

Company Flash Note

Accumulate

from Buy

Share price: EUR 17.95

closing price as of 16/07/2019

Target price: EUR 20.00

from Target Price: EUR 18.20

Upside/Downside Potential 11.4%

Reuters/Bloomberg BABR.AT/BELA.GA

Market capitalisation (EURm) 2,442

Current N° of shares (m) 136

Free float 59%

Daily avg. no. trad. sh. 12 mth 146

Daily avg. trad. vol. 12 mth (m) 2,617.49

Price high/low 12 months 18.80 / 10.90

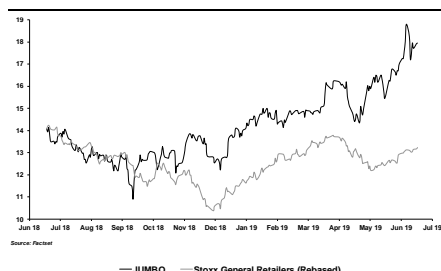
Abs Perfs 1/3/12 mths (%) 16.03/14.40/27.49

Key financials (EUR)

| | 06/18 | 06/19e | 06/20e |
|----------------------------|---------|-----------|---------|
| Sales (m) | 753 | 812 | 880 |
| EBITDA (m) | 221 | 238 | 257 |
| EBITDA margin | 29.4% | 29.4% | 29.2% |
| EBIT (m) | 197 | 212 | 229 |
| EBIT margin | 26.1% | 26.1% | 26.0% |
| Net Profit (adj.)(m) | 151 | 164 | 179 |
| ROCE | 22.9% | 23.3% | 23.7% |
| Net debt/(cash) (m) | (287) | (344) | (410) |
| Net Debt Equity | -0.3 | -0.3 | -0.3 |
| Net Debt/EBITDA | -1.3 | -1.4 | -1.6 |
| Int. cover(EBITDA/Fin.int) | (171.2) | (1,805.7) | (135.1) |
| EV/Sales | 2.2 | 2.4 | 2.3 |
| EV/EBITDA | 7.3 | 8.2 | 7.9 |
| EV/EBITDA (adj.) | 7.3 | 8.2 | 7.9 |
| EV/EBIT | 8.3 | 9.3 | 8.9 |
| P/E (adj.) | 12.7 | 14.1 | 13.6 |
| P/BV | 1.8 | 2.0 | 1.9 |
| OpFCF yield | 6.7% | 4.8% | 5.2% |
| Dividend yield | 2.2% | 2.4% | 2.6% |
| EPS (adj.) | 1.11 | 1.20 | 1.32 |
| BVPS | 7.78 | 8.58 | 9.45 |
| DPS | 0.39 | 0.43 | 0.47 |

Shareholders

Vakakis Apostolos-Evangelos 23%; FMR LLC 13%; Capital Group Companies Inc 5%;



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Reason: Company newsflow

17 July 2019

Solid revenue performance in FY19 thanks to foreign activities. Downgrade to 'Accumulate' after recent rally!

Jumbo announced that its sales for the financial year 2018-2019 (1.7.2018-30.6.2019) shaped at EUR 812.2m, higher 7.8% y-o-y, surpassing management's initial guidance for sales growth between 5% and 7%. For FY19/20, management expects group's sales to increase by 5% y-o-y, owing to network expansion (4 new store openings) and the stabilization in the positive pace of the Greek market, standing well below our assumption for an 8% y-o-y sales increase.

- ✓ **Performance per country:** Romania recorded a sales growth of more than 30% y-o-y, while Bulgaria remained robust posting a 9% y-o-y revenue increase in FY19. Cyprus recorded a 2.0% y-o-y sales increase, while revenues from Greece (net sales of the parent company including franchise stores but excluding intragroup sales) grew by 3.5% y-o-y, displaying some acceleration in May and June. We remind that in the 10-month period July 18 –April 19, Jumbo's sales were up by 7.0% y-o-y with the parent company posting a 2.5% y-o-y revenue increase and other markets (Romania: >30% y-o-y, Bulgaria: +9% y-o-y, Cyprus: +2.5% y-o-y) displaying the same pattern compared to the annual basis.
- ✓ **Store openings:** During FY18/19, the company opened 3 new stores in Romania (Bucharest IV / 13,600sqm, Bacau / 12,900sqm, Braila / 12,000sqm) and 1 new store in Greece (Katerini / 13,000sqm), currently operating 79 stores in 4 countries (52 in Greece, 13 in Romania, 9 in Bulgaria and 5 in Cyprus). In FY20, the company is planning to open 4 new stores (3 in Romania, 1 in Cyprus), while management had stated in the past that there is room for at least 1 new store in Bulgaria and Greece.
- ✓ **P&L forecasts:** Based on FY19 sales, we forecast EBITDA of EUR 238m (+8% y-o-y) and net profits of EUR 164m (+8.4% y-o-y) for the year. For FY20, we forecast revenues of EUR 880m (+8.3% y-o-y), EBITDA of EUR 257m (+7.7% y-o-y) and net profits of EUR 230m (+9% y-o-y). Overall our earnings estimates do not materially differ from our previous ones. On the dividend front, we look for DPS of EUR 0.43/share for FY19 and EUR 0.47 for FY20.
- ✓ **Valuation:** Following the recent reduction of GGB yields, we adjust our discount rate accordingly, assuming a risk-free rate of 2.5% versus 3.5% previously that leads to a WACC of 8.9% (old assumption: 9.8%) and our target price to **EUR 20.00/share**. Our target price stands 11% above current price levels, thus we downgrade our rating on Jumbo to '**Accumulate**' from 'Buy'. We remind that the stock has rallied 41% y-t-d. The stock currently trades on a 14x forward-looking p/e multiple versus 20x for European retailers (30% discount) and 17x for value retailers (17% discount).
- ✓ **Investment case:** Jumbo's investment case remains appealing thanks to management's decision to expand abroad (Bulgaria, Romania) in the previous years to offset the Greece's long-standing downturn. Currently, group's foreign activities account for more than 40% of group's revenues, while the expected recovery of the Greek economy should further strengthen Jumbo's earnings potential in the future. According to our estimates, Jumbo is set to: a) post an 8% EPS CAGR over the next 5 years, b) generate annual free cash flows of more than EUR 125m (>5% of the current MCAP) post-2019 and c) display net cash balances of more than EUR 400m (>16% of current MCAP) by FY21.

Appendix of Tables

P&L Forecasts 2019-2023 (before IFRS 16)

| EUR m | FY 2018 | FY 2019f | FY 2020f | FY 2021f | FY 2022f | FY 2023f | CAGR 18-23f |
|---------------------------|--------------|--------------|--------------|--------------|----------------|----------------|-------------|
| Greece | 462.9 | 475.4 | 485.3 | 500.6 | 522.8 | 537.1 | 3% |
| Cyprus | 85.7 | 87.4 | 96.7 | 107.2 | 109.4 | 111.6 | 5% |
| Bulgaria | 78.1 | 85.1 | 91.1 | 101.1 | 109.9 | 114.3 | 8% |
| Romania | 100.6 | 133.6 | 171.3 | 205.6 | 236.7 | 265.3 | 21% |
| Other* | 26.1 | 30.7 | 35.5 | 40.0 | 44.1 | 48.6 | 13% |
| Sales | 753.3 | 812.2 | 879.9 | 954.6 | 1,023.0 | 1,077.0 | 7% |
| % change | 10.5% | 7.8% | 8.3% | 8.5% | 7.2% | 5.3% | |
| Cost of sales | -358.2 | -385.6 | -422.3 | -463.0 | -501.2 | -533.1 | |
| Gross profit | 395.1 | 426.6 | 457.5 | 491.6 | 521.7 | 543.9 | |
| % margin | 52.5% | 52.5% | 52.0% | 51.5% | 51.0% | 50.5% | |
| SGA | -199.0 | -215.2 | -229.5 | -244.2 | -258.5 | -270.6 | |
| SGA/sales | 26.4% | 26.5% | 26.1% | 25.6% | 25.3% | 25.1% | |
| Other income / expenses | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | |
| EBIT | 196.6 | 211.9 | 228.5 | 247.9 | 263.7 | 273.8 | |
| % margin | 26.1% | 26.1% | 26.0% | 26.0% | 25.8% | 25.4% | |
| Depreciation | 24.7 | 26.5 | 28.4 | 30.2 | 32.1 | 34.1 | |
| EBITDA | 221.2 | 238.4 | 256.9 | 278.2 | 295.8 | 307.9 | 7% |
| % margin | 29.4% | 29.4% | 29.2% | 29.1% | 28.9% | 28.6% | |
| % change | 13.6% | 7.8% | 7.7% | 8.3% | 6.4% | 4.1% | |
| Net financials | 1.3 | 0.1 | 1.9 | 2.2 | 2.5 | 2.8 | |
| EBT | 197.9 | 212.0 | 230.4 | 250.1 | 266.3 | 276.6 | |
| Income taxes | -46.8 | -48.3 | -51.3 | -54.5 | -56.7 | -58.9 | |
| Effective tax rate | 23.6% | 22.8% | 22.3% | 21.8% | 21.3% | 21.3% | |
| Net profit | 151.1 | 163.7 | 179.1 | 195.7 | 209.6 | 217.7 | 8% |
| % change | 15.3% | 8.4% | 9.4% | 9.3% | 7.1% | 3.9% | |

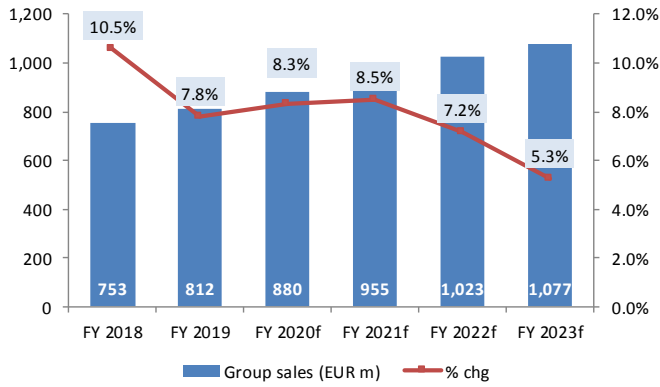
Source: IBG Research, The Company, Note: Jumbo's fiscal year ends on June 30, * Sales from franchise stores in Western Balkans

Forecast Changes for financial years 2019-2023

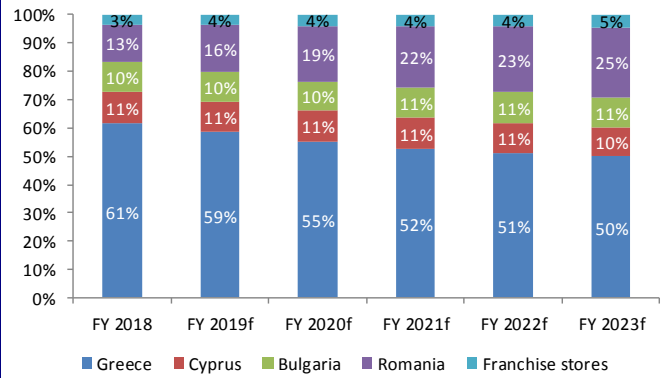
| EUR m | FY 2019f | FY 2020f | FY 2021f | FY 2022f | FY 2023f |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Sales - New | 812.2 | 879.9 | 954.6 | 1,023 | 1,077 |
| Sales - Old | 814.4 | 877.7 | 946.3 | 1,021 | 1,086 |
| New vs. Old | 0% | 0% | 1% | 0% | -1% |
| EBITDA - New | 238.4 | 256.9 | 278.2 | 295.8 | 307.9 |
| EBITDA - Old | 239.5 | 256.1 | 274.5 | 294.9 | 312.0 |
| New vs. Old | 0% | 0% | 1% | 0% | -1% |
| Net profits - New | 163.7 | 179.1 | 195.7 | 209.6 | 217.7 |
| Net profits - Old | 164.6 | 178.4 | 192.8 | 208.8 | 221.0 |
| New vs. Old | -1% | 0% | 2% | 0% | -1% |

Source: IBG Research, Note: Jumbo's fiscal year ends on June 30

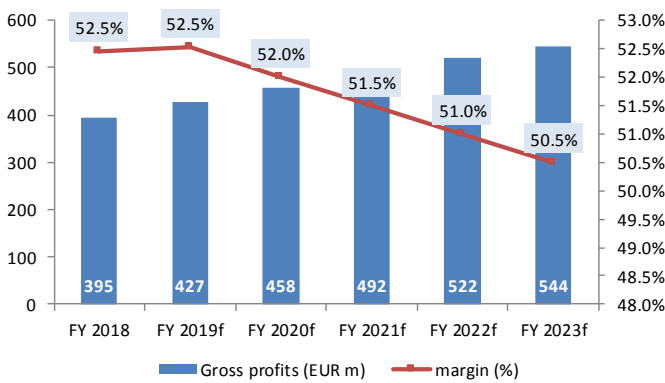
Revenue



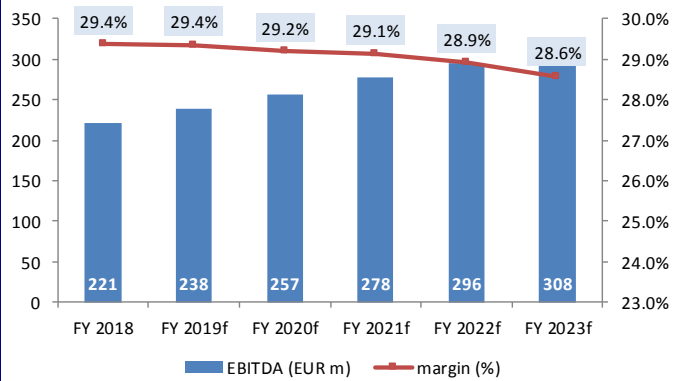
Revenue mix per geography



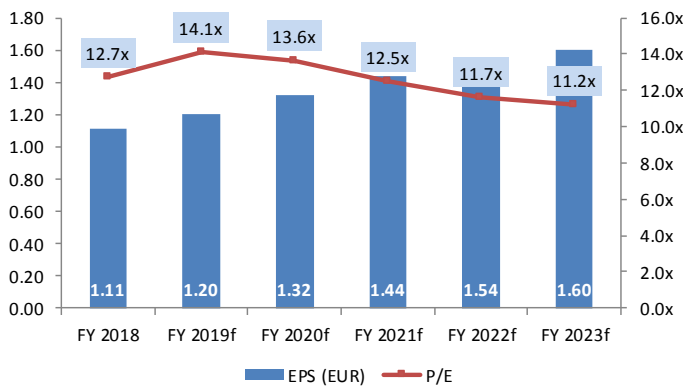
Gross profitability



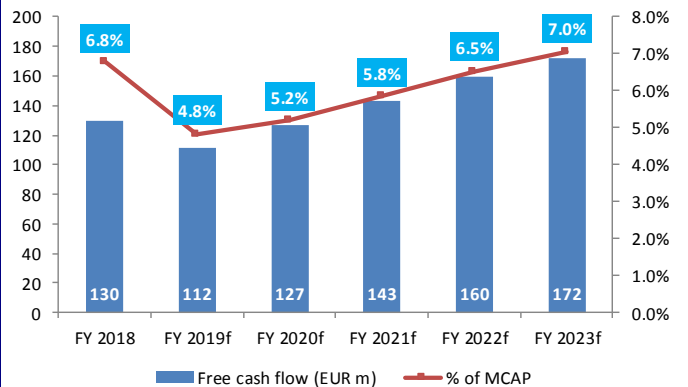
EBITDA (before IFRS 16)



EPS



Free cash flow



Source: IBG Research, Note: Jumbo's fiscal year ends on June 30

DCF Valuation

| EUR m | 2020f | 2021f | 2022f | 2023f | 2024f |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| EBIT | 229 | 248 | 264 | 274 | 279 |
| Notional tax (23.5% of EBIT) | -54 | -58 | -62 | -64 | -66 |
| Depreciation & Provision | 28 | 30 | 32 | 34 | 36 |
| CAPEX | -50 | -50 | -50 | -50 | -50 |
| Δ(WC) | -29 | -31 | -30 | -28 | -29 |
| Free Cash Flow to the Firm | 124.6 | 138.7 | 153.7 | 165.9 | 170.7 |
| WACC | 8.9% | 8.9% | 8.9% | 8.9% | 8.9% |
| PV of FCFF 2020-2024 | 114.3 | 116.9 | 118.9 | 117.8 | 111.3 |
| Sum of PV of FCFF 2020-2024 | 579 | | | | |
| Terminal Growth Rate (Perpetuity) | 2.0% | | | | |
| Terminal Value (Perpetuity) | 1,785 | | | | |
| Enterprise Value | 2,364 | | | | |
| Less: Net Debt / (Cash) FY19e | -344 | | | | |
| Plus: Other assets | 8 | | | | |
| Equity value | 2,716 | | | | |
| No of shares | 136.1 | | | | |
| Target price | 20.00 | | | | |

Source: IBG Research

WACC calculation

| EUR m | New | Old |
|---------------------------------|-------------|--------------|
| Risk-free rate (Normalized) | 2.5% | 3.5% |
| Market risk premium | 6.0% | 6.0% |
| Beta factor | 1.20x | 1.20x |
| Company-specific risk factor | 0.0% | 0.0% |
| Cost of Equity | 9.7% | 10.7% |
| Cost of debt (before tax) | 2.75% | 2.75% |
| After-tax cost of debt | 2.2% | 2.2% |
| Targeted Debt / (Equity + Debt) | 10.0% | 10.0% |
| WACC | 8.9% | 9.8% |

Source: IBG Research

DCF valuation sensitivity – WACC and perpetuity rate

| | Weighted Average Cost of Capital | | | |
|----------------------|----------------------------------|-------|--------------|-------|
| | EUR/share | 7.9% | 8.9% | 9.9% |
| Terminal Growth rate | 1.0% | 18.70 | 18.20 | 17.70 |
| | 2.0% | 20.60 | 20.00 | 19.40 |
| | 3.0% | 23.00 | 22.30 | 21.70 |

Source: IBG Research

Jumbo : Summary tables

| PROFIT & LOSS (EURm) | 06/2016 | 06/2017 | 06/2018 | 06/2019e | 06/2020e | 06/2021e |
|---------------------------------------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Sales | 638 | 681 | 753 | 812 | 880 | 955 |
| Cost of Sales & Operating Costs | -454 | -487 | -532 | -574 | -623 | -676 |
| Non Recurrent Expenses/Income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 184 | 195 | 221 | 238 | 257 | 278 |
| EBITDA (adj.)* | 184 | 195 | 221 | 238 | 257 | 278 |
| Depreciation | -22.7 | -23.0 | -24.7 | -26.5 | -28.4 | -30.2 |
| EBITA | 161 | 172 | 197 | 212 | 229 | 248 |
| EBITA (adj)* | 161 | 172 | 197 | 212 | 229 | 248 |
| Amortisations and Write Downs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 161 | 172 | 197 | 212 | 229 | 248 |
| EBIT (adj.)* | 161 | 172 | 197 | 212 | 229 | 248 |
| Net Financial Interest | 1.9 | 1.8 | 1.3 | 0.1 | 1.9 | 2.2 |
| Other Financials | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Associates | 2.2 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Non Recurrent Items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings Before Tax (EBT) | 165 | 173 | 198 | 212 | 230 | 250 |
| Tax | -43.9 | -42.5 | -46.8 | -48.3 | -51.3 | -54.5 |
| <i>Tax rate</i> | <i>26.6%</i> | <i>24.5%</i> | <i>23.6%</i> | <i>22.8%</i> | <i>22.3%</i> | <i>21.8%</i> |
| Discontinued Operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Profit (reported) | 121 | 131 | 151 | 164 | 179 | 196 |
| Net Profit (adj.) | 119 | 131 | 151 | 164 | 179 | 196 |
| CASH FLOW (EURm) | 06/2016 | 06/2017 | 06/2018 | 06/2019e | 06/2020e | 06/2021e |
| Cash Flow from Operations before change in NWC | 142 | 152 | 176 | 186 | 205 | 224 |
| Change in Net Working Capital | -23.1 | -41.6 | -5.1 | -24.3 | -28.6 | -31.2 |
| Cash Flow from Operations | 119 | 110 | 171 | 162 | 177 | 193 |
| Capex | -34.7 | -38.0 | -42.2 | -50.0 | -50.0 | -50.0 |
| Net Financial Investments | 0.1 | 9.1 | 0.9 | 0.0 | 0.0 | 0.0 |
| Free Cash Flow | 84.6 | 81.5 | 130 | 112 | 127 | 143 |
| Dividends | 0.0 | -110 | -48.0 | -55.4 | -60.7 | -67.0 |
| Other (incl. Capital Increase & share buy backs) | 13.6 | -14.9 | -1.6 | 0.0 | 0.0 | 0.0 |
| Change in Net Debt | 98.2 | -43.5 | 80.4 | 56.4 | 66.1 | 75.7 |
| NOPLAT | 114 | 122 | 140 | 150 | 162 | 176 |
| BALANCE SHEET & OTHER ITEMS (EURm) | 06/2016 | 06/2017 | 06/2018 | 06/2019e | 06/2020e | 06/2021e |
| Net Tangible Assets | 499 | 515 | 542 | 566 | 588 | 607 |
| Net Intangible Assets (incl. Goodwill) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Financial Assets & Other | 31.7 | 31.4 | 27.9 | 29.9 | 29.9 | 29.9 |
| Total Fixed Assets | 530 | 546 | 570 | 596 | 617 | 637 |
| Inventories | 197 | 239 | 248 | 272 | 304 | 338 |
| Trade receivables | 77.0 | 105 | 105 | 110 | 115 | 120 |
| Other current assets | 10.4 | 3.2 | 2.0 | 2.0 | 2.0 | 2.0 |
| Cash (-) | -395 | -366 | -437 | -544 | -610 | -685 |
| Total Current Assets | 679 | 713 | 792 | 928 | 1,031 | 1,146 |
| Total Assets | 1,209 | 1,260 | 1,362 | 1,524 | 1,648 | 1,783 |
| Shareholders Equity | 916 | 962 | 1,058 | 1,167 | 1,285 | 1,414 |
| Minority | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Equity | 916 | 962 | 1,058 | 1,167 | 1,285 | 1,414 |
| Long term interest bearing debt | 144 | 144 | 0.0 | 200 | 200 | 200 |
| Provisions | 7.7 | 7.1 | 8.0 | 8.0 | 8.0 | 8.0 |
| Other long term liabilities | 13.6 | 12.7 | 25.9 | 25.9 | 25.9 | 25.9 |
| Total Long Term Liabilities | 165 | 164 | 33.8 | 234 | 234 | 234 |
| Short term interest bearing debt | 0.2 | 14.8 | 150 | 0.0 | 0.0 | 0.0 |
| Trade payables | 39.1 | 39.8 | 40.3 | 42.3 | 45.1 | 48.2 |
| Other current liabilities | 89.1 | 79.0 | 79.9 | 80.8 | 84.0 | 87.3 |
| Total Current Liabilities | 128 | 134 | 270 | 123 | 129 | 135 |
| Total Liabilities and Shareholders' Equity | 1,209.4 | 1,259.6 | 1,362.1 | 1,523.7 | 1,648.1 | 1,783.1 |
| Net Capital Employed | 686.5 | 774.7 | 805.0 | 857.0 | 909.2 | 962.2 |
| Net Working Capital | 245.1 | 307.4 | 314.6 | 341.9 | 375.7 | 412.2 |
| GROWTH & MARGINS | 06/2016 | 06/2017 | 06/2018 | 06/2019e | 06/2020e | 06/2021e |
| <i>Sales growth</i> | <i>9.4%</i> | <i>6.9%</i> | <i>10.5%</i> | <i>7.8%</i> | <i>8.3%</i> | <i>8.5%</i> |
| EBITDA (adj.)* growth | 15.3% | 6.0% | 13.6% | 7.8% | 7.7% | 8.3% |
| <i>EBITA (adj.)* growth</i> | <i>16.7%</i> | <i>6.7%</i> | <i>14.4%</i> | <i>7.8%</i> | <i>7.8%</i> | <i>8.5%</i> |
| <i>EBIT (adj.)* growth</i> | <i>16.7%</i> | <i>6.7%</i> | <i>14.4%</i> | <i>7.8%</i> | <i>7.8%</i> | <i>8.5%</i> |

Jumbo : Summary tables

| GROWTH & MARGINS | 06/2016 | 06/2017 | 06/2018 | 06/2019e | 06/2020e | 06/2021e |
|-------------------------------------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Net Profit growth | 10.7% | 10.1% | 15.3% | 8.4% | 9.4% | 9.3% |
| EPS adj. growth | 10.7% | 10.1% | 15.3% | 8.4% | 9.4% | 9.3% |
| DPS adj. growth | n.m. | -42.9% | 8.3% | 11.1% | 9.4% | 9.3% |
| EBITDA (adj)* margin | 28.8% | 28.6% | 29.4% | 29.4% | 29.2% | 29.1% |
| EBITA (adj)* margin | 25.3% | 25.2% | 26.1% | 26.1% | 26.0% | 26.0% |
| EBIT (adj)* margin | 25.3% | 25.2% | 26.1% | 26.1% | 26.0% | 26.0% |
| RATIOS | 06/2016 | 06/2017 | 06/2018 | 06/2019e | 06/2020e | 06/2021e |
| Net Debt/Equity | -0.3 | -0.2 | -0.3 | -0.3 | -0.3 | -0.3 |
| Net Debt/EBITDA | -1.4 | -1.1 | -1.3 | -1.4 | -1.6 | -1.7 |
| Interest cover (EBITDA/Fin.interest) | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| Capex/D&A | 152.7% | 165.3% | 171.0% | 188.4% | 176.2% | 165.4% |
| Capex/Sales | 5.4% | 5.6% | 5.6% | 6.2% | 5.7% | 5.2% |
| NWC/Sales | 38.4% | 45.1% | 41.8% | 42.1% | 42.7% | 43.2% |
| ROE (average) | 13.9% | 14.0% | 15.0% | 14.7% | 14.6% | 14.5% |
| ROCE (adj.) | 21.6% | 20.9% | 22.9% | 23.3% | 23.7% | 24.3% |
| WACC | 9.5% | 10.3% | 10.0% | 9.8% | 8.9% | 8.9% |
| ROCE (adj.)/WACC | 2.3 | 2.0 | 2.3 | 2.4 | 2.7 | 2.7 |
| PER SHARE DATA (EUR)*** | 06/2016 | 06/2017 | 06/2018 | 06/2019e | 06/2020e | 06/2021e |
| Average diluted number of shares | 136.1 | 136.1 | 136.1 | 136.1 | 136.1 | 136.1 |
| EPS (reported) | 0.89 | 0.96 | 1.11 | 1.20 | 1.32 | 1.44 |
| EPS (adj.) | 0.87 | 0.96 | 1.11 | 1.20 | 1.32 | 1.44 |
| BVPS | 6.73 | 7.07 | 7.78 | 8.58 | 9.45 | 10.39 |
| DPS | 0.63 | 0.36 | 0.39 | 0.43 | 0.47 | 0.52 |
| VALUATION | 06/2016 | 06/2017 | 06/2018 | 06/2019e | 06/2020e | 06/2021e |
| EV/Sales | 2.1 | 2.9 | 2.2 | 2.4 | 2.3 | 2.0 |
| EV/EBITDA | 7.2 | 10.0 | 7.3 | 8.2 | 7.9 | 7.0 |
| EV/EBITDA (adj.)* | 7.2 | 10.0 | 7.3 | 8.2 | 7.9 | 7.0 |
| EV/EBITA | 8.3 | 11.4 | 8.3 | 9.3 | 8.9 | 7.9 |
| EV/EBITA (adj.)* | 8.3 | 11.4 | 8.3 | 9.3 | 8.9 | 7.9 |
| EV/EBIT | 8.3 | 11.4 | 8.3 | 9.3 | 8.9 | 7.9 |
| EV/EBIT (adj.)* | 8.3 | 11.4 | 8.3 | 9.3 | 8.9 | 7.9 |
| P/E (adj.) | 13.5 | 16.6 | 12.7 | 14.1 | 13.6 | 12.5 |
| P/BV | 1.8 | 2.3 | 1.8 | 2.0 | 1.9 | 1.7 |
| Total Yield Ratio | 6.9% | 2.2% | 2.3% | 2.5% | 2.7% | 3.0% |
| EV/CE | 1.8 | 2.4 | 1.9 | 2.2 | 2.1 | 1.9 |
| OpFCF yield | 5.3% | 3.3% | 6.7% | 4.8% | 5.2% | 5.8% |
| OpFCF/EV | 6.4% | 3.7% | 8.0% | 5.7% | 6.3% | 7.3% |
| Payout ratio | 70.7% | 37.4% | 35.1% | 36.0% | 36.0% | 36.0% |
| Dividend yield (gross) | 5.3% | 2.3% | 2.2% | 2.4% | 2.6% | 2.9% |
| EV AND MKT CAP (EURm) | 06/2016 | 06/2017 | 06/2018 | 06/2019e | 06/2020e | 06/2021e |
| Price** (EUR) | 11.78 | 16.00 | 14.12 | 17.00 | 17.95 | 17.95 |
| Outstanding number of shares for main stock | 136.1 | 136.1 | 136.1 | 136.1 | 136.1 | 136.1 |
| Total Market Cap | 1,603 | 2,177 | 1,921 | 2,313 | 2,442 | 2,442 |
| Net Debt | -250 | -207 | -287 | -344 | -410 | -485 |
| <i>o/w Cash & Marketable Securities (-)</i> | <i>-395</i> | <i>-366</i> | <i>-437</i> | <i>-544</i> | <i>-610</i> | <i>-685</i> |
| <i>o/w Gross Debt (+)</i> | <i>144</i> | <i>159</i> | <i>150</i> | <i>200</i> | <i>200</i> | <i>200</i> |
| Other EV components | -22 | -14 | -11 | -8 | -8 | -8 |
| Enterprise Value (EV adj.) | 1,331 | 1,956 | 1,623 | 1,961 | 2,024 | 1,949 |

Source: Company, Investment Bank of Greece estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

** Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: General Retailers/Broadline Retailers

Company Description: Jumbo is the largest toys/babies apparel/bookstore/home/seasonal products retailer in the Greek market, also with presence in Cyprus, Bulgaria, Romania and Western Balkan countries through franchise agreements. The company has a successful business model based on its geographical sales network expansion strategy, a wide assortment of products and a competitive pricing policy. Currently, Jumbo operates 79 stores (52 in Greece, 13 in Romania, 9 in Bulgaria and 5 in Cyprus) and 23 franchise in 5 countries of Western Balkans.

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
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- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

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Data current as of 12/07/2019

| | Buy | Accumulate | Neutral | Reduce | Sell | Rating Suspended |
|----------------------------------------------------------------------------|------|------------|---------|--------|------|------------------|
| IBG Research Total Coverage | 53% | 11% | 32% | 0% | 0% | 5% |
| % of companies in each rating category that are investment banking clients | 0% | 0% | 0% | 0% | 0% | 0% |
| Retail | 100% | 0% | 0% | 0% | 0% | 0% |
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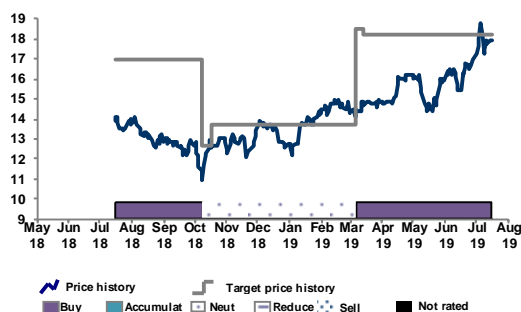
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Recommendation history for JUMBO

| Date | Recommendation | Target price | Price at change date |
|-----------|----------------|--------------|----------------------|
| 17-Jul-19 | Accumulate | 20.00 | 17.95 |
| 13-Mar-19 | Buy | 18.20 | 14.88 |
| 07-Mar-19 | Buy | 18.50 | 14.48 |
| 17-Oct-18 | Neutral | 13.70 | 12.60 |
| 09-Oct-18 | Neutral | 12.70 | 10.90 |
| 06-Mar-18 | Buy | 17.00 | 14.50 |
| 13-Feb-18 | Buy | 19.00 | 15.04 |
| 23-Oct-17 | Buy | 17.80 | 13.75 |
| 11-Sep-17 | Buy | 17.30 | 13.60 |
| 05-Apr-17 | Accumulate | 17.00 | 15.00 |



Source: Factset & ESN, price data adjusted for stock splits. This chart shows Investment Bank of Greece continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.

Risks to our forecasts and valuation

- Group's earnings performance is sensitive to FX movements (especially the EUR/USD currency rate) and the evolution of manufacturing costs in China.
- Macroeconomic conditions in Greece that may have a positive/negative impact in the company's financial performance, since as a retail company, Jumbo is affected by factors that influence consumer behaviour.
- Volatility in transport costs directly affects group's gross profit margin.
- A stricter competitive environment (i.e. entry of foreign companies in the Greek market, retail store expansion from existing players) could pose risk to group's earnings performance in the medium-term.
- High dependence of the company's structure from the Chairman and major shareholder of the group.
- Stock overhang concerns: Jumbo's major shareholder, Tanocerian Maritime SA which is controlled by the company's founder and Chairman Apostolos Vakakis proceeded to a private placement in June 2017 (3.5% of total share capital) at a 5% discount from the stock price at that time.

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