

Monday, 30 January 2023 | special comments

Sygnity: Forecast of FY2023 Q1 Results

Recommendation: sell | target price: PLN 13.70 | current price: PLN 22.20

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Sygnity's revenue for the first quarter of fiscal FY2023 (three months ended 31 Dec 2022) is expected to post a 3.5% rise from the corresponding year-ago period, accompanied by a small increase in gross margin. We believe the quarterly EBITDA might come in at PLN 9.3m after falling 15% from the year-ago level, reinforcing our bearish view on Sygnity.

- We expect a quarterly revenue of PLN 56.3m in Q1 FY2023, indicating an increase of 3.5% year over year.
- The gross margin could register 29.0% after 0.4pp y/y expansion.
- SG&A might total PLN 9.8m vs. PLN 7.6m the year before.
- One-time events probably had a neutral effect on the quarterly results.
- Consequently, we anticipate EBIT of PLN 6.5m and we assume EBITDA will approximate PLN 9.3m after falling 15% from the year-ago quarter.
- After a loss on financing activity in a projected amount of PLN 1.5m, and after tax at an effective rate of 19%, net profit for Q1 FY2023 might come in at PLN 4.1m.

Forecast of FY2023 Q1 results of Sygnity

(PLN m)	1Q'22/23E	1Q'21/22	y/y
revenue	56.3	54.4	3.5%
EBITDA	9.3	10.9	-14.6%
margin	16.5%	20.0%	-
EBIT	6.5	8.2	-20.6%
pre-tax profit	5.0	7.2	-30.5%
net profit	4.1	6.0	-32.6%

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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