

## Investment Research

Reason: Company Newsflow

16 January 2017

### Neutral

from Buy

**Share price: EUR 14.05**

closing price as of 13/01/2017

**Target price: EUR 14.99**

from Target Price: EUR 14.99

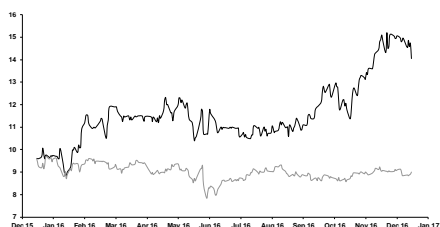
Reuters/Bloomberg

BABr.AT/BELA.GA

Daily avg. no. trad. sh. 12 mth	170
Daily avg. trad. vol. 12 mth (m)	1,480.87
Price high 12 mth (EUR)	15.20
Price low 12 mth (EUR)	8.83
Abs. perf. 1 mth	-5.1%
Abs. perf. 3 mth	18.1%
Abs. perf. 12 mth	46.2%

Market capitalisation (EURm)	1,912
Current N° of shares (m)	136
Free float	73%

Key financials (EUR)	06/16	06/17e	06/18e
Sales (m)	638	680	730
EBITDA (m)	184	195	209
EBITDA margin	28.8%	28.6%	28.6%
EBIT (m)	161	171	184
EBIT margin	25.3%	25.1%	25.2%
Net Profit (adj.)(m)	119	127	136
ROCE	15.4%	15.8%	16.2%
Net debt/(cash) (m)	(250)	(273)	(338)
Net Debt Equity	-0.3	-0.3	-0.3
Net Debt/EBITDA	-1.4	-1.4	-1.6
Int. cover(EBITDA/Fin.int)	(97.2)	(122.2)	(123.4)
EV/Sales	2.1	2.4	2.1
EV/EBITDA	7.2	8.3	7.4
EV/EBITDA (adj.)	7.2	8.3	7.4
EV/EBIT	8.3	9.5	8.5
P/E (adj.)	13.5	15.1	14.0
P/BV	1.8	2.0	1.8
OpFCF yield	5.3%	5.0%	5.4%
Dividend yield	3.8%	2.0%	2.1%
EPS (adj.)	0.87	0.93	1.00
BVPS	6.73	7.12	7.84
DPS	0.54	0.28	0.30



Source: Factset — JUMBO — Stoxx General Retailers (Rebased)

Shareholders: Vakakis Apostolos-Evangelos 27%;

For company description please see summary table footnote

## Sales deceleration in 2Q16/17 on weak sentiment in Greece; Downgrade to 'Neutral' on valuation grounds

Jumbo announced its sales for the first half of 2016/2017 that stood above management full-year guidance, revealing a deceleration in the second quarter on the back of a worsening consumer sentiment in Greece. According to management, the downward trend in the Greek market is expected to continue, while we expect that the recent strengthening of the USD against the euro will also exert pressure on Jumbo's gross margin going forward, thus on its earnings potential in the medium-term. On current price levels, there is a small upside potential of 7% against our target price, thus we downgrade our rating on the stock to 'Neutral' from 'Buy', looking for a more attractive entry point.

- ✓ Jumbo announced that its sales for the first half of fiscal year 2016/2017 grew by 8.11% y-o-y to EUR 401.9m, standing above the annual target for sales increase in the range of 4%-7%. Per geography, Greece recorded a 1.5% y-o-y sales increase, while Cyprus reported a 3% y-o-y sales growth. On the positive side, Jumbo stores in Bulgaria and Romania recorded double digit growth in sales terms, maintaining their robust momentum on new store additions and market share gains.
- ✓ Based on 6-month sales, we estimate that Jumbo's sales in 2Q16/17 (October-December 2016), which includes the crucial Christmas period, increased by 5.7% y-o-y at EUR 232m, posting a clear deceleration compared to previous periods (1H15/16: +9% y-o-y, 2H15/16: +10% y-o-y, 1Q16/17: +11.5% y-o-y). The main reason for the revenue slowdown is the weak performance of domestic operations (Greek sales posted a small negative change in 2Q16/17), owing to the downward trend that had been noted since the middle of September.
- ✓ Despite the robust sales growth in the first half of FY16/17, management maintained its sales guidance for 4%-7% for FY16/17 based on the ongoing downward trend in the Greek market. In relation to the investment plans, Jumbo notified that it had opened a new leased hyper store in Bulgaria in November of approximately 11.000sqm, while it reiterated its plan to open 2 new stores in Romania and 1 new store in Greece are expected to open until Christmas 2017.
- ✓ We feel comfortable with our estimate for sales growth of 6.7% y-o-y in FY16/17 (i.e. EUR 680m) which implies a growth rate of 5.4% y-o-y in 2H16/17, but the current weakness of the euro against the USD could pose some downside risk to our assumption for a 100bps decrease in gross margin (i.e. the pressure on the gross margin could be higher). On our estimates, every 100bps extra reduction of Jumbo's gross margin, will reduce Jumbo's FY16/17e EBITDA by EUR 7m (4% downward revision against our estimates) and net profits by EUR 5m (4% downward revision), causing a EUR 0.50/share reduction in our current target price. For the time being, we stick to our P&L forecasts and target price, expecting more insight on gross margin evolution following the release of 1H16/17 results.
- ✓ On our numbers, Jumbo trades 16x its FY17e calendarized net earnings, at a minor discount of 2% against European retailers. In terms of 2018e calendarized p/e, Jumbo trades on a small premium of 3% against European retailers, indicating that the stock is fairly priced at current levels. In our view, Jumbo's great exposure to the Greek retail market (70% of FY15/16 revenues) as well as its dependence on the EUR/USD rate and manufacturing costs in China (70% of total inventory purchases), cast a shadow on its earnings potential in the medium-term.

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**For important disclosure information, please refer to the disclaimer page of this report**

**Jumbo sales figures for the first half of fiscal year 2016/2017**

	Mgt guidance for FY16/17	1Q16/17	2Q16/17	1H16/17
<b>Group sales</b>	<b>4% to 7%</b>	<b>+11.5%</b>	<b>+5.7%</b>	<b>+8.1%</b>
Greece*		+4%	-0.3%	+1.5%
Cyprus		+4%	+2%	+3%
Bulgaria		Double-digit growth	Double-digit growth	Double-digit growth
Romania		Double-digit growth	Double-digit growth	Double-digit growth

Source: IBG Research, The Company, \* Including sales from franchise stores in Western Balkan countries

**Jumbo P&L forecasts**

EUR m	FY 15/16	FY 16/17f	FY 17/18f	FY 18/19f	FY 19/20f	CAGR 16-20f
Greece	446.4	459.6	483.4	505.1	533.7	5%
Cyprus	78.9	83.6	87.8	92.2	94.9	5%
Bulgaria	51.9	59.6	65.1	68.4	70.4	8%
Romania	47.9	60.3	72.2	90.9	108.5	23%
Other*	12.5	16.9	21.6	26.4	30.4	25%
<b>Sales</b>	<b>637.6</b>	<b>680.0</b>	<b>730.1</b>	<b>782.9</b>	<b>838.0</b>	<b>7%</b>
<b>% change</b>	<b>9.4%</b>	<b>6.7%</b>	<b>7.4%</b>	<b>7.2%</b>	<b>7.0%</b>	
<b>Gross profit</b>	<b>337.9</b>	<b>353.6</b>	<b>376.0</b>	<b>399.3</b>	<b>423.2</b>	
<b>% margin</b>	<b>53.0%</b>	<b>52.0%</b>	<b>51.5%</b>	<b>51.0%</b>	<b>50.5%</b>	
SGA	-174.8	-180.9	-190.6	-201.2	-212.5	
SGA/sales	27.4%	26.6%	26.1%	25.7%	25.4%	
Other income / expenses	-2.1	-1.9	-1.7	-1.5	-1.3	
<b>EBIT</b>	<b>161.0</b>	<b>170.8</b>	<b>183.7</b>	<b>196.6</b>	<b>209.4</b>	
% margin	25.3%	25.1%	25.2%	25.1%	25.0%	
Depreciation	22.7	23.8	25.1	26.5	27.8	
<b>EBITDA</b>	<b>183.7</b>	<b>194.6</b>	<b>208.8</b>	<b>223.1</b>	<b>237.2</b>	<b>7%</b>
<b>% margin</b>	<b>28.8%</b>	<b>28.6%</b>	<b>28.6%</b>	<b>28.5%</b>	<b>28.3%</b>	
<b>% change</b>	<b>15.3%</b>	<b>5.9%</b>	<b>7.3%</b>	<b>6.8%</b>	<b>6.4%</b>	
Net financials	4.1	1.6	1.7	1.8	1.9	
<b>EBT</b>	<b>165.1</b>	<b>172.4</b>	<b>185.4</b>	<b>198.4</b>	<b>211.3</b>	
Income taxes	-43.9	-45.8	-49.3	-52.7	-56.1	
<b>Net profit</b>	<b>121.3</b>	<b>126.6</b>	<b>136.2</b>	<b>145.7</b>	<b>155.2</b>	<b>6%</b>
<b>% change</b>	<b>15.7%</b>	<b>4.4%</b>	<b>7.5%</b>	<b>7.0%</b>	<b>6.5%</b>	
<b>Net profit adj**</b>	<b>119.0</b>	<b>126.6</b>	<b>136.2</b>	<b>145.7</b>	<b>155.2</b>	<b>7%</b>
<b>% change</b>	<b>10.7%</b>	<b>6.4%</b>	<b>7.5%</b>	<b>7.0%</b>	<b>6.5%</b>	

Source: IBG Research, The Company, \* Sales from franchise stores in Western Balkan countries, \*\* Excluding a non-cash gain from the mark-to-market valuation of tradable securities



## Jumbo: Summary tables

<b>PROFIT &amp; LOSS (EURm)</b>	<b>06/2014</b>	<b>06/2015</b>	<b>06/2016</b>	<b>06/2017e</b>	<b>06/2018e</b>	<b>06/2019e</b>
<b>Sales</b>	<b>542</b>	<b>583</b>	<b>638</b>	<b>680</b>	<b>730</b>	<b>783</b>
Cost of Sales & Operating Costs	-395	-423	-454	-485	-521	-560
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>147</b>	<b>159</b>	<b>184</b>	<b>195</b>	<b>209</b>	<b>223</b>
<b>EBITDA (adj.)*</b>	<b>147</b>	<b>159</b>	<b>184</b>	<b>195</b>	<b>209</b>	<b>223</b>
Depreciation	-19.4	-21.3	-22.7	-23.8	-25.1	-26.5
<b>EBITA</b>	<b>127</b>	<b>138</b>	<b>161</b>	<b>171</b>	<b>184</b>	<b>197</b>
<b>EBITA (adj)*</b>	<b>127</b>	<b>138</b>	<b>161</b>	<b>171</b>	<b>184</b>	<b>197</b>
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>127</b>	<b>138</b>	<b>161</b>	<b>171</b>	<b>184</b>	<b>197</b>
<b>EBIT (adj.)*</b>	<b>127</b>	<b>138</b>	<b>161</b>	<b>171</b>	<b>184</b>	<b>197</b>
Net Financial Interest	2.7	1.7	1.9	1.6	1.7	1.8
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.2	-2.7	2.2	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>130</b>	<b>137</b>	<b>165</b>	<b>172</b>	<b>185</b>	<b>198</b>
Tax	-28.7	-32.1	-43.9	-45.8	-49.2	-52.7
<i>Tax rate</i>	<i>22.1%</i>	<i>23.4%</i>	<i>26.6%</i>	<i>26.6%</i>	<i>26.6%</i>	<i>26.6%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Profit (reported)</b>	<b>101</b>	<b>105</b>	<b>121</b>	<b>127</b>	<b>136</b>	<b>146</b>
<b>Net Profit (adj.)</b>	<b>101</b>	<b>107</b>	<b>119</b>	<b>127</b>	<b>136</b>	<b>146</b>
<b>CASH FLOW (EURm)</b>	<b>06/2014</b>	<b>06/2015</b>	<b>06/2016</b>	<b>06/2017e</b>	<b>06/2018e</b>	<b>06/2019e</b>
Cash Flow from Operations before change in NWC	142	130	142	151	162	173
Change in Net Working Capital	-12.6	8.2	-23.1	-15.9	-18.5	-17.8
<b>Cash Flow from Operations</b>	<b>130</b>	<b>138</b>	<b>119</b>	<b>135</b>	<b>144</b>	<b>155</b>
Capex	-35.9	-59.1	-34.7	-40.0	-40.0	-40.0
Net Financial Investments	14.4	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>108</b>	<b>79.1</b>	<b>84.5</b>	<b>95.3</b>	<b>104</b>	<b>115</b>
Dividends	0.0	-49.0	0.0	-73.1	-38.0	-40.8
Other (incl. Capital Increase & share buy backs)	-6.5	-0.5	13.7	0.0	0.0	0.0
<b>Change in Net Debt</b>	<b>102</b>	<b>29.6</b>	<b>98.2</b>	<b>22.2</b>	<b>65.7</b>	<b>74.4</b>
NOPLAT	94.1	97.9	114	121	130	140
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>06/2014</b>	<b>06/2015</b>	<b>06/2016</b>	<b>06/2017e</b>	<b>06/2018e</b>	<b>06/2019e</b>
Net Tangible Assets	446	498	499	515	530	543
Net Intangible Assets (incl. Goodwill)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	43.7	35.2	31.7	31.3	31.0	30.6
<b>Total Fixed Assets</b>	<b>490</b>	<b>533</b>	<b>530</b>	<b>546</b>	<b>561</b>	<b>574</b>
Inventories	186	198	197	206	223	240
Trade receivables	56.5	48.8	77.0	77.4	82.0	86.7
Other current assets	14.1	11.7	10.4	10.4	10.4	10.4
Cash (-)	-288	-299	-395	-417	-483	-557
<b>Total Current Assets</b>	<b>544</b>	<b>557</b>	<b>679</b>	<b>710</b>	<b>798</b>	<b>894</b>
<b>Total Assets</b>	<b>1,034</b>	<b>1,090</b>	<b>1,209</b>	<b>1,257</b>	<b>1,359</b>	<b>1,468</b>
Shareholders Equity	745	797	916	969	1,067	1,172
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	745	797	916	969	1,067	1,172
Long term interest bearing debt	144	144	144	144	144	144
Provisions	5.0	6.0	7.7	8.2	8.7	9.2
Other long term liabilities	7.7	19.9	13.6	13.6	13.6	13.6
<b>Total Long Term Liabilities</b>	<b>156</b>	<b>170</b>	<b>165</b>	<b>166</b>	<b>166</b>	<b>167</b>
Short term interest bearing debt	21.4	2.9	0.2	0.2	0.2	0.2
Trade payables	52.2	51.4	39.1	41.1	42.7	44.1
Other current liabilities	59.4	69.0	89.1	80.3	82.4	84.4
<b>Total Current Liabilities</b>	<b>133</b>	<b>123</b>	<b>128</b>	<b>122</b>	<b>125</b>	<b>129</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,034</b>	<b>1,090</b>	<b>1,209</b>	<b>1,257</b>	<b>1,359</b>	<b>1,468</b>
<b>Net Capital Employed</b>	<b>635</b>	<b>671</b>	<b>687</b>	<b>718</b>	<b>751</b>	<b>782</b>
<b>Net Working Capital</b>	<b>205</b>	<b>207</b>	<b>245</b>	<b>252</b>	<b>273</b>	<b>293</b>
<b>GROWTH &amp; MARGINS</b>	<b>06/2014</b>	<b>06/2015</b>	<b>06/2016</b>	<b>06/2017e</b>	<b>06/2018e</b>	<b>06/2019e</b>
<i>Sales growth</i>	<i>7.9%</i>	<i>7.5%</i>	<i>9.4%</i>	<i>6.7%</i>	<i>7.4%</i>	<i>7.2%</i>
<b>EBITDA (adj.)* growth</b>	<b>9.4%</b>	<b>8.7%</b>	<b>15.3%</b>	<b>5.9%</b>	<b>7.3%</b>	<b>6.8%</b>
<i>EBITA (adj.)* growth</i>	<i>10.4%</i>	<i>8.5%</i>	<i>16.7%</i>	<i>6.1%</i>	<i>7.6%</i>	<i>7.0%</i>
<i>EBIT (adj.)* growth</i>	<i>10.4%</i>	<i>8.5%</i>	<i>16.7%</i>	<i>6.1%</i>	<i>7.6%</i>	<i>7.0%</i>



## Jumbo: Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>06/2014</b>	<b>06/2015</b>	<b>06/2016</b>	<b>06/2017e</b>	<b>06/2018e</b>	<b>06/2019e</b>
Net Profit growth	6.5%	6.2%	10.7%	6.4%	7.5%	7.0%
EPS adj. growth	1.7%	6.2%	10.7%	6.4%	7.5%	7.0%
DPS adj. growth	n.m.	n.m.	n.m.	-48.1%	7.5%	7.0%
EBITDA (adj)* margin	27.0%	27.3%	28.8%	28.6%	28.6%	28.5%
EBITA (adj)* margin	23.5%	23.7%	25.3%	25.1%	25.2%	25.1%
EBIT (adj)* margin	23.5%	23.7%	25.3%	25.1%	25.2%	25.1%
<b>RATIOS</b>	<b>06/2014</b>	<b>06/2015</b>	<b>06/2016</b>	<b>06/2017e</b>	<b>06/2018e</b>	<b>06/2019e</b>
Net Debt/Equity	-0.2	-0.2	-0.3	-0.3	-0.3	-0.4
Net Debt/EBITDA	-0.8	-1.0	-1.4	-1.4	-1.6	-1.9
Interest cover (EBITDA/Fin.interest)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/D&A	184.9%	277.3%	152.7%	168.3%	159.2%	151.0%
Capex/Sales	6.6%	10.2%	5.4%	5.9%	5.5%	5.1%
NWC/Sales	37.8%	35.5%	38.4%	37.1%	37.4%	37.4%
ROE (average)	14.6%	13.9%	13.9%	13.4%	13.4%	13.0%
ROCE (adj.)	14.5%	13.9%	15.4%	15.8%	16.2%	16.7%
WACC	9.9%	9.3%	9.5%	10.3%	10.3%	10.3%
ROCE (adj.)/WACC	1.5	1.5	1.6	1.5	1.6	1.6
<b>PER SHARE DATA (EUR)***</b>	<b>06/2014</b>	<b>06/2015</b>	<b>06/2016</b>	<b>06/2017e</b>	<b>06/2018e</b>	<b>06/2019e</b>
Average diluted number of shares	136.1	136.1	136.1	136.1	136.1	136.1
EPS (reported)	0.74	0.77	0.89	0.93	1.00	1.07
EPS (adj.)	0.74	0.79	0.87	0.93	1.00	1.07
BVPS	5.47	5.86	6.73	7.12	7.84	8.61
DPS	0.36	0.00	0.54	0.28	0.30	0.32
<b>VALUATION</b>	<b>06/2014</b>	<b>06/2015</b>	<b>06/2016</b>	<b>06/2017e</b>	<b>06/2018e</b>	<b>06/2019e</b>
EV/Sales	2.7	1.4	2.1	2.4	2.1	1.9
EV/EBITDA	10.1	5.2	7.2	8.3	7.4	6.6
<b>EV/EBITDA (adj.)*</b>	<b>10.1</b>	<b>5.2</b>	<b>7.2</b>	<b>8.3</b>	<b>7.4</b>	<b>6.6</b>
EV/EBITA	11.7	6.1	8.3	9.5	8.5	7.5
<b>EV/EBITA (adj.)*</b>	<b>11.7</b>	<b>6.1</b>	<b>8.3</b>	<b>9.5</b>	<b>8.5</b>	<b>7.5</b>
EV/EBIT	11.7	6.1	8.3	9.5	8.5	7.5
<b>EV/EBIT (adj.)*</b>	<b>11.7</b>	<b>6.1</b>	<b>8.3</b>	<b>9.5</b>	<b>8.5</b>	<b>7.5</b>
<b>P/E (adj.)</b>	<b>16.1</b>	<b>9.4</b>	<b>13.5</b>	<b>15.1</b>	<b>14.0</b>	<b>13.1</b>
P/BV	2.2	1.3	1.8	2.0	1.8	1.6
Total Yield Ratio	3.0%	0.0%	3.8%	2.0%	2.1%	2.3%
EV/CE	2.3	1.2	1.8	2.1	1.9	1.8
OpFCF yield	5.8%	7.8%	5.3%	5.0%	5.4%	6.0%
OpFCF/EV	6.3%	9.5%	6.4%	5.9%	6.7%	7.8%
Payout ratio	48.4%	0.0%	60.3%	30.0%	30.0%	30.0%
Dividend yield (gross)	3.0%	0.0%	3.8%	2.0%	2.1%	2.3%
<b>EV AND MKT CAP (EURm)</b>	<b>06/2014</b>	<b>06/2015</b>	<b>06/2016</b>	<b>06/2017e</b>	<b>06/2018e</b>	<b>06/2019e</b>
Price** (EUR)	11.96	7.42	11.78	14.05	14.05	14.05
Outstanding number of shares for main stock	136.1	136.1	136.1	136.1	136.1	136.1
<b>Total Market Cap</b>	<b>1,627</b>	<b>1,010</b>	<b>1,603</b>	<b>1,912</b>	<b>1,912</b>	<b>1,912</b>
<b>Net Debt</b>	<b>-122</b>	<b>-152</b>	<b>-250</b>	<b>-273</b>	<b>-338</b>	<b>-413</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-288</i>	<i>-299</i>	<i>-395</i>	<i>-417</i>	<i>-483</i>	<i>-557</i>
<i>o/w Gross Debt (+)</i>	<i>165</i>	<i>147</i>	<i>144</i>	<i>144</i>	<i>144</i>	<i>144</i>
<b>Other EV components</b>	<b>-22</b>	<b>-22</b>	<b>-22</b>	<b>-21</b>	<b>-21</b>	<b>-21</b>
<b>Enterprise Value (EV adj.)</b>	<b>1,483</b>	<b>835</b>	<b>1,331</b>	<b>1,618</b>	<b>1,552</b>	<b>1,478</b>

Source: Company, Investment Bank of Greece estimates.

### Notes

\* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: General Retailers/Broadline Retailers

Company Description: Jumbo is the largest toys/babies apparel/bookstore/seasonal products retailer in the Greek market. The company has a resilient business model based on its geographical sales network expansion strategy, a wide assortment of products and a competitive pricing policy. Today, the Jumbo network counts 71 stores (51 in Greece, 5 in Cyprus, 8 in Bulgaria and 7 in Romania), as well as the online store e-Jumbo, while it has attained presence in Western Balkan countries (Serbia, Albania, FYROM, Kosovo, Bosnia) through franchise agreements.



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The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

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### IBG Research Rating Distribution

Data current as of 13/01/2017

	Buy	Accumulate	Neutral	Reduce	Sell	Rating Suspended
IBG Research Total Coverage	61%	4%	17%	9%	0%	9%
% of companies in each rating category that are investment banking clients	0%	0%	0%	0%	0%	0%
Retail	100%	0%	0%	0%	0%	0%
% of companies in each rating category that are investment banking clients	0%	0%	0%	0%	0%	0%

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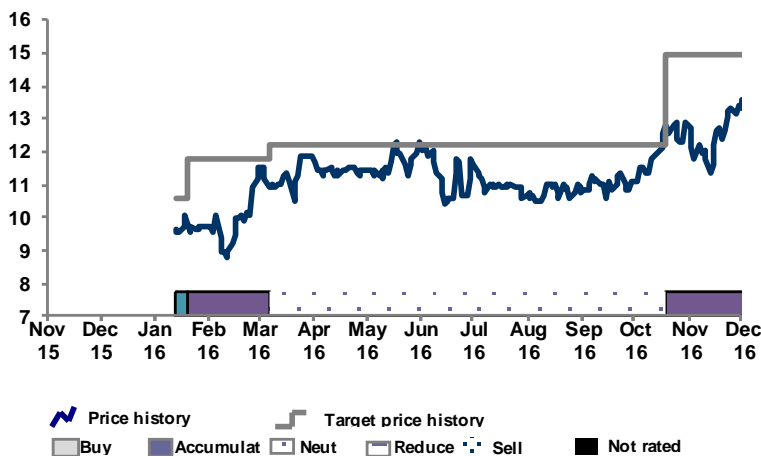
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### Recommendation history for JUMBO

Date	Recommendation	Target price	Price at change date
16-Jan-17	Neutral	14.99	14.05
19-Oct-16	Buy	14.99	12.82
07-Mar-16	Neutral	12.20	10.95
20-Jan-16	Buy	11.80	9.80
30-Nov-15	Accumulate	10.60	9.65
02-Oct-15	Accumulate	8.60	7.59
16-Sep-15	Neutral	8.40	8.70
31-Jul-15	Rating Suspended		7.42
02-Jun-15	Neutral	8.80	8.07
03-Feb-15	Neutral	8.60	10.57



Source: Factset & ESN, price data adjusted for stock splits. This chart shows Investment Bank of Greece continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.

### Risks to our forecasts and valuation

- Group's earnings performance is sensitive to FX movements is especially the EUR/USD currency pair and the evolution of manufacturing costs in China.
- Challenging macroeconomic conditions in Greece that may have a negative impact in the company's financial performance, since as a retail company, Jumbo is affected by factors that influence consumer behaviour.
- Volatility in transportation costs directly affects group's gross profit margin.
- A stricter competitive environment (i.e. entry of foreign companies in the Greek market, retail store expansion from existing players) could pose risk to group's earnings performance in the medium-term.
- Exposure to developing markets (Romania, Bulgaria) with embedded increased market risks (political, macroeconomic).
- High dependence of the company's structure from the Chairman and major shareholder of the group.

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