

WSE Research Coverage Support Program (PWPA 4.0)

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BUY (PRICE TARGET: PLN 14.5) (link)

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We received Agora's Q4 2023 results neutrally. In our opinion, the company met the high expectations included in the consensus. We also note that the reported results, excluding the additional provision (PLN 6.1m) in the outdoor advertising segment, would be slightly above our expectations at the EBITDA and EBIT levels. In 2023, Agora experienced significant growth and momentum in all quarterly readings.

In conclusion, we maintain our positive outlook on Agora as our top pick from the TMT sector for 2024, as it was in 2023. We assume that Agora started 2024 on a high note. Q1 2024 should see a strong performance in the film and book segment, in particular. Subsequent periods should confirm our belief that "Agora is back in the game with the ambition to secure the number 3 position in the Polish media group market".

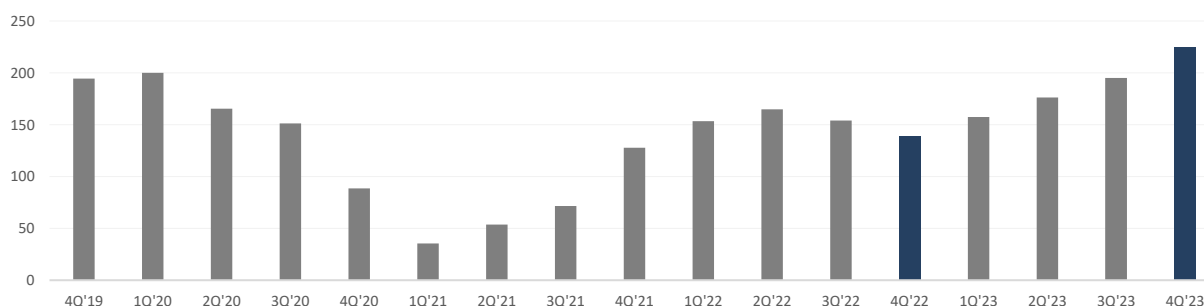
AGORA Q4 2023 results [PLN mn]

	Q4'22	Q4'23	y/y	2022	2023	y/y	Q4'23E BDM	realization
Total revenue	331,0	438,1	32%	1 113,1	1 424,3	28%	420,2	104%
Advertising	157,8	229,9	46%	511,9	703,7	37%	223,9	103%
Cinema tickets	58,5	68,3	17%	192,3	244,0	27%	68,3	100%
Publishing sales	38,6	39,4	2%	136,9	139,9	2%	38,1	103%
Cinema bars	30,8	37,8	23%	103,5	136,6	32%	38,0	99%
Catering sales	10,2	11,8	15%	38,3	43,0	13%	11,9	99%
Movie operations	7,9	16,6	109%	31,2	29,5	-5%	9,5	175%
Other sales	27,2	34,3	27%	99,0	127,5	29%	30,4	113%
EBITDA adj*	55,3	84,9	54%	139,3	224,6	61%	86,8	98%
EBIT	-30,5	34,3	-213%	-64,8	44,6	-169%	39,1	88%
Net interest and others	0,9	32,1	---	-47,4	61,3	---	32,3	100%
EBT	-26,5	66,2	---	-103,7	101,6	---	71,1	93%
Net profit	-30,5	50,9	---	-105,7	85,0	---	57,6	88%
equity holders of the parent company	-31,4	40,1	---	-100,7	65,4	---	49,2	82%

*EBITDA adjusted calculated by BDM may differ from the EBITDA readings Agora presents in its reports

Source: Dom Maklerski BDM S.A., Agora

LTM EBITDA adjusted [PLN mn]



Source: Dom Maklerski BDM S.A., Agora

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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	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

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 Q1 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	8	53%	0	0%
Accumulate	3	20%	0	0%
Hold	2	13%	0	0%
Reduce	2	13%	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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