Monday, 17 November 2025 | update

FMCG Retail Report

Retail, Poland, Portugal

Polish Grocery Retail: Margin Tailwinds Ahead

Consumer demand in Poland has strengthened since the first quarter of 2025, but the rebound has largely bypassed the food category, where volumes remain soft. Looking ahead to 2026, the setup for grocery retailers appears more favourable: food inflation is set to remain low, and minimum wage growth should ease, reducing cost pressure. In such an environment, we expect retailers to scale back promotional intensity as the need to compete aggressively for volumes diminishes.

Within the sector, we see Żabka as a key beneficiary of falling interest rates. We upgrade Dino to Buy, with an initiation of dividend payments or an acceleration of medium-term store roll-out serving as potential catalysts.

Dino (Buy): Growth Acceleration or Dividend Ahead

After roughly a 24% share price drop since our May 2025 ‘sell’ call, we now see emerging upside potential, as the market appears to have overreacted to Dino’s soft Q3 LFL growth. While 2025 remains weak, we expect a modest LFL rebound in 2026 and margin recovery supported by gross margin improvement and easing SG&A pressure from milder wage hike.

A key catalyst could be Dino reaching net cash by end-2025, enabling its first shareholder distribution, or, alternatively, an acceleration of store rollout, which may lift long-term earnings. Valuation looks attractive with shares trading at a ca. 25% discount to historical EV/EBITDA multiples. We upgrade DNP to ‘Buy’ with the 12M TP lowered to PLN 47.5.

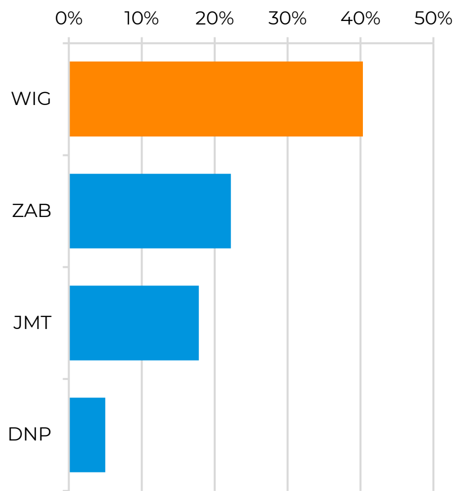
Jeronimo Martins (Buy): Operational Excellence

Jerónimo Martins delivered relatively resilient Q3’25 results, marginally ahead of expectations at a time when most peers missed the mark. Biedronka’s like-for-like held up better than anticipated and solid cost discipline supported margin resilience. However, the group has shifted tactically by scaling back promotions and prioritizing efficiency, which modestly lifted margins but softened like-for-like growth. Looking ahead, we expect Biedronka’s LFL to recover in 2026, supported by strong real wage growth and rate cuts, while Portugal performance should weaken as food inflation fades and cost pressure remains elevated. In Colombia, elections scheduled for 2026 may prompt a sizeable minimum wage increase, limiting margin improvement at Ara. With JMT trading at 6.7x 2026E EBITDA, below its 5-year average, valuation appears attractive, though upside catalysts remain limited. We raise our TP to EUR 24.5 and upgrade our rating to Buy.

Żabka (Buy): Poised for Growth in a Lower CPI Environment

Żabka’s Q3 like-for-like softened in line with the sector, prompting us to cut our 2025 LFL forecast to 5.5%. However, the company upgraded its rollout plan to 1,300 gross openings annually in 2026–28 (vs. around 1,000), which should offset weaker LFL momentum and leaves our 2025–27 adjusted EBITDA forecasts broadly unchanged. For 2026, we expect a LFL rebound on a weak base and stronger real LFL as consumers trade up, supporting c.15% y/y EBITDA growth. A lower CPI environment also benefits Żabka through improved real LFL and stronger cash generation under its CPI-linked lease model. After the recent ABB by major shareholders, we see the risk of another sizeable placement as largely deferred until May 2026. With the stock trading at 8.5x 2026E EBITDA (IAS 17) - a 30% discount to DINO - we see valuation as attractive. We lower our TP to PLN 34 on peer de-rating and reiterate buy rating.

Retail companies vs. WIG (YTD)



Company	target price		recommendation	
	new	old	new	old
Dino	47.50	48.50	buy	sell
Jeronimo Martins	24.50	22.00	buy	hold
Żabka	34.00	35.00	buy	buy

Company	current price*	target price	upside/ downside
Dino	40.93	47.50	+16.1%
Jeronimo Martins	21.74	24.50	+12.7%
Żabka	23.53	34.00	+44.5%

*Prices as of November 14, 2025, 5:00 PM

Forecast vs consensus**	2025E	2026E	2027E
Dino	-3.6%	-3.2%	-5.0%
JMT	+2.0%	+0.5%	+0.4%
Żabka	+0.8%	+0.3%	+0.1%

**Comparison of mBank forecasts and Bloomberg consensus for adj. EBITDA

company	P/E			EV/EBITDA IFRS 16			EV/EBITDA IAS 17		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
DNP	24.2	18.9	15.6	15.1	12.0	9.9	15.2	12.1	10.0
JMT	20.4	18.2	16.1	7.3	6.7	6.2	7.7	7.0	6.3
ZAB	28.4	19.6	15.9	8.5	7.3	6.5	10.3	8.5	7.3

Source: mBank

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List of abbreviations and ratios used by mBank:
EV (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases); **EBITDA margin** – EBITDA/Sales

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NEUTRAL (N) – a rating which indicates that we expect the stock to perform in line with the broad market
UNDERWEIGHT (UW) – a rating which indicates that we expect the stock to underperform the broad market

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The production of this recommendation was completed on November 17, 2025, 7:52 AM.
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NAV - valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

Recommendations Issued In the 12 Months Prior To This Publication:

Dino (Janusz Pięta)

Rating	sell	sell	buy
Rating date	2025-08-01	2025-05-05	2024-12-02
Target price (PLN)	48,50	485,00	450,00
Price on rating day	49,61	537,20	385,90

Jeronimo Martins (Janusz Pięta)

Rating	hold	buy
Rating date	2025-05-05	2024-12-02
Target price (EUR)	22,00	20,80
Price on rating day	21,30	18,44

Żabka (Janusz Pięta)

Rating	buy	buy
Rating date	2025-05-05	2024-11-20
Target price (PLN)	35,00	36,90
Price on rating day	22,48	18,50

Comparable Companies Used In Relative Valuation Models

Dino, Jeronimo Martins	AXfood, Ahold, Carrefour, Dino, Eurocash, Jeronimo Martins, Tesco, Sonae,
Żabka	7-eleven Malaysia, Aeon, Alimentation Couche-tard, Axfood, BGF Retail, Bid Corp, Bindawood, Casey's General Stores, Costco, CP All, Dairy Farm, Dino, Grocery Outlet, Hellofresh, Jeronimo Martins, Jiajiayue Group, La Comer Sab, Label Vie, Mynews Holdings, President Chain Store, Seven & I Holdings

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