

WSE Research Coverage Support Program (PWPA 4.0)

BUY (Target Price PLN 4,51) [\(link\)](#)

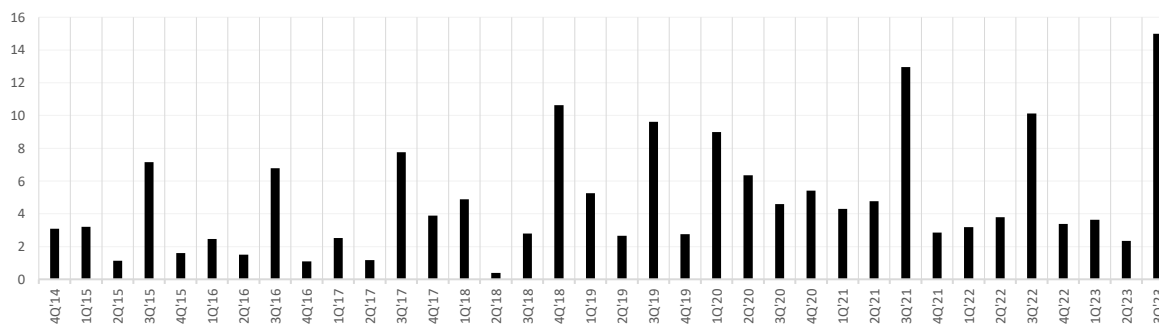
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ATM GROUP RESULTS FOR Q3 2023 AND OUR COMMENTARY

We are pleased with the results for Q3 2023. EBITDA readings for main segments exceeded expectations. Our simulation demonstrates that EBITDA from two areas associated with audiovisual activities in Q3 2023 totaled \$27.1 million, an increase of more than 31% y/y. We observed a robust improvement in the TV and film production segment during Q3, indicating a positive trend. This uptick is particularly noteworthy as it follows several weak quarters. As mentioned earlier, we believe that Q2 2023 marked the lowest point for this segment, and we anticipate that the upcoming quarters will validate our expectation that the business will progressively reestablish its project portfolio.

Historical EBITDA data for the TV and film production segment [PLN m]


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

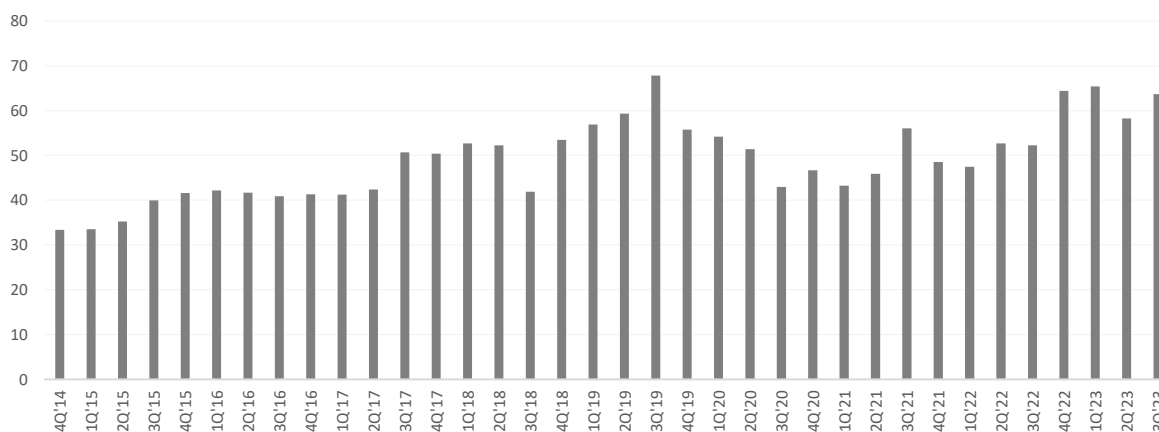
Q3 2023 results against our previous expectations [PLN m]

	3Q'22	3Q'23	y/y	3Q'22 LTM	3Q'23 LTM	y/y	3Q'23E	3Q'23/ 3Q'23E
Revenues total	78,4	75,0	-4%	254,9	263,8	3%	66,2	113%
tv and movie production	49,6	51,1	3%	140,8	138,0	-2%	42,4	121%
fixed asset management	24,7	23,6	-5%	70,4	78,5	11%	21,8	108%
real estate	4,1	0,0		43,0	46,2	7%	1,8	-2%
other activities	0,2	0,3	114%	0,6	1,1	74%	0,1	218%
EBITDA	21,3	26,7	25%	52,3	63,7	22%	21,1	126%
tv and movie production	10,1	15,0	48%	20,0	24,4	22%	12,1	124%
fixed asset management	10,4	12,0	15%	31,7	33,9	7%	10,0	119%
real estate	1,4	-0,1		8,2	7,7	-6%	0,2	-74%
other activities	-0,7	-0,2		-7,6	-2,3		-1,2	16%
EBIT	16,7	18,9	13%	33,9	40,4	19%	13,4	141%
Financial income&costs	0,0	-0,1		-1,6	-2,9		-0,2	36%
Results from associated companies	1,6	-0,4		5,9	8,6	47%	0,1	-625%
Profit before tax	18,3	18,4	1%	38,2	46,0	21%	13,2	139%
Net profit for equity holders of the parent company	15,3	14,2	-7%	32,0	35,0	9%	10,7	132%
Revenues:								
tv and movie production + fixed asset management	74,2	74,7	0,6%	211,3	216,5	2,5%	64,2	116%
EBITDA:								
tv and movie production + fixed asset management	20,5	27,0	31,3%	51,7	58,3	12,8%	22,1	122%

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

- In Q3 2023, revenues in the TV and film production sector rose by 3% y/y, marking a notable improvement from previous quarters. Q2 2023 was a low-performing period for this segment, characterized by the termination of two significant historical projects and a drop in contracting. However, the EBITDA reading for this segment surged by 48% y/y to PLN 15 million. During the reviewed quarter, the depreciation of program assets totaled to \$3.03 million. Looking at the last twelve months, EBITDA amounted to \$24.4 million, representing a 22% y/y increase.
- In the fixed asset management segment, revenues in Q3 2023 amounted to PLN 23.6 million, down 5% y/y. As a reminder, the Company has significantly increased the size of the business in this segment in recent quarters, so the comparison is made against a challenging 2022 base. The segment's Q3 2023 EBITDA was 15% higher y/y at PLN 12 million. In LTM terms, revenue growth is +11 y/y and LTM EBITDA is 7% higher y/y.
- At the level of net result (for shareholders), the Company recorded a profit of PLN 14.2 million, down 7% y/y. On an LTM basis, the net result was PLN 35 million, up 9% y/y.
- Our estimated level of net debt at the end of September'23 was PLN -25.8 million (cash and cash equivalents together with loans exceeded financial liabilities).

Historical LTM EBITDA (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
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 Q4 2023*:			, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months	
	liczba	%	liczba	%
Buy	3	100%	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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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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