



Dom Maklerski BDM S.A.

**WSE Research Coverage Support Program (PWPA 4.0)**

# ATM GRUPA

## UPDATE REPORT

05 JULY, 2024, 20:59 CEST

Since the publication of our previous analyst report with a Buy recommendation (dated 2024-04-22), ATM Grupa's stock price has risen to PLN 4.81 at the end of the 2024-07-05 trading session. Furthermore, a dividend of PLN 0.18 per share was paid during the period. Consequently, the return on investment for ATM Group shares from 22 April to 5 July 2024 was 56%.

This report maintains the assumptions set forth in the analytical report published on 2024-04-22. At the same time, we emphasize that we treat the existing assumptions as a conservative scenario and they may change in subsequent updates to the analytical report.

We would like to remind you that in our April analyst report we strongly emphasized an optimistic view of ATM Grupa's core business. We assess that the company is well positioned for growth in both the number and value of ongoing projects.

We would like to remind you that the company announced the very good news of the start of cooperation with Disney+. The commentary on Q1 2024 results reads: "... In the first quarter of 2024, preparations were also underway to start shooting the series "Breslau" - the first Polish original production of Disney+, and the first joint project between ATM Group, the producer of the series, and this global streaming platform. "Breslau" (working title) is an eight-episode crime series set in 1936 Breslau....".

We anticipate that the next quarters will result in a discernible enhancement in contracting within the audiovisual segments. In our estimation, the ongoing changes in the domestic television and film production ecosystem in the coming years will provide a supportive environment for the company's business. Looking ahead to 2024-2025, we anticipate a notable improvement in results from audiovisual activities (we view the presented assumptions as a conservative scenario).

ATM Group ended Q1 2024 with good y/y readings in the audiovisual business. We anticipate a gradual recovery of sales in the TV and film production segment, where revenues in the quarter increased by 27% year-over-year. The EBITDA from the audiovisual operations in Q1 2024 was in line with our expectations at PLN 10.7 million (+9.7% y/y), and in LTM terms it is PLN 58.2 million (+7.1% y/y).

**Valuation [PLN] 4,73\***

\* this valuation takes into account the dividend already paid out in the amount of PLN 0.18 per share (before this event it was PLN 4.91)

Price [PLN]	4,81
Market Cap [PLN mln]	405
Shares outstanding [mln]	84,3

Max. price 6M [PLN]	4,89
Min. price 6m [PLN]	3,13

Rate of return 3M	52%
Rate of return 6M	39%
Rate of return 9M	41%
Rate of return YTD	36%

Shareholders	
Kurzewski Investment	40,0%
Zygmunt Solorz (Karswell)	17,4%
NN OFE PTE	9,7%
PKO TFI	7,5%

**Maciej Bobrowski**

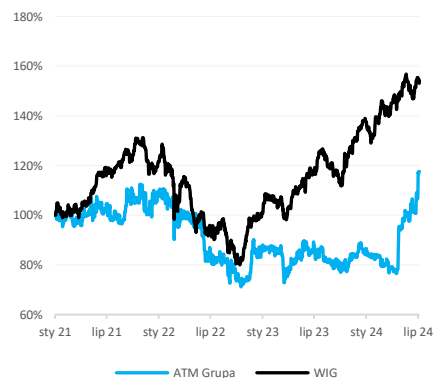
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	2021	2022	2023	2024E	2025E	2026E
Total revenue [PLN m]	223,9	299,9	235,5	272,0	289,1	322,8
<b>EBITDA [PLN m]</b>	<b>48,6</b>	<b>64,4</b>	<b>61,3</b>	<b>66,7</b>	<b>70,1</b>	<b>75,2</b>
EBIT [PLN m]	26,8	46,2	36,8	46,7	49,9	55,8
Net income [PLN m]	24,6	43,8	27,1	42,0	45,3	50,1
EPS [PLN]	0,29	0,52	0,32	0,50	0,54	0,59
P/BV	1,4x	1,3x	1,3x	1,2x	1,2x	1,1x
P/E	16,5x	9,2x	15,0x	9,0x	8,3x	7,5x
EV/EBITDA	8,3x	5,9x	6,0x	5,6x	5,1x	4,9x
EV/EBIT	15,0x	8,2x	10,0x	7,7x	7,0x	6,4x
DPS [PLN]	0,15	0,28	0,26	0,28	0,30	0,37
Dividend yield	3,2%	5,8%	5,4%	5,8%	6,2%	7,7%



## VALUATION AND SUMMARY

This report maintains the medium- and long-term projections set out in the analytical report published on 22 April 2024. It should be noted that the current assumptions are considered a conservative scenario, and they may be subject to change in future updates of the analytical report.

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 estimated value of the stake in the Boombit entity.

### Valuation summary

(maintained assumptions from analytical report 2024-04-22 and inclusion the dividend paid out in the amount of PLN 0.18 per share)

$A = 0,5 \cdot A1 + 0,5 \cdot A2$	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>Valuation per share before dividend pay-out [PLN]</b>	<b>4,91</b>
	Dividend [PLN]	0,18
	<b>Valuation per share after dividend pay-out [PLN]</b>	<b>4,73</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.

## ATM GROUP RESULTS FOR Q1 2024

### 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

- The TV and film production segment reported 27% higher revenues in Q1 2024 compared to the same period last year. The segment's EBITDA increased by 32% to PLN 4.8 million. In LTM terms, the segment's EBITDA reached PLN 26.6 million, representing a 27% year-over-year growth.
- In the fixed asset management segment, Q1 2024 revenues reached PLN 14.1 million, representing a 1% increase compared to the same period last year. Please note that in previous quarters in this segment, the company has significantly expanded its business operations (due to the strong performance in 2022). Therefore, the comparison is made to a challenging base. The EBITDA reading for the segment in the first quarter of 2024 was 4% lower than the previous year at PLN 5.9 million. In the last twelve months, the segment's EBITDA was PLN 31.6 million, representing a 5% decrease year-over-year.
- The total revenue from the audiovisual operations (combined TV and film production segment and fixed asset management segment) in Q1 2024 is PLN 55.4 million, an increase of 19.3% from Q1 2023. Both segments contributed to an EBITDA of PLN 10.7 million in Q1, representing a 9.7% year-on-year increase. In the last twelve months, revenue and EBITDA from audiovisual operations amounted to PLN 228 million (+3.2% y/y) and PLN 58.2 million (+7.1% y/y), respectively.
- Finally, in the quarter under review, the company's net result (for shareholders) showed a profit of PLN 6.8 million, representing a 26% year-over-year increase. In the last twelve months, the net result after the first quarter of 2024 was PLN 28.5 million, a decrease of 37% compared to the previous year.

## FINANCIAL DATA

<b>INCOME STATEMENT [PLN m]</b>	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Total revenue	249,0	193,5	223,9	299,9	235,5	272,0	289,1	322,8	344,2	329,8
EBITDA	55,7	46,6	48,6	64,4	61,3	66,7	70,1	75,2	79,1	75,8
television and film production segment	20,3	25,4	24,9	20,5	25,4	28,5	31,1	32,3	33,4	34,5
Infrastructure & management segment	30,1	19,2	27,6	33,1	31,8	32,6	33,4	34,7	36,1	37,5
broadcasting segment	6,0	0,1	0,8	-0,1	0,0	-0,2	-0,2	-0,2	-0,2	-0,2
real estate segment	-0,1	3,0	2,8	13,1	4,4	7,6	7,6	10,1	11,6	5,9
other activity	-0,5	-1,0	-7,6	-2,1	-0,3	-1,9	-1,9	-1,7	-1,8	-1,8
EBIT	34,9	18,1	26,8	46,2	36,8	46,7	49,9	55,8	60,1	56,9
Net interest and others	-0,9	0,4	-0,7	-2,5	-2,3	-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	2,5	9,2	10,1	10,4	10,7	11,0
Profit before income tax	37,0	22,3	31,7	52,4	37,0	54,9	59,2	65,5	69,9	67,0
Net profit	30,7	18,8	25,3	44,6	28,1	44,5	48,0	53,0	56,6	54,3
equity holders of the parent company	30,1	18,4	24,6	43,8	27,1	42,0	45,3	50,1	53,5	51,3
<b>BALANCE SHEET [PLN m]</b>										
	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Non-current assets	209,2	211,5	215,7	258,4	258,3	271,1	281,9	293,3	305,1	318,3
PP&E	157,4	149,4	155,4	175,9	167,8	175,3	180,5	186,5	192,8	200,4
Long term programming rights	2,0	2,5	2,2	1,3	2,3	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	86,6	90,6	96,1	101,5	106,9	112,5
Current assets	148,5	140,6	158,4	133,1	127,6	141,4	156,2	180,4	191,4	188,7
Short term programming rights	14,0	5,2	1,4	7,5	6,2	3,3	3,8	3,5	3,8	3,6
Inventory	46,8	49,5	67,1	32,2	17,1	43,2	45,9	53,1	54,7	51,5
Trade receivables and other assets	36,3	30,4	31,6	29,9	31,7	29,8	31,7	57,5	61,3	58,7
Cash and cash equivalents	23,6	39,2	33,3	43,9	18,9	16,2	25,8	17,4	22,7	25,9
Other assets	27,8	16,3	25,1	19,7	53,6	49,0	49,0	49,0	49,0	49,0
Total assets	357,6	352,2	376,6	391,4	385,9	415,1	440,6	476,3	499,1	509,6
Equity	257,0	268,8	280,8	301,4	307,0	331,0	351,0	371,2	390,2	403,3
Total liabilities	100,6	83,4	95,9	90,0	78,9	84,1	89,6	105,1	108,9	106,4
Long-term liabilities	42,7	34,1	40,2	39,1	39,9	32,7	32,7	32,7	32,7	32,7
Short-term liabilities	57,9	49,3	55,1	50,9	39,0	51,4	56,9	72,4	76,2	73,7
Total liabilities & equity	357,6	352,2	376,6	391,4	385,9	415,1	440,6	476,3	499,1	509,6
<b>CASH FLOW STATEMENT [PLN m]</b>										
	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Cash flow from operating activities	24,8	46,7	27,8	94,4	43,5	50,1	60,3	47,1	65,1	67,9
Cash flow from investing activities	-9,9	-15,7	-10,2	-44,4	-36,7	-23,9	-25,4	-25,5	-25,3	-26,5
Cash flow from financing activities	-26,0	-15,4	-23,5	-39,4	-31,7	-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	-25,0	7,7	9,6	-8,4	5,3	3,2

Source: Dom Maklerski BDM S.A.

VALUATION AND OTHER METRICS	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Price [PLN]	4,81	4,81	4,81	4,81	4,81	4,81	4,81	4,81	4,81	4,81
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]	405	405	405	405	405	405	405	405	405	405
Net debt [PLN m]	4	-25	-1	-26	-39	-33	-44	-36	-43	-47
EV [PLN m]	410	381	404	380	367	373	362	369	363	359
EPS [PLN]	0,36	0,22	0,29	0,52	0,32	0,53	0,58	0,64	0,69	0,66
BVPS [PLN]	3,04	3,18	3,32	3,56	3,63	3,89	4,17	4,45	4,71	4,90
DPS [PLN]	0,24	0,09	0,15	0,28	0,26	0,28	0,30	0,37	0,42	0,47
Dividend yield (%)	4,9%	1,8%	3,2%	5,8%	5,4%	5,8%	6,2%	7,7%	8,8%	9,8%
P/E	13,5x	22,0x	16,5x	9,2x	15,0x	9,0x	8,3x	7,5x	7,0x	7,3x
EV/EBITDA	7,4x	8,2x	8,3x	5,9x	6,0x	5,6x	5,1x	4,9x	4,5x	4,7x
EV/EBIT	11,7x	21,1x	15,0x	8,2x	10,0x	7,7x	7,0x	6,4x	5,8x	6,1x
P/BV	1,6x	1,5x	1,4x	1,3x	1,3x	1,2x	1,2x	1,1x	1,0x	1,0x
Revenue change y/y	11,3%	-22,3%	15,7%	34,0%	-21,5%	16,1%	6,3%	11,6%	6,6%	-4,2%
EBITDA margin	22,4%	24,1%	21,7%	21,5%	26,0%	24,5%	24,2%	23,3%	23,0%	23,0%
EBIT margin	14,0%	9,3%	12,0%	15,4%	15,6%	17,2%	17,2%	17,3%	17,5%	17,2%
Net margin	12,3%	9,7%	11,3%	14,9%	11,9%	16,3%	16,6%	16,4%	16,4%	16,5%
ROE	12,0%	7,0%	9,0%	14,8%	9,2%	13,5%	13,7%	14,3%	14,5%	13,5%
ROA	8,6%	5,3%	6,7%	11,4%	7,3%	10,7%	10,9%	11,1%	11,3%	10,6%
Current assets / Revenue	60%	73%	71%	44%	54%	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%	17%	19%	20%	22%	22%	22%
Long-term liabilities / Revenue	17%	18%	18%	13%	17%	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	25	29	29	29	29	29
Net debt [PLN mln]	4	-25	-1	-26	-39	-26	-35	-27	-32	-35
Debt / Equity	12,9%	10,6%	9,9%	9,5%	8,3%	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 Q3 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	0	0%	0	0%
Accumulate	0	0%	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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