Maxima Grupe UAB

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This report does not constitute a rating action.

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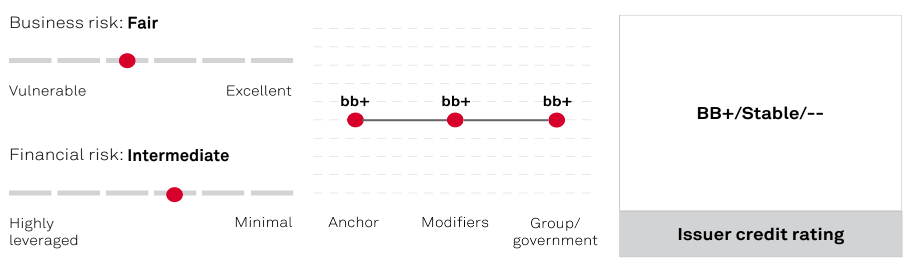
Ratings Score Snapshot



Credit Highlights

Overview

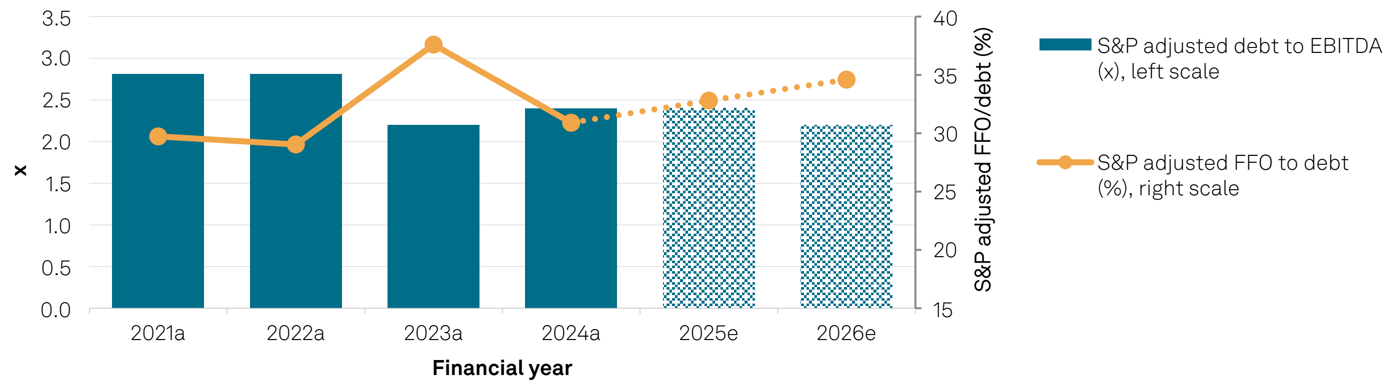
Key strengths	Key risks
Estimated 25% market share in the Baltics (64% of revenue) thanks to a competitive price position and high brand awareness	Relatively modest sales of €6.1 billion compared with other leading European food retailers, with geographic concentration in the Baltics.
Good store format diversity, a partly owned store network, and a high share of private-label sales.	Operations in the mature and highly competitive grocery business, with increasing competition in the Baltics and fierce competition in Poland, that coupled with weak consumer sentiment resulted in S&P Global Ratings-adjusted EBITDA margin decline of 70 basis points (bps) to 7.5%.
Leverage structurally below 3x (2.4x in 2024) and robust cash-flow generation, with free operating cash flow (FOCF) after leases expected to bounce-back to about €100 million per year in 2025-2027.	Financial policy constraints further deleveraging from 2.4x in 2024, since Maxima pays sizeable dividends to its parent Vilniaus Prekyba (VP), resulting in break-even reported discretionary cash flow after leases.

Maxima achieved revenue growth of about 4% in 2024 amid competitive market conditions and strategic expansion. In 2024, amid a deflationary and highly competitive food environment, Maxima's revenue increased by 4.3% to €6.1 billion from €5.8 billion in 2023. Growth in the Baltic region was mainly driven by increased customer traffic and larger shopping baskets, with like-for-like sales rising by 2% at constant exchange rates. This was supported by successful promotional campaigns, including weekly leaflet offers, themed months, special weekend discounts, and the launch of a new festive private-label brand toward the end of the year. The group also experienced growth in e-commerce sales, driven by a rise in active customers, higher order volumes, and larger average basket sizes. In markets such as Poland and Bulgaria, where the group has a smaller presence, Maxima faced fierce competition from larger players. Nonetheless, competitive pricing and promotional activities allowed the group to maintain its market share in Poland. In Bulgaria, despite deflationary pressures on key shopping basket items due to competition from market leaders, the group increased its revenue and expanded market share through store expansion.

Price competition and higher personnel costs have constrained profitability, limiting free cash flow generation. Maxima's S&P Global Ratings-adjusted EBITDA for 2024 declined to €455 million from €479 million in 2023, with margins falling to 7.5% from 8.2%. This was driven by lower gross margin in a highly competitive price environment, as well as increased personnel expenses--particularly in Poland, where the minimum wage rose by 19.4% in 2024 and will increase by further 8.5% in 2025. Store format standardization efforts helped mitigate margin decline by improving operational efficiency, partially offsetting these higher costs. At the same time, capital expenditure (capex) increased to €228 million in 2024 from €175 million in 2023, primarily focused on enhancing IT infrastructure and launching a new 46,000-square-meter logistics center in Lithuania. While these investments aim to boost long-term logistical efficiency and ensure fresher products for customers, they also contributed to the decline in FOCF after leases, which fell to €35 million in 2024, from €152 million in 2023 amid squeezed margins and higher investments.

We expect S&P Global Ratings-adjusted leverage to remain below 3x and funds from operations (FFO) to debt increase above 30% on EBITDA expansion, while sizable growth investments and dividends limit reduction in adjusted debt. In 2025, we expect reported revenue growth of around 4.7%, supported by around 4.2% like-for-like growth and 0.5% growth from new store openings mainly in Poland and Bulgaria. The growth is supported by price increases as inflation remains around 3%-4% in the Baltics and 3.7% in Poland in 2025, before decreasing to below 3.0% in the Baltics and 3.0% in Poland in 2026. We expect the S&P Global Ratings-adjusted EBITDA margin to marginally improve and stabilize at 7.6% in 2025 compared with 7.5% in 2024, which is mainly driven by our expectations of cost efficiencies in logistics, scale effects, and lower losses in Maxima's e-commerce business, but constrained by higher labor costs and higher VAT rates in Poland and Estonia. We anticipate a slight decrease in total capex to €190 million-€220 million in the next two years from €228 million in 2024. After lease principal payments of around €110 million-€115 million, reported FOCF after leases is expected to remain at around €90 million-€110 million. Despite the solid operating cash flow generation, we expect the group to have limited cash buildup due to sizable dividends being paid to VP, leading to stable S&P Global Ratings-adjusted debt of about €1.14 billion-€1.18 billion.

Leverage should remain below 3.0x and FFO to debt further increase to well above 30%



FFO--Funds from operations. a--Actual. e--Estimate, reflects the mid point of the guided range. Source: S&P Global Ratings.

Subordination risk has eased on the amendment of previously priority ranking debt. Maxima has amended the terms and conditions of its €100 million SEB and Swedbank facilities (€76 million outstanding as of December 2024), such that they are no longer secured by assets. We therefore treat them as unsecured in line with the rated €240 million unsecured notes due 2027. As a result, the priority ratio decreased to 38.4% in 2024 from 52.8% in 2023, easing subordination risk for the rated debt.

Maxima's credit quality is closely associated with that of its parent company, VP. Maxima is part of a wider, more diversified group, but remains the principal asset within it. Historically, Maxima's dividends to VP have partly funded the parents' ambitions to diversify and expand into new businesses. This has enabled VP to grow its EBITDA base largely through self-funded investments, translating into more robust debt to EBITDA of about 2.0x-2.5x. In our view, this gives VP a cushion in case of operating setbacks affecting Maxima's credit metrics. We would expect the group to adopt a more conservative financial policy to preserve Maxima's credit metrics and its long-term investment capacities.

Outlook

The stable outlook reflects our expectations that Maxima will maintain its leading market position in the Baltics, despite intensifying competition; and soundly execute its planned store expansion in Poland and Bulgaria, leading to revenue growth and a steady EBITDA margin of up to 7.9% in 2026. The outlook also considers Maxima's dividend distributions, funded with FOCF, and our expectation of adjusted FFO to debt of more than 30% and adjusted debt to EBITDA of about 2.0x-2.5x over the next 12-18 months. In addition, we expect VP's debt to EBITDA of about 2.0x-2.5x and annual FOCF after leases to largely cover dividend payments.

Downside scenario

We could lower the ratings on Maxima if its debt to EBITDA increased to 3.0x or higher, FFO to debt fell to below 25% at either Maxima or the wider group, FOCF after leases sharply fell, or Maxima's or VP's liquidity deteriorated. These could happen if:

- The group underperforms our base case, including a material decline in operating performance with diminishing profitability because of intensifying market competition, or a weaker macroeconomic environment in the Baltics or Poland weighing on margins or cash flows; or
- Maxima or VP adopted a more aggressive financial policy, leading to either increased dividends or large-scale, debt-funded acquisitions.

Upside scenario

We could raise the ratings on Maxima if the group successfully expands its scale, gains market position, and improves profitability translating into the following metrics:

- Adjusted debt to EBITDA falling sustainably below 2.0x for Maxima and VP;
- Maxima's FOCF after leases substantially exceeding its dividend payments, resulting in debt reduction; and
- Robust liquidity and capital structure with at least adequate headroom and weighted-average debt maturity.

We would also need to see a financial policy commitment from Maxima and its parent to sustain these credit metrics.

Our Base-Case Scenario

Assumptions
• GDP growth in Lithuania of about 2.8% in 2025 and 2.5% in 2026; after 2.8% in 2024. • An expansion in GDP in Latvia of about 1.0% in 2025 and 2.3% in 2026; after a contraction of 0.4% in 2024. • An expansion in GDP in Poland of 3.1% in 2025 and 2.9% in 2026, after 2.8% in 2024. • Inflation of about 2.5%-3.5% in the Baltics in 2025 and 2026, slightly increasing from about 2% in 2024. Inflation in Poland of approximately 3.9% in 2025 and 3.2% in 2026. • An increase in revenue of 4.7% in 2025 and 5.4% in 2026, reflecting partially passed on inflation-related costs, leading to like-for-like growth of about 4.2% in 2025. This is complemented by 60 store openings per year, translating into 0.5%-2% revenue growth from store openings in the next two years, mainly in Poland and Bulgaria. • Improvement in EBITDA margins to about 7.6%-8.0% in the next two years, which is mainly driven by our expectations of cost efficiencies in logistics, scale effects, and lower losses in Maxima's e-commerce business. Improvement is limited by further pressure from labor costs and limited ability to pass on increased VAT rates to end customers. • Slightly positive working capital inflows of about €20 million per year. • Capex of around 3% and increasing in the upcoming years, driven by store investments -and openings. • Dividends of €106 million in 2025, which exceeds the group's dividend policy to pay out up to 70% of last year's net income (around 78% of last year's net income). • No material acquisitions.

Key metrics

Maxima Grupe UAB--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. EUR)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Revenue	4,485	5,154	5,845	6,098	6,385	6,729	7,103
EBITDA (reported)	367	369	479	456	483	528	572
Plus/(less): Other	(3)	(0)	0	(1)	--	--	--
EBITDA	364	368	479	455	483	528	572
Less: Cash interest paid	(37)	(44)	(64)	(76)	(82)	(86)	(88)
Less: Cash taxes paid	(22)	(23)	(25)	(39)	(27)	(31)	(35)
Funds from operations (FFO)	304	301	390	340	374	411	448
Interest expense	39	49	65	77	81	85	87
Cash flow from operations (CFO)	325	319	428	372	396	436	475
Capital expenditure (capex)	106	128	175	228	192	215	241
Free operating cash flow (FOCF)	219	192	253	145	205	220	234
Dividends	106	95	70	123	106	118	134
Discretionary cash flow (DCF)	113	97	183	22	99	103	100
Debt (reported)	504	567	520	514	544	624	564
Plus: Lease liabilities debt	683	683	768	793	821	854	890
Less: Accessible cash and liquid Investments	(172)	(218)	(251)	(209)	(224)	(290)	(212)
Debt	1,015	1,032	1,037	1,098	1,141	1,188	1,243
Reported FOCF after leases	131	96	152	35	94	109	119
Interest expense (reported)	39	49	65	77	81	85	87
Capex (reported)	106	128	175	228	192	215	241

Maxima Grupe UAB--Forecast summary

Cash and short-term investments (reported)	219	287	331	264	281	349	271
Adjusted ratios							
Annual revenue growth (%)	6.1	14.9	13.4	4.3	4.7	5.4	5.6
EBITDA margin (%)	8.1	7.1	8.2	7.5	7.6	7.9	8.0
Debt/EBITDA (x)	2.8	2.8	2.2	2.4	2.4	2.2	2.2
FFO/debt (%)	30.0	29.2	37.6	30.9	32.8	34.6	36.1
FFO cash interest coverage (x)	9.2	7.8	7.1	5.4	5.6	5.8	6.1
EBITDA interest coverage (x)	9.4	7.5	7.4	5.9	6.0	6.2	6.6
CFO/debt (%)	32.0	31.0	41.2	33.9	34.7	36.7	38.2
FOCF/debt (%)	21.6	18.6	24.4	13.2	17.9	18.5	18.8
DCF/debt (%)	11.1	9.4	17.6	2.0	8.6	8.6	8.0

Company Description

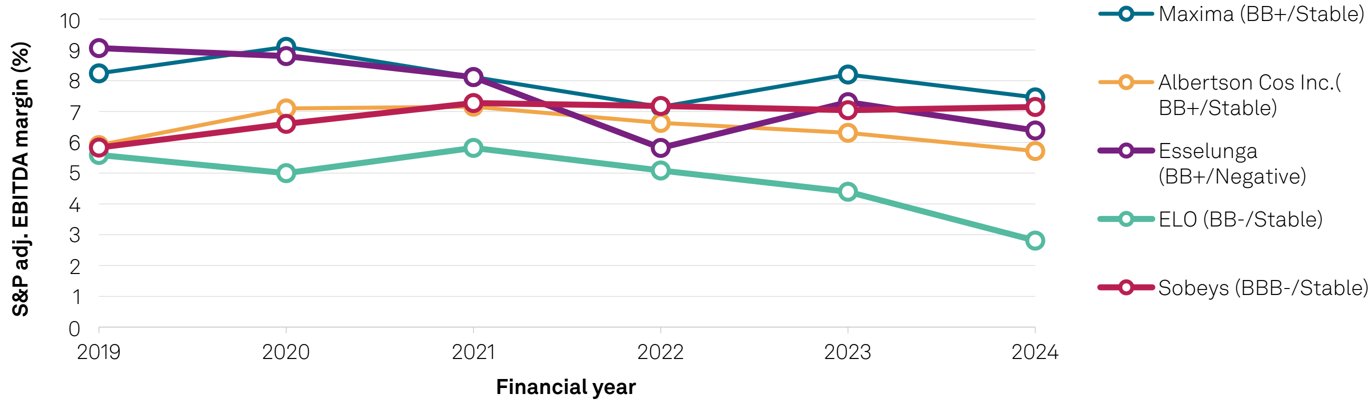
Maxima is the leading food retailer in the Baltic countries, with a market share of about 25%. Operating since 1998, the group has expanded rapidly in its home market and started to develop internationally, entering Bulgaria in 2005 and Poland in 2012. In 2024, Maxima generated more than €6 billion in sales, with about €455 million of S&P Global Ratings-adjusted EBITDA. Maxima is fully owned by VP--a holding company with other stakes in retail and a real estate group. Maxima is VP's most important asset, generating about 75% of its overall EBITDA.

Peer Comparison

Maxima's peers in the food retail sector include ELO, Sobeys Inc., Esselunga SpA, and Albertsons Cos. Inc. In this peer group, Maxima has the weakest business risk profile and is a relatively small player. Although Maxima's adjusted EBITDA margins are better than those of its European peers, this could be broadly attributable to the higher market share Maxima achieves in its key markets. Although Maxima is the leader in its market, its business risk profile is constrained by the group's focus on emerging markets characterized by generally higher volatility and lower GDP per capita and limited expansion prospects in Maxima's core geographies. Most of Maxima's peers have some degree of geographic concentration--with ELO (BB-/Stable) largely concentrated in France, Sobeys Inc. (BBB-/Stable) in Canada, and Albertsons (BB+/Stable) in America--the addressable market for these peers is significantly larger than the Baltics, where Maxima operates. Esselunga (BB+/Negative/--) is the closest peer we rate, which has similar characteristics in terms of market share (more than 20% in its key regions), position in online delivery, and low like-for-like growth prospects in its home market Italy.

S&P Global Ratings adjusted EBITDA margin

Food retail peers



Maxima Grupe UAB--Peer Comparisons

	Maxima Grupe UAB	ELO	Sobeys Inc.	Esselunga SpA	Albertsons Cos. Inc.
Foreign currency issuer credit rating	BB+/Stable/--	BB-/Stable/B	BBB-/Stable/--	BB+/Negative/--	BB+/Stable/--
Local currency issuer credit rating	BB+/Stable/--	BB-/Stable/B	BBB-/Stable/--	BB+/Negative/--	BB+/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2025-05-03	2024-12-31	2025-02-22
Mil.	EUR	EUR	EUR	EUR	EUR
Revenue	6,098	32,290	19,990	9,229	76,919
EBITDA	455	907	1,468	589	4,398
Funds from operations (FFO)	340	431	1,115	423	3,428
Interest	77	412	211	58	833
Cash interest paid	76	387	201	74	809
Operating cash flow (OCF)	372	773	1,110	377	3,245
Capital expenditure	228	815	491	526	1,848
Free operating cash flow (FOCF)	145	(42)	619	(149)	1,397
Discretionary cash flow (DCF)	22	(57)	272	(199)	992
Cash and short-term investments	264	3,279	182	188	345
Gross available cash	264	2,884	182	188	345
Debt	1,098	5,388	4,846	2,337	17,077
Equity	573	4,947	2,891	1,960	3,240
EBITDA margin (%)	7.5	2.8	7.3	6.4	5.7
Return on capital (%)	14.5	(2.3)	9.9	4.4	9.4
EBITDA interest coverage (x)	5.9	2.2	7.0	10.2	5.3
FFO cash interest coverage (x)	5.4	2.1	6.5	6.7	5.2
Debt/EBITDA (x)	2.4	5.9	3.3	4.0	3.9
FFO/debt (%)	30.9	8.0	23.0	18.1	20.1

Maxima Grupe UAB--Peer Comparisons

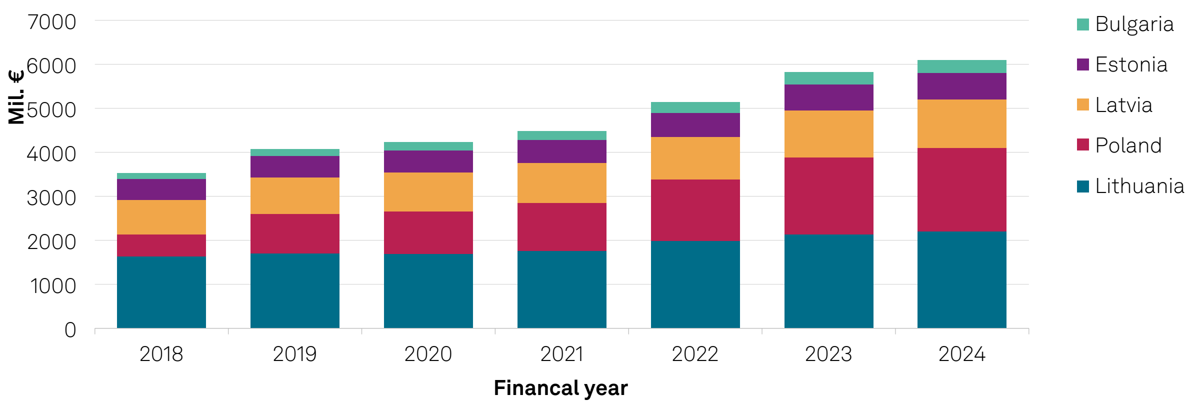
OCF/debt (%)	33.9	14.3	22.9	16.1	19.0
FOCF/debt (%)	13.2	(0.8)	12.8	(6.4)	8.2
DCF/debt (%)	2.0	(1.1)	5.6	(8.5)	5.8

Business Risk

Maxima has maintained its leading position in the Baltics, despite the increase in pressure from Lidl's arrival in Lithuania in 2016 and Latvia and Estonia in 2021 and 2022 respectively. In our view, this is thanks to Maxima's competitive price position and high brand awareness. However, the Baltics market has evolved over the past several years, witnessing greater competition since Lidl’s entry, and we understand that Maxima is losing market share. The group's market share in its home country of Lithuania declined to 29.9% in 2024, down from 34% in 2019. Lidl's entry into Latvia and Estonia, has led to some volatility with market shares that since 2021 decreased by 70 basis points to 25.5% in Latvia and by 90 basis points to 15.4% in Estonia. We anticipate that the regions' like-for-like revenue growth will remain within 2%-3.5% over the next two years, mainly driven by resurging food price inflation. Maxima enhanced its footprint in Poland in 2018 with the acquisition of Emperia. The growth markets, Bulgaria and Poland, in which we assume most of the store openings will occur, contributed 35.8% to group revenue in 2024, up from 26.2% in 2019.

Regional revenue evolution

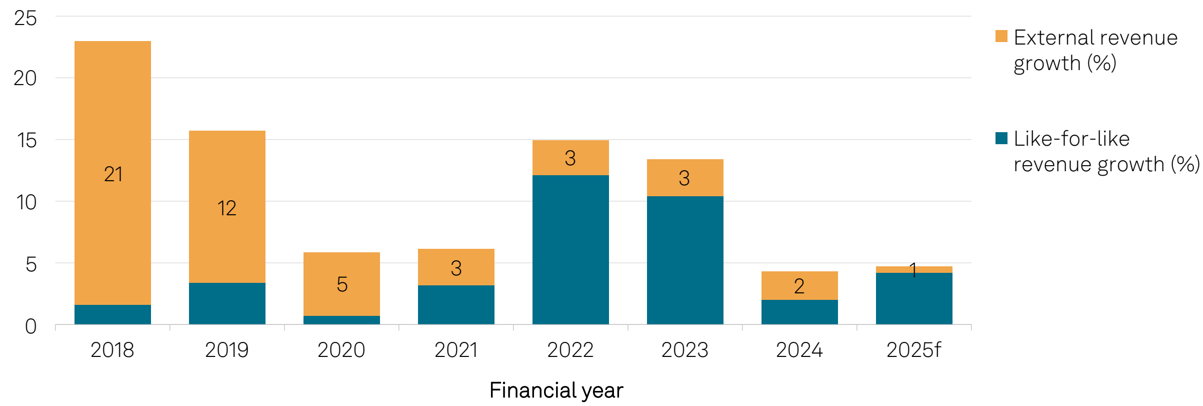
2018-2024 actuals



We believe that the resilience and relative predictability of the food retail industry provides the group with some visibility on revenue and earnings. Although consumer confidence is still relatively weak, we consider food retail as nondiscretionary and less cyclical than other sectors. This leads us to assume that Maxima's operating performance should remain relatively stable. While up to 2019 external growth from acquisitions and store openings were the main contributors to revenue growth, this has shifted to like-for-like growth since 2021.

Maxima's historical revenue growth

Like-for-like growth has been the key driver for Maxima since 2021



Like-for-like (LFL) definition is as per company definition; external growth is calcualted as the difference between reported and LFL growth. Source: Company information.

Maxima also benefits from a resilient operating model. In particular, we note the meaningful sales contribution from private labels in 2024 of about 19.4% for the overall group and 24.7% in the Baltics, which is in line with that of Maxima's other European peers, as well as its diverse store formats. The group has been focusing on smaller stores as consumer preferences shift toward convenience stores. Both factors, in our view, support margins and help Maxima maintain its competitive advantage over peers. We understand that the group has a local sourcing strategy that gives it moderately good bargaining power, despite its relatively limited size.

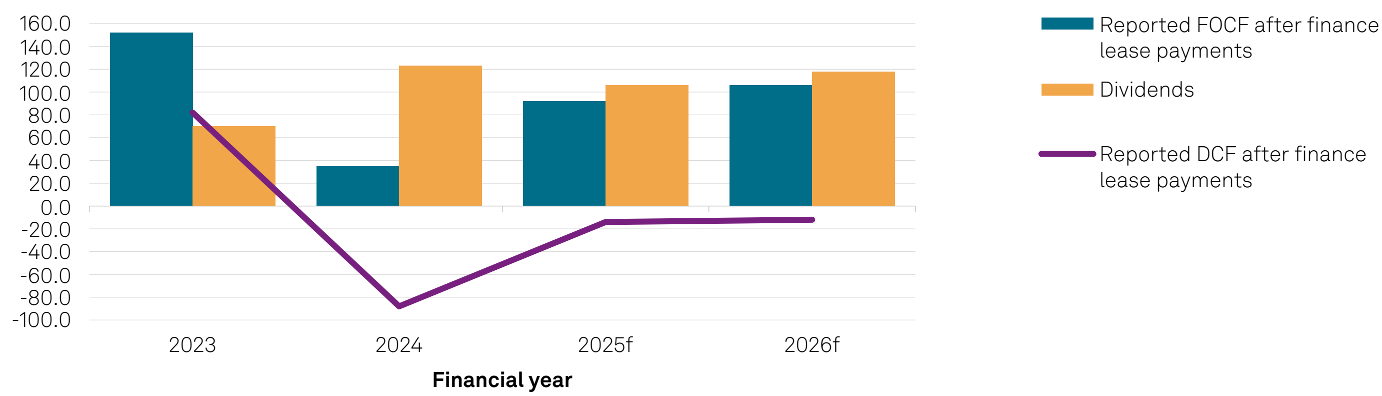
We believe that Maxima benefits from a partly owned real estate network, with a book value of property, plant, and equipment (excluding right-of-use assets) of about €988 million as of December 2024. Real estate ownership provides financial flexibility in case of need. We note that online gross revenue still represents a small part of Maxima's revenue and declined to 2.6% in 2024 from 2.9% in 2023 of sales due to the closing of its operations in Poland. However, we believe that the group is well positioned in the online space, since it faces little competition and has a dedicated online offering through the Barbora website. We anticipate that the contribution from Maxima's e-commerce segment will gradually increase in the next two years, with EBITDA close to breakeven.

We see the group's focus on emerging markets characterized by generally higher volatility and lower GDP per capita; overall smaller scale relative to higher rated peers; and limited expansion prospects in Maxima's core geographies as constraining factors. The entrance of new competitors could challenge the group's long-term market leadership in its core markets or profitability. For example, the discount chain LIDL entering Lithuania in 2016, Latvia in 2021, and Estonia in 2022, led to a moderate contraction of Maxima Grupe's respective market shares, even though the group kept its leading positions and still high shares in those markets.

Financial Risk

Maxima posted adjusted debt to EBITDA of 2.4x as of year-end 2024, which was slightly above our base case of 2.2x. Over 2025-2027, we expect moderate deleveraging coming from EBITDA expansion, while debt levels should remain stable due to growth capex and high dividend distributions. We expect the group will keep its leverage structurally below 3x, while FFO to debt will progressively increase from its 2024 level of 31%.

Reported discretionary cash flow after finance lease payments



f--Forecast. DCF--Discretionary cash flow. FOCF--Free operating cash flow.

Maxima will have resilient adjusted FOCF to debt of 17.9% in 2025 and 18.5% in 2026, which demonstrates high cash generation and a robust ability to withstand operating setbacks and potential to scale back on growth capex if needed. We understand that management intends to maintain an efficient balance sheet, and it is satisfied with the current leverage level.

The group has increased its dividend to VP to €123 million in 2024 from €70 million in 2023, which represents 66.5% of last year's net income (as per company definition) and leads to a negative discretionary cash flow (DCF) after finance lease payments. We understand that the payout ratio was increased for 2025 leading to negative DCF after leases. We expect dividend payments of well above 70%, at about 78% of last year's net income in 2025 at the amount of €106 million.

Debt maturities

As of December 2024:

- 2025: €81 million
- 2026: €64 million (estimate)
- 2027: €275 million (estimate; including the rated €240 million senior unsecured notes due July 2027)
- 2028: €37 million (estimate)
- 2029: €237 million (estimate)
- Thereafter: €20 million

Maxima Grupe UAB--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	3,993	4,226	4,485	5,154	5,845	6,098
EBITDA	329	387	364	368	479	455
Funds from operations (FFO)	275	328	304	301	390	340

Maxima Grupe UAB--Financial Summary

Interest expense	32	35	39	49	65	77
Cash interest paid	32	33	37	44	64	76
Operating cash flow (OCF)	303	277	325	319	428	372
Capital expenditure	127	100	106	128	175	228
Free operating cash flow (FOCF)	176	178	219	192	253	145
Discretionary cash flow (DCF)	94	91	113	97	183	22
Cash and short-term investments	273	184	219	287	331	264
Gross available cash	273	184	219	287	331	264
Debt	1,050	1,095	1,015	1,032	1,037	1,098
Common equity	342	387	415	417	555	573
Adjusted ratios						
EBITDA margin (%)	8.2	9.1	8.1	7.1	8.2	7.5
Return on capital (%)	13.3	15.4	13.0	12.7	18.3	14.5
EBITDA interest coverage (x)	10.1	11.1	9.4	7.5	7.4	5.9
FFO cash interest coverage (x)	9.6	10.8	9.2	7.8	7.1	5.4
Debt/EBITDA (x)	3.2	2.8	2.8	2.8	2.2	2.4
FFO/debt (%)	26.2	30.0	30.0	29.2	37.6	30.9
OCF/debt (%)	28.8	25.3	32.0	31.0	41.2	33.9
FOCF/debt (%)	16.8	16.2	21.6	18.6	24.4	13.2
DCF/debt (%)	8.9	8.3	11.1	9.4	17.6	2.0

Reconciliation Of Maxima Grupe UAB Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2024									
Company reported amounts	514	573	6,098	456	231	77	455	444	123	228
Cash taxes paid	-	-	-	-	-	-	(39)	-	-	-
Cash interest paid	-	-	-	-	-	-	(76)	-	-	-
Lease liabilities	793	-	-	-	-	-	-	-	-	-
Accessible cash and liquid investments	(209)	-	-	-	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	6	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(72)	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(1)	(1)	-	-	-	-	-

Reconciliation Of Maxima Grupe UAB Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Total adjustments	584	-	-	(1)	5	-	(115)	(72)	-	-
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	1,098	573	6,098	455	237	77	340	372	123	228

Liquidity

We assess Maxima's liquidity as adequate. This reflects our calculation that Maxima's sources of liquidity will exceed its uses by more than 1.2x over the next 12 months, and our expectation that sources would cover uses, even if EBITDA declined by 15%.

Principal liquidity sources

We estimate that Maxima's liquidity sources for the 12 months from Jan. 1, 2025, include:

- Unrestricted cash and liquid investments of about €209 million;
- €55 million undrawn committed bilateral lines;
- Cash funds from operations of €270 million, net of lease payments; and
- Working capital inflows of about €20 million.

Principal liquidity uses

We estimate that liquidity uses for the 12 months from Jan. 1, 2025, include:

- Debt amortization of about €81 million;
- Seasonal working capital requirements of about €50 million;
- Maintenance and some expansion capex of about €150 million; and
- Dividends to VP of €106 million.

Covenant Analysis

Requirements

While there are no maintenance covenants, Maxima must comply with incurrence-of-debt covenants stipulating a fixed-charge coverage ratio of above 2x and a group-defined net leverage ratio of below 4.25x.

Compliance expectations

We expect that Maxima will maintain sufficient headroom above that level of leverage over the next 24 months.

Environmental, Social, And Governance

Governance factors are a moderately negative consideration in our credit rating analysis of Maxima due to a greater number of senior management changes than the industry average. Although we generally associate frequent changes with the risk of strategic and operational missteps, we note that Maxima's operating performance has been stable. Moreover, the majority of the leaving personnel have remained part of the broader group in different positions. We note that Maxima dissolved its Supervisory Board in 2024 and transferred its responsibilities to its sole shareholder Vilniaus Prekyba and the management board of Maxima.

Environmental factors are a neutral consideration in our analysis of Maxima. Like other European food retailers, Maxima focuses on improving its environmental impact. The group aims to minimize food waste, reduce greenhouse gas emissions, and reduce its recourse to plastic packaging. In February 2024, Maxima received its Science Based Targets initiative (SBTi) validation for its commitment to several targets to meet these challenges, including reducing scope 1 and 2 carbon dioxide emissions by 42% by 2030.

Social factors are a neutral consideration. Retail is a labor-intensive industry, and the political and societal focus on paying a living wage has increased. In retail, labor costs are one of the largest expenses and employers have been raising wages and benefits to attract and retain workers. Maxima employs 36,412 people in Europe. Collective bargaining agreements are in place for 49.4% of total employees. Markets in which Maxima operates have experienced varying levels of inflationary pressures. Bulgaria, Estonia, and Poland had higher inflation rates varying between 2.6%-3.6% in 2024 compared with 2.4% for the eurozone, whereas inflation in Latvia was at 1.4% and in Lithuania at 0.8%. We estimate that inflation will be slightly higher in all of Maxima's operating markets than in the eurozone in 2025 and 2026. The elevated inflation implies further pressure to raise wages, which is reflected in our guidance that the S&P Global Ratings-adjusted EBITDA margin will stay at about 7.6% in 2025.

Group Influence

Maxima is part of the wider Vilniaus Prekyba (VP) group, whose main consolidated asset is Maxima. VP also consolidates a fairly geographically diversified pharmacy business, Euroapotheca; DIY business, ERMI; investment company, NDX; and real estate business, Akropolis Group (BB+/Stable/--), essentially operating in the Baltics. Those entities are positive contributors to the group's overall profitability. The group is sporadically distributing dividends to its holding company, but we understand that VP sticks to a prudent financial policy and intends to keep run-rate reported net debt to EBITDA below 2.5x.

Since Maxima contributes the bulk of the overall group's revenue and earnings, and we consider Maxima to be the largest business of the ultimate shareholder, Mr. Nerijus Numa, we believe that it is a core entity to the wider group. We also understand that there is no plan to partially list Maxima and that the main shareholders intend to keep clear control of it.

We assess the wider group credit profile (GCP) at 'bb+', which is driven by and consistent with our assessment of Maxima's stand-alone credit profile (SACP) of 'bb+'. Hence, our rating on Maxima is in line with its SACP and the GCP.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of December 2024, Maxima's capital structure comprised about €514 million of financial debt, of which €240 million is a senior unsecured bond due in 2027 issued by the parent holding company, Maxima Grupe and about €76 million of bank loans that rank at the same seniority. These bank loans have been raised with SEB and Swedbank in 2023 and have recently been amended, such that they are no longer secured by assets. In addition, the group still has about €198 million of secured debt and/or unsecured debt at subsidiaries.

Analytical conclusions

The 'BB+' issue rating on the senior unsecured notes due 2027 is in line with our long-term issuer credit rating on Maxima. We have previously treated the €100 million (€76 million outstanding as of December 2024) raised with SEB and Swedbank as secured/priority ranking, due to the account pledges that resulted in a priority debt ratio in excess of 50% (52.8% as of December 2023). With the amendment of the terms of the SEB and Swedbank facilities, subordination risks have eased and the priority ratio declined to 38.4% as of Dec. 31, 2024 comfortably below 50%.

Rating Component Scores

Foreign currency issuer credit rating	**BB+/Stable/--**
Local currency issuer credit rating	**BB+/Stable/--**
Business risk	**Fair**
Country risk	Intermediate
Industry risk	Intermediate
Competitive position	Fair
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**bb+**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Moderately Negative (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bb+**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018

- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Industry Credit Outlook Update Europe: Retail and Restaurants, Jul. 16, 2025

Ratings Detail (as of July 31, 2025)*	
Maxima Grupe UAB	
Issuer Credit Rating	BB+/Stable/--
Senior Unsecured	BB+
Issuer Credit Ratings History	
21-Oct-2021	BB+/Stable/--
28-Oct-2020	BB+/Negative/--
12-Oct-2018	BB+/Stable/--
Related Entities	
Akropolis Group UAB	
Issuer Credit Rating	BB+/Stable/--
Senior Unsecured	BB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.