

Friday, 11 April 2025 | update

InPost: buy (reiterated)

INPST NA; INPST.NA | e-Commerce, Poland

Why the Panic Is Overdone

InPost's share price has collapsed more than 23% since the beginning of the year, underperforming the WIG index by more than 38 pp. We blame this on the activities of Allegro, one of InPost's biggest clients which has flagged an ambition to gain more independence on the logistics front.

Indeed, InPost achieves incredible margins on the Polish market thanks to its size and first-mover advantage. Looking at strong brand recognition, loyalty programs, and vast network of APMs in the most visible and convenient locations, it is hard to believe that InPost's share in Allegro's logistics mix can be reduced any time soon. Moreover, given InPost's dominance with a 70-80% market share in APM deliveries, less reliance on the InPost could cost Allegro GMV growth. In the end, we believe the two companies will find a way to establish a consensus in their relationship.

Meanwhile, in this update, we are highlighting InPost's superb past and future earnings performance, with expected 2025 adj. EBITDA growth at 22%, coupled with a strong balance sheet position and ongoing expansion in Europe, including successful development in the UK market.

We have adjusted our expectations to assume reduced margins in Poland from 2028 (a likely result of an updated deal with Allegro), and we have updated our model to reflect 4Q results. We have also updated the expected RFRs path, and we set an equity risk premium of 5.5%. After all this, we set our new target price for INPST at EUR 18.40, implying great upside potential of nearly 45%. InPost is currently trading at 7.6x EV/EBITDA'25x, showing a significant discount to the peer group median that is highly unjustified in our opinion. We believe the Company's valuation is too low.

Is Allegro a Real Threat to InPost?

Allegro accounted for 18% of InPost's sales in 2024. Note that the deal between the e-commerce marketplace and the delivery service is valid until September 2027, and in the meantime, Allegro cannot change the contractual pricing. InPost's dominant market position makes it challenging to quickly capture its volume. Despite Allegro's focus on growing its Allegro Delivery service, the volume of deliveries handled by InPost in 2024 increased by an estimated 14%, and its share in the overall Polish logistics mix has remained relatively stable.

By 2027, we predict that Allegro's share in InPost's total sales will drop below 15% due to a growing international business as well as a growing base of non-Allegro clients in Poland, including Chinese marketplaces.

An APM Network Not Easy To Replicate

InPost has built a network 25.2k APMs easily accessible to shoppers across the country. For competitors, securing suitable real estate in prime locations is becoming increasingly challenging as InPost has already bought many of the most strategic spots. Secondly, to Polish consumers, an APM is synonymous with an InPost Paczkomat. In addition, InPost has developed an extensive logistics infrastructure and proprietary technology, including smart algorithms for route optimization, a robust mobile app, and advanced tracking systems.

In our opinion, a replication of InPost's network in Poland would be a formidable, challenge and a costly and time-consuming endeavor. It is not a task that can be accomplished within a year, for sure.

(PLN m)	2023	2024	2025E	2026E	2027E
Revenue	8,862.7	10,945.2	13,296.5	15,445.3	17,649.6
EBITDA (adj.)	2,733.1	3,648.4	4,455.0	5,156.5	5,871.4
margin	30.8%	33.3%	33.5%	33.4%	33.3%
EBIT	1,498.8	1,960.0	2,497.2	2,831.0	3,166.8
net profit	647.4	1,247.2	1,624.5	1,900.7	2,153.6
P/E	42.0	21.8	16.7	14.3	12.6
P/S	3.1	2.5	2.0	1.8	1.5
P/B	21.0	11.1	6.7	4.5	4.4
EV/EBITDA (adj.)	12.2	9.4	7.6	6.5	5.8
DPS	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

current price*	EUR 12.74
target price	EUR 18.40
mCap	EUR 6.4 bn
free float	EUR 3.0 bn
ADTV (3M)	EUR 8.2 m

*Price as of April 10, 2025, 6:00 PM

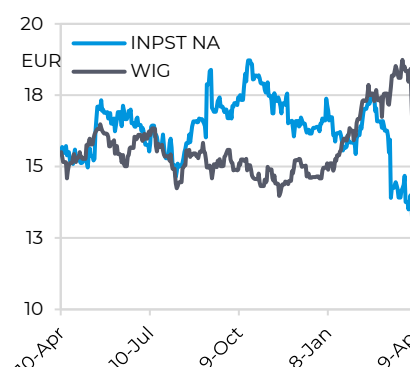
Ownership

PPF Group N.V.	28.75%
A&R Investments Ltd	12.49%
Advent International Corporation	10.98%
GIC Private Limited, Singapore	5.05%
Others	42.73%

About InPost

InPost Group is a logistics company operating in nine countries. The Company is a leading APM operator with an over-40% volume market share in Poland. InPost Group also has a presence in the UK and, via Mondial Relay, in France and Benelux countries. The Company also provides to-door delivery services and is active in the e-grocery market.

InPost vs. WIG



name	target price		recommendation	
	new	old	new	old
InPost	18.40	21.00	buy	buy
name	current price	target price	upside	
InPost	12.74	18.40	+44.4%	
forecast update	2025E	2026E	2027E	
EBITDA Adj.	-0.7%	-1.5%	-1.1%	
EBIT	+2.6%	-1.3%	-2.8%	
net profit	-2.2%	-10.3%	-13.3%	

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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

OVERWEIGHT (OW) – a rating which indicates that we expect a stock to outperform the broad market

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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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.

mBank issued the following recommendations for InPost in the 12 months prior to this publication:

InPost (Paweł Szpigiel)

Rating	buy	buy	buy	buy
Rating date	2024-12-02	2024-10-07	2024-09-02	2024-04-05
Target price (EUR)	21.00	22.00	20.80	18.50
Price on rating day	16.58	17.22	16.66	14.25

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