

Eurocash (ACCUMULATE TP 9,50 zł)

Strategy for 2026-2027: ambitious target of PLN 600 million EBIT in '27

Key points of the strategy:

- The Eurocash Group's strategy for 2026–2027 is based on a profound transformation of its business model, from a traditional wholesaler to an integrated franchise organization. The core of the plan is to focus on the development and integration of franchise networks, while simplifying the Group's structure, reducing non-strategic activities, and making greater use of data and digital tools. The strategy is intended to strengthen the competitiveness of local stores, while maintaining Eurocash's position as the third largest player in the FMCG market in Poland.
- The company announces that it will focus on locality, close relationships with customers and consumers, and high-quality products, particularly by offering fresh products and developing its own brands.
- The strategy also includes the further development of Frisco. In the coming years, the platform is expected to grow by 20-30% year-on-year. The third source of growth is the expansion of the Duży Ben chain of specialist alcohol stores. These stores will also be developed under a franchise model. The ambition is to reach as many as 3,000 outlets.
- The most important financial goal is to achieve a normalized EBIT of PLN 600 million in 2027. The key source of improved profitability is to be a cumulative increase in cost efficiency of PLN 400 million EBIT in 2026–2027, resulting from the optimization of central costs, logistics, the supply chain, and the restructuring of own stores. At the same time, revenue growth is expected, generated by the expansion of franchise networks, improved sales in comparable stores (LFL), the transformation of the Duży Ben concept, and the scaling of the Frisco online channel.
- The strategy also anticipates significant one-off restructuring costs. In 2025, the Group plans to create provisions and write-offs in the amount of PLN 200-300 million, which will reduce the reported EBITDA (under IFRS 16) for that year. These costs are mainly related to the closure of approximately 150 Delikatesy Centrum stores, a reduction in employment (approximately 3,000 jobs, including nearly 1,000 administrative and office employees) and further optimization of logistics facilities. The Management Board considers these measures necessary in order to operate in a simpler, more scalable and profitable model from 2026 onwards.

Komentarz i podsumowanie:

- At this stage, we assess the presented strategy as neutral.
- On the positive side, the strategy includes clearly formulated, measurable financial targets, in particular the target of achieving normalized EBIT of PLN 600 million in 2027, which is also the target of the Management Board's incentive program approved by a resolution of the General Meeting of Shareholders in May 2025. Against our current EBIT forecast for 2027 of PLN 353 million, the Management Board's target is higher by nearly PLN 250 million (+70%), which highlights the scale of ambition and the significant scope of the expected improvement in operating profitability.
- The focus on franchising reduces the capital intensity of the business, improves margin predictability, and better leverages the Group's scale. An additional advantage is the emphasis on cost efficiency, digitization, and data utilization, which may increase the chain's long-term competitiveness against discounters and modern retail formats.
- On the other hand, the risks and weaknesses of the strategy mainly concern the scale and pace of transformation. Job cuts, store closures, and profound organizational changes may generate operational and reputational tensions in the short term.
- Another significant burden is the high level of one-off restructuring costs, which will negatively affect the 2025 results and may limit financial flexibility. In addition, the realization of the anticipated savings and growth requires the efficient implementation of changes in a very large and complex organization, which increases the risk of delays or below-expectation results.
- In summary, we believe that Eurocash's strategy is comprehensive and clearly focused on improving profitability and business scalability, with a strong emphasis on franchising, data, and technology. At the same time, our neutral assessment at this stage reflects the high execution risk resulting from the depth of transformation in a large and complex organization. The key to achieving the expected results will be the smooth implementation of the restructuring while maintaining franchisee loyalty, operational stability, and the attractiveness of the offer to end customers during a period of intense change, including the Group's ability to increase or at least maintain sales levels.

We maintain our valuation and recommendation.

Last recommendation: ACCUMULATE dated 15 September 2025, with a target price of PLN 9,50. Price on the date of issue: 8,10 zł.

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Analyst preparing the Report: Dariusz Dadej

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Company	Direction	Target Price (4)	Price at publication	Current Price	Difference to price target	Date of publication (1)	Validity date (2)	Prepared by (3)
Ryu Therapeutics	Buy	45,40	28,20	29,50	54%	27.11.2025	9M	Krzysztof Radojewski
Molecure	Buy	9,20	6,50	7,30	26%	27.11.2025	9M	Krzysztof Radojewski
Celon Pharma	Buy	34,60	21,60	20,95	65%	27.11.2025	9M	Krzysztof Radojewski
Captor Therapeutics	Buy	94,40	60,40	70,60	34%	27.11.2025	9M	Krzysztof Radojewski
Selvita	Buy	63,90	44,00	46,50	37%	26.11.2025	9M	Krzysztof Radojewski
Aplisens	na	20,45	17,95	17,20	19%	25.11.2025	9M	Michał Sztabler
Apator	Buy	29,60	22,70	22,75	30%	21.11.2025	9M	Michał Sztabler
Pepco Group	Hold	25,50	26,83	27,64	-8%	19.11.2025	9M	Dariusz Dadej
Dino Polska	Hold	41,00	41,79	38,14	7%	19.11.2025	9M	Dariusz Dadej
PGE	Reduce	9,95	11,37	8,40	18%	12.11.2025	9M	Michał Sztabler
Answear.com	Accumulate	33,70	29,00	25,60	32%	20.10.2025	9M	Dariusz Dadej
MCI Capital	Buy	43,20	29,30	27,80	55%	14.10.2025	9M	Krzysztof Radojewski
LPP	Buy	23000,00	17495,00	16800,00	37%	06.10.2025	9M	Dariusz Dadej
Bioton	Accumulate	4,86	4,40	4,04	20%	06.10.2025	9M	Krzysztof Radojewski
Toya	Buy	14,50	9,96	9,90	46%	03.10.2025	9M	Dariusz Nawrot
Sonel	Reduce	14,67	17,50	15,35	-4%	03.10.2025	9M	Michał Sztabler
Torpol	Reduce	46,20	49,60	59,50	-22%	30.09.2025	9M	Dariusz Nawrot
Unibep	Buy	15,00	10,00	13,80	9%	26.09.2025	9M	Dariusz Nawrot
Huuuge	Accumulate	27,30	23,10	24,00	14%	24.09.2025	9M	Mateusz Chrzanowski
Dino Polska	Reduce	40,00	46,03			23.09.2025	9M	Dariusz Dadej
Budimex	Accumulate	560,00	518,20	608,00	-8%	18.09.2025	9M	Dariusz Nawrot
Huuuge	Buy	27,80	22,00			18.09.2025	9M	Mateusz Chrzanowski
Creepy Jar	Hold	495,00	455,00	395,00	25%	16.09.2025	9M	Mateusz Chrzanowski
Eurocash	Accumulate	9,50	8,10	7,10	34%	15.09.2025	9M	Dariusz Dadej
Creotech Instruments	Accumulate	371,00	324,00	379,00	-2%	15.09.2025	9M	Krzysztof Radojewski
Tauron PE	Sell	7,17	9,35	8,51	-16%	08.09.2025	9M	Michał Sztabler
MO-BRUK	Accumulate	338,00	295,00	307,00	10%	08.09.2025	9M	Dariusz Dadej
Bogdanka	Reduce	19,22	23,20	18,48	4%	19.08.2025	9M	Michał Sztabler
Forte	Buy	33,90	27,30	20,50	65%	18.08.2025	9M	Dariusz Dadej
Apator	Accumulate	23,20	20,40	22,75	2%	22.07.2025	9M	Michał Sztabler
Selvita	Buy	51,10	31,90	46,50	10%	18.07.2025	9M	Krzysztof Radojewski
Auto Partner	Buy	31,30	20,40	16,50	90%	03.07.2025	9M	Mateusz Chrzanowski
InterCars	Buy	774,10	568,00	549,00	41%	30.06.2025	9M	Mateusz Chrzanowski
Ailleron	Buy	24,10	19,70	15,60	54%	25.06.2025	9M	Dariusz Dadej
Captor Therapeutics	Buy	86,00	32,50	70,60	22%	24.06.2025	9M	Krzysztof Radojewski
Celon Pharma	Buy	33,70	21,80	20,95	61%	24.06.2025	9M	Krzysztof Radojewski
Molecure	Buy	11,90	5,70	7,30	63%	24.06.2025	9M	Krzysztof Radojewski
Ryu Therapeutics	Buy	59,70	30,10	29,50	102%	24.06.2025	9M	Krzysztof Radojewski
Pepco Group	Accumulate	21,90	19,36			13.06.2025	9M	Dariusz Dadej
MO-BRUK	Accumulate	321,00	270,00			30.05.2025	9M	Dariusz Dadej
Photon Energy	na	3,70	3,50	1,87	98%	21.05.2025	9M	Michał Sztabler
Noctiluca	na	184,00	98,00	91,00	102%	15.05.2025	9M	Krzysztof Radojewski
Mabion	na	15,00	10,30	8,15	84%	15.05.2025	9M	Krzysztof Radojewski
Sonel	na	15,14	16,50			08.05.2025	9M	Michał Sztabler
Unibep	na	14,30	10,60			06.05.2025	9M	Dariusz Nawrot
Budimex	Sell	515,00	640,00			29.04.2025	9M	Dariusz Nawrot
Answear.com	Accumulate	31,30	27,85			22.04.2025	9M	Dariusz Dadej
TOYA	na	12,40	6,37			17.04.2025	9M	Dariusz Nawrot
MCI Capital	na	42,20	23,90	27,80	52%	11.04.2025	9M	Krzysztof Radojewski
Budimex	Hold	510,00	529,00			07.04.2025	9M	Dariusz Nawrot
Aplisens	na	24,30	19,60	17,20	41%	02.04.2025	9M	Michał Sztabler
Ryu Therapeutics	Buy	59,80	19,30			24.03.2025	9M	Krzysztof Radojewski
Dino Polska	Sell	35,84	48,82			19.03.2025	9M	Dariusz Dadej
Eurocash	Accumulate	9,90	9,32			19.03.2025	9M	Dariusz Dadej
Budimex	Sell	510,00	632,00			13.03.2025	9M	Dariusz Nawrot
Bioton	na	4,52	3,50			05.03.2025	9M	Krzysztof Radojewski
LPP	Buy	23300,00	18140,00			03.03.2025	9M	Dariusz Dadej
Huuuge	Buy	25,40	17,32			03.03.2025	9M	Mateusz Chrzanowski
Celon Pharma	Buy	37,50	23,20			21.02.2025	9M	Krzysztof Radojewski
Budimex	Reduce	510,00	557,00			14.02.2025	9M	Dariusz Nawrot
Torpol	Hold	39,40	39,70			12.02.2025	9M	Dariusz Nawrot
XTB	Buy	81,30	64,90	69,04	18%	11.02.2025	9M	Mateusz Chrzanowski
Forte	Accumulate	33,80	31,40			06.02.2025	9M	Dariusz Dadej
Photon Energy	na	5,36	4,40			03.02.2025	9M	Michał Sztabler
Answear.com	Hold	26,80	28,15			13.01.2025	9M	Dariusz Dadej
Unibep	na	11,70	6,98			20.12.2024	9M	Dariusz Nawrot
11bit studios	Buy	242,90	162,00	155,00	57%	19.12.2024	9M	Mateusz Chrzanowski
Ailleron	Accumulate	24,00	20,10			16.12.2024	9M	Dariusz Dadej
Budimex	Buy	550,00	460,00			12.12.2024	9M	Dariusz Nawrot
Sonel	na	16,61	15,40			12.12.2024	9M	Michał Sztabler

(1) Date of publication is simultaneously date of first publication, (2) recommendation is valid for a period of 9 months, unless it is previously updated,

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