Dino Polska S.A.

A founder-controlled grocery density flywheel trading below every year-end P/E since listing

Ticker / price	Equity / enterprise value	TTM EPS	Current income yield
WSE: DNP / PLN 30.0	PLN 29.4bn / ~PLN 29.5bn	~PLN 1.59	No dividend

Reference price as of July 27, 2026, adjusted for the 10-for-1 2025 stock split; operating data through Q1 / H1 2026. [1][2][3]

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5-YEAR TSR REFERENCE CASE: 25.5% = 0.0% + 13.0% + 12.5%			
25.5%	0.0%	13.0%	12.5%
Annualized TSR	Dividend yield	EPS growth	Multiple reversion

Mechanical bridge: PLN 30.0 / PLN 1.59 TTM EPS = 18.9x, reverting over five years to the 2017-2025 average year-end P/E of 34.0x. The listing history is nine years, not a full decade, and the mean reflects earlier hypergrowth; base valuation uses 24x. [1][8]

Thesis

Dino has built a standardized neighborhood grocery system around owned sites, compact stores, regional distribution centers and daily fresh delivery. The flywheel is local density: more stores shorten routes, strengthen supplier economics, raise brand awareness and make infill sites more valuable. The network reached 3,176 stores at June 2026, yet Poland still offers white space. Current margin pressure from wages, energy, price competition and record investment obscures the replacement value of the network and the earnings of maturing store cohorts. At 18.9x TTM EPS—below every year-end P/E since listing—the price creates a compelling starter, but founder control, thin disclosure and an aggressive reinvestment program require disciplined sizing.

Four-question scorecard

Question	Score	Why it is not higher
Business quality	4.5 / 5.0	Density, owned sites and fresh integration; thin margins and food retail competition cap perfection
Price	4.5 / 5.0	18.9x TTM EPS is below the nine-year listed range while the store runway remains long
People / allocation	4.0 / 5.0	Founder-aligned, internally developed operators; concentrated control and limited access reduce score
Hidden nugget	4.5 / 5.0	Owned real estate and maturing density clusters create replacement value and cohort earnings hidden by expansion

2 Business and Industry

A standardized proximity grocer whose unit of competitive advantage is the local cluster, not the individual shop

Business model in plain English

Dino builds roughly 400-square-metre stores close to where customers live, particularly in smaller towns and suburban areas. A compact assortment of about 5,000 products keeps purchasing and inventory simple; daily delivery supports high fresh-food penetration. The group owns most store properties, operates regional distribution centers and controls meat processing through Agro-Rydzyna. New sites initially dilute group margin, but mature clusters improve route density, labor scheduling, local marketing and purchasing economics. [4][7]

System component	Current scale	Economic role	Moat / risk
Store network	3,176 at Jun-2026	Convenient local access	Density compounds; sites can cannibalize
Distribution	12 centers at Q1	Daily fresh / high availability	Route density; capex and execution
Fresh food	42.4% of Q1 sales	Traffic and frequency	Waste, cold chain and food-safety risk
Agro-Rydzyna	Integrated meat supply	Quality, margin and availability	Commodity and plant concentration
Owned real estate	Most store sites	Control, speed and residual value	Capital intensity / hidden asset

Why business quality is 4.5 / 5.0

- Proximity is durable. Frequent grocery missions favor a convenient neighborhood location, particularly when the store is clean, in stock and price-credible.
- The cluster is the moat: each store adds purchasing scale and local awareness while reducing average distribution distance for surrounding stores.
- Standardization creates repeatability. Similar stores, limited assortment and dedicated distribution centers reduce concept risk and accelerate training.
- A near-net-cash balance sheet allows Dino to fund growth internally and survive a price war without defending a dividend. [2][3]
- The deduction is for brutal category economics: low margins, wage and energy exposure, powerful rivals and a consumer who can compare prices immediately.

Industry structure and profit pool

Force	Assessment	Investment implication
Customer power	High	Switching cost is negligible; location, habit, freshness and basket price matter
Supplier power	Low-medium	Scale and own meat improve terms; global brands retain some leverage
Rivalry	Very high	Biedronka, Lidl and others can sustain promotions and dense networks
New entrants	Medium	A store is easy; thousands of sites, DCs, routines and local density are not
Substitution	Medium	Discounters, convenience and delivery compete; proximity protects urgent missions

CUSTOMER VALUE PROPOSITION A dependable fresh and full-basket shop close to home, with discounter-level price credibility but less travel and a familiar neighborhood format.

3 Financials and Business Quality

Store growth remains robust while margin compression and record capex obscure the earnings of maturing cohorts

Metric	FY2023	FY2024	FY2025	Q1 / H1 2026
Revenue	~PLN 25.7bn	~PLN 29.3bn	~PLN 33.5bn	PLN 8.44bn Q1
EBITDA	~PLN 2.0bn	~PLN 2.3bn	PLN 2.55bn	PLN 565m Q1
Net profit	~PLN 1.41bn	~PLN 1.51bn	PLN 1.56bn	PLN 316m Q1
Like-for-like sales	+17.6%	+5.3%	+4.4%	+4.4% Q1
Year-end / latest stores	2,406	2,688	3,033	3,176 at Jun
New stores	250	282	345	148 in H1
Net debt / LTM EBITDA	~0.4x	~0.2x	Net cash	0.1x at Mar

Rounded company-reported figures; Q1 items cover three months and H1 store data runs through June 30, 2026. [2][3][4]

Five-year owner-earnings bridge

Driver	Base assumption	Why it is plausible
Store count	10%-12% CAGR	Teens opening growth, slowing as the base expands
Like-for-like sales	3%-4%	Food inflation + traffic; below historic hypergrowth
EBITDA margin	~7.3%-7.7%	Density and cohorts offset wage / promotion pressure
Capex	High through 2028	Stores, Zawiercie DC, Agro-Rydzyna and deposit-return equipment
EPS	~13% CAGR	Revenue growth plus stable margin; no buyback assumed

Balance sheet, ratings, maturities and covenants

Position. At March 2026, net debt was only PLN 155m, or 0.1x LTM EBITDA. At FY2025, cash of PLN 955m exceeded bank loans, bonds and lease liabilities on a net basis. **Rating.** No public issuer credit rating was identified; Dino relies on bank loans, a domestic bond and internally generated cash. **Maturities.** At FY2025, contractual bank payments were roughly PLN 181m within one year, PLN 272m in years one-five and PLN 63m thereafter. A PLN 170m WIBOR-linked bond was scheduled for July 28, 2026; leases were spread across all buckets. **Covenants.** Loan agreements restrict dividends where payment would breach financial ratios, but exact thresholds are not disclosed. With 0.1x leverage, current headroom appears substantial. [2][3]

BALANCE-SHEET JUDGMENT Financial risk is low; reinvestment risk is high. The relevant question is whether PLN 2.5bn of planned 2026 capex earns attractive cohort returns, not whether debt can be refinanced.

4 Valuation, Hidden Nugget and LBO

The public valuation has reset sharply, but a sponsor still cannot fund the growth engine cheaply enough for conventional returns

Listed-history P/E context

2017-2025 year-end P/E	Low	Average	High	Today
Reported range since listing	25.3x	34.0x	44.7x	18.9x

Nine listed year-end observations, adjusted conceptually for the 2025 stock split. Current multiple uses PLN 30.0 and ~PLN 1.59 TTM EPS. [1][8]

Five-year valuation cases

Case	2031 EPS	Exit P/E	Dividends	2031 value	5-year CAGR
Bear	PLN 1.93	10x	—	PLN 19.3	(8.5%)
Base	PLN 2.93	24x	—	PLN 70.3	18.6%
Bull	PLN 3.49	32x	—	PLN 111.7	30.1%

Analyst estimates. Bear/base/bull EPS growth is 4%/13%/17%; the bear exit multiple is explicitly 10x. No dividend or repurchase is assumed.

Hidden nugget — real-estate-backed cluster density and cohort earnings

The market sees store count and same-store sales; the deeper asset is a physical operating system. Dino owns most sites, builds a repeatable box, feeds it daily through a regional DC and controls a critical fresh category through Agro-Rydzyna. A new store is not just one earnings unit: it improves the route and local brand economics of nearby stores. Conversely, today's income statement carries launch labor, logistics and depreciation for a network growing more than 10% annually. Mature-cluster earnings and land replacement value are therefore obscured by expansion expense, while owned sites give Dino strategic control that leased competitors do not have. [2][7]

Nugget component	Current evidence	What would prove it
Cluster density	3,176 stores / 12 DCs	Mature-region margin and turns rise
Store cohorts	345 FY25 openings	Four-year cash payback remains attractive
Owned property	Most stores owned	Independent appraisal / sale-and-leaseback value
Fresh integration	42.4% sales; Agro-Rydzyna	Fresh margin and waste improve with scale

Illustrative five-year take-private analysis

Stage	Purchase / operating case	Debt / multiple	Sponsor outcome
Entry	20% premium; ~PLN 35.4bn EV	4.5x EBITDA / ~PLN 11.6bn debt	~PLN 23.8bn equity
Exit	EBITDA ~PLN 4.75bn; ~PLN 47.5bn EV	10x exit; ~PLN 7bn debt	~PLN 40.5bn equity
Return	13% EBITDA CAGR	Heavy capex limits paydown	~1.7x MOIC / ~11% IRR

Illustrative analyst model. Founder control and change-of-control practicality are ignored; a real transaction would be harder.

LBO CONCLUSION Dino fails a conventional sponsor return test despite low leverage. The public equity can outperform because it need not pay a control premium or force cash out of a high-return buildout.

5 Management and Capital Allocation

A founder-controlled operating bench grew up inside the system; execution depth is strong, external transparency is the weakness

No formal CEO — an internally developed three-person management board

Dino does not designate a conventional chief executive. Izabela Biadała, Marcin Jędraszak and Michał Krauze collectively run the company, each having spent more than two decades inside Dino. Biadała joined in 2002 and leads logistics and warehousing after roles spanning operations, administration and IT. Jędraszak joined in 2004, beginning in warehouse and cashier roles before managing stores, distribution and buying; he joined the board in 2025. Krauze joined in 2002, became CFO in 2016 and oversees finance, expansion, internal control and risk. This bench is operationally credible and culturally embedded. [5]

Decision-maker	Ownership / role	What it implies
Tomasz Biernacki	Founder; 51.16% owner	Long horizon and control; minority influence is limited
Izabela Biadała	Board; logistics / warehouses	Critical to DC and route-density economics
Marcin Jędraszak	Board; sales	Frontline-to-board operating development
Michał Krauze	Board; CFO / expansion / risk	Capital deployment and control continuity

Current company biographies and shareholder disclosures. [5][6]

Capital-allocation audit

Priority	2026 evidence / plan	Underwriting judgment
New stores	Teens % opening growth	Core reinvestment; cohort payback must stay attractive
Distribution	New Zawiercie DC	Essential density infrastructure, but lumpy
Vertical integration	Agro-Rydzyna expansion	Supports fresh promise; execution and commodity risk
Deposit-return system	PLN 250m-300m	Mandatory / strategic readiness, limited direct return
Total 2026 capex	~PLN 2.5bn	Fundable, but above FY2025 net profit
Dividend / buyback	None	Correct while organic returns exceed payout alternatives
Balance sheet	0.1x net debt / EBITDA	Preserves resilience in a price war

Allocation rules for the next five years

1. Publish store-cohort sales, EBITDA and cash payback by vintage and geography.
2. Keep expansion self-funded through a severe price war; do not sacrifice availability or wages to hit an opening target.
3. Build DC capacity just ahead of store clusters, with disclosed utilization and route economics.
4. Return capital only when the marginal store, DC or vertical-integration project no longer clears a conservative hurdle.
5. Improve investor access and related-party transparency without compromising the founder's long-term orientation.

MANAGEMENT JUDGMENT — 4.0 / 5.0 The board's internal operating depth and founder alignment are genuine advantages. Concentrated control, no single accountable CEO and limited external disclosure prevent a higher score.

6 Risks and Disconfirming Evidence

The thesis fails if local density stops improving economics, price competition makes maturation irrelevant or governance traps the value

Risk	Why it matters	Early warning / thesis killer	Response
Price war	Margins are thin	LFL trails food inflation and margin <6%	Lower EPS and multiple
Wages / energy	Stores and cold chain are labor / power heavy	Costs outrun gross profit for 2 years	Cut margin case
Site / cannibalization	Growth assumes white space	New-store sales and cohort returns fall	Slow openings
Capex / DC execution	PLN 2.5bn plan is large	FCF deeply negative without cohort proof	Raise return hurdle
Food safety	Fresh is 42% of sales	Recall or Agro-Rydzyna disruption	Reassess trust and liability
Founder control	Minorities cannot force change	Related-party leakage / weak disclosure	Governance discount
Working capital	Supplier funding supports growth	Payables stretch while turns worsen	Stress liquidity
No dividend	All return depends on reinvestment	ROIC falls but capital is retained	Demand payout / exit
Poland concentration	One-country earnings	Regulation, tax or consumer shock	Lower position size

Pre-mortem: it is 2031 and the investment failed

Dino kept opening stores into increasingly marginal sites while Biedronka and Lidl sustained promotions. New stores cannibalized mature clusters, wage and energy inflation held EBITDA margin near 6%, and DC utilization lagged. Founder control prevented a slowdown or capital return. EPS grew only 4%, the market assigned 10x, and the absence of dividends turned a good format into a poor stock.

Disconfirming evidence hierarchy

One quarter of margin compression is not disconfirming during rapid opening. Food deflation is not disconfirming if traffic and mature-store economics hold. The strongest evidence is falling sales and cash return by store vintage, deteriorating mature-cluster margins, persistently weaker LFL than competitors, or capex growth without proportional distribution and inventory productivity.

SINGLE MOST IMPORTANT UNKNOWN Are new-store cohorts and denser clusters still earning the historic cash payback after land, construction, labor and competitive intensity have all risen?

TWO-QUARTER DASHBOARD new stores | LFL sales | traffic / basket | EBITDA margin | fresh mix / waste | capex/store | mature cohort return | DC utilization | net debt

7 Portfolio Decision and Research Plan

The holding period is always 5-8 years; own a small stake in the density flywheel while demanding cohort evidence

Conviction	Score	Reason
Analytical	3.5 / 5	Store and financial data are clear; cohort and property economics remain under-disclosed
Portfolio	4 / 5	Polish consumer exposure and low leverage; single-country / founder risk constrain size
Temporal	4.5 / 5	Five years captures hundreds of store cohorts and multiple DC clusters

Position-size recommendation

Initiate a 1.0%-1.5% starter near PLN 30. Increase toward 3% below PLN 25 with intact cohort returns, or after like-for-like sales exceed 5% and EBITDA margin stabilizes at or above 7.5%. Full 4% sizing requires better disclosure on store cohorts, owned-property value and governance, plus evidence that 2026 capex earns attractive incremental returns.

Action	Price / evidence rule	Rationale
Buy starter	~PLN 30	Below listed-history P/E with net-cash-like balance sheet
Add	≤PLN 25 or LFL >5% / margin ≥7.5%	More price or operating proof
Full size	Cohort returns disclosed and intact	Validates density flywheel
Trim	>32x without >13% EPS growth	Multiple assumes earlier hypergrowth
Exit	New-store returns fall below cost of capital	Reinvestment engine breaks

Next research steps

- Build store cohorts by opening year, province, sales density, EBITDA and estimated cash payback.
- Map each distribution center's capacity, utilization, route length and the store count needed for optimal density.
- Value owned stores and land on replacement cost and conservative market rent; compare with book value.
- Interview suppliers, former managers and competitors on pricing, payment terms, fresh waste and site selection.
- Reconcile growth capex, maintenance capex, working capital and Agro-Rydzyna economics to true owner earnings.

FINAL DECISION BUY A 1.0%-1.5% STARTER. Business quality is 4.5/5.0 and hidden nugget is 4.5/5.0; scale only when mature-cluster economics and governance disclosure justify it.

Source notes

[1] StockAnalysis DNP quote and market data

[2] Dino Polska FY2025 consolidated financial statements

[3] Dino Polska Q1 2026 report

[4] Dino network: 3,176 stores at H1 2026

[5] Dino Polska management board biographies

[6] Dino Polska shareholder structure

[7] Dino Polska strategy

[8] CompaniesMarketCap Dino Polska P/E history

Framework source: Chapter 4 and Appendix E of Investing Book July 34(1). Facts are drawn primarily from company reports. Valuation, normalized earnings, scenarios, LBO returns, real-estate interpretation and position sizing are analyst estimates, not company guidance. The P/E history covers the nine full years since listing, not ten.

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