



Dom Maklerski BDM S.A.

# ATM GRUPA

EQUITY RESEARCH

## BUY

(MAINTAINED)

### PRICE TARGET 4,91 PLN

22 APRIL 2024, 10:35 CEST

We are reiterating our Buy rating on ATM Grupa shares and raising our valuation to PLN 4.91/share (which is 53% above the current market price). We maintain our optimism regarding the company. ATM Grupa is currently among the group of entities in our coverage of TMT companies listed on the WSE that can show some of the best year-on-year growth dynamics in the current 2024. Our optimism is based on the prospects of the core business area, namely audiovisual activities. We also anticipate year-on-year earnings growth in 2024 in the property development segment due to the timing of ongoing projects. The company is currently trading at an EV/EBITDA multiplier for 2024-2025 in the region of 3.7x and 3.3x. Our simulations indicate a P/E multiplier of 6.4x for 2024 and 6.0x for 2025.

Our scenario for the period 2024-2025 assumes a noticeable increase in results from audiovisual activities (the sum of the two segments: TV and film production and fixed asset management). As previously indicated, according to our simulations, the company has initiated a period of earnings recovery in the TV and film production segment, which will be evident in subsequent periods. We anticipate that the total LTM result from audiovisual activities in the following quarters of 2024 may indicate EBITDA readings above PLN 60 million, which will represent a new high for ATM Grupa (the previous highest LTM EBITDA reading was in Q3 2019 at PLN 59.6 million).

Based on our assumptions, the company's EBITDA for 2024 is projected to reach PLN 66.7 million, with an anticipated increase to over PLN 70 million in 2025. At the net result level, we anticipate a 51% year-over-year increase in net profit to reach PLN 42 million for 2024. For 2025, we project a net result of PLN 45.3 million, representing a 7.9% year-over-year growth.

The management board of ATM Grupa has adopted a resolution to recommend that the general meeting of shareholders allocate an additional PLN 0.12 per share as a dividend for 2023 (an advance dividend for 2023 in the amount of PLN 0.08 per share was already paid on December 21, 2023). The total dividend recommended by the company's board for 2023 is PLN 0.20 per share. Based on our projections, ATM Group is expected to continue paying dividends in two installments during the calendar year. Our model indicates that the effective DPS stream that shareholders can receive in 2024 is PLN 0.22, increasing to PLN 0.3 in 2025. This indicates a dividend yield for 2024-2025 in the range of 6.9%-9.4%.

Price target [PLN]	4,91
Potential upside/downside	+53%
Price [PLN]	3,20
Market Cap [PLN mln]	270
Shares outstanding [mln]	84,3
Max. price 6M [PLN]	3,64
Min. price 6m [PLN]	3,13
Rate of return 3M	-7%
Rate of return 6M	-6%
Rate of return 9M	-5%
Rate of return YTD	-11%
Shareholders	
Kurzewski Investment	40,0%
Zygmunt Solorz (Karswell)	17,4%
NN OFE PTE	9,7%
PKO TFI	7,5%

Maciej Bobrowski

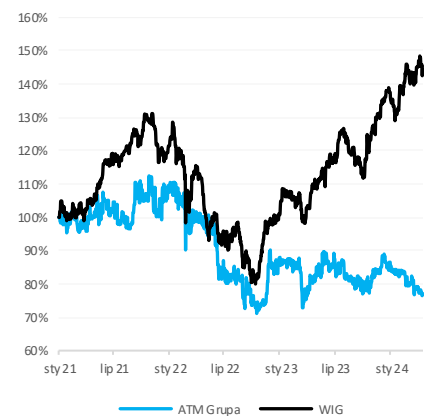
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	2021	2022	2023E	2024E	2025E	2026E
Total revenue [PLN m]	223,9	299,9	234,2	272,0	289,1	322,8
EBITDA [PLN m]	48,6	64,4	59,1	66,7	70,1	75,2
EBIT [PLN m]	26,8	46,2	34,1	46,7	49,9	55,8
Net income [PLN m]	24,6	43,8	27,8	42,0	45,3	50,1
EPS [PLN]	0,29	0,52	0,33	0,50	0,54	0,59
P/BV	1,0x	0,9x	0,9x	0,8x	0,8x	0,7x
P/E	11,0x	6,2x	9,7x	6,4x	6,0x	5,4x
EV/EBITDA	5,5x	3,8x	4,3x	3,7x	3,3x	3,2x
EV/EBIT	10,0x	5,3x	7,4x	5,2x	4,7x	4,4x
DPS [PLN]	0,15	0,28	0,26	0,22	0,30	0,36
Dividend yield	4,8%	8,8%	8,1%	6,9%	9,4%	11,1%



## VALUATION AND SUMMARY

The valuation presented is based on the SOTP method. We have prepared a DCF and multiplier valuation of the TV and film production and fixed asset management segments. In addition, we include an estimate of the value of net assets related to the real estate business. We also add to the final value the market value of the stake in the Boombit entity.

### Valuation summary

$A = 0,5 \cdot A1 + 0,5 \cdot A2$	Valuation of tv and film production + asset management segment [PLN m]	303,2
A1	DCF [PLN m]	284,7
A2	Peer valuation [PLN m]	321,8
B	Valuation of real estate assets [PLN m]	65,1
C	Boombit [PLN m]	45,6
<b>D = A+B+C</b>	<b>Final valuation [PLN m]</b>	<b>413,9</b>
	<b>Price target [PLN]</b>	<b>4,91</b>
	Current market price [PLN]	3,20
	<b>Potential upside/downside</b>	<b>53%</b>

Source: Dom Maklerski BDM S.A.

Our approach to the valuation of assets held in associates and joint ventures is similar to the previous approach. As we indicated, we value Boombit's assets in accordance with current market value. On the other hand, we continue to treat the assets represented by Lumina, Black Photon and ATM Virtual as "start-up" projects at this stage and value them collectively at the level of the value of the loans granted to them by ATM Grupa - this is included in net debt. In future updates, we do not rule out changing our approach to Lumina.

Our estimates indicate that the company is currently valued at historically low ratios on the market if the main criterion for evaluating ATM Grupa is to be the results from its audiovisual business (the sum of the TV and film production and asset management segments). The forecasts for the audiovisual business indicate that LTM EBITDA for this area in the subsequent quarters of 2024 will be above PLN 60m.

<b>INCOME STATEMENT [PLN m]</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Total revenue	249,0	193,5	223,9	299,9	234,2	272,0	289,1	322,8	344,2	329,8
EBITDA	55,7	46,6	48,6	64,4	59,1	66,7	70,1	75,2	79,1	75,8
television and film production segment	20,3	25,4	24,9	20,5	25,9	28,5	31,1	32,3	33,4	34,5
Infrastructure & management segment	30,1	19,2	27,6	33,1	32,4	32,6	33,4	34,7	36,1	37,5
broadcasting segment	6,0	0,1	0,8	-0,1	-0,1	-0,2	-0,2	-0,2	-0,2	-0,2
real estate segment	-0,1	3,0	2,8	13,1	3,4	7,6	7,6	10,1	11,6	5,9
other activity	-0,5	-1,0	-7,6	-2,1	-2,6	-1,9	-1,9	-1,7	-1,8	-1,8
EBIT	34,9	18,1	26,8	46,2	34,1	46,7	49,9	55,8	60,1	56,9
Net interest and others	-0,9	0,4	-0,7	-2,5	-1,4	-1,0	-0,8	-0,7	-1,0	-0,8
Share in profits under equity accounting method	3,0	3,8	5,6	8,7	4,7	9,2	10,1	10,4	10,7	11,0
Profit before income tax	37,0	22,3	31,7	52,4	37,3	54,9	59,2	65,5	69,9	67,0
Net profit	30,7	18,8	25,3	44,6	29,2	44,5	48,0	53,0	56,6	54,3
equity holders of the parent company	30,1	18,4	24,6	43,8	27,8	42,0	45,3	50,1	53,5	51,3
<b>BALANCE SHEET [PLN m]</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Non-current assets	209,2	211,5	215,7	258,4	258,1	271,1	281,9	293,3	305,1	318,3
PP&E	157,4	149,4	155,4	175,9	171,5	175,3	180,5	186,5	192,8	200,4
Long term programming rights	2,0	2,5	2,2	1,3	3,5	3,5	3,5	3,5	3,5	3,5
Intangible assets	3,2	2,0	1,9	1,7	1,4	1,5	1,6	1,6	1,6	1,7
Goodwill	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
Other non-current assets	46,3	57,4	55,9	79,3	81,4	90,6	96,1	101,5	106,9	112,5
Current assets	148,5	140,6	158,4	133,1	123,3	141,4	156,2	180,4	191,4	188,7
Short term programming rights	14,0	5,2	1,4	7,5	3,0	3,3	3,8	3,5	3,8	3,6
Inventory	46,8	49,5	67,1	32,2	37,2	43,2	45,9	53,1	54,7	51,5
Trade receivables and other assets	36,3	30,4	31,6	29,9	25,7	29,8	31,7	57,5	61,3	58,7
Cash and cash equivalents	23,6	39,2	33,3	43,9	8,5	16,2	25,8	17,4	22,7	25,9
Other assets	27,8	16,3	25,1	19,7	49,0	49,0	49,0	49,0	49,0	49,0
Total assets	357,6	352,2	376,6	391,4	384,0	415,1	440,6	476,3	499,1	509,6
Equity	257,0	268,8	280,8	301,4	307,5	331,0	351,0	371,2	390,2	403,3
Total liabilities	100,6	83,4	95,9	90,0	76,5	84,1	89,6	105,1	108,9	106,4
Long-term liabilities	42,7	34,1	40,2	39,1	32,7	32,7	32,7	32,7	32,7	32,7
Short-term liabilities	57,9	49,3	55,1	50,9	43,8	51,4	56,9	72,4	76,2	73,7
Total liabilities & equity	357,6	352,2	376,6	391,4	384,0	415,1	440,6	476,3	499,1	509,6
<b>CASH FLOW STATEMENT [PLN m]</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Cash flow from operating activities	24,8	46,7	27,8	94,4	31,7	50,1	60,3	47,1	65,1	67,9
Cash flow from investing activities	-9,9	-15,7	-10,2	-44,4	-43,4	-23,9	-25,4	-25,5	-25,3	-26,5
Cash flow from financing activities	-26,0	-15,4	-23,5	-39,4	-23,7	-18,5	-25,3	-30,0	-34,5	-38,2
Net increase/(decrease) in cash and cash equivalents	-11,1	15,6	-5,9	10,6	-35,4	7,7	9,6	-8,4	5,3	3,2

Source: Dom Maklerski BDM S.A.

VALUATION AND OTHER METRICS	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Price [PLN]	3,20	3,20	3,20	3,20	3,20	3,20	3,20	3,20	3,20	3,20
Market Cap [PLN m]	84,3	84,3	84,3	84,3	84,3	84,3	84,3	84,3	84,3	84,3
Shares outstanding [m]	270	270	270	270	270	270	270	270	270	270
Net debt [PLN m]	4	-25	-1	-26	-18	-26	-35	-27	-32	-35
EV [PLN m]	274	245	268	244	252	244	235	243	238	234
EPS [PLN]	0,36	0,22	0,29	0,52	0,33	0,50	0,54	0,59	0,63	0,61
BVPS [PLN]	3,04	3,18	3,32	3,56	3,63	3,91	4,15	4,39	4,61	4,77
DPS [PLN]	0,24	0,09	0,15	0,28	0,26	0,22	0,30	0,36	0,41	0,45
Dividend yield (%)	7,4%	2,7%	4,8%	8,8%	8,1%	6,9%	9,4%	11,1%	12,8%	14,2%
P/E	8,9x	14,6x	11,0x	6,2x	9,7x	6,4x	6,0x	5,4x	5,0x	5,3x
EV/EBITDA	4,9x	5,2x	5,5x	3,8x	4,3x	3,7x	3,3x	3,2x	3,0x	3,1x
EV/EBIT	7,9x	13,6x	10,0x	5,3x	7,4x	5,2x	4,7x	4,4x	4,0x	4,1x
P/BV	1,1x	1,0x	1,0x	0,9x	0,9x	0,8x	0,8x	0,7x	0,7x	0,7x
Revenue change y/y	11,3%	-22,3%	15,7%	34,0%	-21,9%	16,1%	6,3%	11,6%	6,6%	-4,2%
EBITDA margin	22,4%	24,1%	21,7%	21,5%	25,2%	24,5%	24,2%	23,3%	23,0%	23,0%
EBIT margin	14,0%	9,3%	12,0%	15,4%	14,5%	17,2%	17,2%	17,3%	17,5%	17,2%
Net margin	12,3%	9,7%	11,3%	14,9%	12,5%	16,3%	16,6%	16,4%	16,4%	16,5%
ROE	12,0%	7,0%	9,0%	14,8%	9,5%	13,5%	13,7%	14,3%	14,5%	13,5%
ROA	8,6%	5,3%	6,7%	11,4%	7,6%	10,7%	10,9%	11,1%	11,3%	10,6%
Current assets / Revenue	60%	73%	71%	44%	53%	52%	54%	56%	56%	57%
Non-current assets / Revenue	84%	109%	96%	86%	110%	100%	98%	91%	89%	97%
Total assets / Revenue	144%	182%	168%	131%	164%	153%	152%	148%	145%	155%
Short-term liabilities / Revenue	23%	25%	25%	17%	19%	19%	20%	22%	22%	22%
Long-term liabilities / Revenue	17%	18%	18%	13%	14%	12%	11%	10%	10%	10%
Total liabilities/ Total liabilities & equity	28%	24%	25%	23%	20%	20%	20%	22%	22%	21%
Equity / Total liabilities & equity	72%	76%	75%	77%	80%	80%	80%	78%	78%	79%
Total loan and lease liabilities [PLN m]	33	28	28	29	29	29	29	29	29	29
Net debt [PLN mln]	4	-25	-1	-26	-18	-26	-35	-27	-32	-35
Debt / Equity	12,9%	10,6%	9,9%	9,5%	9,3%	8,7%	8,2%	7,7%	7,3%	7,1%

Source: Dom Maklerski BDM S.A.

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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	2	75%	0	0%
Accumulate	1	25%	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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This report (hereinafter also referred to as an analysis, a document) has been prepared in compliance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (on market abuse), Commission Delegated Regulation (EU) 2016/958 and Commission Delegated Regulation (EU) 2017/565.

The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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