



## Equity Research

Mar 13, 2019

## Companies Mentioned

## Jumbo

Rating: Outperform

Target Price: €20.1

## H1'18/19 Results Review

Jumbo released its H1'18/19 results, with profitability standing above Afe.

**In more detail:** Jumbo posted H1'18/19 EBITDA of €140.4m, up 7.5% y-o-y (5% above Afe), mirroring top-line growth, while net profit reached €98.7m, up 9.2% y-o-y (7% above our call). Gross margin managed to rise by c50bps y-o-y to 50.8%, despite the strengthening of the USD against the EUR (EUR/USD rate stood at 1.15 on average in H1'18/19, vs. 1.18 a year ago), while EBITDA margin eased by c10bps. Recall that Jumbo had pre-announced the sales figure, which came in 7.6% higher y-o-y at €476.7m (Greece incl. exports and online +2.9%, Cyprus +c2%, Bulgaria +c9% and Romania >30%).

**Net cash position** came in strong at €392m (from €287m in FY'18/19 and vs. our FY'19/20e projection of €342m) on the back of solid FCF generation (€135m). Hence, the company's management decided to distribute an **interim dividend** of €0.19/share (1.3% yield, ex-date on May 8).

Moreover, Jumbo announced that sales in the first 8 months of the fiscal year (July-February) rose by 7% y-o-y, in line with our full year estimates. Note that the 8-month top-line growth was exhibited despite the fact that Carnival celebrations took place later this year.

**Our View:** Jumbo reported strong H1'18/19 results with Greek operations presenting resilient performance, despite the adverse macro environment domestically that has led to low consumption levels. At the same time, the company's international expansion plan is well on track with main focus in Romania, supporting growth. Note that Jumbo opened two new stores in Romania in H1'18/19 and plans to open one more store in Romania by the end of the month and one more at Northern Greece by the end of the fiscal year. We remain positive on the stock, based on a) the company's growth outlook stemming from its increasing international exposure and b) its solid fundamentals that lead to considerable net cash position.

P&L (€m)	H1'17/18a	H1'18/19a	H1'18/19e	Δ. vs. Afe
<b>Revenues</b>	<b>443.0</b>	<b>476.8</b>	<b>476.7</b>	<b>0.0%</b>
y-o-y (%)	10.2%	7.6%	7.6%	
<b>Gross Profit</b>	<b>223.0</b>	<b>242.1</b>	<b>236.9</b>	<b>2.2%</b>
y-o-y (%)	50.3%	50.8%	49.7%	
margin (%)	8.4%	8.6%	6.3%	
<b>EBITDA</b>	<b>130.6</b>	<b>140.4</b>	<b>134.1</b>	<b>4.7%</b>
y-o-y (%)	11.3%	7.5%	2.7%	
margin (%)	29.5%	29.4%	28.1%	
<b>PBT</b>	<b>117.6</b>	<b>126.5</b>	<b>120.5</b>	<b>5.0%</b>
y-o-y (%)	9.9%	7.5%	2.4%	
<b>Net income</b>	<b>90.4</b>	<b>98.7</b>	<b>92.2</b>	<b>7.1%</b>
y-o-y (%)	11.1%	9.2%	2.0%	

Source: Jumbo, Alpha Finance estimates

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Disclosure checklist for companies mentioned &amp; other price data information

	Reuters	Rating	Price	Price date/time		Disclosure
Aegean Airlines	AGNr.AT	Not Rated	€7.76	Official close @	12 March 2019	none
Alpha Bank	ACBr.AT	Restricted (G)	€1.28	Official close @	12 March 2019	4
Jumbo (Babyland)	BABr.AT	Outperform	€14.88	Official close @	12 March 2019	none
Piraeus Bank	BOPr.AT	Neutral	€1.40	Official close @	12 March 2019	none
PPC	DEHr.AT	Under Review	€1.53	Official close @	12 March 2019	none
ADMIE	ADMr.AT	Under Review	€1.71	Official close @	12 March 2019	none
Eurobank EFG	EURBr.AT	Neutral	€0.64	Official close @	12 March 2019	3
Hellenic Exchanges	EXCr.AT	Neutral	€4.19	Official close @	12 March 2019	none
Grivalia	GRIr.AT	Under Review	€9.76	Official close @	12 March 2019	none
Athens Water	EYDr.AT	Under Review	€5.38	Official close @	12 March 2019	none
Fouris	FRLr.AT	Outperform	€5.00	Official close @	12 March 2019	none
Ellaktor	HELr.AT	Outperform	€1.57	Official close @	12 March 2019	none
Hellenic Petroleum	HEPr.AT	Outperform	€8.29	Official close @	12 March 2019	none
Gek	HRMr.AT	Under review	€4.89	Official close @	12 March 2019	none
Motor Oil	MORr.AT	Outperform	€21.65	Official close @	12 March 2019	none
Mytilineos	MYTr.AT	Outperform	€8.69	Official close @	12 March 2019	none
National Bank	NBGr.AT	Neutral	€1.57	Official close @	12 March 2019	3
PPA (OLP)	OLPr.AT	Under Review	€16.34	Official close @	12 March 2019	none
TPA (OLTH)	OLTr.AT	Not rated	€24.80	Official close @	12 March 2019	none
Opap	OPAr.AT	Neutral	€8.74	Official close @	12 March 2019	3
OTE	OTEr.AT	Outperform	€10.70	Official close @	12 March 2019	3
Terna Energy	TENr.AT	Under Review	€6.46	Official close @	12 March 2019	none
Titan	TTNr.AT	Under review	€19.40	Official close @	12 March 2019	none
Thessalonica Water	TWSr.AT	Under Review	€4.40	Official close @	12 March 2019	none
Eltech Anemos	ANEMr.AT	Under Review	€1.91	Official close @	12 March 2019	none

Source: Alpha Finance

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		RISK RATING							
		Low (L)	Medium (M)	High (H)	Relative to	Horizon <sup>2</sup>	Coverage <sup>3</sup>	IB services <sup>4</sup>	
FUNDAMENTAL RATING	Outperform O/P	TRP <sup>1</sup> > +5%		TRP <sup>1</sup> > +15%	ASE Index	Dec. '11	6/40	15.0%	
	Neutral N	(5%) < TRP <sup>1</sup> < +5%					5/40	12.5%	
	Underperform U/P	TRP <sup>1</sup> < (5%)	TRP <sup>1</sup> < (15%)				0/40	0.0%	
	Restricted (G) R(G)	Alpha Finance belongs to the same group of companies						1/40	2.5%
	Restricted (IB) R (IB)	Alpha Finance is currently rendering investment banking services						0/40	0.0%
	Under review UR/ Not rated NR	No rating currently available						29/40	72.5%

Source: Alpha Finance | Data as of 31.12.18 | 1: Total Return Potential (=capital return + dividend yield) | 2: except otherwise stated | 3: Percentage of companies under coverage within this category as of 31.12.18 | 4: Percentage of companies within this rating category for which investment banking services were provided over the past 12 months, as of 31.12.18. 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 50 companies accounting as of 31.12.18 for 84.9% of total market value

**Risk ratings explained**

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

**Definitions of Risk Ratings**

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

Source: Alpha Finance | Data as of 31.12.12 | The quant factors are updated at the end of each calendar quarter

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