

**WSE Research Coverage Support Program (PWPA 4.0)**

Last published analyst report: 2024-12-13

**BUY (PRICE TARGET: PLN 13,59) (link)**

Analyst:

Maciej Bobrowski  
maciej.bobrowski@bdm.pl

In this commentary, we highlight the constructive information on cinema attendance in Q4 2024 in Poland, as well as the observed increased M&A activity in the area of entities with outdoor advertising exposure (OOH + DOOH) in the EU.

It is estimated that Agora's outdoor advertising segment in 2024 (according to our assumptions) may show an adjusted EBITDA close to PLN 68m (in line with IFRS 16) and PLN 37m (non-IFRS16). According to our projections, in 2024 the outdoor advertising segment should account for close to 27% of Agora's total adjusted EBITDA. A simulation using a multiplier of 6.5x adj. EBITDA to assess the value of Agora's outdoor advertising segment based on the cited M&A transactions indicates a very significant boost to Agora's future market value growth potential.

We also have reason to believe that Agora's current market price is significantly lower than the peer group average, as indicated by the performance and potential of the film and book segment (as we detailed in our 2024-12-13 analyst report, the valuation of Cinemark Holdings demonstrates strong investor optimism).

**Agora [PLN m]**

	2022	2023	2024E	2025E	2026E	2027E
Total revenue [PLN m]	1 113	1 424	1 479	1 521	1 613	1 700
EBITDA adj. [PLN m]	143	228	249	285	323	352
EBIT adj. [PLN m]	-13	59	75	111	150	178
Net income [PLN m]	-103	65	10	49	85	110
P/E	---	7,3	47,4	9,9	5,7	4,3
EV/Sales	1,1	0,8	0,8	0,8	0,7	0,6
EV/EBITDA	8,5	4,9	4,8	4,0	3,3	2,8
DPS [PLN]	0,00	0,00	0,00	0,00	0,15	0,30
Dividend yield	0,0%	0,0%	0,0%	0,0%	1,5%	2,9%

*Please be advised that the projections are identical to those set out in the analytical report dated 13 December 2024.*

*Source: Dom Maklerski BDM S.A.*

**EQUITY RESEARCH DEPARTMENT:**

**Maciej Bobrowski**

Director

Investment Adviser

tel. (032) 208 14 12

e-mail: maciej.bobrowski@bdm.pl

strategv, industry, media/entertainment, TMT

**Krzysztof Pado**

Deputy Director

Investment Adviser

tel. (032) 208 14 32

e-mail: krzysztof.pado@bdm.pl

oil&gas, construction, building materials, real estate

**Krzysztof Tkocz**

Analyst

tel. (032) 208 14 38

e-mail: krzysztof.tkocz@bdm.pl

gaming

**Anna Tobiasz**

Junior analyst

Investment Adviser

tel. (032) 208 14 35

e-mail: anna.tobiasz@bdm.pl

**Andrzej Wodecki**

Junior analyst

Investment Adviser

tel. (032) 208 14 39

e-mail: andrzej.wodecki@bdm.pl

**INSTITUTIONAL SALES DEPARTMENT:**

**Leszek Mackiewicz**

Director

tel. (022) 62-20-848

e-mail: leszek.mackiewicz@bdm.pl

**Piotr Dedejusz**

tel. (022) 62-20-100

e-mail: piotr.dedejusz@bdm.pl

**Maciej Fink-Finowicki**

tel. (022) 62-20-855

e-mail: maciej.fink-finowicki@bdm.pl

**Tomasz Grzeszczyk**

tel. (022) 62-20-854

e-mail: tomasz.grzeszczyk@bdm.pl

**Piotr Komorowski**

tel. (022) 62-20-851

e-mail: piotr.komorowski@bdm.pl

**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
<b>buy</b>	<b>13,59</b>	<b>buy</b>	<b>14,6</b>	<b>2024-12-13</b>	<b>09:25 CET</b>	<b>8,73</b>	<b>81 725</b>
buy	14,6	buy	14,5	2024-07-12	13:49 CET	10,8	88 454
buy	14,5	buy	10,46	2024-01-09	11:20 CET	10,45	77 250
buy	10,46	buy	10,16	2023-09-13	10:10 CEST	7,60	66 609
buy	10,16	resume	---	2023-03-28	10:05 CEST	5,7	57 132
buy**	21,5	buy	14,8	10.06.2021	07:00 CEST	10,0	66 115
buy**	14,8	buy	16,0	30.09.2019	12:00 CEST	9,8	57 380
buy**	16,0	buy	20,3	01.07.2019	09:12 CEST	13,2	60 917
buy	20,3	buy	19,4	26.05.2017	10:53 CEST	14,8	61 266
buy	19,4	hold	11,8	13.03.2017	10:07 CEST	15,0	58 820
hold	11,8	reduce	11,2	23.02.2016		11,5	45 761
reduce	11,2	buy	10,8	18.06.2015		12,1	53 408
buy	10,8	buy	10,0	03.02.2015		9,0	52 078
buy	10,0	buy	12,2	06.08.2014		7,8	50 692
buy	12,2	buy	10,2	07.02.2014		9,3	52 139
buy	10,2	reduce	8,1	04.09.2013		8,6	48 969
reduce	8,1	accumulate	8,8	18.03.2013		9,0	46 500
accumulate	8,8	accumulate	10,4	06.08.2012		7,8	40 594
accumulate	11,4	buy	16,5	18.05.2012		10,6	37 000
buy	16,5	reduce	18,0	26.10.2011		13,8	40 771
reduce	18,0	reduce	24,0	16.06.2011		20,2	49 077
reduce	24,0	---	---	23.02.2011		25,9	46 548

\*\* the author of the reports was another analyst

**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 Q1 2025*:			, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months	
	numbers	%	numbers	%
Buy	1	33%	0	0%
Accumulate	2	67%	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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