

WSE Research Coverage Support Program (PWPA 4.0)

Last published analyst report: 2024-07-15

**BUY (PRICE TARGET: PLN 21.26) (link)**

Analyst:

Maciej Bobrowski

maciej.bobrowski@bdm.pl

The company released the preliminary results for Q2 2024 on August 6, 2024, after the close of trading. The final results for Q2 2024 will be released on August 22, 2024.

Kino Polska has reported another robust earnings result. We anticipate that in Q2 2024, the primary driver of the growth in results may have been revenues from TV advertising, as was the case in Q1 2024. The company noted that the improvement in results was driven by growth in the Stopklatka, Zoom TV, and FilmBox movie channels segment.

In the second quarter of 2024, revenues reached PLN 79.8 million, an increase of 7.7% compared to the same period last year. EBIT for the quarter increased by 60.5% year-over-year to PLN 21.5 million, exceeding our expectations by 26%. Net profit for Q2 2024 was PLN 17.6 million, representing a 70.7% year-over-year growth and 25% above our assumptions.

After the second quarter of 2024, the company's earnings per share (EPS) for the last four quarters were PLN 3.25. Based on our analysis, we believe that the company's sustained positive momentum in TV advertising on a year-over-year basis also in the second half of 2024 indicates that KPL will outperform the TMT players we have analyzed in terms of EPS growth rate for the full year 2024.

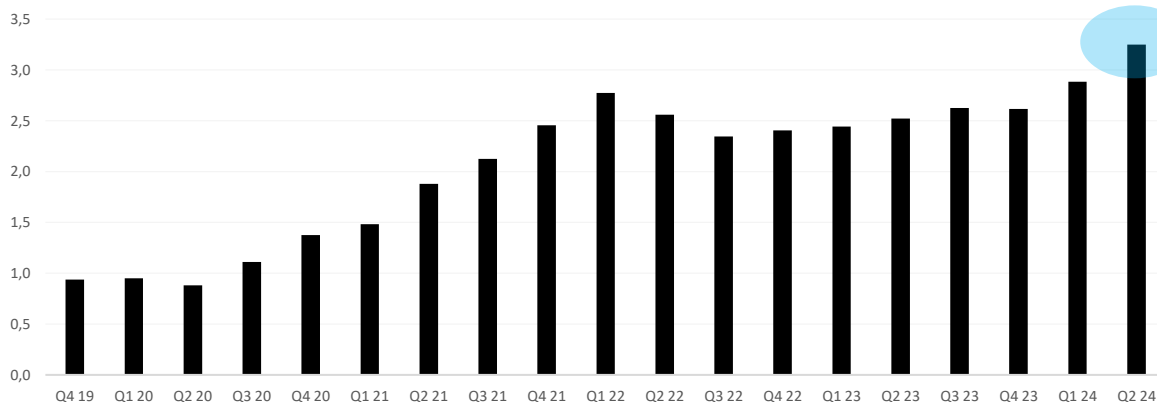
KINO POLSKA TV Q2 2024 results [PLN m]

	Q2 23	Q2 24	y/y	Q2 23 LTM	Q2 24 LTM	y/y	Q2'24E BDM	realization
Total Revenues	74,1	79,8	7,7%	290,3	304,7	5,0%	73,9	108,0%
EBITDA adj.*	17,2	25,1	46,1%	73,3	91,3	24,6%	20,7	121,5%
EBIT	13,4	21,5	60,5%	64,8	80,4	24,2%	17,0	126,0%
Net profit	10,3	17,6	70,7%	50,0	64,4	28,8%	14,0	125,4%

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

Source: Dom Maklerski BDM S.A., KPL

EPS LTM [PLN]



Source: Dom Maklerski BDM S.A., KPL

**EQUITY RESEARCH DEPARTMENT:****Maciej Bobrowski**

Director

tel. (032) 208 14 12

e-mail: [maciej.bobrowski@bdm.pl](mailto:maciej.bobrowski@bdm.pl)[strategy, industry, media/entertainment, TMT](#)**Krzysztof Pado**

Deputy Director

Investment Adviser

tel. (032) 208 14 32

e-mail: [krzysztof.pado@bdm.pl](mailto: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](mailto:krzysztof.tkocz@bdm.pl)[gaming](#)**Anna Tobiasz**

Junior analyst

Investment Adviser

tel. (032) 208 14 35

e-mail: [anna.tobiasz@bdm.pl](mailto:anna.tobiasz@bdm.pl)**Andrzej Wodecki**

Junior analyst

Investment Adviser

tel. (032) 208 14 39

e-mail: [andrzej.wodecki@bdm.pl](mailto:andrzej.wodecki@bdm.pl)**INSTITUTIONAL SALES DEPARTMENT:****Leszek Mackiewicz**

Director

tel. (022) 62-20-848

e-mail: [leszek.mackiewicz@bdm.pl](mailto:leszek.mackiewicz@bdm.pl)**Piotr Dedejusz**

tel. (022) 62-20-100

e-mail: [piotr.dedejusz@bdm.pl](mailto:piotr.dedejusz@bdm.pl)**Maciej Fink-Finowicki**

tel. (022) 62-20-855

e-mail: [maciej.fink-finowicki@bdm.pl](mailto:maciej.fink-finowicki@bdm.pl)**Tomasz Grzeszczyk**

tel. (022) 62-20-854

e-mail: [tomasz.grzeszczyk@bdm.pl](mailto:tomasz.grzeszczyk@bdm.pl)**Piotr Komorowski**

tel. (022) 62-20-851

e-mail: [piotr.komorowski@bdm.pl](mailto:piotr.komorowski@bdm.pl)**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	71%	0	0%
Accumulate	1	14%	0	0%
Hold	0	0%	0	0%
Reduce	0	0%	0	0%
Sell	1	14%	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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