Flash Note

CEE | Equity Research

DADELO (DAD PW; BUY; TP PLN 105)

Summary of the call with the CEO following the 1H26 results [slightly positive]

#Outlook
- The CEO assumes approx. 700m PLN of revenue in 2026, and considers the 1bn PLN level realistic in 2027; management is currently focused on what actions to take to reach 2bn of revenue, with the main KPI remaining sales scale, which is meant to provide a purchasing and negotiating advantage;
- Gross margin: the priority is to maintain a gross margin above 30%; next year's margin may be under pressure, as the exceptionally attractive purchases from failing players are coming to an end and producers are raising prices, with the offset to come from greater scale, a rising share of private labels, direct purchases from producers and cheaper financing;
- Private labels: a very strong strategic focus; in 1H private label sales amounted to approx. 25m PLN, at approx. 13m PLN of gross profit (52%), and their share in sales is approx. 5%, but already approx. 8% of margin. The CEO expects at least a doubling of the scale of this category; the margins indicated are often 50-60%+, versus approx. 25-30% on third-party brands;

#Brick-and-mortar stores / omnichannel
- Stores already account for almost 40% of sales, and the CEO believes the offline and online channels strongly drive each other;
- Another 2 stores are to be opened still in 2026, and in 2027 the CEO would like to open a further 5;
- The CEO still sees very large potential in Warsaw alone, and is looking for another large location; sales of the existing store are still growing approx. 20% y/y;
- The constraint on network development is not capital but the availability of large locations (stores on average have approx. 3k m2);

#Czech Republic
- The company is holding advanced talks with one of the e-commerce players – an acquisition or cooperation is possible; if a transaction does not materialise, the company is ready to enter this market organically;
- The CEO considers the Czech market similar to Poland several years ago: fragmented, low-margin and without a clear leader;
- For a start, store locations under consideration are Prague and Brno, potentially as early as 2027;

#Other topics
- Inventories / prices: the company still holds large inventories of bicycles bought at exceptionally attractive prices, which provides an advantage in the short term;
- At the seasonal peak, bicycles accounted for over 50% of sales, although over the whole year the share will probably fall below this level; the company would like to have approx. 50k own-brand bicycles for 2027, but the constraint remains supply availability and logistics;
- Working capital and financing: in 2025 and 1Q26 the company aggressively bought inventories for cash; the CEO communicates, however, that such opportunities are now coming to an end, prices of new bicycle deliveries are rising, which will translate into inflation across the whole bicycle market, and DAD's purchasing model is shifting towards trade credit;
- The CEO confirmed the full-year outlook of approx. 100m PLN of negative OCF, but expects lower finance costs in 2H26 and in 2027;
- Logistics: at the turn of 2027-28, a new central warehouse of approx. 60k m2 will be built in Bydgoszcz, which will replace the current dispersed warehouses; with expansion in the Czech Republic, an additional warehouse in Silesia is possible;

***Comment**: We take the CEO's message positively. Following a strong 1H, above the company's expectations, the CEO remains satisfied with the 3Q results as well. At the same time, he is clearly focused on maximising market share growth, even at the cost of temporarily higher inventories, greater working capital engagement or pressure on the gross margin. He maintains, however, the goal of keeping the gross margin above 30%. The CEO also clearly articulates DAD's competitive advantages, pointing to the rising share of private labels and the company's further improving purchasing power. These factors should, in our view, limit the main risk to next year's results, i.e. margin erosion once the effect of attractive buying opportunities is exhausted. A new topic is expansion into the Czech market, whose size the CEO estimates at approx. 1/3 of the Polish market and on which there is currently no clear leader. We take this positively in the context of DAD's potential to build market share, regardless of the ultimate form of market entry – via acquisition or organic development.*
In summary,** we see no need to revise our forecasts for the current year, and the CEO's target for next year remains consistent with our expectations. Potential upside for results in the coming years may be provided by expansion into the Czech market, which is why we will closely follow developments. We maintain our positive assessment of the company's fundamentals.* ***(Grzegorz Kujawski)

PLNm	2023	2024	2025	2026E	2027E	2028E
Revenues	189	280	444	704	970	1,187
adj. EBITDA	3.6	19.9	41.3	79.6	95.2	114.4
adj. EBIT	0.3	15.1	32.3	63.5	69.7	80.8
adj. Net profit	0.1	11.5	21.2	42.4	48.1	56.2
adj. EPS (PLN)	0.0	1.0	1.8	3.6	4.1	4.8
adj. P/E (x)	11,961.8	84.1	45.7	22.9	20.2	17.2
adj. EV/EBITDA (x)	270.3	50.4	28.2	14.8	13.0	10.6
P/BV (x)	9.1	8.2	6.9	5.5	4.4	3.5
DY(%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, Trigon

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