

## WSE Research Coverage Support Program (PWPA 4.0)

**BUY (Target Price PLN 4,91) [\(link\)](#)**

Analityk:

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**ATM GROUP RESULTS FOR Q1 2024 AND OUR COMMENTARY**

The ATM Group ended the first quarter of 2024 with good y/y figures in the audio-visual business. We see a gradual recovery of revenues in the TV and film production segment, where revenues increased by 27% y/y in the quarter. EBITDA from audiovisual operations in Q1 2024 is close to our expectations at PLN 10.7 m (+9.7% y/y) and in LTM terms it is PLN 58.2 m (+7.1% y/y).

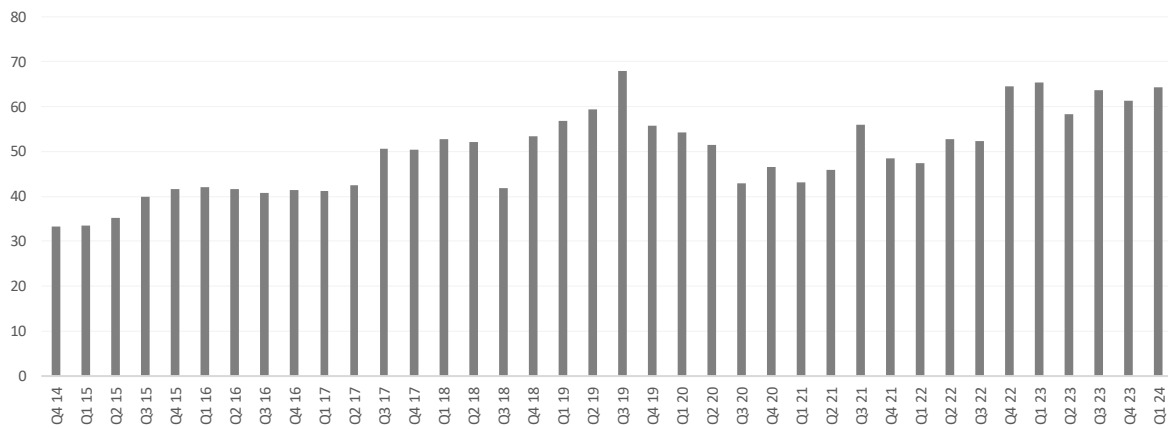
We expect to see a noticeable improvement in the order situation in the audiovisual segments in the coming quarters. In our view, the ongoing changes in the domestic television and film production ecosystem in the coming years will support the company's business. Looking ahead to 2024-2025, we expect a noticeable improvement in earnings from the audiovisual business (we consider the assumptions we made in our 2024-04-22 Analyst Report as a conservative scenario from today's perspective).

**Q1 2024 results against our previous expectations [PLN m]**

	Q1 23	Q1 24	y/y	Q1 23 LTM	Q1 24 LTM	y/y	Q1 24E	Q1 24 /Q1 24E
Revenues total	49,7	60,5	22%	303,0	246,3	-19%	56,4	107%
tv and movie production	32,5	41,2	27%	141,9	157,1	11%	38,0	109%
fixed asset management	13,9	14,1	1%	79,0	70,9	-10%	13,2	107%
real estate	3,1	4,8	57%	81,3	17,1	-79%	4,8	100%
other activities	0,3	0,3	14%	0,8	1,2	53%	0,3	83%
<b>EBITDA</b>	<b>9,5</b>	<b>12,4</b>	<b>30%</b>	<b>65,4</b>	<b>64,2</b>	<b>-2%</b>	<b>11,7</b>	<b>106%</b>
tv and movie production	3,6	4,8	32%	20,9	26,6	27%	4,8	99%
fixed asset management	6,2	5,9	-4%	33,4	31,6	-5%	5,8	102%
real estate	0,5	1,5**	195%	13,3	5,4	-60%	1,5	98%
other activities	-0,8	0,2		-2,3	0,7		-0,5	
EBIT	4,9	7,8	58%	46,5	39,6	-15%	6,7	116%
Financial income&costs	-0,3	-0,4		-2,5	-2,4		-0,3	146%
Results from associated companies	1,8	0,6	-66%	9,6	1,3	-86%	1,4	44%
Profit before tax	6,5	8,0	23%	53,6	38,5	-28%	7,8	102%
<b>Net profit for equity holders of the parent company</b>	<b>5,4</b>	<b>6,8</b>	<b>26%</b>	<b>44,9</b>	<b>28,5</b>	<b>-37%</b>	<b>6,0</b>	<b>113%</b>
<b>Revenues:</b>								
<b>tv and movie production + fixed asset management</b>	<b>46,4</b>	<b>55,4</b>	<b>19,3%</b>	<b>220,9</b>	<b>228,0</b>	<b>3,2%</b>	<b>51,2</b>	<b>108%</b>
<b>EBITDA:</b>								
<b>tv and movie production + fixed asset management</b>	<b>9,8</b>	<b>10,7</b>	<b>9,7%</b>	<b>54,3</b>	<b>58,2</b>	<b>7,1%</b>	<b>10,7</b>	<b>101%</b>

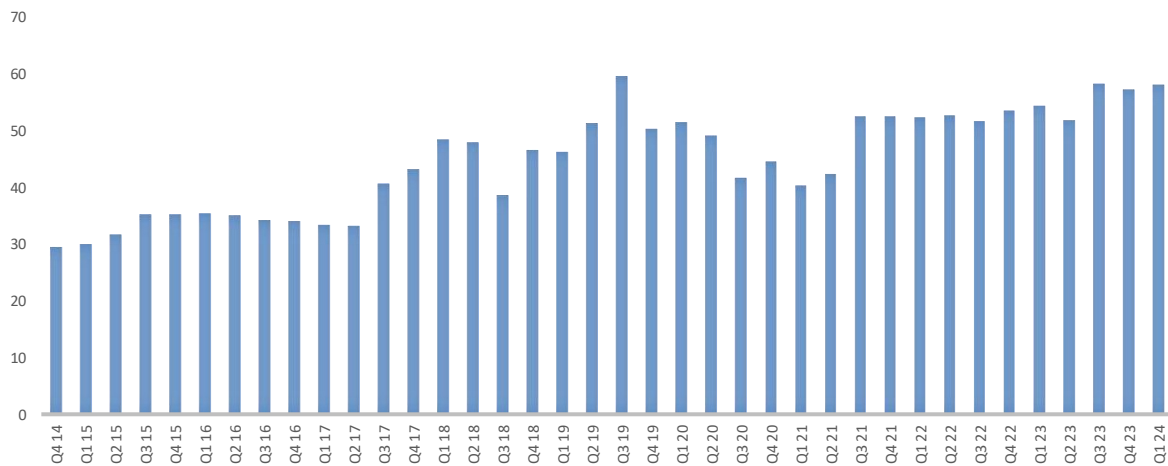
Source: Dom Maklerski BDM S.A., company data

Historical LTM EBITDA (last 4 quarters) [PLN m]



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

Historical LTM EBITDA audiovisual operations (last 4 quarters) [PLN m]



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

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**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
<b>buy</b>	<b>4,91</b>	<b>buy</b>	<b>4,51</b>	<b>2024-04-22</b>	<b>10:35 CEST</b>	<b>3,20</b>	<b>83 515</b>
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 Q2 2024*:			, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months	
	liczba	%	liczba	%
Buy	7	54%	0	0%
Accumulate	3	23%	0	0%
Hold	3	23%	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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