

# DP Poland PLC

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## Peel Hunt resumes DP Poland with a 'buy' rating says a "normal summer would be the icing on the pizza"

Peel Hunt resumed coverage on DP Poland PLC (LON:DPP) with a 'buy' rating following publication of the pizza franchise operator's 2018 results, saying that a "normal summer would be the icing on the pizza."

In a note to clients, the City broker's analysts pointed out that the AIM-listed group's results were in-line with the group's guidance released in February with the launch of a share placing, albeit "materially held back by intense marketing competition and the summer heatwave."

**READ:** DP Poland trialling partnership with the country's largest delivery aggregator

They noted that delivery order aggregators spent heavily on advertising in a battle for market share in 2018, resulting in a loss of share for DP Poland despite its own marketing efforts, with the impact exacerbated by unusually hot dry weather - not conducive for pizza rating - through much of the year and in the second half in particular.

However, they pointed out that the firm today unveiled a tie-up with a key online order aggregator in Poland, has already announced plans to refine its marketing plans and raised the capital to support a store opening programme to boost its sales.

The analysts pointed out that the group's comparatives from April should be easier as that was the start of the hot, dry weather in 2018, and it expects its targeted marketing activity to begin to pay off.

They concluded: "DP Poland is not expected to be cash flow break even until 2022 which means that valuation remains somewhat conceptual."

Peel Hunt has a 15p price target on DP Poland shares, which currently trade at 8p each.

**Price:** 7.36

**Market Cap:** £18.66 m

### 1 Year Share Price Graph



February 2019 August 2019 February 2020

### Share Information

**Code:** DPP

**Listing:** AIM

**52 week High Low**  
**10.9 3.5996**

**Sector:** Retail

**Website:** [www.dppoland.com](http://www.dppoland.com)

### Company Synopsis:

Domino's Pizza is operated in Poland by DP Polska S. A. (DPPSA), a Polish-registered company which is wholly owned by DP Poland PLC (DPP). DPP is a UK based company listed on the Alternative Investment Market (AIM). The exclusive rights of the Master Franchise Agreement have been granted to DPPSA for an initial period of 15 years with an option to renew for a further 10 years, subject to certain conditions.

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