

Thursday, 17 February 2022 | special comments

Sygnity: Forecast of 2021/22 Q1 Results

Recommendation: buy | target price: PLN 11.70 | current price: PLN 9.44

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Sygnity will report its results for the first quarter of fiscal 2021/22, ended 31 December 2021, on February 24, 2022.

We expect first-quarter revenues to have grown 5% from the corresponding year-ago period, however, with costs on the rise as well the sales margin could register a y/y decline of 2pp. As a result, we see the quarterly EBITDA as coming in at a projected PLN 11.1m after falling 10% relative to the adjusted figure reported in the year-ago quarter.

We are looking forward to learning Sygnity's outlook for the coming quarters at next week's earnings call.

- Note that the comparability of Q1 2021/22 results vis-à-vis the year-ago figures is affected by the settlement with Fast Enterprises reached in calendar 2021.
- We expect to see quarterly revenue of PLN 55.0m, +5% y/y.

- The gross margin could register 30.2% after a 2.0pp decline from Q1 2020/21.
- SG&A will probably approximate PLN 8.3m vs. PLN 7.9m the year before.
- We expect a neutral effect of one-time events for the quarter.
- After all this, we see quarterly EBIT of PLN 8.3m and we assume EBITDA will approximate PLN 11.1m after falling 10% relative to the adjusted figure reported in the year-ago quarter.
- After a PLN 1.0m loss on financing activity and tax at an effective rate of 19.0%, net profit for Q1 2021/22 might come in at PLN 5.9m.

Forecast of FY2021/22 Q1 results of Sygnity

(PLN m)	1Q'21/22E	1Q'20/21	Y/Y
revenue	55.0	52.5	4.8%
EBITDA	11.1	26.6	-58.3%
margin	20.2%	50.8%	-
EBIT	8.3	23.2	-64.2%
pre-tax profit	7.3	29.5	-75.3%
net profit	5.9	26.1	-77.3%

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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