

Preliminary data in line with forecast

Syzygy has indicated Q3 revenues up 1% but EBIT down 23% with 8.4% margin down from 11% (all headline data is right in line with Pareto estimates). It has also repeated FY sales guidance around the EUR 66m level achieved in 2018, with 8-9% annual margin likely. A positive trend in domestic sales was able to compensate weak international business with the UK highlighted as being problematic. Additional restructuring charges now planned for the international operations is the background for FY margin dilution. The detailed Q3 report will be released 7 November, but we do not anticipate much change to forecasts.

German revenues just compensate for the international drop

Group revenues increased by 1% in Q3-19e, right in line with Pareto forecasts. The full details have yet to be disclosed, but it seems as if domestic business increased by a double-digit percentage, indicating that the hoped-for second half recovery is now well underway. On the other hand, international operations declined almost 20%, with the UK continuing to drag on group revenues, albeit not quite as bad as was the case in Q2 (when revenues dropped by one-third).

The UK continues to burden profitability, but may be easing

The indicated Q3e EBIT is EUR 1.4m, down 23%, for a margin of 8.4% (from 11.1% in Q3-18). We estimate German EBIT at EUR 1.8m (+3.5% for 14.6% margin) which we view as reasonable. As foreseen with the recent profit warning, there was a sizeable loss in the UK. However, it would seem not as high as the EUR 0.47m loss reported in Q2, so the cost savings appear to have an effect and we await an update here.

Repeated guidance indicates little change to forecasts

No change to estimates ahead of the detailed report (7 November).

EURm	2017	2018	2019e	2020e	2021e
Revenues	61	66	66	71	77
EBITDA	6	8	11	12	13
EBIT	4	6	6	7	8
EPS	0.39	0.35	0.30	0.35	0.41
EPS adj	0.39	0.35	0.30	0.35	0.41
DPS	0.38	0.39	0.39	0.39	0.39
EV/EBITDA	25.5	12.6	11.7	10.7	9.7
EV/EBIT	38.5	16.9	22.3	19.4	16.6
P/E adj	29.2	22.9	25.9	22.1	19.1
P/B	2.70	2.00	2.09	2.14	2.15
ROE (%)	9.4	8.5	7.7	9.6	11.2
Div yield (%)	3.4	4.9	5.0	5.0	5.0
Net debt	6	(5)	21	23	23

Source: Pareto



Target price (EUR)	9.6
Share price (EUR)	7.7

Forecast changes			
%	2019e	2020e	2021e
Revenues	(0)	(0)	(0)
EBITDA	(21)	(41)	(38)
EBIT adj	0	0	0
EPS reported	(0)	1	1
EPS adj	(0)	1	1

Source: Pareto

Ticker	SYZG.DE, SYZ GY
Sector	Media
Shares fully diluted (m)	13.5
Market cap (EURm)	104
Net debt (EURm)	21
Minority interests (EURm)	-1
Enterprise value 19e (EURm)	125
Free float (%)	49

Performance



Source: Factset

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Preliminary headlines in line with estimates

The preliminary headlines include: -

- ▶ 9M-19e group revenues down 1% at EUR 47.6m
- ▶ Good growth in core German market and with 14% EBIT margin
- ▶ Fall in operating income to EUR 4.2m (-8%)
- ▶ Net income of EUR 3.0m (from EUR 3.7m)
- ▶ Liquid funds declined from EUR 17.7m to EUR 7.2m (after EUR 5.4m dividend)
- ▶ Multiple new client wins in the German market suggest that performance and growth in the core market will remain strong

Exhibit 1: Headline numbers have been indicated; segmental data to be released 7 Nov.

EUR m	Q3-18	Q3-19e	yoy	9M-18	9M-19e	yoy
Revenues	15.84	16.06	1.4%	48.06	47.63	-0.9%
<i>of which: Germany</i>	11.4	12.6	11%	34.3	36.3	6%
<i>of which: United Kingdom</i>	3.3	2.3	-30%	10.2	7.6	-25%
<i>of which: Other segments</i>	1.8	1.7	-10%	5.6	5.2	-7%
<i>Corporate & Consolidation</i>	-0.7	-0.6	-20%	-2.0	-1.5	-27%
EBITDA	2.20	2.63	19%	6.14	7.97	30%
EBITDA margin (%)	13.9%	16.3%	247bp	12.8%	16.7%	357bp
EBIT	1.751	1.356	-22.6%	4.545	4.163	-8.4%
EBIT margin (%)	11.1%	8.4%	-262bp	9.5%	8.7%	-102bp
<i>of which: Germany</i>	1.8	1.8	3%	4.6	5.1	10%
<i>of which: United Kingdom</i>	0.2	-0.3	-253%	0.2	-0.9	-519%
<i>of which: Other segments</i>	0.3	-0.2	-166%	0.7	0.2	-73%
<i>Corporate & Consolidation</i>	-0.5	0.0	-105%	-1.0	-0.3	-74%
Pretax	1.85	1.25	-32.3%	4.88	4.04	-17.2%
Pretax margin (%)	11.7%	7.8%	-389bp	10.2%	8.5%	-236bp
Net income	1.33	0.88	-34.3%	3.57	2.93	-18.0%
EPS (EUR)	0.10	0.06	-34.7%	0.27	0.22	-18.5%

Source: Pareto Securities Research

PROFIT & LOSS (fiscal year) (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Revenues	47	57	64	61	66	66	71	77
EBITDA	5	7	7	6	8	11	12	13
Depreciation & amortisation	(1)	(2)	(2)	(2)	(2)	(5)	(5)	(5)
EBIT	4	5	6	4	6	6	7	8
Net interest	1	2	1	1	0	(0)	0	0
Other financial items	1	1	1	1	0	-	-	-
Profit before taxes	6	7	7	6	7	6	7	8
Taxes	(1)	(2)	(2)	(1)	(2)	(1)	(2)	(2)
Minority interest	0	(0)	(0)	1	(0)	(0)	(0)	(0)
Net profit	4	5	5	5	5	4	5	5
EPS reported	0.35	0.37	0.39	0.39	0.35	0.30	0.35	0.41
EPS adjusted	0.35	0.37	0.39	0.39	0.35	0.30	0.35	0.41
DPS	0.28	0.37	0.38	0.38	0.39	0.39	0.39	0.39
BALANCE SHEET (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Tangible non current assets	3	3	3	8	7	25	23	20
Other non-current assets	26	27	35	59	59	59	59	60
Other current assets	42	43	36	31	32	32	33	34
Cash & equivalents	13	4	7	7	12	10	8	9
Total assets	83	102	81	105	110	126	124	123
Total equity	51	51	50	56	54	49	48	47
Interest-bearing non-current debt	7	2	7	22	17	42	42	42
Interest-bearing current debt	-	-	-	-	-	(1)	-	2
Other Debt	26	49	24	27	39	36	34	32
Total liabilities & equity	83	102	81	105	110	126	124	123
CASH FLOW (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Cash earnings	10	(11)	7	7	27	6	6	7
Change in working capital	4	9	(1)	(3)	(11)	1	2	2
Cash flow from investments	(5)	(3)	2	(4)	(5)	(2)	(5)	(3)
Cash flow from financing	(4)	(4)	(5)	(0)	(7)	(7)	(4)	(4)
Net cash flow	6	(9)	3	0	5	(1)	(2)	1
CAPITALIZATION & VALUATION (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Share price (EUR end)	6.4	8.8	11.6	11.3	8.0	7.7	7.7	7.7
Number of shares end period	13	13	13	14	14	14	14	14
Net interest bearing debt	(10)	(20)	(15)	6	(5)	21	23	23
Enterprise value	71	92	132	158	103	125	127	126
EV/Sales	1.5	1.6	2.1	2.6	1.6	1.9	1.8	1.6
EV/EBITDA	14.1	12.5	18.0	25.5	12.6	11.7	10.7	9.7
EV/EBIT	18.5	17.5	23.7	38.5	16.9	22.3	19.4	16.6
P/E reported	18.3	24.1	29.7	29.2	22.9	25.9	22.1	19.1
P/E adjusted	18.3	24.1	29.7	29.2	22.9	25.9	22.1	19.1
P/B	1.6	2.2	3.0	2.7	2.0	2.1	2.1	2.2
FINANCIAL ANALYSIS & CREDIT METRICS	2014	2015	2016	2017	2018	2019e	2020e	2021e
ROE adjusted (%)	8.8	9.1	9.9	9.4	8.6	7.8	9.8	11.5
Dividend yield (%)	4.4	4.2	3.3	3.4	4.9	5.0	5.0	5.0
EBITDA margin (%)	10.8	12.9	11.5	10.2	12.4	16.3	16.6	16.7
EBIT margin (%)	8.2	9.2	8.7	6.8	9.2	8.5	9.2	9.8
NIBD/EBITDA	(1.90)	(2.72)	(2.07)	0.95	(0.66)	1.99	1.97	1.75
EBITDA/Net interest	-	-	-	-	-	-	-	-

PROFIT & LOSS (fiscal year) (EURm)	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19e	4Q'19e
Revenues	15	17	16	18	16	16	16	18
EBITDA	1	2	2	2	3	3	3	3
Depreciation & amortisation	(0)	(1)	(0)	(1)	(1)	(1)	(1)	(1)
EBIT	1	2	2	2	1	1	1	1
Net interest	0	0	0	0	(0)	(0)	(0)	0
Other financial items	-	-	-	0	-	-	-	-
Profit before taxes	1	2	2	2	1	1	1	1
Taxes	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Minority interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Net profit	1	1	1	1	1	1	1	1
EPS reported	0.07	0.10	0.10	0.09	0.08	0.07	0.06	0.08
EPS adjusted	0.07	0.10	0.10	0.09	0.08	0.07	0.06	0.08
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (EURm)	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19e	4Q'19e
Tangible non current assets	8	7	7	7	27	32	26	25
Other non-current assets	59	58	59	59	59	58	59	59
Other current assets	30	32	34	32	37	27	35	32
Cash & equivalents	9	5	8	12	0	5	9	10
Total assets	105	102	107	110	123	122	129	126
Total equity	57	51	53	54	56	51	47	49
Interest-bearing non-current debt	21	20	19	17	39	42	42	42
Interest-bearing current debt	-	-	-	-	-	-	(1)	(1)
Other Debt	27	31	35	39	29	30	40	36
Total liabilities & equity	105	102	107	110	123	122	129	126
CASH FLOW (EURm)	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19e	4Q'19e
Cash earnings	2	1	2	2	2	1	2	3
Change in working capital	2	0	3	5	(11)	2	10	(2)
Cash flow from investments	(2)	2	(1)	(3)	(2)	8	(7)	(0)
Cash flow from financing	-	(6)	(0)	(1)	(0)	(6)	(1)	-
Net cash flow	2	(4)	3	4	(11)	5	4	1
CAPITALIZATION & VALUATION (EURm)	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19e	4Q'19e
Share price (EUR end)	10.8	10.0	8.8	8.0	9.1	9.7	9.4	7.7
Number of shares end period	13	13	13	13	13	13	14	14
Net interest bearing debt	2	6	2	(5)	26	34	23	21
P/E reported	29.3	28.3	25.6	22.9	25.0	28.6	31.0	25.8
P/E adjusted	29.3	28.3	25.6	22.9	25.0	28.6	31.0	25.8
P/B	2.5	2.6	2.2	2.0	2.2	2.5	2.6	2.1
FINANCIAL ANALYSIS & CREDIT METRICS	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19e	4Q'19e
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	9.6	14.4	13.9	11.5	16.9	16.7	16.3	18.6
EBIT margin (%)	7.2	10.1	11.1	8.6	9.2	8.6	8.4	8.0
NIBD/EBITDA	0.46	0.53	0.48	0.12	0.77	1.48	1.94	2.31
EBITDA/Net interest	-	-	-	-	-	-	-	-

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Appendix A

Disclosure requirements pursuant to the Norwegian Securities Trading Regulations section 3-10 (2) and section 3-11 (1), letters a-b

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – own a portion of the shares exceeding 5% of the total share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,010,630	9.63%	SpareBank 1Østfold Akersl	1,140,010	9.20%
Pareto Bank ASA	13,672,650	19.57%	Sparebanken Vest	4,507,960	7.64%

Pareto Securities AS or its affiliates own as determined in accordance with Section 13(d) of the US Exchange Act, 1% or more of the equity securities of:

Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,010,630	9.63%	SpareBank 1Østfold Akersl	1,140,010	9.20%
Pareto Bank ASA	13,672,650	19.57%	Sparebanken Møre	305,239	3.09%
Selvaag Bolig ASA	2,172,147	2.32%	Sparebanken Sør	433,149	2.77%
SpareBank 1BV	1,650,920	2.62%	Sparebanken Vest	4,507,960	7.64%
SpareBank 1Nord-Norge	3,113,087	3.10%	Totens Sparebank	79,246	12.9%
SpareBank 1SMN	1,878,192	14.5%			

Pareto Securities AS may hold financial instruments in companies where a recommendation has been produced or distributed by Pareto Securities AS in connection with rendering investment services, including Market Making.

Please find below an overview of material interests in shares held by employees in Pareto Securities AS, in companies where a recommendation has been produced or distributed by Pareto Securities AS. "By material interest" means holdings exceeding a value of NOK 50 000.

Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
AF Gruppen	0	18,475	Helgeland Sparebank	0	4,127	SailMar	0	280
Aker	0	1,021	Höegh LNG	0	3,890	Sandnes Sparebank	0	23,832
Aker BP	0	8,560	Jæren Sparebank	0	500	Scatec Solar	0	35,635
AKVA Group	0	2,100	Komplett Bank	0	108,913	Schibsted ASA B Aksjer	0	453
Archer	0	38,730	Kongsberg Gruppen	0	34,051	Seadrill	0	11,722
Atlantic Sapphire	0	3,805	KWS	75	75	Selvaag Bolig	0	3,000
Avance Gas	0	4,580	Lerøy Seafood	0	4,880	SpareBank 1BV	0	17,700
Axactor	0	8,709	Magseis Fairfield	0	12,379	SpareBank 1Nord-Norge	0	26,500
BASF	270	270	Mowi	0	2,679	SpareBank 1Ringerike Hadr	0	500
Bonheur	0	48,485	NEXT Biometrics	0	10,976	SpareBank 1SMN	0	15,490
BRABank	0	137,1000	NORBIT	0	18,864	SpareBank 1SR-Bank	0	29,482
BWLPG	0	2,069	Nordic Semiconductor	0	6,000	Sparebank 1Østfold Akersl	0	450
DNB	0	31,295	Norsk Hydro	0	96,051	SpareBank 1Østlandet	0	2,891
DNO	0	39,1278	Northern Drilling	0	5,060	Sparebanken Sør	0	15,840
DNO Bull ETN	0	7,000	Norwegian Air Shuttle	0	66,467	Sparebanken Vest	0	1,900
Entra	0	31,627	Norwegian Energy Compan	0	300	Sparebanken Øst	0	1,500
Equinor	0	6,431	Ocean Yield	0	34,967	Stolt-Nielsen	0	40,400
Europris	0	14,750	Odfjell Drilling	0	2,244	Storebrand	0	5,565
Fjord1	0	51,250	Okeanis Eco Tankers	0	1,738	Subsea 7	0	1,162
Fjordkraft Holding	0	5,000	Orkla	0	19,864	Telenor	0	19,111
Flex LNG	0	1,032	Panoro Energy	0	5,670	TGS-NOPEC	0	2,000
Frontline	0	11,730	Pareto Bank	0	1183,040	XXL	0	8,879
Gjensidige Forsikring	0	6,690	Pioneer Property	0	2,050	Yara International	0	12,475
Golden Ocean Group	0	1,744	Protector Forsikring	0	14,385	Zenterio	0	78,865
Grieg Seafood	0	970	REC Silicon	0	32,776			

This overview is updated monthly (last updated 15.10.2019).

*Analyst holdings refer to positions held by the Pareto Securities AS analyst covering the company.

Appendix B

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letters e-f, ref the Securities Trading Act Section 3-10

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

2020Bulkers	Genel Energy	Norwegian Air Shuttle
Avanzia Bank	Gfinity Plc	Nouveau Monde Graphite
African Petroleum	GG. St. Kongensgade 100 og 106	Ocean Yield
Agder Energi	Hafslund E-CO	OKEA
American Tanker	Hertha BSC GmbH	Okeanis Eco Tankers
Andfjord Salmon	HKN Energy Ltd	Otliga Group
APC Forsikringsmæglere A/S	Hunter Group ASA	Panoro Energy
Belships ASA	Hörmann Industries	Pareto Bank
Bluewater Holding	Ice Group	Petroleum Geo-Services
BRAbank	Jactel AS	PetroTal
CentralNic Group	Klavness Ship Holding	Point Resources AS
DNO	LifeFit	Questa Energy
Dof Subsea	Lundin Petroleum	Rødovre Port Holding A/S
Eco Atlantic Oil and Gas	Magseis	Shamaran Petroleum
Euromicron AG	Monobank ASA	Sparebank 1 Østlandet
Exmar NV	Navig8	Stolt Nilsen
FFS Bidco	Navigator Holdings	TEMPTON Dienstleistungen
Filo Mining Corp	NGEX Resources	Union Maritime Limited
Flex LNG	Norbit ASA	Vantage Drilling
Floatel		

This overview is updated monthly (this overview is for the period 30.09.2018 – 30.09.2019).

Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11(4)

Distribution of recommendations

Recommendation	% distribution
Buy	65%
Hold	31%
Sell	4%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	95%
Hold	5%
Sell	0%

* Companies under coverage with which Pareto Securities Group has on-going or completed public investment banking services in the previous 12 months

This overview is updated monthly (last updated 15.10.2019).

Appendix D

This section applies to research reports prepared by Pareto Securities AB.

Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

Disclosure of assignments and mandates

Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

Azelio	Green Landscaping Holding	Mentice AB	Sedana Medical
Bionvent	IRRAS AB	Pledpharma AB	ShaM aran Petroleum
Climeon	Jetpak Top Holding AB		

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

Cavotec	Saltängen Property Invest	Sedana Medical	Tethys Oil
Cibus Nordic Real Estate	SciBase Holding	ShaM aran Petroleum	Vostok Emerging Finance
Isofol Medical			

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None
This overview is updated monthly (last updated 15.10.2019).

Appendix E

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter d, ref the Securities Trading Act Section 3-10

Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

2G Energy *	Freenet	MAX Automation SE	SCOUT24
Aixtron *	Gesco *	Merkur Bank	Siemens Healthineers AG
Baywa	GFT Technologies *	MLP *	SMT Scharf AG *
Biotest *	Gigaset *	MOBOTIX AG	Surteco Group *
Brenntag	Heidelberg Pharma *	OVH Holding AG	Syzygy AG *
CORESTATE Capital Holding S.A.	Hypoport AG	Procredit Holding *	TAKKT AG
Daldrup & Söhne	init	PSI SOFTWARE AG *	Vapiano
Demire	Intershop Communications AG	PWO *	va-Q-tec *
Epigenomics AG*	Leifheit	RIB Software *	Viscom *
Euromicron AG *	Logwin *	S&T AG *	windeln.de
Eyemaxx Real Estate	Manz AG *	Schaltbau Holding AG	

* The designated sponsor services include a contractually agreed provision of research services.

Appendix F

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter g, ref the Securities Trading Act Section 3-10

Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and—in return—receives compensation.

Adler Modemaerkte	Eyemaxx Real Estate	Intershop Communications AG	OHB SE
Baywa	First Sensor	Leifheit	OVH Holding AG
BB Biotech	Godewind Immobilien AG	MAX Automation SE	Schaltbau Holding AG
comdirect	Hypoport AG	Merkur Bank	Siegfried Holding AG
Daldrup & Söhne	init	MOBOTIX AG	Vapiano

This overview is updated monthly (last updated 15.10.2019).