



General Retail
Equity – Greece

Overweight

Target price (EUR)	20.00
Share price (EUR)	13.80
Potential return (%)	45

Reuters	BABr.AT
Bloomberg	BELA GA
Market cap (EURm)	1,878
Free float (%)	77

15 January 2019

Spiros Tsangalakis
Analyst
+30 210 696 5212
spiros.tsangalakis@pantelakis.gr

Disclaimer & Disclosures

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it

Jumbo

Strong fiscal Q2 sales trading update

- ▶ **Well on track to meet our FY19 top-line call as Q2 sales gained pace, +9% y-o-y to EUR274.6m (spot on), thanks to...**
- ▶ **...Greece's swing to positive growth and Romania's 35% jump, more than offsetting Cyprus/Bulgaria ops slowdown**
- ▶ **Compellingly priced at 11.7x 2019e P/E and 6.7x EV/EBITDA, while offering net cash of EUR321m (17% market cap)**

Picking up momentum fiscal 2Q19 (01/10/18-31/12/18) sales advanced 9% y-o-y to EUR274.6m, against a rise of 6% in the previous quarter, coming bang in line with our expectations. This Q2 group top-line acceleration reflects a domestic trading improvement on consumer sentiment rebound post August 2018 bailout exit, falling unemployment and the government's year-end fiscal handouts. In addition, Romania maintained a high double-digit growth rate despite tough base effects and solid SEE franchise expansion.

With fiscal H1 historically representing a hefty 60% of annual sales, Jumbo seems well on track to meet our FY19e top-line call of EUR817.7m, up 8.6% y-o-y (net income +6% to EUR160.3m), underpinned by a growth recovery in Greece and robust Romania ops, more than offsetting weakening trends in Cyprus and Bulgaria. The stock appears undeniably attractive at **11.7x 2019e (to June 30) P/E and 6.7x EV/EBITDA**, while offering **2018-21e EPS CAGR of 8%** and, take note here, **net cash position of EUR320.6m** (17% of market cap), which leaves plenty of room for extra dividends (beyond our estimates).

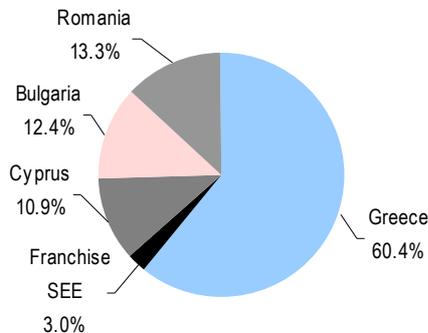
In particular, sales generated in Greece (ie ex-SEE franchise business, including e-shop) expanded by 2.5% y-o-y to EUR156.2m (spot on) vs EUR152.5m a year earlier, proving that first quarter's sudden switch to negative growth (-1% y-o-y) was short lived.

Jumbo Fiscal 2Q/H1 2019a sales geographical breakdown (31 January, EURm)

EURm	1H18a	1H19a y-o-y ch.	1H19e	vs PSe	2Q18a	2Q19a y-o-y ch.	2Q19e	vs PSe		
Greece sales	283.3	291.5	2.9%	289.0	0.9%	159.9	168.3	5.2%	165.8	2%
% of total	64.0%	61.2%		60.6%		63.4%	61.3%		60.3%	
o/w Franchising	14.4	19.9	38%	17.4	14%	7.5	12.0	60%	9.5	26%
% of total	3.2%	4.2%		3.6%		3.0%	4.4%		3.4%	
Greece ex-franchise	268.9	271.6	1%	271.6	0%	152.5	156.3	2.5%	156.3	0%
% of total	60.7%	57.0%		56.9%		60.4%	56.9%		56.9%	
International sales	159.7	185.2	16%	187.9	-1%	92.4	106.3	15%	109.1	-3%
% of total	36.0%	38.8%		39.4%		36.6%	38.7%		39.7%	
Cyprus sales	49.4	50.4	2%	51.4	-2%	27.5	27.4	0%	28.4	-3%
% of total	11.2%	10.6%		10.8%		10.9%	10.3%		10.9%	
Bulgaria sales	49.3	53.7	9%	54.8	-2%	31.4	33.8	8%	34.9	-3%
% of total	11.1%	11.3%		11.5%		12.4%	12.3%		12.7%	
Romania sales	61.0	81.1	33%	81.8	-1%	33.5	45.1	35%	45.8	-2%
% of total	13.8%	17.0%		17.2%		13.3%	16.4%		16.7%	
Total Sales	443.0	476.7	7.6%	477.0	0.0%	252.3	274.6	8.8%	274.9	-0.1%
Ex-Romania	382.0	395.6	3.6%	395.2	0.1%	218.8	229.5	4.9%	229.1	0.2%

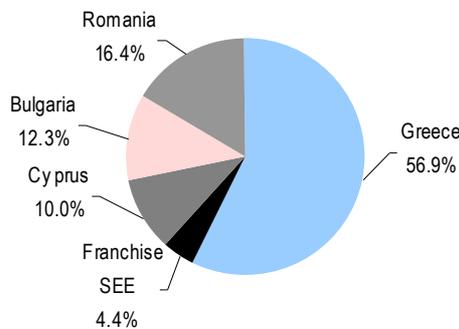
Source: Jumbo/Pantelakis Securities estimates

Fiscal 2Q18a sales breakdown per country of operation



Source: Jumbo

Fiscal 2Q19a sales breakdown per country of operation



Source: Jumbo

In turn, Q2 reported Greece sales, ie including franchise activity (via Veropoulos and Kindzone) in Albania, Kosovo, FYROM and Serbia, were up 5% y-o-y to EUR168.3m (vs flattish sales y-o-y in 1Q19). In fact, franchise sales soared 60% y-o-y to EUR12m (comfortably beating our EUR9.5m call), courtesy of higher penetration rates, stronger brand equity and growing (wholesale) market reach in SEE, thus making up 4% of group total in Q2 2019 from 3% a year ago.

Meanwhile, international sales posted a growth of 15% y-o-y to EUR106.3m (3% below our forecasts of EUR109.1m) from EUR92.4m over the same period a year earlier, driven by an in-line with our expectations 35% jump in Romania to EUR45.1m (vs +31% in 1Q19). Apparently, Romania's upbeat sales momentum mirrors sound spending/macro outlook, brand awareness enhancement and store network expansion. Tellingly, two new outlets opened during fiscal H1 2019, based in Bucharest (13,600 sq. m. - September 2018) and Bacau (12,900 sq. m. - November 2018).

Surprising to the downside, though, Cyprus turned to flat y-o-y sales growth compared to a 5% ascent in the previous quarter, suggesting market share losses on increasing competitive pressures, we think. In similar fashion, Bulgaria sales growth decelerated further to +8% y-o-y to EUR33.8m in 2Q19, against increases of 11% in 1Q19 and 21% in FY18. In our view, this L-F-L sales slowdown signals the gradual maturity of Bulgaria's store network, despite the strong macro backdrop.

As such, domestic sales (ex-franchising) contribution eased to 61% of group total from 63% in 2Q18, with Romania, Bulgaria and Cyprus accounting for 16%, 12% and 10%, respectively, vs 13%, 12% and 11% a year before.

In fiscal H1 terms, group sales were up by almost 8% y-o-y to EUR476.7m, on the back of a 3% increase to EUR291.5m in Greece (+1% to EUR271.6m ex-SEE franchise) and 16% to EUR185.2m in foreign markets: Romania +33% to EUR81.1m, Bulgaria +9% to EUR53.7m and Cyprus +2% to EUR50.4m.

On a final note, Jumbo guides for two new store openings in fiscal 2H19e: one in Braila/Romania (12,000 sq. m. - April) and one in Northern Greece. Thereby, Jumbo should count 79 outlets by end June-2019e: Greece 52, Romania 13, Bulgaria 9 and Cyprus 5 vs 77 currently.

Jumbo fiscal 2017-21e sales/sq. m. per country of operation (Twelve months ending 30 June)

	2017a	2018a	2019e	2020e	2021e
Greece					
Sales (EURm)	470.5	489.0	502.7	520.8	537.9
<i>y-o-y ch.</i>	2.5%	3.9%	2.8%	3.6%	3.3%
Ex-franchise sales (EURm)	449.6	462.9	470.2	482.7	495.3
<i>y-o-y ch.</i>	0.7%	3.0%	1.6%	2.7%	2.6%
Number of stores	51	51	52	53	53
Selling space (sq. m.) year-end	281,003	281,003	287,003	293,003	293,003
Selling space (sq. m.) weighted average	281,003	281,003	282,753	288,253	293,003
Sales per sq. m. (EUR)	1,674	1,740	1,778	1,807	1,836
<i>y-o-y ch.</i>	3.5%	3.9%	2.2%	1.6%	1.6%
Ex-franchise sales per sq. m. (EUR)	1,600	1,647	1,663	1,674	1,691
<i>y-o-y ch.</i>	1.7%	3.0%	0.9%	0.7%	1.0%
L-F-L sales growth y-o-y	3.2%	3.9%	2.4%	2.2%	2.1%
<i>Ex-franchise L-F-L sales growth y-o-y</i>	1.4%	3.0%	1.1%	1.3%	1.4%
Cyprus					
Sales (EURm)	80.7	85.7	88.4	90.9	93.1
<i>y-o-y ch.</i>	2.3%	6.2%	3.2%	2.8%	2.4%
Number of stores	5	5	5	5	5
Selling space (sq. m.) year-end	36,800	36,800	36,800	36,800	36,800
Sales per sq. m. (EUR)	2,192	2,328	2,402	2,469	2,529
<i>y-o-y ch.</i>	2.3%	6.2%	3.2%	2.8%	2.4%
L-F-L sales growth y-o-y	2.3%	6.2%	3.2%	2.8%	2.4%
Bulgaria					
Sales (EURm)	64.7	78.1	87.6	100.4	110.6
<i>y-o-y ch.</i>	24.5%	20.8%	12.2%	14.6%	10.1%
Number of stores	9	9	9	10	10
Selling space (sq. m.) year-end	82,333	82,333	82,333	89,667	89,667
Selling space (sq. m.) weighted average	79,583	82,333	82,333	86,917	89,667
Sales per sq m (EUR)	812	948	1,064	1,156	1,233
<i>y-o-y ch.</i>	17.3%	16.7%	12.2%	8.6%	6.7%
L-F-L sales growth y-o-y	20.1%	18.3%	12.2%	10.6%	7.8%
Romania					
Sales (EURm)	65.6	100.6	139.0	178.5	220.6
<i>y-o-y ch.</i>	37.0%	53.3%	38.2%	28.4%	23.6%
Number of stores	8	10	13	16	19
Selling space (sq. m.) year-end	68,667	86,200	111,867	133,867	155,200
Selling space (sq. m.) weighted average	58,444	77,658	100,419	123,172	145,311
Sales per sq. m. (EUR)	1,123	1,295	1,384	1,449	1,518
<i>y-o-y ch.</i>	30.5%	15.4%	6.9%	4.7%	4.8%
L-F-L sales growth y-o-y	33.5%	29.7%	17.1%	11.9%	10.5%
Group					
Sales (EURm)	681.4	753.3	817.7	890.6	962.2
<i>y-o-y ch.</i>	6.9%	10.5%	8.6%	8.9%	8.0%
Ex-franchise sales (EURm)	660.5	727.2	785.3	852.5	919.6
<i>y-o-y ch.</i>	5.7%	10.1%	8.0%	8.6%	7.9%
Number of stores	73	75	79	84	87
Selling space (sq. m.) year-end	468,803	486,336	518,003	553,336	574,669
Selling space (sq. m.) weighted average	455,830	477,794	502,305	535,142	564,780
Sales per sq m (EUR)	1,495	1,577	1,628	1,664	1,704
<i>y-o-y ch.</i>	5.8%	5.5%	3.3%	2.2%	2.4%
Ex-franchise sales per sq. m. (EURm)	1,449	1,522	1,563	1,593	1,628
<i>y-o-y ch.</i>	4.6%	5.0%	2.7%	1.9%	2.2%
L-F-L sales growth y-o-y	6.1%	7.1%	4.9%	4.1%	4.6%
<i>Ex-franchise L-F-L sales growth y-o-y</i>	4.9%	6.7%	4.3%	3.8%	4.4%

Source: Jumbo/Pantelakis Securities estimates

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), and/or strategist(s) who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and/or any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Spiros Tsangalakis

Important disclosures

Stock ratings and basis for financial analysis

Pantelakis Securities SA believes that investors utilise various disciplines and investment horizons when making investment decisions, which depend largely on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations. Given these differences, Pantelakis Securities SA has the principal aims in its equity research to identify long-term investment opportunities based on particular themes or ideas that may affect the future earnings or cash flows of companies on a 12 month time horizon.

This report addresses only the long-term investment opportunities of the companies referred to in the report.

Pantelakis Securities SA believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings and other considerations. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations. Investors should carefully read the definitions of the ratings used in each research report. In addition, because research reports contain more complete information concerning the analysts' views, investors should carefully read the entire research report and should not infer its contents from the rating. In any case, ratings should not be used or relied on in isolation as investment advice.

Pantelakis Securities SA policy is to update research reports as it deems appropriate, based on developments and/or any material upcoming events.

Rating definitions

Stock ratings

Pantelakis Securities SA assigns ratings to its stocks on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market. The price target for a stock represents the value the analyst expects the stock to reach over our performance horizon. The performance horizon is 12 months. For a stock to be classified as Overweight, the implied return must exceed the required return by at least 5 percentage points over the next 12 months. For a stock to be classified as Underweight, the stock must be expected to underperform its required return by at least 5 percentage points over the next 12 months. Stocks between these bands are classified as Neutral. Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation of coverage, change of volatility status or change in price target). Notwithstanding this, and although ratings are subject to ongoing management review, expected returns will be permitted to move outside the bands as a result of normal share price fluctuations without necessarily triggering a rating change.

Rating distribution

As of 15 January 2019, the distribution of all ratings published is as follows:

Overweight (Buy)	61%	(0% of these provided with Investment Banking Services)
Neutral (Hold)	11%	(0% of these provided with Investment Banking Services)
Underweight (Sell)	6%	(0% of these provided with Investment Banking Services)
Under review	22%	(0% of these provided with Investment Banking Services)

Ratings history

01/03/2017	Rating: Overweight	Price: EUR13.35	Target Price: EUR15.00
21/10/2017	Rating: Overweight	Price: EUR13.70	Target Price: EUR18.30
31/01/2018	Rating: Overweight	Price: EUR16.30	Target Price: EUR20.00
11/07/2018	Rating Overweight	Price EUR13.56	Target Price EUR20.00
16/10/2018	Rating Overweight	Price EUR12.56	Target Price EUR20.00

Pantelakis Securities & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price Date	Disclosure
Jumbo	BABr.AT/BELA GA	EUR13.80	14-January-2019	3

- Pantelakis Securities SA has managed or co-managed a public offering or placement of securities for this company within the past 12 months
- Pantelakis Securities SA expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- At the time of publication of this report, Pantelakis Securities SA is a Market Maker or liquidity provider in a financial instrument by the issuer.
- At the time of publication of this report, Pantelakis Securities SA beneficially owned 5% or more of a class of common equity securities of this company.
- This company was a client of Pantelakis Securities SA or had during the preceding 12 month period been a client of and/or paid compensation to Pantelakis Securities SA in respect of investment banking services.
- This company was a client of Pantelakis Securities SA or had during the preceding 12 month period been a client of and/or paid compensation to Pantelakis Securities SA in respect of non-investment banking-securities related services.
- This company was a client of Pantelakis Securities SA or had during the preceding 12 month period been a client of and/or paid compensation to Pantelakis Securities SA in respect of non-securities services.
- A covering analyst/s has received compensation from this company in the past 12 months.
- A covering analyst/s or a member of his/her household has a financial interest in the securities of this company, as detailed below.
- A covering analyst/s or a member of his/her household is an officer, director or supervisory board member of this company, as detailed below.
- Pantelakis Securities SA is engaged in an agreement with and/or received compensation from the subject company for the preparation of this report.
- As of 15 January 2019, Pantelakis Securities SA beneficially held a net long position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.
- As of 15 January 2019, Pantelakis Securities SA beneficially held a net short position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.

Analysts, economists, and strategists are paid in part by reference to the profitability of Pantelakis Securities SA.

Additional disclosures

- This report was produced, signed off by the author and was first disseminated on 15 January 2019 at 14:32:15 at local exchange time.
- All market data included in this report are dated as at close 14 January 2019 unless otherwise indicated in the report.
- In order to find more about the valuation models used to produce this report, please contact the authoring analyst.
- For a complete list of all the independent fundamental ratings disseminated by Pantelakis Securities SA during the preceding 12-month period please contact the Research department (Email: greek-equities@pantelakis.gr, Tel.: +302106952-09/-10/-12).

Pantelakis Securities SA has procedures in place to identify and manage any potential conflicts of interest that arise in connection with its Research business. Information Barrier procedures are in place between the other divisions of the company to ensure that any confidential and/or price sensitive information is handled in an appropriate manner.

Disclaimer

Issuer of report

Pantelakis Securities SA

57B Ethnikis Antistaseos

152 31 Chalandri, Athens, Greece

Telephone: +30 210 69 65 000

Fax: +30 210 69 29 587

This document has been issued by the Research Department of Pantelakis Securities SA for the information of its customers only. Pantelakis Securities SA accepts responsibility for the content of this research report prepared by a non-US securities firm.

This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Pantelakis Securities SA has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; Pantelakis Securities SA makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of the Research Division of Pantelakis Securities SA only and are subject to change without notice. Pantelakis Securities SA and their officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). Pantelakis Securities SA may act as market maker or have assumed an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies. The information and opinions contained within the research reports are based upon publicly available information and rates of taxation applicable at the time of publication which are subject to change from time to time. Past performance is not necessarily a guide to future performance. The value of any investment or income may go down as well as up and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price or income of that investment. In case of investments for which there is no recognised market it may be difficult for investors to sell their investments or to obtain reliable information about its value or the extent of the risk to which it is exposed.

In the UK this document is for the information of its Clients (as defined in the Rules of FSA). It is not intended for Retail Clients in the UK. This document is for distribution only to persons who (i) have professional experience in matters relating to investments or (ii) persons falling within Article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc") of Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or to whom it may otherwise lawfully be passed on (all such persons together being referred to as "relevant persons"). This report is directed only to relevant persons and will be engaged in only with relevant persons. This notice will not affect your rights under the Financial Services and Markets Act 2000 or the regulatory system.

All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security discussed herein should do so through a brokerage firm in the United States and not with its non-US foreign affiliate, the issuer of this report. Additional note to the U.S. readers. This document may be distributed in the United States solely to "major US institutional investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934. Each person that receives a copy, by acceptance thereof, represents and agrees that he/she will not distribute or otherwise make available this document to any other person.

The distribution of this document in other jurisdictions may be restricted by law, and persons who come into possession of this document should inform themselves about and observe any such restrictions.

This material is intended for the sole use of the recipient and may not be further distributed in whole or in part for any purpose.

Pantelakis Securities SA follows procedures that set up Chinese Walls and restrict communication between Research and other departments inside the company in order to comply with regulations on confidential information and market abuse.

Pantelakis Securities SA is registered in Greece (No 23572/06/B/91/14) and regulated by the Hellenic Capital Markets Commission (licensed with No 59/31.10.1990, amended by 3/473/5.6.2008 HCMC decision) and is a member of the Athens Exchange and the Athens Derivatives Exchange ("market maker type A").

© Copyright. Pantelakis Securities SA 2019, ALL RIGHTS RESERVED. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of Pantelakis Securities SA.