



Company Report, Q4'11 Review

September 28, 2011



OVERWEIGHT

Previous Rating: Overweight

Share Price: €3.86 (close of September 27)

12M Price Target: €4.80

Previous Target: €4.80

Expected Total Return: 24.4%

Estimates

	2010	2011	2012e	2013e
Sales (€ m)	487	490	500	527
EBITDA (€ m)	145	135	132	143
Net profit (€ m)	79	95	81	90
EPS (€)	0.62	0.73	0.62	0.69
EPS chng (%)	-21.7%	17.6%	-14.5%	11.3%

Source: Jumbo, Euroxx Research

Ratios

	2010	2011	2012e	2013e
P/E (x)	6.2	5.3	6.2	5.6
EV/EBITDA (x)	3.6	3.7	3.8	3.3
EV/EBIT (x)	3.9	4.2	4.3	3.7
EV/Sales (x)	1.1	1.0	1.0	0.9
Div Yield (%)	4.9%	-	4.8%	5.4%
P/BV (x)	1.1	1.0	0.9	0.8

Source: Jumbo, Euroxx Research

Stock Performance

	3M	6M	12M	YTD
Absolute	-23.1%	-30.2%	-20.9%	-21.9%
Difference (ATG)	12.4%	21.0%	26.2%	22.2%

Stock Data:

Market Cap (€ m)	502
Outstanding shares (#)	129,942,220
Daily volume (#)	110,280
Low / High 52 w (€)	3.51 - 5.99
Free float	39%
Bloomberg / Reuters	BELA GA / BABr.AT

Company Description:

Jumbo is the leading toy retailer in Greece having expanded its product mix to offer seasonal and home goods, toys, books & stationery and baby apparel. It has developed a very successful, high margin business model based on variety and low price with more than 80% of inventory sourced from China. After establishing its presence in the domestic market, the company is expanding its geographical footprint to the wider SEE region with hyper-stores in Bulgaria and Cyprus.

Kostas Glikas

Retail/Telecoms/Gaming

glikas@euroxx.gr

+30 210 68 79 362

Margins continue to surprise

Jumbo reported a strong set of Q4'11 results, beating bottom line estimates convincingly on lower than expected OpEx despite the significant number of new additions to the network.

Recall that the company had already announced **sales** for the last quarter, which stood at €117.3m, **up 26.3%** y-o-y, reflecting the benefits of a delayed Easter and seven more outlets. We estimate the reported figure implies a 7%-8% l-f-l contraction in Greece.

With the pre-announcement of sales taking place, focus was inevitably on margins and Jumbo did not disappoint. **Gross margin** stood at 58.1%, **188bps lower** y-o-y versus our 58.3% target, yielding profits of €68.2m. On a FY basis, this translates to a deterioration of less than 100bps against initial guidance for a 6pp drop. Recall that this year provided for one of the worst possible settings as consecutive VAT hikes, adverse FX and inflationary pressures from China were expected to take their toll. Through the release, management cited lower transportation costs as one of the main reasons behind the relatively limited impact.

The beat to our forecasts, however, came primarily from lower than anticipated OpEx, which increased to 25.7% of sales from 23.5% a year ago. **EBITDA** were **up by 12.4%**, reaching €42m versus our €39.7m call. Similarly, **net profit** stood at €30.3m, **up 104%** y-o-y and 11.4% above our estimate, which we believe was near the top of the consensus range. Adjusting Q4'10 for the crisis levy, the **increase** on a **comparable** basis reached **17.6%**.

In our recent preview report, we had stressed the importance of Jumbo's ability to execute a fast paced expansion, while maintaining profitability within a reasonable range, fending off both CoGS and OpEx pressures. We believe this quarter's results reflect just that and though a small upgrade to our estimates could be justified, we prefer a more cautious approach given the volatile economic environment and downside risks for the domestic market. As such, our **TP** remains **unchanged** at **€4.80** and we **reiterate** our **Overweight** recommendation.

Please refer to important disclosures in the Disclosure Appendix.

Q4'11 results review

(in € m)	Q4'10	Q4'11	y-o-y	Exx	Actual v. Exx	FY'10	FY'11	y-o-y
Greece	81.1	100.3	23.7%			430.4	418.3	-2.8%
Cyprus	8.7	12.4	41.8%			42.3	51.9	22.6%
Bulgaria	3.0	4.6	52.3%			14.6	19.8	35.8%
Greece % of group	87.4%	85.5%				88.3%	85.4%	
Cyprus % of group	9.4%	10.5%				8.7%	10.6%	
Bulgaria % of group	3.3%	3.9%				3.0%	4.1%	
Sales	92.8	117.3	26.3%	117.3	0.0%	487.3	490.0	0.5%
CoGS	37.1	49.1	32.3%	49.0	0.3%	223.7	229.2	2.5%
Gross Profit	55.7	68.2	22.4%	68.3	-0.2%	263.6	260.7	-1.1%
OpEx	21.8	30.2	38.3%	32.6	-7.5%	131.8	140.9	6.9%
EBITDA	37.4	42.0	12.4%	39.7	5.8%	144.7	135.1	-6.6%
Depreciation	3.5	4.0	14.6%	4.0	-0.2%	12.9	15.3	18.5%
EBIT	33.9	38.0	12.1%	35.7	6.4%	131.8	119.9	-9.1%
Pre-tax Profit	33.6	39.3	16.8%	35.0	12.1%	129.7	121.3	-6.5%
Net Profit	14.9	30.3	103.9%	27.2	11.4%	79.2	94.6	19.4%
Net Profit adjusted	25.8	30.3	17.6%	27.2	11.4%	100.0	94.6	-5.4%
Margins								
Gross profit	60.0%	58.1%	(188) bp	58.3%		54.1%	53.2%	(87) bp
OpEx	23.5%	25.7%	222 bp	27.8%		27.0%	28.8%	171 bp
EBITDA	40.2%	35.8%	(445) bp	33.8%		29.7%	27.6%	(211) bp
EBIT	36.5%	32.4%	(410) bp	30.4%		27.0%	24.5%	(258) bp
Pre-tax profit	36.2%	33.5%	(275) bp	29.9%		26.6%	24.8%	(187) bp
Net profit	16.0%	25.8%	983 bp	23.2%		16.3%	19.3%	305 bp
Net profit adjusted	27.8%	25.8%	(192) bp	23.2%		20.5%	19.3%	(121) bp

Source: Jumbo, Euroxx Research

Summary of Financials Jumbo

in € m, unless otherwise stated

PROFIT & LOSS	FY'10	FY'11e	FY'12e	FY'13e
Sales	487	490	500	527
change (%)	4.2%	0.5%	2.1%	5.4%
Gross Profit	264	261	265	279
change (%)	3.7%	-1.0%	1.6%	5.2%
OpEx	135	146	153	156
change (%)	4.3%	8.6%	4.3%	2.1%
EBITDA	145	133	132	143
change (%)	3.6%	-8.2%	-0.7%	8.6%
Depreciation & amortization	13	15	17	17
Operating profit (EBIT)	132	118	115	126
change (%)	2.8%	-10.8%	-1.8%	9.3%
Net financing cost	2	1	3	3
Pre-tax profit	130	117	113	123
change (%)	5.2%	-9.8%	-3.7%	9.6%
Tax	50	26	32	33
% effective tax rate	38.9%	21.8%	28.2%	27.1%
Minorities	-	-	-	-
Net profit	79	91	81	90
change (%)	-17.2%	15.5%	-11.6%	11.3%
EPS Basic (in €)	0.62	0.70	0.62	0.69
EPS chng	-21.7%	13.7%	-11.6%	11.3%
DPS	0.19	0.21	0.19	0.21
change (%)	-12.0%	11.6%	-11.6%	11.3%

BALANCE SHEET	FY'10	FY'11e	FY'12e	FY'13e
Non-current assets	349	392	428	458
Net fixed assets	338	382	418	448
Intangible assets	0	0	0	0
Other assets	11	10	10	10
Current Assets	387	406	433	476
Accounts receivable	64	64	67	64
Inventories	176	191	200	216
Cash & cash equivalent	141	145	160	190
Other investments	6	6	6	6
TOTAL ASSETS	736	798	861	934
Shareholders' equity	452	520	573	639
Minority interest	0	0	0	0
Non-current liabilities	164	164	165	166
Long-term debt	156	156	156	156
Deferred tax liabilities	5	5	5	5
Retirement obligations	3	4	4	5
Provisions / other	0	0	0	0
Current liabilities	120	114	122	129
Accounts payable	50	68	70	74
Liabilities for taxes	47	26	32	33
Liabilities to banks	2	0	0	0
Other liabilities	21	20	20	21
EQUITY & LIABILITIES	736	798	861	934

CASH FLOW	FY'10	FY'11e	FY'12e	FY'13e
Pre-tax profits	130	117	113	123
(+) Depreciation & amort.	13	15	17	17
(+) Non-cash items	1	1	1	1
(+) Net interest expenses	1	-	-	-
(-) Taxation paid	39	42	28	26
Gross cash flow	105	91	102	115
(-) Increase in inventories	(15)	15	9	16
(-) Increase in receivables	(2)	6	1	3
(+) Increase in payables	(13)	17	2	5
Operating Cash Flow	109	88	95	102
(-) CapEx & Investments	61	53	49	44
Free Cash Flow	48	36	46	58
(-) Dividends paid	28	25	27	24
(+) Equity chng	47	0	-	-
(+) Debt chng	(30)	(2)	-	-
(+) Other	-	-	-	-
Change in Cash	37	10	18	33
Cash at End	141	145	160	190

RATIO ANALYSIS	FY'10	FY'11e	FY'12e	FY'13e
Current ratio	3.2x	3.6x	3.5x	3.7x
Acid Test	1.8x	1.9x	1.9x	2.0x
Receivables turnover days	32	33	34	34
Payables turnover days	95	94	107	106
Inventory turnover days	138	137	143	144
Cash conversion cycle	75	75	70	72
Liabilities to equity	0.6x	0.5x	0.5x	0.5x
Bank debt to equity	0.3x	0.3x	0.3x	0.2x
Net debt / EBITDA	0.1x	0.1x	0.0x	-0.2x
Return on total assets	11.3%	11.9%	9.8%	10.0%
Return on equity	19.6%	18.8%	14.8%	14.9%
Free Cash Flow yield	9.7%	7.2%	9.3%	11.7%
Gross Margin	54.1%	53.2%	53.0%	52.9%
EBITDA margin	29.7%	27.1%	26.4%	27.2%
Operating profit margin	27.0%	24.0%	23.1%	23.9%
Pre-tax profit margin	26.6%	23.9%	22.5%	23.4%
Net profit margin	16.3%	18.7%	16.2%	17.1%
Payout ratio	31.0%	30.0%	30.0%	30.0%

Source: Jumbo, Euroxx Research

IMPORTANT DISCLOSURES

Analyst Certification

The analyst identified on the front page of this report and the Head of Research (Certified Analyst) certify that the written views about each company and security they cover reflects only their personal opinions and estimates and their compensation are not linked to any investment banking services provided by Euroxx.

Risks and sensitivity

The views and recommendations for all the companies that Euroxx Securities covers or refers to in the daily report have various levels of risk depending on company, industry and market events. Furthermore, our estimates for each company we cover are affected by various factors such as interest rates, inflation, local economic environment, market volatility, currency, management continuity or other company specific events. Investors should be informed that the investment strategies discussed or recommended in these reports may not be realised and each company may fail to reach its targets or the analyst's targets.

Recommendation System

Our recommendation system is based on the unbiased personal views of our analysts. The target prices have a time horizon of one year. Euroxx Securities S.A. aims in updating the covered companies on any new future material that may lead to a different recommendation but does not have a regular policy to update reports

	Rating Explanation	Coverage Universe (#) in the last quarter	Coverage Universe (%)	% Companies covered that are investment banking clients
Overweight	Expected total return >10%	11	33%	0%
Equalweight	Expected total return between -10% and +10%	12	36%	3%
Underweight	Expected total return < -10%	0	0%	0%
Under Review	Recommendation and Target Price are subject to revision	10	30%	0%

*The target price and rating have a time horizon of one year

Investment recommendations are determined by the ranges described above at the time of initiation or review of coverage. Furthermore, the aforementioned ratings and target prices are subject to constant changes. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. Euroxx Securities S.A. and its employees are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Euroxx Securities S.A. and its employees do not guarantee the accuracy of the research reports or daily report, while they are not responsible for any possible errors or omissions.

Under no circumstances Euroxx suggests any buying or selling activity through this document. In producing its research reports, Euroxx Securities SA research departments may have received assistance from the subject company such as access to the company's sites, visits to certain operations of the subject company, meetings with management or employees and the handing by them of historical data regarding the subject company, as well as of all the publicly available information regarding strategy and financial targets.

Other Important Regulatory Disclosures

The information and opinions in this report were prepared by Euroxx Securities S.A., which is member of the Athens Exchange S.A. and regulated by the Hellenic Capital Market Commission. There is a separate location of analysts from Investment Banking, Capital Markets and Sales and Trading employees and research reports are produced away from them. The communication between the Research Department and the other departments of Euroxx Securities S.A. is restricted between the different departments. Note that "EUROXX Securities S.A. is regulated in Greece by the Hellenic Capital Market Commission, License No. 45/23.06.95/3".

Valuation Method

We value Jumbo through a two-stage DCF model using explicit estimates up to FY'15 after which we assign a terminal value. To discount the free cash flows, we employ a variable WACC rate with a cost of equity derived from the capital asset pricing model.

Disclosure checklist for companies mentioned in this report

1. As of the aforementioned date, Euroxx Securities S.A. does not own 5% or more of any common equity securities.
2. As of the aforementioned date, no listed companies own 5% or more of a class of common equity securities of Euroxx Securities S.A.
3. Euroxx Securities S.A. does not act as a market maker for any listed company.
4. Euroxx Securities S.A. has made underwriting for the prior 12 months of the aforementioned date for the stock GPSB.
5. Within the last 12 months, Euroxx Securities S.A. did not have a contractual relationship or has not received compensation for financial advisory services from any listed company, except Postal Savings Bank
6. Euroxx Securities S.A. has not sent the research report to the company prior to publication for factual verification.
7. Following 6, Euroxx Securities S.A. has not changed the contents of the initially sent research report.
8. Euroxx Securities S.A. has not received compensation from the company for the preparation of this research report.

Rating History

Date	Rating	Share Price	Target Price
05/05/2009	Overweight	6.42	8.09
21/05/2009	Overweight	7.13	8.15
28/09/2009	Overweight	9.10	10.50
18/11/2009	Overweight	9.30	10.50
01/03/2010	Overweight	6.94	9.30
06/04/2010	Equalweight	7.60	7.60
25/05/2010	Equalweight	5.56	6.20
01/10/2010	Equalweight	4.94	5.80
22/11/2010	Equalweight	5.35	5.80
26/09/2011	Overweight	3.80	4.80
28/09/2011	Overweight	3.86	4.80

Research

Manos Giakoumis	+30-210-6879322	giakoumis@euroxx.gr
Kostas Glikas	+30-210-6879362	glikas@euroxx.gr
Maria Kanellopoulou	+30-210-6879363	kanellopoulou@euroxx.gr
Yiannis Sinapis	+30-210-6879353	sinapis@euroxx.gr
Marios Theofanopoulos	+30-210-6879307	theofanopoulos@euroxx.gr

Sales

George Polites	+30-210-6879520	gpolites@euroxx.gr
Ilias Dimitros	+30-210-6879485	dimitros@euroxx.gr
Danai Filioti	+30-210-6879480	filioti@euroxx.gr
George Lymberopoulos	+30-210-6879494	lymberopoulos@euroxx.gr
Costis Papaconstantinou	+30-210-6879523	cpapacon@euroxx.gr
Margaret Stamatiadou	+30-210-6879481	stamatiadou@euroxx.gr
Nicholas Zarkas	+30-210-6879491	nzarkas@euroxx.gr

Euroxx Securities S.A

7 Paleologou Str.
15232, Athens
www.euroxx.gr