

## Company Flash Note

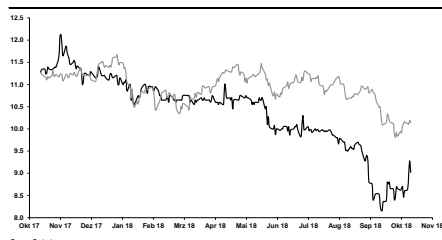
Reason: Company results (post view)

9 November 2018

|                                     |                   |               |               |
|-------------------------------------|-------------------|---------------|---------------|
| <b>Buy</b>                          |                   |               |               |
| from Accumulate                     |                   |               |               |
| <b>Share price: EUR</b>             | <b>9.02</b>       |               |               |
| closing price as of 08/11/2018      |                   |               |               |
| <b>Target price: EUR</b>            | <b>10.70</b>      |               |               |
| from Target Price: EUR 11.50        |                   |               |               |
| <b>Upside/Downside Potential</b>    | <b>18.6%</b>      |               |               |
| Reuters/Bloomberg SYZG.DE/SYZ GY    |                   |               |               |
| <b>Market capitalisation (EURm)</b> | 122               |               |               |
| Current N° of shares (m)            | 14                |               |               |
| <b>Free float</b>                   | <b>49%</b>        |               |               |
| Daily avg. no. trad. sh. 12 mth     | 4                 |               |               |
| Daily avg. trad. vol. 12 mth (m)    | 12.10             |               |               |
| Price high/low 12 months            | 8.16 / 12.13      |               |               |
| Abs Perfs 1/3/12 mths (%)           | 5.87/-9.62/-19.14 |               |               |
| <b>Key financials (EUR)</b>         | <b>12/17</b>      | <b>12/18e</b> | <b>12/19e</b> |
| Sales (m)                           | 61                | 67            | 74            |
| EBITDA (m)                          | 6                 | 8             | 9             |
| EBITDA margin                       | 10.2%             | 12.6%         | 12.7%         |
| EBIT (m)                            | 4                 | 6             | 7             |
| EBIT margin                         | 6.8%              | 9.5%          | 9.8%          |
| Net Profit (adj.)(m)                | 5                 | 5             | 5             |
| ROCE                                | 4.0%              | 5.9%          | 6.6%          |
| Net debt/(cash) (m)                 | 15                | 18            | 20            |
| Net Debt Equity                     | 0.3               | 0.3           | 0.3           |
| Net Debt/EBITDA                     | 2.4               | 2.1           | 2.1           |
| Int. cover(EBITDA/Fin.int)          | (10.0)            | (14.7)        | (16.5)        |
| EV/Sales                            | 2.7               | 2.1           | 1.9           |
| EV/EBITDA                           | 27.0              | 16.5          | 15.1          |
| EV/EBITDA (adj.)                    | 30.2              | 17.6          | 15.7          |
| EV/EBIT                             | 40.7              | 22.0          | 19.6          |
| P/E (adj.)                          | 29.2              | 25.8          | 23.0          |
| P/BV                                | 2.7               | 2.2           | 2.2           |
| OpFCF yield                         | -0.3%             | 2.0%          | 2.0%          |
| Dividend yield                      | 4.2%              | 3.8%          | 4.2%          |
| EPS (adj.)                          | 0.39              | 0.35          | 0.39          |
| BVPS                                | 4.18              | 4.14          | 4.18          |
| DPS                                 | 0.38              | 0.34          | 0.38          |

### Shareholders

WPP Plc 50%; TBF Global Asset Management GmbH 4%; Knoesel & Ronge Vermögensverwaltung GmbH & Co. KG 1.72%;



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## SYZGY shows margin increase and gives rise to hope

SYZGY (SYZ) has reported Q3/2018 results, which were a mixed bag with weaker sales than we and the market had expected but stronger earnings. The company disappointed with a sales growth of only 4.9% yoy, despite a low comp base. On the other hand, the development on earnings level appears pleasing. Here, the company was able to achieve a significantly better result with +36% yoy and a margin increase of 260bps. FY18 guidance was confirmed with a double-digit growth in sales and an EBIT margin in the upper single-digit range. After the recent share price drop and the good margin improvement we upgrade the stock from Accumulate to Buy. Due to higher potential uncertainties regarding the UK business (20%) and the high share of sales with automobile customers (40%) we lowered our TP from EUR 11.50 down to EUR 10.70.

- ✓ SYZ wants nothing less than to find back to its old strength after a very weak financial year 2017. A year which had been primarily characterized by the loss of a large BMW budget and as consequence the closure of the subsidiary "Hi-Res!" Berlin. On top-line level, the loss of the large BMW budget seems to have been increasingly offset by new business.
- ✓ Q3 sales were dominated by a very strong German business (+19% yoy) with some new mandates like Viega, a world market leader of installation technology. On the earnings side, the strong momentum could unfortunately not be fully continued, but at least the decline in Q3 EBIT growth slowed by more than 50% (from -49% to -23% yoy) to EUR 1.78m. We believe that SYZGY's new package of consulting expertise in combination with implementation expertise is what customers are looking for and what we believe should lead to significant sales and earnings increase in future. In addition, the low comparison base in Q4 should support, as last year was mainly effected by the BMW loss and as consequence the closing of the HiRes.
- ✓ The UK business (20% of sales) is likely to remain weak (sales and EBIT down -17%/-76%). Apart from the general uncertainties due to the threat of a Brexit, delays in projects and a slow new business development were the main cause for the decline in sales. With Ita Murphy, a recently engaged experienced CEO with a wide network, SYZ hopes to stabilize UK asap.
- ✓ In terms of group EBIT Q3 was strong thanks to significantly lower one-time expenses (~EUR 1.4m) compared to last year (processing of HiRes). Therefore the EBIT margin increased by 260bp's up to 11.1% and EUR 1.75m (+36.5% yoy). In terms of FY18 guidance SYZ expects a double-digit sales growth (equinet 10.4% yoy) which needs at least 22% sales growth after its 9M figures (equinet 25%). EBIT margin is expected to be in the upper single-digit range (equinet 9.5%).
- ✓ We still consider SYZ as an attractive investment opportunity in a continuously growing industry although valuation is still not cheap with a PE of 26x. As SYZGY has a holistic repertoire of digital go-to-market and business strategies combined with brand communications, creative services, design and experience offerings, we believe in its ability to participate from overall market growth. With their state-of-the-art technologies, they operate in a highly specialized manner and take the customer on their own digital journey.

**Exhibit 1: Changes to our estimates**

|                   | 2018e |      |       | 2019e |      |       | 2020e |       |       |
|-------------------|-------|------|-------|-------|------|-------|-------|-------|-------|
|                   | Old   | New  | Chg.  | Old   | New  | Chg.  | Old   | New   | Chg.  |
| <b>Revenues</b>   | 68.4  | 67.0 | -2.0% | 76.0  | 74.3 | -2.2% | 84.2  | 82.2  | -2.4% |
| <b>EBIT</b>       | 6.4   | 6.4  | -0.3% | 7.4   | 7.3  | -1.8% | 9.1   | 8.9   | -2.1% |
| EBIT-margin       | 9.3%  | 9.5% | 17 BP | 9.7%  | 9.8% | 4 BP  | 10.8% | 10.8% | 3 BP  |
| <b>EBT</b>        | 7.2   | 7.1  | -1.6% | 8.2   | 8.0  | -2.7% | 9.8   | 9.5   | -2.9% |
| <b>Net result</b> | 4.7   | 4.7  | 1.3%  | 5.4   | 5.3  | -1.4% | 6.5   | 6.3   | -2.2% |
| <b>EPS</b>        | 0.35  | 0.35 | 1.3%  | 0.40  | 0.39 | -1.4% | 0.48  | 0.47  | -2.2% |

Source: equinet Research

After the 9m figures we got the impression, that our estimates for FY18ff are a bit too optimistic in terms of sales and EBT. The shrinking UK business combined with a general uncertainty due to the unsolved Brexit problem is decisive here. In addition we expect both, sales and earnings pressure from OEMs as consequence of Diesel gate. Nevertheless we expect largely stable margin development due to more business coming from the consulting unit.

The slight decreases in our EBT assumptions are mainly related to lower earnings expectations from the company's financial result due to further potential outflows of investments in securities. The net result, on the other hand, should benefit from a slightly lower tax rate thanks to tax cuts in the US and UK. We expect the tax rate in the range of 28-29% for 2018ff. For minorities we lowered our estimate for 2018 from EUR 0.75m down to EUR 0.55m and for FY 19/20 by EUR 1.50m/0.75m. As consequence our FY18e EPS remains stable while EPS 19/20 decreasing slightly.

Nevertheless, the company still has high liquidity reserves of approximately 18m, despite high dividend payouts and M&A. In the first 9M SYZ's operating cash flow amounted to 9.2m (vs. 2.9m in 17) driven by working capital (EUR 3m) and a change in purchase price liabilities (EUR 1m) but also by advanced payments by customers (EUR 2m).

Side Note\*: Since SYZYGY New York no longer meets the size criteria to be reported as a geographically independent segment, it will in future be presented together with Ars Thanea under "Other Segments" (USA+Poland).

## Exhibit 2: DCF model

| EUR m                            | Phase I     |              |             |             |             | Phase II     |              |              |              |              | Phase III  |
|----------------------------------|-------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|------------|
|                                  | 2018e       | 2019e        | 2020e       | 2021e       | 2022e       | 2023e        | 2024e        | 2025e        | 2026e        | 2027e        |            |
| <b>Revenues</b>                  | <b>67.0</b> | <b>74.3</b>  | <b>82.2</b> | <b>90.5</b> | <b>99.2</b> | <b>107.9</b> | <b>116.2</b> | <b>124.0</b> | <b>131.3</b> | <b>137.4</b> |            |
| <i>growth rate</i>               | 10.4%       | 10.9%        | 10.5%       | 10.1%       | 9.7%        | 8.8%         | 7.7%         | 6.7%         | 5.9%         | 4.6%         |            |
| <b>EBIT</b>                      | <b>6.4</b>  | <b>7.3</b>   | <b>8.9</b>  | <b>9.6</b>  | <b>10.2</b> | <b>11.2</b>  | <b>12.1</b>  | <b>12.9</b>  | <b>13.7</b>  | <b>14.4</b>  |            |
| <i>EBIT margin</i>               | 9.5%        | 9.8%         | 10.8%       | 10.6%       | 10.3%       | 10.4%        | 10.4%        | 10.4%        | 10.5%        | 10.5%        |            |
| <b>Tax</b>                       | <b>-1.8</b> | <b>-2.1</b>  | <b>-2.5</b> | <b>-2.8</b> | <b>-3.0</b> | <b>-3.2</b>  | <b>-3.5</b>  | <b>-3.8</b>  | <b>-4.0</b>  | <b>-4.2</b>  |            |
| <i>Tax rate</i>                  | 28.0%       | 28.5%        | 28.5%       | 29.0%       | 29.0%       | 29.0%        | 29.0%        | 29.0%        | 29.0%        | 29.0%        |            |
| <b>Depr. &amp; Amort.</b>        | <b>2.1</b>  | <b>2.2</b>   | <b>2.4</b>  | <b>2.6</b>  | <b>2.8</b>  | <b>3.1</b>   | <b>3.3</b>   | <b>3.6</b>   | <b>3.9</b>   | <b>4.1</b>   |            |
| <i>% of sales</i>                | 3.1%        | 3.0%         | 2.9%        | 2.9%        | 2.8%        | 2.8%         | 2.9%         | 2.9%         | 2.9%         | 2.9%         |            |
| <b>Capex</b>                     | <b>-4.5</b> | <b>-4.0</b>  | <b>-3.8</b> | <b>-3.7</b> | <b>-3.5</b> | <b>-3.7</b>  | <b>-3.9</b>  | <b>-4.0</b>  | <b>-4.1</b>  | <b>-4.1</b>  |            |
| <i>% of sales</i>                | 6.7%        | 5.4%         | 4.6%        | 4.1%        | 3.5%        | 3.4%         | 3.3%         | 3.2%         | 3.1%         | 3.0%         |            |
| <b>Change in WC &amp; P</b>      | <b>-0.4</b> | <b>-0.5</b>  | <b>-0.6</b> | <b>-0.6</b> | <b>-0.7</b> | <b>-0.7</b>  | <b>-0.6</b>  | <b>-0.6</b>  | <b>-0.6</b>  | <b>-0.5</b>  |            |
| <i>% of sales</i>                | 0.7%        | 0.6%         | 0.7%        | 0.7%        | 0.7%        | 0.6%         | 0.6%         | 0.5%         | 0.4%         | 0.3%         |            |
| <b>Free Cash Flow</b>            | <b>1.7</b>  | <b>2.9</b>   | <b>4.4</b>  | <b>5.1</b>  | <b>5.9</b>  | <b>6.6</b>   | <b>7.4</b>   | <b>8.2</b>   | <b>9.0</b>   | <b>9.8</b>   | <b>189</b> |
| <i>growth rate</i>               | nm          | 67.5%        | 49.8%       | 16.4%       | 16.2%       | 12.6%        | 11.7%        | 10.6%        | 9.6%         | 9.0%         | 2.5%       |
| <b>Present Value FCF</b>         | <b>1.7</b>  | <b>2.7</b>   | <b>3.7</b>  | <b>4.0</b>  | <b>4.3</b>  | <b>4.5</b>   | <b>4.7</b>   | <b>4.8</b>   | <b>4.9</b>   | <b>4.9</b>   | <b>95</b>  |
| <b>PV Phase I</b>                |             | <b>16</b>    |             |             |             |              |              |              |              |              |            |
| <b>PV Phase II</b>               |             | <b>24</b>    |             |             |             |              |              |              |              |              |            |
| <b>PV Phase III</b>              |             | <b>95</b>    |             |             |             |              |              |              |              |              |            |
| <b>Enterprise value</b>          |             | <b>135</b>   |             |             |             |              |              |              |              |              |            |
| - Net Debt (Cash)                |             | -10          |             |             |             |              |              |              |              |              |            |
| - Pension Provisions             |             | 0            |             |             |             |              |              |              |              |              |            |
| - Minorities & Peripherals       |             | 0.4          |             |             |             |              |              |              |              |              |            |
| + MV of financial assets         |             |              |             |             |             |              |              |              |              |              |            |
| - Paid-out dividends for last FY |             | 0            |             |             |             |              |              |              |              |              |            |
| +/- Other EV items               |             |              |             |             |             |              |              |              |              |              |            |
| <b>Equity value</b>              |             | <b>144</b>   |             |             |             |              |              |              |              |              |            |
| Number of shares                 |             | 13.5         |             |             |             |              |              |              |              |              |            |
| <b>Value per share (€)</b>       |             | <b>10.7</b>  |             |             |             |              |              |              |              |              |            |
| <b>Current Price (€)</b>         |             | <b>9.0</b>   |             |             |             |              |              |              |              |              |            |
| <b>Upside</b>                    |             | <b>18.5%</b> |             |             |             |              |              |              |              |              |            |

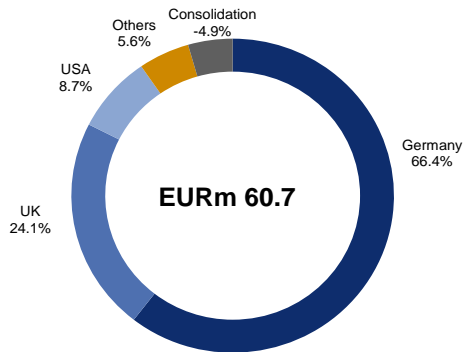
|                       |                            |                           |             |             |             |
|-----------------------|----------------------------|---------------------------|-------------|-------------|-------------|
| <b>Risk free rate</b> | 3.50%                      | <b>Targ. equity ratio</b> | 80%         |             |             |
| <b>Premium Equity</b> | 5.00%                      | <b>Beta</b>               | 1.06        |             |             |
| <b>Premium Debt</b>   | 2.00%                      | <b>WACC</b>               | 7.80%       |             |             |
| <b>Sensitivity</b>    | <b>Growth in phase III</b> |                           |             |             |             |
|                       | <b>1.5%</b>                | <b>2.0%</b>               | <b>2.5%</b> | <b>3.0%</b> | <b>3.5%</b> |
| <b>7.02%</b>          | 10.9                       | 11.7                      | 12.6        | 13.7        | 15.2        |
| <b>7.41%</b>          | 10.2                       | 10.8                      | 11.6        | 12.5        | 13.7        |
| <b>WACC 7.80%</b>     | 9.5                        | 10.1                      | 10.7        | 11.5        | 12.4        |
| <b>8.19%</b>          | 8.9                        | 9.4                       | 9.9         | 10.6        | 11.4        |
| <b>8.58%</b>          | 8.4                        | 8.8                       | 9.3         | 9.8         | 10.5        |

Source: equinet Research

We believe SYZ could deliver a sales CAGR 18-22e of 10%. With an expected FY18 EBIT margin base of 9.5%, we believe that the EBIT margin could increase up to ~11% by 2020e, largely due to better OPEX (missing restructuring expenses) but also with support from the higher margin consulting business. On this basis the shares currently have an upside potential of ~19% and therefore we upgrade Buy from Accumulate.

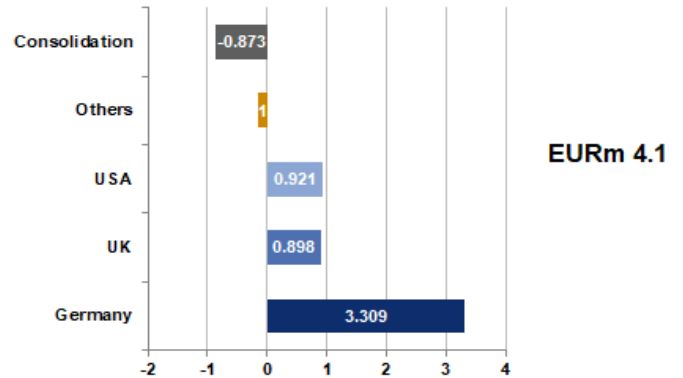
## Investment case in six charts

Exhibit 3: Sales split 2017



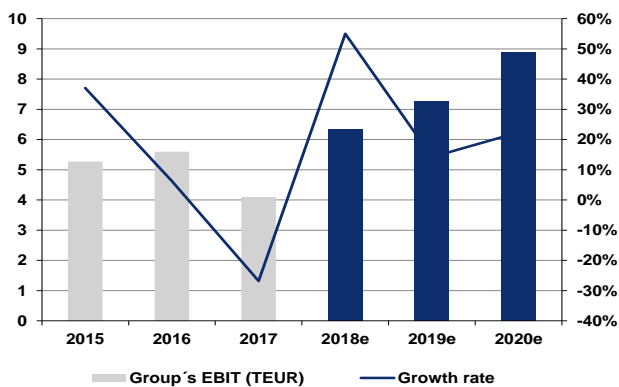
Source: SYZYGY, equinet Research

Exhibit 4: EBIT split 2017



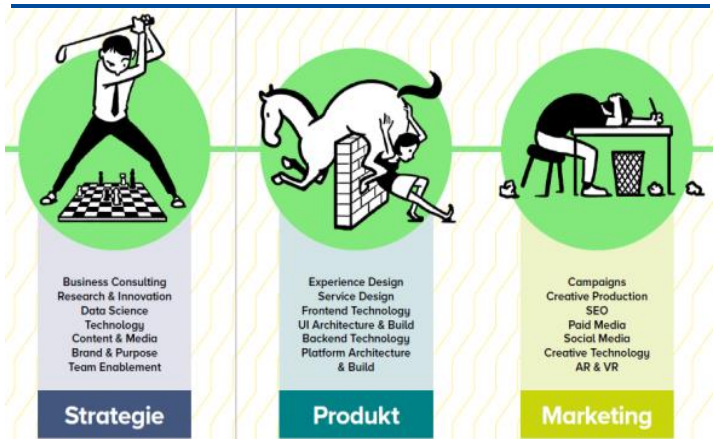
Source: SYZYGY, equinet Research

Exhibit 5: EBIT development and growth rates



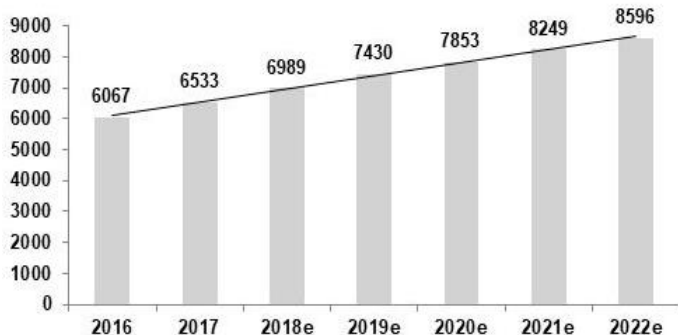
Source: SYZYGY, equinet Research

Exhibit 6: Changed business, new pillars, new focus



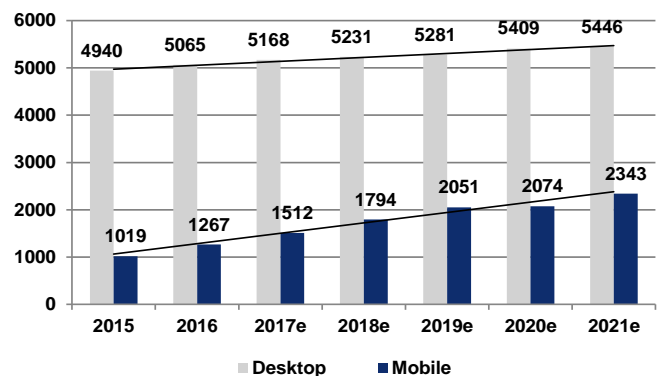
Source: SYZYGY, equinet Research

Exhibit 7: Market revenue forecast in TEUR for digital advertising Germany looks positive for SYZ



Source: Statista, equinet Research

Exhibit 8: Two growing markets - Sales split Germany Desktop vs. Mobile in digital advertising in TEUR



Source: SYZYGY, equinet Research

**SYZYGY AG : Summary tables**

| <b>PROFIT &amp; LOSS (EURm)</b>                   | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
|---|----------------|----------------|----------------|----------------|-----------------|-----------------|
| <b>Sales</b>                                      | <b>47.1</b>    | <b>57.3</b>    | <b>64.3</b>    | <b>60.7</b>    | <b>67.0</b>     | <b>74.3</b>     |
| Cost of Sales & Operating Costs                   | -42.4          | -51.0          | -57.2          | -55.2          | -59.1           | -65.3           |
| Non Recurrent Expenses/Income                     | 0.4            | 0.1            | 0.3            | 0.7            | 0.5             | 0.4             |
| <b>EBITDA</b>                                     | <b>5.1</b>     | <b>6.4</b>     | <b>7.4</b>     | <b>6.2</b>     | <b>8.5</b>      | <b>9.5</b>      |
| <b>EBITDA (adj.)*</b>                             | <b>4.7</b>     | <b>6.3</b>     | <b>7.1</b>     | <b>5.5</b>     | <b>7.9</b>      | <b>9.0</b>      |
| Depreciation                                      | -0.8           | -1.1           | -1.5           | -1.4           | -1.6            | -1.8            |
| <b>EBITA</b>                                      | <b>4.2</b>     | <b>5.4</b>     | <b>5.9</b>     | <b>4.8</b>     | <b>6.9</b>      | <b>7.7</b>      |
| <b>EBITA (adj)*</b>                               | <b>3.8</b>     | <b>5.3</b>     | <b>5.6</b>     | <b>4.1</b>     | <b>6.4</b>      | <b>7.3</b>      |
| Amortisations and Write Downs                     | -0.4           | -0.1           | -0.3           | -0.7           | -0.5            | -0.4            |
| <i>of which PPA amortisation</i>                  | <i>-0.4</i>    | <i>-0.1</i>    | <i>-0.3</i>    | <i>-0.7</i>    | <i>-0.5</i>     | <i>-0.4</i>     |
| <b>EBIT</b>                                       | <b>3.8</b>     | <b>5.3</b>     | <b>5.6</b>     | <b>4.1</b>     | <b>6.4</b>      | <b>7.3</b>      |
| <b>EBIT (adj.)*</b>                               | <b>3.8</b>     | <b>5.3</b>     | <b>5.6</b>     | <b>4.1</b>     | <b>6.4</b>      | <b>7.3</b>      |
| Net Financial Interest                            | 1.1            | 1.1            | 0.8            | 0.6            | 0.6             | 0.6             |
| Other Financials                                  | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| Associates  | 1.0            | 0.8            | 0.5            | 0.8            | 0.1             | 0.1             |
| Other Non Recurrent Items                         | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| <b>Earnings Before Tax (EBT)</b>                  | <b>6.0</b>     | <b>7.2</b>     | <b>6.9</b>     | <b>5.5</b>     | <b>7.1</b>      | <b>8.0</b>      |
| Tax   | -1.3           | -2.4           | -1.8           | -1.3           | -1.8            | -2.1            |
| <i>Tax rate</i>                                   | <i>21.0%</i>   | <i>32.8%</i>   | <i>26.5%</i>   | <i>23.5%</i>   | <i>25.2%</i>    | <i>26.0%</i>    |
| Discontinued Operations                           | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| Minorities  | 0.3            | 0.2            | 0.1            | -0.8           | -0.6            | -0.6            |
| <b>Net Profit (reported)</b>                      | <b>5.1</b>     | <b>5.1</b>     | <b>5.2</b>     | <b>3.5</b>     | <b>4.7</b>      | <b>5.3</b>      |
| <b>Net Profit (adj.)</b>                          | <b>4.4</b>     | <b>4.6</b>     | <b>5.0</b>     | <b>5.0</b>     | <b>4.7</b>      | <b>5.3</b>      |
| <b>CASH FLOW (EURm)</b>                           | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Cash Flow from Operations before change in NWC    | 10.3           | 5.3            | 7.0            | 4.5            | 7.4             | 7.0             |
| Change in Net Working Capital                     | 4.1            | -7.7           | -1.1           | 0.3            | -0.4            | -0.5            |
| <b>Cash Flow from Operations</b>                  | <b>14.4</b>    | <b>-2.4</b>    | <b>5.9</b>     | <b>4.8</b>     | <b>6.9</b>      | <b>6.5</b>      |
| Capex   | -1.4           | -1.1           | -1.2           | -5.3           | -4.5            | -4.0            |
| Net Financial Investments                         | -3.9           | -1.7           | 3.3            | 1.4            | 0.0             | 0.0             |
| <b>Free Cash Flow</b>                             | <b>9.1</b>     | <b>-5.2</b>    | <b>8.1</b>     | <b>0.9</b>     | <b>2.4</b>      | <b>2.5</b>      |
| Dividends   | -3.2           | -3.6           | -4.4           | -4.7           | -4.8            | -4.3            |
| Other (incl. Capital Increase & share buy backs)  | -0.2           | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| <b>Change in Net Debt</b>                         | <b>5.7</b>     | <b>-8.8</b>    | <b>3.6</b>     | <b>-3.8</b>    | <b>-2.4</b>     | <b>-1.8</b>     |
| NOPLAT  | 2.7            | 3.7            | 3.9            | 2.9            | 4.4             | 5.1             |
| <b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>     | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Net Tangible Assets                               | 2.8            | 2.8            | 2.5            | 6.5            | 8.8             | 10.6            |
| Net Intangible Assets (incl. Goodwill)            | 25.9           | 25.6           | 34.6           | 59.5           | 59.6            | 59.6            |
| Net Financial Assets & Other                      | 0.0            | 0.0            | 0.0            | 0.2            | 0.2             | 0.1             |
| <b>Total Fixed Assets</b>                         | <b>28.7</b>    | <b>28.4</b>    | <b>37.0</b>    | <b>66.2</b>    | <b>68.6</b>     | <b>70.3</b>     |
| Inventories                                       | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | -1.2            |
| Trade receivables                                 | 16.0           | 18.6           | 18.5           | 20.3           | 21.7            | 23.3            |
| Other current assets                              | 25.7           | 26.6           | 18.7           | 11.1           | 11.1            | 12.3            |
| Cash (-)  | -13.0          | -3.8           | -6.6           | -7.0           | -4.2            | -2.0            |
| <b>Total Current Assets</b>                       | <b>54.8</b>    | <b>49.1</b>    | <b>43.8</b>    | <b>38.4</b>    | <b>37.0</b>     | <b>36.4</b>     |
| <b>Total Assets</b>                               | <b>83.5</b>    | <b>77.5</b>    | <b>80.9</b>    | <b>105</b>     | <b>106</b>      | <b>107</b>      |
| Shareholders Equity                               | 50.9           | 50.9           | 49.5           | 56.4           | 55.9            | 56.5            |
| Minority  | 0.1            | 0.3            | 0.3            | -0.4           | 0.1             | 0.7             |
| Total Equity                                      | 51.0           | 51.2           | 49.8           | 55.9           | 56.0            | 57.2            |
| Long term interest bearing debt                   | -8.6           | -10.7          | -7.1           | 6.9            | 5.9             | 4.9             |
| Provisions  | 8.2            | 7.1            | 8.7            | 9.2            | 9.2             | 9.2             |
| Other long term liabilities                       | 0.1            | 0.1            | 0.2            | 0.4            | 0.4             | 0.4             |
| <b>Total Long Term Liabilities</b>                | <b>-0.3</b>    | <b>-3.4</b>    | <b>1.8</b>     | <b>16.5</b>    | <b>15.5</b>     | <b>14.5</b>     |
| Short term interest bearing debt                  | 12.0           | 13.0           | 14.0           | 15.0           | 16.0            | 17.0            |
| Trade payables                                    | 11.5           | 7.8            | 7.4            | 7.8            | 8.3             | 7.8             |
| Other current liabilities                         | 2.4            | 3.5            | 3.2            | 3.0            | 3.0             | 3.0             |
| <b>Total Current Liabilities</b>                  | <b>25.8</b>    | <b>24.3</b>    | <b>24.7</b>    | <b>25.8</b>    | <b>27.3</b>     | <b>27.8</b>     |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>76.5</b>    | <b>72.1</b>    | <b>76.2</b>    | <b>98.2</b>    | <b>98.8</b>     | <b>99.5</b>     |
| <b>Net Capital Employed</b>                       | <b>56.6</b>    | <b>62.4</b>    | <b>63.6</b>    | <b>86.8</b>    | <b>90.1</b>     | <b>93.8</b>     |
| <b>Net Working Capital</b>                        | <b>-2.3</b>    | <b>5.4</b>     | <b>6.5</b>     | <b>6.1</b>     | <b>6.6</b>      | <b>7.1</b>      |
| <b>GROWTH &amp; MARGINS</b>                       | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| <i>Sales growth</i>                               | <i>34.4%</i>   | <i>21.7%</i>   | <i>12.1%</i>   | <i>-5.6%</i>   | <i>10.4%</i>    | <i>10.9%</i>    |
| <b>EBITDA (adj.)* growth</b>                      | <b>71.4%</b>   | <b>35.2%</b>   | <b>11.8%</b>   | <b>-22.0%</b>  | <b>44.0%</b>    | <b>13.8%</b>    |
| <i>EBITA (adj.)* growth</i>                       | <i>90.0%</i>   | <i>37.1%</i>   | <i>6.2%</i>    | <i>-26.8%</i>  | <i>55.0%</i>    | <i>14.2%</i>    |
| <i>EBIT (adj)*growth</i>                          | <i>90.0%</i>   | <i>37.1%</i>   | <i>6.2%</i>    | <i>-26.8%</i>  | <i>55.0%</i>    | <i>14.2%</i>    |

**SYZYGY AG : Summary tables**

| <b>GROWTH &amp; MARGINS</b>                     | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
|---|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Net Profit growth                               | 35.4%          | 5.5%           | 7.4%           | 0.2%           | -5.4%           | 11.9%           |
| EPS adj. growth                                 | 35.4%          | 5.5%           | 7.4%           | -1.5%          | -9.4%           | 11.9%           |
| DPS adj. growth                                 | 12.0%          | 25.0%          | 5.7%           | 2.7%           | -10.6%          | 12.3%           |
| EBITDA (adj)* margin                            | 9.9%           | 11.0%          | 11.0%          | 9.1%           | 11.9%           | 12.2%           |
| EBITA (adj)* margin                             | 8.2%           | 9.2%           | 8.7%           | 6.8%           | 9.5%            | 9.8%            |
| EBIT (adj)* margin                              | 8.2%           | 9.2%           | 8.7%           | 6.8%           | 9.5%            | 9.8%            |
| <b>RATIOS</b>                                   | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Net Debt/Equity                                 | -0.2           | 0.0            | 0.0            | 0.3            | 0.3             | 0.3             |
| Net Debt/EBITDA                                 | -1.9           | -0.2           | 0.0            | 2.4            | 2.1             | 2.1             |
| Interest cover (EBITDA/Fin.interest)            | n.m.           | n.m.           | n.m.           | n.m.           | n.m.            | n.m.            |
| Capex/D&A                                       | 112.9%         | 96.2%          | 65.6%          | 252.7%         | 214.3%          | 181.8%          |
| Capex/Sales                                     | 2.9%           | 1.9%           | 1.8%           | 8.7%           | 6.7%            | 5.4%            |
| NWC/Sales                                       | -5.0%          | 9.4%           | 10.0%          | 10.1%          | 9.8%            | 9.5%            |
| ROE (average)                                   | 8.8%           | 9.1%           | 9.9%           | 9.4%           | 8.4%            | 9.4%            |
| ROCE (adj.)                                     | 10.2%          | 10.9%          | 9.0%           | 4.0%           | 5.9%            | 6.6%            |
| WACC  | 7.8%           | 7.8%           | 7.8%           | 7.8%           | 7.8%            | 7.8%            |
| ROCE (adj.)/WACC                                | 1.3            | 1.4            | 1.2            | 0.5            | 0.8             | 0.8             |
| <b>PER SHARE DATA (EUR)***</b>                  | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Average diluted number of shares                | 12.7           | 12.7           | 12.7           | 13.5           | 13.5            | 13.5            |
| EPS (reported)                                  | 0.35           | 0.37           | 0.39           | 0.39           | 0.35            | 0.39            |
| EPS (adj.)                                      | 0.35           | 0.37           | 0.39           | 0.39           | 0.35            | 0.39            |
| BVPS  | 4.01           | 4.01           | 3.90           | 4.18           | 4.14            | 4.18            |
| DPS   | 0.28           | 0.35           | 0.37           | 0.38           | 0.34            | 0.38            |
| <b>VALUATION</b>                                | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| EV/Sales  | 1.5            | 1.9            | 2.3            | 2.7            | 2.1             | 1.9             |
| EV/EBITDA                                       | 14.1           | 17.3           | 20.1           | 27.0           | 16.5            | 15.1            |
| <b>EV/EBITDA (adj.)*</b>                        | <b>15.2</b>    | <b>17.5</b>    | <b>20.9</b>    | <b>30.2</b>    | <b>17.6</b>     | <b>15.7</b>     |
| EV/EBITA  | 16.8           | 20.7           | 25.1           | 35.0           | 20.3            | 18.6            |
| <b>EV/EBITA (adj.)*</b>                         | <b>18.5</b>    | <b>21.0</b>    | <b>26.4</b>    | <b>40.7</b>    | <b>22.0</b>     | <b>19.6</b>     |
| EV/EBIT   | 18.5           | 21.0           | 26.4           | 40.7           | 22.0            | 19.6            |
| <b>EV/EBIT (adj.)*</b>                          | <b>18.5</b>    | <b>21.0</b>    | <b>26.4</b>    | <b>40.7</b>    | <b>22.0</b>     | <b>19.6</b>     |
| <b>P/E (adj.)</b>                               | <b>18.3</b>    | <b>24.1</b>    | <b>29.6</b>    | <b>29.2</b>    | <b>25.8</b>     | <b>23.0</b>     |
| P/BV  | 1.6            | 2.2            | 3.0            | 2.7            | 2.2             | 2.2             |
| Total Yield Ratio                               | 4.6%           | 4.0%           | 3.2%           | 4.0%           | 3.5%            | 4.0%            |
| EV/CE   | 2.7            | 3.3            | 3.4            | 2.3            | 1.9             | 1.8             |
| OpFCF yield                                     | 16.1%          | -3.1%          | 3.2%           | -0.3%          | 2.0%            | 2.0%            |
| OpFCF/EV  | 18.3%          | -3.2%          | 3.2%           | -0.3%          | 1.7%            | 1.7%            |
| Payout ratio                                    | 80.8%          | 95.8%          | 94.3%          | 98.4%          | 97.1%           | 97.4%           |
| Dividend yield (gross)                          | 4.4%           | 4.0%           | 3.2%           | 4.2%           | 3.8%            | 4.2%            |
| <b>EV AND MKT CAP (EURm)</b>                    | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Price** (EUR)                                   | 6.36           | 8.82           | 11.61          | 11.27          | 9.02            | 9.02            |
| Outstanding number of shares for main stock     | 12.7           | 12.7           | 12.7           | 13.5           | 13.5            | 13.5            |
| <b>Total Market Cap</b>                         | <b>81</b>      | <b>112</b>     | <b>147</b>     | <b>152</b>     | <b>122</b>      | <b>122</b>      |
| <b>Net Debt</b>                                 | <b>-10</b>     | <b>-1</b>      | <b>0</b>       | <b>15</b>      | <b>18</b>       | <b>20</b>       |
| <i>o/w Cash &amp; Marketable Securities (-)</i> | <i>-13</i>     | <i>-4</i>      | <i>-7</i>      | <i>-7</i>      | <i>-4</i>       | <i>-2</i>       |
| <i>o/w Gross Debt (+)</i>                       | <i>3</i>       | <i>2</i>       | <i>7</i>       | <i>22</i>      | <i>22</i>       | <i>22</i>       |
| <b>Other EV components</b>                      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>        | <b>1</b>        |
| <b>Enterprise Value (EV adj.)</b>               | <b>71</b>      | <b>111</b>     | <b>148</b>     | <b>167</b>     | <b>140</b>      | <b>142</b>      |

Source: Company, equinet Bank estimates.

**Notes**

\* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Media/Broadcasting & Entertainment

Company Description: SYZYGY AG is an international digital full service agency with focus on strategy consulting, marketing and web product solutions headquartered in Bad Homburg, Germany. The company has also offices in Frankfurt, Berlin, Munich, New York and Warsaw. The company employs around 600 permanent employees.

## Recommendations and Disclosures

| Coverage                       | Analyst   | Target | Rating     | Disc. | Coverage                | Analyst   | Target | Rating     | Disc. |
|--------------------------------|-----------|--------|------------|-------|-------------------------|-----------|--------|------------|-------|
| 1&1DRILLISCHAG                 | Sen       | 66.00  | Buy        |       | Logwin                  | Mildner   | 150.00 | Accumulate | 2/3   |
| 2GEnergy                       | Rüzgar    | 23.50  | Accumulate | 2/3/5 | Manz AG                 | Rüzgar    | 37.00  | Neutral    | 2/3   |
| Aareal Bank                    | Häßler    | 41.00  | Buy        |       | MAXAutomation SE        | Becker    | 6.70   | Buy        | 2/3   |
| adidas                         | Josefson  | 228.00 | Accumulate |       | Merck                   | Berzhanin | 112.00 | Buy        |       |
| Adler Modemaerkte              | Josefson  | 4.15   | Buy        | 7     | Merkur Bank             | Häßler    | 10.00  | Buy        | 2/7   |
| ADLER Real Estate              | Mayer     | 20.00  | Buy        |       | Metro AG                | Bruns     | 17.00  | Buy        |       |
| Aixtron                        | Sen       | 14.00  | Buy        | 2/3   | MLP                     | Häßler    | 7.50   | Buy        | 2/3   |
| Allianz                        | Häßler    | 220.00 | Buy        |       | MTU Aero Engines        | Rüzgar    | 155.00 | Reduce     | 2     |
| Axel Springer                  | Josefson  | 67.00  | Accumulate |       | Munich Re               | Häßler    | 210.00 | Accumulate |       |
| Bayer                          | Berzhanin | 96.00  | Buy        |       | Nemetschek SE           | Mildner   | 47.00  | Reduce     | 5     |
| Baywa                          | Bruns     | 32.00  | Buy        | 2/7   | Norma Group             | Schuldt   | 51.00  | Neutral    |       |
| BB Biotech                     | Berzhanin | 73.00  | Buy        | 7     | OHB SE                  | Rüzgar    | 40.00  | Buy        | 7     |
| Biotest                        | Berzhanin | 24.10  | Neutral    | 2/3   | OVH Holding AG          | Häßler    | 20.00  | Buy        | 2/5/7 |
| BMW                            | Schuldt   | 100.00 | Buy        |       | Patrizia                | Mayer     | 20.00  | Accumulate |       |
| Brenntag                       | Hinkel    | 59.80  | Buy        | 2     | Pfeiffer Vacuum         | Sen       | 162.00 | Buy        | 5     |
| Ceconomy AG                    | Bruns     | 5.00   | Neutral    |       | Procredit Holding       | Häßler    | 15.00  | Buy        | 2/3/5 |
| comdirect                      | Häßler    | 13.50  | Buy        | 7     | PSI SOFTWARE AG         | Mildner   | 20.60  | Buy        | 2/3   |
| Commerzbank                    | Häßler    | 9.20   | Neutral    |       | Puma                    | Josefson  | 565.00 | Buy        |       |
| Continental                    | Schuldt   | 195.00 | Buy        |       | PWO                     | Schuldt   | 36.00  | Buy        | 2/3   |
| CORESTATE Capital Holding S.A. | Mayer     | 66.00  | Buy        | 2/5   | Rheinmetall             | Rüzgar    | 80.00  | Neutral    |       |
| CTS Eventim                    | Heilmann  | 37.50  | Reduce     |       | RIB Software            | Mildner   | 25.00  | Buy        | 2/3   |
| Daimler AG                     | Schuldt   | 63.00  | Buy        |       | RTL Group               | Josefson  | 72.00  | Accumulate |       |
| Daldrup & Soehne               | Becker    | 13.50  | Buy        | 2/3/5 | S&TAG                   | Sen       | 27.00  | Buy        | 2/3   |
| Demire                         | Mayer     | 4.80   | Accumulate | 2/5   | SAF-Holland             | Schuldt   | 13.80  | Accumulate |       |
| Deutsche Bank                  | Häßler    | 14.00  | Buy        |       | Schaeffler              | Tanzer    | 13.00  | Buy        |       |
| Deutsche EuroShop              | Mayer     | 30.00  | Neutral    |       | Schaltbau Holding AG    | Becker    | 32.10  | Buy        | 2/7   |
| Deutsche Pfandbriefbank        | Häßler    | 14.50  | Accumulate |       | SCOUT24                 | Heilmann  | 44.00  | Neutral    | 2     |
| Deutsche Telekom               | Sen       | 13.30  | Neutral    |       | Siegfried Holding AG    | Berzhanin | 399.00 | Neutral    | 7     |
| Duerr                          | Augustin  | 30.00  | Neutral    |       | Siemens Healthineers AG | Rüzgar    | 39.00  | Neutral    | 2     |
| DWS                            | Häßler    | 30.00  | Buy        |       | SLM Solutions           | Sen       | 15.00  | Sell       |       |
| EiringKlinger                  | Schuldt   | 5.50   | Sell       |       | SMT Scharf AG           | Rüzgar    | 18.00  | Neutral    | 2/3   |
| elumeo SE                      | Josefson  | 10.90  | Accumulate |       | Software AG             | Mildner   | 30.00  | Sell       |       |
| Epigenomics AG                 | Berzhanin | 3.80   | Buy        | 2/3   | Stabilus                | Tanzer    | 91.00  | Buy        |       |
| Euromicron AG                  | Becker    | 11.40  | Buy        | 2/3/5 | Suedzucker              | Bruns     | 11.70  | Reduce     |       |
| Evonik                         | Hinkel    | 37.00  | Buy        |       | SuessMicroTec           | Sen       | 13.80  | Accumulate |       |
| Eyemaxx Real Estate            | Mayer     | 18.00  | Buy        | 2/5/7 | Surteco Group           | Mildner   | 26.50  | Buy        | 2/3   |
| Ferratum                       | Häßler    | 23.00  | Buy        |       | Symrise AG              | Hinkel    | 67.00  | Neutral    |       |
| Fielmann                       | Heilmann  | 55.00  | Neutral    |       | Syzygy AG               | Heilmann  | 10.70  | Buy        | 2/3   |
| First Sensor AG                | Becker    | 27.40  | Buy        | 7     | TAKKTAG                 | Bruns     | 20.00  | Buy        | 2     |
| Freenet                        | Sen       | 36.00  | Buy        | 2     | Talanx Group            | Häßler    | 37.00  | Buy        |       |
| Fuchs Petroleum                | Hinkel    | 50.00  | Buy        |       | Technotrans             | Becker    | 39.60  | Buy        | 2/3   |
| Gea Group                      | Augustin  | 25.00  | Neutral    |       | TELECOLUMBUS            | Sen       | 4.80   | Buy        |       |
| Gerrheimer AG                  | Rüzgar    | 69.00  | Neutral    |       | Telefonica Deutschland  | Sen       | 3.40   | Sell       |       |
| Gerry Weber                    | Josefson  | 3.80   | Reduce     |       | United Internet         | Sen       | 63.00  | Buy        |       |
| Gesco                          | Becker    | 35.60  | Buy        | 2/3   | Vapiano                 | Bruns     | 20.00  | Buy        | 2/7   |
| GFT Technologies               | Mildner   | 15.50  | Buy        | 2/3   | va-Q-tec                | Sen       | 12.00  | Buy        | 2/3   |
| Gigaset                        | Sen       | 0.85   | Accumulate | 2/3   | Viscom                  | Rüzgar    | 28.00  | Buy        | 2/3   |
| Grenke                         | Häßler    | 90.00  | Neutral    |       | Volkswagen              | Schuldt   | 154.00 | Neutral    |       |
| Hannover Re                    | Häßler    | 110.00 | Neutral    |       | Wacker Neuson SE        | Becker    | 24.10  | Neutral    |       |
| Heidelberg Pharma              | Berzhanin | 3.50   | Accumulate | 2/3   | windeln.de              | Josefson  | 3.10   | Buy        | 2     |
| Heidelberger Druck             | Augustin  | 2.90   | Buy        |       | XING SE                 | Heilmann  | 305.00 | Accumulate |       |
| HELLA GmbH & Co. KGaA          | Tanzer    | 51.00  | Accumulate |       | Zalando                 | Josefson  | 44.50  | Neutral    |       |
| Hornbach Holding               | Bruns     | 89.00  | Buy        |       |                         |           |        |            |       |
| Hugo Boss                      | Josefson  | 80.00  | Buy        |       |                         |           |        |            |       |
| Hypoport AG                    | Häßler    | 190.00 | Neutral    | 2/7   |                         |           |        |            |       |
| INDUS Holding AG               | Becker    | 55.70  | Neutral    |       |                         |           |        |            |       |
| Intershop Communications AG    | Mildner   | 1.85   | Buy        | 2/7   |                         |           |        |            |       |
| K+S AG                         | Hinkel    | 24.00  | Buy        |       |                         |           |        |            |       |
| Koenig & Bauer                 | Augustin  | 44.00  | Neutral    |       |                         |           |        |            |       |
| Krones AG                      | Augustin  | 90.00  | Accumulate |       |                         |           |        |            |       |
| KWS SAAT                       | Hinkel    | 353.00 | Buy        |       |                         |           |        |            |       |
| Lanxess                        | Hinkel    | 83.00  | Buy        |       |                         |           |        |            |       |
| LEG Immobilien AG              | Mayer     | 104.00 | Accumulate |       |                         |           |        |            |       |
| Leoni                          | Schuldt   | 34.00  | Accumulate |       |                         |           |        |            |       |
| Linde                          | Hinkel    | 176.00 | Neutral    |       |                         |           |        |            |       |

\* = Coverage suspended

Source: equinet Recommendations

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### Remarks

#### Recommendation System

Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

#### Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

#### Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

#### Sources

Equinet Bank has made any effort to carefully research all information contained in the analysis. The information on which the analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant press as well as the company which is the subject of the analysis. Only that part of the research note is made available to the issuer, who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this result in considerable changes a reference is made in the research note.

#### Actualizations

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-BaFin- (Federal Financial Supervisory Authority)  
Graurheindorfer Straße 108, 53117 Bonn and  
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main



Recommendation history for SYZYGY AG

| Date       | Recommendation | Target price | Price at change date |
|------------|----------------|--------------|----------------------|
| 09. Nov 18 | Buy            | 10.70        | 9.02                 |
| 30. Apr 18 | Accumulate     | 11.50        | 10.60                |
| 24. Okt 17 | Accumulate     | 12.00        | 11.04                |
| 27. Apr 17 | Neutral        | 11.50        | 10.46                |
| 20. Okt 16 | Neutral        | 13.00        | 12.85                |
| 22. Apr 16 | Buy            | 13.00        | 9.60                 |

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Simon Heilmann (since 30/03/2016)



## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

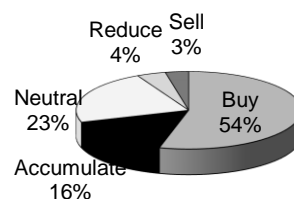
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

### Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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