

## Syzygy's 9M results in line with recent guidance

*Yesterday, Syzygy provided key divisional sales and margin data for 9M'23, with the full report scheduled to be published later today and has confirmed FY'23 guidance. Group revenue in Q3 was around EUR 18.4m (+0.3%, in line with PAsE). Reported EBIT of EUR 1.2m was after EUR 0.5m of restructuring and transformation costs (as had been previously flagged). Confirmed FY guidance calls for a low single-digit revenue increase with an underlying operating profit margin in the 5-7% range, both of which look reasonable after 9M. We have a Buy rating with EUR 8.0 TP.*

### Slight revenue growth in Q3, compared to slight decrease reported in Q2

Syzygy has indicated 9M'23 revenues of EUR 54.4m (+3.2%), implying slight growth in Q3, compared to slight decrease reported in Q2 and this is in line with the 0.4% development Q3 forecast by Pareto. In the core German market (81% of sales), the 6% development indicated for 9M implies marginal growth in Q3, although the development in the UK/US deteriorated a little in the quarter (9M 15% drop), whilst there was an encouraging turnaround from other international markets in Q3 (9M flat revenue yoy).

### Operating result burdened by impairments and restructuring expenses

Operating income of EUR -0.7m after 9M is after EUR 4.2m impairment (charged in Q2) and EUR -0.5m restructuring and transformation expenses levied in Q3. Adjusting for these exceptional items, the underlying EBIT of EUR 3.9m (down 17%) meant an adjusted 7.2% margin (vs. 9.0%) and was in line with expectations post the H1 update. The indicated underlying 9M margin for German operations is c.9% (vs. 10.8%) is slightly disappointing, whilst c.10% from the UK/USA (11.5%) and yoy flat c.17% margin in Poland were each a touch better than expected. Net income is indicated at EUR -2.7m after 9M'23 (from EUR 3.0m) was in line with Pareto estimates.

### Recently lowered guidance is confirmed and looks reasonable

The recently lowered FY'23 guidance has been confirmed, now calling for low single-digit revenue growth and an underlying EBIT margin in the 5-7% corridor, both of which look comfortable in our view. Ahead of the publication of the detailed nine-months report, we currently model 2% revenue growth (to EUR 72m) and EUR 5.5m EBIT before exceptional items for an implied 7.6% underlying margin. We have a Buy rating and EUR 8.0 TP on Syzygy.

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