

RIC: BABR.AT, BBG: BELA GA

Changes Rating - TP - EPS -
Target price 20.1
of which DPS 0.38
Total stock return 56.6%

Valuation	2018a	2019e	2020e	2021e
P/E	11.6x	11.7x	10.6x	9.5x
P/BV	1.7x	1.5x	1.4x	1.3x
EV/Sales	1.9x	1.7x	1.5x	1.3x
EV/EBITDA	6.6x	6.3x	5.5x	4.7x
EV/EBIT	7.4x	7.1x	6.2x	5.3x
Dividend yield	2.8%	3.0%	3.3%	3.7%
FCF yield	5.1%	5.3%	6.7%	8.2%

Per share	2018a	2019e	2020e	2021e
EPS	1.11	1.10	1.21	1.35
EPS old	0.96	1.02	1.14	2.14
DPS	0.36	0.38	0.42	0.47

BS data (€m)	2018a	2019e	2020e	2021e
Sh. Equity	1,058	1,156	1,263	1,382
Net debt	-287	-342	-406	-477

P&L data (€m)	2018a	2019e	2020e	2021e
Revenues	753	806	869	943
EBITDA	221	224	244	271
EBIT	197	198	216	241
Net income	151	150	165	184

Trading data	1m	3m	6m	12m
Rel. Performance	3.1%	18.5%	12.2%	14.7%
Abs. Performance	-1.7%	0.3%	-8.0%	-2.3%
H L 52w	16.40 10.56			
Market cap. (mn)	1747.01			
Shares outstanding (m): 136				
Free float (%), mn	55% 960.85			
Avg. vol. Traded (52w): 197k				
Index constituent & weight:				
ASE (4,88%), FTSE LC (5,68%)				

Domestic successful business model goes international

Resume coverage with Outperform rating

We resume coverage on Jumbo with an Outperform rating and a target price of €20.1/share (+57% upside). We are positive on the company, mainly on the back of its healthy, underleveraged balance sheet that leads to a considerable net cash position (2017-18 net cash of €287m). At the same time, Jumbo's international expansion plan is well on track with main focus in Romania, implying a strong growth outlook.

Efficient business model led to dominant position

Jumbo's efficient business model, along with successful management decisions, allowed the company to increase its market share during the period of the domestic recession, hence becoming a leader in Greece with an established international footprint. Moreover, the company's proven track record of successful marketing and products' differentiation, makes us confident about Jumbo's ability to adapt to potential conditions' changes by adjusting its portfolio accordingly.

Key catalyst: Further expansion in high growth countries

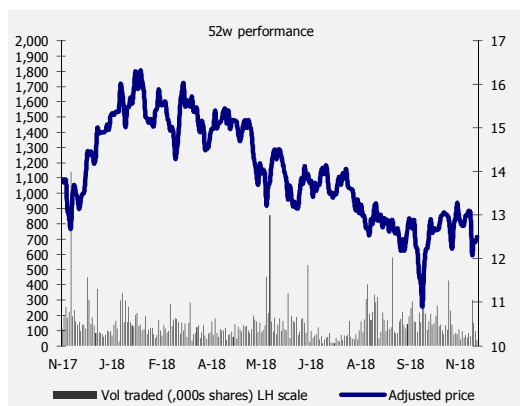
We believe that the main potential catalyst to Jumbo's performance is the further international expansion in high growth countries. This would enhance the company's top line, while at the same time, the geographical sales diversification would lower the group's systemic risk. Currently, the company's strategic focus is in Romania, however the company examines the possibility to expand in other European countries (e.g. Croatia, Slovenia) with selective openings, aiming to generate c. 50% of its total revenues from abroad, vs. c.35% currently.

Main investment risks

Jumbo's large exposure to the economic and political conditions in Greece (65% of 2017-18 sales) implies a key downside risk, since potentially softer than anticipated GDP growth would affect domestic demand. Moreover, Jumbo is exposed to currency fluctuations, as c. 80% of its COGS is expressed in USD, while a prolonged increase in freight rates would press the company's margins (transportation costs account for 20-35% of the company's COGS). Finally, the anticipated macro recovery in Greece could attract new competitors or alter consumer's habits. That said, we are confident that the management has the experience and ability to tackle such issues.

Forecasts highlights

We forecast sales to exhibit 7.8% CAGR in 17/18-20/21e, with the growth mainly stemming from the foreign operations and especially Romania. We project EBITDA to rise by 6.9% CAGR over the same period, again driven by Jumbo's international presence and despite margin pressures in Greece. Similarly, we expect net income to grow by 6.7% CAGR in 17/18-20/21e. In geographical terms, we estimate revenues from Greece, Cyprus and Bulgaria to increase by 17/18-20/21e CAGR of 2.2%, 10.2% and 8.7% respectively, on the back of economic growth and selective store openings. Regarding Romania, we project 17/18-20/21e CAGR of 26.9%, driven by both aggressive rollout in the next 4 years and expected growth in consumption. Finally, we estimate that net cash will rise further to €477m by 2020-21e, owing to higher operating profitability and solid FCF generation.


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Jumbo is the biggest toy, baby, home and seasonal products retailer in Greece with strong presence in Cyprus, Bulgaria and Romania. The company operates 77 stores, 51 of which in Greece, 5 in Cyprus, 12 in Romania and 9 in Bulgaria.

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Please refer to important disclosures in the Disclosure Appendix

Rating: Outperform - Medium risk	Share price performance													
Target price:	20.1	(%)	1m	6m	12m									
of which DPS:	0.38	Rel	3%	12%	15%									
Total stock return:	56.6%	Abs	-2%	-8%	-2%									
Mkt cap (mn):	1,747	Free Float:	55.0%											
Enterprise value	1,460	H L 52w	16.40	10.56										
Headline figures (*)	2011a	2012a	2013a	2014a	2015a	2016a	2017a	2018a	2019e	2020e	2021e	2022e	2023e	2024e
P&L items (€m)														
Revenues	490	494	502	542	583	638	681	753	806	869	943	995	1,048	1,099
Ebitda	135	134	110	146	159	184	195	221	224	244	271	289	308	325
Ebit	120	117	92	127	138	161	172	197	198	216	241	257	274	290
Pre tax income	121	119	96	130	137	165	173	198	198	218	243	261	279	296
Minorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income	95	97	74	101	105	121	131	151	150	165	184	197	211	224
EPS (€)	0.73	0.75	0.54	0.74	0.77	0.89	0.96	1.11	1.10	1.21	1.35	1.45	1.55	1.64
DPS (€)	0.19	0.00	0.00	0.18	0.00	0.63	0.36	0.36	0.38	0.42	0.47	0.51	0.54	0.58
No. of shares, weighted	130	130	136	136	136	136	136	136	136	136	136	136	136	136
Balance sheet items (€m)	2011a	2012a	2013a	2014a	2015a	2016a	2017a	2018a	2019e	2020e	2021e	2022e	2023e	2024e
Fixed assets, net	378	415	431	446	498	499	515	542	566	588	613	636	663	687
Cash & equivalents	158	185	170	288	299	395	366	437	547	611	682	768	859	962
Current assets	396	412	421	552	557	679	713	792	924	1,011	1,108	1,214	1,326	1,447
Total assets	795	857	894	1,034	1,090	1,209	1,260	1,362	1,518	1,627	1,749	1,878	2,016	2,162
Equity	523	593	639	745	797	916	962	1,058	1,156	1,263	1,382	1,510	1,647	1,793
Minorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long term debt	154	152	1	144	144	144	144	0	200	200	200	200	200	200
Long term liabs	163	162	13	156	170	165	164	34	234	234	234	234	234	234
Short term debt	2	2	148	21	3	0	15	150	5	5	5	5	5	5
Current liabilities	109	101	242	133	123	129	134	270	128	131	133	134	135	135
Equity & liabilities	795	857	894	1,034	1,090	1,209	1,260	1,362	1,518	1,627	1,749	1,878	2,016	2,162
Cash flow items (€m)	2011a	2012a	2013a	2014a	2015a	2016a	2017a	2018a	2019e	2020e	2021e	2022e	2023e	2024e
Gross cash flow	96	105	94	138	127	156	152	176	176	193	214	229	244	259
Δworking capital	-1	-3	30	10	-12	28	52	5	19	21	23	19	19	18
Operating cash flow	97	108	64	128	139	112	104	164	157	172	191	210	225	241
Capex	55	53	34	28	63	27	22	34	50	50	55	55	60	60
Free cash flow	42	55	31	100	76	85	82	130	107	122	136	155	165	181
Δdebt	-2	-2	-5	16	-18	-3	15	-10	55	0	0	0	0	0
Δequity	0	-27	-27	1	0	0	0	0	0	0	0	0	0	0
Dividends	25	0	0	0	45	86	46	48	52	58	64	69	74	78
Dividends to mins	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Position	158	185	170	288	299	395	366	437	547	611	682	768	859	962
Y-o-Y change (%)	2011a	2012a	2013a	2014a	2015a	2016a	2017a	2018a	2019e	2020e	2021e	2022e	2023e	2024e
Revenues	1%	1%	2%	8%	8%	9%	7%	11%	7%	8%	9%	6%	5%	5%
Ebitda	-7%	-1%	-18%	33%	9%	15%	6%	14%	1%	9%	11%	7%	6%	6%
Ebit	-9%	-2%	-22%	39%	9%	17%	7%	14%	1%	9%	11%	7%	7%	6%
Pre tax income	-7%	-1%	-20%	36%	5%	21%	5%	14%	0%	10%	12%	7%	7%	6%
Net income	19%	3%	-24%	37%	4%	16%	8%	15%	-1%	10%	12%	7%	7%	6%
EPS	19%	3%	-27%	37%	4%	16%	8%	15%	-1%	10%	12%	7%	7%	6%
Margins (%)	2011a	2012a	2013a	2014a	2015a	2016a	2017a	2018a	2019e	2020e	2021e	2022e	2023e	2024e
Ebitda	28%	27%	22%	27%	27%	29%	29%	29%	28%	28%	29%	29%	29%	30%
Ebit	24%	24%	18%	23%	24%	25%	25%	26%	25%	25%	26%	26%	26%	26%
Pre tax income	25%	24%	19%	24%	24%	26%	25%	26%	25%	25%	26%	26%	27%	27%
Net income	19%	20%	15%	19%	18%	19%	19%	20%	19%	19%	19%	20%	20%	20%
Ratios & valuation	2011a	2012a	2013a	2014a	2015a	2016a	2017a	2018a	2019e	2020e	2021e	2022e	2023e	2024e
P/E	17.7x	17.2x	23.6x	17.3x	16.7x	14.4x	13.3x	11.6x	11.7x	10.6x	9.5x	8.9x	8.3x	7.8x
P/BV	3.2x	2.8x	2.7x	2.3x	2.2x	1.9x	1.8x	1.7x	1.5x	1.4x	1.3x	1.2x	1.1x	1.0x
EV/Sales	3.6x	3.5x	3.4x	3.0x	2.7x	2.3x	2.3x	1.9x	1.7x	1.5x	1.3x	1.2x	1.0x	0.9x
EV/EBITDA	12.9x	12.8x	15.6x	11.1x	10.0x	8.1x	7.9x	6.6x	6.3x	5.5x	4.7x	4.1x	3.5x	3.0x
EV/EBIT	14.6x	14.7x	18.8x	12.8x	11.6x	9.3x	9.0x	7.4x	7.1x	6.2x	5.3x	4.6x	4.0x	3.4x
FCF Yield	2.2%	3.2%	1.6%	5.7%	4.4%	5.2%	4.9%	5.1%	5.3%	6.7%	8.2%	8.8%	9.5%	10.4%
Dividend Yield	1.5%	0.0%	0.0%	1.4%	0.0%	4.9%	2.8%	2.8%	3.0%	3.3%	3.7%	4.0%	4.2%	4.5%
Payout ratio	26%	0%	0%	24%	0%	71%	37%	32%	35%	35%	35%	35%	35%	35%
Debt/equity	0.3x	0.3x	0.2x	0.2x	0.2x	0.2x	0.2x	0.1x	0.2x	0.2x	0.1x	0.1x	0.1x	0.1x
Net debt/ebitda	0.0x	-0.2x	-0.2x	-0.8x	-1.0x	-1.4x	-1.1x	-1.3x	-1.5x	-1.7x	-1.8x	-1.9x	-2.1x	-2.3x
Interest covered	19.8x	19.4x	15.4x	20.3x	18.7x	24.9x	32.0x	35.7x	29.2x	32.0x	35.6x	38.1x	40.5x	42.8x
RoE	18%	16%	12%	14%	13%	13%	14%	14%	13%	13%	13%	13%	13%	12%
RoIC	14%	13%	9%	11%	11%	11%	12%	12%	11%	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	12.84
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 77 stores, 51 of which in Greece, 5 in Cyprus, 9 in Bulgaria and 12 in Romania. The company also operates through franchise agreements in Serbia, Albania, Kosovo, FYROM and Bosnia.

website: www.jumbo.gr

all prices as of November 29, 2018

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Investment Summary

Resume coverage with Outperform rating and TP of €20.1/share – Positive view due to considerable net cash position, strong growth outlook, as well as management's experience

We resume coverage of Jumbo with an Outperform rating and a target price of €20.1/share, which implies a 57% upside from current levels. Jumbo is a leading retailer of toys, baby products, stationery, seasonal, haberdashery and home products, with its main target group currently comprising of children. The company operates 77 stores in 4 countries (51 in Greece, 5 in Cyprus, 9 in Bulgaria, 12 in Romania), an e-shop with a 30k sq. m. distribution center, while it has signed franchise agreements for 18 stores to 5 non-EU countries. Jumbo offers c. 40k products at affordable prices (average of €4.99 each), with the majority of them been imported from Asia. Its unique and efficient business model, along with successful management decisions, allowed the company to increase its market share, despite the adverse macro environment, hence becoming a leader in Greece with an established international footprint. We keep a positive stance towards Jumbo, mainly on the back of its healthy, underleveraged balance sheet that leads to a considerable net cash position (2017-18 net cash of €287m), while at the same time the company presents a strong growth outlook. In our view, the latter is mainly attributed to Jumbo's international expansion, especially in Romania. Furthermore, given the company's track record (successful marketing, products differentiation), we believe that the management has the experience and ability to adapt to new conditions and adjust its portfolio in order to tackle a potential shift of consumers' habits to more expensive branded products on the one hand, and the demographic problem (declining birth rates) on the other.

17/18-20/21e sales, EBITDA and net income CAGRs of 7.8%, 6.9% and 6.7% respectively

We forecast sales to exhibit 7.8% CAGR in 17/18-20/21e, with the growth mainly stemming from the foreign operations and especially Romania. We project EBITDA to rise by 6.9% CAGR over the same period, again driven by Jumbo's international presence and despite margin pressure in Greece. Similarly, we expect net income to grow by 6.7% CAGR in 17/18-20/21e.

Main catalyst: Further expansion in high growth countries

In our view, the main future potential catalyst to Jumbo's performance and valuation is the further international expansion in high growth countries. This would enhance the company's top line, while at the same time, the geographical sales diversification would lower the group's systemic risk attributed to the domestic exposure. Currently, the company has established a basic network in Bulgaria and will selectively proceed with further rollout in the country, only following careful consideration. On the other hand, Jumbo's strategic focus is in Romania where it plans to add 2-3 shops annually in the next 4 years. Following this, the company examines the possibility to expand in other European countries (e.g. Croatia, Slovenia) with selective openings, aiming to generate c. 50% of its total revenues from abroad, vs. c.35% currently.

Considerable FCF generation – stable dividend payout

Finally, we have to point out that one of the main positives of Jumbo's investment case is its significant cash balance (€437m in 2017-18, with net cash of €287m). The company is a 'cash cow' that generated FCF of c. €75-130m per annum, during the last five years. This allows Jumbo to keep a stable dividend policy, distributing c. 35% of its profits annually (c. 3.0-3.7% yield projected in 18/19-20/21e), while at the same time keeping its expansion plan on track. The company targets to distribute a third of its annual profits to shareholders and use another third for the company's capex needs. Finally, the management prefers to be conservative and keep the rest of Jumbo's annual net income as a safety net, which at the same time can provide flexibility for possible strategic decisions.

Risks

In our view, Jumbo's key downside investment risks include the following:

- a) **Macros:** Jumbo has a large exposure to the economic and political conditions in Greece as domestic sales accounted for 65% of total in 2017-18. Grecovery remains fragile for the time being. An external shock could adversely hit domestic demand, while GDP growth might prove softer than anticipated (European Commission projects GDP growth 2% annually in 2018-20). Nevertheless, Jumbo has a proven track record of resilience during the domestic macroeconomic crisis.
- b) **Exchange Rate Risk:** Jumbo is exposed to currency fluctuations, since c. 80% of its COGS is expressed in USD. Any adverse FX movements (i.e. appreciation of USD against EUR) could negatively impact the company's gross margin. Jumbo avoids hedging, however it has a policy to restock during periods of favorable currency movements.
- c) **Transportation Cost:** Freight costs consist 20-35% of the company's COGS thus any relevant rise (i.e. due to increasing oil prices) negatively impacts Jumbo's gross margin.
- d) **Competition:** Despite its strong leading position, Jumbo may face competition due to the expected macro recovery. As the economy improves, new players could manage to overcome the high barriers to entry. Currently, supermarkets, may present some competition, due to the continuous diversification of their products, however Jumbo's unique business strategy gives an important comparative advantage, in our view.
- e) **Potential Change of Consumers Habits:** The anticipated macro recovery in Greece could drive consumers away from low-budget, affordable products, while the declining birth rates may reduce Jumbo's target group. That said we are confident that the management has the ability to adjust its product portfolio accordingly, as well as the marketing know-how to adapt to new conditions.

SWOT Analysis

Strength	Weaknesses	Opportunities	Threats
a) Leading market position (+)	a) High-albeit declining-exposure to Greece (c. 65% currently) (-)	a) International expansion (mainly Romania) (+)	a) A softer than expected economic recovery could impose further pressure on disposable income and private consumption (-)
b) Unique and difficult to copy business model (+)	b) Lack of geographical diversification regarding purchases (c. 80% of products imported from Asia, mainly China) (-)	b) Higher than expected economic expansion in Romania, Bulgaria and Cyprus could boost growth of sales and sales/sqm. (+)	b) Adverse currency fluctuations (-)
c) Improving geographical diversification (increasing revenue from abroad) (+)	c) High dependence on Mr Vakakis' management abilities (-)		c) Possible increase in freight rates and transportation costs (-)
b) Established network (+)			
d) Considerable net cash position - Strong FCF generation (+)			
e) Efficient management with long-term experience (+)			
f) High barriers to entry (+)			

Valuation

DCF model returns a fair value of €20.1/share (57% upside)

We value Jumbo through a 2-stage DCF model in which we form an explicit set of forecasts for the period up to 2023-24e. Our WACC assumption stands at 7.8%, based on ERP and risk free rate of 5% and 3.8% (country weighted based on 2019/20e EBITDA contribution) respectively, while we set a terminal growth rate of 1% in order to account for the long term upside potential due to the expansion abroad and the recovery of the Greek economy. Our DCF model returns a fair value of €20.1 per share, implying upside potential of 57% from current price levels.

Jumbo DCF Model	2018-19e	2019-20e	2020-21e	2021-22e	2022-23e	2023-24e
Revenues	806	869	943	995	1,048	1,099
EBITDA	224	244	271	289	308	325
EBIT * (1 - tax rate) (I)	149	163	182	194	207	219
CAPEX	50	50	55	55	60	60
Depreciation & Amortization	26	28	30	32	34	36
- (Capex - Depreciation) (II)	24	22	25	23	26	24
- Change in Working Capital (III)	19	21	23	19	19	18
Reinvestment (II+III=IV)	43	43	48	43	45	43
Free Cash Flow (I-IV)	107	120	134	152	162	176
WACC	7.7%	7.7%	7.8%	7.8%	7.9%	7.9%
Discounting Factor	100%	93%	86%	80%	74%	69%
Discounted FCF		112	115	121	120	121
PV of Cash Flows	588					
+ Residual Value	1,753					
Terminal Growth Rate	1.0%					
- Net Debt (18/19e)	-342					
- Minorities	0					
Equity Value	2,683					
Shares (mn)	136					
Dividend per Share	0.38					
DCF per share	20.1					

Assumptions

ERP: 5%, Beta 0.93
Rf: 3.83%

Source: Jumbo Alpha Finance estimates, Bloomberg

We also present a sensitivity of Jumbo's valuation to WACC and terminal growth changes. For every 1pp change in our 7.8% WACC assumption there is a c.€0.7 sensitivity in our target price (c.3-4%), while the same change in our 1% long-term growth assumption leads to c.€1.7-2.3/share sensitivity (c.9-11%).

WACC vs. Terminal Growth Sensitivity			
WACC/Tg	0.0%	1.0%	2.0%
5.8%	19.72	21.62	24.16
6.8%	19.03	20.84	23.26
7.8%	18.37	20.10	22.41
8.8%	17.75	19.40	21.61
9.8%	17.16	18.74	20.84

Source: Alpha Finance estimates

Relative Valuation

Jumbo's initial operations were related to toys' retailing, however the company gradually altered its product mix through the years by adding baby, home, stationary and seasonal products. Due to its highly diversified product portfolio and its unique business model, Jumbo is not directly comparable to any retailer in Greece or abroad. In the table below we present a peer group with other listed retailers in Greece and internationally. Jumbo currently trades at a 2019e EV/EBITDA and P/E of 6.3x and 11.7x respectively, standing at discount to both domestic retailers and foreign peers. It has to be mentioned though that comparing valuation multiples between companies of different structure and size and during periods of high earnings volatility could be misleading.

Jumbo Peer Group	Market cap (€m)	EV/EBITDA 2019e	P/E 2019e
Greek Retailers (Listed)			
Fourlis	217	6.9	17.3
Plaisio	88	3.1	7.1
Sarantis	474	9.8	10.3
Greek Retailers weighted average		7.6	15.4
Global Peers			
NEXT plc	8,229	9.5	11.8
Marks & Spencer Group	5,719	5.6	11.8
Mattel	4,165	14.5	-
Spin Master	2,827	9.2	16.6
Global Peers weighted average		9.4	12.6
Jumbo	1,747	6.3	11.7
Premium/Discount to Greek retailers		-17.1%	-24.2%
Premium/Discount to Global Peers		-33.1%	-7.3%

Source: Reuters, Alpha Finance Estimates (for Fourlis)

Economic environment

Jumbo has presence in four countries through owned or leased stores, while it has signed franchise agreements regarding Jumbo brand name in 5 non-EU countries (FYROM, Albania, Kosovo, Serbia and Bosnia). We present below a brief description of the economic environment in the markets where Jumbo operates directly, namely Greece, Bulgaria, Cyprus and Romania.

Greek Economic Environment

Evident signs of recovery in Greece

Jumbo has a large exposure in Greece (65% of total sales in 2017-18) with 51 stores, exports to 5 non-EU countries (franchise agreements), as well as its online store, e-Jumbo. The Greek economy has started showing signs of recovery in 2017, with GDP growing by 1.5% and unemployment falling by 2.1pps to 21.5%. During this year, recovery signs were more evident, with GDP rising by 1.8% y-o-y in Q2'18, while unemployment fell further to 19% in the same quarter. Furthermore, public debt sustainability has been restored in the midterm following the debt relief agreement in June. Worth to mention that Greece has to achieve high primary surpluses for a long period of time, which could slow down growth and increase political tension, although fiscal performance should be supported by economic expansion. According to EC forecasts (Autumn 2018) Greek GDP growth is seen accelerating to 2% in 2018-20e with private consumption rising by 0.4-0.8%, while unemployment is projected to fall to 16.9% by 2020e.

Greece Selected Economic Indicators	2015	2016	2017	2018e	2019e	2020e
Real GDP	-0.4%	-0.2%	1.5%	2.0%	2.0%	2.0%
Private Consumption	-0.2%	0.0%	0.9%	0.8%	0.4%	0.7%
Unemployment Rate	24.9%	23.6%	21.5%	19.6%	18.2%	16.9%
Real Unit Labor Cost	-0.9%	0.0%	0.0%	0.1%	-0.2%	-0.1%
Harmonized CPI	-1.1%	0.0%	1.1%	0.8%	1.2%	1.0%
GDP Deflator	-0.3%	-0.2%	0.6%	0.5%	1.1%	1.2%
Current Account (% of GDP)	0.1%	-0.6%	-1.0%	-0.2%	-0.2%	0.3%
Trade Balance (% of GDP)	-9.1%	-9.3%	-10.3%	-9.4%	-10.2%	-10.2%
Primary Balance (% of GDP)	-2.1%	3.7%	3.9%	3.9%	4.1%	4.0%
General Government Gross Debt (% of GDP)	175.9%	178.5%	176.1%	182.5%	174.9%	167.4%

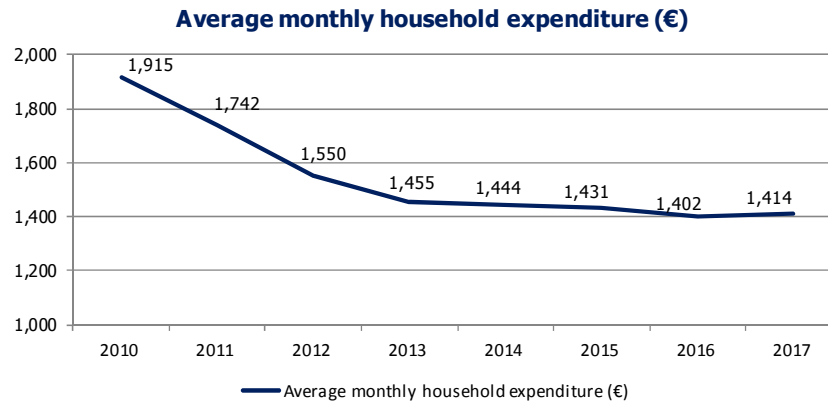
Source: EC Forecasts, Autumn 2018

In addition, the households' consumption seems to have reached a trough in 2016, with both GDP and consumption rates turning positive in 2017, indicating domestic economic recovery. Furthermore, the possibility of a fiscal space above the primary surplus target in 2019 (3.5% of GDP) could offer support to domestic consumption (i.e. through cancellation of the planned pension cuts). On the other hand, a possible political uncertainty stemming from the elections that are scheduled to take place in the following year should weigh on consumer sentiment.

Current prices	Final Consumption vs. GDP (€m)						
	2011*	2012*	2013*	2014*	2015*	2016*	2017*
Total	189,782	175,232	164,777	161,670	158,909	156,975	156,975
Households	139,855	128,866	122,909	120,500	118,013	116,821	118,318
NPISH's	4,823	4,801	4,944	4,941	4,956	4,915	4,978
General Government	45,104	41,564	36,924	36,230	35,940	35,239	35,508
GDP	207,029	191,204	180,654	178,656	176,312	174,199	177,735

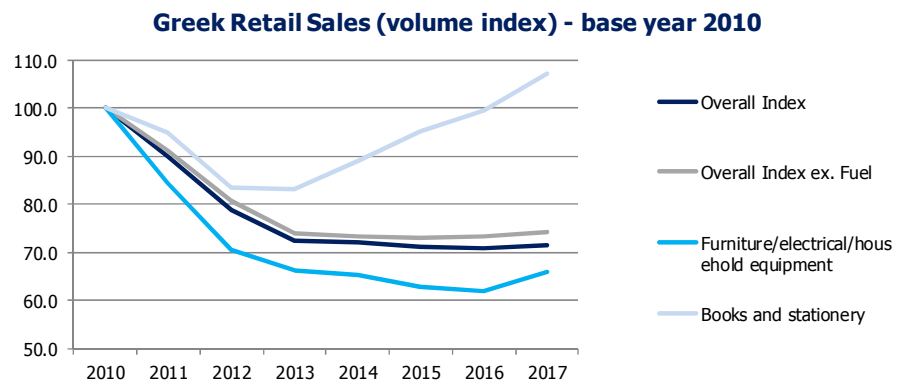
Source: Hellenic Statistical Authority

*preliminary data

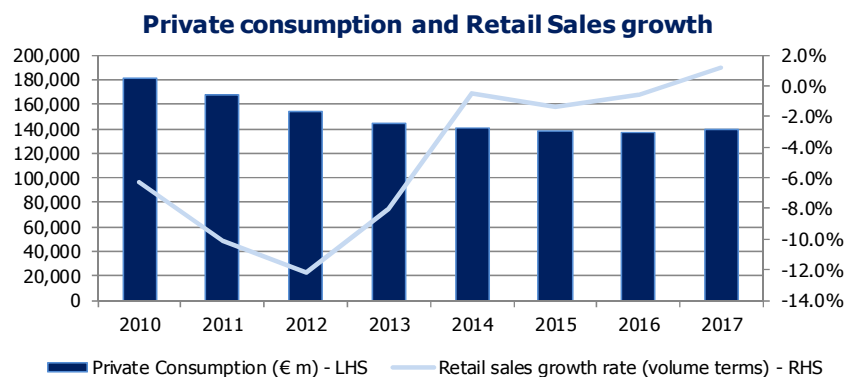


Source: Hellenic Statistical Authority

Moreover, as it is depicted in the following graphs, overall retail sales (in volume terms) have ended their downward trend in 2016, along with the relevant index of furniture, electrical and household equipment (home products consist 33% of Jumbo's sales). Excluding fuel, the overall index has started growing in 2015, while books and stationery (8% of Jumbo sales) recovered earlier, exhibiting growth since 2013. So far this year, retail activity resumed its positive trend, with the most recent monthly data showing volumes up by 3.2% y-o-y (August '18).



Source: Hellenic Statistical Authority

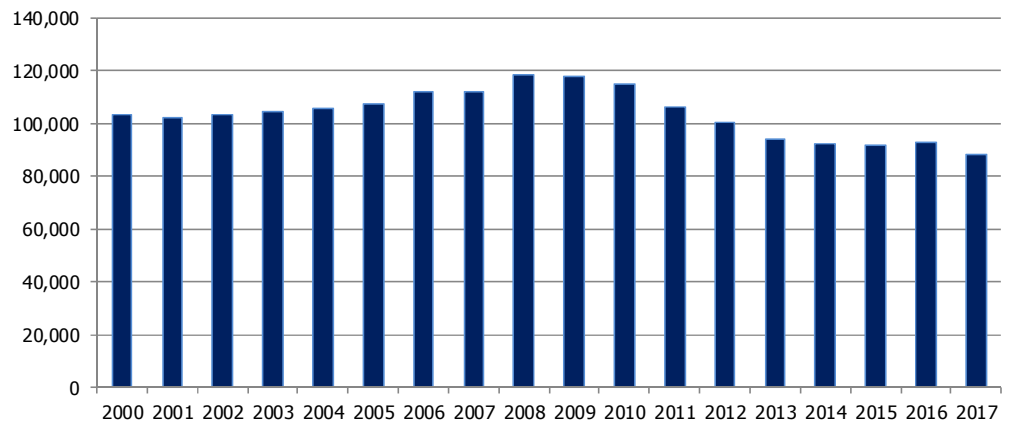


Source: Hellenic Statistical Authority

Negative demographics

It is worth mentioning that demographic factors play an important role on Jumbo's operations since children consist the company's main target group. The following graph depicts an adverse trend for Jumbo, with annual births presenting a constant decline post the start of the economic crisis in 2009. Negative demographics should drive Jumbo to gradually alter its product mix or adopt a more aggressive marketing policy in order to increase volumes sold per child. Note that toys and baby products' contribution to group sales fell to 27% in 2017-18 from 40% in 2012-13.

Births in Greece (absolute numbers)



Source: Hellenic Statistical Authority

Investments should be one of the major growth drivers in Greece

Overall, the data presented above (2017 figures along with EC projections for 2018-20e) suggest the bottoming out of the protracted economic recession in Greece. We believe that investments should be one of the major growth drivers with debt relief and privatizations playing a key role. That said, the potential delay of reforms implementation, over-taxation, as well as the risk of a potential political uncertainty may weigh on consumption recovery.

Romanian Economic Environment

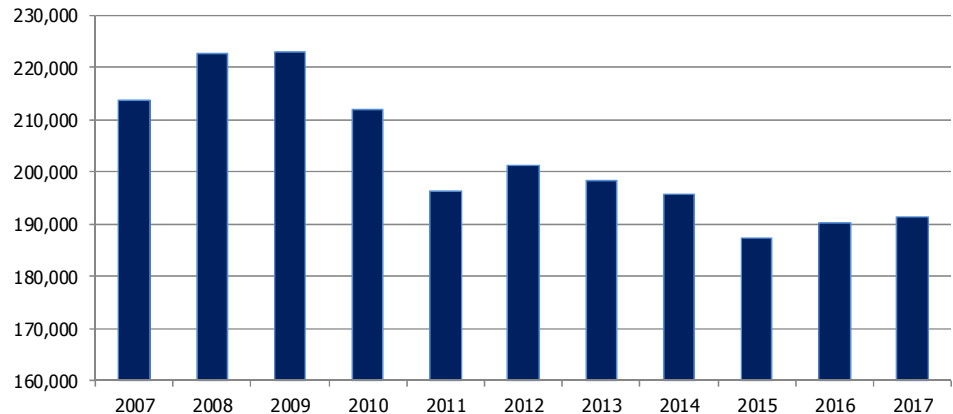
Strong growth in Romania

Jumbo has presence in Romania with 12 stores currently and it consists the main area of focus regarding the company's expansion. Jumbo opened its first two stores in the country in 2013 and intends to extend its network to 20 in the next four years. Romania's economic outlook appears positive as the country's GDP exhibits strong growth, mainly driven by private consumption. Going forward, EC expects Romanian growth to decelerate, although remaining robust.

Romania Selected Economic Indicators	2015	2016	2017	2018e	2019e	2020e
Real GDP	3.9%	4.8%	7.3%	3.6%	3.8%	3.6%
Private Consumption	6.0%	7.9%	10.1%	4.6%	4.6%	4.0%
Unemployment Rate	6.8%	5.9%	4.9%	4.3%	4.2%	4.1%
CPI	-0.4%	-1.1%	1.1%	4.3%	3.5%	3.3%
Primary Balance (% of GDP)	0.9%	-1.4%	-1.5%	-1.9%	-1.9%	-3.2%
General Government Gross Debt (% of GDP)	37.8%	37.3%	35.1%	35.1%	35.9%	38.2%

Source: EC Forecasts, Autumn 2018

Romania's demographic data seem adverse for Jumbo, as births have declined considerably since 2009, however they have started gradually recovering by 2015.

Births in Romania (absolute numbers)

Source: Romanian National Institute of Statistics

Romanian operations to increase contribution to Jumbo's top line

Summing up, the macro data depict that Romania is in an economic expansion phase with strong GDP and consumption growth, low unemployment rate and healthy debt/GDP ratio. We believe Jumbo is well on track to reap the benefits of the country's growth and we project Romanian operations to contribute with c. 26% to Jumbo's top line in the next 5 years (from 13% currently).

Cypriot Economic Environment

Cyprus recovered from crisis

The group is present in Cyprus through five stores, contributing 11% of group revenues. The Cypriot economy has managed to successfully recover from the 2012-2013 banking crisis, turning to growth in 2015. Note that the crisis had led to a haircut to bank deposits, as well as to capital controls. In 2013, Jumbo's subsidiary company in Cyprus had €57m uninsured deposits in the Bank of Cyprus, which were subject to 47.5% haircut and led to the recording of €23.6m losses in the company's consolidated financial statements. That said, Jumbo reported net cash of €21m at end-2012-13 (it has gradually increased to €287m in 2017-18). According to EC forecasts (Autumn 2018) the country's private consumption is seen rising in 2018-20e (albeit at a decelerating rate), aided by low taxation (corporate tax rate at 12.5%), while unemployment is projected to fall to a low 4.8% by 2020e, from 11.1% in 2017.

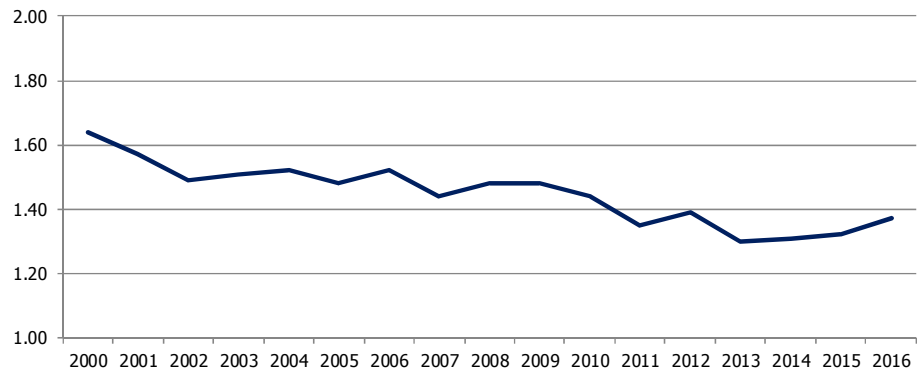
Cyprus Selected Economic Indicators	2015	2016	2017	2018e	2019e	2020e
Real GDP	2.0%	4.8%	4.2%	3.9%	3.5%	2.9%
Private Consumption	2.4%	4.5%	4.1%	4.2%	3.8%	3.1%
Unemployment Rate	15.0%	13.0%	11.1%	8.2%	6.3%	4.8%
Harmonized CPI	-1.5%	-1.2%	0.7%	0.8%	1.3%	1.4%
Primary Balance (% of GDP)	-5.5%	2.5%	3.6%	5.0%	5.0%	5.1%
General Government Gross Debt (% of GDP)	108.0%	105.5%	96.1%	105.0%	98.4%	91.0%

Source: EC Forecasts, Autumn 2018

Improving demographics trend

Regarding demographics, the Cypriot fertility rate exhibits a declining trend since 2000, with a small dive to 1.30 in 2013, possibly attributed to the crisis. That said, the rate has started picking up since then, reaching 1.37 in 2016. Fertility rate still lies at low levels, however it presents an increasing trend, probably related to macro recovery.

Cypriot Fertility Rate



Source: Republic of Cyprus, Statistical Service

Overall, the data presented above indicate that the economy of Cyprus is on a stable recovery path from the recent economic crisis and consists a favourable operating environment for Jumbo.

Bulgarian Economic Environment

Bulgarian economy in growth phase

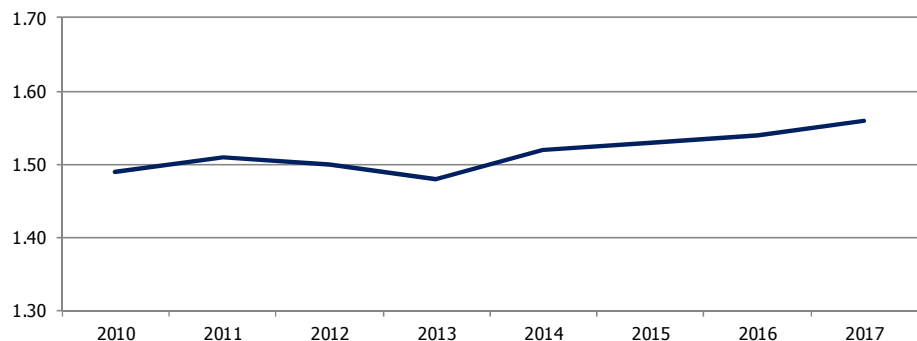
Jumbo's operations in Bulgaria consist of 9 stores and account for 10% of group top line. The country's economy is currently in a growth phase, as it is evident from the increasing GDP (3.5%-3.8% rate in 2015-17), while private consumption has also grown at 3.6%-4.5% rate during the last three years. EC projects GDP growth rate to be sustained at this levels in 2018-20e, with consumption further increasing by 3.8%-6.5% during the same period.

Bulgaria Selected Economic Indicators	2015	2016	2017	2018e	2019e	2020e
Real GDP	3.5%	3.9%	3.8%	3.5%	3.7%	3.6%
Private Consumption	4.5%	3.6%	4.5%	6.5%	4.3%	3.8%
Unemployment Rate	9.2%	7.6%	6.2%	6.0%	5.8%	5.7%
Harmonized CPI	-1.1%	-1.3%	1.2%	2.6%	2.0%	1.8%
Primary Balance (% of GDP)	-0.7%	1.1%	1.9%	1.5%	1.3%	1.2%
General Government Gross Debt (% of GDP)	26.2%	29.6%	25.6%	23.3%	21.3%	19.5%

Source: EC Forecasts, Autumn 2018

Bulgaria's demographic data seem more favourable for Jumbo vs. the rest of the countries it operates in, since fertility rate is in an upward trend in the last 5 years, reaching 1.56 in 2017.

Bulgarian Fertility Rate



Source: National Statistical Institute of Bulgaria

Positive momentum for Jumbo

In conclusion, the momentum seems positive for Jumbo's sales in Bulgaria due to the overall economy's growth, while the demographics seem more promising than the rest of the countries of the company's operation.

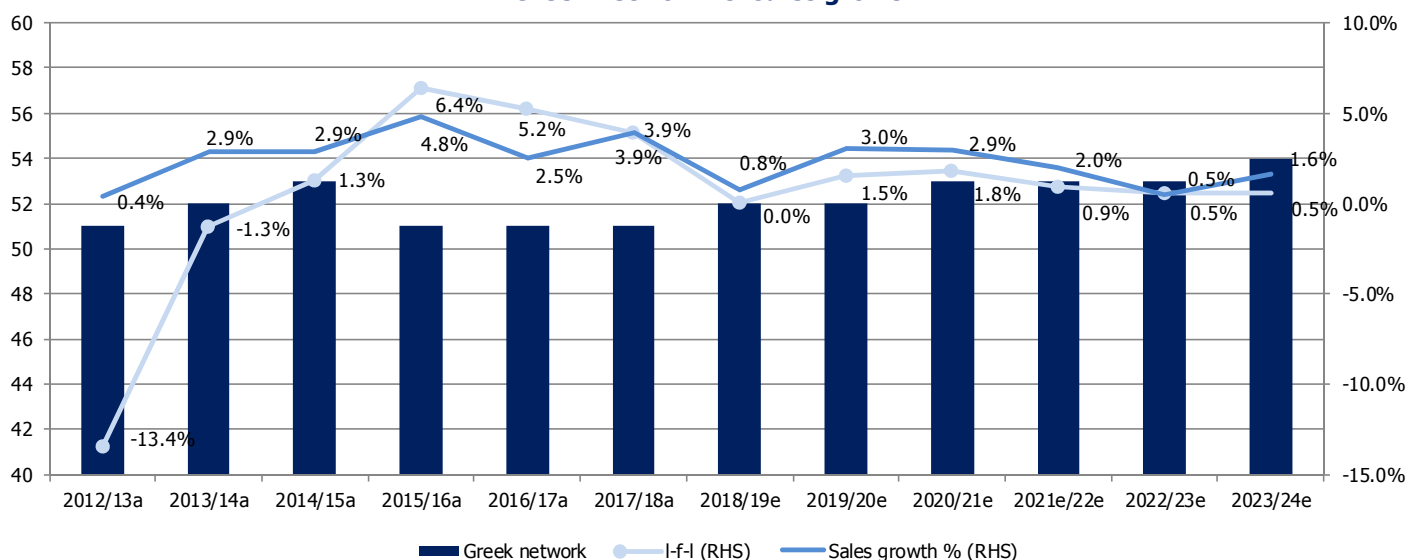
Financial Forecasts – FY'17-18 Results

Financial Forecasts

Greek revenues CAGR of 2.2% in 17/18-20/21e

Jumbo's revenues growth in Greece was historically stemming from a combination of network expansion and I-f-I growth. However, without any addition to its existing network of 51 stores since 2015, Jumbo has managed to exhibit solid top-line growth in Greece during the last three years due to restructuring and modernization of its current stores that increased efficiency. Despite incorporating management's stated intention for a new opening by the end of the current financial year, we forecast practically flat sales in 2018-19e, as the over-taxation, and the risk of a potential political uncertainty due to the upcoming elections, should delay domestic consumption recovery. Going forward, we assume that the expected macroeconomic growth in Greece should lead to the gradual recovery of the domestic consumption and disposable income, which along with an additional store opening by 2020-21e, will support Jumbo's domestic revenues. In specific, we expect Greek top-line to grow at a 17/18-20/21e CAGR of 2.2%.

Greek network vs. sales growth

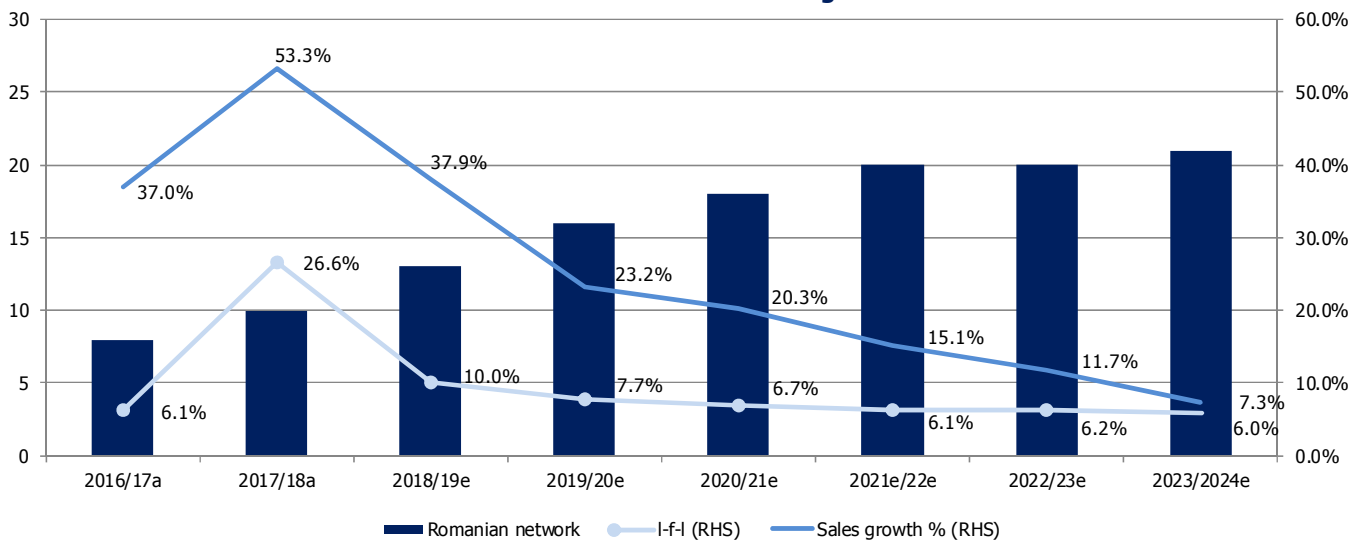


Source: Jumbo, Alpha Finance estimates

Store openings and country's growth to drive sales in Romania - 17/18-20/21e CAGR is seen at 26.9%

Jumbo's presence in Romania is quite recent as it dates from 2013. The company plans to proceed with an additional opening in the coming months, reaching 13 stores by the end of the fiscal year. Romanian market consists Jumbo's main strategic focus due to its high growth rates in terms of GDP and consumption, while it offers the majority of the company's incremental revenues annually. We incorporate in our model 3 openings in 2018-19e (two stores have already been added), which along with the expected economic growth, drive our projections to 37.9% y-o-y increase in sales. We expect the Romanian network to reach 20 stores by 2020-21e and consumption to continue rising, although at a decelerating rate. Hence, we estimate revenues to increase at a 17/18-20/21e CAGR of 26.9%, consisting the bulk of the group top-line growth.

Romanian network vs. sales growth

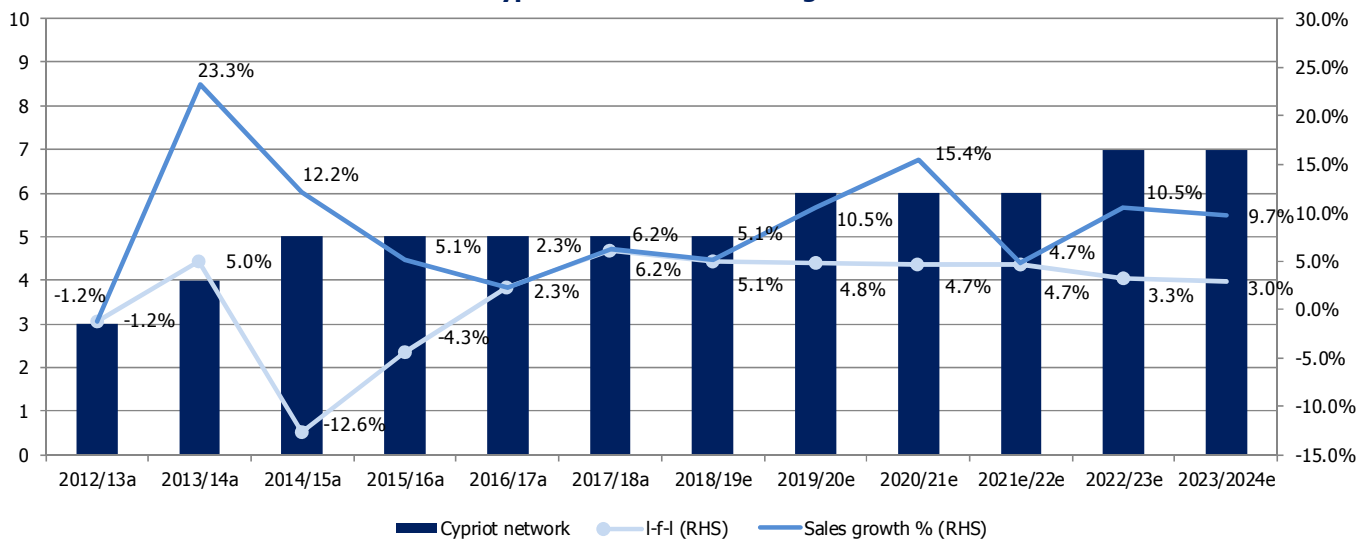


Source: Jumbo, Alpha Finance estimates

Cyprriot revenues CAGR of 10.2% in 17/18-20/21e

Regarding Cyprus, the company's expansion plan is in a mature phase (the same applies in Bulgaria), aiming at one addition to its current 5 stores network, every 2 years. We project a new opening in 2019-20e and another by 2022-23e. As a result, and taking on account the expected growth of consumption in the country, we end up with an estimated 17/18-20/21e revenues CAGR of 10.2%.

Cyprriot network vs. sales growth

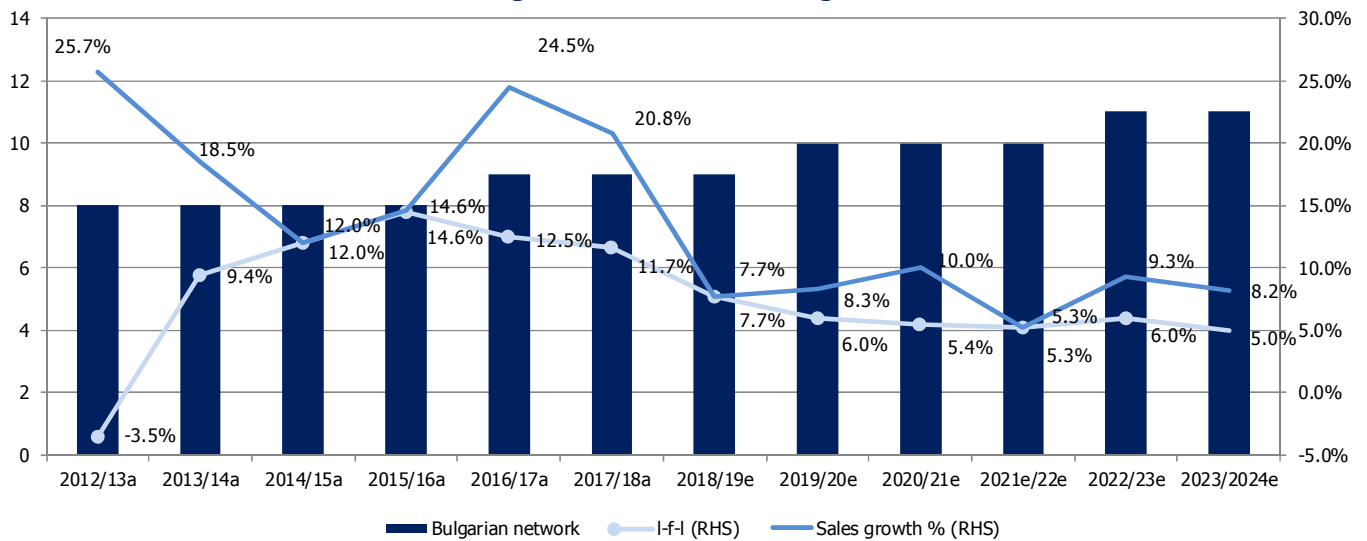


Source: Jumbo, Alpha Finance estimates

17/18-20/21e sales CAGR of 8.7% in Bulgaria

Similarly, Jumbo's management aims to selectively open one store every 2 years in Bulgaria as well. In addition to its established network of 9 stores in the country, we anticipate an opening in 2019-20e, as well as an additional store by 2022-23e. We expect the economy to continue growing in the following years, although at a declining rate, thus we project a 17/18-20/21e sales CAGR of 8.7%.

Bulgarian network vs. sales growth



Source: Jumbo, Alpha Finance estimates

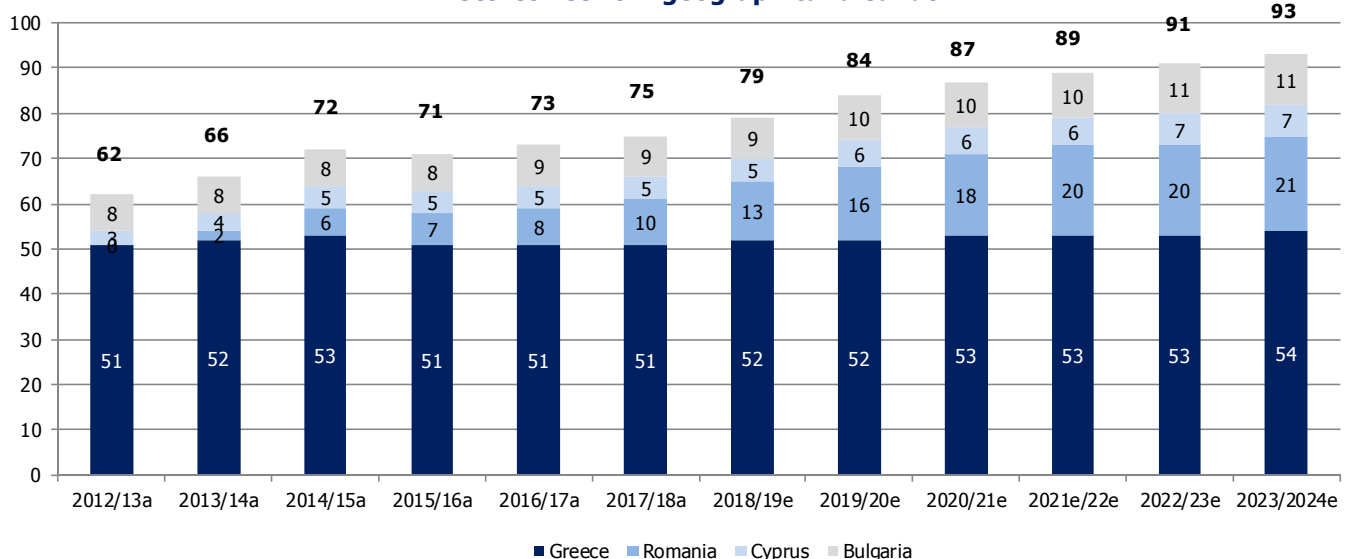
We anticipate margins' pressure in 2018-19e on higher opex and adverse currency fluctuation

17/18-20/21e group sales and EBITDA CAGRs of 7.8% and 6.9%, respectively, driven by improving macro and store rollout

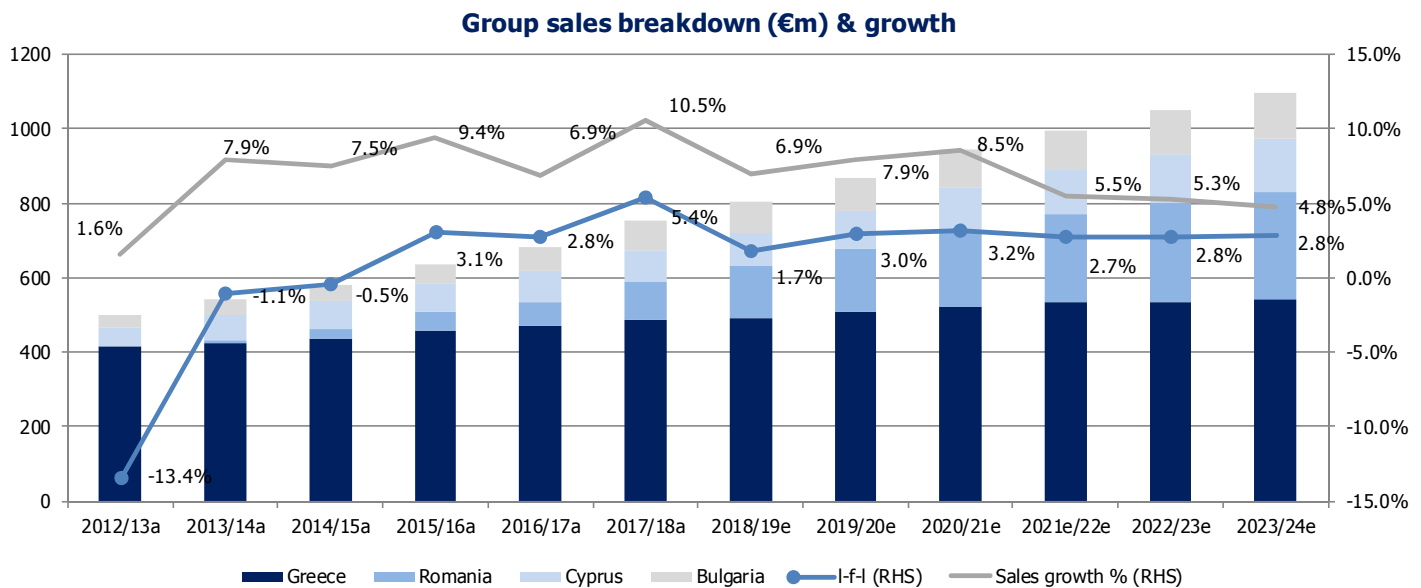
Overall, we project a 6.9% y-o-y group revenue growth in 2018-19e to €806m, driven by the operations abroad, and especially in Romania where we account for 3 additional stores during the fiscal year. Note that our forecast stands in line with management's guidance for 5-7% growth. Furthermore, we expect group EBITDA to marginally rise by 1.3% y-o-y to €224m, with the relevant margin falling by c. 160bps to 27.8%, on the back of increased transportation costs, as well as higher labour costs (management has hinted for wage increases), while we account for the strengthening of the USD against the EUR. In specific, we expect EUR/USD rate to stand at 1.15 on average in 2018-19e, vs. 1.20 during the last fiscal year.

Looking ahead, we estimate a 17/18-20/21e sales CAGR of 7.8%, assuming further store rollout in Romania and selective openings in Bulgaria, Cyprus and Greece. In addition we account for steady GDP growth and gradual recovery of the consumption in Greece, as well as for further (albeit decelerating) growth in the rest countries of operation. Note that we expect Greek operations' contribution to the group top-line to fall below 50% in 2023-24e, from 65% in 2017-18, owing to the expansion in Romania. Furthermore, we see EBITDA rising by a CAGR of 6.9% in 17/18-20/21e, mirroring the expected top-line performance.

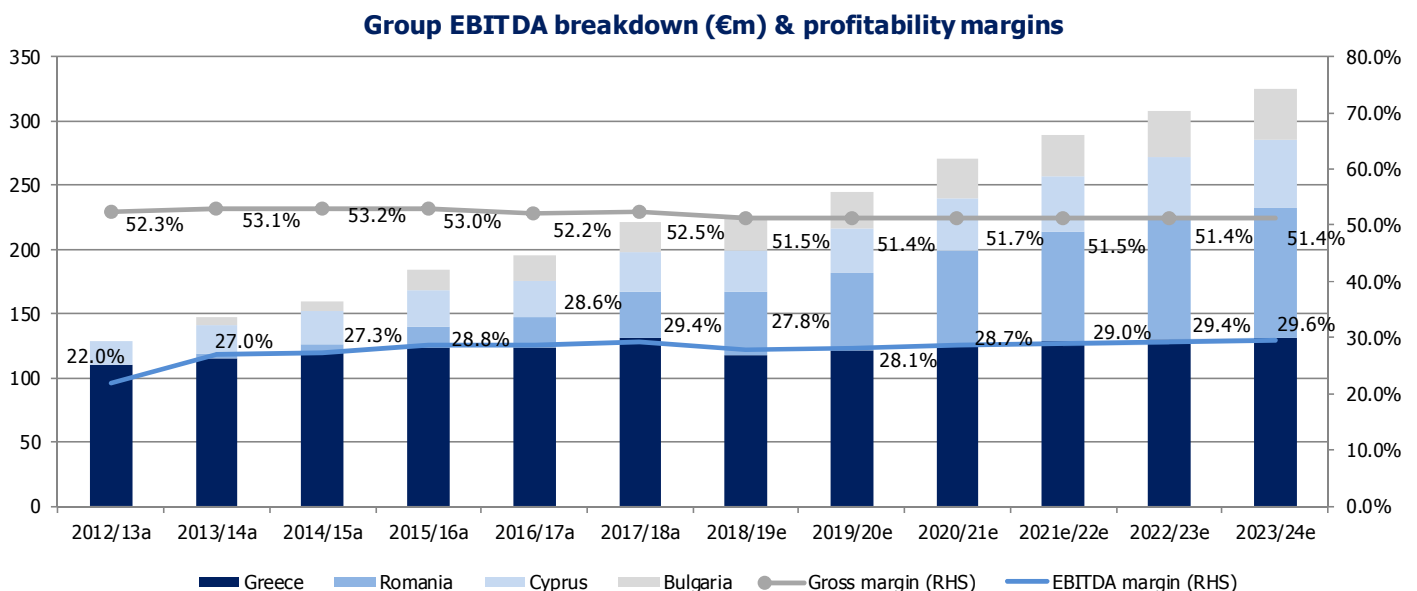
Stores network geographical breakdown



Source: Jumbo, Alpha Finance estimates



Source: Jumbo, Alpha Finance estimates



Source: Jumbo, Alpha Finance estimates

Net income is seen rising by 6.7% CAGR in 17/18-20/21e

Taking on account the expected pressure in margins, we project 2018-19e group net income to ease by 1% y-o-y to €150m, also burdened by higher interest expenses (note that in August 2018, Jumbo signed an 8Y bond loan of up to €200m, in order to refinance a common bond loan of €145m, issued in 2014, as well as to support the company's investment plan). Going forward, we expect net profits to rebound, following sales growth and assuming margins' resilience. As a result, we expect bottom line to exhibit CAGR of 6.7% in 17/18-20/21e. Furthermore, we forecast distributions to shareholders to stand at €0.38 per share in 2018-19e, while going forward we expect annual yield of 3.0-3.7% in 18/19-20/21e.

CAPEX is estimated at €50-55m in 17/18-20/21e

Regarding CAPEX, we project €50m in 2018-19e and €50-55m p.a. in 19/20-20/21e, in line with management's guidance. Note that 80% of annual capital expenditures is used for the implementation of the store rollout, while the rest relates to maintenance.

Net cash to increase further

Owing to its successful business model, Jumbo has managed to remarkably maintain net cash position since the beginning of the domestic macroeconomic crisis in 2010. During the last 8 years, the company gradually increased its net cash, standing at €287m in 2017-18 (1.3x its EBITDA). We anticipate this trend to continue, with net cash rising further to €342m in 2018-19e and reaching €477m by 2020-21e, mainly driven by higher operating profitability and strong FCF generation.

FCF is expected to rise in 19/20-20/21e, owing to higher operating profitability

In 2017-18, the company reported robust FCF that reached €130m vs. €81.4m a year earlier. This was mainly attributed to better working capital management (mostly inventories), as well as due to increased profitability. During the current fiscal year, we forecast FCF to retreat to €107m, driven by increased working capital needs that support top-line growth and our expectations for slightly lower profits. Looking ahead, we project FCF to gradually rise, reaching €136m in 2020-21e (FCF yield of 6-8% in 18/19-20/21e), on the back of higher operating profitability.

Cash Flow metrics (€m)	2012/13a	2013/14a	2014/15a	2015/16a	2016/17a	2017/18a	2018/19e	2019/20e	2020/21e	2021/22e	2022/23e	2023/24e
FCF	30.5	100.4	75.7	84.6	81.5	130.0	106.9	121.7	135.7	154.6	165.5	181.1
FCF yield (%)	1.7%	5.7%	4.3%	4.8%	4.7%	7.4%	6.1%	7.0%	7.8%	8.9%	9.5%	10.4%
CAPEX	33.9	33.6	63.4	34.7	38.0	42.2	50.0	50.0	55.0	55.0	60.0	60.0
Working Capital change	29.9	9.5	-11.9	27.7	51.8	4.8	19.2	21.1	23.0	19.3	19.0	18.2
Cash	170.0	287.6	298.9	394.7	366.0	436.9	546.7	610.8	682.2	767.8	859.5	962.3
Net Cash	20.7	122.5	152.1	250.4	206.8	287.3	341.8	405.9	477.3	562.9	654.6	757.4
Net Cash / EBITDA	0.2	0.8	1.0	1.4	1.1	1.3	1.5	1.7	1.8	1.9	2.1	2.3

Source: Jumbo, Alpha Finance estimates

FY'17-18 Results**Strong FY'17-18 performance**

Jumbo reported a strong set of FY'17-18 results with all markets presenting growth and especially Romania, where the expansion plan remained well on track.

In particular, Greek sales improved by 4% y-o-y, Cyprus revenues rose by 6% y-o-y, Bulgaria recorded 21% sales growth y-o-y and Romania delivered a considerable 53% sales growth y-o-y. Note that Jumbo added two more stores in the Romanian network in FY'17-18. Overall, total sales reached €753.3m, 10.5% higher y-o-y.

On the profitability front, EBITDA rose by 13.5% y-o-y to €221.3m, with the relevant margin rising by c. 80bps to 29.4% (gross margin stood c. 30bps higher at 52.5%). The margins improved despite the transportation cost increase that mainly affected the first half of the year and the continuing deflation policy enforced in the Greek market. Profitability was supported from increased weight of non-branded products in the total product mix during H2'17-18, as well as from favourable trends in transportation cost in the same period. At the bottom line, Jumbo reported net income of €151.1m, 15.3% higher y-o-y.

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.

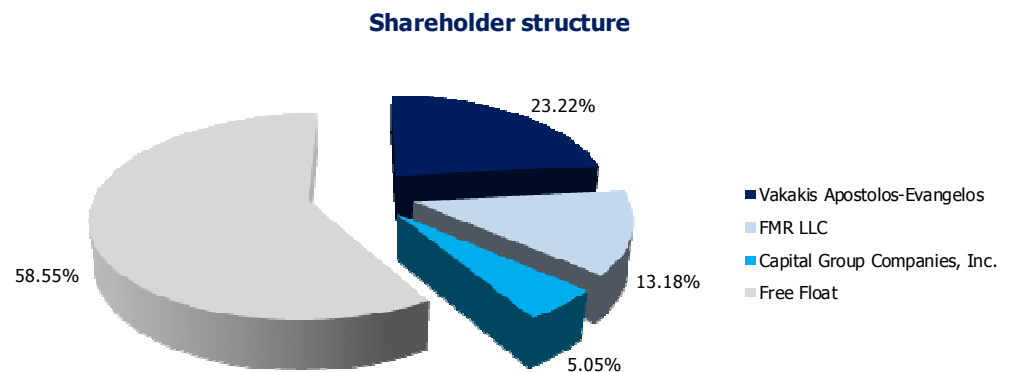
Geographical breakdown

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

- Greece (c.65% of 2017-18 sales & 59% of EBITDA)
- Cyprus (c.11% of 2017-18 sales & 14% of EBITDA)
- Bulgaria (c.10% of 2017-18 sales & 11% off EBITDA)
- Romania (13% of 2017-18 sales & c.16% of EBITDA)

Shareholder Structure

Mr Vakakis Apostolos is the main shareholder in the company (23.22%) followed by FMR LLC (13.18%) and Capital Group Companies Inc (5.05%). The remaining 59% is considered free float, in which a number of domestic and foreign institutional investors participate.



Source: Jumbo, Athens Exchange Group

Financials

Profit & Loss (€m)	2015/16a	2016/17a	2017/18a	2018/19e	2019/20e	2020/21e	2021/22e	2022/23e	2023/24e
Greece	458.9	470.5	489.0	492.7	507.7	522.6	533.0	535.7	544.3
%change	4.8%	2.5%	3.9%	0.8%	3.0%	2.9%	2.0%	0.5%	1.6%
% of sales	72.0%	69.0%	64.9%	61.2%	58.4%	55.4%	53.5%	51.1%	49.5%
Bulgaria	51.9	64.7	78.1	84.1	91.1	100.2	105.5	115.3	124.8
%change	14.6%	24.5%	20.8%	7.7%	8.3%	10.0%	5.3%	9.3%	8.2%
% of sales	8.1%	9.5%	10.4%	10.4%	10.5%	10.6%	10.6%	11.0%	11.4%
Cyprus	78.9	80.7	85.7	90.0	99.4	114.7	120.1	132.7	145.6
%change	5.1%	2.3%	6.2%	5.1%	10.5%	15.4%	4.7%	10.5%	9.7%
% of sales	12.4%	11.8%	11.4%	11.2%	11.4%	12.2%	12.1%	12.7%	13.3%
Romania	47.9	65.6	100.6	138.8	171.0	205.7	236.8	264.6	283.9
%change	97.1%	37.0%	53.3%	37.9%	23.2%	20.3%	15.1%	11.7%	7.3%
% of sales	7.5%	9.6%	13.4%	17.2%	19.7%	21.8%	23.8%	25.2%	25.8%
Total Revenues	637.6	681.4	753.3	805.6	869.2	943.2	995.4	1,048.3	1,098.5
% change	9.4%	6.9%	10.5%	6.9%	7.9%	8.5%	5.5%	5.3%	4.8%
Gross Profit	337.9	355.5	395.1	415.1	447.1	487.3	512.3	538.6	564.6
% margin	53.0%	52.2%	52.5%	51.5%	51.4%	51.7%	51.5%	51.4%	51.4%
% change	9.1%	5.2%	11.2%	5.1%	7.7%	9.0%	5.1%	5.1%	4.8%
EBIT	161.0	171.8	196.6	197.8	216.3	240.7	257.4	274.1	289.7
% change	16.7%	6.7%	14.4%	0.6%	9.4%	11.3%	6.9%	6.5%	5.7%
% margin	25.3%	25.2%	26.1%	24.6%	24.9%	25.5%	25.9%	26.2%	26.4%
Greece	123.9	124.1	130.9	118.1	120.8	125.8	128.9	129.4	131.4
%change	3.3%	0.1%	5.5%	-9.8%	2.3%	4.1%	2.5%	0.4%	1.6%
% margin	27.0%	26.4%	26.8%	24.0%	23.8%	24.1%	24.2%	24.2%	24.1%
% of EBITDA	67.5%	63.7%	59.1%	52.7%	49.4%	46.5%	44.6%	42.0%	40.4%
Bulgaria	16.1	19.3	24.0	25.6	27.8	30.5	32.5	35.8	39.4
%change	132.4%	20.2%	24.2%	6.6%	8.7%	9.5%	6.8%	10.2%	9.9%
% margin	31.0%	29.9%	30.8%	30.4%	30.6%	30.4%	30.8%	31.1%	31.6%
% of EBITDA	8.8%	9.9%	10.9%	11.4%	11.4%	11.3%	11.3%	11.6%	12.1%
Cyprus	27.4	28.0	30.3	31.5	35.2	41.2	43.3	48.2	53.2
%change	6.9%	1.9%	8.2%	4.2%	11.6%	17.0%	5.1%	11.4%	10.4%
% margin	34.8%	34.7%	35.3%	35.0%	35.4%	35.9%	36.0%	36.3%	36.5%
% of EBITDA	14.9%	14.4%	13.7%	14.1%	14.4%	15.2%	15.0%	15.7%	16.4%
Romania	16.2	23.5	36.1	49.0	60.6	73.2	84.4	94.4	101.3
%change	144.0%	44.8%	53.7%	35.7%	23.7%	20.6%	15.3%	11.9%	7.4%
% margin	33.9%	35.8%	35.9%	35.3%	35.5%	35.6%	35.6%	35.7%	35.7%
% of EBITDA	8.8%	12.1%	16.3%	21.9%	24.8%	27.0%	29.2%	30.7%	31.1%
Total EBITDA	183.7	194.9	221.3	224.3	244.5	270.6	289.1	307.8	325.3
% change	15.4%	6.1%	13.5%	1.3%	9.0%	10.7%	6.8%	6.5%	5.7%
% margin	28.8%	28.6%	29.4%	27.8%	28.1%	28.7%	29.0%	29.4%	29.6%
Financials	1.9	1.8	1.3	0.4	1.7	2.7	3.8	5.1	6.5
% change	13.2%	-4.5%	-28.4%	-71.1%	342.8%	61.2%	43.3%	33.4%	27.3%
Pre Tax Income	165.1	173.5	197.9	198.1	218.0	243.4	261.2	279.2	296.2
% change	20.6%	5.0%	14.1%	0.1%	10.0%	11.7%	7.3%	6.9%	6.1%
% margin	25.9%	25.5%	26.3%	24.6%	25.1%	25.8%	26.2%	26.6%	27.0%
Total Tax	43.9	42.5	46.8	48.5	53.4	59.6	64.0	68.4	72.6
% Effective tax rate	26.6%	24.5%	23.6%	24.5%	24.5%	24.5%	24.5%	24.5%	24.5%
Net Income	121.3	131.0	151.1	149.6	164.6	183.8	197.2	210.8	223.6
% change	15.7%	8.0%	15.3%	-1.0%	10.0%	11.7%	7.3%	6.9%	6.1%
% margin	19.0%	19.2%	20.1%	18.6%	18.9%	19.5%	19.8%	20.1%	20.4%
EPS	0.89	0.96	1.11	1.10	1.21	1.35	1.45	1.55	1.64
% change	15.7%	8.0%	15.3%	-1.0%	10.0%	11.7%	7.3%	6.9%	6.1%

Balance Sheet (€m)	2015/16a	2016/17a	2017/18a	2018/19e	2019/20e	2020/21e	2021/22e	2022/23e	2023/24e
Cash	394.7	366.0	436.9	546.7	610.8	682.2	767.8	859.5	962.3
Inventories	196.8	239.2	247.8	268.5	289.7	312.2	330.3	348.4	365.0
Trade debtors and other Trading Receivables	32.6	34.6	32.7	34.2	36.4	39.3	41.5	43.7	45.4
Other Receivables	44.5	70.2	72.5	72.5	72.5	72.5	72.5	72.5	72.5
Other Current Assets	10.4	3.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Current Assets	678.9	713.3	791.8	923.8	1011.3	1108.1	1213.9	1325.9	1447.2
Tangible Assets	498.8	514.9	542.5	566.0	587.8	612.9	636.2	662.6	686.9
Investment Property	5.7	5.4	5.0	4.9	4.9	4.9	4.8	4.8	4.8
Investments in Subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other I/t Receivables	26.0	26.0	22.9	22.9	22.9	22.9	22.9	22.9	22.9
L/T Assets	530.5	546.2	570.3	593.8	615.6	640.7	663.9	690.3	714.6
Total Assets	1209.4	1259.6	1362.1	1517.6	1627.0	1748.8	1877.9	2016.2	2161.7
S/T debt	0.2	14.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9
L/T debt payable in the subsequent year	0.0	0.0	144.7	0.0	0.0	0.0	0.0	0.0	0.0
Account Payables	39.1	39.8	40.3	43.3	45.7	48.1	49.0	50.3	50.5
Provisions	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Current tax liabilities	51.4	49.4	49.8	49.8	49.8	49.8	49.8	49.8	49.8
Other Current liabilities	37.7	29.5	30.1	30.1	30.1	30.1	30.1	30.1	30.1
S/T liabilities	128.6	133.9	270.0	128.3	130.7	133.1	134.0	135.2	135.4
L/T Debt	144.2	144.4	0.0	200.0	200.0	200.0	200.0	200.0	200.0
Other long Term liabilities	5.8	4.7	17.9	17.9	17.9	17.9	17.9	17.9	17.9
Deferred tax liabilities	7.8	8.0	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Liabilities for pension plans	7.4	6.9	7.7	7.7	7.7	7.7	7.7	7.7	7.7
L/T Liabilities	165.3	164.0	33.6	233.6	233.6	233.6	233.6	233.6	233.6
Share Capital	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.7
Share Premium	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Currency translation adjustments	-1.8	-2.5	-5.1	-5.1	-5.1	-5.1	-5.1	-5.1	-5.1
other reserves	436.8	432.7	462.9	462.9	462.9	462.9	462.9	462.9	462.9
Retained earnings	310.9	361.8	431.0	528.2	635.2	754.6	882.8	1019.8	1165.2
Equity	915.6	961.7	1058.5	1155.7	1262.7	1382.1	1510.3	1647.3	1792.7
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity & Minorities	915.6	961.7	1058.5	1155.7	1262.7	1382.1	1510.3	1647.3	1792.7
Total Liabilities	1209.4	1259.6	1362.1	1517.6	1627.0	1748.8	1877.9	2016.2	2161.7

Cash Flow (€m)	2015/16a	2016/17a	2017/18a	2018/19e	2019/20e	2020/21e	2021/22e	2022/23e	2023/24e
Net income	121.3	131.0	151.1	149.6	164.6	183.8	197.2	210.8	223.6
Plus: Depreciation & Amortization	22.7	23.1	24.7	26.5	28.2	29.9	31.7	33.6	35.6
Plus: Chng in Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plus: Chng in Taxes Payable	11.4	(2.0)	0.4	0.0	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	0.0
Plus: non cash taxes	0.8	0.2	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Gross Cash Flow	156.2	152.3	176.1	176.1	192.7	213.7	228.9	244.5	259.3
Plus: Chng in Acc Payable	(12.3)	0.8	0.5	3.0	2.4	2.4	0.9	1.3	0.2
Plus: Chng in other current Liabilities	8.7	(8.1)	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Less: Chng in Acc. Receivable	17.0	2.0	(1.9)	1.5	2.2	2.8	2.2	2.2	1.8
Less: Other Receivable	8.1	0.0	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0
Less: Chng in Inventories	(1.0)	42.5	8.6	20.7	21.2	22.5	18.0	18.1	16.6
Working Capital Chng	27.7	51.8	4.8	19.2	21.1	23.0	19.3	19.0	18.2
Operating Cash Flow	111.7	103.9	164.5	156.9	171.6	190.7	209.6	225.4	241.1
Less: Purchases of Fixed Assets	34.7	38.0	42.2	50.0	50.0	55.0	55.0	60.0	60.0
Less: Chng in Investments	(7.6)	(15.6)	(7.7)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Free Cash Flow	84.6	81.5	130.0	106.9	121.7	135.7	154.6	165.5	181.1
Less: Dividends Paid	0.0	124.5	48.0	52.4	57.6	64.3	69.0	73.8	78.3
Plus: Equity Chng	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plus: Debt Chng	-2.7	14.6	-9.9	55.3	0.0	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	0.0
Less: Dividends to Minorities	0.0	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	0
Plus: Other	13.9	-0.4	-1.2	0.0	0.0	0.0	0.0	0.0	0.0
Chng in Cash Position	95.8	(28.7)	70.8	109.8	64.1	71.4	85.6	91.7	102.8
Cash Position	394.7	366.0	436.9	546.7	610.8	682.2	767.8	859.5	962.3

DISCLOSURE APPENDIX

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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	€12.84	Official close @ 28 Nov 2018	3

Source: Alpha Finance

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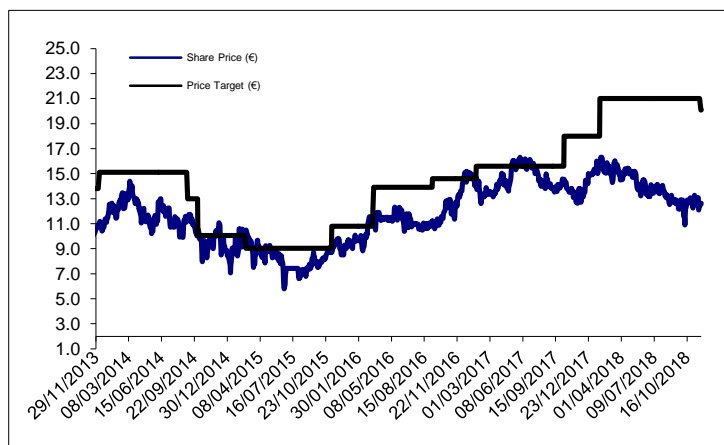
Major changes vs. previous research reports

Date of report	Price on report date (€)	TP (€)	Rating	Forward ¹ EPS (€)
29/1/2018	15.86	21	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 (€)
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
6/11/2017	outperform	13.56	18.00
29/1/2018	outperform	15.86	21.00
29/11/2018	outperform	12.84	20.10

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Valuation method

Our valuation for Jumbo is based on a DCF model. We use a WACC of 7.8% with terminal growth rate at 1%. We use a country weighted risk free rate of 3.8%, 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) macroeconomic environment, b) adverse currency changes, c) increased transportation cost, d) potential competition, e) potential change of consumers habits.

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.'19	6/31	19%	
	Neutral N	(5%) < TRP ¹ < +5%					5/31	16%	
	Underperform U/P	TRP ¹ < (5%)	TRP ¹ < (15%)				0/31	0%	
	Restricted (G) R(G)	Alpha Finance belongs to the same group of companies						1/31	3%
	Restricted (IB) R (IB)	Alpha Finance is currently rendering investment banking services						0/31	0%
	Under review UR/ Not rated NR	No rating currently available						19/31	61%

Source: Alpha Finance | Data as of 15.10.18 | 1: Total Return Potential (=capital return + dividend yield) | 2: except otherwise stated | 3: Percentage of companies under coverage within this category as of 15.10.18 | 4: Percentage of companies within this rating category for which investment banking services were provided over the past 12 months, as of 15.10.18. 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 31 companies accounting as of 15.10.18 for 85% 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 31.12.16 | The quant factors are updated at the end of each calendar quarter

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