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### CEE Equity Research

#### Industrials, Poland

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## Disappointing sales mix

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### 2Q25 results review

**Sales product mix.** Grupa Makarony Polskie reported 2Q25 sales mix still showing dominant position of the pasta products (68% or almost PLN50mn nominally). However, it settled below our estimates pointing to ca. 74% share. On the consolidated level, the aforementioned miss was offset by solid revenues attributable to the meat & vegetable preserves business line that delivered PLN20.4mn revenues in the period mulled over (implying ca. 28% share in the sales mix). We have estimated the respective figure at ca. 23%.

**P&L.** Beyond the revenues that came in line roughly in line with our forecasts, the lower key P&L lines settled below our expectations. As pointed out above, the mix is in a lion's share attributable to the deteriorated both y/y and q/q sales mix, we calculate. This is particularly significant from the perspective of the delivered consolidated operational margins as the pasta products generate significantly more attractive economic parameters when compared to the remaining business segments. We point out also a visible y/y expansion of the sales costs (to PLN9mn in 2Q25), though, relatively stable q/q. All in all, EBITDA / EBIT totalled PLN9.4mn / PLN5.4mn, while the net profit amounted to PLN4.6mn in 2Q25.

**Cash flow items.** 2Q25 OCF narrowed y/y to PLN2.0mn (PLN26.7mn on LTM basis) from PLN8.5mn in the respective period last year. At the same time, the ICF stood at PLN1.3mn (or PLN7.2mn LTM), showing rather immaterial capex expenditures for the time being.

**Balance sheet.** There were no material changes to the balance sheet structure as at the end of 1H25, we reckon. Our estimates show the group's indebtedness level remained flat q/q, leaving comfortable space (like in the previous quarters) for potential M&As or development capex projects.

**Fig. 1. Grupa Makarony Polskie: key quarterly results**

PLNmn	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	y/y	q/q	LTM	SANe
Sales	87.8	81.3	71.1	74.1	76.8	75.7	73.3	3%	-3%	300	73.1
EBITDA	10.4	15.7	14.4	13.9	12.5	13.1	9.4	-35%	-28%	49	12.8
EBITDA margin	11.9%	19.4%	20.3%	18.7%	16.3%	17.3%	12.8%	-747.3	-447.5	16.3%	17.5%
EBIT	6.8	12.0	10.7	10.1	8.6	9.2	5.4	-49%	-41%	33	8.8
EBIT margin	7.8%	14.8%	15.0%	13.6%	11.3%	12.1%	7.4%	-762.0	-474.5	11.1%	12.0%
Net profit	4.4	9.5	8.7	8.2	7.3	7.6	4.6	-47%	-40%	28	6.4
Net margin	5.0%	11.6%	12.2%	11.1%	9.6%	10.1%	6.2%	-594.2	-383.9	9.2%	8.8%
OCF	21.4	16.7	8.5	9.3	14.1	1.3	2.0	-76%	60%	27	7.5
Net debt	-10	-21	-27	-26	-37	-33	-33			-33	-36
Net debt / LTM EBITDA	-0.2	-0.4	-0.5	-0.5	-0.6	-0.6	-0.9			-0.9	-0.9
SG&A	11.1	13.3	9.4	11.3	11.8	11.8	12.3	31%	4%	47.1	11.7
% revenues	12.6%	16.3%	13.2%	15.2%	15.4%	15.5%	16.7%	3.5	1.2	15.7%	16.0%

Source: Company data, Santander Brokerage Poland estimates

**Fig. 2. Grupa Makarony Polskie: business segments' profitability comparison**

		<b>Pasta</b>	<b>Meat and Vegetable products</b>	<b>Vegetable and Fruit products</b>	<b>Other</b>	<b>Total</b>
<b>Net operational result</b>	2Q25	12.1	2.8	0.3	1.2	<b>16.4</b>
	2Q24	17.8	2.0	0.2	0.5	<b>20.5</b>
chng. y/y (%)		-32.1%	37.6%	68.0%	150.1%	<b>-19.9%</b>
<b>Net operational result vs. revenues</b>	2Q25	24.3%	13.6%	23.0%	74.5%	<b>22.4%</b>
	2Q24	31.9%	15.3%	16.5%	65.6%	<b>28.9%</b>
chng. y/y (bps)		-756	-161	642	894	<b>-642</b>

Source: Company data, Santander Brokerage Poland estimates

**Comment:** We were hungry for more when it goes about profitability to be delivered by Makarony Polskie in 2Q25. On the one hand, the deteriorated q/q sales mix implies some downside risks to our current valuation model assumptions. Unfortunately, the recently disclosed 1H25 data by Tarczyński show the landscape of the domestic food market became more competitive (at least in the short run). Trivially speaking, the stronger the market position, the better market outlook in the mid- / long-run. In such a context, we cannot rule out that Makarony Polskie may be forced to offer more attractive prices to its key customers in order to secure its current market shares. On the other hand, we incline to the view that judging the group's full year operational margins' potential by a single quarter may be misleading to some point taking into account shortened contracts' duration. Last but not least, we positively perceive quite strong (+ca. 54% y/y) revenues' increase of the meat & vegetable preserves, which we hope may pay off in the longer run.

**Fig. 3. Grupa Makarony Polskie: 2Q25 results split by business segment**

<b>PLNmn</b>	<b>Pasta</b>	<b>Meat and Vegetable products</b>	<b>Vegetable and Fruit products</b>	<b>Other</b>	<b>Total</b>
<b>Consolidated revenues</b>	<b>49.8</b>	<b>20.4</b>	<b>1.5</b>	<b>1.7</b>	<b>73.3</b>
Segment's revenues	49.8	20.4	1.5	1.7	73.3
Inter-segments revenues	0.0	0.0	0.0	0.0	0.0
<b>Costs</b>	<b>37.7</b>	<b>17.6</b>	<b>1.1</b>	<b>0.4</b>	<b>56.8</b>
<b>Net operational result</b>	<b>12.1</b>	<b>2.8</b>	<b>0.3</b>	<b>1.2</b>	<b>16.4</b>
<b>SG&amp;A</b>					<b>12.3</b>
Sales costs					9.0
Management costs					3.3
<b>Other sales / costs net</b>					<b>1.2</b>
Other revenues					1.9
Other costs					0.7
<b>Financial revenues / costs net</b>					<b>0.2</b>
Financial revenues					0.5
Financial costs					0.3
<b>Other items</b>					<b>0.0</b>
<b>Gross profit / loss on continuing operations</b>					<b>5.6</b>

Source: Company data, Santander Brokerage Poland estimates

**Fig. 4. Grupa Makarony Polskie: 1H25 results split by business segment**

<b>PLNm</b>	<b>Pasta</b>	<b>Meat and Vegetable products</b>	<b>Vegetable and Fruit products</b>	<b>Other</b>	<b>Total</b>
<b>Consolidated revenues</b>	<b>107.9</b>	<b>34.8</b>	<b>3.0</b>	<b>3.3</b>	<b>149.0</b>
Segment's revenues	107.9	34.8	3.0	3.3	149.0
Inter-segments revenues					0.0
<b>Costs</b>	<b>80.3</b>	<b>30.2</b>	<b>2.5</b>	<b>1.0</b>	<b>114.0</b>
<b>Net operational result</b>	<b>27.5</b>	<b>4.6</b>	<b>0.6</b>	<b>2.3</b>	<b>35.0</b>
<b>SG&amp;A</b>					<b>24.0</b>
Sales costs					17.9
Management costs					6.1
<b>Other sales / costs net</b>					<b>3.6</b>
Other revenues					4.4
Other costs					0.8
<b>Financial revenues / costs net</b>					<b>0.5</b>
Financial revenues					1.1
Financial costs					0.6
<b>Other items</b>					<b>0.0</b>
<b>Gross profit / loss on continuing operations</b>					<b>15.0</b>

Source: Company data, Santander Brokerage Poland estimates

**Fig. 5. Grupa Makarony Polskie: financial summary**

<b>PLNm</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Revenues	329	355	303	297	317	364
EBITDA	44	58	56	53	54	61
EBIT	35	44	41	38	38	45
Net profit	26	33	33	31	32	40
P/E (x)	3.7	4.5	7.0	7.6	7.5	5.9
EV/EBITDA (x)	2.8	2.4	3.5	3.3	3.1	2.5
FCF Yld	-14.4%	14.8%	17.4%	12.4%	6.5%	10.6%
DY	3.4%	4.4%	3.5%	3.5%	3.3%	3.4%

Source: Company data, Santander Brokerage Poland estimates

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