

WSE Research Coverage Support Program (PWPA 4.0)

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Q3 2024 results preview [PLN m]

	Q3 23	Q3 24E	y/y	Q3 23 LTM	Q3 24E LTM	y/y
Total Revenues	69,9	68,3	-2,4%	295,2	303,0	2,6%
Subscriptions	36,6	37,0	0,9%	151,8	150,4	-0,9%
Advertising	21,7	26,4	21,3%	106,6	128,5	20,6%
License Sales	9,8	2,4	-75,0%	29,9	15,6	-47,9%
TV Channel Production	0,9	2,0	123,5%	3,6	6,9	91,5%
Other	0,9	0,5	-45,4%	3,3	1,6	-50,7%
Total operating costs	-57,1	-53,4	-6,4%	-230,2	-222,1	-3,5%
Others	-0,6	-0,5	-14,7%	1,7	1,5	-11,8%
EBITDA adj.*	15,0	16,9	12,6%	71,9	92,4	28,4%
EBIT	12,3	14,4	16,8%	66,8	82,5	23,6%
Net Financial Income/(Losses)	0,3	0,4	34,6%	-0,2	1,1	-541,3%
Profit before income tax	12,6	14,8	17,2%	66,5	83,6	25,7%
Income tax	-3,9	-2,8	-27,6%	-14,5	-15,9	10,1%
Net profit	8,7	12,0	37,0%	52,0	67,7	30,0%

Source: Dom Maklerski BDM S.A.

Following an exceptionally robust performance in the first half of 2024, we anticipate a similarly robust outcome for the company in the third quarter of the year, with continued year-on-year improvement in adjusted EBITDA and net income.

In our projections for the third quarter of 2024, we anticipate a modest increase in broadcast revenues (+0.9% year-over-year) and a notable growth in advertising revenues (+21% year-over-year). In the period under review, we assumed a significant reduction in low-margin activities related to the sale of licences. Our forecast indicates that the company's total revenue for Q2 2024 could reach PLN 68.3m.

Our forecasted year-on-year earnings improvement for Stopklatka and Zoom TV amounts to PLN 2.1m in total. In the Filmbox segment, we anticipate a PLN 0.1m increase in earnings on a year-on-year basis, driven by enhanced advertising revenues despite a stable performance in broadcast revenues. In Q3 2024, we anticipate a return of the channel production segment's revenue to a level close to PLN 2m, following a one-time delay in the settlement of this area's result, as indicated by the company in Q2 2024.

We anticipate that adjusted EBITDA for the quarter will reach PLN 16.9 million, representing a 12.6% year-on-year increase. At the EBIT level, our simulation indicates a projected result of PLN 14.4m, representing a 16.8% increase year-on-year. On a LTM basis, our simulation indicates that adj. EBITDA will reach PLN 92.4 million, representing a 28.4% increase year-on-year, while EBIT is expected to total PLN 82.5 million, a 23.6% rise. In terms of net income, we anticipate a figure of PLN 12 million for the third quarter of 2024, representing a 37% increase year-on-year. On a LTM basis, this should equate to a value of PLN 67.7 million, a 30% growth compared to the previous year.

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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.
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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	1	33%	0	0%
Accumulate	1	33%	0	0%
Hold	0	0%	0	0%
Reduce	1	33%	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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