

4iG

M&A update

Another major building block falls into place

IT services

4iG has announced it has reached an agreement with the Hungarian state on the acquisition of Antenna Hungária, the key building block for 4iG's telecoms and space ambitions after its CarpathiaSat joint venture with Antenna Hungária in August 2020. 4iG will initially acquire a 71.6% controlling stake in Antenna Hungária through the injection of its assets, DIGI Group, Telenor Montenegro and Invitech, to create a leading domestic and regional telecoms/ICT group. The Hungarian state will hold the remaining 28.4% in Antenna Hungária. As part of the transaction process, the assets that 4iG has injected have been valued at HUF402bn, implying an equity value for Antenna Hungária at HUF561bn. The agreement also provides 4iG with the opportunity to increase its stake in Antenna Hungária up to 80% through the injection of further telecoms assets. The transaction is expected to close by mid-March.

28 February 2022

Price **HUF800**

Market cap **HUF82bn**

HUF371€

Net cash (HUFbn) at 30 June 2021 11.8

Shares in issue 102.4m

Free float 35.6%

Code 4iG

Primary exchange Budapest

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (0.5) (15.0) 22.9

Rel (local) 11.2 (2.7) 18.1

52-week high/low HUF1094 HUF598

Business description

4iG is a regional ICT/telecoms group, focused on three areas: IT services, where its target is to become the number one IT systems integrator in Hungary by the end of FY22; telecoms and infrastructure, built around its acquisition of Antenna Hungária; and space and defence, centred around HDT and Spacecom.

Analysts

Richard Williamson +44 (0)20 3077 5700

Katherine Thompson +44 (0)20 3077 5730

tech@edisongroup.com

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Year end	Revenue (HUFbn)	PBT* (HUFbn)	Adjusted EPS* (HUF)	DPS (HUF)	P/E (x)	Yield (%)
12/19	41.1	3.3	31.5	22.0	25.4	2.8
12/20	57.3	4.2	37.2	22.5	21.5	2.8
12/21e	82.7	7.3	55.5	36.5	14.4	4.6
12/22e**	93.0	8.5	62.0	40.0	12.9	5.0

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. **FY22 estimates not yet adjusted for M&A.

The acquisition of Antenna Hungária is one of the key components to 4iG's transformational strategy (see [New regional ICT/telecoms group emerging](#)), together with the group's recent bond placing (HUF371bn raised in December 2021), HUF125bn equity raise (completion pending) and strategic partnership with Rheinmetall, which has agreed to take a 25.1% stake in 4iG as part of the equity placing.

Once these elements complete, together with closing of the outstanding transactions (Spacecom, One and ALBtelecom), 4iG will be in a position to integrate these businesses into the group and drive growth in shareholder value. After 12–18 months of transformation, the shape of the new group will soon become clearer to investors.

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