



Dom Maklerski BDM S.A.

KINO POLSKA TV

EQUITY RESEARCH

Since the publication of the previous Buy recommendation in July of this year, the yield on Kino Polska TV's shares now stands at nearly +54% (including the dividend cut). During this period, the WIG index fell by approximately 10%. Taking into account our updated assumptions, we have raised the company's valuation from PLN 21.26 to PLN 25.2 per share. This represents a 14% premium over the current market price and, as a result, we are changing our recommendation from Buy to Accumulate.

Our attention is drawn to the company's Q3 2024 results, which represent the third successively strong reading for the current year. During the Q3 2024 conference call, the company's board members signalled their intention to take steps to 'maximise the value' of Kino Polska TV.

In the current analysis, we have raised the medium-term earnings trajectory for the company. When compared to the simulations included in our previous analyst report (dated 2024-07-15), we have revised upwards the assumptions for adjusted EBITDA from PLN 87.1m to PLN 97.7m (+12%) for 2024. For the 2025-2026 period, adjusted EBITDA in our model is now 7% and 6% higher, respectively, than the figures in the July report.

In our latest projections for Q4 2024, we have incorporated enhanced earnings figures across all of the company's primary segments. The total assumed improvement in results year-on-year for Stopklatka and Zoom TV is over PLN 2.0m. In the Filmbox segment, we anticipate an increase of almost PLN 1m y/y, driven by advertising revenues, with broadcast revenues remaining stable y/y. Our total earnings estimate for all segments in Q4 2024 is PLN 22.7m, representing a 13.7% year-on-year increase. It should be noted that in Q4 2023, the company recognised a foreign exchange gain of PLN 3.1m on the balance of other operating income/expenses. For Q4 2024, we have currently assumed a negative balance for this item. Consequently, a year-on-year comparison of KPL's reported results in Q4 may be significantly influenced by the aforementioned balance of other operating activities.

We would like to note that on 16 December 2024, Canal+ Group went public on the London Stock Exchange. This follows the previously announced spin-off of the assets from Vivendi's holding company. Based on our estimates, Canal+ Group is currently trading at an EV/EBITDA multiple in the range of 6.5-7.0x for 2025. In contrast, based on the assumptions in the model forecasts, KPL is currently trading at an EV/EBITDA multiplier for 2025 in the vicinity of 2.8x.

	2022	2023	2024E	2025E	2026E	2027E
Revenue [PLN m]	284,8	294,2	310,2	315,9	314,9	323,3
EBITDA adj. [PLN m]	70,5	74,8	97,7	99,1	101,1	102,6
EBIT [PLN m]	60,7	66,5	86,3	88,4	92,5	94,4
Net income [PLN m]	47,7	51,9	70,3	74,3	77,8	79,8
EPS [PLN]	2,4	2,6	3,5	3,7	3,9	4,0
P/BV	2,2	1,8	1,5	1,2	1,1	0,9
P/E	9,2	8,5	6,3	5,9	5,7	5,5
EV/EBITDA	5,9	5,1	3,4	2,8	2,4	2,0
EV/EBIT	6,9	5,7	3,8	3,2	2,6	2,1
DPS [PLN]	0,50	0,35	0,63	0,85	1,03	1,18
Dividend yield	2%	2%	3%	4%	5%	5%

ACCUMULATE

(PREVIOUSLY: BUY)

PRICE TARGET: PLN 25,2

15 DECEMBER 2024, 10:54 CET

Price target [PLN]	25,2
Potential upside/downside	+14%

Price [PLN]	22,2
Market Cap [PLN m]	440
Shares outstanding [m]	46,6

Rate of return [%]	(1)	(2)
3M	26,1	29,1
6M	29,9	37,9
YTD	61,3	60,0
12M	58,0	57,0

(1) - absolute rate of return

(2) - rate of return relative to WIG

Shareholders:

SPI International B.V.	66,0%
Ipopema TFI (Total FIZ, TTL 1)	10%
Nationale-Nederlanden PTE	5,3%

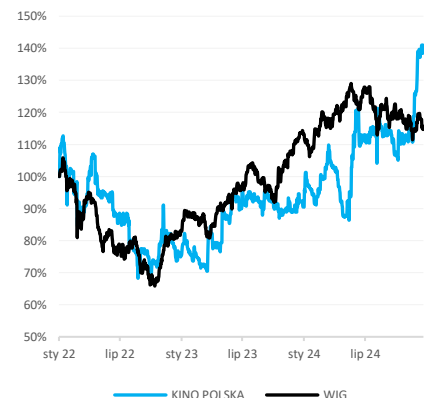
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VALUATION AND SUMMARY

Since the publication of the previous Buy recommendation in July of this year, the yield on Kino Polska TV's shares now stands at nearly +54% (including the dividend cut). During this period, the WIG index fell by approximately 10%. Taking into account our updated assumptions, we have raised the company's valuation from PLN 21.26 to PLN 25.2 per share. This represents a 14% premium over the current market price and, as a result, we are changing our recommendation from Buy to Accumulate.

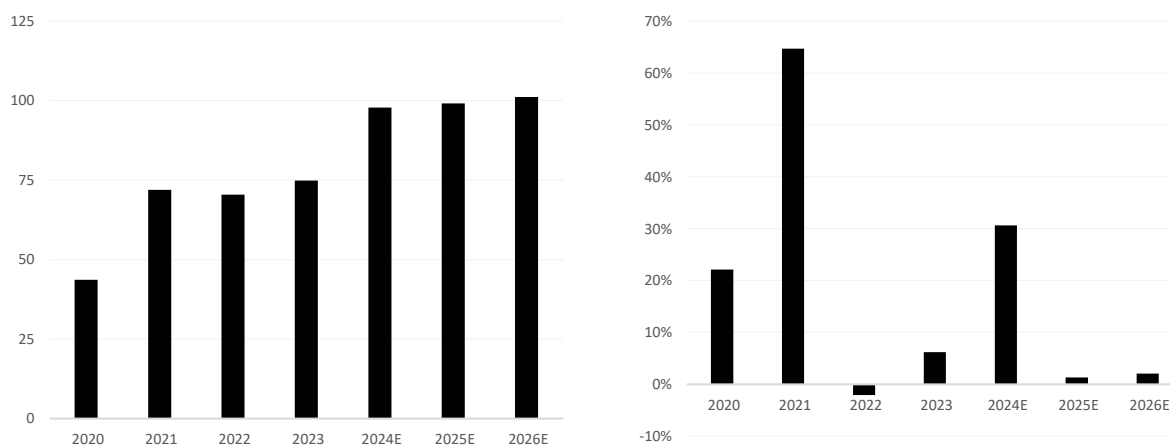
We prepared the valuation based on the DCF model and a multiplier analysis. Using the DCF method, we arrived at a value of PLN 25/share. In turn, the multiplier analysis based on EV/EBITDA for 2025 indicates a price of PLN 25.5/share. The final valuation is the arithmetic average of the two methods used.

Valuation summary

A	DCF [PLN]	25,0
B	Peer valuation [PLN]	25,5
C = (A*50%+B*50%)	Price target [PLN/share]	25,2

Source: Dom Maklerski BDM S.A.

Historical and assumed future path of adj. EBITDA behavior and y/y growth rate [PLN m]



Source: Dom Maklerski BDM S.A.

FINANCIALS

KPL - Income statement [PLN m]

	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Total Revenues	284,8	294,2	310,2	315,9	314,9	323,3	330,9	337,9
Subscriptions	146,1	150,7	151,3	154,2	158,3	162,0	165,4	168,9
Advertising	106,8	107,0	135,4	138,4	132,5	136,4	139,8	142,6
License Sales	27,3	30,0	12,7	11,5	11,7	11,8	12,0	12,2
TV Channel Production	2,0	4,4	8,5	9,3	10,0	10,6	11,2	11,7
Other	2,6	2,1	2,3	2,4	2,5	2,5	2,5	2,6
EBITDA adj.	70,5	74,8	97,7	99,1	101,1	102,6	105,0	106,9
EBIT	60,7	66,5	86,3	88,4	92,5	94,4	96,0	97,2
Net Financial Income/(Losses)	-0,5	-0,9	2,4	3,3	3,5	4,1	4,6	4,9
Profit before income tax	60,2	65,6	88,7	91,7	96,0	98,5	100,6	102,0
Income tax	-12,5	-13,8	-18,4	-17,4	-18,2	-18,7	-19,1	-19,4
Net profit	47,7	51,9	70,3	74,3	77,8	79,8	81,5	82,7
Operating divisions	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
EBIT	60,7	66,5	86,3	88,4	92,5	94,4	96,0	97,2
FilmBox	45,6	49,2	57,1	58,2	59,4	60,4	61,3	62,2
Kino Polska	17,9	14,2	14,9	14,6	14,3	14,0	13,8	13,5
TV Channel Production	0,7	1,7	1,1	2,0	2,1	2,3	2,4	2,5
Zoom TV	-9,6	-2,7	1,8	2,1	4,2	4,6	5,0	5,3
Stopklatka	6,7	0,1	10,8	12,1	13,4	14,6	15,4	15,7
License Sales	3,2	2,7	2,6	2,0	2,0	1,8	1,8	1,8
Other	-0,4	0,1	0,1	-0,2	-0,2	-0,2	-0,2	-0,2
Other items, net	-3,4	1,2	-2,1	-2,4	-2,7	-3,0	-3,4	-3,7

Source: Dom Maklerski BDM S.A.

KPL - Selected data from the balance sheet and cash flow statement [PLN m]

Balance sheet	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Fixed Assets	5,6	7,2	6,1	5,5	5,5	6,0	6,3	6,7
Goodwill	55,7	55,7	55,7	55,7	55,7	55,7	55,7	55,7
Programming Assets	59,4	67,7	76,5	90,0	104,5	119,4	134,6	150,1
Other Non Current Assets	24,8	40,2	33,8	31,2	31,2	33,2	35,0	36,7
Non Current Assets	145,4	170,7	172,0	182,5	196,9	214,3	231,7	249,2
Programming Assets	13,9	11,0	8,0	8,2	8,2	8,4	8,6	8,8
Trade Receivables	95,0	103,9	105,5	107,4	107,1	109,9	112,5	114,9
Other Current Assets	1,2	37,1	85,4	85,4	85,4	85,4	85,4	85,4
Cash and Cash Equivalents	40,9	24,7	29,4	75,9	118,8	157,1	192,4	224,3
Current Assets	151,0	176,7	228,3	276,8	319,4	360,7	398,9	433,3
Total Assets	296,4	347,4	400,4	459,3	516,4	575,0	630,6	682,5
Shareholders'Equity	204,1	243,0	301,5	359,0	416,3	472,8	526,3	576,4
Financial Debt	0,1	2,7	1,8	1,8	1,8	1,8	1,8	1,8
Trade Payables	4,7	1,5	0,2	0,2	0,2	0,3	0,3	0,3
Other Liabilities	8,8	21,7	17,1	17,1	17,1	17,1	17,2	17,2
Long Term Liabilities	13,6	25,9	19,1	19,2	19,2	19,2	19,3	19,3
Financial Debt	17,9	1,3	1,4	1,4	1,4	1,4	1,4	1,4
Trade Payables	49,3	56,3	50,9	52,1	51,9	53,7	55,4	56,9
Other Liabilities	11,4	20,9	27,4	27,6	27,6	28,0	28,3	28,6
Current Liabilities	78,7	78,5	79,7	81,1	80,9	83,0	85,0	86,8
Total Liabilities & Equity	296,4	347,4	400,4	459,3	516,4	575,0	630,6	682,5

Cash flow statement	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Cash Flow from Operating Activities	28,2	50,0	73,1	69,1	69,9	69,9	71,8	73,2
Cash Flow from Investing Activities	-5,2	-41,2	-54,8	-5,5	-6,3	-8,1	-8,3	-8,4
Cash Flow from Financing Activities	-12,5	-25,0	-13,6	-17,2	-20,7	-23,6	-28,2	-32,8
Change in Cash	10,5	-16,2	4,7	46,4	42,9	38,2	35,3	31,9

Source: Dom Maklerski BDM S.A.

KPL- Ratio analysis

	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Price [PLN]	22,2	22,2	22,2	22,2	22,2	22,2	22,2	22,2
Shares outstanding [m]	19,8	19,8	19,8	19,8	19,8	19,8	19,8	19,8
BVPS [PLN]	10,3	12,3	15,2	18,1	21,0	23,9	26,6	29,1
EPS [PLN]	2,4	2,6	3,5	3,7	3,9	4,0	4,1	4,2
P/E [x]	9,2	8,5	6,3	5,9	5,7	5,5	5,4	5,3
EV/Revenue [x]	1,5	1,3	1,1	0,9	0,8	0,6	0,5	0,4
EV/EBITDA adj. [x]	5,9	5,1	3,4	2,8	2,4	2,0	1,6	1,3
EV/EBIT [x]	6,9	5,7	3,8	3,2	2,6	2,1	1,7	1,4
P/BV [x]	2,2	1,8	1,5	1,2	1,1	0,9	0,8	0,8
EV [PLN m]	417	382	329	282	239	201	166	134
Market Cap [PLN m]	440	440	440	440	440	440	440	440
Net Debt [PLN m]	-23	-58	-111	-158	-201	-239	-274	-306
Net Debt / EBITDA adj. [x]	-0,3	-0,8	-1,1	-1,6	-2,0	-2,3	-2,6	-2,9
Revenue y/y	10,8%	3,3%	5,5%	1,8%	-0,3%	2,7%	2,3%	2,1%
EBITDA adj. change y/y	-2,1%	6,2%	30,6%	1,4%	2,1%	1,5%	2,3%	1,8%
EBITDA adj. margin	24,7%	25,4%	31,5%	31,4%	32,1%	31,7%	31,7%	31,6%
Net margin	16,7%	17,6%	22,7%	23,5%	24,7%	24,7%	24,6%	24,5%
Revenue/Assets [x]	1,0	0,8	0,8	0,7	0,6	0,6	0,5	0,5
Assets/Equity [x]	1,5	1,4	1,3	1,3	1,2	1,2	1,2	1,2
EBIT/Interests costs [x]	46,5	37,3	81,1	276,6	361,6	369,0	375,3	379,9
Short-term liabilities / Revenue [x]	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3
Long-term liabilities / Revenue [x]	0,0	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Total liabilities/ Total liabilities & equity [x]	0,3	0,3	0,2	0,2	0,2	0,2	0,2	0,2
Equity / Total liabilities & equity [x]	0,7	0,7	0,8	0,8	0,8	0,8	0,8	0,8
ROA	16,1%	14,9%	17,6%	16,2%	15,1%	13,9%	12,9%	12,1%
ROE	23,4%	21,3%	23,3%	20,7%	18,7%	16,9%	15,5%	14,3%
ROCE	31,4%	29,9%	38,1%	36,7%	36,2%	34,6%	32,5%	30,6%
DPS [PLN]	0,50	0,35	0,63	0,85	1,03	1,18	1,41	1,64
Dividend yield	2,3%	1,6%	2,8%	3,8%	4,6%	5,3%	6,3%	7,4%
Financial debt [PLN m]	18	4	3	3	3	3	3	3
Cash [PLN m]	0	37	85	85	85	85	85	85

Source: Dom Maklerski BDM S.A.

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Ratings and price targets history:

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
accumulate	25,2	buy	21,26	2024-12-23	10:54	22,2	79 925
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

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.

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).

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		
	numbers	%	numbers	%
Buy	7	47%	0	0%
Accumulate	6	40%	0	0%
Hold	1	7%	0	0%
Reduce	1	7%	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.

The report has been prepared by Dom Maklerski BDM S.A. (hereinafter BDM S.A.) within the Exchange Analytical Coverage Support Programme (<https://www.gpw.pl/gpwpa>). BDM S.A. is a party to the „Agreement on the provision of analytical report services” concluded with the Warsaw Stock Exchange Company („GPW”), on the basis of which BDM provides services of analytical coverage of the Issuer for the term of the Agreement. Under the agreement BDM obtains remuneration from GPW. All materials prepared by BDM within the framework of co-operation are available at <https://www.bdm.pl/program-wsparcia-pokrycia-analitycznego-gpw>.

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For the first time this report has been made available to the public on 2024-12-23 (10:54 CET). Date of preparing the report is the date of making it accessible. Before the recommendation was made accessible, information included in it had been confidential.

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- The person that participated in preparing recommendation is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The issuer does not hold shares exceeding 5 % of the BDM issued share capital,
- BDM is not a market maker or liquidity provider in the financial instruments of the issuer,
- BDM has not been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of financial instruments of the issuer;
- BDM is not a party to an agreement with the issuer relating to the provision of investment banking services pursuant to art. 69 §2 and 4 of the Act on Trading in Financial Instruments dated 25th July 2005,
- BDM is not a party to an agreement with the issuer relating to the provision of investment banking services pursuant to section A and B od Annex I to the Directive 2014/65/EU of the European Parliament and of the Council (hereinafter the Directive 2014/65/EU),
- BDM is not a party to an agreement with the issuer relating to the production of the recommendation,
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- There are other significant connections between BDM or its related affiliates and the issuer of financial instruments**
- The person affiliated with BDM who was involved in the preparation of recommendations did not receive or purchase the shares of the issuer, to whom the recommendation relates directly or indirectly, prior to public offering of such shares,
- The person affiliated with BDM who was involved in the preparation of recommendations declares that they respect internal regulations and are subject to organizational and technical solutions and information barriers established by BDM to eliminate any conflicts of interest concerning recommendations and to avoid them,
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*BDM is a party to the “ANALYTICAL REPORT PREPARATION SERVICES AGREEMENT” concluded with the WSE.

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