ALPHA FINANCE

Jumbo
Retail

Outperform
Medium Risk

Mkt. Price:	€ 13.56
Target Price:	**€ 18.0**
FTSE Market:	495.94

Equity Research | Resume of Coverage

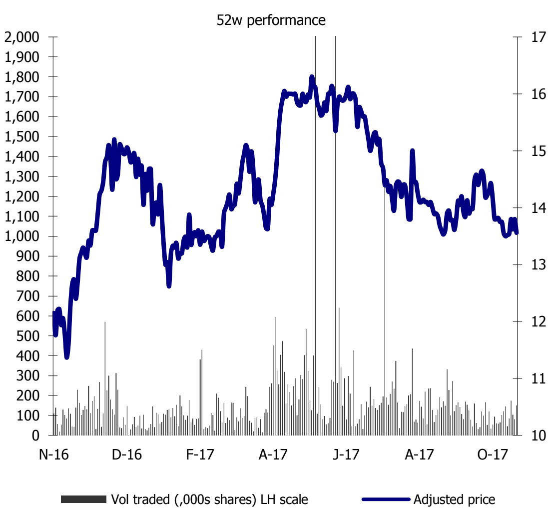
November 6, 2017

RIC: BABr.AT, BBG: BABY GA

Changes	Rating -	TP -	EPS -
Target price	18.0		
of which DPS	*0.36*		
Total stock return	32.9%		

Valuation	2017a	2018e	2019e	2020e
P/E	14.1x	14.1x	13.3x	11.9x
P/BV	1.9x	1.8x	1.6x	1.5x
EV/Sales	2.4x	2.2x	1.9x	1.7x
EV/EBITDA	8.4x	7.9x	7.3x	6.4x
EV/EBIT	9.5x	9.0x	8.4x	7.4x
Dividend yield	2.7%	2.7%	2.8%	2.9%
FCF yield	4.9%	5.1%	5.3%	6.7%
Per share				
EPS	0.96	0.96	1.02	1.14
EPS old	-	-	-	-
DPS	0.36	0.36	0.38	0.40
BS data (€m)				
Sh. Equity	962	1,047	1,137	1,238
Net debt	-207	-245	-281	-330
P&L data (€m)				
Revenues	681	736	803	882
EBITDA	195	204	214	235
EBIT	172	178	186	205
Net income	131	131	139	155

Trading data	1m	3m	6m	12m
Rel. Performance	-7.8%	1.3%	-13.9%	-20.4%
Abs. Performance	-6.4%	-6.2%	-11.9%	11.6%
H | L 52w	16.50 | 12.62			
Market cap. (mn)	1844.97			
Shares outstanding (m): 136				
Free float (%, mn)	55% | 1014.73			
Avg. vol. Traded (52w): 183k				
Index constituent & weight:				
ASE (4,59%), FTSE LC (5,73%)				



Georgios Sarris, CFA
Analyst
georgios.sarris@alphafinance.gr
T +30 210 367 7534

A successful business model that is expanding abroad

Resume with outperform

We resume coverage of Jumbo with an 'Outperform' rating and a target price of €18/share (+33% upside). We take into account the macroeconomic situation in Greece that is slowly improving, the company's unique business model and the advantages from international expansion in high growth markets such as the Bulgarian and Romanian. We believe that Jumbo's next phase of growth will be driven by further international expansion as the network rolout in Greece is almost close to full capacity.

Successfull Business Strategy – Furter Network Rollout

Back in 1994 Jumbo was a small local toy maker with only three stores. However, after being bought the same year by its current CEO Mr. Vakakis and adopting the strategy to import products from Asia, keep prices at affordable levels (c. €5/item) and diversify its product mix, it ended as one of the most successful business stories in ASE. By the end of FY 16/17 Jumbo operated 73 stores out of which 51 are located in Greece, 5 in Cyprus, 9 in Bulgaria, 8 in Romania and one e-shop. Until the end of 17/18 3 hyper stores are expected to operate in Romania, where the plan remains to reach 25 in the next five years. A new hyper store will also open in N. Greece (Katerini) during the next year. We estimate that in five years' time Jumbo will have a network of 93 stores with the majority of new openings in Romania, while more than 50% of sales and 55% of EBITDA will be generated abroad.

Risk

New fiscal austerity measures that are scheduled to be imposed in Greece during 2018-2021, mainly pension cuts and lower tax deduction limit, could put pressure on disposable income with retail turnaround in Greece taking longer than expected. If that is the case, further international expansion should at least partially counterbalance Greece's weakness, in our view. Moreover, a prolonged increase in freight rates and a strengthening of USD against EUR could put pressure to Jumbo's profitability margins. These risk factors are included in our bear case scenario. Moreover, we run a stress test scenario that simulates a repeat of the previous years' recession in Greece with a 5y 33,7% compound decrease in Jumbo's l-f-l. The results are impressive as, even under so harsh assumptions, Greek operations remain profitable with Jumbo currently trading a bit higher (c.6%) from where it would trade under such a low probability scenario. Overall, we believe that Jumbo's risk/reward profile is favorable at current price levels.

Forecast Highlights

According to company management, revenue is expected to grow by 6-9% this year, which comes in line with our estimate for +8%. We expect 2017/18e revenues like forlike growth to be close to 0,25% in Greece and 4% on a group level, while group gross margin is anticipated to fall towards c.50% by 2021/22e, due to network expansion, increased transportation costs and lower disposable income in Romania and Bulgaria, two countries with increased participation in Group sales in the coming years. We project 2016/17-2019/20e group revenue, EBITDA, net income and FCF CAGR 9%, 6,5%, 5,8% and 8,4% respectively.

Jumbo is the biggest toy, baby, home and seasonal products retailer in Greece with strong presence in Cyprus, Bulgaria and Romania. The company operates 73 stores, 51 of which in Greece, 5 in Cyprus, 8 in Romania and 9 in Bulgaria.

Please refer to important disclosures in the Disclosure Appendix

Rating: Outperform - Medium risk		Share price performance			
Target price:	18.0	(%)	**1m**	**6m**	**12m**
of which DPS:	0.36	**Rel**	-8%	-14%	-20%
Total stock return:	33.0%	**Abs**	-6%	-12%	12%
Mkt cap (mn):	1,845	Free Float:		55.0%	
Enterprise value	1,693	H | L 52w		16.50	12.62

Headline figures (*)	2009a	2010a	2011a	2012a	2013a	2014a	2015a	2016a	2017a	2018e	2019e	2020e	2021e	2022e
P&L items (€mn)														
Revenues	468	487	490	494	502	542	583	638	681	736	803	882	943	1,022
Ebitda	140	145	135	134	110	146	159	184	195	204	214	235	246	266
Ebit	128	132	120	117	92	127	138	161	172	178	186	205	213	230
Pre tax income	123	130	121	119	96	130	137	165	174	178	187	206	216	234
Minorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income	96	79	95	97	74	101	105	121	131	131	139	155	163	179
EPS (€)	0.74	0.61	0.73	0.75	0.54	0.74	0.77	0.89	0.96	0.96	1.02	1.14	1.20	1.31
DPS (€)	0.19	0.21	0.19	0.00	0.00	0.18	0.18	0.63	0.36	0.36	0.38	0.40	0.42	0.46
No. of shares, weighted	130	130	130	130	136	136	136	136	136	136	136	136	136	136
Balance sheet items (€m	**2009a**	**2010a**	**2011a**	**2012a**	**2013a**	**2014a**	**2015a**	**2016a**	**2017a**	**2018e**	**2019e**	**2020e**	**2021e**	**2022e**
Fixed assets, net	280	338	378	415	431	446	498	499	514	548	580	609	634	657
Cash & equivalents	110	141	158	185	170	288	299	395	366	404	440	489	554	616
Current assets	372	387	396	412	421	552	557	679	715	767	828	902	985	1,080
Total assets	664	736	795	857	894	1,034	1,090	1,209	1,260	1,346	1,439	1,542	1,649	1,767
Equity	356	452	523	593	639	745	797	916	962	1,047	1,137	1,238	1,344	1,460
Minorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long term debt	181	156	154	152	1	144	144	144	144	144	144	144	144	144
Long term liabs	186	164	163	162	13	156	170	165	164	164	164	164	164	164
Short term debt	3	2	2	2	148	21	3	0	15	15	15	15	15	15
Current liabilities	122	120	109	101	242	133	123	129	134	136	138	140	141	142
Equity & liabilities	664	736	795	857	894	1,034	1,090	1,209	1,260	1,346	1,439	1,542	1,649	1,766
Cash flow items (€mn)	**2009a**	**2010a**	**2011a**	**2012a**	**2013a**	**2014a**	**2015a**	**2016a**	**2017a**	**2018e**	**2019e**	**2020e**	**2021e**	**2022e**
Gross cash flow	114	104	96	105	94	138	127	135	195	157	167	186	197	215
Δworking capital	21	-6	-1	-3	30	10	-12	23	93	13	22	22	17	32
Operating cash flow	93	110	97	108	64	128	139	112	103	144	144	163	180	183
Capex	53	69	55	53	34	28	63	27	21	60	60	60	58	59
Free cash flow	40	41	42	55	31	100	76	85	81	84	85	104	122	125
Δdebt	65	-26	-2	-2	-5	16	-18	-2	15	0	0	0	0	0
Δequity	0	46	0	-27	-27	1	0	0	0	0	0	0	0	0
Dividends	24	28	25	0	0	0	45	86	46	46	49	54	57	63
Dividends to mins	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Position	110	141	158	185	170	288	299	395	366	404	440	489	554	616
Y-o-Y change (%)	**2009a**	**2010a**	**2011a**	**2012a**	**2013a**	**2014a**	**2015a**	**2016a**	**2017a**	**2018e**	**2019e**	**2020e**	**2021e**	**2022e**
Revenues	n.a.	4%	1%	1%	2%	8%	8%	9%	7%	8%	9%	10%	7%	8%
Ebitda	n.a.	4%	-7%	-1%	-18%	33%	9%	15%	6%	4%	5%	10%	4%	8%
Ebit	n.a.	3%	-9%	-2%	-22%	39%	9%	17%	7%	4%	4%	10%	4%	8%
Pre tax income	n.a.	36%	-7%	-1%	-20%	36%	5%	21%	5%	3%	5%	11%	4%	9%
Net income	n.a.	-17%	19%	3%	-24%	37%	4%	16%	8%	0%	6%	12%	5%	9%
EPS	n.a.	-17%	19%	3%	-27%	37%	4%	16%	8%	0%	6%	12%	5%	9%
Margins (%)	**2009a**	**2010a**	**2011a**	**2012a**	**2013a**	**2014a**	**2015a**	**2016a**	**2017a**	**2018e**	**2019e**	**2020e**	**2021e**	**2022e**
Ebitda	30%	30%	28%	27%	22%	27%	27%	29%	29%	28%	27%	27%	26%	26%
Ebit	27%	27%	24%	24%	18%	23%	24%	25%	25%	24%	23%	23%	23%	22%
Pre tax income	20%	27%	25%	24%	19%	24%	24%	26%	25%	24%	23%	23%	23%	23%
Net income	20%	16%	19%	20%	15%	19%	18%	19%	19%	18%	17%	18%	17%	17%
Ratios & valuation	**2009a**	**2010a**	**2011a**	**2012a**	**2013a**	**2014a**	**2015a**	**2016a**	**2017a**	**2018e**	**2019e**	**2020e**	**2021e**	**2022e**
P/E	18.4x	22.3x	18.7x	18.1x	24.9x	18.2x	17.6x	15.2x	14.1x	14.1x	13.3x	11.9x	11.3x	10.3x
P/BV	5.0x	3.9x	3.4x	3.0x	2.9x	2.5x	2.3x	2.0x	1.9x	1.8x	1.6x	1.5x	1.4x	1.3x
EV/Sales	4.1x	3.8x	3.8x	3.7x	3.6x	3.2x	2.9x	2.5x	2.4x	2.2x	1.9x	1.7x	1.5x	1.4x
EV/EBITDA	13.7x	12.9x	13.6x	13.5x	16.5x	11.8x	10.6x	8.7x	8.4x	7.9x	7.3x	6.4x	5.9x	5.2x
EV/EBIT	15.0x	14.1x	15.4x	15.5x	19.9x	13.5x	12.3x	9.9x	9.5x	9.0x	8.4x	7.4x	6.8x	6.0x
FCF Yield	2.1%	2.2%	2.2%	3.0%	1.6%	5.7%	4.4%	5.2%	4.9%	5.1%	5.3%	6.7%	8.2%	8.8%
Dividend Yield	1.4%	1.6%	1.4%	0.0%	0.0%	1.3%	1.3%	4.6%	2.7%	2.7%	2.8%	2.9%	3.1%	3.4%
Payout ratio	25%	35%	26%	0%	0%	24%	23%	71%	37%	37%	37%	35%	35%	35%
Debt/equity	0.5x	0.3x	0.3x	0.3x	0.2x	0.2x	0.2x	0.2x	0.2x	0.2x	0.1x	0.1x	0.1x	0.1x
Net debt/ebitda	0.5x	0.1x	0.0x	-0.2x	-0.2x	-0.8x	-1.0x	-1.4x	-1.1x	-1.2x	-1.3x	-1.4x	-1.6x	-1.7x
Interest covered	16.6x	19.7x	19.8x	19.4x	15.4x	20.3x	18.7x	24.9x	31.5x	25.0x	26.1x	28.8x	29.9x	32.3
RoE	27%	18%	18%	16%	12%	14%	13%	13%	14%	13%	12%	13%	12%	12%
RoIC	19%	13%	14%	13%	9%	11%	11%	11%	12%	11%	11%	11%	11%	11%

(*) Each year refers to the Fiscal year starting on July 1st of the previous year and ends June 31st of that year. For example 2017 refers to the Fiscal year 2016/17a.

Source: company data & Alpha Finance Research Estimates

Jumbo	
Current Price	13.56
Sector: Retail	

Jumbo is the biggest toy, baby, home and seasonal products retailer in Greece with strong presence in Cyprus, Bulgaria and Romania. The company operates 73 stores, 51 of which in Greece, 5 in Cyprus, 9 in Bulgaria and 8 in Romania. The company also operates throught franchise agreements in Serbia, Albania, Kosovo, FYROM and Bosnia.

website: www.jumbo.gr

all prices as of November 6, 2017

Research analyst
Georgios Sarris, CFA
+30 210 367 7534
georgios.sarris@alphafiance.gr

Table of contents

Investment Summary

Resume Jumbo – TP €18/share – Key catalysts-Improving macro– Successful business model-International expansion

We resume coverage of Jumbo with an 'Outperform' rating after accounting for the improving macroeconomic situation in Greece, the company's unique business model and the advantages from international expansion in high growth markets such as the Bulgarian and Romanian. Moreover, we take into account the increased volatility in FX rates and higher transportation costs in order to determine their effect on Jumbo's profitability. We have set our target price at €18/share, which implies a c.33% upside from current levels.

Company Description

At a glance, Jumbo is one of the largest retailers in Greece with a wide product range that includes toy, baby, home and seasonal products except for food. Jumbo was initially founded as a toy retailer back in 1986 but after being bought in 1994 by Mr. Vakakis it started changing its business model. Jumbo was listed in the Athens Stock Exchange in 1997 and by entering new sectors the company managed to achieve high growth rates, initiating its expansion program in the Greek province firstly and thereafter in Cyprus (1997), Bulgaria (2007) and in Romania (2013).

Today Jumbo has significant presence in the aforementioned four countries by operating a total of 73 stores (51 stores in Greece, 9 in Bulgaria, 8 in Romania and 5 in Cyprus). Moreover, using franchise agreements it has presence in 5 non- EU member countries (Serbia, Kosovo, Albania, FYROM, Bosnia).

Currently, the CEO of Jumbo holds a 23.22% stake in the company after selling in June a 3.5% stake through private placement.

Catalysts: Unique business model and strong management delivered excellent results so far

Jumbo has a unique and one of the most successful business models in Greece. The company offers a diversified range of products with the majority of them been imported from Asia, a fact that allows for keeping a c.5$ average price/product. With successful marketing and pioneer advertisements Jumbo managed to overcome the recent economic crisis and the retail sector's sales slump by presenting itself as an affordable toy, baby, home and seasonal products retailer. Thanks to successful management decisions Jumbo managed to transform from a local player with three small stores to an international group with direct or indirect operations in 9 countries. International expansion in high growth countries such as Bulgaria, Romania and Cyprus is a positive catalyst for future sales growth and better geographical diversification.

Possible risk factors

After the conclusion of the 2nd review in June and Greece tapping the debt markets, the country risk has been reduced. However not every risk has been diminished. After the long lasting recession of the previous years the Greek economy is recovering but at a slow pace. Real GDP in 2016 was -0.2% and it grew at 0.8% in Q2 17. IMF's estimate for an average GDP growth rate of 2% in the next five years has yet to be proven true, while the Greek government projects annual growth of 1.8% in 2017. Moreover, if the slow and gradual implementation of structural reforms and privatizations persists and the restrictive fiscal policy hits savings rates and consumption, the recovery of the Greek economy and private consumption might not be as strong as expected. Retail sales (volume) are c. 2% up so far in 2017, which is an indicator of improved consumer sentiment. However, as the economy improves it is possible that new players will enter the retail market with the competition becoming more intense. Jumbo's unique business strategy gives to the company an important comparative advantage in order to withstand any increased competition, in our opinion.

We should also note that with the vast majority of imports coming from foreign countries, mainly China, the company is exposed to significant currency risk. Since Chinese Yuan is pegged to the USD, abnormal movements and trends to the EUR/USD exchange rate expose Jumbo to meaningful risk. The company's policy is to avoid currency hedging and tries to overcome exchange rates issues by restocking in periods with favorable exchange rate (i.e. stronger Euro against US dollar).

Net debt (cash)

However, we highlight that Jumbo is one of the very few domestic companies with significant negative debt (net cash), which stood at c.€207mn in 2016/17 and is expected to increase by c.60% in the next three years. Currently, net debt/EBITDA ratio stands at -1.1x and it is expected to reach -1.4x in 2019/20 and -1.7x in 2021/22.

CAPEX

CAPEX seem to be under control and according to the company stand close to €50-60mn p.a. for the next years given the expansion in Romania with c. 3 store openings annually and some openings also in Greece and Bulgaria.

Recent Stock Performance

Jumbo has underperformed other Greek stocks by 7.8% during the last month and by 20.4% in the last year. The performance may be attributed to excessive worries over Jumbo's sluggish sales growth in Greece and also to (unreasonable in our view) worries regarding Mr. Vakakis future in the company after he reduced by 3.5% his stake in June.

Forecasts Snapshot

We are broadly in line we management's guidance and we project group revenue, EBITDA and EPS CAGR 16/17e – 19/20e of 9%, 6.5% and 5.8% respectively. Management's 17/18e guidance on the top line calls for 6-9% revenue growth which is in accordance with our own estimates for 8% revenue growth this year. Our 17/18e l-f-l estimate for Greek operations is flat (0.25%) rising to 0.5% in 18/19e and remaining at these levels until 21/22e. Group l-f-l is projected to be 4% in 17/18e, fall to 2.7% in 2019/20e and 2% in 21/22e. Gross margin is expected to enter a normalization phase and from c.52-53% in 2015/17 period steadily decline towards c.50% until 2021/22. We estimate a 16/17-19/20e EPS CAGR of 5.8% with 2017/18e net income remaining unchanged at €131mn, in line the company's guidance for flat profitability. Greece will remain the key contributor in sales with 45-50% in the long run (vs. c.65% in 2016), with Romania rising to 30-35% until 21/22e, Bulgaria rising slightly from 9.5% to c.10.5% and Cyprus having a decrease from c.12% currently to less than 9% in the long run. Expansion in Romania is at its early stage so we estimate 3-4 store openings annually in the country. In Greece we expect one new store in 17/18 and another one in 19/20, while our main assumption calls for another store opening in Bulgaria in 18/19. Regarding debt, we estimate that Net debt/EBITDA will reach c.-1.4x by 19/20e and -1.7x in 21/22e from -1.1x in 16/17. Debt to equity currently at 0.17x is expected to move towards 0.1x in the long term, in our opinion.

Jumbo' FCF is on a long term upward trend. From c. €81.4mn in 16/17 fiscal year it is expected to reach c. €103.8mn in 19/20e.

FY 16/17 results

Jumbo reported FY 16/17 results on October 16th in line with market expectations. In a glimpse, revenues, EBITDA and net income came at €681.43mn (+6.88% y-o-y), €194.87mn (+6.1% y-o-y) and €131.01mn (+8.04% y-o-y) respectively. We could highlight the solid FCF generation of €81.4mn, the >2% sales growth in Greece and Cyprus and the impressive sales growth in Romania and Bulgaria that reached 36% and 24% respectively.

SWOT Analysis

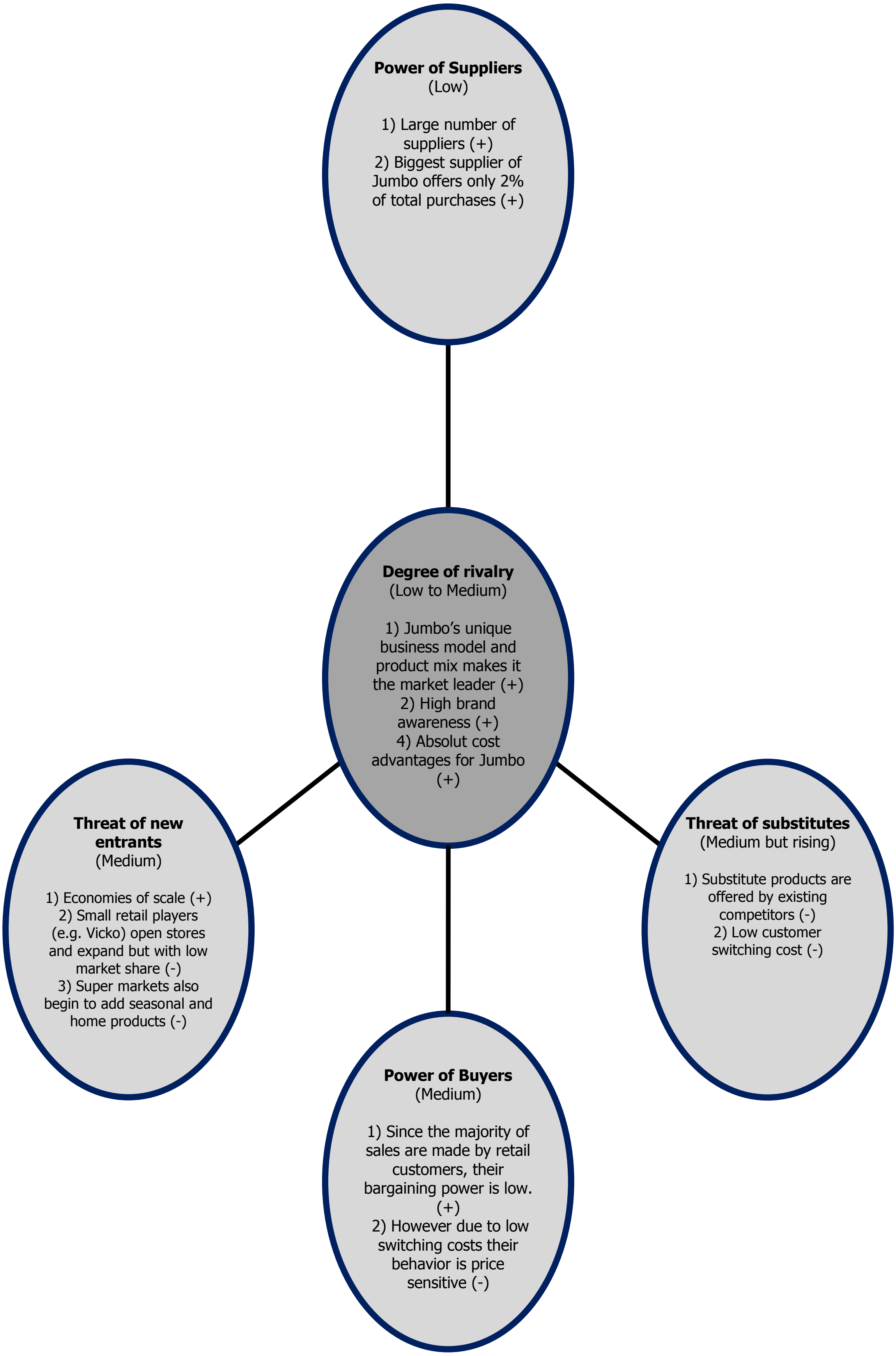
Strength	Weaknesses	Opportunities	Threats
a) Unique and difficult to copy business model (+)	a) High-albeit declining-exposure to Greece (c. 69% currently) (-)	a) International expansion (mainly Romania) (+)	a) New fiscal austerity measures imposed in 2018-2021 might put pressure on disposable income and private consumption (-)
b) Established network (+)	b) Retail turnaround in Greece takes longer than expected (-)	b) Possible further strenghtening of EUR against USD is positive for profit margins since most purchases are made in US dollars (+)	b) Further decrease of Mr Vakakis' stake could put pressure to stock price (-)
c) Improving geographical diversification (increasing revenue from abroad) (+)	c) High dependence on Mr Vakakis' management abilities (-)	c) Higher than expected economic expansion in Romania, Bulgaria and Cyprus could boost growth of sales and sales/sqm. (+)	c) FX Volatility (-)
d) Strong FCF generation - net cash (+)			d) Possible increase in freight rates and transportation costs (-)
e) Entrepreneurial management (+)			e) Online competition (-)
f) Barriers to entry (+)			

PEST Analysis

Political	Economical
a) More stable political environment after the conclusion of the 2nd Staff Level Agreement with Greece's creditors	a) Greek economy shows signs of stabilization but disposable income remains under pressure due to taxation
b) Need for on-time conclusion of the 3rd review with Greece's creditors in order to maintain the positive economic environment	b) Slow increase in Greek GDP rate
	c) Decreasing unemployment in Greece
	d) Privatizations and structural reforms speed up
	e) High GDP rates in Romania, Bulgaria and Cyprus

Social	Technological
a) Customers' preferences lean towards low cost/non-branded products	a) Increase in on-line/mobile shopping
b) Trent toward smaller families or single parent households	b) Need for efficient logistics management
c) Less frequent residential moving	c) Low entry barriers in on-line market intensify on-line competition
d) Higher immigration rates that generally prefer low cost personal and household products	
e) Seasonal products' popularity increasing among consumers (mainly younger)	
f) Marketing and succesfull advertishment appear to play an icreasing role in formating consumer trends	

Porter's 5 Forces Analysis



Valuation

We perform a DCF analysis for Jumbo which yields a June '18 target price of €18/share (c.33%) upside from current levels. We have assumed a variable WACC of 7.8%, ERP and Risk Free rate of 5% and 4.15% (country weighted based on 19/20e EBITDA contribution) respectively and a terminal growth of 1.5% in order to grasp the long term upside potential due to further foreign expansion in high growth economies (e.g. Romania) and its unique business model. Our valuation uses what we believe are fair estimates for the business of the company, taking into account the environment it operates in, the multiyear economic adjustment program in Greece and the lower country risk after the agreement on the 2nd review and the 5 year GGB issuance.

Jumbo DCF Model (mn eu)	2015 - 16a	2016-17e	2017-18e	2018-19e	2019-20e	2020-21e	2021-22e	2022-23e	2023-24e
Revenues	638	681	736	803	882	943	1022	1073	1091
EBITDA	184	195	204	214	235	246	266	280	289
EBIT * (1 - tax rate) (	118	130	131	138	154	161	176	185	190
CAPEX	27	38	60	60	60	58	59	59	59
Depreciation & Amorti:	23	23	26	28	31	33	36	39	42
- (Capex - Depreciatio	5	15	34	32	29	25	23	20	17
- Change in Working (	23	93	13	22	22	17	32	23	14
Reinvestment (II+III=:	28	108	47	54	52	42	55	43	31
Free Cash Flow (I-IV)	90	22	83	84	102	119	121	142	158
WAAC	7,9%	7,8%	7,8%	7,8%	7,8%	7,8%	7,9%	7,9%	7,9%
Discounting Factor	100%	100%	100%	93%	86%	80%	74%	69%	64%
Discounted FCF				**78**	**88**	**95**	**90**	**97**	**101**

PV of Cash Flows	548
+ Residual Value	1607
Terminal Growth Rate	1,5%
- Net Debt (17/18e)	-245
- Minorities	0
Equity Value	**2400**
Shares (mn)	136
Dividend per Share	0,36
DCF per share	**18,0**

Assumptions
ERP: 5%, Beta 0,93
Rf: 4,15%

	10 yr yield	EBITDA as % of total	Rf rate participation
Romania	4,33%	21,81%	0,94%
Cyprus*	2,00%	12,62%	0,25%
Bulgaria	1,45%	10,87%	0,16%
Greece	5,12%	54,69%	2,80%
			Total Risk-free rate
			4,15%

Source: Reuters, AFe *AFe based on 7y Cyprus gov. bond

Source: Jumbo, Alpha Finance Research estimates, Bloomberg

Jumbo Peer Group Company	Country	Industry	Market cap (mn €)	P/E	P/Sales	P/BV	EV/ EBITDA	Net debt/ EBITDA	Gross Margin	EBITDA Margin	ROE	ROA
Greek Retailers (Listed)												
Folli Follie	Greece	Apparel & Accessories	1171.60	4.87	0.83	0.62	4.61	-0.40	45.79%	21.43%	12.98%	9.29%
Fourlis	Greece	Home Fournishings	279.20	39.74	0.65	1.78	10.52	2.85	42.55%	9.29%	3.74%	1.44%
Sarantis	Greece	Personal Products	424.50	14.77	1.28	2.22	11.76	-0.20	46.39%	10.92%	11.04%	7.03%
Plaisio	Greece	Computer and Elecronics	82.56	19.56	0.29	0.94	6.03	-2.65	21.37%	3.65%	5.25%	3.13%
Greek Retailers average			489.47	19.74	0.76	1.39	8.23	-0.10	39.03%	11.32%	8.25%	5.22%
Global Peers												
Debenhams	UK	Department Stores	647.90	7.00	0.24	0.62	4.19	2.10	11.34%	5.63%	5.42%	2.22%
Kingfisher	UK	Home Improvement	7600.00	11.96	0.61	1.01	6.30	-0.58	37.19%	9.13%	9.42%	6.12%
Hornbach Holding		Home Improvement	1200.00	13.20	0.30	0.98	6.65	1.87	36.58%	6.45%	6.84%	2.91%
MotherCare	UK	Apparel & Accessories	186.10	20.33	0.25	2.04	8.47	0.74	8.81%	3.22%	9.62%	2.36%
Carrefour	France	Food Retail & Distribution	13430.00	18.54	0.16	1.35	6.58	1.30	22.83%	4.48%	7.44%	1.59%
Global Peers average			4612.80	14.21	0.31	1.20	6.44	1.09	23.35%	5.78%	7.75%	3.04%
Stoxx Europe 600 Retail Price Index		Retail	350350.00	21.24	0.54	2.41	9.54	1.04	22.53%	6.57%	11.61%	3.72%
Jumbo	**Greece**	Specialty Retailers	1845	14.1	2.73	1.93	8.47	-1.06	52.17%	28.60%	13.96%	10.61%

Source: Bloomberg, Reuters

Peer Group

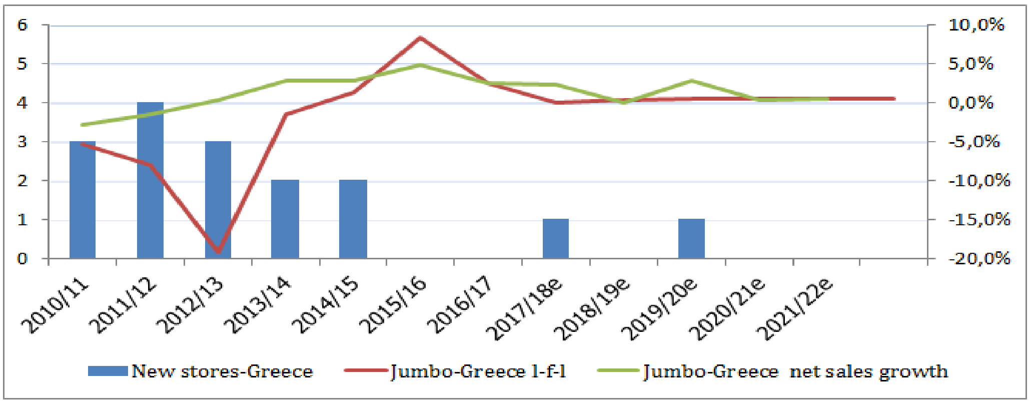
Jumbo was initially a toy reseller but in the previous decade the company changed its product mix by adding baby products, home, stationary and seasonal products. This unique business strategy makes difficult any direct comparison to any retailer in Greece or abroad. In the table above we present a peer group plus key metrics for other listed retailers in Greece and the rest of Europe. These data are presented only for comparison purposes and no safe valuation conclusions can be derived using them.

Assumptions Snapshot

Base Case Assumptions Snapshot reveal…

We approach the sensitivity of Jumbo by observing the volatility in recent historical l-f-l sales, network expansion and FX rates. Next we will present a snapshot of our main assumptions. The first graph presents the historical l-f-l and net sales growth in combination with new store openings in Greece, while the second graph makes a similar representation but on a group level. We expect 2 new store openings in Greece in the next 5 years, in 2017/18 (Katerini) and 2019/20 (Crete or Lesvos island), while l-f-l in Greece is expected to stabilize close to 0.5% in our opinion.

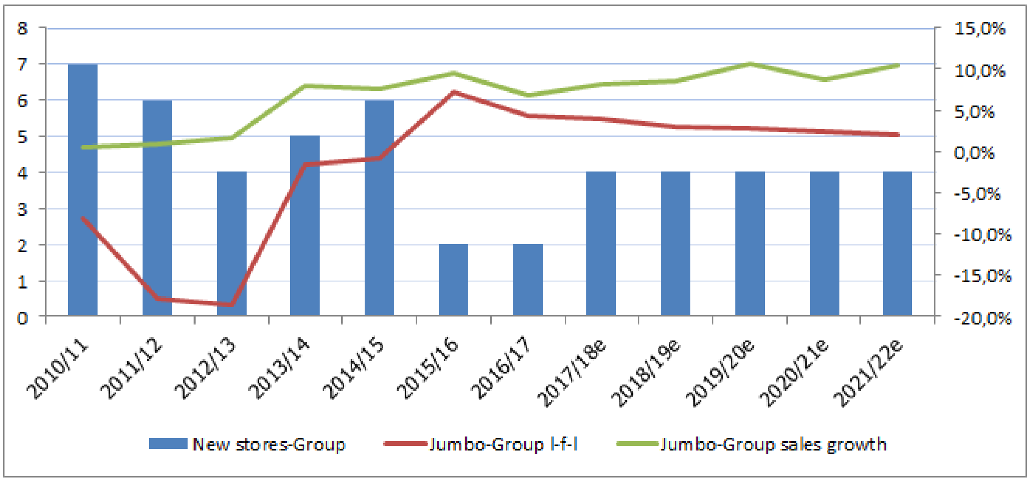
Jumbo Greece: Network and sales growth



Source: Jumbo, AFe LHS: number of new stores RHS: l-f-l & Net Sales growth

A different trend is anticipated for the whole group as the dynamic international expansion in countries such as Romania and Bulgaria boosts overall group l-f-l to 4% for 2017/18 that normalizes to 2.0% until 2021/22e.

Jumbo Group: Network and sales growth



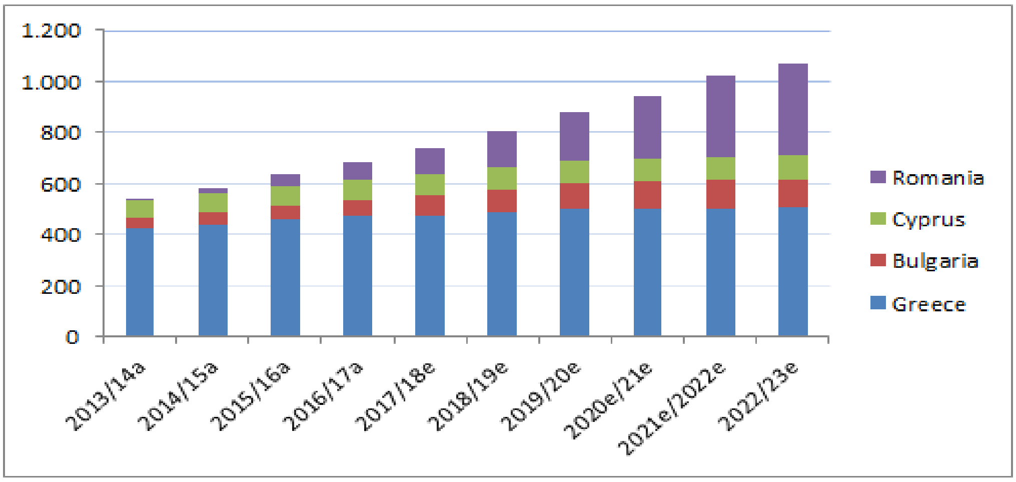
Source: Jumbo, AFe LHS: number of new stores RHS: l-f-l & Net Sales growth

As of the end of 2016/17 Jumbo's network numbers 73 stores. We assume linear expansion with c.4 new stores to be added annually reaching 93 in 2021/22e, of which 25 stores in Romania according to the management's initial plan. Our base case scenario assumes a slowly decreasing gross margin towards the level of 50%.

In the next graphs we present our assumptions for the group in terms of sales (by geography & category) and EBITDA breakdown (by category). We assume that profitability margins will normalize a little bit in the coming years with gross margin steadily moving towards 50% until 2021/22e from c.52.2% currently mainly due to increased cost of transportation and lower margins in Romania that is expected to increase its contribution to Group sales in the next years. In terms of sales, revenues from abroad as a percentage of total sales have been in an upward trajectory during the previous years (30.9% in 2016/17 from 21.4% in 2013/14). By 2021/22e we expect more than half of total Jumbo revenues to come from abroad (c.51%) with c.31% of sales being generated in Romania, 8.9% in Cyprus and c.10.7% in Bulgaria.

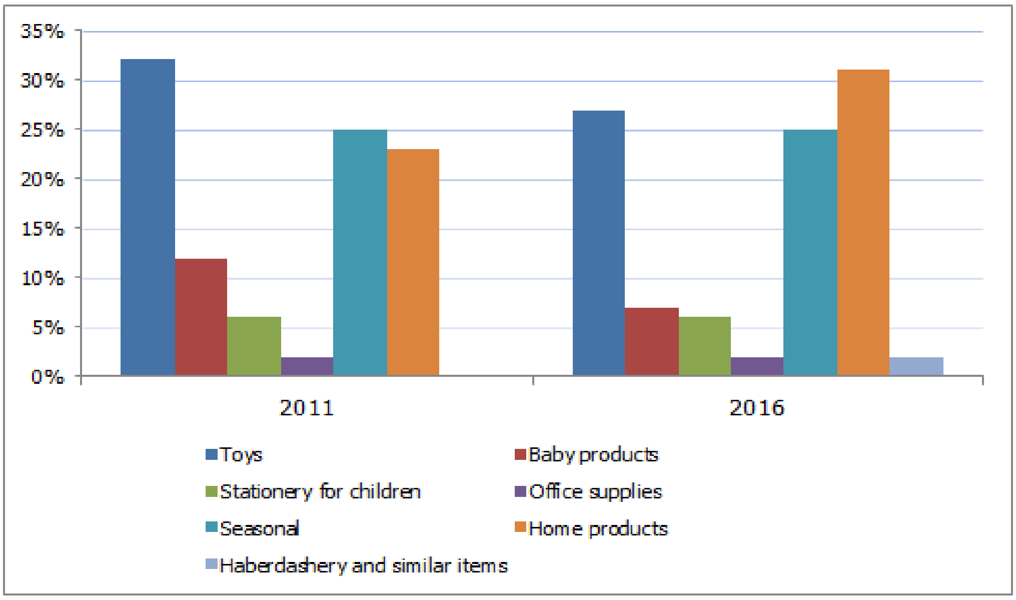
...increasing overall sales...

Group Sales breakdown by country (2013/14 - 2022/23)



Source: Jumbo, AFe

Group Sales breakdown by product type (2011 vs 2016)

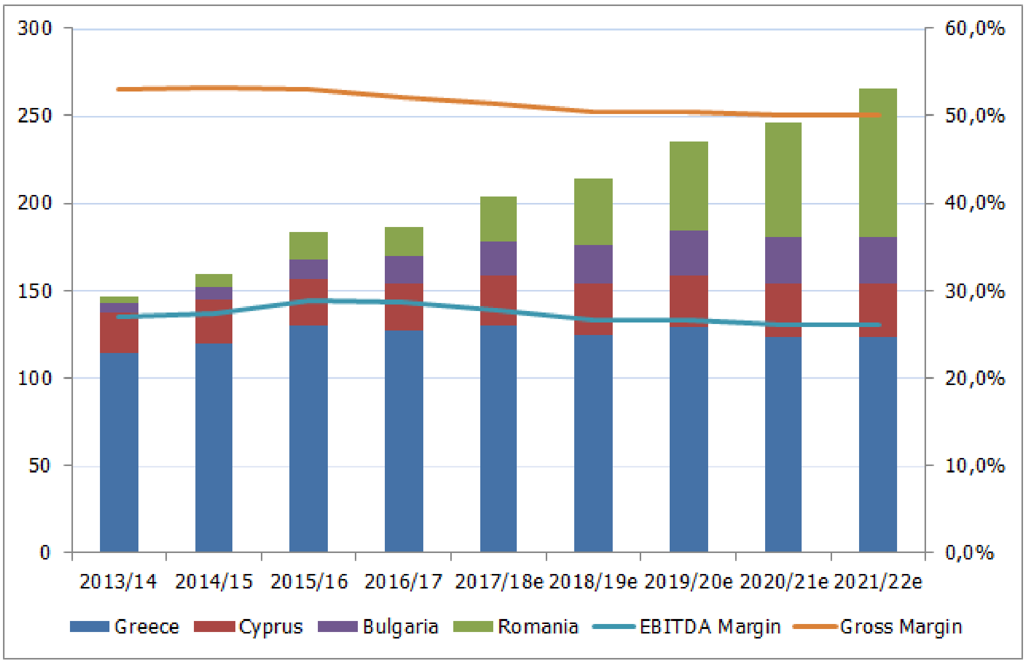


Source: Jumbo, AFe

…but slightly declining margins

We project gross profit margin to decline from c.52% currently to 50% in the long term. Additionally, we expect EBITDA margin to retreat by c. 250 bps in the next 5 years.

Group EBITDA breakdown by country (€ mn) vs Group EBITDA Margin & Group Gross Profit Margin



Source: Jumbo, AFe

Competitive environment

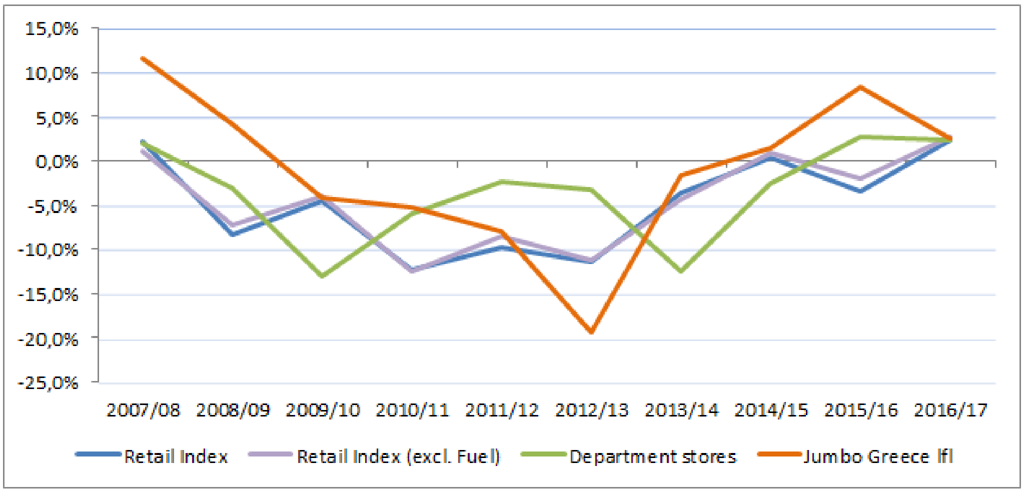
Jumbo's successful business model and its ability to offer products at affordable prices during a period of economic crisis strengthened the company's position in the market, forced many smaller competitors to exit and made Jumbo with no doubt the market leader. The fact that Jumbo enhanced its product mix with other product types (e.g. home, seasonal, stationary) apart from toys and baby products, allowed the company to compete directly or indirectly with supermarkets and other companies ranging from small local shops in neighborhoods to large retailers like IKEA, Lerroy Merlin, Praktiker, Plaisio, Public and others. According to our estimates Jumbo has currently c. 40% market share in its core business that includes products for children (toys, baby products). Regarding Jumbo's non-core business which includes home products, seasonal, office supplies and haberdashery we estimate its market share at c. 20%.

Jumbo vs. Retail sales (excl. Fuel) vs. Department stores segment

Given the fact that a part of our sensitivity analysis is related to Jumbo's Greek l-f-l growth, it is useful to make a comparison with the Retail Sales Index, Retail Sales (ex. Fuel) in Greece and also with the sales of the Department stores segment (it includes Jumbo's sales) as it is presented by the Hellenic Statistical Authority. The following table and graphs reveal that Jumbo's l-f-l turned negative in 2009-10, one year after the whole retail sector turned negative, showing some resilience, with Jumbo's l-f-l becoming again positive in 2014/15 and acting as a 'leading indicator' for the retail sector's turnaround that followed later. Another observation that could be made is that the sales of Jumbo (l-f-l) in Greece outperformed 6 out of the previous 10 years the performance of the aforementioned indices revealing Jumbo's dominant position in the Greek market and its remarkable ability to increase its market share and its sales despite the recent economic crisis.

	HIGHEST	HIGH MEDIUM	LOW MEDIUM	LOWEST
2007/08	Jumbo Greece lfl 11,6%	Retail Index 2,3%	Department stores 2,0%	Retail Index (excl. Fuel) 1,1%
2008/09	Jumbo Greece lfl 4,2%	Department stores -3,1%	Retail Index (excl. Fuel) -7,2%	Retail Index -8,2%
2009/10	Retail Index (excl. Fuel) -4,0%	Jumbo Greece lfl -4,2%	Retail Index -4,4%	Department stores -12,9%
2010/11	Jumbo Greece lfl -5,3%	Department stores -6,0%	Retail Index -12,4%	Retail Index (excl. Fuel) -12,5%
2011/12	Department stores -2,4%	Jumbo Greece lfl -8,0%	Retail Index (excl. Fuel) -8,5%	Retail Index -9,9%
2012/13	Department stores -3,3%	Retail Index (excl. Fuel) -11,2%	Retail Index -11,4%	Jumbo Greece lfl -19,3%
2013/14	Jumbo Greece lfl -1,5%	Retail Index -3,6%	Retail Index (excl. Fuel) -4,3%	Department stores -12,4%
2014/15	Jumbo Greece lfl 1,4%	Retail Index (excl. Fuel) 0,9%	Retail Index 0,5%	Department stores -2,5%
2015/16	Jumbo Greece lfl 8,4%	Department stores 2,6%	Retail Index (excl. Fuel) -2,0%	Retail Index -3,4%
2016/17	Retail Index (excl. Fuel) 2,7%	Jumbo Greece lfl 2,5%	Department stores 2,4%	Retail Index 2,4%

Source: Hellenic Statistical Authority, Jumbo, AFe



Source: Hellenic Statistical Authority, Jumbo, AFe

Debt, WC and Cash Flow metrics

Due to the significant network rollout program in Romania with 3-4 store openings annually, one new store in Greece this year, another one in 2019/20 and a new store in Bulgaria in 2018/19, we expect relatively increased working capital needs in the following years of c.€21mn p.a. FCF is expected to move in parallel with profitability and move in an upward trajectory reaching €103.8mn with 6.7% FCF yield in 2019/20e and €124.5mn with 8.8% FCF yield in 2021/22e. Regarding Debt, as far as Jumbo can fund its annual CAPEX for its investment program with part of its own cash there is no need for additional borrowing. With the data currently available, long term net debt/ebitda stands at -1.72x in 2021/22e vs. -1.06x in 2016/17. However, in case that the company finally issues a convertible bond of up to €250mn as it has preannounced in order to partially fund its international expansion, its leverage will go up, part of the existing debt will be replaced with lower coupon paying new debt and according to company management cash flow will be supported. The next table presents these metrics:

Cash Flow & Debt metrics	2010/11a	2011/12a	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e	2020/21e	2021/22e
FCF (mn eu)	42,0	55,2	30,5	100,4	75,7	84,6	81,4	83,9	84,7	103,8	122,0	124,5
FCF yield (%)	2,2%	3,0%	1,6%	5,7%	4,4%	5,2%	4,9%	5,1%	5,3%	6,7%	8,2%	8,8%
Operating Cycle (days)	391,23x	386,95x	365,46x	363,23x	343,11x	305,94x	298,36x	296,55x	294,74x	292,93x	292,41x	292,61x
WC (mn eu)	-1,1	-3,5	29,9	9,5	-11,9	23,2	92,8	12,9	22,5	22,3	17,0	31,7
Cash (mn eu)	158,1	184,6	170,0	287,6	298,9	394,7	366,0	403,8	439,9	489,4	554,2	616,2
Net Debt (mn eu)	-2,4	-30,7	-20,7	-122,5	-152,1	-250,4	-206,8	-244,8	-280,9	-330,4	-395,2	-457,2
Net Debt/EBITDA	-0,02x	-0,23x	-0,19x	-0,84x	-0,96x	-1,36x	-1,06x	-1,20x	-1,31x	-1,40x	-1,61x	-1,72x

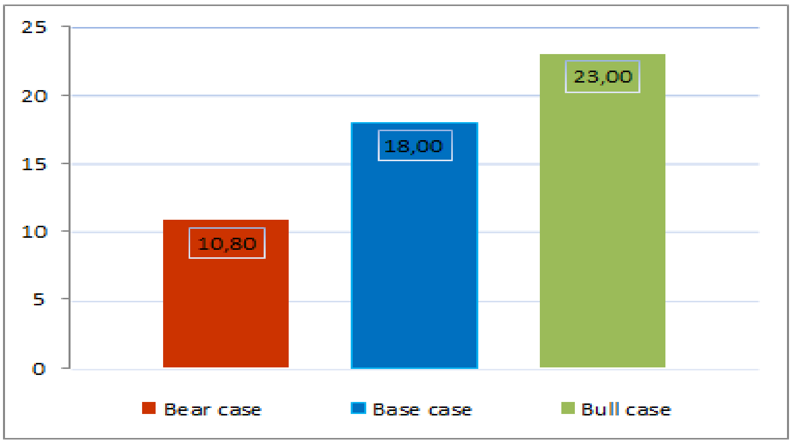
Source: Jumbo, AFe

Sensitivity Analysis

Sensitivity on l-f-l growth and network

We approach the sensitivity of our forecasts and valuation model by linearly adjusting l-f-l growth, overall store network and gross profit margin. The store network is expected to expand by 4 stores in 2017/18e with 3 new stores in Romania and 1 in Northern Greece (Katerini).

In our base case scenario net Greek sales, net Group sales and EBITDA grow by a CAGR 16/17e- 19/20e of 1.9%, 9% and 6.5% respectively. Moreover, gross profit margin slightly declines towards c.50% in the long term.



Source: Jumbo, AFe

Assumptions

Base Case: Revenues - EBITDA CAGR 16/17e-19/20e 9%, 6.5% resp., Group l-f-l 17/18e, 18/19e, 19/20e at 4%, 3% and 2.7% resp., with 85 stores by 2019/20 and 93 stores by 2021/22. 19/20e Group Net debt, FCF yield & gross profit margin at -€330.4mn, 6.7% and 50.5% resp. 21/22e Group Net debt, FCF yield & gross profit margin at -€457.2mn, 8.8% and 50.1% resp.

Bear Case: Revenues - EBITDA CAGR 16/17e-19/20e 1.5%, -5.9% resp., Group l-f-l 17/18e, 18/19e, 19/20e -0.6%, -3.4%, -7.4% resp., with 91 stores by 21/22e and 21/22e Group Net debt, FCF yield & gross profit margin at -€365.4mn, 3.2% and 48% resp.

Bull Case: Revenues - EBITDA CAGR 16/17e-19/20e 12.2%, 12.6% resp., Group l-f-l 17/18e, 18/19e, 19/20e 7.1%, 6.2%, 6.3% resp., with 93 stores by 21/22e and 21/22e Group Net debt, FCF yield & gross profit margin at -€502.5mn, 11.4% and 51.3% resp.

Base Case

Our Base Case assumes l-f-l of 4% in 17/18e falling to 2.7% in 2019/20e and 2% in 21/22e. We have projected 4 new net additions will take place regarding stores annually up to 21/22e. We should highlight that our base assumption calls for a rollout of new stores similar to the company's original plan and guidance given its proven ability to deliver on its targets. For 21/22e we project a total of 93 stores with 53 stores in Greece, 5 in Cyprus, 25 in Romania and 10 in Bulgaria. We expect gross profit margin to face some pressure in the next years falling to 50.5% in 2019/20e and 50.1% in 2021/22e, mainly due to our expectation for increased transportation costs and lower disposable income in Romania and Bulgaria compared to Greece. Our base case assumptions also calls for 2021/22e net debt of -€457.2mn (vs. -€207mn in 2016/17) implying a 19/20e and 21/22e net debt/EBITDA ratio of -1.4x and -1.72x respectively.

Moreover, we expect 19/20e and 21/22e FCF yield of 6.7% and 8.8% respectively. For the EUR/USD exchange rate we assume that it will remain close to current levels until 2021/22e. In our base case scenario Jumbo's target price is set at €18/share implying 32.9% upside from current levels.

Bear Case

For the Bear Case we assume l-f-l of -0.6% in 17/18e reaching -7.4% in 19/20e and improving thereafter until turning slightly positive at +0.1% in 21/22e. We have projected c. 4 new net additions will take place regarding stores annually up to 21/22e. We should highlight that our bear case assumption calls for a rollout of new stores with no new openings in Greece and Bulgaria from 2018/19e onwards despite the company's original plan and guidance while it also takes into account Greece returning into severe recession. For 21/22e we project a total of 91 stores with 52 stores in Greece, 5 in Cyprus, 25 in Romania and 9 in Bulgaria. We expect gross profit margin at c.50% in 19/20e and at 48% in 21/22e, c.400bps lower than current level. Our bear case assumptions also calls for 2021/22e net debt of -€365.4mn (vs. -€206.7mn in 2016/17) implying a net debt/EBITDA ratio of -2.4x and 21/22e FCF yield of 3.2%. EUR/USD exchange rate is falling c. 3% annually towards 1.054 in 2019/20e and 0.99 in 2021/22e. In this rather pessimistic scenario, our target price adjusts lower to €10.8/share, implying a c.20% downside from current levels.

Bull Case

On the other side of the coin, our bull case scenario assumes l-f-l of 7.1% in 17/18e reaching 6.3% in 19/20e and 6.2% in 21/22e. We have projected c. 4 new stores net additions will take place annually up to 21/21e with no change versus our main scenario. For 21/22e we project a total of 93 stores with 53 stores in Greece, 5 in Cyprus, 25 in Romania and 10 in Bulgaria. We expect 2019/20 gross profit margin at 52.2% stabilizing at c.51.5% in 2021/22e onwards. Our bull case assumption also calls for 2021/22 net debt of -€502.5mn (vs. €206.7mn in 2016/17) implying a net debt/EBITDA ratio of -1.5x. and 21/22e FCF yield of 11.4%. EUR/USD exchange rate is rising 3-5% annually up to 1.30 in 2019/20e and 1.38 in 2021/22e. In terms of valuation, our target price reaches €23/share vs. €18/share of our base case, implying a 69.6% upside from current levels.

FX sensitivity

FX volatility is an important factor that affects Jumbo's gross profit margin. Jumbo buys c.80% of its stock from Asia in USD, with c.70% of the purchases made from China and with Chinese Yuan being pegged to USD. Thus, a stronger USD implies higher COGS and affects negatively Jumbo's gross profit margin. Our base case assumption calls for EUR/USD exchange rate of 1.16 (company budget rate:1.12-1.15) in 17/18e and stabilizing at 1.165 from 18/19e onwards.

2017/18 - 2019/20e	EBITDA CAGR	Gross Profit CAGR	FCF CAGR	TP
EUR/USD: 1,12 / 1,086 / 1,054	4,8%	6,9%	5,7%	17,1
EUR/USD: 1,16 / 1,165 / 1,165	6,5%	7,8%	8,4%	18,0
EUR/USD: 1,18 / 1,239 / 1,30	8,9%	9,1%	12,8%	18,8

Source: Jumbo, AFe

Transportation cost sensitivity

Another factor that affects gross profit margin is transportation cost. Most of the company's stock is imported and transported using containerships. Thus, freight rates greatly determine overall transportation cost. The company had took advantage in the previous years of low freight rate in its effort to keep its gross profit margin at high levels. However, as the company management has already warned, increased transportation cost is expected to slightly affect gross profit margin in the coming periods. For 2017/18 company management negotiated and signed new contracts with significantly but 'fairly' increased freight rates.

Sensitivity to l-f-l change by country

Next we present sensitivity analysis of Jumbo's l-f-l by country.

Greece | Change to l-f-l	2017/18e	2018/19e	2019/20e	TP
-2%	-1,8%	-1,5%	-1,5%	17,2
-1%	-0,8%	-0,5%	-0,5%	17,6
0%	0,3%	0,5%	0,5%	18,0
1%	1,3%	1,5%	1,5%	18,4
2%	2,3%	2,5%	2,5%	18,8

Cyprus | Change to l-f-l	2017/18e	2018/19e	2019/20e	TP
-4%	0,0%	-1,5%	-2,0%	17,7
-2%	2,0%	0,5%	0,0%	17,9
0%	4,0%	2,5%	2,0%	18,0
2%	6,0%	4,5%	4,0%	18,2
4%	8,0%	6,5%	6,0%	18,4

Bulgaria | change to l-f-l	2017/18e	2018/19e	2019/20e	TP
-10%	10,80%	-0,80%	-2,50%	17,6
-5%	15,8%	4,2%	2,5%	17,8
0%	20,8%	9,2%	7,5%	18,0
5%	25,8%	14,2%	12,5%	18,2
10%	30,8%	19,2%	17,5%	18,5

Romania | change to l-f-l	2017/18e	2018/19e	2019/20e	TP
-10%	15,90%	5,70%	1,10%	16,7
-5%	20,9%	10,7%	6,1%	17,3
0%	25,9%	15,7%	11,1%	18,0
5%	30,9%	20,7%	16,1%	18,7
10%	35,9%	25,7%	20,1%	19,5

Source: Jumbo, AFe

WACC/Terminal growth Sensitivity

We also present a sensitivity of Jumbo valuation to WACC and terminal growth changes.

Jumbo WACC terminal growth sensitivity

WAAC/Tg	0,0%	1,5%	3,0%
6,8%	17,7	21,2	27,3
7,8%	15,6	**18,0**	21,9
8,8%	14,0	15,7	18,4

Source: Jumbo, AFe

Stress Test Scenario on Jumbo's Greek operations performance

Jumbo's FY 16/17 financial results and the presentation held to the investment community on October 18, 2017 confirmed our main assumption that foreign operations are going to support the company in both the top and bottom lines in the coming years. Mr Vakakis was optimistic on the company's expansion abroad while on the other hand he sounded very cautious on Greece, emphasizing the need for economic stability in the next years and the implementation of structural reforms in order to begin economic expansion.

Our basic scenario is very conservative on Greek l-f-l calling for 0.25%-0.5% growth in the next years. Many investors however are concerned on Jumbo's Greek operations performance. Trying to ease these concerns, we stress domestic performance, resembling a repeat of the 2010-2014 Greek crisis, with Jumbo's l-f-l having a compound decrease of 33.7%. So for the next five years we assume Jumbo's l-f-l to be: -4.2% for 2017/18e, -5.3% for 2018/19e, -8% for 2019/20e, -19.3% for 2020/21e and -1.5% for 2021/22e. Under these extremely negative assumptions we come up with a Target Price of €12.8/share, or 5.6% lower from current levels. These findings are presented in the next table and confirm Jumbo's unique business model which based on strong gross margins allows to its Greek operations to remain profitable on a Net income and EBITDA level even under an extremely negative scenario that simulates a repeating of recent economic crisis in Greece.

Conclusively we argue that Jumbo trades very close to a price that discounts a very negative scenario for Greece of returning to a severe economic crisis in the next years, something that is definitely not the case in our view.

	2017/18e	2018/19e	2019/20e	2020e/21e	2021e/2022e	Target Price
Greece l-f-l	-4,2%	-5,3%	-8,0%	-19,3%	-1,5%	
EUR/USD	1,160	1,165	1,165	1,165	1,165	
Net Revenues	452,6	436,2	410,8	331,2	326,2	12,8
EBITDA	130	119	132	21	43	
Net Income	83	76	86	8	23	

Source: Jumbo, AFe

Leading indicators

We have identified seven distinct factors which affect our estimates and could have a strong impact on the shares. Our analysis is based on assumptions for the following indicators:

Economic conditions: We examine the economic environment in each of the four main countries that Jumbo operates in, which undoubtedly exhibits high correlation with the performance of the overall retail sector. We emphasize on private consumption, GDP growth rate and volume of retail sales in order to estimate the effect on sales. We also observe the overall credibility of the Greek economy, the implementation of the needed structural reforms and the progress regarding the closing of the 3rd review that affect country risk and the overall cost of funding for Jumbo.

Competition and operating environment: Jumbo is undoubtedly the winner in the Greek retail market as it managed during the crisis to increase its domestic market share when other competitors went out of market. Supermarkets, by giving greater emphasis in the recent years on selling home, stationary and seasonal products ended up being Jumbo's main competitor. Hyper-stores like Public and Plaisio compete Jumbo on the field of books and stationary while IKEA could be considered as a competitor on home products. On-line competition is getting more intense but Jumbo seems to be coping pretty well with that issue due to its ability to keep average product price close to 5 euros. According to recent comments of the CEO Jumbo feels very confident against competition and competitors would have to fight very hard to compete with Jumbo.

Product Mix: Jumbo has diversified its product mix during the past decade by selling home, stationary, baby and seasonal products apart from toys. Toys represent only 22% of sales, home products 32% of sales, whereas seasonal products (traditionally having higher gross margin) constitute 24% of sales. This pioneer product mix combined with a €4.99 average price per product has proven successful for Jumbo. The company managed to overcome the regional economic crisis, increase its market share and keep high profitability and gross margins. The competition from super markets and other hyper markets that sell home and stationary products is getting bigger, although Jumbo's pricing policy seems to give it a competitive advantage.

Network expansion: Jumbo's expansion has sped up since 2010 with 5-6 new store openings annually, mainly in Bulgaria and Romania. Jumbo Group currently operates 73 stores, 51 of which are located in Greece, 5 in Cyprus, 9 in Bulgaria and 8 in Romania. The Group also operates its online store www.e-jumbo.gr. The Romanian stores are expected to reach almost 25 in the next five years, as the company considers that now is the right time to expand dynamically, given the improving economic situation and the good prospects of the local economy. Moreover, the company has already a presence in five countries through partnerships with stores that operate under Jumbo brand name (FYROM, Albania, Kosovo, Serbia and Bosnia). Further expansion in Greece is expected to be very selective (a new hyper store is expected to open in Katerini until June 2018 and another one in Lesvos or Crete island in 2019/20) and may concentrate on refurbishing of some old stores. In the coming years, we expect most of sales and profitability growth to come from abroad.

EUR/USD rate - EUR/RON rate - inventories: Jumbo has a high exposure to the EUR/USD exchange rate as the majority of its purchases (c.80%) is in US dollars from Asian suppliers. The company would profit from a weaker US dollar whereas a strengthening would affect negatively its gross margin. Recently, euro has strengthened against US dollar and a possible continuation of this trend in the coming months would benefit Jumbo. Moreover, another source of currency risk is related to the EUR/RON rate since a growing part of Jumbo's revenue is expected to come from Romania in the next years. We should note that the company does not hedge its FX risk but it tries to mitigate currency risk by restocking large amounts of inventories when rates are favorable.

Freight rates-Transportation costs: According to our estimates, transportation costs accounts for c.20% of cost of sales and it is an important factor that affects gross margin. Low freight rates have been supportive of Jumbo's gross margins in the previous years. The increase in transportation cost noticed in the last months, a trend that is probably going to persist according to Jumbo's management, is a fact that we should take into account into our analysis. According to the company, gross margin is expected to be negatively affected by the increase in transport costs observed in the last few months. If freight rates and overall transportation cost remain on an upward trajectory for a prolonged period, that should have a negative impact on Jumbo's profitability margins and erode some or all of the positive impact from the strength of EUR against USD that we have observed recently.

E-commerce: Jumbo since 2012 has set its e-shop that currently is functioning only in the Greek market. We believe that Jumbo uses its e-shop as a supplement to its in store sales having a different strategy vs other retailers that invest heavily on their e-commerce networks. That makes sense since e-shops are selected by customers in order to make purchases of significant value or for products that it is difficult to transfer because of size or distance. Jumbo's widespread store network in Greece and the relatively low average basket per purchase (c.€20 in our estimates) that makes shipping costs comparatively high to product value, leads the company to focus on its store network. However, according to company management Jumbo's e-shop at the moment creates the same revenue with two physical stores reaching c.€18-20mn per year and contributing c.2.5% of Group revenue.

Economic environment

Jumbo has direct presence in four countries (Greece, Bulgaria, Cyprus and Romania) by operating own or leased hyper-stores. Additionally, the company has already a presence in five countries through partnerships with stores that operate under Jumbo brand name (FYROM, Albania, Kosovo, Serbia and Bosnia). In this segment we present a snapshot of the latest macroeconomic forecasts regarding the countries where Jumbo operates as well as the relevant retail trends.

Greek economy snapshot

The Greek economy faced a longstanding recession from 2009 when a high and unsustainable fiscal deficit was created until 2016 when it showed the first signs of stabilization. Through a number of fiscal adjustment programs and funds from the IMF and EU, the Greek economy has made a considerable effort to reduce the deficit and proceed with structural reforms. We should highlight the 3.7% primary surplus achieved in 2016 and the 3% surplus for 2017 according to Eurostat estimate. Moreover, GDP growth in Q1 17 and Q2 17 reached 0.4% and 0.8% respectively with the annual GDP target by the Greek government to be 1.8%. That implies c.3% growth in H2 17 on the back of improved economic sentiment after the conclusion of the 2nd review and expecting a boost from tourism sector after seeing from the start of the year tourism arrivals up 9.9% and tourism receipts up by 9.1% y-o-y. The target seems challenging but if it is achieved it will be a major step for exiting the crisis and returning to growth. Next we present some macroeconomic data on Greece.

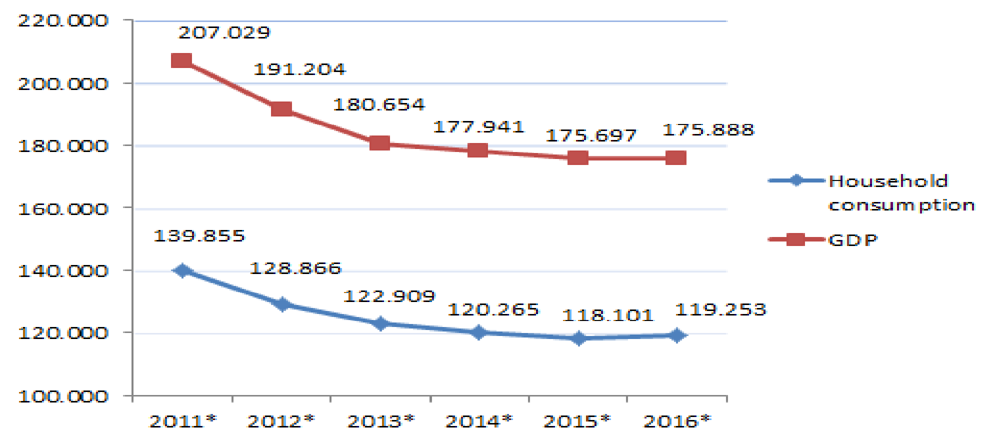
(% Change y-o-y)	2015	2016	2017e	2018e	2019e	2020e	2021e
Real GDP	-0,20%	0,00%	1,80%	2,60%	2,40%	2,00%	1,50%
Private Consumption	-0,20%	0,80%	1,50%	1,40%	1,20%	1,00%	1,00%
Unemployment Rate	24,90%	23,60%	22,30%	20,70%	19,00%	18,40%	16,70%
Unit Labor Costs	-3,10%	3,90%	1,40%	1,40%	1,50%	1,60%	1,60%
Consumer prices (average)	-1,10%	0,00%	1,20%	1,30%	1,60%	1,70%	1,70%
GDP Deflator	-1,00%	0,10%	1,40%	1,50%	1,50%	1,60%	1,60%
Current account % of GDP	0,10%	-0,60%	-0,20%	-0,10%	-0,10%	-0,10%	-0,10%
Trade balance % of GDP	-0,20%	-0,70%	-0,10%	0,30%	0,40%	0,50%	0,60%
Primary balance % of GDP	0,20%	0,90%	1,00%	1,50%	1,50%	1,50%	1,50%
Gross Debt (Maastricht)	315,10	324,80	332,80	346,30	348,20	350,80	354,40

Source: IMF staff projections, Ministry of Finance, Bank of Greece, Elstat

The consumption of households is without any doubt a significant determinant for a retail company's performance. As we can observe in the following table it was under pressure until 2015 having a high correlation with GDP level. However, 2016 proved a turning point for the economy with GDP stabilizing (-0.2%), while Final consumption of Households also shows signs of stabilization. Nevertheless, according to the results of the 2016 Household Budget Survey that was conducted on a sample of 6,073 private households throughout the Country the average monthly household expenditure in 2016, amounted to 1,392.03 €, recording a decrease by 2.0% or 28.97€, in comparison to 2015 and a 34.4% decrease in comparison to 2008. Taking that into account we could conclude that households' consumption give some evidence of overcoming the significant downward trend seen in the previous years.

Final Consumption VS GDP, in million euro						
Current prices	**2011***	**2012***	**2013***	**2014***	**2015***	**2016***
Total	189.782	175.232	164.777	161.228	158.175	158.573
Households	139.855	128.866	122.909	120.265	118.101	119.253
NPISH's	4.823	4.801	4.944	4.822	4.732	4.779
General Government	45.104	41.564	36.924	36.141	35.341	34.542
GDP	207.029	191.204	180.654	177.941	175.697	175.888
Source: Hellenic Statistical Authority						*preliminary data

Consumption of Households vs Greek GDP (2011-2016)

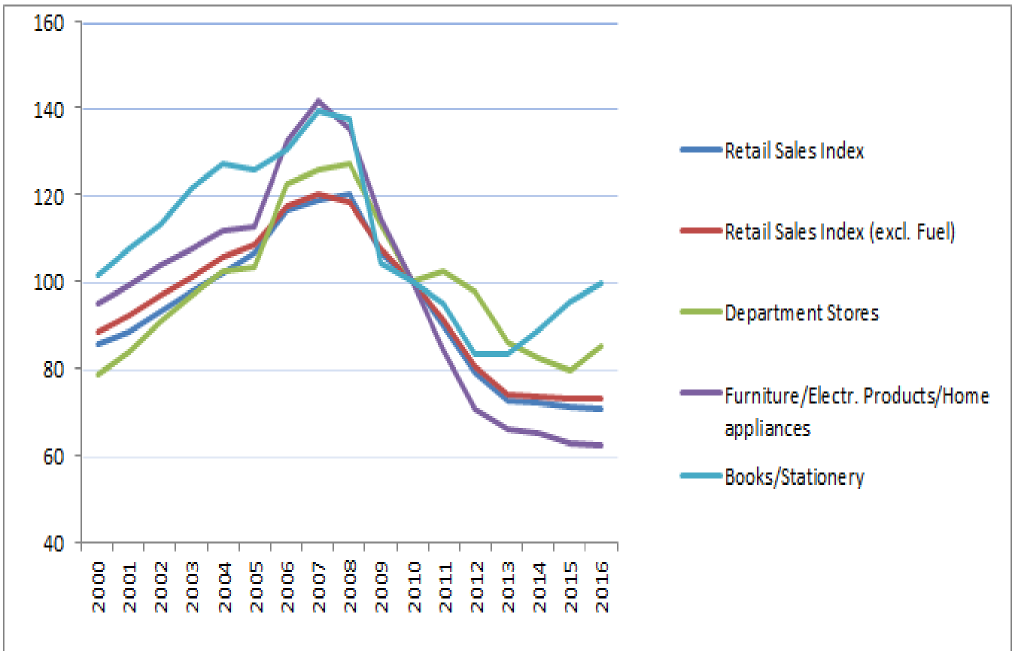


Source: Hellenic Statistical Authority *preliminary data

Retail Sales (Volume)

As we can observe in the following charts, Greek retail sales were hit by the severe economic crisis in Greece presenting a decrease of c.41% since 2008. Private consumption stabilized between 2011-2012 with a consolidation phase starting during 2013 for overall retail sales (excl. Fuel). Furniture, Electrical equipment and household equipment (home products constitute 31% of Jumbo sales) showed some signs of stabilization in 2016. On the other hand Books and Stationery (8% of Jumbo sales) showed a remarkable reversal trend since 2013.

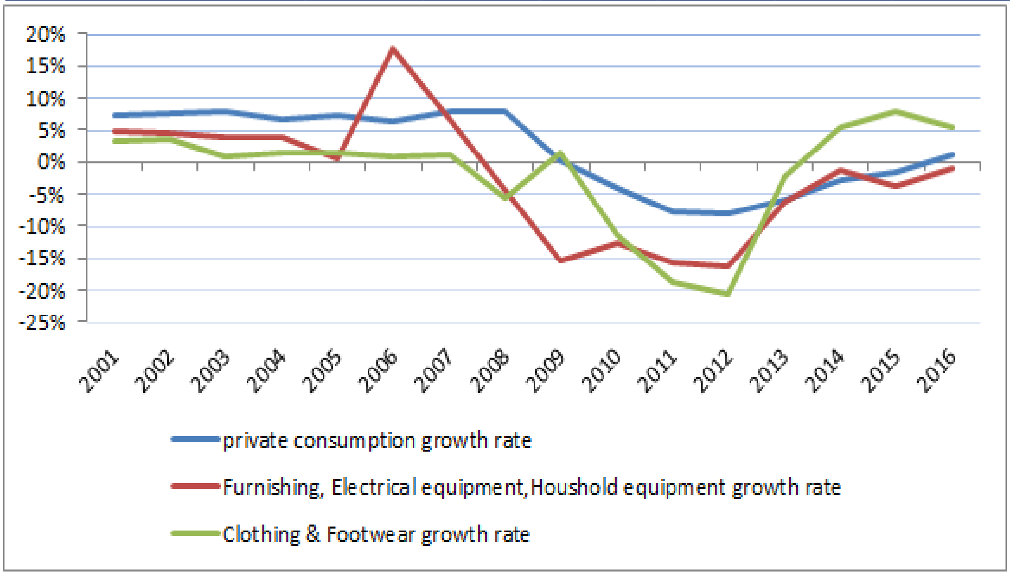
Greek Retail Sales in terms of volume (2010-2016)



Source: Hellenic Statistical Authority

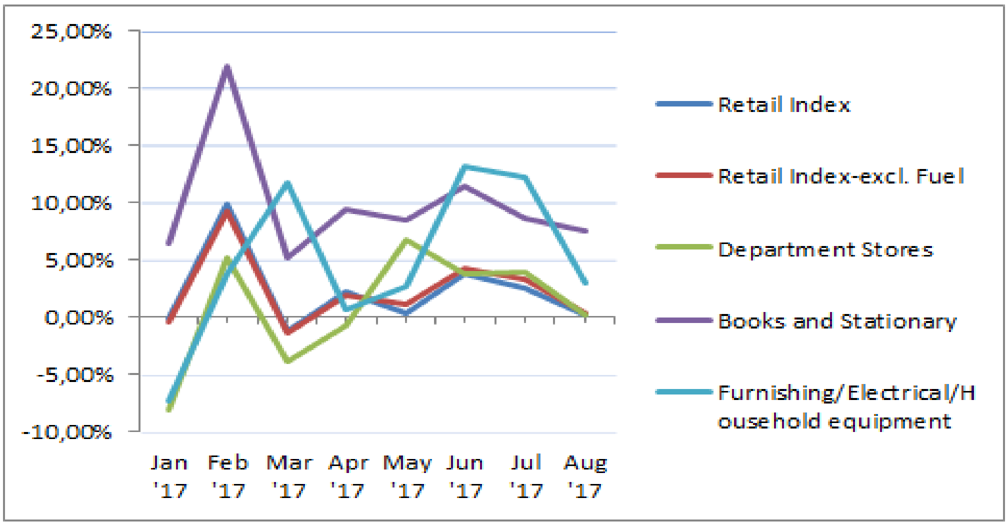
Retail sales and private consumption

Private consumption, Furnishing and Clothing Footwear growth rate 2010-2016 (nominal)



Source: Hellenic Statistical Authority

Greek Retail Sales (volume) Jan-June 2017

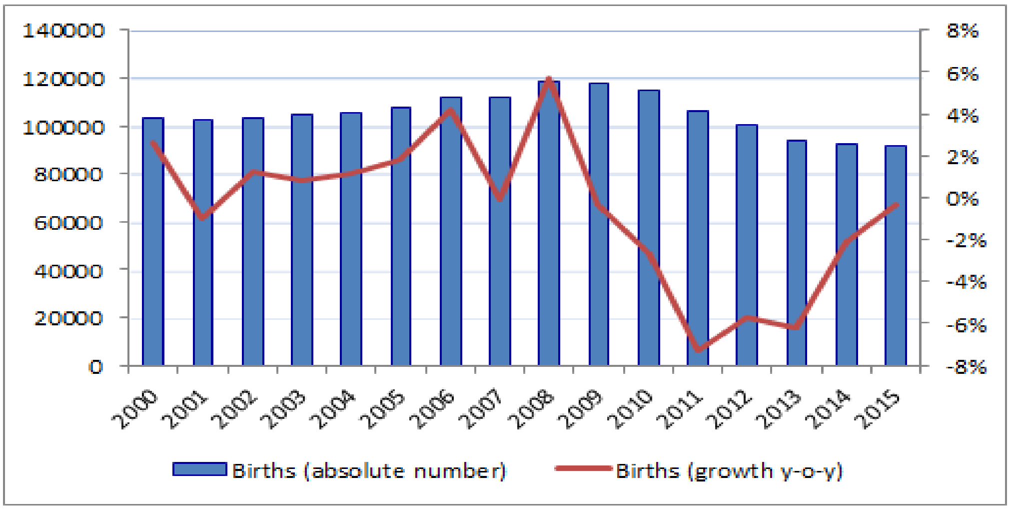


Source: Hellenic Statistical Authority

The previous chart depicts for the current year that a rebound in retail sales started in April, a trend that lasted until July with June retail sales up by 3.7% y-o-y and July retail sales up by 2.5% y-o-y. This phenomenon could be partially attributed to the 'credit card effect' and the increased credit and debit cards' usage by customers for tax reasons. Furthermore, the improvement of economic sentiment due to the closing of the 2nd review and by Greece tapping the debt markets may have played a role. The increased consumer confidence and confidence in the services sector, combined with August data that showed Greek manufacturing activity at 9 year high (PMI at 52.2), all pointed to higher economic activity which was translated to higher sales for retail companies. However, August retail data were mixed with overall retail sales flat y-o-y that may be attributed to excessive consumer confidence in June-July for the aforementioned reasons that calmed down in August.

Demographics

An important factor that determine retail sales is the demographical evolution and composition of a country's population. Thus, the importance of demographic factors on Jumbo's sales are even higher given the fact that toys and baby products are two of the most important segments of its operations. Unfortunately Greece has an aging population that is slowly declining. The following graph depicts this situation with annual births that had a positive growth rate until 2008, due to economic prosperity and high immigration rates, but with the trend reversed after the start of economic crisis in 2009. According to Hellenic Statistical Authority data, as of end of 2015 births/deaths ratio stood at c.0.8x. Moreover, fertility rate at the end of 2014 stood at 1.3 children per woman compared to 1.58 children per woman in EU-28, according to Eurostat data. Negative demographics and a very low fertility rate are going to reduce the weighting of baby products in Jumbo's product mix in the coming years, according to company management.



Source: Hellenic Statistical Authority

Conclusion: Despite uncertainties and challenges that remain the future for the Greek economy is promising

To conclude, the successful negotiations with EU and the IMF and the closing of the 2nd review is certainly a positive step. However, the negotiations for the 3rd review between Greece and its creditors should not last long, for the economic sentiment to remain positive. The fact that Greece after many years tapped the debt markets in July is certainly a first step in the road that leads out of economic crisis.

However more should follow, starting with the reorganization of state services, structural reforms and privatizations. The situation in the banking sector should stabilize and Greek banks ought to find some drastic solutions in order to reduce Non-Performing-Loans and begin again to support the economic activity and investments. An unknown factor, in our opinion, is how the economy and the market in general will react to the planned 2018-2021 restrictive fiscal policy and the relevant tax measures and pension reductions, due to the high correlation between disposable income and retail sales.

Coming years will be crucial for the country in order to make the economy healthier, more stable and with growth rates that will attract significant foreign investments. Conclusively we could say that 2017 could prove a turning point for the economy and the start of the recovery phase.

Bulgarian economy snapshot…

Bulgaria has a growing economy based on low taxation (10% corporate tax) and one of the lowest average wages in the EU (529 euro). The private sector accounts for more than 80% of GDP and the majority of total labor force (2.45 million people), is employed in industry (35.2%) and in the services sector (57.7%).

Jumbo operates in Bulgaria with 9 stores and it is a country with increasing significance for the group in terms of revenue diversification and profitability.

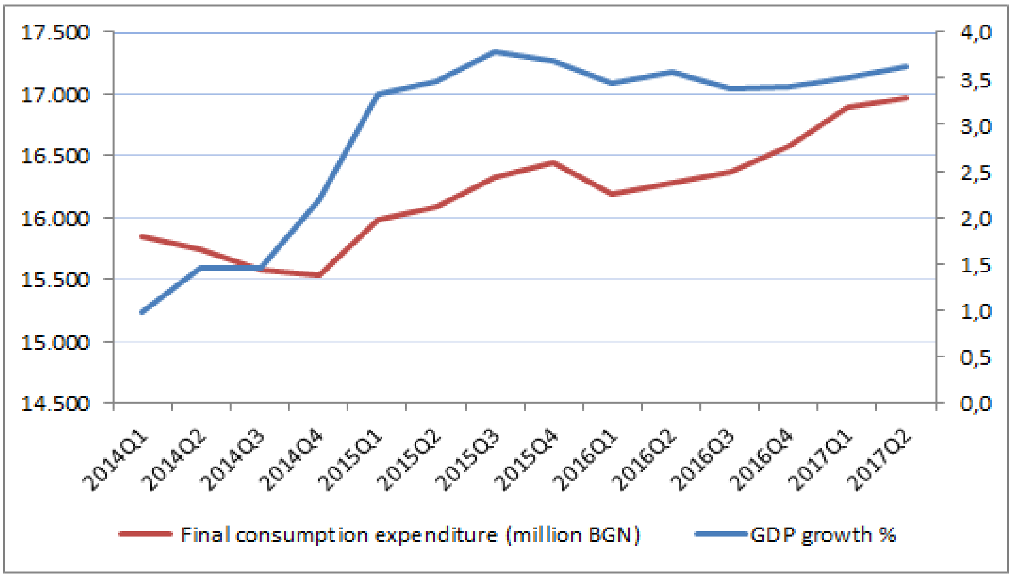
Next we present some macroeconomic data based on IMF estimates.

	2013	2014	2015	2016	2017e	2018e	2019e	2020e	2021e	2022e
Real GDP Growth	0,9%	1,3%	3,6%	3,4%	3,6%	3,2%	2,5%	2,5%	2,5%	2,5%
HICP (end of period)	-0,9%	-2,0%	-0,9%	-0,5%	1,3%	1,6%	2,0%	2,1%	2,1%	2,1%
Unemployment rate	13,0%	11,5%	9,2%	7,7%	6,6%	6,4%	6,7%	6,6%	6,5%	6,5%
Current Account Balance (% of GDP)	1,3%	0,1%	-0,1%	4,2%	2,5%	1,9%	1,7%	0,9%	0,1%	-0,8%
Private Consumption	-2,5%	2,7%	4,5%	2,1%	3,0%	3,0%	2,8%	2,8%	2,6%	2,6%

Source: IMF

…shows a rising trend for GDP and final consumption expenditure…

The improvement of the economy is reflected to the more than 3.5% GDP growth rate during 2017 and the steady rising trend in final consumption expenditure for the previous two years. The latter is a clear indicator of economic and consumer confidence that is very supportive for the sales of Jumbo in the country. Another important factor for Jumbo's sales in Bulgaria is the upward trend in the housing market given the high correlation between the household products market and the housing market. The following tables and graphs offer some evidence on that.

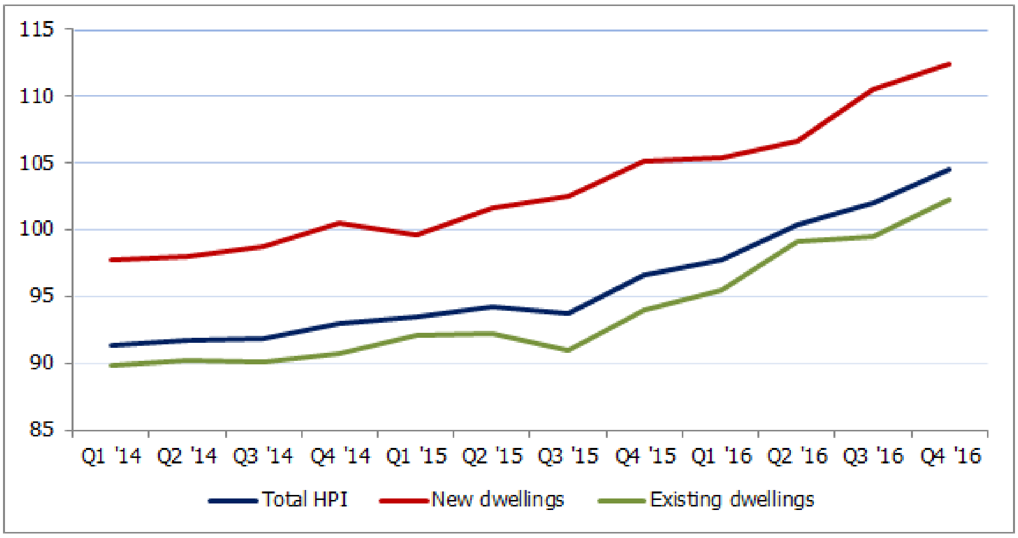


Source: National Statistical Institute of Bulgaria *preliminary data for '16, '17

…and a housing market boom.

Data analysis reveals a 14.35% surge in Bulgaria's HPI during the period 2014-2016. New dwellings purchases increased by 2.85% in 2014, 5.17% in 2015 and 7.01% in 2016. Moreover, existing dwellings purchases increased by 0.93%, 3.61% and 8.75% in the same period, giving more evidence on the positive trend in the overall housing market in this neighbor country.

Bulgarian HPI vs purhases of new dwellings and existing dwellings

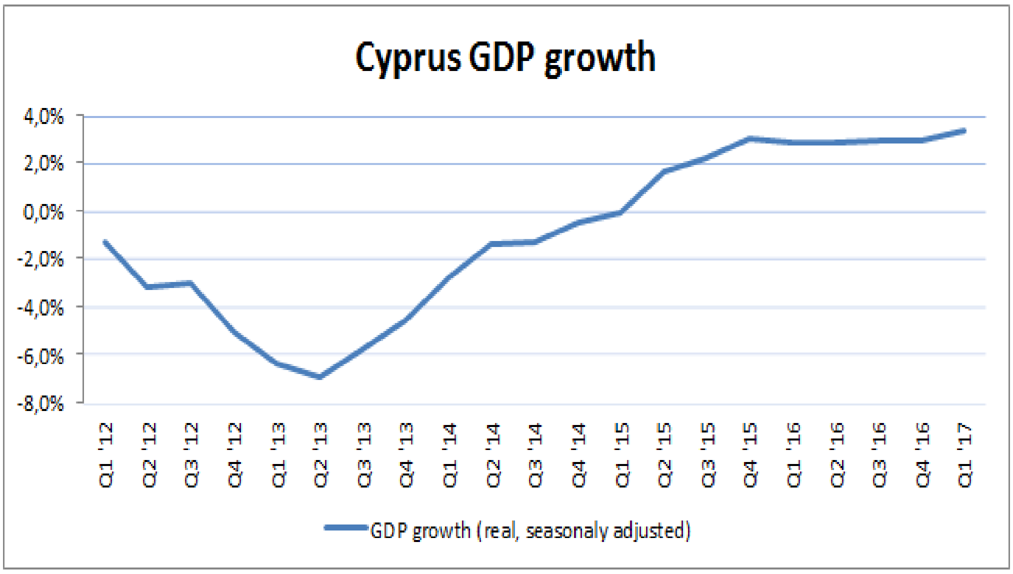


Source: National Statistical Institute of Bulgaria

Overall, the momentum looks very positive for the sales of Jumbo in Bulgaria and the 24% increase in the 2016/17 fiscal period gives clear evidence on that.

Cypriot economy snapshot

The economy of Cyprus has traditionally been a high income economy based on law taxation and its services, banking and tourism sectors. Unexpectedly it faced the 2012-2013 financial crisis that was mainly a banking crisis leading to the enactment of the bail in process, a haircut to bank deposits and capital controls. Jumbo's subsidiary company in Cyprus had on 26/3/13 uninsured deposits in the Bank of Cyprus of €57mn that was subject to 47.5% haircut and the company finally recognizing a €23.58mn loss related to this issue in its consolidated financial statements. However, after having support from its EU partners and effectively implementing an aggressive program of structural reforms Cyprus saw its economy to recover and turn to growth in 2015. Today it is one of the highest growing economies in the Mediterranean area with law corporate taxation rate (12.5%), growing business activity, an active housing market and a strong services sector.



Source: Republic of Cyprus, Ministry of Finance, Statistical Service

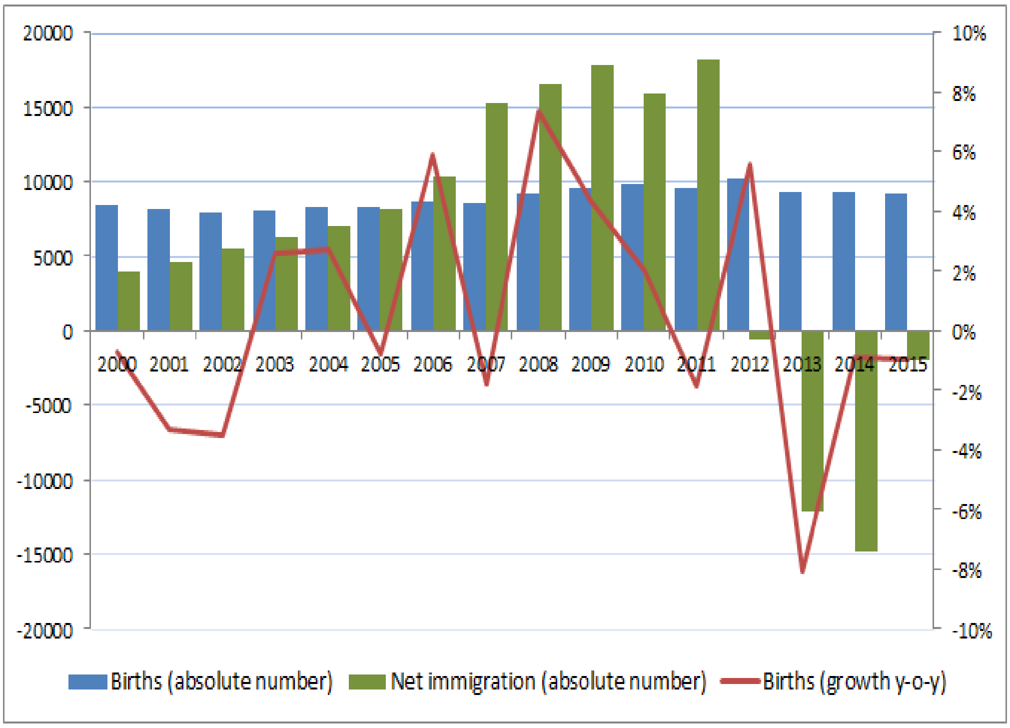
	2014	2015	2016	2017e	2018e
Real GDP Growth	-1,5%	1,7%	2,8%	3,4%	2,6%
HICP (end of period)	-0,9%	-0,6%	0,1%	0,8%	0,7%
Employment growth (%)	-0,6%	-1,3%	1,9%	1,9%	1,8%
Unemployment rate	16,2%	14,9%	13,3%	11,8%	10,7%
Current Account Balance (% of GDP)	-4,3%	-2,9%	-5,3%	-3,8%	-2,7%
Private Consumption	0,7%	1,9%	2,9%	2,3%	1,7%

Source: IMF

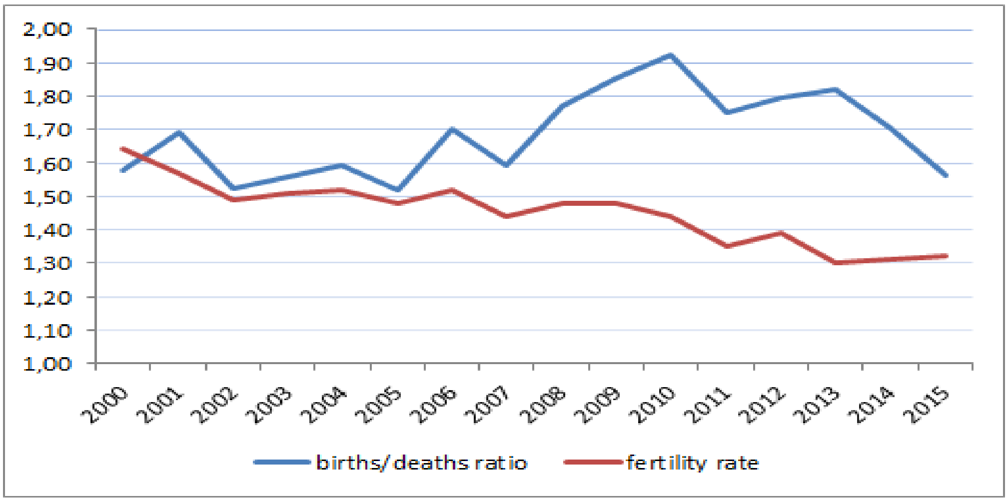
The previous table presents data on the Cypriot economy as of June 2017, 15 months after Cyprus exiting IMF's support program with success. As we can observe Real GDP growth turned positive in 2015 while private consumption, which is a significant determinant for overall retail sales and thus Jumbo's sales, present a solid growth rate that is expected to continue at least until 2018.

Demographics: Becoming more supportive after the end of economic crisis

Cyprus demographic data reveal some interesting observations on population trends. The following charts show that the total period of examination 2000-2015 should be subdivided to two distinct periods: from 2000 until 2011 and from 2012 until 2015. The first period is characterized by economic growth and prosperity and rising private income and consumption that is accompanied by positive demographic trends. In more specific, annual births increase as an absolute number, birth/death ratio improves from c.1.6 to c.1.9 and also Cyprus receives important numbers of immigrants every year (mainly foreign workers/personnel) that increase its population. The situation reverses after 2012 as the global economic crisis hits Cyprus and the imposition of haircut to banks deposits and capital controls in 2013 that led to a 3-year period of economic recession and reduction of economic activities and foreign investments. The worsening of economic confidence must have affected also demographic trends as we observe reversed immigration trends, a negative births' growth rate and a more than 20% reduction in the births/death ratio.



Source: Republic of Cyprus, Ministry of Finance, Statistical Service



Source: Republic of Cyprus, Ministry of Finance, Statistical Service

Given the improvement in the Cypriot economy in the last 2-3 years we could safely assume that demographic trends should have faced some improvement towards the pre-crisis levels. In the total period (2000-2015) fertility rate had a declining trend until 2013 when it stood at c.1.3 and a very slow increase thereafter. However this number is well below the 2.1 children per woman that is the population replacement level.

Conclusion

To conclude, the economy of Cyprus shows signs of a strong recovery from the recent economic crisis. Moreover, the discovery of offshore gas with estimated reserves valued at over $50 billion and the fact that some of the biggest energy players like ExxonMobil, Total and Eni hold licenses and are already exploring and drilling for oil and gas off the southern coast of Cyprus, creates optimism for future economic prosperity.

Romanian economy snapshot

Romania is a member of the European Union since 2007 and it uses its national currency (Lei) for transactions. The country was one of the highest growing economies in the early 2000s. However, the global economic crisis hit Romania in 2009 leading its economy in a severe economic retraction in the same year, almost zero growth rates the following years and finally political instability during 2012. These developments forced Jumbo to postpone its planned expansion in the country until 2013, a year that proved to be the start of the recovery phase.

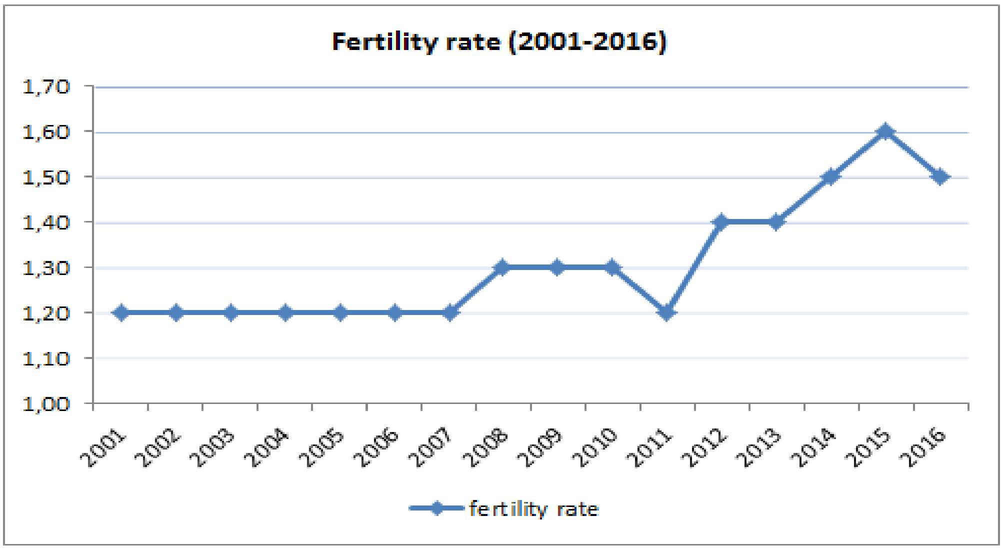
Jumbo opened its first two stores in 2013 and according to the latest company guidance they are expected to number 25 in the next five years making Romania the key country for the future success of Jumbo. Today Romania has one of the highest growing economies in Europe with GDP growth rate that is expected to reach 5.5% in 2017.

Next we present some macroeconomic data on the Romanian economy based on IMF estimates.

	2013	2014	2015	2016	2017e	2018e	2019e	2020e	2021e	2022e
Real GDP Growth	3,5%	3,1%	3,9%	4,8%	5,5%	4,4%	3,3%	3,3%	3,3%	3,3%
HICP (end of period)	1,6%	0,8%	-0,9%	-0,5%	2,0%	3,5%	2,7%	2,5%	2,5%	2,5%
Current Account Balance (% of GDP)	-1,1%	-0,7%	-1,2%	-2,3%	-3,0%	-2,9%	-2,9%	-2,9%	-2,9%	-2,9%
Consumption	-0,3%	4,0%	4,9%	6,9%	5,7%	3,5%	3,3%	3,3%	3,3%	3,3%
Unemployment	7,1%*	6,8%*	6,8%	5,9%	5,3%	5,2%	5,8%	-	-	-
External Debt as a % of GDP	68,0%	63,0%	56,5%	54,6%	52,9%	49,8%	47,3%	44,9%	43,6%	41,2%

Source: IMF, Romanian National Institute of Statistics*

Demographics



Source: Romanian National Institute of Statistics

Demographic data on Romania are not very supportive but the trend is improving with fertility rate at 1.6 at the end of 2016 vs 1.2 five years earlier.

To conclude

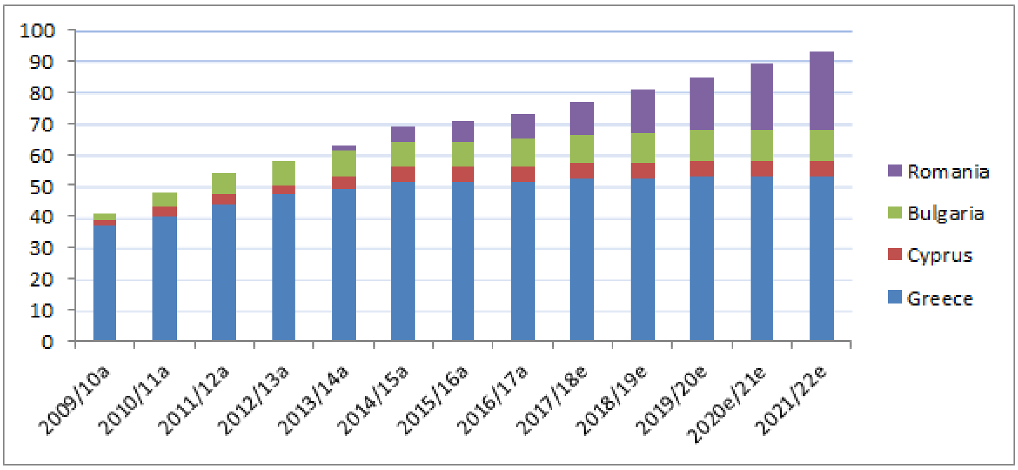
The above data reveal that Romania has entered the economic expansion phase with strong GDP growth of c. 3-4%, solid consumption growth, low unemployment rate and very healthy and decreasing Debt/GDP ratios. Moreover, the recent legislation that passed from the Romanian parliament offers 25% on average increases to public workers from 1/1/18 and 56% in total by 2022 leaving room for further significant increase in disposable income in the coming years. It seems that the timing is correct for further expansion in the country by Jumbo and we expect Romania to have important contribution to Jumbo's top line in the near future (more than 30% of Group sales).

Assumptions

Assumptions

Assumptions snapshot

a) Network: As of the end of 2016/17 fiscal year Jumbo has an established network of 73 stores (51 in Greece, 5 in Cyprus, 9 in Bulgaria and 8 in Romania). Jumbo has also franchise partnerships in the Balkan area (Albania, Bosnia, FYROM, Kosovo and Serbia). Our main assumption calls for Jumbo adding 4 stores annually reaching 93 at the end of 2021/22e fiscal period (53 in Greece, 5 in Cyprus, 10 in Bulgaria and 25 in Romania).



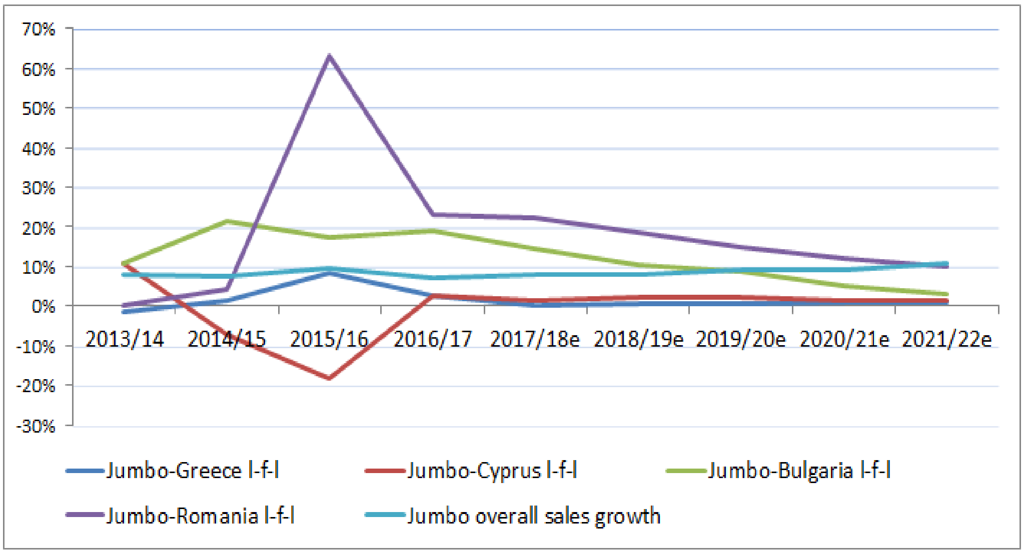
Source: Jumbo, AFe

b) Revenues: We expect revenues to grow with a CAGR 16/17-19/20e of 9%. In 2017/18e we estimate total Jumbo sales to increase by 8% implying an increase in Greek sales of 0.6% (after the opening of another store), low Greek l-f-l (0.25-0.5%) in the coming years. Cyprus l-f-l sales growth is estimated close to 2%-4% during the next years. For Bulgaria we project dynamic double digit l-f-l growth in 2017/18e and high single digit for the next two years while for Romania we project double digit l-f-l for the next 3 years and mid-single digit for other two years.

Jumbo l-f-l by country (2013/14 - 2021/22e)

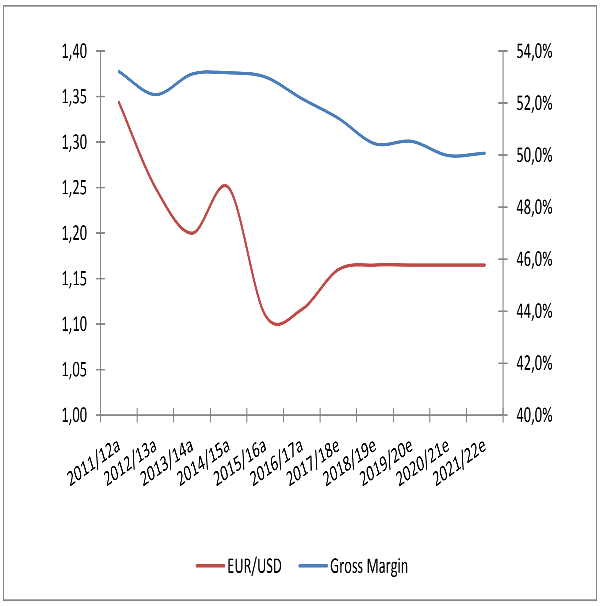
	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e	2020/21e	2021/22e
Jumbo-Greece l-f-l	-1,5%	1,4%	8,4%	2,5%	0,3%	0,5%	0,5%	0,5%	0,5%
Jumbo-Cyprus l-f-l	10,7%	-7,1%	-18,2%	2,4%	4,0%	2,5%	2,0%	1,8%	1,5%
Jumbo-Bulgaria l-f-l	10,7%	12,0%	14,6%	18,8%	20,8%	9,2%	7,5%	4,0%	2,6%
Jumbo-Romania l-f-l	-	4,3%	63,2%	23,1%	25,9%	15,7%	11,1%	7,2%	4,1%
Jumbo-Group sales growth	7,9%	7,5%	9,4%	6,9%	8,0%	9,1%	9,8%	6,9%	8,4%
Jumbo-Group l-f-l	-1,6%	-0,9%	7,2%	4,3%	4,0%	3,0%	2,7%	2,5%	2,0%

Source: Jumbo, AFe



Source: Jumbo, AFe

c) Gross profit margin & FX rates: The increased transportation costs that are expected to persist in the coming quarters combined with the new stores entering the network are expected to push gross margins towards c. 50% in the long term from c. 52% currently. That decline in margins due to increased freight rates is expected to be partially counterbalanced from more effective product mix. For FX our main assumption calls for EUR which is expected to settle close to 1.165 with USD. In terms of specific calendar quarters Q2 appears to have lower gross margin due to a product mix dominated by toys that have traditionally lower profit margin. In contrast, higher gross margin is observed in Q4 due to the higher margin seasonal products offered in that quarter.



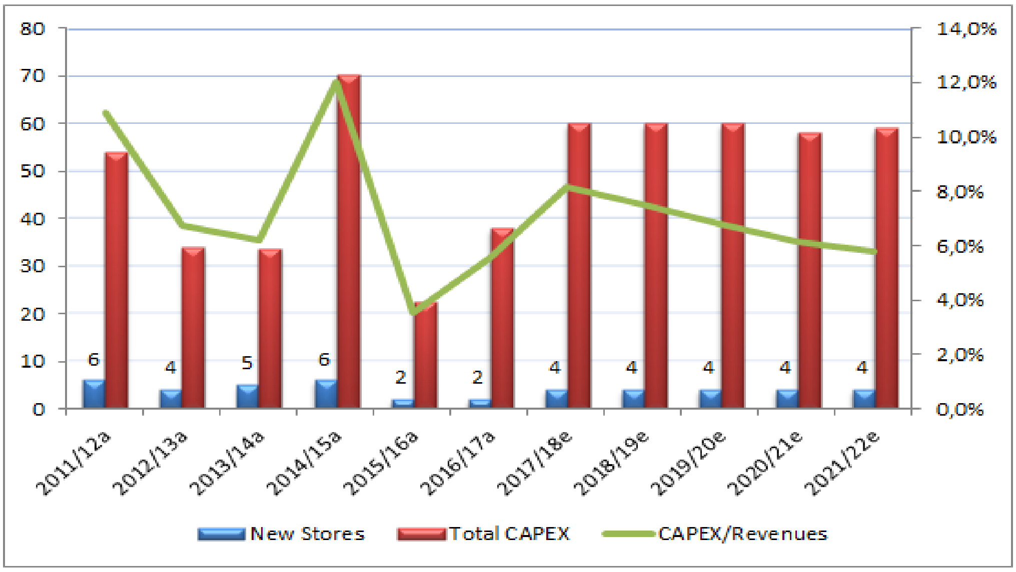
Source: Jumbo, AFe

Total Costs	2013/14a	2014/15a	2015/16a	2016/17a	2017/18e	2018/19e	2019/20e	2020/21e	2021e/22e
Group COGS	**254,0**	**272,8**	**299,6**	**325,9**	**357,5**	**398,1**	**436,1**	**471,4**	**510,2**
Greece	191,5	195,9	206,5	227,5	225,7	239,3	246,5	253,1	254,6
% change	-0,2%	2,3%	5,4%	10,2%	-0,8%	6,0%	3,0%	2,7%	0,6%
% of total COGS	75,4%	71,8%	68,9%	69,8%	63,1%	60,1%	56,5%	53,7%	49,9%
Bulgaria	25,1	28,4	31,8	35,6	43,5	47,4	53,2	55,4	56,8
% change	23,1%	13,1%	11,9%	11,8%	22,4%	8,9%	12,3%	4,0%	2,6%
% of total COGS	9,9%	10,4%	10,6%	10,9%	12,2%	11,9%	12,2%	11,7%	11,1%
Cyprus	33,1	36,7	38,1	39,5	41,1	42,1	42,9	43,7	44,3
% change	22,6%	10,7%	3,9%	3,6%	4,0%	2,5%	2,0%	1,8%	1,5%
% of total COGS	13,0%	13,4%	12,7%	12,1%	11,5%	10,6%	9,8%	9,3%	8,7%
Romania	4,2	11,9	23,1	31,6	47,2	69,3	93,4	119,2	154,4
% change		180,6%	95,2%	36,7%	49,3%	46,7%	34,8%	27,6%	29,6%
% of total COGS	1,7%	4,3%	7,7%	9,7%	13,2%	17,4%	21,4%	25,3%	30,3%
Gross Profit Margin	**53,1%**	**53,2%**	**53,0%**	**52,2%**	**51,4%**	**50,4%**	**50,5%**	**50,0%**	**50,1%**
Greece	55,0%	55,3%	55,0%	51,7%	52,4%	50,6%	50,5%	49,4%	49,4%
Bulgaria	37,9%	37,3%	38,8%	45,0%	46,0%	47,0%	48,0%	48,0%	48,0%
Cyprus	50,5%	51,1%	51,7%	51,1%	51,1%	51,1%	51,1%	51,1%	51,1%
Romania	52,1%	51,2%	51,6%	51,6%	51,6%	51,6%	51,6%	51,6%	51,6%
FX Assumptions									
EUR/USD	**1,357**	**1,203**	**1,110**	**1,116**	**1,160**	**1,165**	**1,165**	**1,165**	**1,165**

Source: Jumbo, AFe

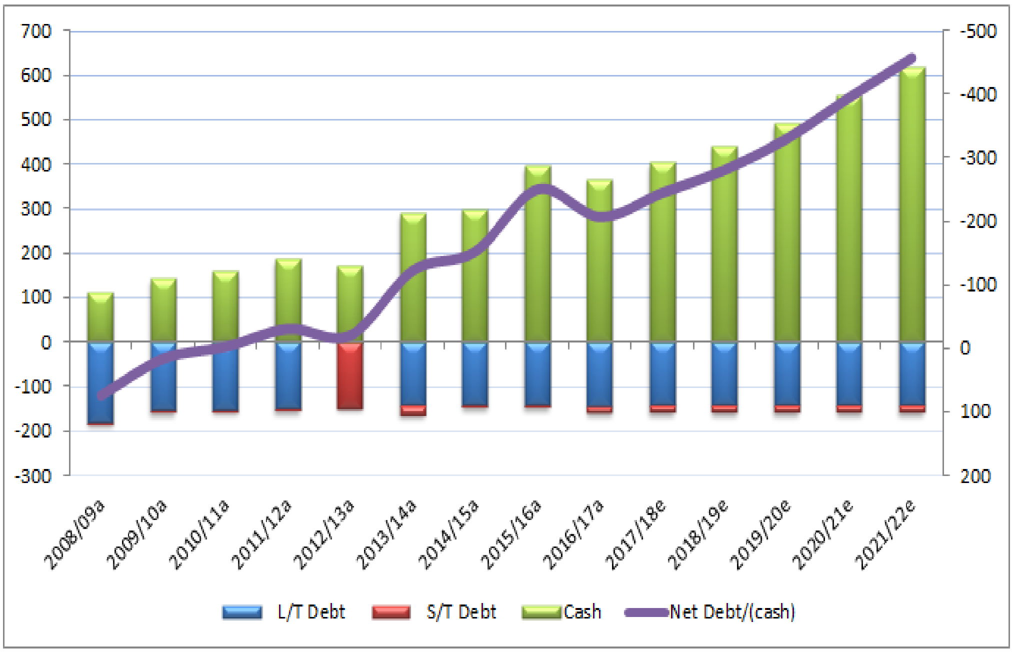
d) CAPEX: Based on opening 3-4 stores annually, mainly in Romania but 1-2 stores in Bulgaria and Greece as well, we estimate €59mn on average total annual CAPEX until 2021/22e. (€60mn in 17/18e, €60mn in 18/19e, €60mn in 19/20e, €58mn in 20/21e & €59mn in 21/22e).

Maintenance capex, that is necessary for stores' refurbishment, is currently estimated to c. €10mn heading towards €15mn at 2021/22e as the company keeps adding new stores.

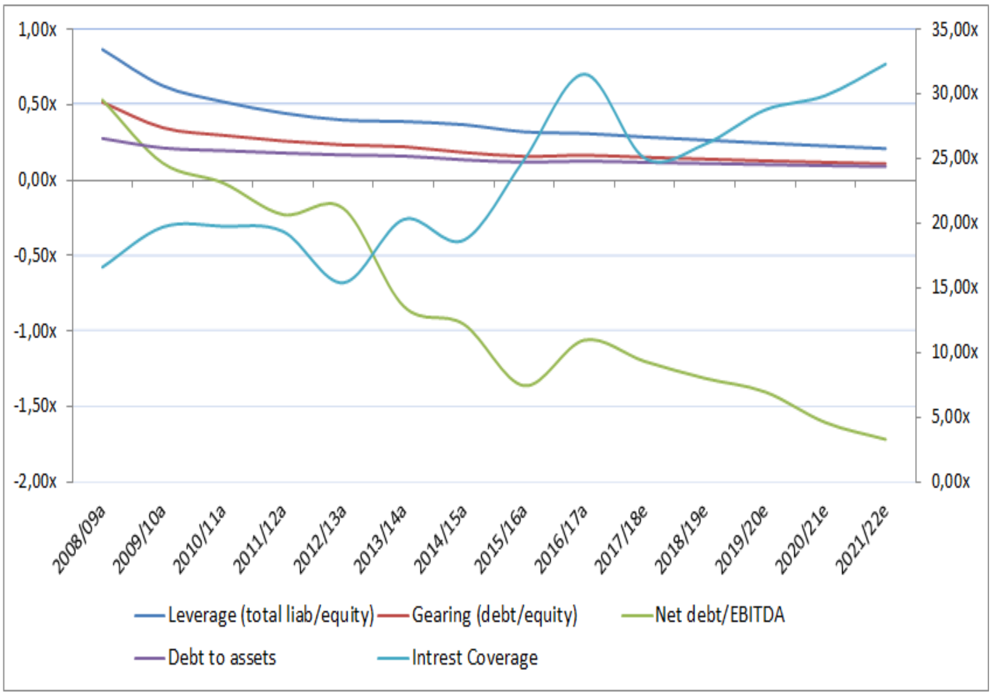


Source: Jumbo, AFe

e) Debt: At the end of 2016/17 net debt stands at c.-€207mn with net debt/EBITDA at -1.1x while 2017/18e net debt and net debt/EBITDA are estimated to reach -€245mn and -1.2x respectively.



Source: Jumbo, AFe LHS: Long & Short term debt, Cash RHS: Net debt (Cash)



Source: Jumbo, AFe

Inventory policy

Jumbo has adopted a high inventory retaining policy, restocking when pricing and FX rates are considered to be favorable. This strategy combined with choice of having many smaller suppliers with none supplying more than 2% of total purchases, increases Jumbo's purchasing power and allows it to apply better pricing to consumers. Moreover, in that way there is very small risk of running out of stock while at the same time long term profit margin remain relatively stable. However, in some quarters massive inventory building may put some pressure in FCF. That was the case in 2016/17 with inventory increasing by c. €42mn y-o-y.

Taxation

As of 1/1/2015 corporate taxation in Greece was increased to 29% from 26%. The respective corporate tax in Bulgaria is 10% while in Cyprus and Romania stands at 12.5% and 16% respectively. With c. 70% of Jumbo's sales and EBITDA generated currently in Greece Jumbo faces a significant local tax burden. However, given the company's further international expansion we estimate that in a five years' period more than 50% of sales and EBITDA will be generated abroad. Therefore, we project the effective tax rate to retreat steadily during that period by 400bps to c. 23%.

Dividend policy

Jumbo has adopted a 35% dividend policy in the previous years. We expected a relatively stable dividend yield ranging between 2.5% and 3.5% in the coming years.

Company description

Snapshot

Jumbo has a unique retail business model. Originally, it was established as a toys reseller but later the company changed its product mix by expanding in a wide range of child, home, stationary and seasonal products. Today the company operates in the consumer goods sector in Greece, Bulgaria, Romania and Cyprus with its own or leased stores and also using partnerships with stores that operate under the Jumbo name (franchise agreements) in Serbia, Kosovo, FYROM, Albania and Bosnia.

Revenue & EBITDA breakdown by country

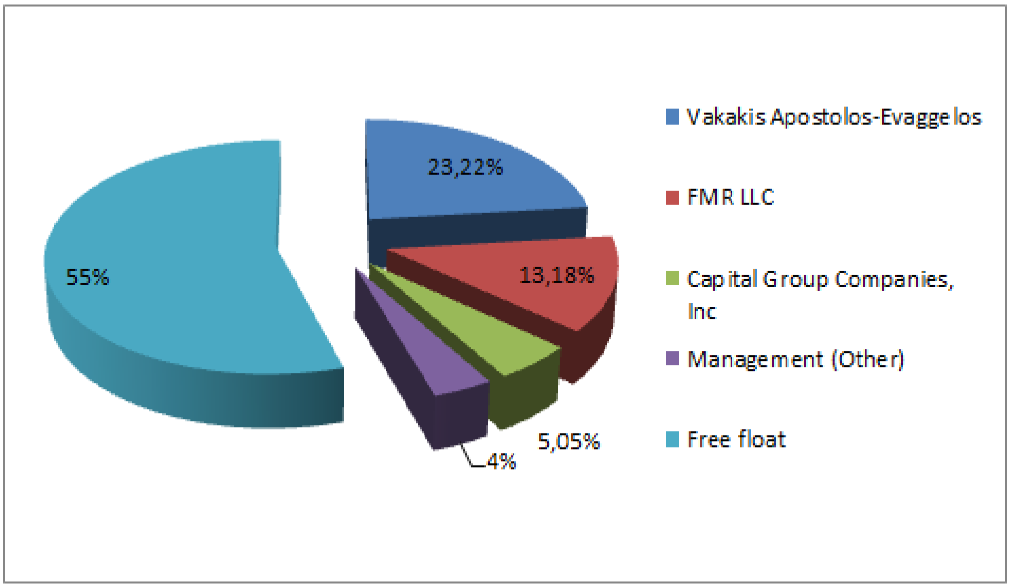
Jumbo, as we already mentioned, operates in four main countries.

- Greece (c.69% of 2016/17 sales & 65% of EBITDA)
- Cyprus (c.12% of 2016/17 sales & 14% of EBITDA)
- Bulgaria (c.9.5% of 2016/17 sales & 7.7% off EBITDA)
- Romania (9.6% of 2016/17 sales & c.9% of EBITDA)

Shareholder Structure

Mr Vakakis Apostolos is the main shareholder in the company (23.22%) followed by FMR LLC (13.18%), Capital Group Companies Inc (5.05%) and Other Management (3.78%). The remaining 55% is considered free float, in which a number of domestic and foreign institutional investors participate.

Shareholder Structure



Source: Athens Exchange Group, Reuters

Financials

Profit & Loss (mn eu)	2014/15a	2015/16a	2016/17a	2017/18e	2018/19e	2019/20e	2020/21e	2021/22e
Greece	437,9	458,9	470,6	473,7	484,5	498,4	500,4	502,9
%change	2,9%	4,8%	2,6%	0,6%	2,3%	2,9%	0,4%	0,5%
% of sales	75,2%	72,0%	69,1%	64,4%	60,3%	56,5%	53,1%	49,2%
Bulgaria	45,3	51,9	64,7	80,6	89,4	102,4	106,5	109,3
%change	12,0%	14,6%	24,5%	24,6%	10,9%	14,5%	4,0%	2,6%
% of sales	7,8%	8,1%	9,5%	11,0%	11,1%	11,6%	11,3%	10,7%
Cyprus	75,0	78,9	80,8	84,0	86,1	87,8	89,3	90,7
%change	12,2%	5,1%	2,4%	4,0%	2,5%	2,0%	1,8%	1,5%
% of sales	12,9%	12,4%	11,9%	11,4%	10,7%	10,0%	9,5%	8,9%
Romania	24,3	47,9	65,4	97,6	143,2	193,0	246,3	319,1
%change	175,1%	97,1%	36,6%	49,3%	46,7%	34,8%	27,6%	29,6%
% of sales	4,2%	7,5%	9,6%	13,3%	17,8%	21,9%	26,1%	31,2%
Total Revenues	**582,5**	**637,6**	**681,4**	**735,9**	**803,2**	**881,6**	**942,5**	**1.021,9**
% change	7,5%	9,4%	6,9%	8,0%	9,1%	9,8%	6,9%	8,4%
Gross Profit	309,7	337,9	355,5	378,4	405,1	445,5	471,1	511,7
% margin	53,2%	53,0%	52,2%	51,4%	50,4%	50,5%	50,0%	50,1%
% change	7,6%	9,1%	5,2%	6,4%	7,1%	10,0%	5,8%	8,6%
EBIT	**137,9**	**161,0**	**171,9**	**178,1**	**185,8**	**204,7**	**212,6**	**229,9**
% change	8,5%	16,7%	6,8%	3,6%	4,3%	10,2%	3,9%	8,1%
% margin	23,7%	25,3%	25,2%	24,2%	23,1%	23,2%	22,6%	22,5%
Greece	120,0	130,0	127,0	130,2	124,7	128,7	123,3	123,2
%change	4,6%	8,4%	-2,3%	2,6%	-4,3%	3,2%	-4,2%	-0,1%
% margin	27,4%	28,3%	27,0%	27,5%	25,7%	25,8%	24,6%	24,5%
% of EBITDA	75,4%	70,8%	65,1%	64,0%	58,3%	54,7%	50,2%	46,3%
Bulgaria	7,3	10,3	15,1	19,1	22,0	25,6	26,8	27,1
%change	27,9%	41,0%	45,6%	26,8%	15,0%	16,5%	4,7%	1,2%
% margin	16,2%	19,9%	23,3%	23,7%	24,6%	25,0%	25,2%	24,8%
% of EBITDA	4,6%	5,6%	7,7%	9,4%	10,3%	10,9%	10,9%	10,2%
Cyprus	25,2	27,1	27,2	28,3	29,1	29,7	30,3	30,8
%change	11,9%	7,3%	0,5%	4,1%	2,6%	2,1%	1,9%	1,6%
% margin	33,6%	34,3%	33,7%	33,7%	33,8%	33,8%	33,9%	33,9%
% of EBITDA	15,9%	14,7%	14,0%	13,9%	13,6%	12,6%	12,3%	11,6%
Romania	6,7	16,2	17,4	26,0	38,1	51,3	65,5	84,9
%change	87,0%	143,7%	7,3%	49,3%	46,7%	34,8%	27,6%	29,6%
% margin	27,4%	33,9%	26,6%	26,6%	26,6%	26,6%	26,6%	26,6%
% of EBITDA	4,2%	8,8%	8,9%	12,7%	17,8%	21,8%	26,6%	31,9%
Total EBITDA	**159,2**	**183,7**	**195,0**	**203,6**	**213,8**	**235,3**	**245,9**	**265,9**
% change	8,7%	15,4%	6,2%	4,4%	5,0%	10,1%	4,5%	8,2%
% margin	27,3%	28,8%	28,6%	27,7%	26,6%	26,7%	26,1%	26,0%
Financials	1,7	1,9	1,7	0,2	0,9	1,8	2,9	4,1
% change	-38,0%	13,2%	-12,7%	-87,5%	317,6%	104,3%	66,8%	38,3%
Pre Tax Income	**137,0**	**165,1**	**173,5**	**178,3**	**186,6**	**206,5**	**215,5**	**234,0**
% change	5,4%	20,6%	5,1%	2,8%	4,7%	10,6%	4,4%	8,5%
% margin	23,5%	25,9%	25,5%	24,2%	23,2%	23,4%	22,9%	22,9%
Total Tax	32,1	43,9	42,5	47,3	47,8	51,4	52,2	55,2
% Effective tax rate	23,4%	26,6%	24,5%	26,5%	25,6%	24,9%	24,2%	23,6%
Net Income	**104,8**	**121,3**	**131,1**	**131,0**	**138,8**	**155,1**	**163,3**	**178,8**
% change	3,5%	15,7%	8,1%	0,0%	6,0%	11,7%	5,3%	9,5%
% margin	18,0%	19,0%	19,2%	17,8%	17,3%	17,6%	17,3%	17,5%
EPS	0,77	0,89	0,96	0,96	1,02	1,14	1,20	1,31
% change	3,5%	15,7%	8,1%	0,0%	6,0%	11,7%	5,3%	9,5%

Balance Sheet (mn eu)	2014/15a	2015/16a	2016/17a	2017/18e	2018/19e	2019/20e	2020/21e	2021/22e
Cash	298,9	394,7	366,0	403,8	439,9	489,4	554,2	616,2
Inventories	197,8	196,8	239,2	249,9	271,0	290,4	304,8	332,7
Trade debtors and other Trading Rece	15,5	32,6	34,6	38,7	42,7	47,3	51,1	56,0
Other Receivables	33,3	44,5	71,5	71,5	71,5	71,5	71,5	71,5
Other Current Assets	11,7	10,4	3,2	3,2	3,2	3,2	3,2	3,2
Current Assets	**557,2**	**678,9**	**714,6**	**767,2**	**828,3**	**901,9**	**984,9**	**1079,6**
Tangible Assets	497,9	498,8	513,6	548,1	580,1	609,4	634,1	657,1
Investment Property	6,1	5,7	5,4	5,1	4,8	4,5	4,1	3,8
Investmets in Subsdiaries	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other l/t Receivables	29,1	26,0	26,0	26,0	26,0	26,0	26,0	26,0
L/T Assets	**533,1**	**530,5**	**545,0**	**579,3**	**610,9**	**639,9**	**664,3**	**686,9**
Total Assets	**1090,3**	**1209,4**	**1259,6**	**1346,5**	**1439,2**	**1541,9**	**1649,2**	**1766,5**
S/T debt	2,9	0,2	14,8	14,8	14,8	14,8	14,8	14,8
L/T debt payable in the subsequent ye	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Account Payables	51,4	39,1	39,8	41,7	44,3	46,1	47,3	48,4
Provisions	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
Current tax liabilities	40,0	51,4	49,4	49,4	49,4	49,4	49,4	49,4
Other Curent liabilities	29,0	37,7	29,5	29,5	29,5	29,5	29,5	29,5
S/T liabilities	**123,5**	**128,6**	**133,9**	**135,8**	**138,3**	**140,2**	**141,3**	**142,4**
L/T Debt	143,9	144,2	144,4	144,2	144,2	144,2	144,2	144,2
Other long Term liabilities	13,0	5,8	4,7	4,7	4,7	4,7	4,7	4,7
Deferred tax liabilities	7,0	7,8	8,0	8,0	8,0	8,0	8,0	8,0
Liabilities for pension plans	5,8	7,4	6,9	6,9	6,9	6,9	6,9	6,9
L/T Liabilities	**169,6**	**165,3**	**164,0**	**163,8**	**163,8**	**163,8**	**163,8**	**163,8**
Share Capital	161,9	119,7	119,7	119,7	119,7	119,7	119,7	119,7
Share Premium	7,7	50,0	50,0	50,0	50,0	50,0	50,0	50,0
Currency transaltion adjustments	-0,9	-1,8	-2,5	-2,5	-2,5	-2,5	-2,5	-2,5
other reserves	361,6	436,8	432,7	432,7	432,7	432,7	432,7	432,7
Retained earnings	266,9	310,9	361,8	446,9	537,2	638,0	744,1	860,3
Equity	**797,2**	**915,6**	**961,7**	**1046,8**	**1137,1**	**1237,9**	**1344,0**	**1460,2**
Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity & Minorities	**797,2**	**915,6**	**961,7**	**1046,8**	**1137,1**	**1237,9**	**1344,0**	**1460,2**
Total Liabilities	**1090,3**	**1209,4**	**1259,6**	**1346,5**	**1439,2**	**1541,9**	**1649,2**	**1766,5**

Cash Flow(mn eu)	2014/15a	2015/16a	2016/17a	2017/18e	2018/19e	2019/20e	2020/21e	2021/22e
Net income	**104,8**	**121,3**	**131,1**	**131,0**	**138,8**	**155,1**	**163,3**	**178,8**
Plus: Depreciation & Amortization	21,2	22,7	23,1	25,5	28,0	30,6	33,3	36,0
Plus: Chng in Provisions	(0,1)	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Plus: Chng in Taxes Payable	1,4	(9,8)	(2,0)	0,0	0,0	0,0	0,0	0,0
Plus: Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Plus: non cash taxes	(0,7)	0,8	43,2	0,0	0,0	0,0	0,0	0,0
Gross Cash Flow	**126,8**	**135,0**	**195,4**	**156,5**	**166,9**	**185,7**	**196,6**	**214,8**
Plus: Chng in Acc Payable	(0,8)	(7,8)	0,8	1,9	2,6	1,8	1,2	1,1
Plus: Chng in other current Liabilities	8,2	8,7	11,9	0,0	0,0	0,0	0,0	0,0
Less: Chng in Acc. Receivable	(15,2)	17,0	2,0	4,1	4,0	4,6	3,8	4,9
Less: Other Receivable	(1,0)	8,1	61,0	0,0	0,0	0,0	0,0	0,0
Less: Chng in Inventories	11,6	(1,0)	42,5	10,7	21,1	19,5	14,4	27,9
Working Capital Chng	(11,9)	23,2	92,8	12,9	22,5	22,3	17,0	31,7
Operating Cash Flow	**138,7**	**111,7**	**102,6**	**143,7**	**144,4**	**163,4**	**179,6**	**183,2**
Less: Purchases of Fixed Assets	63,4	27,5	38,0	60,0	60,0	60,0	58,0	59,0
Less: Chng in Investments	(0,4)	(0,4)	(16,8)	(0,2)	(0,3)	(0,3)	(0,4)	(0,4)
Free Cash Flow	**75,7**	**84,6**	**81,4**	**83,9**	**84,7**	**103,8**	**122,0**	**124,5**
Less: Dividends Paid	45,0	0,0	130,6	45,9	48,6	54,3	57,2	62,6
Plus: Equity Chng	0,0	0,1	0,0	0,0	0,0	0,0	0,0	0,0
Plus: Debt Chng	-18,3	-2,4	14,8	-0,2	0,0	0,0	0,0	0,0
Plus: Grants Chng	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Less: Dividends to Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Plus: Consolidation adjustments	0	0	0	0	0	0	0	0
Plus: Other	-1,0	13,6	5,6	0,0	0,0	0,0	0,0	0,0
Chng in Cash Position	11,4	95,8	(28,7)	37,8	36,1	49,5	64,8	62,0
Cash Position	**298,9**	**394,7**	**366,0**	**403,8**	**439,9**	**489,4**	**554,2**	**616,2**

DISCLOSURE APPENDIX

ALPHA FINANCE INVESTMENT SERVICES S.A.
Headquarters: 5, Merlin Street, GR - 106 71 Athens, Greece, www.alphafinance.gr
Customer Service: T +30 210 370 5700, F +30 210 370 5750, E-mail: alphatrade@alphafinance.gr
General Commercial Registry Nr.: 1176701000
Regulated by the Hellenic Capital Market Commission, Licence Nr. 42/13.04.1989

Analyst Certification
The research analyst(s) undersigned and responsible for the preparation of this report certify (-ies) that a) the views expressed in this report accurately reflect their (his/her) personal views about any and all of the securities or issuers mentioned in this report and b) no part of the analyst's compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this research report. Analysts receive compensation based upon various factors, including the quality and accuracy of research, productivity, experience, individual reputation, competitive factors and feedback from clients.

Company specific regulatory disclosures

Disclosure checklist for companies mentioned & other price data information

	Reuters	Rating	Price	Price date/time		Disclosure
Jumbo (Babyland)	BABr.AT	Outperform	€13.56	Official close @	3 Nov 2017	3

Source: Alpha Finance

1. Alpha Finance and/or its affiliate(s) has acted as manager/co-manager/adviser in the underwriting or placement of securities of this company within the past 12 months
2. Alpha Finance and/or its affiliate(s) has received compensation for investment banking services from this company within the past 12 months
3. Alpha Finance makes a market in the securities of this company
4. Alpha Finance and its affiliate(s) owns five percent or more of the total share capital of this company
5. The company and its affiliate(s) owns five percent or more of the total share capital of Alpha Finance and its affiliates
6. Alpha Finance has sent the research report to the company prior to publication for factual verification
7. Following 6, Alpha Finance has changed the contents of the initially sent research report, with respect to: no change
8. Alpha Finance has received compensation from the company for the preparation of this research report

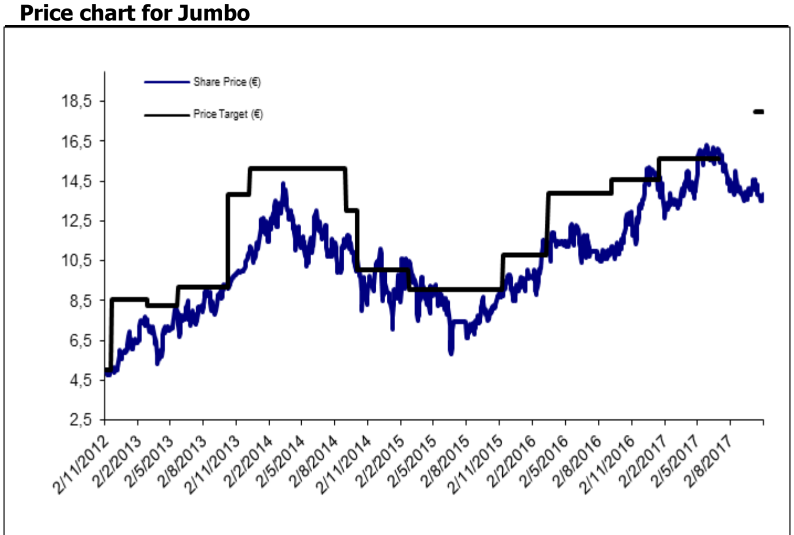
Major changes vs. previous research reports

Date of report	Price on report date (€)	TP (€)	Rating	Forward[1] EPS (€)
10/03/2017	13.25	15.6	Outperform	1.03

Source: Alpha Finance | 1: next year's EPS used from July onwards

Ratings and target price history

Price chart for Jumbo



Rating history for Jumbo

DATE	Rating	Share Price (€)	Price Target (€)
09/04/2012	neutral	3.82	3.53
23/11/2012	neutral	5.11	5.00
27/2/2013	neutral	7.23	8.55
20/5/2013	neutral	7.95	8.20
09/10/2013	neutral	9.60	9.20
09/12/2013	outperform	11.20	13.80
07/03/2014	outperform	13.05	15.10
01/10/2014	outperform	10.35	13.00
08/12/2014	neutral	11.07	10.06
14/10/2015	neutral	8.19	9.30
08/12/2014	neutral	9.75	10.80
29/03/2016	outperform	11.89	13.90
17/10/2016	outperform	11.94	14.60
10/03/2017	outperform	13.25	15.60
1/7/2017	Under review	16.00	-
6/11/2017	outperform	13.56	18.00

Regulatory disclosures
This report has been prepared by Alpha Finance Investment Services S.A. ('Alpha Finance'), a wholly owned subsidiary of Alpha Bank A.E. Alpha Finance is regulated by the Hellenic Capital Markets Commission (HCMC). Alpha Finance has in effect management policies to identify and confront potential conflicts of interest that could arise in the research division of the company and/or its affiliates ("Chinese Walls").

Valuation method
Our valuation for Jumbo is based on a DCF model. We use a WACC 7.8% with terminal growth rate at 1.5%. We use a blended risk free rate of 4.15%, a beta of 0.93 and equity risk premium of 5%.

Risk rating
We rate Jumbo as medium risk based on the qualitative/ quantitative assessment of risk we apply on the company (see definitions of risk below). We consider the following the biggest investment risks for the shares: a) over-reliance to CEO b) timely execution of store rollout plan, c) relatively weak Greek Consumer environment, d) increased transportation cost, e) adverse currency changes, f) macroeconomic environment.

Definitions of Fundamental and Risk Ratings and Allocations

		RISK RATING						
		Low (L)	Medium (M)	High (H)	Relative to	Horizon[2]	Coverage[3]	IB services[4]
FUNDAMENTAL RATING	Outperform O/P	TRP[1] > +5%		TRP[1] > +15%	ASE Index	Dec.'11	10/50	10.0%
	Neutral N	(5%) < TRP[1] < +5%					16/50	0.0%
	Underperform U/P	TRP[1] < (5%)	TRP[1] < (15%)				4/50	0.0%
	Restricted (G) R(G)	Alpha Finance belongs to the same group of companies					1/50	0.0%
	Restricted (IB) R (IB)	Alpha Finance is currently rendering investment banking services					0/50	0.0%
	Under review UR/ Not rated NR	No rating currently available					19/50	0.0%

Source: Alpha Finance | Data as of 31.12.10 | 1: Total Return Potential (=capital return + dividend yield) | 2: except otherwise stated | 3: Percentage of companies under coverage within this category as of 31.12.10 | 4: Percentage of companies within this rating category for which investment banking services were provided over the past 12 months, as of 31.12.10. In several occasions, subject to the analyst's view and/or due to volatility of the shares, the ratings applied may fall out of the brackets described in the table above.
The Alpha Finance universe consists of 50 companies accounting as of 31.12.10 for 79.9% of total market value

Risk ratings explained
We derive the overall risk rating for a stock by applying a 60% weight on quantitative and a 40% weight on qualitative factors. We use a scale from 1 to 3 to describe 'low, 'medium' and 'high' risk respectively. We compute two different quantitative risks namely liquidity and volatility. We assign equal weights to liquidity and volatility risks to arrive at a so-called trading or quantitative risk for the specific stock researched. Using a scale of 1-to-3 scale, each analyst also assigns a qualitative risk that is entirely up to his/her discretion to determine. Following this, we calculated the combined risk of the specific stock applying the weights mentioned earlier. All IPOs are classified 'high risk' for 12 months after their listing date.

Definitions of Risk Ratings

Quant factor	Definition	Brackets	Risk rating
Liquidity	Number of shares traded over the last 12 months as % of total shares outstanding	If less than or equal to 33% If greater than 33% but less than or equal to 66% If greater than 66%	High Medium Low
Volatility	The standard deviation of daily changes during the last 12 months. Volatility is used as a statistical measure of dispersion and indicates the propensity of a specific equity to suffer large swings in price. The stock's volatility is measured against the volatility of the ASE index	If equity volatility against the market's is greater than 2 If equity volatility against the market's is greater than 1.5 but less than or equal to 2 If equity volatility against the market's is less than or equal to 1.5	High Medium Low

Source: Alpha Finance | Data as of 31.12.10 | The quant factors are updated at the end of each calendar quarter

General disclaimer
This report has been prepared by Alpha Finance.

This report by no means provides investment advice as to any financial instruments contained herein. We aim to express our value judgments as to possible or existing investments, without any existing contractual obligation to our clients. We cannot assume any liability for any investments undertaken by our clients, since these investments will be a product of their own free will. The information contained in this report has been taken from sources, which we deem to be reliable. We do not represent that such information is accurate or complete and it should not be relied upon as such. All opinions and estimates expressed herein constitute our judgment as of this date and are subject to change without notice. Past performance is not indicative of future results. The opinions and recommendations herein do not take into account individual client circumstances, objectives or needs. This report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments.

Alpha Finance Investment Services S.A.
Member of the AE, CSE
5 Merlin street,
106 71 Athens
Greece

T +30-210-367 7400
F +30-210-331 1193

reception@alphafinance.gr
www.alphafinance.gr

Equities Research
Manousos Stathoudakis, Director
Nikos Katsenos, CFA
Associate Director
Georgios Sarris, CFA
Katia Zahari

research@alphafinance.gr
T +30-210-367 7545

Sales & Trading
Spyros Malavazos, Director

Equities Sales | Foreign Institutions
Natasa Martseki, Director

Equities Sales | Domestic Institutions
Ioannis Batistakis, head

Equities Sales & Trading | Institutions
Dimitrios Kostakos
Maria Vryoni
Giota Kouli
Chris Xikis

Equities Trading | Retail
Andreas Tzevelekos, Head
Maria Saranti

Derivatives | Equities Market Making & International Markets Division
Andreas Papanagiotopoulos, Director

Derivatives | Equities Market Making
Andreas Papanagiotopoulos

International Markets Sales & Trading
Sofia Giannakou
Andreas Markogiannis
Christine Vasileiou
Angie Psychogiou

Equities Sales | Retail
Konstantinos Kostoulas
Deputy Director
Angelos Kostis
Associate Director
Leonidas Kyriakopoulos
Stavroula Galani
Lazaros Koutromanos

name.surname@alphafinance.gr