

Company Flash Note

Reason: Company results (post view)

13 March 2019

Buy

Recommendation unchanged

Share price: EUR 14.88

closing price as of 12/03/2019

Target price: EUR 18.20

from Target Price: EUR 18.50

Upside/Downside Potential 22.3%

Reuters/Bloomberg

BABr.AT/BELA GA

Market capitalisation (EURm) 2,025

Current N° of shares (m) 136

Free float 59%

Daily avg. no. trad. sh. 12 mth 134

Daily avg. trad. vol. 12 mth (m) 1,640.05

Price high/low 12 months 10.90 / 15.72

Abs Perfs 1/3/12 mths (%) 0.95/8.45/-7.12

Key financials (EUR)

	06/18	06/19e	06/20e
Sales (m)	753	814	878
EBITDA (m)	221	240	256
EBITDA margin	29.4%	29.4%	29.2%
EBIT (m)	197	213	228
EBIT margin	26.1%	26.2%	25.9%
Net Profit (adj.) (m)	151	165	178
ROCE	16.3%	16.6%	16.8%
Net debt/(cash) (m)	(287)	(344)	(410)
Net Debt/Equity	-0.3	-0.3	-0.3
Net Debt/EBITDA	-1.3	-1.4	-1.6
Int. cover(EBITDA/Fin.int)	(171.2)	(1,814.1)	(134.6)
EV/Sales	2.2	2.1	1.8
EV/EBITDA	7.3	7.0	6.3
EV/EBITDA (adj.)	7.3	7.0	6.3
EV/EBIT	8.3	7.9	7.1
P/E (adj.)	12.7	12.3	11.3
P/BV	1.8	1.7	1.6
OpFCF yield	6.7%	5.5%	6.3%
Dividend yield	2.6%	2.9%	3.2%
EPS (adj.)	1.11	1.21	1.31
BVPS	7.78	8.58	9.45
DPS	0.39	0.44	0.47

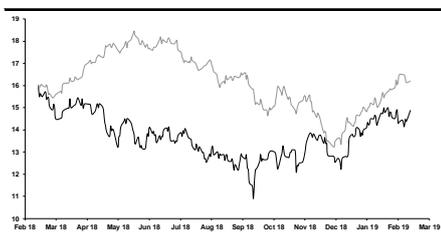
Solid 1H19 results – Interim dividend of EUR 0.19/share

Jumbo reported solid results for the first half of FY18/19 (i.e. 1.7.2018 – 31.12.2018), in line with our and consensus estimates. Revenues came in at EUR 476.8m (+7.6% y-o-y), EBITDA shaped at EUR 140.4m (+8.6% y-o-y, 1.5% above consensus, 1% below our call), while net profits stood at EUR 98.7m (+9.2% y-o-y, 1% above consensus and 1.5% below our call). The company announced the distribution of an interim dividend of EUR 0.19/share for FY19 (ex-dividend date: 8.5.2019), which was in line with our estimates, standing nearly 10% higher than the interim dividend for FY18 (i.e. EUR 0.1728/share).

- ✓ **Gross margin & opex:** Gross profit margin improved by 50bps y-o-y shaping at 50.8% in 1H19 (in line with our estimates), leading to gross profits of EUR 242m (+8.6% y-o-y). Operating expenses grew by 8.2% y-o-y at EUR 114m (slightly above our call for EUR 113m), accounting for 24% of group's sales (+10bps y-o-y), while other expenses (net) stood at EUR 0.3m in 1H19.
- ✓ **Other P&L items:** Depreciation expenses were up 5% y-o-y at EUR 12.8m in 1H19, driving group's EBIT at EUR 127.5m (+9% y-o-y). Net finance expenses shaped at EUR 1.1m (IBGe: net finance income of EUR 1.2m) due to the one-off expenses of EUR 1.4m relating to the issuance of the EUR 200m bond loan. Group's effective tax rate decreased to 22.0% in 1H19 compared to 23.1% in 1H18, below our assumption for 23.0%. The reduction of the effective tax rate should be attributed to the EUR 1.2m tax benefit from the re-measurement of deferred tax asset, following the decrease of corporate tax rates in Greece from 29% in 2018 to 25% from 2022 onwards. Overall, Jumbo's net earnings stood slightly below our estimates mainly due to one-off financial expenses, while the higher than expected selling costs were fully offset by lower effective tax rate.
- ✓ **Performance per country:** Revenues from Greek operations rose by 2.1% y-o-y to EUR 275m in 1H19, while Jumbo stores in Cyprus achieved sales of EUR 50.5m (+2% y-o-y). Bulgaria posted sales of EUR 53.7m (+9% y-o-y), while Romanian revenues rose by 33% y-o-y at EUR 81m. Finally, franchise stores in Western Balkans posted revenues of EUR 16.9m (+17% y-o-y).
- ✓ **Earnings revision:** The key takeaway from 1H19 results is the increase in group's selling costs primarily in Romania (+47% y-o-y) reflecting new store openings in the country. That said, we reduce our FY19e EBITDA by 2% to EUR 240m (+8% y-o-y) to take into account the cost pressures in Romania. By taking into account the one-off financial expense recorded in 1H19 and the lower effective tax rate, we cut our FY19e net profits by 2% to EUR 165m (+9% y-o-y). For 2020, we slightly reduce our earnings forecasts due to our more conservative stance on the opex side, now looking for EBITDA of EUR 256m (+7% y-o-y) and net profits of EUR 178m (+8% y-o-y). On our numbers, Jumbo is set to generate annual free cash flows of EUR 112m in FY19 and pay a total ordinary dividend of EUR 0.44/share.
- ✓ **Valuation:** Following the downward revision to our EBITDA forecasts, we reduce our target price on Jumbo to **EUR 18.20/share** (vs. EUR 18.50/share previously). Our new target price reveals a 22% upside potential for current price levels, thus we re-affirm our 'Buy' rating on the stock.

Shareholders

Vakakis Apostolos-Evangelos 23%; FMR LLC 13%; Capital Group Companies Inc 5%;



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Overview of 1H19 Financial results

1H 18/19 P&L results

EUR m	1H18	1H19E	y-o-y
Revenues	443.0	476.8	7.6%
COGS	-220.0	-234.6	6.6%
Gross Profit	223.0	242.1	8.6%
Gross Margin	50.3%	50.8%	50bps
Other Income/Expenses	-0.4	-0.3	
Opex	-105.6	-114.3	8.2%
Opex/sales	-23.8%	-24.0%	-10bps
EBIT	117.0	127.5	9.0%
<i>EBIT Margin</i>	26.4%	26.7%	30bps
Depreciation	12.2	12.8	4.9%
EBITDA	129.2	140.3	8.6%
% margin	29.2%	29.4%	30bps
Net Financial Results	0.6	-1.0	
EBT	117.6	126.5	7.5%
Income Tax	-27.2	-27.8	2.0%
<i>Effective tax rate</i>	23.1%	22.0%	
Net profits	90.4	98.7	9.2%
% margin	20.4%	20.7%	30bps

Source: The Company, IBG Research, Note: Jumbo's financial year ends on June 30.

Sales per product category

EUR m	1H18	1H19	y-o-y
Toys	101.1	106.4	5.3%
<i>% of total</i>	22.8%	22.3%	-50bps
Baby apparel	23.3	22.8	-1.9%
<i>% of total</i>	5.3%	4.8%	-50bps
Stationary	38.7	41.7	7.8%
<i>% of total</i>	8.7%	8.8%	bps
Seasonal / Other	114.8	120.4	5.0%
<i>% of total</i>	25.9%	25.3%	-60bps
Home products	133.0	149.2	12.2%
<i>% of total</i>	30.0%	31.3%	130bps
Haberdashery & similar	32.2	36.1	12.3%
<i>% of total</i>	7.3%	7.6%	30bps
Total Sales	443.0	476.8	7.6%

Source: The Company, IBG Research, Note: Jumbo's financial year ends on June 30.

Greece (including franchise stores): Key P&L items

EUR m	1H18	1H19	y-o-y
Revenues	283.3	291.4	2.9%
Gross profit	141.7	148.1	4.5%
margin	50.0%	50.8%	80bps
Opex	-76.2	-80.6	5.8%
EBIT	65.5	67.5	3.0%
Depreciation	7.8	7.9	1.8%
EBITDA	73.3	75.4	2.9%
margin	25.9%	25.9%	0bps

Source: The Company, IBG Research, Note: Jumbo's financial year ends on June 30.

Cyprus: Key P&L items

EUR m	1H18	1H19	y-o-y
Revenues	49.4	50.5	2.1%
Gross profit	25.1	25.6	2.2%
margin	50.7%	50.8%	10bps
Opex	-9.1	-9.1	0.4%
EBIT	16.0	16.6	3.2%
Depreciation	1.2	1.2	-1.1%
EBITDA	17.2	17.7	2.9%
margin	34.8%	35.1%	30bps

Source: The Company, IBG Research, Note: Jumbo's financial year ends on June 30.

Bulgaria: Key P&L items

EUR m	1H18	1H19	y-o-y
Revenues	49.3	53.7	9.0%
Gross profit	24.7	27.1	9.6%
margin	50.2%	50.5%	30bps
Opex	-10.2	-11.4	11.9%
EBIT	14.5	15.7	8.1%
Depreciation	1.7	1.8	1.6%
EBITDA	16.3	17.5	7.4%
margin	33.0%	32.5%	-50bps

Source: The Company, IBG Research, Note: Jumbo's financial year ends on June 30.

Romania: Key P&L items

EUR m	1H18	1H19	y-o-y
Revenues	61.0	81.4	33.4%
Gross profit	31.4	41.3	31.3%
margin	51.5%	50.7%	-80bps
Opex	-9.2	-13.5	47.4%
EBIT	22.3	27.8	24.7%
Depreciation	1.6	2.0	28.8%
EBITDA	23.8	29.8	25.0%
margin	39.1%	36.6%	-250bps

Source: The Company, IBG Research, Note: Jumbo's financial year ends on June 30.

New set of Forecasts

P&L Forecasts 2019-2023

EUR m	FY 2018	FY 2019f	FY 2020f	FY 2021f	FY 2022f	FY 2023f	CAGR 18-23f
Greece	462.9	468.6	475.1	486.0	503.4	519.8	2%
Cyprus	85.7	88.2	90.9	93.6	96.4	99.3	3%
Bulgaria	78.1	85.9	97.2	108.7	115.2	119.8	9%
Romania	100.6	137.6	176.0	214.9	259.2	295.7	24%
Other*	26.1	34.1	38.6	43.1	46.7	51.2	14%
Sales	753.3	814.4	877.7	946.3	1,020.9	1,085.8	8%
% change	10.5%	8.1%	7.8%	7.8%	7.9%	6.4%	
Cost of sales	-358.2	-386.6	-421.3	-459.0	-500.2	-537.5	
Gross profit	395.1	427.8	456.4	487.4	520.6	548.4	
% margin	52.5%	52.5%	52.0%	51.5%	51.0%	50.5%	
SGA	-199.0	-215.3	-229.2	-243.6	-258.4	-270.9	
SGA/sales	26.4%	26.4%	26.1%	25.7%	25.3%	25.0%	
Other income / expenses	0.4	0.5	0.5	0.5	0.5	0.5	
EBIT	196.6	213.0	227.7	244.2	262.8	277.9	
% margin	26.1%	26.2%	25.9%	25.8%	25.7%	25.6%	
Depreciation	24.7	26.5	28.4	30.2	32.1	34.1	
EBITDA	221.2	239.5	256.1	274.5	294.9	312.0	7%
% margin	29.4%	29.4%	29.2%	29.0%	28.9%	28.7%	
% change	13.6%	8.3%	6.9%	7.2%	7.4%	5.8%	
Net financials	1.3	0.1	1.9	2.2	2.5	2.8	
EBT	197.9	213.1	229.6	246.4	265.3	280.7	
Income taxes	-46.8	-48.6	-51.2	-53.7	-56.5	-59.8	
Effective tax rate	23.6%	22.8%	22.3%	21.8%	21.3%	21.3%	
Net profit	151.1	164.6	178.4	192.8	208.8	221.0	8%
% change	15.3%	8.9%	8.4%	8.0%	8.3%	5.8%	

Source: IBG Research, The Company, Note: Jumbo's fiscal year ends on June 30, * Sales from franchise stores in Western Balkans

Forecast Changes for financial years 2019-2023

EUR m	FY 2019f	FY 2020f	FY 2021f	FY 2022f	FY 2023f
Sales - New	814.4	877.7	946.3	1,021	1,086
Sales - Old	814.4	877.7	946.3	1,021	1,086
New vs. Old	0%	0%	0%	0%	0%
EBITDA - New	239.5	256.1	274.5	294.9	312.0
EBITDA - Old	243.8	262.0	282.5	305.2	323.3
New vs. Old	-2%	-2%	-3%	-3%	-3%
Net profits - New	164.6	178.4	192.8	208.8	221.0
Net profits - Old	167.5	181.8	198.2	216.5	229.8
New vs. Old	-2%	-2%	-3%	-4%	-4%

Source: IBG Research, Note: Jumbo's fiscal year ends on June 30

DPS forecasts 2019-2023

EUR m	FY 2019f	FY 2020f	FY 2021f	FY 2022f	FY 2023f
Earnings per share	1.21	1.31	1.42	1.53	1.62
Dividend payout	36.0%	36.0%	36.0%	36.0%	36.0%
DPS (EUR per share)	0.44	0.47	0.51	0.55	0.58
Dividend yield	2.9%	3.2%	3.4%	3.7%	3.9%
Interim dividend (EUR per share)	0.1900	0.2025	0.2188	0.2370	0.2508

Source: IBG Research, Note: Jumbo's fiscal year ends on June 30

Projected FCF 2019-2023

EUR m	FY 2018	FY 2019f	FY 2020f	FY 2021f	FY 2022f	FY 2023f
EBITDA	221.2	239.5	256.1	274.5	294.9	312.0
Income taxes	-47.5	-48.6	-51.2	-53.7	-56.5	-59.8
Interest income (net)	1.8	0.1	1.9	2.2	2.5	2.8
Working capital needs	-5.1	-24.7	-27.7	-29.7	-31.7	-30.5
Capex	-42.2	-50.0	-50.0	-50.0	-50.0	-50.0
Other	1.8	-4.1	-2.0	-2.0	-2.0	-2.0
Free cash flow	130.0	112.2	127.1	141.3	157.2	172.6
% of MCAP	6.8%	5.5%	6.3%	7.0%	7.8%	8.5%
Net cash	287.3	344.1	410.3	485.1	570.5	666.0
% of MCAP	15.0%	17.0%	20.3%	24.0%	28.2%	32.9%

Source: IBG Research, Note: Jumbo's fiscal year ends on June 30

Valuation

DCF Valuation

EUR m	2020f	2021f	2022f	2023f	2024f
EBIT	228	244	263	278	286
Notional tax (23.5% of EBIT)	-54	-57	-62	-65	-67
Depreciation & Provision	28	30	32	34	36
CAPEX	-50	-50	-50	-50	-50
Δ(WC)	-28	-30	-32	-31	-31
Free Cash Flow to the Firm	124.9	137.4	151.5	166.2	174.2
WACC	9.8%	9.8%	9.8%	9.8%	9.8%
PV of FCFF 2020-2024	113.7	113.9	114.3	114.2	109.0
Sum of PV of FCFF 2020-2024	565				
Terminal Growth Rate (Perpetuity)	2.0%				
Terminal Value (Perpetuity)	1,560				
Enterprise Value	2,126				
Less: Net Debt / (Cash) FY19e	-344				
Plus: Other assets	8				
Equity value	2,478				
No of shares	136.1				
Target price	18.20				

Source: IBG Research

DCF valuation sensitivity – WACC and terminal growth rate

	Weighted Average Cost of Capital			
	EUR/share	8.8%	9.8%	10.8%
Terminal Growth rate	1.0%	17.30	16.80	16.30
	2.0%	18.70	18.20	17.70
	3.0%	20.60	20.00	19.40

Source: IBG Research

Jumbo : Summary tables

PROFIT & LOSS (EURm)	06/2016	06/2017	06/2018	06/2019e	06/2020e	06/2021e
Sales	638	681	753	814	878	946
Cost of Sales & Operating Costs	-454	-487	-532	-575	-622	-672
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	184	195	221	240	256	274
EBITDA (adj.)*	184	195	221	240	256	274
Depreciation	-22.7	-23.0	-24.7	-26.5	-28.4	-30.2
EBITA	161	172	197	213	228	244
EBITA (adj)*	161	172	197	213	228	244
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	161	172	197	213	228	244
EBIT (adj.)*	161	172	197	213	228	244
Net Financial Interest	1.9	1.8	1.3	0.1	1.9	2.2
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	2.2	-0.2	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	165	173	198	213	230	246
Tax	-43.9	-42.5	-46.8	-48.6	-51.2	-53.7
<i>Tax rate</i>	<i>26.6%</i>	<i>24.5%</i>	<i>23.6%</i>	<i>22.8%</i>	<i>22.3%</i>	<i>21.8%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	121	131	151	165	178	193
Net Profit (adj.)	119	131	151	165	178	193
CASH FLOW (EURm)	06/2016	06/2017	06/2018	06/2019e	06/2020e	06/2021e
Cash Flow from Operations before change in NWC	142	152	176	187	205	221
Change in Net Working Capital	-23.1	-41.6	-5.1	-24.7	-27.7	-29.7
Cash Flow from Operations	119	110	171	162	177	191
Capex	-34.7	-38.0	-42.2	-50.0	-50.0	-50.0
Net Financial Investments	0.1	9.1	0.9	0.0	0.0	0.0
Free Cash Flow	84.6	81.5	130	112	127	141
Dividends	0.0	-110	-48.0	-55.4	-61.0	-66.5
Other (incl. Capital Increase & share buy backs)	13.6	-14.9	-1.6	0.0	0.0	0.0
Change in Net Debt	98.2	-43.5	80.4	56.8	66.2	74.8
NOPLAT	114	122	140	151	162	173
BALANCE SHEET & OTHER ITEMS (EURm)	06/2016	06/2017	06/2018	06/2019e	06/2020e	06/2021e
Net Tangible Assets	499	515	542	566	588	607
Net Intangible Assets (incl. Goodwill)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	31.7	31.4	27.9	29.9	29.9	29.9
Total Fixed Assets	530	546	570	596	617	637
Inventories	197	239	248	273	303	335
Trade receivables	77.0	105	105	110	115	120
Other current assets	10.4	3.2	2.0	2.0	2.0	2.0
Cash (-)	-395	-366	-437	-544	-610	-685
Total Current Assets	679	713	792	929	1,030	1,142
Total Assets	1,209	1,260	1,362	1,525	1,648	1,779
Shareholders Equity	916	962	1,058	1,168	1,285	1,411
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	916	962	1,058	1,168	1,285	1,411
Long term interest bearing debt	144	144	0.0	200	200	200
Provisions	7.7	7.1	8.0	8.0	8.0	8.0
Other long term liabilities	13.6	12.7	25.9	25.9	25.9	25.9
Total Long Term Liabilities	165	164	33.8	234	234	234
Short term interest bearing debt	0.2	14.8	150	0.0	0.0	0.0
Trade payables	39.1	39.8	40.3	42.4	45.0	47.8
Other current liabilities	89.1	79.0	79.9	81.1	83.8	86.4
Total Current Liabilities	128	134	270	123	129	134
Total Liabilities and Shareholders' Equity	1,209	1,260	1,362	1,525	1,648	1,779
Net Capital Employed	687	775	805	857	909	960
Net Working Capital	245	307	315	343	375	409
GROWTH & MARGINS	06/2016	06/2017	06/2018	06/2019e	06/2020e	06/2021e
<i>Sales growth</i>	<i>9.4%</i>	<i>6.9%</i>	<i>10.5%</i>	<i>8.1%</i>	<i>7.8%</i>	<i>7.8%</i>
EBITDA (adj.)* growth	15.3%	6.0%	13.6%	8.3%	6.9%	7.2%
<i>EBITA (adj.)* growth</i>	<i>16.7%</i>	<i>6.7%</i>	<i>14.4%</i>	<i>8.4%</i>	<i>6.9%</i>	<i>7.3%</i>
<i>EBIT (adj.)* growth</i>	<i>16.7%</i>	<i>6.7%</i>	<i>14.4%</i>	<i>8.4%</i>	<i>6.9%</i>	<i>7.3%</i>

Jumbo : Summary tables

GROWTH & MARGINS	06/2016	06/2017	06/2018	06/2019e	06/2020e	06/2021e
Net Profit growth	10.7%	10.1%	15.3%	8.9%	8.4%	8.0%
EPS adj. growth	10.7%	10.1%	15.3%	8.9%	8.4%	8.0%
DPS adj. growth	n.m.	-42.9%	8.3%	11.7%	8.4%	8.0%
EBITDA (adj)* margin	28.8%	28.6%	29.4%	29.4%	29.2%	29.0%
EBITA (adj)* margin	25.3%	25.2%	26.1%	26.2%	25.9%	25.8%
EBIT (adj)* margin	25.3%	25.2%	26.1%	26.2%	25.9%	25.8%
RATIOS	06/2016	06/2017	06/2018	06/2019e	06/2020e	06/2021e
Net Debt/Equity	-0.3	-0.2	-0.3	-0.3	-0.3	-0.3
Net Debt/EBITDA	-1.4	-1.1	-1.3	-1.4	-1.6	-1.8
Interest cover (EBITDA/Fin.interest)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/D&A	152.7%	165.3%	171.0%	188.4%	176.2%	165.4%
Capex/Sales	5.4%	5.6%	5.6%	6.1%	5.7%	5.3%
NWC/Sales	38.4%	45.1%	41.8%	42.1%	42.7%	43.3%
ROE (average)	13.9%	14.0%	15.0%	14.8%	14.6%	14.3%
ROCE (adj.)	15.4%	14.8%	16.3%	16.6%	16.8%	17.1%
WACC	9.5%	10.3%	10.0%	9.8%	9.8%	9.8%
ROCE (adj.)/WACC	1.6	1.4	1.6	1.7	1.7	1.7
PER SHARE DATA (EUR)***	06/2016	06/2017	06/2018	06/2019e	06/2020e	06/2021e
Average diluted number of shares	136.1	136.1	136.1	136.1	136.1	136.1
EPS (reported)	0.89	0.96	1.11	1.21	1.31	1.42
EPS (adj.)	0.87	0.96	1.11	1.21	1.31	1.42
BVPS	6.73	7.07	7.78	8.58	9.45	10.37
DPS	0.63	0.36	0.39	0.44	0.47	0.51
VALUATION	06/2016	06/2017	06/2018	06/2019e	06/2020e	06/2021e
EV/Sales	2.1	2.9	2.2	2.1	1.8	1.6
EV/EBITDA	7.2	10.0	7.3	7.0	6.3	5.6
EV/EBITDA (adj.)*	7.2	10.0	7.3	7.0	6.3	5.6
EV/EBITA	8.3	11.4	8.3	7.9	7.1	6.3
EV/EBITA (adj.)*	8.3	11.4	8.3	7.9	7.1	6.3
EV/EBIT	8.3	11.4	8.3	7.9	7.1	6.3
EV/EBIT (adj.)*	8.3	11.4	8.3	7.9	7.1	6.3
P/E (adj.)	13.5	16.6	12.7	12.3	11.3	10.5
P/BV	1.8	2.3	1.8	1.7	1.6	1.4
Total Yield Ratio	6.9%	2.2%	2.7%	3.0%	3.3%	3.6%
EV/CE	1.8	2.4	1.9	1.8	1.7	1.5
OpFCF yield	5.3%	3.3%	6.7%	5.5%	6.3%	7.0%
OpFCF/EV	6.4%	3.7%	8.0%	6.7%	7.9%	9.2%
Payout ratio	70.7%	37.4%	35.1%	36.0%	36.0%	36.0%
Dividend yield (gross)	5.3%	2.3%	2.6%	2.9%	3.2%	3.4%
EV AND MKT CAP (EURm)	06/2016	06/2017	06/2018	06/2019e	06/2020e	06/2021e
Price** (EUR)	11.78	16.00	14.12	14.88	14.88	14.88
Outstanding number of shares for main stock	136.1	136.1	136.1	136.1	136.1	136.1
Total Market Cap	1,603	2,177	1,921	2,025	2,025	2,025
Net Debt	-250	-207	-287	-344	-410	-485
<i>o/w Cash & Marketable Securities (-)</i>	<i>-395</i>	<i>-366</i>	<i>-437</i>	<i>-544</i>	<i>-610</i>	<i>-685</i>
<i>o/w Gross Debt (+)</i>	<i>144</i>	<i>159</i>	<i>150</i>	<i>200</i>	<i>200</i>	<i>200</i>
Other EV components	-22	-14	-11	-8	-8	-8
Enterprise Value (EV adj.)	1,331	1,956	1,623	1,672	1,606	1,531

Source: Company, Investment Bank of Greece estimates.

Notes

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

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

Sector: General Retailers/Broadline Retailers

Company Description: Jumbo is the largest toys/babies apparel/bookstore/home/seasonal products retailer in the Greek market, also with presence in Cyprus, Bulgaria, Romania and Western Balkan countries through franchise agreements. The company has a successful business model based on its geographical sales network expansion strategy, a wide assortment of products and a competitive pricing policy. Currently, Jumbo operates 77 stores (51 in Greece, 12 in Romania, 9 in Bulgaria and 5 in Cyprus).

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- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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Data current as of 08/03/2019

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% of companies in each rating category that are investment banking clients	0%	0%	0%	0%	0%	0%
Retail sector	100%	0%	0%	0%	0%	0%
% of companies in each rating category that are investment banking clients	0%	0%	0%	0%	0%	0%

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Recommendation history for JUMBO

Date	Recommendation	Target price	Price at change date
13-Mar-19	Buy	18.20	14.88
07-Mar-19	Buy	18.50	14.48
17-Oct-18	Neutral	13.70	12.60
09-Oct-18	Neutral	12.70	10.90
06-Mar-18	Buy	17.00	14.50
13-Feb-18	Buy	19.00	15.04
23-Oct-17	Buy	17.80	13.75
11-Sep-17	Buy	17.30	13.60
05-Apr-17	Accumulate	17.00	15.00
16-Jan-17	Neutral	14.99	14.59



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

Risks to our forecasts and valuation

- Group's earnings performance is sensitive to FX movements (especially the EUR/USD currency rate) and the evolution of manufacturing costs in China.
- Challenging macroeconomic conditions in Greece that may have a negative impact in the company's financial performance, since as a retail company, Jumbo is affected by factors that influence consumer behaviour.
- Volatility in transport costs directly affects group's gross profit margin.
- A stricter competitive environment (i.e. entry of foreign companies in the Greek market, retail store expansion from existing players) could pose risk to group's earnings performance in the medium-term.
- High dependence of the company's structure from the Chairman and major shareholder of the group.
- Stock overhang concerns: Jumbo's major shareholder, Tanocerian Maritime SA which is controlled by the company's founder and Chairman Apostolos Vakakis has proceeded to a private placement in June 2017 (3.5% of total share capital) at a 5% discount from the stock price at that time. We would not exclude further placements in the future.

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