

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
Total Revenues	74,1	73,9	-0,2%	290,3	298,8	2,9%
Subscriptions	37,9	37,3	-1,6%	151,7	149,3	-1,6%
Advertising	28,0	31,5	12,5%	106,5	118,8	11,5%
License Sales	7,2	2,5	-65,0%	26,1	22,4	-14,1%
TV Channel Production	0,4	2,1	388,0%	3,4	6,4	91,4%
Other	0,5	0,5	-5,7%	2,6	1,9	-25,5%
Total operating costs	-58,9	-55,3		-223,9	-223,2	
Others	-1,8	-1,5		-1,6	0,3	
EBITDA adj.*	17,2	20,7	20,2%	73,3	86,9	18,5%
EBIT	13,4	17,0	27,4%	64,8	76,0	17,3%
Net Financial Income/(Losses)	-0,4	0,3		-0,9	0,4	
Profit before income tax	13,0	17,3	33,0%	63,9	76,4	19,7%
Income tax	-2,7	-3,3		-13,9	-15,6	
Net profit	10,3	14,0	36,1%	50,0	60,9	21,7%

Source: Dom Maklerski BDM S.A.

Following an exceptionally strong reading for Q1 2024, we anticipate that Q2 2024 will also demonstrate robust year-over-year momentum in the company's earnings improvement. In our assumptions for Q2 2024, we have assumed a further erosion of 1.6% year-over-year in issue proceeds and a 12.5% year-over-year increase in advertising revenues. In the period under review, we have assumed a significant reduction in low-margin activities related to license sales, as was already evident in Q1 2024. Our forecast indicates that the company's total revenue for Q2 2024 could reach PLN 73.9 million.

In the quarter under review, we anticipate that EBITDA will increase to PLN 20.7 million, representing a 20.2% year-over-year growth. Our simulation assumes an EBIT reading of PLN 17m, representing a 27.4% increase year-over-year. On a LTM basis, our simulation indicates that EBITDA adjusted will reach PLN 86.9 million, representing an 18.5% increase year-over-year, while EBIT is expected to reach PLN 76 million, a 17.3% increase year-over-year. We anticipate a net level reading of PLN 14 million in Q2 2024, representing a 36.1% year-over-year increase. On a LTM basis, this should equate to a value of PLN 60.9 million, reflecting a 21.7% year-over-year growth.

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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	21,26	buy	18,4	2024-07-15	06:59	14,8	88 694
buy	20,05	buy	18,4	2024-05-21	09:15	14,8	89 082
buy	18,4	---	---	2023-12-11	10:57	14,2	77 400

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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