

ATM Grupa

Core business remains solid

We remain fundamentally positive on ATM Grupa, as we still consider it as a relatively cheap and decent long-term premium content exposure. Despite the hopefully temporary weakness of the premium content pipeline (which offers no major direct triggers for the core business over the short term), we expect the core business to deliver 7% adj. EBITDA CAGR over 2023E-2025E. We anticipate another strong contribution from the real estate segment only in 2026E with another tranche recognised within Swedish project (till then the project should consume additional working capital). We could see an improvement in cash generation in the years ahead after some changes in approach to real estate or the potential disposal of the Boombit stake. We assume a dividend of PLN 0.30ps (DY of 8.5%) in 2023E, which includes a PLN 0.12ps advance payment in late 2023E versus PLN 0.08ps paid in 2022. Overall, we forecast revenues at PLN 250m/265m (-17%/+6% y/y) in 2023E/2024E (excluding the real-estate segment we forecast the 2023E/2024E adj. core business top-line dynamic at +7%/+5% y/y) and net profit at PLN 35m/36m (-20%/+4% y/y), down from our previous assumption of PLN 37m/44m (mainly due to lower number of premium projects to be recognised in 2023E/2024E than we assumed earlier). We maintain our BUY recommendation but decrease our FV to PLN 4.30ps (implying 23% upside) from PLN 4.50ps. On our forecasts, ATM Grupa trades at a P/E of 8.4x/8.1x for 2023E/2024E.

Small cut in 2023E/2024E premium pipeline. We perceive the management's comments on the outlook for the premium content pipeline in 2023E/2024E, or the reluctance to develop on its own book new movie projects (or TV series) as a bit uninspiring. With no new major announcements and focus on documentary TV series projects or artistic movies we see a risk that the premium part of the business may not live up to its potential. Overall we have reduced the number of premium TV series to be produced from 1.3x/2.0x to 1.0x/1.5x in 2023E/2024E respectively. As the demand for Polish content from OTT platforms remains solid, we consider it as more temporary issue rather than structural problem. We do not exclude that with the improvement of attractiveness of ATM Grupa's developed projects the number of produced premium projects may increase.

Boombit's never-ending strategic options review process. In our view, with each passing month, the likelihood of concluding the potential disposal of stake in Boombit (4.0m shares, 29.54% of Boombit's equity) is becoming lower, especially, as the strategic review process has started back in November 2021. Given company's cash position, and apparent reluctance to take risks within premium content area, it seems there is no immediate need for the company to convert Boombit's stake into cash. However, in our view company's minority shareholders would welcome one-off extraordinary distribution from the potential Boombit's disposal, rather than maintaining the current level of Boombit's contributions to the company's bottom line and dividend inflows.

Figure 1. Summary of financial data (PLN m)

PLN m	2020	2021	2022	2023E	2024E	2025E
Revenues	193.5	223.9	299.9	249.7	264.9	300.5
Reported EBITDA	46.6	48.6	64.4	61.5	57.3	63.8
EBITDA adj. excluding D&A of programming assets	36.9	44.1	63.5	54.5	56.1	62.5
Net profit	18.4	24.6	43.8	35.2	36.5	41.1
EPS (PLN)	0.22	0.29	0.52	0.42	0.43	0.49
DPS (PLN)	0.08	0.15	0.28	0.30	0.33	0.34
EV/EBITDA rep. (x)	5.7	5.9	3.4	2.6	3.0	2.9
P/E rep. (x)	18.7	15.3	6.9	8.4	8.1	7.2

Source: Company, IPOPEMA Research

TMT | Media

ATM Grupa

BUY

FV PLN 4.30 from PLN 4.50

23% upside

Price as of 26 June 2022 PLN 3.51

Maintained



Share data

Number of shares (m)	84.3
Market cap (EUR m)	66.3€
12M avg daily volume (k)	9.8
12M avg daily turnover (EUR m)	0.01
12M high/low (PLN)	3.78/2.91
WIG weight (%)	0.04
Reuters	ATGP.WA
Bloomberg	ATG PW

Total performance

1M	-4.4%
3M	9.3%
12M	4.4%

Shareholders (% of equity)

Mr Tomasz Kurzewski and Ms Dorota Michalak-Kurzewska	40.0%
Mr Zygmunt Solorz-Zak	17.4%
Nationale-Nederlanden OFE	10.1%
PKO TFI	7.6%
MetLife OFE	6.2%
Uniqa OFE	5.3%
Others	13.4%

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The definitions of terms used in the document include:

NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value – price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

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Rating	Difference between FV and price at recommendation
Buy	Above 10%
Hold	In between (and including) -10% and 10%
Sell	Below -10%

IPOPEMA Research - Distribution by rating category (1 January – 31 March 2023)

	Number	%
Buy	9	90%
Hold	1	10%
Sell	0	0%
Total	10	100%

Rating History – ATM Grupa

Date	Recommendation	Fair Value	Price at recommendation	Author
09/06/2021	BUY	PLN 6.00	PLN 4.19	Marcin Nowak
06/09/2021	BUY	PLN 5.90	PLN 4.15	Michał Wojciechowski
13/12/2021	BUY	PLN 5.80	PLN 4.42	Marcin Nowak
04/07/2022	BUY	PLN 4.40	PLN 3.46	Michał Wojciechowski
14/12/2022	BUY	PLN 4.50	PLN 3.53	Marcin Nowak
29/06/2023	BUY	PLN 4.30	PLN 3.51	Michał Wojciechowski