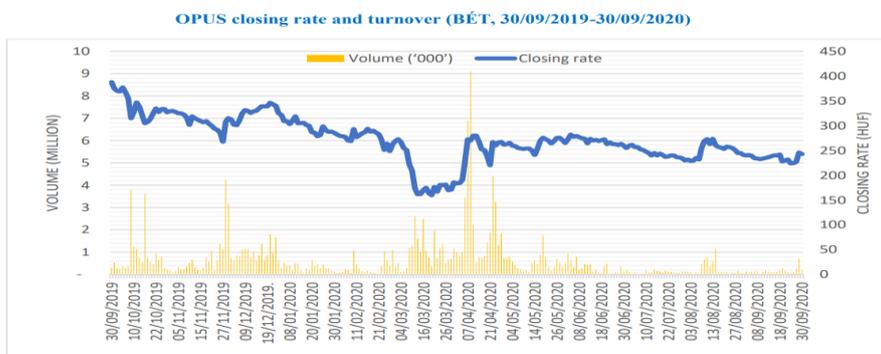
	Company Data:	
	Recommendation:	Buy
	Target Price:	HUF 354
	Price:	HUF 235 (30. Nov. 2020.)
	52 week range:	HUF 129-347
	Market cap (HUF, m):	164 887
	Average daily turnover (number of shares):	315 000
	Code:	OPUS HB
	Equity Analyst:	
	Author:	Lajos Daniel Török, CFA
	Title:	Head of Research
	Phone:	(+36 1) 436 7012
	E-mail:	lajos.torok@equilor.hu

Opus Global

First nine months results

Consolidated Results

In the first nine months of 2020 Opus achieved an Operating EBIT of HUF 9.9 bn, compared to a loss of HUF 9.5 bn in the same period of 2019. The closing of the Energetics segment, and the Industry and the Agricultural segments excellent performance contributed to the good results.



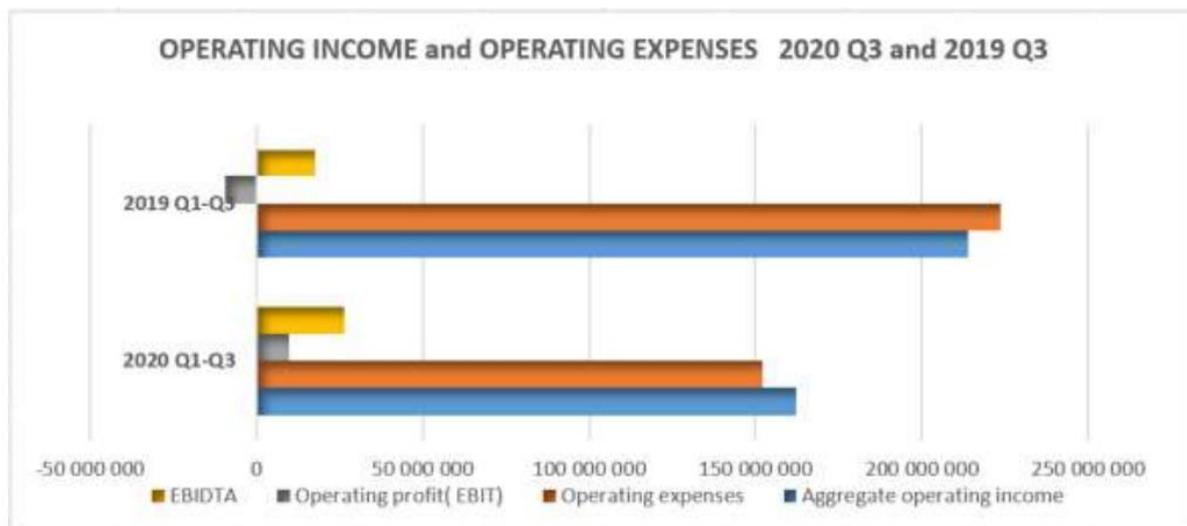
Source: Opus



The revenue of Opus Global decreased by 24% YoY, while the operating costs decreased by 32% YoY resulting in an operating profit. The firm was able to show a profit, even when there was an extra HUF 11.6 bn, amortization cost related to the previously acquired contracts.

Consolidated	2020 9M	2019 9M	Change
Revenue	162 090 787	213 956 066	-24,24%
Operating expenses	152 197 720	223 494 769	-31,90%
Operating EBIT	9 893 067	9 529 703	
Total comprehensive income	3 541 016	5 336 419	

The sale of the Energetics segment also decreased the total balance sheet by 14% YoY. The cash and equivalents increased by 32% YoY. As the cash generation of the company, the sale of assets, and the issued bond increased the line. The available cash can be used for the acquisition of E.ON Tiszántúli Áramhálózati Zrt., which was expected to happen in Q3 2020, but now it is expected in Q1 2021.



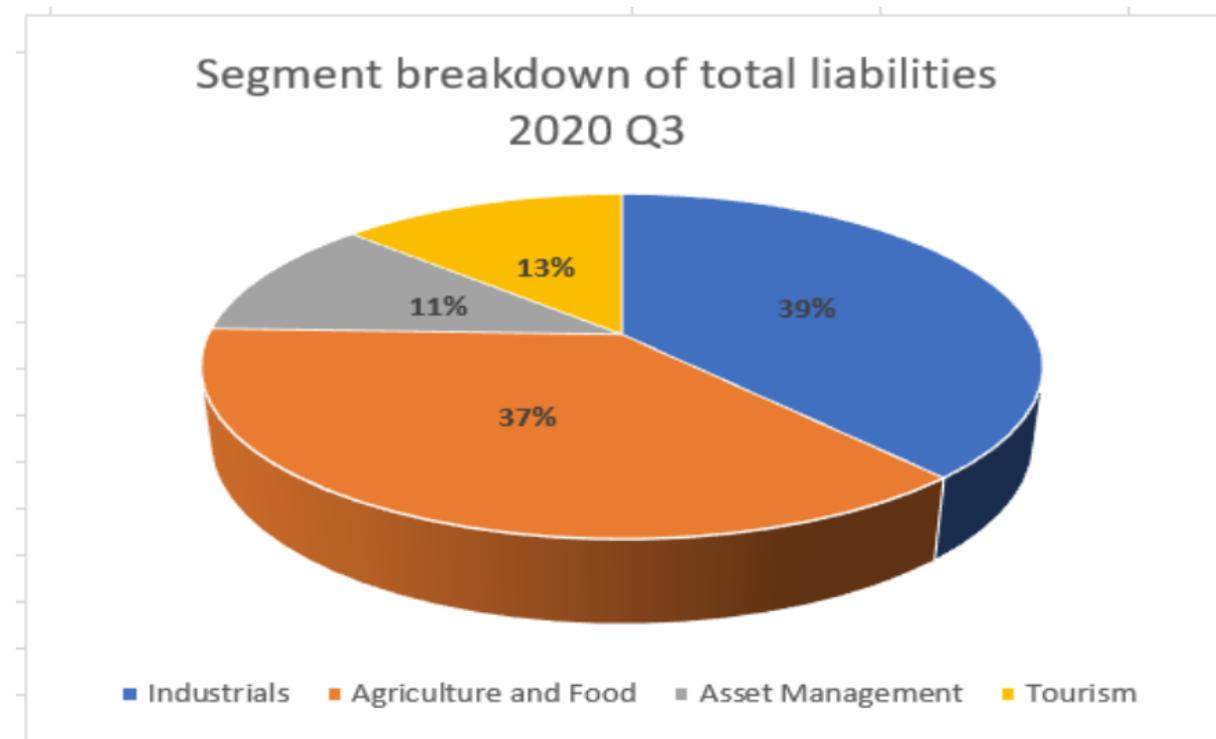
HUF '000'

Source: OPUS

The Covid-19 had a limited effect on the firm's operation in the first nine months. The revenue breakdown shows that in the first nine months the industry segment was the largest, with its 39% contribution, followed by the



agricultural segment's 37% contribution. The most affected tourism segment contributed to only the 13% of the revenue, and was down significantly YoY.



Source: OPUS

There were significant sales in the asset management segment. At the beginning of July Opus sold its stake in 4iG, which was held as a liquid investment, the profit on the sale was HUF 3.9 bn. After the quarter closed the management decided to sell the CIG Pannónia shares in a hybrid format, where in the five years starting from 2021, Opus is entitled for the share of the potential profit of the company.

Industry segment

The segment was not held back by the Covid-19 pandemic in the first nine months. The construction industry companies in the segment were able to operate in a full capacity, the only downside was the increased outstanding receivables, as the time to collect increased. Wamsler SE saw some disruptions, and with the lower orders in the 2019 high season, it planned



more conservatively for the period. As a result, they are planning to partially restructure the business and Wamsler obtained the qualifications required for the production of welded steel structures.

In the first nine months of 2020 the revenues increased by 8.7% YoY, while the operating expenses were down by 1.2% YoY. This resulted in a significant improvement in operating margin. If we compare the earnings after taxes the segment achieved a significant, 202.3% YoY growth.

The subsegment level shows that revenue from the construction arm increased by HUF 16.3 bn YoY, while Wamsler Group was down by HUF 1 bn YoY, increasing the dependency on constructions, and showing the need for the new strategy for Wamsler. If we look at the revenue breakdown for R-Kord it shows that 84.7% of revenue came from railway applications, while 4.5% from overhead lines. Mészáros és Mészáros shows a more balanced breakdown. The largest contributor to the revenue was road and railway construction with 40%, public utility with 27.5%, while water management and civil engineering was the third largest with 15%.

All together the division achieved significant growth in top, and especially in bottom lines. The division was only partially affected by the Covid-19 pandemics and the signing of the Budapest-Belgrade railway line is huge step forward for the segment.

Industry Segment	2020 9M	2019 9M	Change
Revenue	101 653 496	93 549 408	8,66%
Operating expenses	95 338 712	96 479 049	-1,18%
Operating EBIT	6 314 784	2 929 641	
Total comprehensive income	20 258 463	6 701 596	202,29%

Agricultural and Food segment

The activities and the main business of the companies in the agricultural segment were not significantly affected by the emergence of the COVID-19 pandemic. The revenue of the segment increased significantly in the period, up by 42.5% YoY, while the operating expenses only increased by 28.4%, resulting in a significant margin improvement. Due to that, the segment



turned into profit for the first nine months, compared to the same period in 2019. The weakening HUF also helped the segments, as it increased the revenue in HUH, as the revenue from export is significant.

In the case of liquid sugar, the market prices continued to improve from the beginning of 2020, but the widening of the pandemic situation had a negative impact on sales volume and distribution during the period. The volume of starch production was lower than planned as all plants slowed down the testing of new products due to the restrictions. The food market and the alcohol market were stable in the first nine months, as demand was high for gluten and alcohol for sanitizers.

The subsegment level shows that KALL Ingredients and VIRE SOL were able to achieve a considerable margin improvement, despite all the difficulties, but due to the indirect effect of the pandemic, they fell short on the profit expectations. While Csabatáj achieved a 22.3% YoY growth on revenue, with a profit contribution of 84% from the animal husbandry division.

Altogether the segment turned to a profit compared to a loss last year. The significant revenue growth was a bright spot in the first nine months. The next goal is to improve margins on the segment, so it can have a greater contribution to Opus's bottom line.

Agriculture Segment	2020 9M	2019 9M	Change
Revenue	45 808 720	32 149 412	42,49%
Operating expenses	43 796 470	34 123 804	28,35%
Operating EBIT	2 012 250	1 974 392	
Total comprehensive income	923 316	3 270 549	

Tourism segment

The segment faces the largest difficulties due to the Covid-19 pandemic. The effect is universal and we observed unprecedented collapse in global travel which can affect the segment in the medium term as well.

To offset the negative effect the Hungest Group decided to participate in numerous government aid programs. The most important is the loan moratorium; this is the only arm of the firm which decided to enter the



program. The Hungarian government also decreased employer contribution, which decreased wage costs for the segment. The tourism tax was suspended for the year and there were significant changes in the cafeteria program in Hungary, which will benefit the domestic tourism sector.

The foreign arm of the segment was hit first in Austria the hotels had to be closed in the 14th of March, and a onetime cost of EUR 110 thousand was occurred due to quarantine in one of the hotels.

Hungary was also partially affected, as management decided to close all but one of the hotels on the 22nd of March. The management also decided to advance the yearly maintenance work and decided to go ahead with firing some of the employees due to significant renovations in the future.

The company published the reopening schedule as follows:

Hotel	Date of reopening
HUNGUEST Hotel Forrás	15/05/2020
Lifestyle Hotel Mátra	15/05/2020
Hunguest Hotel Aqua-Sol	29/05/2020
Hunguest Hotel Freya	29/05/2020
Hunguest Hotel Erkel	12/06/2020
Hunguest Hotel Pelion	12/06/2020
Hunguest Hotel Sóstó	12/06/2020
Hunguest Hotel Répce Gold	01/07/2020
Saliris Resort	01/07/2020
Hunguest Hotel Apollo	03/07/2020
Hunguest Hotel Sun Resort (Montenegro)	20/06/2020
Relax Resort (Austria)	15/07/2020
Hunguest Hotel Heiligenblut (Austria)	17/06/2020

Source: Opus

The summer season was the highlight for the segment, but the autumn bookings dropped again and Q4 looks even worse with the new restrictions. The occupancy rate was only 57.3% in the first nine months, only July and August were better with an occupancy rate of 75.8%. For that two months revenue was up by 19.8% YoY and EBITDA by 51.4% YoY.



The camping were also effected in the period, as they usually open in April, while in this year they only opened on the 15th of May. The number guest nights decreased by 24.4% YoY, due to the shorter opening time and a significant drop in the nights spent by foreigners. The 22.2% YoY increase in domestic bookings were not able to offset the 56.9% YoY drop by foreigners.

Due to the effect of the pandemic revenue was down 44.7% YoY, while operating expenses only decreased by 33% YoY. This significant decrease in margins resulted in an operating loss and the earnings after taxes also show a loss of HUF 2.5 bn, compared to a gain last year.

The revenue decrease can be explained by the closure of the hotels as a result of the pandemic, and the summer was definitely a bright spot, but Q4 looks extremely weak and there are significant uncertainties for H1 2021.

Tourism Segment	2020 9M	2019 9M	Change
Revenue	14 446 065	26 120 901	-44,70%
Operating expenses	15 411 399	22 990 225	-32,97%
Operating EBIT	- 965 334	3 130 676	
Total comprehensive income	- 2 504 037	325 519	



Research:

Lajos Daniel Török, CFA
Head of Research
Direct: (+36 1) 436 7012
lajos.torok@equilor.hu

Zoltan Varga
Senior Analyst
Direct: (+36 1) 436 7015
zoltan.varga@equilor.hu

Institutional sales:

Attila Jozsef Szabo
Sales Trader
Direct: (+36 1) 808 92 00
attila.szabo@equilor.hu

Equities Department:

Zsolt Vavrek
Equities Department Director
Direct: (+36 1) 430 3991
zsolt.vavrek@equilor.hu

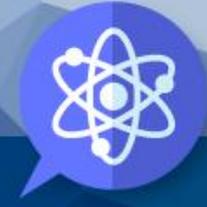
Private Banking:

Mate Szüle
Private Banking
Direct: (+36 1) 808 9221
mate.szule@equilor.hu

Close of the analysis: 12/01/2020, in the first version there was a mistake in the tables, both column showed 9M 2020.

The target price was based on the fundamental analysis of the company and it is not guaranteed that the price of the share will reach the given target price.

Equilor's regulatory authority is the Hungarian National Bank.



Disclaimer

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 Equilor Investment Ltd. (registered seat: H-1026 Budapest Pasaréti street 122-124., company registration number: 01-10-041431, 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. This research/commentary cannot be deemed as an incentive to enter into contract or covenant.

All the information provided in the research/commentary may be used on own responsibility. The financial knowledge, investment objective, risk profile of the person reaching this information wasn't taken into consideration. For the losses as a result of using this document or any part of its content EQUILOR excludes its responsibility – especially for the forecasts and the risks, and that they are going to occur. The research above is valid at the time of its completion. Further information on the valuation, methodology, the underlying assumptions or proprietary models is available on EQUILOR's website (<https://www.equilor.hu/mifid/>).