

Consolidation, integration and synergies

In FY21 and H122, 4iG has consolidated its position in its Hungarian market through M&A, along with developing a regional telecoms presence. On a pro forma basis, telecoms now represents 78% of Q122 net revenues and 93% of EBITDA, with IT services making up the rest, underlining the change in focus of the business. 4iG is now the second-largest telecoms group in Hungary and a significant telecoms group in the Western Balkans (Albania and Montenegro), as well as being the largest IT systems integrator in Hungary. The only deal that is still pending is 4iG's investment in Spacecom, the Israeli satellite company, where the group is awaiting regulatory clearance. The group reported Q122 net revenues of HUF48.9bn (a rise of 220% y-o-y), with EBITDA of HUF14.5bn and PAT of HUF2.2bn (a four-fold rise), declaring a dividend of HUF29 per share. Pro forma figures suggest FY22 EBITDA of at least HUF80bn, but the company is expecting to provide formal guidance for the year alongside its Q222 results. Net debt at 31 March 2022 stood at HUF453bn, implying an FY22 EV/EBITDA of 8.5x, with a medium-term net debt/EBITDA target of 4x. We expect to reinstate our forecasts following the Q222 results in August.

Year end	Revenue (HUFbn)	PBT* (HUFbn)	Adjusted EPS* (HUF)	DPS (HUF)	P/E (x)	Yield (%)
12/19	41.1	3.3	30.8	22.0	24.8	2.9
12/20	57.3	4.2	37.7	22.5	20.3	2.9
12/21	93.7	8.7	74.6	29.0	10.3	3.8

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

4iG has concluded its strategic partnership with Rheinmetall, which now holds a 25% stake in the group, alongside other strategic investors. Most recently, 4iG has announced a [strategic joint venture with Rheinmetall and HM EI](#) to 'digitise' the armed forces in Hungary and selected NATO member states in the CEE by developing digital combat system solutions and ground and flight simulation systems for training purposes. The partnership with Rheinmetall supports 4iG's growth strategy, as well as offering the potential for 4iG to provide IT services to Rheinmetall's global network in the medium term.

FY22 is expected to be a year of consolidation and integration as 4iG looks to drive synergies from its recently completed acquisitions, although not ruling out further M&A. 4iG intends to create a group with a unified organisational and management structure, led by a team under [István Király](#) (ex-Telekom Hungary, Vodafone), aligning and consolidating the business into B2B and B2C service segments, to deliver synergies and drive growth. 4iG is also preparing to participate in the 5G spectrum auction in Montenegro in Q422. The Hungarian government [announced a windfall tax](#) at the end of May, which will apply to eight sectors including telecoms. The details of this HUF800bn tax have yet to be announced.

IT services

1 June 2022

Price **HUF765**

Market cap **HUF226bn**

HUF397:€

Net debt (HUFbn) at 31 March 2022 453

Shares in issue (excluding treasury and ESOP shares) 294.2m

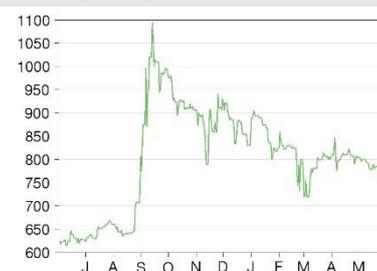
Free float 11.5%

Code 4iG

Primary exchange Budapest

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (6.2) (1.9) 22.8

Rel (local) 3.5 8.9 44.6

52-week high/low HUF1,094 HUF615

Business description

4iG is a regional ICT/telecoms group focused on two core areas: IT services, where it is the number one IT systems integrator in Hungary; and telecoms and infrastructure, built around its acquisition of Antenna Hungária and its investments in the Western Balkans.

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