

Tuesday, 25 October 2022 | special comments

Sygnity: Forecast of FY2022 Q4 Results

Recommendation: sell | target price: PLN 13.30 | current price: PLN 18.10

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Sygnity's revenue for the fourth quarter of fiscal FY2022 (three months ended 30 September 2022) is expected to post a 9% rise from the corresponding year-ago period, accompanied by a small decline in gross margin. We believe the quarterly EBITDA might come in at PLN 10.8m after falling 13% from the year-ago level, reinforcing our bearish view on Sygnity.

- Sygnity generated estimated revenue of PLN 55.7m in Q4 FY2022, indicating an increase of 9% year over year.
- The gross margin could register 30.5% after 0.8pp y/y contraction.
- We expect fourth-quarter SG&A expenses of PLN 8.3m vs. PLN 6.4m the year before.

- One-time events probably had a neutral effect on the quarterly results.
- Consequently, we anticipate EBIT of PLN 8.2m and we assume EBITDA will approximate PLN 10.8m after falling 13% from the year-ago quarter.
- After a loss on financing activity in the projected amount of PLN 0.9m, and after tax at an effective rate of 19%, net profit for Q4 FY2022 might register PLN 5.9m.

Forecast of FY2022 Q4 results of Sygnity

| (PLN m) | 4Q'21/22E | 4Q'20/21 | y/y |
|----------------|-----------|----------|--------|
| revenue | 55.7 | 51.2 | 8.7% |
| EBITDA | 10.8 | 12.4 | -12.8% |
| margin | 19.5% | 24.2% | - |
| EBIT | 8.2 | 9.6 | -14.9% |
| pre-tax profit | 7.3 | 8.7 | -15.9% |
| net profit | 5.9 | 8.9 | -34.0% |

Source: Sygnity, E - mBank estimates

List of abbreviations and ratios contained in the report:

EV (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases) - Lease Payments

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