

## Synektik

## Surgical robot expansion continues

In this report, we update our forecasts and valuation of Synektik after the publication of results for 1Q22/23. Based on the new upgraded forecasts and the current risk-free rate, we set our Fair Value at PLN 56.7ps, which implies 19% upside potential of the current share price. We maintain our BUY recommendation. Synektik remains one of our top picks in the healthcare & biotech sector. Synektik estimates that in FY2022/23 it should sell at least 16 da Vinci devices, which is above our previous estimates. As the sales momentum continues, we are raising our sales forecasts for this segment for the current and subsequent years. We are raising our adjusted EBITDA forecast to PLN 60m from PLN 44m in the previous report. Despite an over 60% share appreciation YTD, Synektik is still trading at an undemanding 6.0x EV/adj. EBITDA for 2022/23E and 6.1x for 2023/24E; therefore, we maintain our BUY recommendation for the shares.

**Da Vinci sales momentum continues.** In 1Q22/23, the company booked a record eight deliveries of da Vinci surgical robots, but demand remains high. Synektik has already sold six robots in 2Q22/23 (two in PL, three in CZ, one in SK) and has active offers for two more robots, which gives total sales of at least 16 devices in FY2022/23. As demand significantly exceeds our previous assumptions, we have raised our sales forecasts for the following years: we assume 11 deliveries in FY2023/24 (previously six) and 10 deliveries in FY2024/25 (previously six). The geographic distribution of surgical robots in Poland is uneven, with one third of all devices installed in the Mazowieckie Voivodeship (seven in Warsaw), while three regions have no devices at all. In our opinion, if the National Health Fund increases the reimbursement, the number of surgical robots in Poland can easily reach 50-60 in the next few years, which will support Synektik's revenues on device sales, as well as increase recurring revenues from service and consumables.

**Adjusted EBITDA at PLN 59.8m in 2022/23E.** Since the results of 1Q22/23 were better than our forecasts, and Synektik gave a favorable outlook for the coming quarters, we are raising our forecasts for FY22/23: we estimate PLN 325m in revenue (previously PLN 299m), PLN 59.8m in adjusted EBITDA (previously PLN 43.8m) and PLN 28.2m in net profit (previously PLN 17.6m). Since the company is net cash, we assume that the DPS in the next financial year could almost double to PLN 1.1ps vs. the last payout of PLN 0.6ps.

**Recommendation and valuation.** We value Synektik using a 10-year DCF model. Taking into account the new financial and FX forecasts and the current risk-free rate, we are upgrading the company's Fair Value to PLN 56.7ps from PLN 42.0ps. The new valuation implies 19% upside potential relative to the current share price, and therefore we maintain our BUY recommendation.

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

PLN m	2020/21	2021/22	2022/23E	2023/24E	2024/25E	2025/26E
Revenues	128.6	166.9	325.1	311.3	314.6	318.4
EBITDA	19.2	29.9	49.8	46.2	62.1	65.3
Adj. EBITDA	23.0	32.2	59.8	57.1	62.1	65.3
EBIT	11.2	17.6	36.3	31.8	46.7	49.0
Net profit	8.4	10.3	28.2	25.1	37.2	39.0
EPS (PLN)	0.98	1.21	3.30	2.94	4.36	4.58
DPS (PLN)	0.45	0.45	0.60	1.10	1.10	1.74
EV/adj. EBITDA (x)	10.9	8.1	6.0	6.1	5.4	4.7
P/E (x)	30.1	23.1	14.4	16.1	10.9	10.4

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

Healthcare

## Synektik

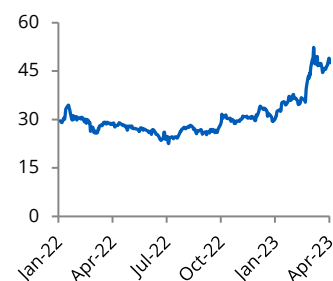
## BUY

FV PLN 56.7 from PLN 42.0

19% upside

Price as of 4 April 2023 PLN 47.5

Maintained



## Share data

Number of shares (m)	8.5
Market cap (EUR m)	86.3
12M avg daily volume (k)	8.2
12M avg daily turnover (EUR m)	0.1
12M high/low (PLN)	55.60/22.50
WIG weight	0.07%
Reuters	SNTP.WA
Bloomberg	SNT PW

## Total performance

1M	3.4%
3M	54.9%
12M	66.7%

## Shareholders

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

## Analyst

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## SYNEKTIK

## BUY

FV PLN 56.7

Mkt Cap EUR 86m

Upside 19%

Valuation multiple	20/21	21/22	22/23E	23/24E	24/25E
P/E (x)	30.1	23.1	14.4	16.1	10.9
EV/EBITDA (x)	13.0	8.8	7.2	7.5	5.4
EV/Sales (x)	1.9	1.6	1.1	1.1	1.1
P/BV (x)	3.13	2.70	3.65	3.20	2.62
FCF yield (%)	6%	-14%	20%	10%	9%
DY (%)	2%	2%	1%	2%	2%

Per share	20/21	21/22	22/23E	23/24E	24/25E
No. of shares (m units)	8.5	8.5	8.5	8.5	8.5
EPS (PLN)	0.98	1.21	3.30	2.94	4.36
BVPS (PLN)	9.45	10.30	13.00	14.85	18.10
FCFPS (PLN)	1.73	-4.00	9.29	4.83	4.11
DPS (PLN)	0.45	0.45	0.60	1.10	1.10

Change y/y (%)	20/21	21/22	22/23E	23/24E	24/25E
Revenues	2.6%	29.7%	94.8%	-4.3%	1.1%
EBITDA	3.2%	56.0%	66.5%	-7.2%	34.4%
EBITDA adj.	6.1%	40.4%	85.7%	-4.6%	8.7%
EBIT	-7.0%	57.5%	106.2%	-12.4%	47.0%
Net profit	-4.8%	22.9%	173.3%	-10.8%	48.1%

Leverage and return	20/21	21/22	22/23E	23/24E	24/25E
Gross margin (%)	23.5%	29.1%	26.7%	27.5%	28.7%
Adj. EBITDA margin (%)	17.8%	19.3%	18.4%	18.3%	19.7%
EBIT margin (%)	8.7%	10.6%	11.2%	10.2%	14.9%
Net margin (%)	6.5%	6.2%	8.7%	8.1%	11.8%
Net debt / EBITDA (x)	-0.14	0.81	-0.93	-1.26	-1.18
Net debt / Equity (x)	0.0	0.3	-0.4	-0.5	-0.5
Net debt / Assets (x)	-0.02	0.10	-0.19	-0.22	-0.27
ROE (%)	10.7%	12.2%	28.3%	21.1%	26.5%
ROA (%)	5.6%	5.2%	11.6%	9.9%	14.0%

Revenues (PLNm)	20/21	21/22	22/23E	23/24E	24/25E
Medical equipment and IT	100.9	139.3	292.7	276.4	278.5
Radiopharmaceuticals	28.7	30.7	33.4	35.9	37.1
Cardiotracer	0.0	0.0	0.0	0.0	0.0
<b>Total revenues</b>	<b>128.6</b>	<b>166.9</b>	<b>325.1</b>	<b>311.3</b>	<b>314.6</b>

EBITDA (PLN m)	20/21	21/22	22/23E	23/24E	24/25E
Medical equipment, IT*	18.6	29.9	60.9	57.7	61.4
Radiopharmaceuticals	7.6	7.6	8.6	9.7	9.9
Adm. and other	-3.2	0.5	-9.5	-10.3	-9.3
Cardiotracer	-3.8	-8.1	-10.3	-10.9	0.0
<b>EBITDA</b>	<b>19.2</b>	<b>29.9</b>	<b>49.8</b>	<b>46.2</b>	<b>62.1</b>

EBITDA adj. (PLN m)	20/21	21/22	22/23E	23/24E	24/25E
Medical equipment, IT*	18.6	29.9	60.9	57.7	61.4
Radiopharmaceuticals	7.6	7.6	8.6	9.7	9.9
Adm. and other	-3.2	-5.3	-9.7	-10.3	-9.3
Cardiotracer	0.0	0.0	0.0	0.0	0.0
<b>EBITDA adj.</b>	<b>23.0</b>	<b>32.2</b>	<b>59.8</b>	<b>57.1</b>	<b>62.1</b>

P&L* (PLN m)	19/20	20/21	21/22	22/23E	23/24E	24/25E
<b>Revenues</b>	<b>125.4</b>	<b>128.6</b>	<b>166.9</b>	<b>325.1</b>	<b>311.3</b>	<b>314.6</b>
COGS	-94.7	-98.4	-118.4	-238.4	-225.7	-224.4
<b>Gross profit</b>	<b>30.7</b>	<b>30.3</b>	<b>48.5</b>	<b>86.7</b>	<b>85.6</b>	<b>90.2</b>
Selling costs	-7.4	-7.6	-18.7	-27.1	-28.9	-29.6
G&A costs	-6.7	-6.8	-9.5	-11.8	-12.8	-13.9
R&D costs	-5.2	-6.1	-10.2	-12.3	-12.5	0.0
Other operating income (cost)	0.7	1.5	7.6	0.8	0.4	0.0
<b>Reported EBITDA</b>	<b>18.6</b>	<b>19.2</b>	<b>29.9</b>	<b>49.8</b>	<b>46.2</b>	<b>62.1</b>
<b>EBITDA adj.**</b>	<b>21.6</b>	<b>23.0</b>	<b>32.2</b>	<b>59.8</b>	<b>57.1</b>	<b>62.1</b>
D&A	-6.5	-8.0	-12.3	-13.4	-14.4	-15.3
<b>EBIT</b>	<b>12.0</b>	<b>11.2</b>	<b>17.6</b>	<b>36.3</b>	<b>31.8</b>	<b>46.7</b>
Financial income (cost) net	-0.6	-0.9	-3.8	-0.2	-0.7	-0.7
Income tax	-2.3	-1.8	-2.0	-6.9	-6.0	-8.8
Associates	-0.3	-0.1	-1.5	-1.0	0.0	0.0
<b>Net profit</b>	<b>8.8</b>	<b>8.4</b>	<b>10.3</b>	<b>28.2</b>	<b>25.1</b>	<b>37.2</b>

BALANCE SHEET (PLN m)	19/20	20/21	21/22	22/23E	23/24E	24/25E
<b>Non-current assets</b>	<b>92.9</b>	<b>95.7</b>	<b>126.7</b>	<b>126.9</b>	<b>126.2</b>	<b>124.6</b>
Intangible assets	27.6	28.6	56.6	54.9	52.8	50.5
PP&E	43.7	45.6	35.1	34.4	34.0	33.7
Right-of-use assets	6.0	8.0	19.8	22.4	24.2	25.2
Other non-current assets	15.6	13.6	15.2	15.2	15.2	15.2
<b>Current assets</b>	<b>48.7</b>	<b>63.9</b>	<b>109.8</b>	<b>123.0</b>	<b>132.8</b>	<b>148.4</b>
Inventories	6.0	2.8	48.3	12.9	12.4	12.5
Trade receivables	28.4	39.3	47.4	42.3	41.3	41.8
Cash and equivalents	10.9	18.3	9.7	61.8	73.3	88.3
Other current assets	3.4	3.5	4.4	5.9	5.8	5.8
<b>Total assets</b>	<b>141.6</b>	<b>159.7</b>	<b>236.5</b>	<b>249.9</b>	<b>259.0</b>	<b>273.0</b>
<b>Equity</b>	<b>76.0</b>	<b>80.6</b>	<b>87.8</b>	<b>110.9</b>	<b>126.6</b>	<b>154.4</b>
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>29.1</b>	<b>24.1</b>	<b>43.7</b>	<b>48.7</b>	<b>37.8</b>	<b>27.7</b>
Loans and borrowings	14.7	11.7	13.2	13.2	13.2	13.2
Other non-current liabilities	14.4	12.4	30.5	35.5	24.6	14.5
<b>Current liabilities</b>	<b>36.5</b>	<b>55.0</b>	<b>104.9</b>	<b>90.3</b>	<b>94.6</b>	<b>90.9</b>
Trade payables	27.6	44.4	71.6	74.6	79.0	75.2
Loans and borrowings	5.9	6.5	23.7	5.0	5.0	5.0
Other current liabilities	3.0	4.1	9.6	10.7	10.6	10.6
<b>Equity &amp; liabilities</b>	<b>141.6</b>	<b>159.7</b>	<b>236.5</b>	<b>249.9</b>	<b>259.0</b>	<b>273.0</b>
Gross debt (PLN m)	20.6	18.2	36.9	18.2	18.2	18.2
<b>Net debt (PLN m)</b>	<b>7.0</b>	<b>-2.8</b>	<b>24.3</b>	<b>-46.5</b>	<b>-58.0</b>	<b>-73.0</b>

CASH FLOW* (PLN m)	19/20	20/21	21/22	22/23E	23/24E	24/25E
<b>Operating cash flow</b>	<b>13.9</b>	<b>21.7</b>	<b>-6.2</b>	<b>92.1</b>	<b>45.5</b>	<b>49.1</b>
Net income	8.8	8.4	10.3	28.2	25.1	37.2
D&A (incl. D&A of RoU)	6.5	8.0	12.3	13.4	14.4	15.3
Change in WC	-3.3	6.1	-25.9	43.4	5.9	-4.3
Other	1.9	-0.7	-2.8	7.1	0.1	0.9
<b>Investment cash flow</b>	<b>-4.7</b>	<b>-3.2</b>	<b>-4.6</b>	<b>-8.1</b>	<b>-16.1</b>	<b>-16.1</b>
Change in PP&E and intangibles	-5.3	-10.8	-26.2	-5.8	-5.8	-5.9
Other	0.6	7.6	21.7	-2.3	-10.3	-10.3
<b>Financial cash flow</b>	<b>-6.9</b>	<b>-11.1</b>	<b>2.1</b>	<b>-31.8</b>	<b>-17.9</b>	<b>-17.9</b>
Change in equity	0.0	0.0	0.8	0.0	0.0	0.0
Change in debt	8.4	-2.4	18.7	-18.7	0.0	0.0
Dividend	-3.1	-3.8	-3.8	-5.1	-9.4	-9.4
RoU increase	-7.8	-7.8	-7.8	-7.8	-7.8	-7.8
Interest	-0.2	-0.7	-0.7	-0.7	-0.7	-0.7
Other	-4.2	3.7	-5.0	0.5	0.0	0.0
<b>Change in cash</b>	<b>2.3</b>	<b>7.4</b>	<b>-8.6</b>	<b>52.2</b>	<b>11.5</b>	<b>15.0</b>
<b>Cash as of eop</b>	<b>10.9</b>	<b>18.3</b>	<b>9.7</b>	<b>61.8</b>	<b>73.3</b>	<b>88.3</b>

Source: Company data, IPOPEMA Research, \*12M ending September 30, \*\*adjusted for result of the cardiotracer segment

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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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When applying ratings for companies following criteria are used with regards to the difference between IPOPEMA's FV and company's price at the date of recommendation:

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 (1 January – 31 March 2023)

	Number	%
Buy	9	90%
Hold	1	10%
Sell	0	0%
Total	10	100%

#### Rating History – Synektik

Date	Recommendation	Fair Value	Price at recommendation	Author
07.09.2021	BUY	PLN 40	PLN 32.6	Beata Szparaga-Waśniewska
13.12.2021	BUY	PLN 40	PLN 29.2	Beata Szparaga-Waśniewska
10.01.2022	BUY	PLN 45	PLN 29.05	Beata Szparaga-Waśniewska
17.11.2022	BUY	PLN 39.9	PLN 30.55	Łukasz Kosiarski
14.12.2022	BUY	PLN 42.0	PLN 34.1	Łukasz Kosiarski
05.04.2023	BUY	PLN 56.7	PLN 47.5	Łukasz Kosiarski