

Research

CEE | Equity Research

Dino Polska

Input prices weigh on store economics, competition follows

The market, in our view, interpreted the significantly weaker-than-consensus results through the lens of intensifying competitive pressure, treating it as a structural and progressing risk to Dino's long-term profitability. This perception was further reinforced by the reversal in gross margin trajectory relative to the market leader, as well as the lack of clear guidance from Dino for 2026. It is also possible that Biedronka was more effective in leveraging PPI deflation in supplier negotiations, as suggested by the CFO's commentary indicating a deeper focus on commercial terms this year. Nevertheless, in our view, the deterioration in store-level economics was primarily driven by deepening food deflation, particularly in several key categories for Dino. The sharp gross margin erosion in Q4 was largely a function of volume pressure, with the company clearly stimulating volumes (5%+ per store on a broadly flat market). This was further compounded, in our opinion, by a negative FIFO effect at Agro-Rydzyna.

We consider this situation to be temporary. Based on our correlation analysis, the transmission of inflation impulses from input prices to shelf prices typically takes c.4–5 months, although in fresh categories, including meat, this process is significantly faster. As a result, while the deflationary environment in Q1 is likely to translate into c.10% EPS decline r/r, Dino should already be exiting deflation in Q2, with LFL supported by basket inflation in H226. At that point, improving store economics combined with an acceleration in rollout should, in our view, drive EPS growth of above 20%, with a similar pace expected to be sustained into 2027 based on our revised forecasts. Hence, while near-term earnings momentum remains weak, it should improve meaningfully over a six-month horizon.

Based on our forecasts, the current share price implies a 2027 P/E of c.15x, which, in the context of 20%+ EPS growth in 2027, offers an attractive growth-adjusted valuation on a 1Y FWD basis. This is further supported by an expected FCF ex growth yield of c.10% in 2027. At the same time, Dino is trading broadly in line with JMT on P/E multiples in 2026–27 and at a slight discount in 2028, despite a superior growth profile. Versus the broader European grocery peer group, where EBITDA CAGR in 2025–28 is more than 10pp lower, Dino is currently trading at a c.20% premium this year, which dissipates by 2027.

The gap between Dino and the market leader will continue to converge, with both players further consolidating the market. Clearly, Biedronka's business model benefits from strong customer engagement, optimisation of price point architecture and long-standing investments in the shopping experience, which translate into tangible competitive advantages. However, in our view, both formats still have room for further market penetration. While Dino may lose some customers to larger formats for "big basket" shopping, its smaller store format allows for deeper geographic penetration, positioning the company well to capture share from the traditional channel. In 2025, market share gains were broadly similar for both players. This year, however, we expect Dino to outpace the market, reaching c.10% share of the broadly defined grocery market, with the gap to the leader (currently c.3x larger) narrowing to c.2.5x over the next three years. Volume growth in both companies should remain among the strongest in the market and increasingly comparable, reinforcing their competitive advantage.

Valuation. Our valuation is fully based on an income approach. The key change in our assumptions is the revision towards a more conservative long-term profitability trajectory (c.-85bps at the EBITDA margin level), to which our model is currently most sensitive. A 10bps change in terminal operating margin impacts valuation by c.1.5%. Following our forecast revisions, we decrease our TP by 19% to PLN39.5 while maintaining a Buy recommendation. Key risks include: (1) weaker LFL dynamics, reflecting lower basket inflation, slower volume growth and slower maturation of new stores; (2) increased price investment to maintain competitiveness versus market leaders, weighing on store-level profitability; (3) lower operating leverage; and (4) a weaker cash generation profile (longer cash conversion cycle and higher CAPEX intensity).

PLNm	2023	2024	2025	2026E	2027E	2028E
Revenues	25,666	29,274	33,634	39,138	45,880	52,969
EBITDA	2,233	2,318	2,546	2,848	3,478	4,087
EBIT	1,876	1,908	2,041	2,279	2,777	3,257
Net profit	1,405	1,506	1,559	1,738	2,138	2,524
EPS (PLN)	1.4	1.5	1.6	1.8	2.2	2.6
P/E (x)	23.3	21.7	21.0	18.8	15.3	13.0
EV/EBITDA (x)	15.1	14.2	12.8	11.6	9.4	7.8
FCFF Yield (%)	1.7%	2.8%	1.7%	-1.2%	1.9%	2.6%
DY (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, Trigon

Buy

(previous: Buy)

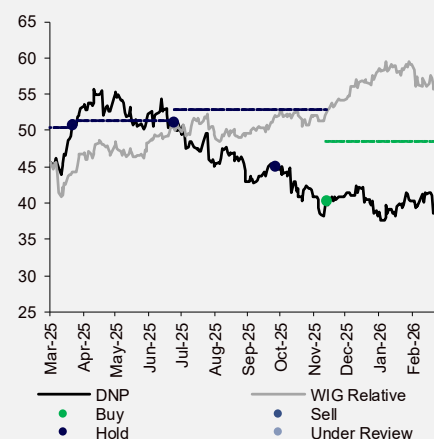
Target price: 39.5 PLN

Upside: +18%

FACT SHEET

Ticker	DNP		
Sector	FMCG		
Price (PLN)	33.4		
52W range (PLN)	38.5 / 56.2		
Shares outstanding (m)	980.4		
Market Cap (PLNm)	32,726		
Free-float	48.8%		
3M Avg. Vol. (PLNm)	93.64		
Price performance	1M	3M	1Y
	-7.4%	-10.2%	4.3%

RELATIVE SHARE PRICE PERFORMANCE



RECOMMENDATIONS	DATE	TP
Buy	10.12.2025	48.5
Hold	23.10.2025	53.0
Hold	21.07.2025	53.0
Hold	17.04.2025	51.5
Hold	03.03.2025	50.5
Hold	10.12.2024	41.5

SHAREHOLDERS

Shareholder	Share %
Tomasz Biernacki	51.2%

INVESTOR CALENDAR

14.05.2026	1Q26 Results
20.08.2026	1H26 Results
05.11.2026	3Q26 Results

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Glossary of professional terms:

capitalisation – market price multiplied by the number of a company's shares

free float (%) – percentage of a company's shares held by shareholders with less than 5% of total voting rights attached to the shares, reduced by treasury shares held by the company

min/max 52 wks – lowest/highest share price over the previous 52 weeks

average turnover – average volume of share trading over the previous month

EBIT – operating profit

EBITDA – operating profit before depreciation and amortisation

adjusted profit – net profit adjusted for one-off items

CF – cash flow

CAPEX – sum of investment expenditures on fixed assets

OCF – cash generated through a company's operating activities

FCF – cash generated by a company after accounting for cash outflows to support its operations and maintain capital assets

ROA – rate of return on assets

ROE – rate of return on equity

ROIC – rate of return on invested capital

NWC – net working capital

cash conversion cycle – length of time it takes for a company to convert its cash investments in production inputs into cash revenue from sale of its products or services

gross profit margin – ratio of gross profit to net revenue

EBITDA margin – ratio of the sum of operating profit and depreciation/amortisation to net revenue

EBIT margin – ratio of operating profit to net revenue

net margin – ratio of net profit to net revenue

EPS – earnings per share

DPS – dividend per share

P/E – ratio of market price to earnings per share

P/BV – ratio of market price to book value per share

EV/EBITDA – ratio of a company's EV to EBITDA

EV – sum of a company's current capitalisation and net debt

DY – dividend yield, ratio of dividends paid to share price

RFR – risk free rate

WACC – weighted average cost of capital

Recommendations of the Brokerage House

Issuer – DINO S.A.

BUY – we expect the total return on an investment to reach at least 15%

HOLD – we expect the price of an investment to be largely stable, with potential upside of up to 15%

SELL – we expect negative total return on an investment of more than -0%

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Document prepared by: Grzegorz Kujawski

Valuation methods used

The Discounted Cash Flow (DCF) method values a company by estimating its future cash flows and discounting them back to their present value.

- Advantages: future-oriented, flexible when it comes to assumptions, based on the intrinsic value of a company, widely accepted.

- Disadvantages: sensitivity to assumptions, complexity, subjectivity, doesn't consider market sentiment or short-term fluctuations.

The comparable valuation method values a company by comparing it to similar publicly traded companies.

- Advantages: simplicity, transparency, benchmarking, reflects current market valuations and investor sentiment.

- Disadvantages: lack of specificity, limited comparables, sensitive to market fluctuations, ignoring fundamental differences.

SOTP – sum-of-the-parts method, which consists in valuing a company by valuing its individual business lines separately and then summing them up.

Advantages: different valuation methods can be applied to diverse business lines; the approach is useful for assessing the value of a company e.g. in the case of planned acquisition or restructuring.

Disadvantages: the peer group for individual business lines is usually limited, the method does not adequately account for synergies between business segments.

Risk-adjusted net present value method (rNPV)

Advantages: accounting for probabilities assigned to future cash flows, providing a more realistic assessment of the present value of future cash flows and reflecting business-specific factors, especially in the case of innovative companies.

Disadvantages: subjectivity involved in the adoption of a discount rate, significant reliance on a number of assumptions, high level of complexity in the calculations and exclusion of qualitative factors from the valuation.

Discounted residual income method (DRI)

Advantages: valuation based on the excess of income over risk-adjusted opportunity cost to owners of capital, the method can be applied to companies that do not pay dividends or generate positive FCF.

Disadvantages: significant reliance on subjective judgements and assumptions, as well as sensitivity of the valuation to any changes in those variables.

Discounted dividend model (DDM)

Advantages: accounting for real cash flows to equity owners, the model works best for companies with a long history of dividend distribution.

Disadvantages: the method can be applied to dividend-paying companies only, it is not suitable for companies with a short history of dividend distribution.

Net asset value method (NAV)

Advantages: the approach is particularly relevant to holding companies with significant property, plant and equipment assets, the calculation of NAV is relatively straightforward.

Disadvantages: the method neglects future revenue or earnings potential and may not properly reflect the value of intangible assets.

Target multiple method

Advantages: the method can be applied to any company.

Disadvantages: it involves a high degree of subjectivity.

Replacement value method – it assesses the value of a company based on the costs of replacing its assets.

Advantages: the method is particularly relevant to companies with significant property, plant and equipment assets.

Disadvantages: it may be hard to capture the value of a company's intangible assets, reputation and market potential.

Liquidation value method – the sum of prices that the business would receive upon selling its individual assets on the open market.

Advantages: the method can capture the lowest threshold of a company's value.

Disadvantages: it may be hard to capture the value of a company's intangibles.

[Basis of the valuation or methodology and the underlying assumptions used to evaluate the financial instrument or the issuer, or to set a price target for the financial instrument: DCF](#)

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Date and time when the production of the recommendation was completed: 01.04.2026 08:20

Date and time when it was first disseminated: 01.04.2026 08:30

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