

**WSE Research Coverage Support Program (PWPA 4.0)**
**BUY (Target Price PLN 4,91) (link)**

Analitik:

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**RESULTS Q3 2024 AND OUR COMMENTARY**

We view the presented data with a moderate degree of optimism, despite the low year-on-year growth rates shown in the income statement for the audiovisual production area. We would like to remind you that the Q3 period of last year presented a challenging comparative basis. Furthermore, it should be noted that the company has not included the result from the realization of a significant production project in 2024 in this year's results. It is likely that this will be reflected in the H1 2025 results.

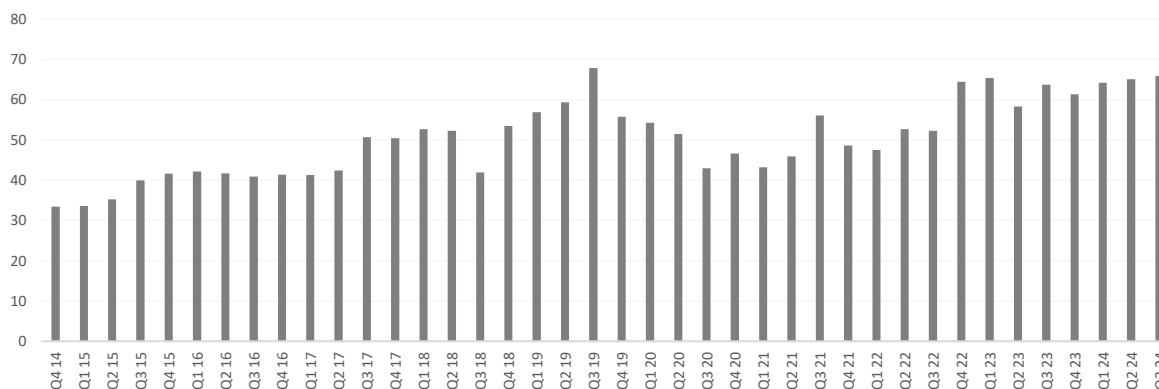
The EBITDA result for the audiovisual business (comprising TV and film production and fixed asset management) was 6% higher than anticipated. In Q3 2024, EBITDA from audiovisual operations reached PLN 27.8 million, representing a 2.8% increase year-on-year. On a trailing twelve-month basis, EBITDA from audiovisual operations reached PLN 61.5 million, representing a 5.6% year-on-year increase.

On a consolidated basis, EBITDA for the third quarter of 2024 increased by 3% year-on-year, reaching PLN 27.5 million. In the last twelve months, EBITDA after the third quarter of 2024 is PLN 65.9 million, representing a three percent increase year-on-year.

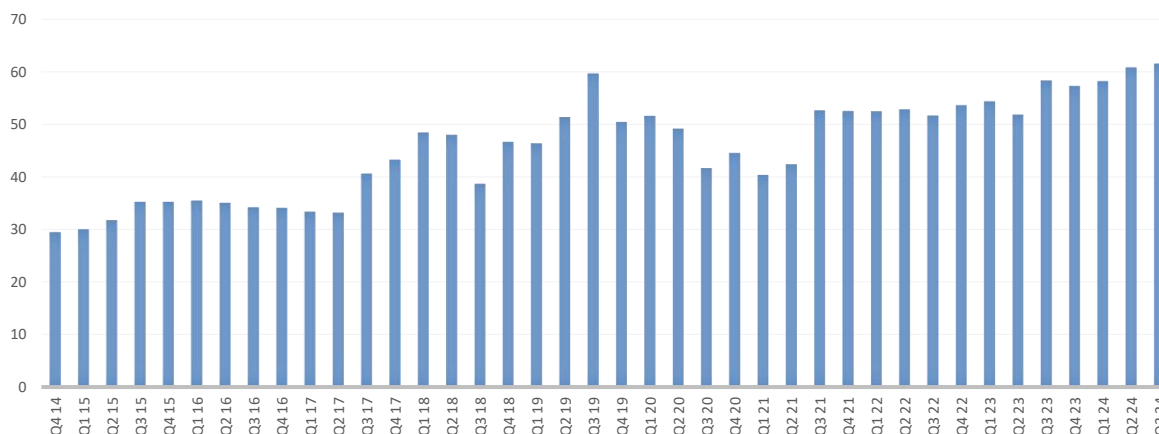
**Q3 2024 results and our previous expectations [PLN m]**

	Q3 23	Q3 24	y/y	Q3 23 LTM	Q3 24 LTM	y/y	Q3 24E	Q3 24 / Q3 24E
Revenues total	75,0	78,2	4%	263,8	252,9	-4%	83,6	94%
tv and movie production	51,1	48,2	-6%	138,0	156,6	13%	50,4	96%
fixed asset management	23,6	28,1	19%	78,5	78,4	0%	31,3	90%
real estate	0,0	0,1		46,2	15,1	-67%	1,6	3%
other activities	0,3	1,9	476%	1,1	2,8	156%	0,3	539%
<b>EBITDA</b>	<b>26,7</b>	<b>27,5</b>	<b>3%</b>	<b>63,7</b>	<b>65,9</b>	<b>3%</b>	<b>25,9</b>	<b>106%</b>
tv and movie production	15,0	15,1	1%	24,4	28,5	17%	13,1	115%
fixed asset management	12,0	12,7	6%	33,9	33,0	-3%	13,0	97%
real estate	-0,1	-0,1		7,7	2,7	-64%	0,3	-24%
other activities	-0,2	-0,2		-2,3	1,6		-0,5	40%
EBIT	18,9	20,0	6%	40,4	41,7	3%	19,9	101%
Financial income&costs	-0,1	-0,4		-2,9	-1,5		-0,4	110%
Results from associated companies	-0,4	-1,3		8,6	-0,7		-0,8	160%
Profit before tax	18,4	18,3	0%	46,0	39,5	-14%	18,7	98%
<b>Net profit for equity holders of the parent company</b>	<b>14,2</b>	<b>13,6</b>	<b>-4%</b>	<b>35,0</b>	<b>29,9</b>	<b>-15%</b>	<b>15,3</b>	<b>89%</b>
<b>Revenues:</b>								
<b>tv and movie production + fixed asset management</b>	<b>74,7</b>	<b>76,3</b>	<b>2,1%</b>	<b>216,5</b>	<b>235,0</b>	<b>8,6%</b>	<b>81,7</b>	<b>93%</b>
<b>EBITDA:</b>								
<b>tv and movie production + fixed asset management</b>	<b>27,0</b>	<b>27,8</b>	<b>2,8%</b>	<b>58,3</b>	<b>61,5</b>	<b>5,6%</b>	<b>26,1</b>	<b>106%</b>

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
<b>buy</b>	<b>4,91</b>	<b>buy</b>	<b>4,51</b>	<b>2024-04-22</b>	<b>10:35 CEST</b>	<b>3,20</b>	<b>83 515</b>
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 Q4 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	4	44%	0	0%
Accumulate	3	33%	0	0%
Hold	1	11%	0	0%
Reduce	1	11%	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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