

4iG

Acquisition of TR Consult

Acquisition

IT services

13 July 2020

Price HUF615

Market cap HUF56.4bn

HUF354/€

Net cash (HUFbn) at end Q120 0.2

Shares in issue 91.7m

Free float 36.1%

Code 4iG

Primary exchange Budapest

Secondary exchange N/A

Share price performance



Business description

4iG is one of the leading IT services and systems integrators in Hungary, working with public sector clients, large corporates and SMEs. Management is focused on becoming the market leader in Hungary by FY22 as well as targeting expansion in Central and Eastern Europe.

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As part of its ongoing buy-and-build strategy, 4iG has announced the acquisition of TR Consult (TRC), a specialist IT consultancy focused on the cybersecurity sector. Based in Budapest, TRC addresses a corporate client base in the broader Central Eastern European (CEE) region, as well as in Hungary. TRC was founded in 2007 and is well known to management, having worked with 4iG for the last 10 years. In FY18, TRC had total revenues of c €2m (HUF0.7bn). The purchase price was not disclosed.

Year end	Revenue (HUFbn)	PBT* (HUFbn)	Adjusted EPS* (HUF)	DPS (HUF)	P/E (x)	Yield (%)
12/18	14.0	0.2	1.1	0.0	N/M	N/M
12/19	41.1	3.3	31.1	22.0	19.8	3.6
12/20e	49.1	3.4	31.1	22.0	19.8	3.6
12/21e	58.9	4.8	43.9	31.0	14.0	5.0

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

Information security was one of the key strategic service areas identified by 4iG, and the acquisition of TRC helps expand 4iG's existing capabilities in this area as well as increasing capacity. The acquisition will also accelerate 4iG's regional expansion, building on TRC's existing international client base and partnerships to extend 4iG's information security services offering into other CEE markets.

TRC provides integrated IT protection solutions and cybersecurity consulting. 4iG and TRC have overlapping capabilities in areas such as security operation centres, vulnerability testing and ethical hacking services; however, the acquisition also extends 4iG's capabilities into developer source code auditing, network and border protection solutions and quality management. Revenues for integrated IT protection solutions (FY19: c HUF3bn) are expected to rise by 25–30% as a result of the acquisition.

Our recent [initiation report](#) provides further background information on the company as well as our detailed forecasts, which remain unchanged.

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