

# Synektik

## Accumulation of da Vinci shipments in 2H22

In this report, we update our forecasts and valuation of Synektik. Based on new forecasts of financial results and the current risk-free rate, we set our Fair Value at PLN 39.9/share, which implies 31% upside potential to the current share price. We maintain our Buy recommendation. Synektik is one of our top-picks in the healthcare & biotech sector, the company is entering a period of high financial results, in 2022/23 we assume nearly PLN 40m of adjusted EBITDA, and a significant improvement in cash generation thanks to higher profits and lower working capital requirements. Synektik is currently valued at 8.5x EV/EBITDA for 2022/23E, which in our opinion is an undemanding level for a growing business with an increasing share of recurring revenues and development prospects for surgical robots, especially on the Polish market.

**Accumulation of contracts for da Vinci robots.** Over the past few months, Synektik has issued a number of announcements concerning the submission of offers and signing of contracts for the supply of da Vinci surgical robots in all three of its markets. According to our calculations, in 2H22 the company will deliver 12 da Vinci devices, including seven in Poland and five in Czechia and Slovakia. Four deliveries should be booked in 4Q21/22 while the remaining part (eight devices) in 1Q22/23. The high demand on the Polish market results from the current low penetration of surgical robots on the domestic market, but also from the start of reimbursement of procedures using robots by the National Health Fund from April 2022. On the other hand, on the Czech market, where the utilization of average device is much higher than in Poland and close to its maximum level, the growth in the number of treatments results in further purchases from new as well as existing users.

**Results momentum in 4Q21/22 and 1Q22/23.** We expect that in 4Q21/22 Synektik will report PLN 71.8m in revenues, +38% y/y. Reported EBITDA should amount to PLN 9.0m (+36% y/y), and adjusted EBITDA to PLN 10.2m (+39% y/y). We estimate that reported net profit will amount to PLN 5.0m, an increase of 57% y/y. In 1Q22/23, we assume the sale of eight da Vinci devices and the completion of a large contract for delivery of a ZAP-X system to a hospital in Olsztyn, which, according to our preliminary estimates, should translate into over PLN 120m in revenues and approximately PLN 15m in adjusted EBITDA. For the entire FY22/23, we estimate PLN 302m in revenue, PLN 39.5m in adjusted EBITDA and PLN 15.0m in net profit.

**Valuation.** We value Synektik using a 10-year DCF model. Taking into account the new forecasts and the current risk-free rate, we are lowering the company's Fair Value to PLN 39.9/share from PLN 45.0/share. The new valuation implies 31% upside potential relative to the current share price, and therefore we maintain our Buy recommendation.

Figure 1. Synektik: Financial forecasts\* (PLNm)

PLN m	2019/20	2020/21	2021/22E	2022/23E	2023/24E	2024/25E
Revenues	125.4	128.6	180.3	302.2	265.3	287.0
EBITDA	18.6	19.2	29.2	33.6	30.6	42.2
Adj. EBITDA	21.6	23.0	29.1	39.5	35.7	42.2
EBIT	12.0	11.2	17.9	20.0	16.7	27.9
Net profit	8.8	8.4	13.0	15.0	12.8	21.9
EPS (PLN)	1.03	0.98	1.53	1.76	1.50	2.57
DPS (PLN)	0.36	0.40	0.45	0.50	0.70	0.60
EV/adj. EBITDA (x)	9.1	10.9	8.5	6.0	6.5	5.3
P/E (x)	21.6	30.1	18.2	17.4	20.3	11.9

Source: Company, IPOPEMA Research \*12M ending September 30

Healthcare

## Synektik

BUY

FV PLN 39.9 from PLN 45.0

31% upside

Price as of 16 November 2022 PLN 30.55

Maintained



### Share data

Number of shares (m)	8.5
Market cap (EUR m)	55.5
12M avg daily volume (k)	6.5
12M avg daily turnover (EUR m)	0.0
12M high/low (PLN)	34.60/22.50
WIG weight	0.04%
Reuters	SNTP.WA
Bloomberg	SNT PW

### Total performance

1M	1.0%
3M	10.9%
12M	4.5%

### Shareholders

Mr Mariusz Książek	26.1%
Mr Cezary Kozanecki, CEO	25.0%
Others	48.4%

### Analyst

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The definitions of terms used in the document include:

NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

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Buy	Above 10%
Hold	In between (and including) -10% and 10%
Sell	Below -10%

#### IPOPEMA Research - Distribution by rating category (1 July – 31 September 31, 2022)

	Number	%
Buy	29	44%
Hold	20	30%
Sell	17	26%
Total	66	100%

#### Rating History – Synektik

Date	Recommendation	Fair Value	Price at recommendation	Author
2021-09-07	BUY	40.0	32.60	Beata Szparaga-Waśniewska
2021-12-13	BUY	40.0	29.20	Beata Szparaga-Waśniewska
2021-01-10	BUY	45.0	29.05	Beata Szparaga-Waśniewska
2022-11-17	BUY	39.9	30.55	Łukasz Kosiarski