

WSE Research Coverage Support Program (PWPA 4.0)

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Q2 2024 results preview [PLN m]

| | Q2 23 | Q2 24E | y/y | Q2 23 LTM | Q2 24E LTM | y/y |
|--|-------------|-------------|-------------|--------------|--------------|-------------|
| Revenues total | 47,9 | 51,5 | 8% | 267,3 | 249,9 | -6% |
| tv and movie production | 25,4 | 28,8 | 13% | 136,4 | 160,5 | 18% |
| fixed asset management | 16,2 | 18,7 | 15% | 79,6 | 73,3 | -8% |
| real estate | 6,0 | 3,7 | -38% | 50,3 | 14,8 | -71% |
| other activities | 0,3 | 0,4 | 16% | 0,9 | 1,3 | 37% |
| EBITDA | 9,0 | 11,4 | 27% | 58,3 | 66,6 | 14% |
| tv and movie production | 2,4 | 3,0 | 29% | 19,5 | 27,3 | 40% |
| fixed asset management | 6,0 | 7,7 | 28% | 32,4 | 33,2 | 3% |
| real estate | 1,8 | 1,1 | -42% | 9,3 | 4,6 | -50% |
| other activities | -1,2 | -0,3 | | -2,8 | 1,5 | |
| EBIT | 2,9 | 5,8 | 100% | 38,2 | 42,5 | 11% |
| Financial income&costs | -1,4 | -0,4 | | -2,9 | -1,4 | |
| Results from associated companies | 1,6 | -0,3 | | 10,6 | -0,6 | |
| Profit before tax | 3,1 | 5,1 | 65% | 45,9 | 40,5 | -12% |
| Net profit for equity holders of the parent company | 1,1 | 4,1 | 272% | 36,2 | 31,5 | -13% |
| Revenues: | | | | | | |
| tv and movie production + fixed asset management | 41,7 | 47,5 | 14% | 216,0 | 233,9 | 8% |
| EBITDA: | | | | | | |
| tv and movie production + fixed asset management | 8,4 | 10,7 | 28% | 51,8 | 60,5 | 17% |

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

We anticipate that the second quarter of 2024 will mark a continuation of the rebuilding of the portfolio of ongoing projects in the TV and film production segment. Additionally, we anticipate increased revenue in the fixed asset management segment. Therefore, the total revenue from audiovisual activities (comprising the TV and film production segment and the fixed asset management segment) for the period under review is projected to reach PLN 47.5 million, representing a 14% year-over-year growth. We anticipate an increase in the EBITDA of the audiovisual segment to PLN 10.7 million, representing a 28% year-over-year growth. In LTM terms, our simulation indicates that the EBITDA reading from audiovisual activities after Q2 2024 will be approximately PLN 60.5m.

In total, at the consolidated level, we have assumed in the model an 8% year-on-year increase in the company's revenues, resulting in a total of PLN 51.5 million. Based on our assumptions, we anticipate that EBITDA for Q2 2024 will reach PLN 11.4m, representing a 27% year-over-year increase. We anticipate net earnings attributable to shareholders of PLN 4.1 million.

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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.

Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

| Distribution of BDM's recommendations in Q3 2024*: | | | , distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months | |
|--|---------|-----|---|----|
| | numbers | % | numbers | % |
| Buy | 5 | 83% | 0 | 0% |
| Accumulate | 1 | 17% | 0 | 0% |
| Hold | 0 | 0% | 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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