

Thursday, 15 May 2025 | special comments

(=) Sygnyty: Q1'25 Results

Recommendation: sell | target price: PLN 63.70 | current price: PLN 90.60

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Sygnyty's Q1 2025 financial results reported this morning proved consistent with the preliminary figures published in late April. Hence, we expect a neutral market reaction to today's publication.

According to our estimates, revenue in Q1'25 grew around 8% versus the pro-forma year-ago figure. Sygnyty achieved impressive improvement in EBITDA in the period, although this was partly due to acquisitions and one-time M&A costs recognized in Q1'24.

- Sygnyty's final financial results for Q1'25 were in line with the preliminary figures published in late April.
- Revenue amounted to PLN 72.5m, up 17.0% Y/Y. We want to emphasize again that the Q1'25 figures are not comparable on a Y/Y basis due two acquisitions completed in Q1 2024, Edrana and Sagra, which began to be consolidated as of February 1 and March 1, 2024, respectively. On a pro-forma basis, we estimate Q1'25 Y/Y revenue growth at 8%.
- Gross profit amounted to PLN 28.1m in Q1'25, with the implied gross profit margin at 38.7%, an increase of 6.0pp relative to the year-ago quarter (according to Sygnyty, this represents a slowdown from Q4'24, when the gross margin surged more than 12pp Y/Y).

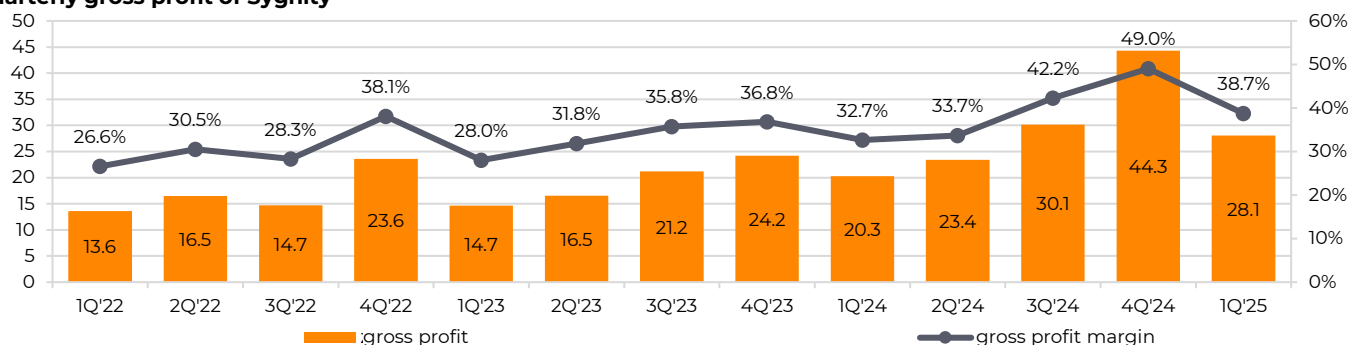
- SG&A costs registered a 31% Y/Y rise to PLN 16.2m in Q1'25. Other operating activities generated a one-time profit of PLN 0.6m
- EBITDA came in at PLN 15.7m in Q1'25, a 40% Y/Y increase. Keep in mind, however, that the strong growth was achieved in part thanks to the Edrana and Sagra acquisitions of Q1'24 and the related transaction costs booked in the period (about PLN 0.7m). Nevertheless, the growth is impressive, and it confirms a sustained improvement in Sygnyty's profitability as a result of cost optimization and renegotiation of rates on major contracts.
- Net financing gain in Q1'25 was PLN 0.7m. The effective tax rate for the quarter was high at 19.6%, but Sygnyty expects to pay much lower tax on full-year FY2025 results (we assume 15%).
- In their comments to the Q1'25 results, Sygnyty's Management mentioned a number of new contracts from the public sector.
- Operating cash flow amounted to PLN 13.4m in Q1'25 after decreasing Y/Y mainly due to higher tax paid in the quarter (PLN 7.8m vs. PLN 1.4m a year earlier). CAPEX in the first quarter was low at just PLN 0.4m.

Q1 2025 results of Sygnyty*

(PLN m)	Q1'23	2Q'23	3Q'23	4Q'23	Q1'24	2Q'24	3Q'24	4Q'24	Q1'25	y/y
Revenue	52.4	51.9	59.2	65.8	62.0	69.5	71.4	90.4	72.5	17.0%
COGS	-37.7	-35.4	-38.0	-41.6	-41.7	-46.1	-41.2	-46.1	-44.4	
Gross profit	14.7	16.5	21.2	24.2	20.3	23.4	30.1	44.3	28.1	
Margin	28.0%	31.8%	35.8%	36.8%	32.7%	33.7%	42.2%	49.0%	38.7%	
Selling expenses	-1.6	-1.9	-1.3	-1.8	-1.6	-1.9	-1.6	-2.0	-1.7	
As % of sales	-3.1%	-3.7%	-2.2%	-2.7%	-2.7%	-2.7%	-2.2%	-2.2%	-2.4%	
Administrative expenses	-7.1	-8.9	-8.6	-7.6	-10.7	-12.2	-12.3	-14.1	-14.5	
As % of sales	-13.6%	-17.1%	-14.5%	-11.6%	-17.3%	-17.6%	-17.3%	-15.6%	-20.0%	
Other operating activity	0.3	0.4	0.3	0.3	0.4	0.4	0.4	4.0	0.6	
Profit / (loss) from operations	6.2	6.2	11.6	15.2	8.3	9.7	16.6	32.2	12.5	
Margin	11.9%	11.8%	19.7%	23.0%	13.4%	13.9%	23.3%	35.7%	17.3%	
Financing activity	-0.1	0.2	-0.2	0.7	-0.1	-0.2	0.1	2.6	0.7	
Share in joint venture profits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Profit / (loss) before tax	6.1	6.4	11.4	15.8	8.2	9.5	16.7	34.9	13.2	61.7%
Tax	-1.2	-1.3	-2.4	4.4	-0.7	-2.1	-3.1	-2.8	-2.6	
Net profit (loss)	4.9	5.1	9.0	20.2	7.5	7.4	13.5	32.1	10.6	42.4%
Margin	9.4%	9.8%	15.2%	30.7%	12.0%	10.7%	19.0%	35.5%	14.7%	
EBITDA	8.9	8.8	14.0	17.4	11.3	13.8	20.6	36.1	15.7	39.8%
Margin	16.9%	16.9%	23.6%	26.4%	18.2%	19.9%	28.9%	39.9%	21.7%	

Source: Sygnyty *calendar periods

Quarterly gross profit of Sygnyty



Source: Sygnyty



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); **EBITDA margin** – EBITDA/Sales

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