



General Retail
Equity – Greece

Overweight

Target price (EUR)	20.00
Share price (EUR)	17.92
Potential return (%)	12

Reuters	BABr.AT
Bloomberg	BELA GA
Market cap (USDm)	2,748
Market cap (EURm)	2,438
Enterprise value (EURm)	2,116
Free float (%)	77

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Jumbo

Best-in-class Romania drives growth

- ▶ **Buoyant Romania, solid Bulgaria and domestic ops uptrend drove fiscal 2019 group sales up 8% y-o-y to EUR812.2m**
- ▶ **Despite tough y-o-y comps, L-F-L sales rose 4.2% y-o-y; with sales/sq. m. +2.7% to EUR1.6k owing to higher SEE densities**
- ▶ **Stock continues to look attractive at 14.2x (to 30 June) 2020e P/E, 8.3x EV/EBITDA, while offering EUR380.4m net cash**

Jumbo announced yesterday post market hours that FY19 (01/07/18-30/06/19) group sales grew 8% y-o-y to EUR812.2m, in line with our estimates, courtesy of booming Romania, solid Bulgaria and a revenue acceleration in Greece despite worsening market conditions over the past six months. With the full set of fiscal 2019 results coming out in October, Jumbo appears well on track to meet our group EBITDA and net earnings calls of EUR232.5m and EUR160.2m, posting growths of 5% and 6% y-o-y, respectively. And despite stellar gains of 64% vs last October's lows, Jumbo continues to look attractive trading **14.2x (to 30 June) 2020e P/E, 8.3x EV/EBITDA**, while offering **EUR380.4m net cash** position at end-June 2020e, representing c16% of market cap.

In greater detail, Greece sales (including SEE franchise business and e-shop) advanced 3.5% y-o-y to EUR506.1m in fiscal 2019, picking up momentum in the second half, +4.4% to EUR214.6m, compared to +2.9% in 1H19. This is quite a feat (even for the likes of Jumbo) given unexpectedly weak domestic trading conditions post December 2018.

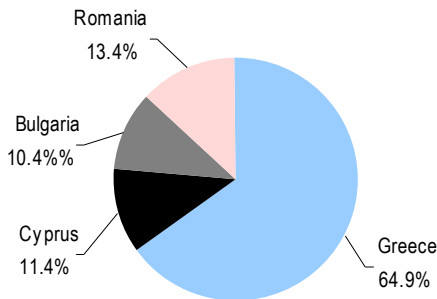
Star performer Romania saw its sales jumping 33% y-o-y to EUR133.7m in fiscal 2019, maintaining an exactly similar growth rate in the second with the first half, thanks to robust spending/macro outlook, growing brand equity and organic growth.

Jumbo Fiscal H2/FY 2019a group results (30 June, EURm)

	FY18a	FY19a y-o-y ch.	FY19e	vs PSe	2H18a	2H19a y-o-y ch.	2H19e	vs PSe		
Greece	489.0	506.1	3.5%	503.7	0.5%	205.7	214.6	4.4%	212.3	1%
% of total sales	64.9%	62.3%		61.9%		66.3%	64.0%		62.9%	
o/w SEE franchise	26.1	n/a	-	32.0	-	11.7	n/a	-	15.1	-
% of total sales	3.5%			3.9%		3.8%			4.5%	
Greece (ex-franchise)	462.9	n/a	-	471.4	-	194.0	n/a	-	197.2	-
% of total sales	61.5%			57.9%		62.5%			58.5%	
International sales	264.3	306.2	16%	310.3	-1%	104.7	120.9	15%	125.0	-3%
% of total sales	35.1%	37.7%		38.1%		33.7%	36.0%		37.1%	
o/w Cyprus	85.7	87.4	2%	87.8	-0.5%	36.2	36.9	2%	37.3	-1%
% of total sales	11.4%	10.8%		10.8%		11.7%	11.0%		11.1%	
o/w Bulgaria	78.1	85.1	9%	84.6	1%	28.8	31.4	9%	30.9	2%
% of total sales	10.4%	10.5%		10.4%		9.3%	9.4%		9.2%	
o/w Romania	100.6	133.7	33%	137.9	-3%	39.6	52.5	33%	56.8	-7%
% of total sales	13.4%	16.5%		16.9%		12.8%	15.7%		16.8%	
Total Sales	753.3	812.2	8%	814.1	-0.2%	310.3	335.5	8%	337.3	-0.5%
Ex-Romania sales	652.7	678.6	4%	676.1	0.4%	270.7	283.0	5%	280.5	1%

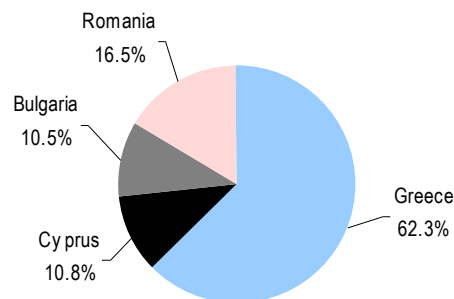
Source: Company data/Pantelakis Securities estimates

FY18a sales breakdown per country of operation (%)



Source: Company data

FY19a sales breakdown per country of operation (%)



Source: Company data

Actually, three new outlets commenced operations through FY19 located in Bucharest (13,600 sq. m. – end September 2018), Bacau (12,900 sq. m. – November 2018) and Braila (12,000 sq. m. – March 2019).

On the further positive note, Bulgaria top-line rose 9% y-o-y to EUR85.1m in FY19 (1% above PSe), mirroring higher penetration rates fuelled by a strong macro backdrop and enhanced brand recognition. Meanwhile, maintaining first half's moderate performance, Cyprus sales were up by 2% y-o-y to EUR87.4m (in line), suggesting a growing network maturity and increasing competitive pressures.

In this context, domestic sales – which include cEUR32m franchise activity to SEE (ie Albania, Serbia, North Macedonia and Bosnia Herzegovina) accounted for 62.3% of group total in FY19, down from 64.9% a year earlier. On the other hand, upbeat Romania represented 16.5% vs 13.4% in 2018, Bulgaria remained stable around 10.5%, with laggard Cyprus sales contribution dropping to 10.8% from 11.4% a year ago.

All in all, yet again a strong sales growth rates for Jumbo, demonstrating solid retail skills both at home (as evident by a L-F-L sales growth of 3.4% in all-important domestic operations, outpacing the Greek retail sales index by a wide margin) and abroad. At the group level, 2019 L-F-L deceleration to a good 4.2% y-o-y (compared to +7.2% a year before) came as no surprise since it is due to exceptional demanding y-o-y base effects, which mainly relate to Romania's stellar 53% growth in fiscal 2018.

Happily, Jumbo fiscal 2019 average group sales/sq. m. grew nearly 3% y-o-y to EUR1,619, with Greece, Cyprus, Romania and Bulgaria sales/sq. m. shaping at EUR1,799 (+3.4%), EUR2,374 (+2%), EUR1,365 (+5%) and EUR1,034 (+9%), respectively.

Lastly, Jumbo guides for four new store openings through fiscal 2020e: three launches in Romania (the first to open its doors in Brasov in November 2019) and one in Cyprus. Thereby, Jumbo should run 83 stores by end June-2020e: Greece 52, Romania 16, Bulgaria 9 and Cyprus 6 vs 79 currently.

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

		2017a	2018a	2019a	2020e	2021e
Greece	Sales (EURm)	470.5	489.0	506.1	525.5	543.9
	<i>y-o-y ch.</i>	2.5%	3.9%	3.5%	3.8%	3.5%
	<i>Ex-franchise sales (EURm)</i>	449.6	462.9	473.3	488.3	501.6
	<i>y-o-y ch.</i>	0.7%	3.0%	2.3%	3.2%	2.7%
	Number of stores	51	51	52	52	53
	Selling space (sq. m.) year-end	281,003	281,003	289,669	289,669	295,669
	Selling space (sq. m.) weighted average	281,003	281,003	281,364	289,669	290,919
	Sales per sq. m. (EUR)	1,674	1,740	1,799	1,814	1,870
	<i>y-o-y ch.</i>	3.5%	3.9%	3.4%	0.9%	3.1%
	<i>Ex-franchise sales per sq. m. (EUR)</i>	1,600	1,647	1,682	1,686	1,724
	<i>y-o-y ch.</i>	1.7%	3.0%	2.1%	0.2%	2.3%
L-F-L sales growth y-o-y	3.2%	3.9%	3.4%	1.7%	3.2%	
<i>Ex-franchise L-F-L sales growth y-o-y</i>	1.4%	3.0%	2.2%	1.0%	2.4%	
Cyprus	Sales (EURm)	80.7	85.7	87.4	93.2	102.4
	<i>y-o-y ch.</i>	2.3%	6.2%	2.0%	6.7%	9.0%
	Number of stores	5	5	5	6	5
	Selling space (sq. m.) year-end	36,800	36,800	36,800	42,800	42,800
	Selling space (sq. m.) weighted average	36,800	36,800	36,800	39,050	42,800
	Sales per sq. m. (EUR)	2,192	2,328	2,374	2,387	2,392
	<i>y-o-y ch.</i>	2.3%	6.2%	2.0%	0.6%	0.2%
L-F-L sales growth y-o-y	2.3%	6.2%	2.0%	2.3%	2.9%	
Bulgaria	Sales (EURm)	64.7	78.1	85.1	91.7	97.6
	<i>y-o-y ch.</i>	24.5%	20.8%	9.0%	7.7%	6.5%
	Number of stores	9	9	9	9	9
	Selling space (sq. m.) year-end	82,333	82,333	82,333	82,333	82,333
	Selling space (sq. m.) weighted average	79,583	82,333	82,333	82,333	82,333
	Sales per sq m (EUR)	812	948	1,034	1,113	1,186
<i>y-o-y ch.</i>	17.3%	16.7%	9.0%	7.7%	6.5%	
L-F-L sales growth y-o-y	20.1%	18.3%	9.0%	7.7%	6.5%	
Romania	Sales (EURm)	65.6	100.6	137.9	174.5	215.9
	<i>y-o-y ch.</i>	37.0%	53.3%	37.1%	26.5%	23.7%
	Number of stores	8	10	13	16	19
	Selling space (sq. m.) year-end	68,667	86,200	111,867	135,200	156,533
	Selling space (sq. m.) weighted average	58,444	77,658	101,086	122,006	146,089
	Sales per sq. m. (EUR)	1,123	1,295	1,365	1,430	1,478
<i>y-o-y ch.</i>	30.5%	15.4%	5.4%	4.8%	3.3%	
L-F-L sales growth y-o-y	33.5%	29.7%	15.1%	11.4%	9.3%	
Group	Sales (EURm)	681.4	753.3	812.2	884.9	959.8
	<i>y-o-y ch.</i>	6.9%	10.5%	7.8%	8.9%	8.5%
	<i>Ex-franchise sales (EURm)</i>	660.5	727.2	779.5	847.6	917.5
	<i>y-o-y ch.</i>	5.7%	10.1%	7.2%	8.7%	8.2%
	Number of stores	73	75	79	84	87
	Selling space (sq. m.) year-end	468,803	486,336	520,669	550,003	577,336
	Selling space (sq. m.) weighted average	455,830	477,794	501,583	533,058	562,142
	Sales per sq m (EUR)	1,495	1,577	1,619	1,660	1,707
	<i>y-o-y ch.</i>	5.8%	5.5%	2.7%	2.5%	2.8%
	<i>Ex-franchise sales per sq. m. (EURm)</i>	1,449	1,522	1,554	1,590	1,632
	<i>y-o-y ch.</i>	4.6%	5.0%	2.1%	2.3%	2.6%
L-F-L sales growth y-o-y	6.1%	7.1%	4.2%	4.4%	4.5%	
<i>Ex-franchise L-F-L sales growth y-o-y</i>	4.9%	6.7%	3.6%	4.2%	4.3%	

Source: Company data/Pantelakis Securities estimates

Disclosure appendix

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Underweight (Sell)	5%	(0% of these provided with Investment Banking Services)
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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
15/01/2019	Rating Overweight	Price EUR13.80	Target Price EUR20.00
13/03/2019	Rating Overweight	Price EUR14.88	Target Price EUR20.00

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Jumbo	BABr.AT/BELA GA	EUR17.92	15-July-2019	3

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