

Synektik

Higher upside in robotics

We update our forecasts and valuation following the signing of an extension to the distribution agreement with Intuitive Surgical to Czechia and Slovakia on December 21. As a result of the deal, we raise our 2021/22E revenue forecast by 31% to PLN 204m (up 58% YoY) and adj. EBITDA forecast by 24% to PLN 34m (up 40% YoY). We note there has been no share price reaction to the news, while we raise our fair value estimate for Synektik from PLN 40/share to PLN 45/share primarily due to the extension of the contract. With 55% upside potential we maintain a BUY recommendation.

Extension of distribution contract with Intuitive Surgical to Czechia and Slovakia. On December 21 the company signed an appendix to its distribution contract of da Vinci surgical systems with Intuitive Surgical. From February 2022 until April 2026, apart from being the exclusive distributor in Poland, Synektik will also be the exclusive distributor of Intuitive in Czechia and Slovakia. The company will pay Intuitive USD 1.5m (in quarterly payments in the years 2022-23) for acquisition of the organized part of the business (including contracts with clients) as well as 30% of 2024-25 operating profit on the contract (not more than USD 2m in each of these years). So far, 16 da Vinci surgical systems have been installed in Czechia and Slovakia (compared with 15 in Poland), and utilization of the systems is 2.5x higher compared with the average in Poland. Synektik reported its revenues from this business may double in the first 12M of the contract compared with average revenues in 2019/20-20/21.

Forecasts upgrade. We raise our 2021/22E revenue forecast by 31% to PLN 204m (up 58% YoY) and adj. EBITDA forecast by 24% to PLN 34m (up 40% YoY). We also raise our 2022/23E revenue forecast by 40% to PLN 242m, up 19% YoY and adj. EBITDA forecast by 34% to PLN 42m (up 25% YoY).

Valuation. We value Synektik using a 5-year DCF model. We upgrade our fair value estimate from PLN 40/share to PLN 45/share, implying 55% upside and a BUY recommendation.

Figure 1. Synektik: Financial forecasts* (PLNm)

	2018/19	2019/20	2020/21	2021/22E	2022/23E	2023/24E
Revenues	134.8	125.4	128.6	203.6	242.2	254.0
EBITDA adj.	20.3	21.6	24.1	33.6	42.1	40.5
Net income adj.	12.0	12.4	13.5	21.2	27.9	25.5
PER (x)	20.7	20.1	18.4	11.7	8.9	9.7
EV/EBITDA (x)	12.3	11.8	10.2	7.0	5.2	4.9
Dividend yield	0%	1%	2%	2%	2%	4%

*12M ending September 30

Source: Company, IPOPEMA Research

Healthcare

Synektik

BUY

FV PLN 45.00 from PLN 40

55% upside

Price as of 7 January 2022 PLN 29.05

Maintained



Share data

Number of shares (m)	8
Market cap (EUR m)	54
12M avg daily volume (k)	8
12M avg daily turnover (EUR m)	0
12M high/low (PLN)	39.20/25.2
WIG weight	0.03
Reuters	SNTP.W
Bloomberg	SNT P1

Total performance

1M	-2.2
3M	+1.9
12M	+0.8

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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Rating	Difference between FV and price at recommendation
Buy	Above 10%
Hold	In between (and including) -10% and 10%
Sell	Below -10%

IPOPEMA Research - Distribution by rating category (October 1 – December 31, 2021)

	Number	%
Buy	44	64%
Hold	10	14%
Sell	15	22%
Total	69	100%

Rating History – Synektik

Date	Recommendation	Fair Value	Price at recommendation	Author
2021-09-07	BUY	40.00	32.60	Beata Szparaga-Waśniewska
2021-12-13	BUY	40.00	29.20	Beata Szparaga-Waśniewska
2021-01-10	BUY	45.00	29.05	Beata Szparaga-Waśniewska