

WSE Research Coverage Support Program (PWPA 4.0)

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Analitik:

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ATM GROUP RESULTS FOR Q4 2023 AND OUR COMMENTARY

The company ended 2023 with an EBITDA from audiovisual operations reading of 57.2 million PLN, an increase of 6.8% on a year-on-year basis. We are pleased with this result, particularly given the challenging year the company faced in its core business environment.

EBITDA from audiovisual operations in Q4 2023 came in at PLN 12.1 million, which was about 8% lower than our expectations (we had counted on PLN 13.2 million). At the same time, at the consolidated level, EBITDA for Q4 2023 is above our expectations (the forecast was PLN 13.9m vs. a reading of PLN 16.1m). The better results are the result of development and other activities, including the effect of recognizing PLN 1.1 million on the sale of a property in Gdańsk.

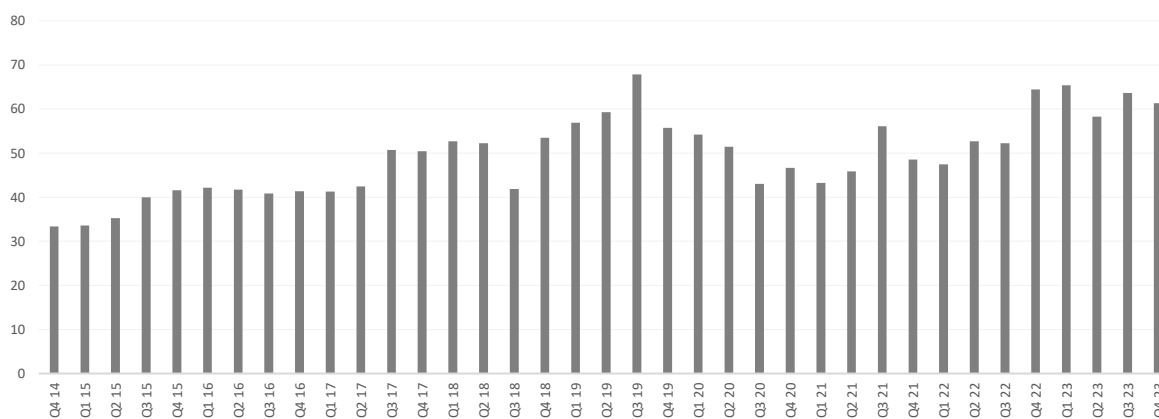
Although the spot Q4 2023 indicated lower-than-forecast results from audiovisual activities, we maintain a positive outlook for future periods. We assess that the ongoing changes in the domestic television and film production market ecosystem will support the company's business in the coming years. We expect to see a notable improvement in results from audiovisual operations over the next 24 months.

Q4 2023 results against our previous expectations [PLN m]

	Q4 22	Q4 23	y/y	2022	2023	y/y	Q4 23E	Q4 23 /Q4 23E
Revenues total	91,2	62,9	-31%	299,9	235,5	-21%	61,6	102%
tv and movie production	29,0	39,3	36%	142,9	148,3	4%	36,5	108%
fixed asset management	24,7	17,0	-31%	78,0	70,7	-9%	18,8	90%
real estate	37,2	6,3	-83%	78,3	15,3	-80%	6,0	106%
other activities	0,2	0,3	38%	0,7	1,2	68%	0,3	99%
EBITDA	18,5	16,1	-13%	64,4	61,3	-5%	13,9	116%
tv and movie production	3,4	4,5	32%	20,5	25,4	24%	5,0	90%
fixed asset management	9,8	7,6	-22%	33,1	31,8	-4%	8,3	92%
real estate	5,5	2,2	-61%	13,1	4,4	-67%	1,2	181%
other activities	-0,2	1,9*	---	-2,3	-0,3		-0,5	---
EBIT	13,7	10,1	-26%	46,2	36,8	-21%	7,4	137%
Financial income&costs	-1,2	-0,5		-2,5	-2,3		0,4	-132%
Results from associated companies	5,6	-0,5		8,7	2,5	-71%	1,6	-31%
Profit before tax	18,1	9,1	-50%	52,4	37,0	-29%	9,4	97%
Net profit for equity holders of the parent company	14,4	6,4	-55%	43,8	27,1	-38%	7,2	89%
Revenues:								
tv and movie production + fixed asset management	53,7	56,3	4,8%	220,9	219,0	-0,8%	55,3	102%
EBITDA:								
tv and movie production + fixed asset management	13,1	12,1	-8,0%	53,6	57,2	6,8%	13,2	91%

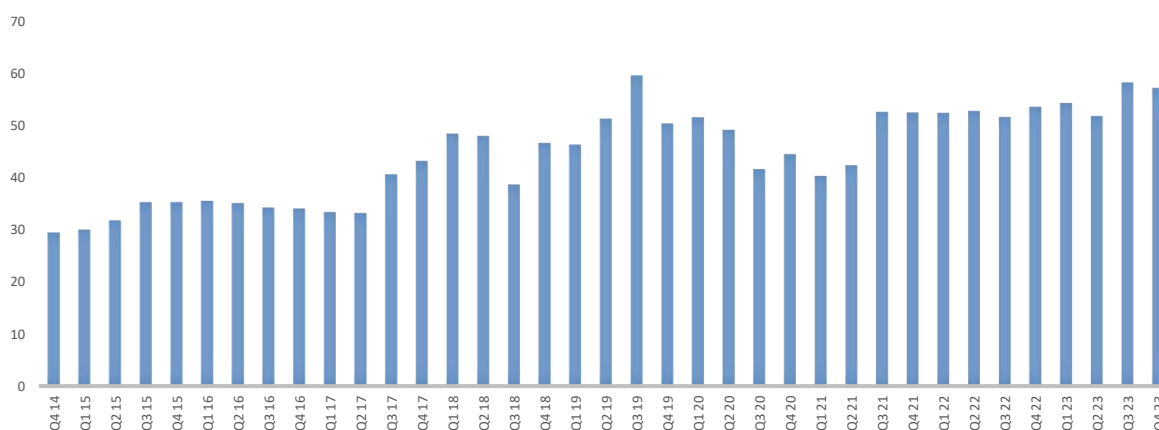
Source: Dom Maklerski BDM S.A., company data

Historical LTM EBITDA (last 4 quarters) [PLN m]



Source: Dom Maklerski BDM S.A., company data

Historical LTM EBITDA audiovisual operations (last 4 quarters) [PLN m]



Source: Dom Maklerski BDM S.A., company data

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Ratings and price targets history:

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
buy	4,91	buy	4,51	2024-04-22	10:35 CEST	3,20	83 515
buy	4,51	buy	4,95	2023-09-13	23:37 CEST	3,29	66 664
buy	4,95	buy	4,58	2023-05-22	11:23 CEST	3,45	65 398
buy	4,58	resume	---	2022-11-28	16:35 CEST	3,51	56 008
hold	4,00	buy	4,75	16.10.2017	09:25 CEST	4,10	65 601
buy	4,75	hold	3,62	01.12.2016	09:17 CEST	3,93	48 619
hold	3,62	buy	3,92	16.02.2016		3,84	44 288
buy	3,92	accumulate	4,11	26.10.2015		3,3	51 157
accumulate	4,15	hold	3,62	01.07.2015		3,74	53 200
hold	3,62	buy	3,71	24.10.2014		3,66	53 582
buy	3,71	buy	3,54	11.06.2014		3,10	53 148
buy	3,54	accumulate	2,83	11.03.2014		3,03	51 230
accumulate	2,83	accumulate	2,06	21.10.2013		2,59	53 854
accumulate	2,06	hold	1,44	27.08.2013		1,86	49 410
hold	1,44	buy	1,43	08.04.2013		1,46	45 200
buy	1,43	buy	1,58	14.12.2012		0,93	46 653
buy	1,58	hold	2,00	12.09.2012		1,08	43 010
hold	2,00	buy	1,59	21.02.2012		2,01	42 047
buy	1,59	---	---	28.09.2011		1,16	37 826

Explanations of terminology:

EBIT - earnings before interest and tax
EBITDA — earnings before interest, taxes, depreciation, and amortization
Net debt – interest bearing debt minus cash and equivalents
WACC - weighted average cost of capital
CAGR - cumulative average annual growth
EPS - earnings per share
DPS - dividend per share
CEPS - net profit plus depreciation per share
EV – market capitalization plus interest bearing debt minus cash and equivalents
EV/S – market capitalization / sales
EV/EBITDA – EV / sales
P/EBIT – market capitalization / EBIT
MC/S – market capitalization / sales
P/E – market capitalization / net profit
P/BV – market capitalization / book value
P/CE - market capitalization / net profit plus depreciation
ROE – net profit / equity
ROA - net income / assets
Gross margin - gross profit on sales / sales
EBITDA margin – EBITDA / sales
EBIT margin – EBIT / sales
Net margin – net profit / sales

The strengths and weaknesses of the valuation methods used in the report:

DCF – the most popular and the most effective of the valuation methods - it is based on the discounting of future cash flows generated by the company. The disadvantage is the high sensitivity to changes in the basic financial parameters forecast in the model (interest rates, exchange rates, profits, residual value).

DDM – the method is based on discounting future cash flows from dividends. The advantage of the valuation is the inclusion of future financial results and cash flows from dividends. The main disadvantages are the high sensitivity to changes in the basic financial parameters forecasted in the model (capital cost, profits, residual value) and the risk of changing the dividend payment policy.

Comparative – the method is based on current and forecasted market multipliers of companies from the industry or related industries, which better than DCF shows the current market situation. The main disadvantages are the difficulty in choosing the right companies for comparison, the risk of ineffective valuation of companies compared at a given moment, as well as high volatility (along with price fluctuations).

Explanation of ratings:

Buy – we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);

Accumulate – we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);

Hold – we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);

Reduce – we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);

Sell – we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).

Target price – the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.

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Distribution of BDM's recommendations in Q2 2024*:			, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months	
	liczba	%	liczba	%
Buy	2	40%	0	0%
Accumulate	2	40%	0	0%
Hold	1	20%	0	0%
Reduce	0	0%	0	0%
Sell	0	0%	0	0%

* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included at <https://www.bdm.pl/analizy-i-informacje/analizy/historia-rekomendacji>

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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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