

Monday, 25 July 2022 | special comments

Sygnity: Forecast of FY2022 Q3 Results

Recommendation: sell | target price: PLN 13.50 | current price: PLN 18.00

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Sygnity will report results for the third quarter of fiscal FY2022, ended 30 June 2022, on Friday, 12 August.

We expect quarterly revenue to post a 5% rise from the corresponding year-ago period but with costs rising faster the gross margin will probably register a 2.6pp y/y reduction.

As a result, quarterly EBITDA might come in at PLN 10.1m after falling 8% from the year-ago level, reinforcing our bearish view on Sygnity.

- Sygnity generated estimated revenue of PLN 52.0m in Q3 FY2022, an increase of 5% year over year.
- The gross margin could register 29.5% after a 2.6pp decline from Q3 FY2021.

- We expect stable SG&A expenses relative to the year-ago quarter thanks to continued savings measures.
- One-time events probably had a neutral effect on quarterly results.
- As a result, we expect EBIT to come in at PLN 7.5m and we see EBITDA as falling 8% to PLN 10.1m.
- After a PLN 1.9m loss on financing activity and tax at an effective rate of 19.0%, net profit for Q3 2022 might end up at PLN 4.5m.

Forecast of FY2022 Q3 results of Sygnity

(PLN m)	3Q'FY22E	3Q'FY21	y/y
revenue	52.0	49.8	4.5%
EBITDA	10.1	11.0	-8.0%
margin	19.5%	22.2%	-
EBIT	7.5	8.2	-8.9%
pre-tax profit	5.6	7.1	-20.5%
net profit	4.5	5.6	-18.3%

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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