

Thursday, 5 August 2021 | special comments

Sygnity: Forecast of 2020/21 Q3 Results

Recommendation: hold | target price: PLN 11.60 | current price: PLN 9.82

SGN.PW; SGN.WA | IT, Poland

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Sygnity will report its results for the third quarter of fiscal 2020/21, ended 30 June 2021, on 13 August.

We expect to see continue continued contraction in quarterly revenues at an annual rate of 3%, with EBITDA coming in at PLN 12.5m after a 14% year-on-year slump that could come as a slight negative surprise to investors.

We are looking forward to hearing Sygnity's outlook for the future quarters.

- SG&A expenses are estimated at PLN 7.9m vs. PLN 8.2m a year ago.
- We see a neutral effect of one-time events for the quarter.
- We believe EBIT will come in at PLN 9.3m.
- After a PLN 1.3m loss on financing activity and tax at an effective rate of 19.0%, net profit will be PLN 6.5m (-23% y/y).

- The 2020/1 Q3 revenue of Sygnity is set to total PLN 53.8m.
- The gross margin will register 32.0% after a 1.3pp decline from Q2 2020.

Forecast of FY2020/21 Q3 results of Sygnity

(PLN m)	3Q'20/21E	3Q'19/20	y/y
revenue	53.8	55.5	-3.0%
EBITDA	12.5	14.5	-13.8%
margin	23.2%	26.1%	
EBIT	9.3	10.4	-10.5%
pre-tax profit	8.0	9.6	-16.5%
net profit	6.5	8.3	-22.5%

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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