

## Company Update

Reason: Estimates revision

31 October 2019

### Buy

from Accumulate

**Share price: EUR 17.50**

closing price as of 30/10/2019

**Target price: EUR 22.50**

from Target Price: EUR 20.00

**Upside/Downside Potential 28.6%**

Reuters/Bloomberg BABR.AT/BELA.GA

**Market capitalisation (EURm) 2,381**

Current N° of shares (m) 136

**Free float 59%**

Daily avg. no. trad. sh. 12 mth 160

Daily avg. trad. vol. 12 mth (m) 4,459.86

Price high/low 12 months 18.80 / 12.10

Abs Perfs 1/3/12 mths (%) 0.52/-2.13/34.62

**Key financials (EUR)**

	06/19	12/20e	12/21e
Sales (m)	812	906	973
EBITDA (m)	238	277	294
EBITDA margin	29.3%	30.5%	30.2%
EBIT (m)	212	240	254
EBIT margin	26.2%	26.4%	26.1%
Net Profit (adj.)(m)	163	187	199
ROCE	17.6%	20.4%	20.5%
Net debt/(cash) (m)	(308)	(408)	(488)
Net Debt/Equity	-0.3	-0.3	-0.3
Net Debt/EBITDA	-1.3	-1.5	-1.7
Int. cover(EBITDA/Fin.int)	200.8	96.2	106.0
EV/Sales	2.5	2.2	1.9
EV/EBITDA	8.4	7.1	6.4
EV/EBITDA (adj.)	8.4	7.1	6.4
EV/EBIT	9.4	8.2	7.4
P/E (adj.)	14.2	12.7	12.0
P/BV	2.0	1.7	1.6
OpFCF yield	3.5%	5.5%	6.2%
Dividend yield	2.7%	3.2%	3.9%
EPS (adj.)	1.20	1.37	1.46
BVPS	8.54	10.18	11.08
DPS	0.47	0.56	0.68

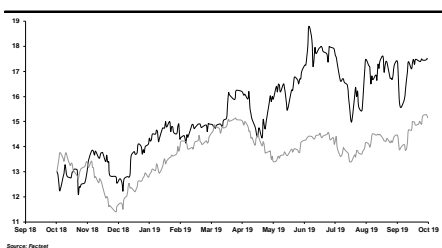
## An optimal long-term stock pick!

We raise our target price on Jumbo to EUR 22.50/share (vs. EUR 20.00/share previously) to take into account: a) the de-escalation of country-specific risks reflected on the evolution (reduction) of GGB yields and b) our forecast for solid FCF generation in the medium-term driven by a positive macro environment in all countries (including Greece) and store expansion (2-3 new stores per annum). Our new target price stands 29% above current price levels, thus we re-affirm our 'Buy' rating on the stock. On our 2020 estimates, the stock trades on a 13x p/e ratio vs. a 20x fwd p/e for European retailers.

- ✓ **Investment case:** Jumbo is a general retailer with presence in 4 countries (Greece, Cyprus, Bulgaria, Romania) and 79 stores and Western Balkans through 23 franchise stores. During the economic crisis in Greece, the company has expanded abroad attaining presence in Bulgaria and Romania. In addition, it has adjusted its product mix to address negative demographic trends in the region, switching from declining categories (toys, baby apparel) to dynamic ones (home equipment), protecting its top line and profitability margins from macro and FX headwinds. Currently, the company displays a very healthy balance sheet (net cash position of more than EUR 300m), driven by a steady earnings growth (EPS +8% y-o-y) and free cash flows (EUR 77m) in FY18/19. Going forward, the company will continue focusing on the much-promising Romanian market (new store openings, launch of e-shop by December 2020), also selectively adding new stores in other countries.
- ✓ **Optimization of the dividend policy and the reporting period:** To our pleasant surprise, Jumbo's management has adopted a more generous dividend policy, proposing a DPS of EUR 0.47 for FY18/19 and promising to increase the DPS by 20% for the next 2 years, i.e. at EUR 0.56 for FY20 and EUR 0.68 for FY21. On top of that, the company has (finally) decided to change its reporting period in order its financial year to coincide with the calendar year. That said, Jumbo will publish interim IFRS statements for the period July-Dec 2019, while 2020 financial statements will concern the period Jan-Dec 2020. In this way, the company will reap the benefits from the reduction of corporate tax rates and dividend taxation in Greece from 2020 onwards and improve the comparison with European peers.
- ✓ **P&L forecasts:** We forecast sales of EUR 513m (+7.7% y-o-y), EBITDA of EUR 156m (+11% y-o-y, including a EUR 5m positive effect from IFRS 16) and net profits of EUR 171m (+8% y-o-y) for the interim financial year ending 31 December 2019. Management disclosed that group's sales grew by 8.2% y-o-y in the period July-Sep 19, which makes us comfortable that group's revenue will grow at a high-single digit in the interim period. For 2020, we forecast revenues of EUR 906m (+6.8% y-o-y), EBITDA of EUR 281m (+11% y-o-y) and net profits of EUR 191m (+12% y-o-y), while free cash flow is seen shaping at EUR 132m assuming: a) the opening 3 new stores, b) a 50bps y-o-y gross margin reduction, c) capex of EUR 50m and d) working capital needs of EUR 33m.
- ✓ **Risks to our valuation:** 1) Gross margin evolution is vulnerable to currency headwinds, transportation costs, sales mix and country mix, 2) working capital needs remain a volatile cash flow item, 3) consumer spending in Greece is expected to remain soft in the next couple of years and 4) low visibility about investment plans after 2024 (conclusion of the expansion in Romania).

### Shareholders

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



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## Overview of FY18/19 results

**Satisfactory FY18/19 results, in line with market expectations:** Jumbo delivered solid results for another financial year, in line with market estimates. In more detail, revenues came in at EUR 812.2m (+7.8% y-o-y, the company had announced this figure in July), EBITDA stood at EUR 238m (+7.6% y-o-y, 1% above consensus), while net profits shaped at EUR 162.9m (+7.8% y-o-y, 0.5% above consensus) in FY18/19. In the second half of FY18/19 (January-June 2019), sales came in at EUR 335m (+8% y-o-y), EBITDA shaped at EUR 98m (+6% y-o-y), while net profits stood at EUR 64m (+6% y-o-y). Notably, group's gross margin deteriorated by 130bps y-o-y in 2H19, possibly reflecting the unfavorable FX movements (strengthening of the US dollar against the euro) and increased inventory purchases, mostly weighing on the performance of Greek operations (the relevant gross margin inched lower 160bps y-o-y in 2H19). On the EBITDA front, group's margin remained flattish at 29.3% on a full-year basis, as the 30bps y-o-y accretion in 1H18/19 was fully offset by the 50bps y-o-y decrease recorded in 2H18/19.

On the opex side, distribution expenses grew by 7.7% y-o-y, while administrative expenses rose by 5% y-o-y, mostly due to higher personnel expenses (+10% y-o-y). In particular, operating expenses stood at EUR 211m (+7% y-o-y) in FY18/19, of which EUR 104m concerned salary costs (50% of total opex), EUR 17m lease costs and EUR 10m (1.2% of total sales) advertising expenses. At the end of June 2019, Jumbo had 6,644 employees (+4.2% y-o-y) with an average cost of EUR 15.8k per employee (+5.4% y-o-y).

**Optimization of financial reporting and dividend policy:** To our pleasant surprise, management announced the change of the reporting season in order to coincide with the calendar year, as well as the increase of the dividend payout ratio. In particular, the company will publish interim financial statements for the period July-December 2019, while 2020 financial statements will cover the period January-December 2020. In this way, the company will benefit from the expected reduction of corporate tax rates, as well as the reduction of the dividend tax to 5% as from January 1<sup>st</sup> 2020.

In addition, the company announced a total DPS of EUR 0.47/share for FY18/19, surpassing our estimates for EUR 0.43, pointing to a payout ratio of 39% (the highest ratio since 2008, excluding the financial years when the company paid extraordinary dividends). On top of that, management's announced an increase of the ordinary DPS by 20% for the next 2 years i.e. to EUR 0.56/share for 2020 and EUR 0.68/share for 2021, implying a more than 3% net dividend yield going forward.

**Distribution network and investment plans:** As at June 30th 2019, Jumbo operated 79 stores in 4 countries (52 in Greece, 5 in Cyprus, 9 in Bulgaria and 13 in Romania) and 23 franchise stores in 5 countries (Albania, Kosovo, Serbia, North Macedonia and Bosnia). In addition, the first store under the Jumbo brand started operation in Montenegro last September. Going forward, the company will open a new owned hyper-store in Romania (city of Brasov, 14,000sqm) in November 2019, while 3 new stores are expected to commence operation by the end of December 2020. More specifically, management is planning to open 1 new store in Greece with 9,000sqm surface, 1 new store in Nicosia, Cyprus with 11,000sqm surface and 1 new store in Craiova, Romania with 12,000sqm surface, where the company will develop and operate warehouse facilities concerning Romania's e-jumbo service (approximately 33,000sqm). The company is planning to operate at least 22 stores in Romania in the next 4 years and open 1 new store every 2 years in Greece, Cyprus and Bulgaria.

**IFRS 16 impact:** In its IFRS statements for the financial year ended 30 June 2019, the company disclosed the estimated impact from the application of IFRS 16 on its balance sheet and P&L statements. Specifically, the group will recognize rights-of-use assets and lease liabilities of approximately EUR 98m. On a 12-month basis, depreciation expenses are expected to increase by EUR 9m and financial expenses by EUR 2m, while the positive impact on consolidated EBITDA is estimated at EUR 10m, which implies that IFRS 16 will cause a negative impact of EUR 1m on group's PBT.

### FY 18/19 P&L results

EUR m	FY17/18	FY18/19	y-o-y	2H17/18	2H18/19	y-o-y
<b>Revenues</b>	<b>753.3</b>	<b>812.2</b>	<b>7.8%</b>	<b>310.3</b>	<b>335.4</b>	<b>8.1%</b>
COGS	-358.2	-388.3	8.4%	-138.2	-153.7	11.3%
<b>Gross Profit</b>	<b>395.1</b>	<b>423.8</b>	<b>7.3%</b>	<b>172.2</b>	<b>181.7</b>	<b>5.5%</b>
<b>Gross Margin</b>	<b>52.5%</b>	<b>52.2%</b>	<b>-30bps</b>	<b>55.5%</b>	<b>54.2%</b>	<b>-130bps</b>
Other Income/Expenses	0.4	-0.3		0.8	0.0	
Opex	-199.0	-211.1	6.1%	-93.4	-96.8	3.6%
Opex/sales	-26.4%	-26.0%	40bps	-30.1%	-28.9%	120bps
<b>EBIT</b>	<b>196.6</b>	<b>212.5</b>	<b>8.1%</b>	<b>79.6</b>	<b>85.0</b>	<b>6.8%</b>
EBIT Margin	26.1%	26.2%	10bps	25.6%	25.3%	-30bps
Depreciation	24.7	25.7	4.2%	12.5	12.9	3.5%
<b>EBITDA</b>	<b>221.2</b>	<b>238.2</b>	<b>7.7%</b>	<b>92.0</b>	<b>97.8</b>	<b>6.3%</b>
<b>% margin</b>	<b>29.4%</b>	<b>29.3%</b>	<b>-10bps</b>	<b>29.6%</b>	<b>29.2%</b>	<b>-50bps</b>
Net Financial Results	1.3	-1.2		0.7	-0.2	
<b>EBT</b>	<b>197.9</b>	<b>211.3</b>	<b>6.8%</b>	<b>80.2</b>	<b>84.8</b>	<b>5.7%</b>
Income Tax	-46.8	-48.4	3.5%	-19.5	-20.6	5.7%
Effective tax rate	23.6%	22.9%		24.3%	24.3%	
<b>Net profits</b>	<b>151.1</b>	<b>162.9</b>	<b>7.8%</b>	<b>60.7</b>	<b>64.1</b>	<b>5.7%</b>

Source: The Company, Optima Bank Research, Note: Jumbo's financial year ends on June 30.

**Healthy cash flow generation in FY18/19, standing below last year's level on increased working capital needs:** Despite the solid increase in EBITDA, group's cash flows before financing activities has not improved versus prior year due to elevated working capital needs. In more detail, group's working capital jumped by EUR 60m y-o-y in FY18/19, driven by a EUR 42m y-o-y increase in inventory and a EUR 7m y-o-y increase in advances for inventory purchases relating to wholesale activity (franchise stores in Western Balkans), in our view. Accordingly, operating cash flow settled at EUR 119m in FY19 compared to EUR 165m in FY18. Capex shaped at EUR 44m compared to EUR 42m in FY18, while net cash inflows stood at EUR 2.9m. That said, free cash flow shaped at EUR 77m in FY19 compared to EUR 130m in FY18. Group's net cash position reached EUR 308m as at 30 June 2019 versus EUR 287m a year ago, as the company returned to shareholders EUR 55m in the form of cash dividends during July 2018 – June 2019.

### FY 18/19 cash flow statement

EUR m	FY17/18	FY18/19	Delta
EBITDA	221.2	238.2	16.9
Change in working capital	-5.1	-65.1	-60.0
Income taxes	-47.5	-48.9	-1.4
Interest expenses	-5.1	-7.1	-2.1
Other	0.9	1.6	0.7
<b>OpCF</b>	<b>164.5</b>	<b>118.6</b>	<b>-45.8</b>
Capex	-42.2	-44.4	-2.2
Interest received	6.5	6.8	0.3
Other	1.2	-3.9	-5.1
<b>Cash flow before financing</b>	<b>130.0</b>	<b>77.2</b>	<b>-52.8</b>

Source: The Company, Optima Bank Research

**Improving trends in Greece:** Revenues from Greek operations rose by 2.8% y-o-y to EUR 476m in FY18/19, driven by a c. 4% y-o-y sales growth in 2H18/19, partially owing to the opening of a new store in Northern Greece in June. Gross profits grew by 3% y-o-y at EUR 268m, implying a modest 20bps y-o-y decrease in the respective margin, while operating expenses rose by 4% y-o-y, leading to annual EBITDA of 135.5m, up 2% y-o-y. We remind that the top line of Greek operations also includes the contribution of franchise stores in Western Balkans. This wholesale activity remained vivid for another financial year following the opening of 5 new stores over the course of the year, recording sales of EUR 30m (+15% y-o-y). We highlight the material decrease (-160bps y-o-y) of the gross margin of Greek operations in 2H18/19, reflecting higher inventory purchases ahead of the new financial year.

#### Key P&L items – Greece & other

EUR m	FY17/18	FY18/19	y-o-y	2H17/18	2H18/19	y-o-y
Greece	462.9	476.0	2.8%	194.0	201.5	3.9%
Other (Franchise stores)	26.1	29.9	14.6%	11.7	13.0	11.1%
<b>Revenues</b>	<b>489.0</b>	<b>505.9</b>	<b>3.5%</b>	<b>205.7</b>	<b>214.5</b>	<b>4.3%</b>
Gross profits	260.3	268.3	3.1%	118.6	120.2	1.4%
margin	53.2%	53.0%	-20bps	57.6%	56.1%	-160bps
Opex	-127.7	-132.9	4.1%	-59.2	-60.2	1.6%
<b>EBITDA</b>	<b>132.6</b>	<b>135.5</b>	<b>2.1%</b>	<b>59.3</b>	<b>60.1</b>	<b>1.2%</b>
margin	27.1%	26.8%	-30bps	28.8%	28.0%	-80bps
Depreciation	-15.5	-15.6	0.6%	-7.8	-7.7	-0.5%
<b>EBIT</b>	<b>117.1</b>	<b>119.8</b>	<b>2.3%</b>	<b>51.6</b>	<b>52.3</b>	<b>1.5%</b>

Source: The Company, Optima Bank Research

**Robust momentum in Romania:** Romanian operations maintained their robust momentum thanks to the contribution of the new stores (3 store openings during July 18 – June 19; 30% y-o-y increase in selling capacity) and some modest organic growth. On our numbers, revenue per store grew by 4% y-o-y in FY18/19. In more detail, Romanian revenues grew by 32% y-o-y to EUR 133m in FY18/19, leading to gross profits of EUR 67m (+31% y-o-y). Due to the rapid expansion of the distribution network in the last 12 months, operating expenses soared by 41% y-o-y at EUR 21.5m in FY18/19. As a result, Romanian EBITDA posted an impressive growth of 26% y-o-y in FY18/19, but the respective margin deteriorated by 170bps y-o-y settling at 34.4%. Overall, Romanian operations accounted for 17% of group's sales and 19% of consolidated EBITDA in FY18/19.

#### Key P&L items – Romania

(EUR m)	FY17/18	FY18/19	y-o-y	2H17/18	2H18/19	y-o-y
<b>Revenues</b>	<b>100.6</b>	<b>133.1</b>	<b>32.3%</b>	<b>39.6</b>	<b>51.8</b>	<b>30.6%</b>
Gross profits	51.5	67.3	30.6%	20.1	26.0	29.4%
margin	51.2%	50.6%	-70bps	50.8%	50.3%	-50bps
Opex	-15.2	-21.5	41.3%	-7.6	-10.0	31.4%
<b>EBITDA</b>	<b>36.4</b>	<b>45.9</b>	<b>26.1%</b>	<b>12.5</b>	<b>16.1</b>	<b>28.2%</b>
margin	36.1%	34.4%	-170bps	31.6%	31.1%	-60bps
Depreciation	-3.4	-4.2	25.3%	-1.8	-2.2	22.2%
<b>EBIT</b>	<b>33.0</b>	<b>41.6</b>	<b>26.2%</b>	<b>10.7</b>	<b>13.9</b>	<b>29.2%</b>

Source: The Company, Optima Bank Research

**Healthy growth in Bulgaria:** Sales from Bulgaria grew by c. 10% y-o-y in FY18/19 and most importantly without the positive contribution of any extra selling capacity, indicating a flourishing activity. On top of that, the gross margin remained at last year's level (in contrast to what was the case in Greece and Romania), while operating expenses grew by 12% y-o-y, most possibly reflecting salary increases, as the number of employees has not changed versus the prior year. That said, Bulgaria recorded EBITDA of EUR 26m, up by 9% y-o-y, achieving a margin north of 30% for another year.

#### Key P&L items – Bulgaria

(EUR m)	FY17/18	FY18/19	y-o-y	2H17/18	2H18/19	y-o-y
<b>Revenues</b>	<b>78.1</b>	<b>85.6</b>	<b>9.6%</b>	<b>28.8</b>	<b>31.9</b>	<b>10.6%</b>
Gross profits	39.4	43.3	9.8%	14.7	16.2	10.0%
margin	50.5%	50.6%	10bps	51.0%	50.7%	-30bps
Opex	-15.4	-17.2	11.5%	-6.9	-7.5	8.4%
<b>EBITDA</b>	<b>24.0</b>	<b>26.1</b>	<b>8.7%</b>	<b>7.8</b>	<b>8.6</b>	<b>11.4%</b>
<b>margin</b>	<b>30.8%</b>	<b>30.5%</b>	<b>-30bps</b>	<b>26.9%</b>	<b>27.1%</b>	<b>20bps</b>
Depreciation	-3.5	-3.5	1.5%	-1.7	-1.7	1.1%
<b>EBIT</b>	<b>20.6</b>	<b>22.6</b>	<b>9.9%</b>	<b>6.0</b>	<b>6.9</b>	<b>14.4%</b>

Source: The Company, Optima Bank Research

**Soft trends in Cyprus:** Cyprus experienced a modest sales deceleration in FY18/19, indicating the maturity of the specific market. In particular, Jumbo's sales in Cyprus grew by 2.3% y-o-y in FY18/19 versus 6.2% y-o-y in prior year. According to the Cypriot statistical service, retail sales (ex-automotive fuel) grew by 3.6% y-o-y in the 12-month period July 18 - June 19, indicating that Jumbo stores underperformed the rest of the market. Operating profitability remained flattish at the level EUR 31m (+0.6% y-o-y), as increased operating expenses (+3% y-o-y) almost offset the modest increase in revenues and the minor improvement (10bps y-o-y) of the gross margin.

#### Key P&L items – Cyprus

(EUR m)	FY17/18	FY18/19	y-o-y	2H17/18	2H18/19	y-o-y
<b>Revenues</b>	<b>85.7</b>	<b>87.6</b>	<b>2.3%</b>	<b>36.2</b>	<b>37.1</b>	<b>2.5%</b>
Gross profits	43.9	44.9	2.3%	18.8	19.3	2.5%
margin	51.2%	51.3%	10bps	51.9%	51.9%	0bps
Opex	-55.1	-56.8	3.2%	-22.8	-24.1	5.4%
<b>EBITDA</b>	<b>30.6</b>	<b>30.8</b>	<b>0.6%</b>	<b>13.4</b>	<b>13.0</b>	<b>-2.5%</b>
<b>margin</b>	<b>35.7%</b>	<b>35.1%</b>	<b>-60bps</b>	<b>36.9%</b>	<b>35.1%</b>	<b>-180bps</b>
Depreciation	-2.3	-2.3	-0.1%	-1.2	-1.2	0.9%
<b>EBIT</b>	<b>28.3</b>	<b>28.4</b>	<b>0.6%</b>	<b>12.2</b>	<b>11.9</b>	<b>-2.8%</b>

Source: The Company, Optima Bank Research

**Becoming a home product retailer:** Per product category, home products impressively expanded their portion on group's sales by 120bps y-o-y to 34.5% in FY18/19 at the expense of traditional product categories (toys, baby apparel) that are negatively being affected by steady population ageing in Greece and Bulgaria and the substitution of traditional toys by new technologies (tablets, smartphones). In more detail, home products recorded revenues of EUR 280m in FY18/19, up by 12% y-o-y, while other items displayed sales of EUR 64m (+13% y-o-y). Stationary products achieved an 8.5% y-o-y sales growth, accounting for c. 8% of group's sales, while seasonal and toy products posted a modest sales growth of 5% y-o-y and 5.5% y-o-y respectively on an annual basis. The only product category that experienced pressures on the top line was 'Baby apparel', reflecting adverse demographics in most countries of presence.

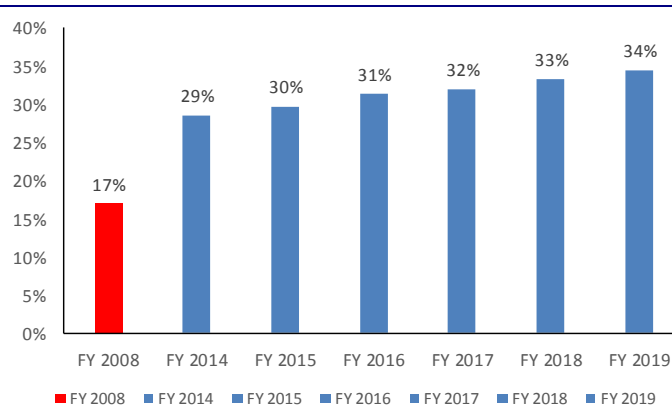
In our view, the gradual increase of the contribution of home equipment products in the revenue mix with the parallel reduction of toys and baby apparel categories is one of the main reasons behind the resilience of group's gross margin amid an adverse currency environment (USD appreciation against the euro).

### Revenue analysis per product category

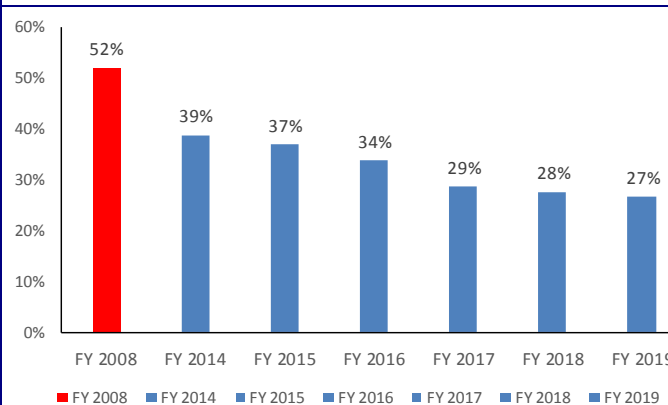
(EUR m)	FY17/18	FY18/19	y-o-y	2H17/18	2H18/19	y-o-y
<b>Toys</b>	<b>166.8</b>	<b>175.9</b>	<b>5.5%</b>	<b>65.7</b>	<b>69.5</b>	<b>5.8%</b>
% of total	22.1%	21.7%	-50bps	21.2%	20.7%	-40bps
<b>Baby apparel</b>	<b>41.0</b>	<b>40.3</b>	<b>-1.7%</b>	<b>17.7</b>	<b>17.5</b>	<b>-1.3%</b>
% of total	5.4%	5.0%	-50bps	5.7%	5.2%	-50bps
<b>Stationary</b>	<b>57.8</b>	<b>62.7</b>	<b>8.5%</b>	<b>19.1</b>	<b>21.0</b>	<b>10.0%</b>
% of total	7.7%	7.7%	0bps	6.1%	6.3%	20bps
<b>Seasonal / Other</b>	<b>180.6</b>	<b>189.7</b>	<b>5.1%</b>	<b>65.8</b>	<b>69.3</b>	<b>5.3%</b>
% of total	24.0%	23.4%	-60bps	21.2%	20.7%	-50bps
<b>Home products</b>	<b>250.7</b>	<b>279.9</b>	<b>11.6%</b>	<b>117.7</b>	<b>130.6</b>	<b>11.0%</b>
% of total	33.3%	34.5%	120bps	37.9%	38.9%	100bps
<b>Haberdashery &amp; similar</b>	<b>56.5</b>	<b>63.6</b>	<b>12.6%</b>	<b>24.3</b>	<b>27.5</b>	<b>13.0%</b>
% of total	7.5%	7.8%	30bps	7.8%	8.2%	40bps
<b>Total Sales</b>	<b>753.3</b>	<b>812.2</b>	<b>7.8%</b>	<b>310.3</b>	<b>335.4</b>	<b>8.1%</b>

Source: The Company, Optima Bank Research

### Home product sales (% of total)



### Toys & Baby apparel sales (% of total)



Source: The Company, Optima Bank Research

## Presentation to Greek institutional investors

The key highlights from the company's presentation to Greek institutional investors are summarized below:

- **Trends in July-September 2019:** Sales grew by 8.2% y-o-y in July-September 2019 with Greek sales growing at the same level versus FY18/19 (i.e. c. 3% y-o-y). Management underlined that the period Oct-Dec 2019 and especially the Christmas period is more crucial for the company's financial performance, for which the visibility is low at present. Management appeared cautious about the evolution of private consumption in Greece.
- **Clarifications on dividend policy:** The company clarified that DPS will be increased by 20% in 2020 and 2021, which means that Jumbo is set to pay to shareholders ordinary dividends of EUR 0.56/share for FY20 and EUR 0.68/share for FY21.
- **Clarifications on the change in the financial year:** Management clarified that the main reason for its decision to align the company's financial year (currently ending on 30 June of each year) with the calendar year are government's initiatives to support Greek enterprises and especially the expected reduction of corporate tax rates to 20% as from January 1st 2020. The company intends to report interim financial statements for the period July-Dec 2019, without ruling out the distribution of a dividend for this period.
- **Capex/Store openings:** The company guided for capex equivalent to 1/3 of its annual net profits or at least EUR 50m each year. Until the end of 2020, the company is planning to open 4 new stores (2 in Romania, 1 in Greece, 1 in Cyprus) and launch its e-shop in Romania.
- **Gross margin:** The company stated that it has agreed the freight rates for the next 12 months at very favourable terms. In relation to EUR/USD currency, management expects to settle at 1.12 over the course of the year, implying that the gross margin will not deviate much from FY18/19 levels.
- **Impact of a trade war between USA-China:** Management said that any trade war between China and its counterparties (mainly USA) is not expected to affect Jumbo as the company has no production in the country, but is a pure importer. President Vakakis said that it is his task to negotiate the prices with Chinese manufacturers in order to achieve the best agreements for his company and its shareholders, adding that in the past Jumbo had successfully tackled the strengthening of the USD against the euro.



## New set of forecasts

We have modified our P&L forecasts to take into account the change in the financial year of the group and company's update about its investment plans. For this reason, we have developed forecasts for the interim financial year ending 31 December 2019 and adjusted our P&L forecasts over 2020-2024 based on the new reporting period. We expect solid revenue growth in 2020-2022 owing to new store openings in all countries, the expected macro recovery in Greece and the continuation of a positive macro environment in Bulgaria, Romania and Cyprus.

### Store roll-out

	FY 2018/19	FY 2019f	2020f	2021f	2022f	2023f	2024f
Time period	July 18 - June 19	July 19 – Dec 19	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2024
Greece	52	52	53	53	54	54	55
Cyprus	5	5	6	6	6	6	6
Bulgaria	9	9	9	10	10	11	11
Romania	13	14	15	17	19	21	22
<b>Total</b>	<b>79</b>	<b>80</b>	<b>83</b>	<b>86</b>	<b>89</b>	<b>92</b>	<b>94</b>
<b>Net additions</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>
Franchise stores	23	23	27	31	35	37	39
<b>Total POS</b>	<b>102</b>	<b>103</b>	<b>110</b>	<b>117</b>	<b>124</b>	<b>129</b>	<b>133</b>

Source: Optima Bank Research

### GDP forecast per country

% growth	2018	2019f	2020f	2021f	2022f	2023f	2024f
Greece	1.9%	2.0%	2.2%	1.7%	1.3%	0.9%	0.9%
Cyprus	3.9%	3.1%	2.9%	2.7%	2.6%	2.5%	2.5%
Bulgaria	3.1%	3.7%	3.2%	3.0%	2.8%	2.8%	2.8%
Romania	4.1%	4.0%	3.5%	3.0%	3.0%	3.0%	3.0%

Source: IMF

In more detail, we look for revenues of EUR 906m (+6.8% y-o-y on a calendarized basis) in 2020 and EUR 973m (+6.8% y-o-y) in 2021. On our estimates, Jumbo's top line will surpass the EUR 1bn mark by 2022, with Greece accounting for 52% of total sales and Romania 23% of group's turnover.

We have pencilled in a moderate decrease in group's gross margin in the medium-term on the back of the expected increase in transportation costs, while SGA/sales ratio is expected to gradual slide towards 24% in the medium-term. Based on these assumptions, Jumbo's EBITDA is seen shaping at EUR 277m in 2020 and EUR 294m in 2021. Before IFRS 16, group's EBITDA is estimated at EUR 267m (+7% y-o-y) for 2020 and EUR 284m (+6.6% y-o-y) for 2021, pointing to a 29% margin in both years.

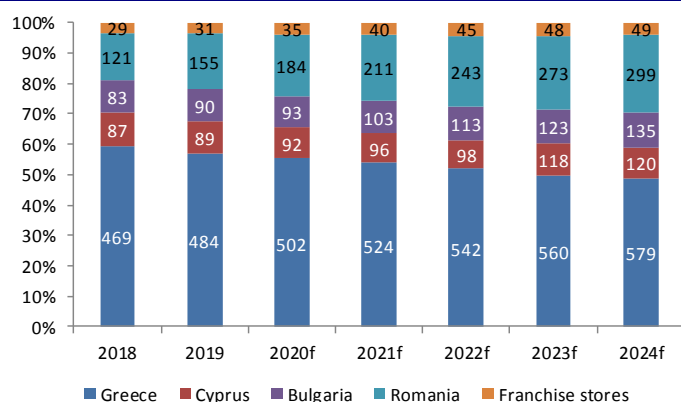
Below the EBITDA line we have assumed: a) depreciation expenses of EUR 37m for 2020 and EUR 40m for 2021, including an extra charge of EUR 9m relating to IFRS 16 application, b) net financial expenses of EUR 3m including lease expenses of EUR 2m resulting from the application of IFRS 16 and c) income taxes of EUR 50m for 2020 and EUR 53m for 2021, assuming an effective tax rate of 21%. According to our assumptions, Jumbo is expected to record net profits of EUR 187m (+9.5% y-o-y) in 2020 and EUR 199m (+6% y-o-y) in 2021.

### P&L Forecasts (figures on a calendar basis)

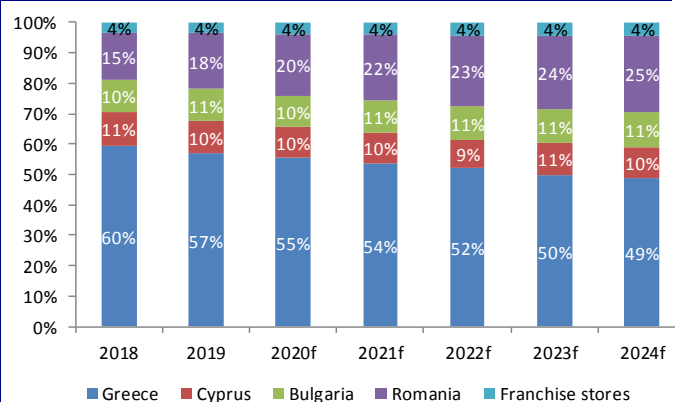
EUR m	2018	2019f	2020f	2021f	2022f	2023f	2024f
Time period	Jan-Dec 2018	Jan-Dec 2019f	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2024
Greece	468.6	483.7	501.7	523.7	541.8	560.4	578.5
Cyprus	86.7	88.7	92.3	96.2	98.2	118.0	120.4
Bulgaria	82.5	90.4	93.3	102.6	112.6	123.4	135.0
Romania	120.8	155.0	183.7	210.6	243.3	273.5	299.3
Other*	28.6	31.0	35.3	40.1	44.7	47.8	49.5
<b>Sales</b>	<b>787.1</b>	<b>848.8</b>	<b>906.3</b>	<b>973.3</b>	<b>1,040.6</b>	<b>1,123.1</b>	<b>1,182.6</b>
<b>% change</b>	<b>8.9%</b>	<b>7.8%</b>	<b>6.8%</b>	<b>7.4%</b>	<b>6.9%</b>	<b>7.9%</b>	<b>5.3%</b>
Cost of sales	-372.8	-407.8	-439.5	-476.9	-515.1	-561.5	-597.2
<b>Gross profit</b>	<b>414.3</b>	<b>441.0</b>	<b>466.7</b>	<b>496.4</b>	<b>525.5</b>	<b>561.5</b>	<b>585.4</b>
<b>% margin</b>	<b>52.6%</b>	<b>52.0%</b>	<b>51.5%</b>	<b>51.0%</b>	<b>50.5%</b>	<b>50.0%</b>	<b>49.5%</b>
SGA	-205.4	-217.3	-226.1	-241.1	-256.1	-271.1	-286.1
SGA/sales	26.1%	25.6%	24.9%	24.8%	24.6%	24.1%	24.2%
Other income / expenses	0.5	-0.5	-1.0	-1.0	-1.0	-1.0	-1.0
<b>EBIT</b>	<b>209.4</b>	<b>223.2</b>	<b>239.7</b>	<b>254.3</b>	<b>268.4</b>	<b>289.5</b>	<b>298.3</b>
% margin	26.6%	26.3%	26.4%	26.1%	25.8%	25.8%	25.2%
Depreciation	25.3	30.4	37.0	40.0	42.7	45.5	48.3
<b>EBITDA</b>	<b>234.7</b>	<b>253.6</b>	<b>276.6</b>	<b>294.3</b>	<b>311.2</b>	<b>334.9</b>	<b>346.7</b>
<b>% change</b>	<b>13.5%</b>	<b>8.0%</b>	<b>9.1%</b>	<b>6.4%</b>	<b>5.7%</b>	<b>7.6%</b>	<b>3.5%</b>
<b>EBITDA before IFRS 16</b>	<b>234.7</b>	<b>249.1</b>	<b>266.6</b>	<b>284.3</b>	<b>301.2</b>	<b>324.9</b>	<b>336.7</b>
<b>% margin</b>	<b>29.8%</b>	<b>29.3%</b>	<b>29.4%</b>	<b>29.2%</b>	<b>28.9%</b>	<b>28.9%</b>	<b>28.5%</b>
<b>% change</b>	<b>13.5%</b>	<b>6.1%</b>	<b>7.1%</b>	<b>6.6%</b>	<b>5.9%</b>	<b>7.9%</b>	<b>3.6%</b>
Net financials	-2.7	-1.7	-2.9	-2.8	-2.7	-2.6	-2.5
<b>EBT</b>	<b>206.7</b>	<b>221.5</b>	<b>236.8</b>	<b>251.5</b>	<b>265.8</b>	<b>286.9</b>	<b>295.9</b>
Income taxes	-47.3	-50.7	-49.7	-52.8	-55.8	-60.2	-62.1
<b>Effective tax rate</b>	<b>22.9%</b>	<b>22.9%</b>	<b>21.0%</b>	<b>21.0%</b>	<b>21.0%</b>	<b>21.0%</b>	<b>21.0%</b>
<b>Net profit</b>	<b>159.4</b>	<b>170.8</b>	<b>187.1</b>	<b>198.7</b>	<b>210.0</b>	<b>226.6</b>	<b>233.7</b>
<b>% change</b>	<b>13.9%</b>	<b>7.1%</b>	<b>9.5%</b>	<b>6.2%</b>	<b>5.7%</b>	<b>7.9%</b>	<b>3.1%</b>

Source: Optima Bank Research, \* Franchise stores in Western Balkans

### Revenue forecasts (on a calendar basis)



### Revenue mix per geography (on a calendar basis)



Source: Optima Bank Research

In the interim financial year covering the period July – December 2019, we forecast revenues of EUR 513m (+7.7% y-o-y), EBITDA of EUR 156m (+11% y-o-y, including a EUR 5m cost saving relating to IFRS 16 application) and net earnings of EUR 107m (+8.0% y-o-y). Per country, we forecast a mediocre revenue accretion in Greece (+2.8% y-o-y) and Cyprus (+2.2% y-o-y) and continuation of the strong momentum in Bulgaria (+9.0% y-o-y) and Romania (+27% y-o-y), the latter supported from the contribution of the new store in Brasov that will commence operation in November 2019.

In relation to the gross margin, we expect a modest decline of 30bps y-o-y driven by adverse FX rates, as the company has already agreed its freight rates at a very good level versus last year, while operating expenses are seen up by 5% y-o-y in July-Dec 2019 on the back of salary increases in previous months and the start-up costs relating to the new hyper-store in Brasov.

Below the EBITDA line, depreciation expenses are expected to rise 36% y-o-y to EUR 17.5m, augmented by EUR 4.5m resulting from the application of IFRS 16, while we have factored in an effective tax rate of 22%, unchanged versus last year. The potential reduction of corporate tax rates in Greece to 24% from 28% currently effective January 1<sup>st</sup> 2019, will generate a tax saving of EUR 3m in the interim period ending 31 December 2019 versus our current projection.

#### Interim P&L statements July-December 2019

EUR m	July 18– Dec 18	July 19 – Dec 19f	y-o-y
Greece	274.6	282.2	2.8%
Cyprus	50.5	51.6	2.2%
Bulgaria	53.7	58.5	9.0%
Romania	81.1	103.1	27.0%
Other*	16.9	18.0	6.6%
<b>Sales</b>	<b>476.8</b>	<b>513.3</b>	<b>7.7%</b>
Cost of sales	-234.6	-254.1	8.3%
<b>Gross profit</b>	<b>242.1</b>	<b>259.2</b>	<b>7.1%</b>
<b>% margin</b>	<b>50.8%</b>	<b>50.5%</b>	<b>-30bps</b>
SGA	-114.3	-120.5	5.4%
SGA/sales	-24.0%	-23.5%	50bps
Other income / expenses	-0.3	-0.5	
<b>EBIT</b>	<b>127.5</b>	<b>138.2</b>	<b>8.4%</b>
% margin	26.7%	26.9%	20bps
Depreciation	12.8	17.5	36.4%
<b>EBITDA</b>	<b>140.3</b>	<b>155.7</b>	<b>10.9%</b>
<b>EBITDA before IFRS 16</b>	<b>140.3</b>	<b>150.7</b>	<b>7.4%</b>
<b>% margin</b>	<b>29.4%</b>	<b>29.4%</b>	<b>-10bps</b>
Net financials	-1.0	-1.5	
<b>EBT</b>	<b>126.5</b>	<b>136.7</b>	<b>8.1%</b>
Income taxes	-27.8	-30.1	8.3%
<b>Effective tax rate</b>	<b>-22.0%</b>	<b>-22.0%</b>	
<b>Net profit</b>	<b>98.7</b>	<b>106.6</b>	<b>8.0%</b>

Source: Optima Bank Research, \* Sales from franchise stores in Western Balkans

## Free cash flow

Jumbo is well-positioned to generate solid free cash flow in the medium-term on the back of our forecasts for growing operating profits, almost zero interest expenses and modest capex and working capital needs. We remind that the company is in the process of re-organizing its logistics structure, adopting the 'last-minute delivery' model to achieve cost efficiencies and better inventory management, while capex needs should not exceed EUR 45m in the medium-term, as the company is expected to open up to 3 new owned stores per annum. In particular, we expect free cash flows of EUR 132m for 2020 and EUR 147m for 2021, assuming WC needs of EUR 32m and capex of EUR 50m for both years.

### Projected FCF 2020-2024

EUR m	FY 2018/19	FY 2019f	2020f	2021f	2022f	2023f	2024f
Time period	July 18 - June 19	July 19 – Dec 19	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2024
EBITDA	238.2	150.7	266.6	284.3	301.2	323.8	334.3
Income taxes	-49.0	-30.1	-49.7	-52.8	-55.8	-60.2	-62.1
Interest expenses	-0.5	-1.5	-0.9	-0.8	-0.7	-0.6	-0.5
Working capital needs	-65.1	27.0	-32.4	-32.1	-32.4	-32.9	-33.1
Capex	-44.4	-20.0	-50.0	-50.0	-50.0	-45.0	-45.0
Other	-2.0	0.0	-2.0	-2.0	-2.0	-2.0	-2.0
<b>Free cash flow</b>	<b>77.2</b>	<b>126.1</b>	<b>131.7</b>	<b>146.7</b>	<b>160.2</b>	<b>183.1</b>	<b>191.6</b>

Source: The Company, Optima Bank Research

## Dividend policy

Management has adopted a more generous stance on the dividend front announcing an ordinary dividend of EUR 0.47/share for FY18/19, pointing to 39% payout ratio. The company has already paid an interim dividend of EUR 0.19/shares, thus shareholders will be received the remaining dividend of EUR 0.28/share (ex-dividend date: November 11, 2019).

On top of that, management guided for a 20% increase for the financial years 2020 and 2021, implying a DPS of EUR 0.56 and EUR 0.68 respectively. Due to the transition to the new financial year, the company is obliged by law to publish IFRS statements for the period July-December 2019. We view that the company could possibly pay an ordinary dividend of EUR 0.24/share for this interim period.

Overall, management feels more comfortable with the political and macro conditions in Greece after the election of the new government with absolute majority, which seems willing to adopt business-friendly policies (i.e. tax cuts, reduction of bureaucratic obstacles) to boost economic growth. Having these in mind, we set the dividend payout at 45% of consolidated net profits for the period 2022-2024, which implies a satisfactory dividend yield of more than 4% in the medium-term.

### DPS forecasts 2019-2024

EUR m	FY 2018/19	FY 2019f	2020f	2021f	2022f	2023f	2024f
Time period	July 18 - June 19	July 19 – Dec 19	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2024
Earnings per share	1.20	0.78	1.37	1.46	1.54	1.67	1.72
<b>Dividend payout</b>	<b>39.3%</b>	<b>30.0%</b>	<b>41.0%</b>	<b>46.3%</b>	<b>46.3%</b>	<b>46.3%</b>	<b>46.3%</b>
<b>DPS (EUR per share)</b>	<b>0.47</b>	<b>0.24</b>	<b>0.56</b>	<b>0.68</b>	<b>0.72</b>	<b>0.77</b>	<b>0.80</b>
Dividend yield	2.8%	1.3%	3.2%	3.9%	4.1%	4.4%	4.6%

Source: The Company, Optima Bank Research

## Valuation & Rating

Following the changes in our P&L and cash flow estimates, our DCF model returns a fair price of **EUR 22.50/share** (vs. EUR 20.00/share previously) for Jumbo. We have reduced the discount rate (WACC) used in our valuation model to 8.6% from 9.8% to take into account the recent reduction of 10-year GGB yields. In addition, we have used group's net cash position at the end of December 2019 including the extra lease liabilities of EUR 98m recognized after the application of IFRS 16. This means that our target price is adjusted for the remaining dividend of EUR 0.28/share payable in November 2019.

Our target price stands 29% above current price levels, thus we re-affirm our **Buy**' rating on the stock.

### DCF Valuation

EUR m	2020f	2021f	2022f	2023f	2024f
EBITDA (after IFRS 16)	277	294	311	334	344
Depreciation (after IFRS 16)	37	40	43	44	46
<b>EBIT (after IFRS 16)</b>	<b>240</b>	<b>254</b>	<b>268</b>	<b>289</b>	<b>298</b>
Notional tax @ 21.0%	-50	-53	-56	-61	-63
Depreciation & Provision	37	40	43	44	46
CAPEX	-50	-50	-50	-45	-45
Δ(WC)	-32	-32	-32	-33	-33
<b>Free Cash Flow to the Firm</b>	<b>143.9</b>	<b>158.8</b>	<b>172.3</b>	<b>195.2</b>	<b>203.5</b>
WACC	8.6%	8.6%	8.6%	8.6%	8.6%
<b>PV of FCFF 2020-2024</b>	<b>132.5</b>	<b>134.7</b>	<b>134.5</b>	<b>140.3</b>	<b>134.7</b>
Sum of PV of FCFF 2020-2024	677				
Terminal Growth Rate (Perpetuity)	2.0%				
Terminal Value (Perpetuity)	2,078				3,141
<b>Enterprise Value</b>	<b>2,755</b>				
Less: Net Debt / (Cash) FY19e*	-298				
Plus: Other assets	8				
<b>Equity value</b>	<b>3,062</b>				
No of shares	136.1				
<b>Target price</b>	<b>22.50</b>				

Source: Optima Bank Research, \* Net cash positive as at 31.12.2019 including lease liabilities under IFRS 16

We have performed a sensitivity analysis of our valuation results with respect to the discount rate and the perpetuity growth rate. Our sensitivity analysis yields a price range between **EUR 20.00 – 25.90** per share. In particular a 50bps reduction in the discount rate will add **EUR 0.40/share or 2.0% to our target price** and vice-versa.

### DCF valuation sensitivity – WACC and perpetuity rate (in EUR/share)

		Weighted Average Cost of Capital		
		8.1%	8.6%	9.1%
Terminal Growth rate	1.0%	20.70	20.40	20.00
	2.0%	22.90	<b>22.50</b>	22.10
	3.0%	25.90	25.40	24.90

Source: Optima Bank Research

A key parameter in the valuation of Jumbo shares is the evolution of the gross margin. Each 50bps additional gross margin above our assumption for the period 2020-2024, will add EUR **0.50/share** to our target price and vice-versa.

#### DCF valuation sensitivity – WACC and gross margin (in EUR/share)

Financial Year		2020	2021	2022	2023	2024
<b>Gross margin assumption</b>		<b>52.0%</b>	<b>51.5%</b>	<b>51.0%</b>	<b>50.5%</b>	<b>50.0%</b>
<b>Annual deviation vs. Optima Bank assumption</b>		<b>-1.0%</b>	<b>-0.5%</b>	<b>0.0%</b>	<b>0.5%</b>	<b>1.0%</b>
<b>WACC</b>	<b>8.1%</b>	22.00	22.40	22.90	23.40	23.90
	<b>8.6%</b>	21.60	22.00	<b>22.50</b>	23.00	23.40
	<b>9.1%</b>	21.20	21.60	22.10	22.50	23.00

Source: Optima Bank Research

Finally, our valuation results are very sensitive to the variation of group's working capital needs, which we have set at around EUR 32-33m over our forecast period. Assuming extra WC needs of EUR 10m for each year of our forecast period, our target price is reduced by **EUR 1.00/share** and vice-versa.

## Risks to our Estimates and Valuation

The main risks to our forecasts and valuation are summarized below:

- Economic conditions in the home country:** Since domestic operations represent 62% of total sales and 57% of total EBITDA, our P&L forecasts are vulnerable to the economic conditions in Greece.
- FX risks:** Jumbo import 70% of its products from China, while 80% of its COGS is USD-denominated. That said, group's earnings performance is quite sensitive to currency fluctuations (EUR/USD and USD/CHN) due to their immediate impact on gross margin. We note that in the past the company has achieved to override FX headwinds through early stocking practices, negotiations with Chinese suppliers and smart pricing.
- Transportation costs** account from 20% to 35% of group's COGS, which means that the expected increase in freight rates following the use of zero-carbon fuels in shipping as from 2020 could exert additional pressures on group's gross margin (we have assumed a 50bps y-o-y reduction in 2020 versus 2019).
- Working capital volatility:** Group's working capital needs display high volatility from time to time, reflecting increased selling capacity, launch of e-commerce channels and early stocking practices. It is noteworthy that inventory days have increased from 240 in 2016 to 273 in 2019, implying a total increase of EUR 94m in the last 4 financial years. Management's decision to adopt a 'last-minute delivery' policy is expected to normalize inventory days going forward. For this reason, we have assumed WC needs at EUR 33m over our forecast period. Any deviation from this assumption, could have a material impact (positive or negative) to group's cash flow and our target price.
- Entry in new markets:** The company has successfully built its distribution network in Greece, Bulgaria and Cyprus, while it is planning to complete its investment plans in Romania (opening of 8 new stores) by 2024. The company has disclosed its intention to attain its presence in new markets after the completion of its store network in Romania (indicatively Hungary and Croatia), a scenario that is not included in our P&L forecasts.

## Jumbo : Summary tables

	06/2017	06/2018	06/2019	12/2020e	12/2021e	12/2022e
<b>PROFIT &amp; LOSS (EURm)</b>						
<b>Sales</b>	<b>681</b>	<b>753</b>	<b>812</b>	<b>906</b>	<b>973</b>	<b>1,041</b>
Cost of Sales & Operating Costs	-487	-530	-574	-630	-679	-729
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>195</b>	<b>224</b>	<b>238</b>	<b>277</b>	<b>294</b>	<b>311</b>
<b>EBITDA (adj.)*</b>	<b>195</b>	<b>224</b>	<b>238</b>	<b>277</b>	<b>294</b>	<b>311</b>
Depreciation	-23.0	-24.7	-25.7	-37.0	-40.0	-42.7
<b>EBITA</b>	<b>172</b>	<b>199</b>	<b>212</b>	<b>240</b>	<b>254</b>	<b>268</b>
<b>EBITA (adj)*</b>	<b>172</b>	<b>199</b>	<b>212</b>	<b>240</b>	<b>254</b>	<b>268</b>
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>172</b>	<b>199</b>	<b>212</b>	<b>240</b>	<b>254</b>	<b>268</b>
<b>EBIT (adj.)*</b>	<b>172</b>	<b>199</b>	<b>212</b>	<b>240</b>	<b>254</b>	<b>268</b>
Net Financial Interest	1.8	-1.0	-1.2	-2.9	-2.8	-2.7
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	-0.2	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>173</b>	<b>198</b>	<b>211</b>	<b>237</b>	<b>252</b>	<b>266</b>
Tax	-42.5	-46.8	-48.4	-49.7	-52.8	-55.8
<i>Tax rate</i>	<i>24.5%</i>	<i>23.6%</i>	<i>22.9%</i>	<i>21.0%</i>	<i>21.0%</i>	<i>21.0%</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
<b>Net Profit (reported)</b>	<b>131</b>	<b>151</b>	<b>163</b>	<b>187</b>	<b>199</b>	<b>210</b>
<b>Net Profit (adj.)</b>	<b>131</b>	<b>151</b>	<b>163</b>	<b>187</b>	<b>199</b>	<b>210</b>
<b>CASH FLOW (EURm)</b>						
Cash Flow from Operations before change in NWC	152	176	190	214	229	243
Change in Net Working Capital	-41.6	-5.1	-65.1	-32.4	-32.1	-32.4
<b>Cash Flow from Operations</b>	<b>110</b>	<b>171</b>	<b>125</b>	<b>182</b>	<b>197</b>	<b>210</b>
Capex	-38.0	-42.2	-44.4	-50.0	-50.0	-50.0
Net Financial Investments	9.1	0.9	-3.7	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>81.5</b>	<b>130</b>	<b>77.2</b>	<b>132</b>	<b>147</b>	<b>160</b>
Dividends	-110	-48.0	-55.4	-32.0	-76.7	-92.1
Other (incl. Capital Increase & share buy backs)	-14.9	-1.6	-1.3	10.0	10.0	10.0
<b>Change in Net Debt</b>	<b>-43.5</b>	<b>80.4</b>	<b>20.4</b>	<b>110</b>	<b>79.9</b>	<b>78.1</b>
NOPLAT	122	141	151	182	193	204
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>						
Net Tangible Assets	515	542	562	591	610	626
Net Intangible Assets (incl. Goodwill)	0.0	0.0	0.0	0.0	0.0	0.0
Right-of-Use Assets (Lease Assets)	0.0	0.0	0.0	89.0	80.0	71.0
Net Financial Assets & Other	31.4	27.9	27.2	27.2	27.2	27.2
<b>Total Fixed Assets</b>	<b>546</b>	<b>570</b>	<b>589</b>	<b>707</b>	<b>717</b>	<b>724</b>
Inventories	239	248	290	310	340	370
Trade receivables	105	105	121	138	142	146
Other current assets	3.2	2.0	2.7	2.7	2.7	2.7
Cash (-)	-366	-437	-507	-705	-785	-863
<b>Total Current Assets</b>	<b>713</b>	<b>792</b>	<b>921</b>	<b>1,156</b>	<b>1,269</b>	<b>1,381</b>
<b>Total Assets</b>	<b>1,260</b>	<b>1,362</b>	<b>1,509</b>	<b>1,863</b>	<b>1,986</b>	<b>2,105</b>
Shareholders Equity	962	1,058	1,161	1,385	1,507	1,625
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	962	1,058	1,161	1,385	1,507	1,625
Long term interest bearing debt	144	0.0	199	199	199	199
Provisions	7.1	8.0	9.8	9.8	9.8	9.8
Lease Liabilities	0.0	0.0	0.0	98.0	98.0	98.0
Other long term liabilities	12.7	25.9	18.6	18.6	18.6	18.6
<b>Total Long Term Liabilities</b>	<b>164</b>	<b>33.8</b>	<b>227</b>	<b>325</b>	<b>325</b>	<b>325</b>
Short term interest bearing debt	14.8	150	0.2	0.0	0.0	0.0
Trade payables	39.8	40.3	42.3	49.4	51.0	52.2
Other current liabilities	79.0	79.9	78.4	103	103	103
<b>Total Current Liabilities</b>	<b>134</b>	<b>270</b>	<b>121</b>	<b>152</b>	<b>154</b>	<b>155</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,259.6</b>	<b>1,362.1</b>	<b>1,509.5</b>	<b>1,862.6</b>	<b>1,986.2</b>	<b>2,105.3</b>
<b>Net Capital Employed</b>	<b>774.7</b>	<b>805.0</b>	<b>882.2</b>	<b>916.6</b>	<b>967.6</b>	<b>1,016.4</b>
<b>Net Working Capital</b>	<b>307.4</b>	<b>314.6</b>	<b>371.7</b>	<b>401.6</b>	<b>433.7</b>	<b>466.2</b>
<b>GROWTH &amp; MARGINS</b>						
<i>Sales growth</i>	<i>6.9%</i>	<i>10.5%</i>	<i>7.8%</i>	<i>11.6%</i>	<i>7.4%</i>	<i>6.9%</i>
<b>EBITDA (adj.)* growth</b>	<b>6.0%</b>	<b>14.8%</b>	<b>6.5%</b>	<b>16.1%</b>	<b>6.4%</b>	<b>5.7%</b>
<i>EBITA (adj.)* growth</i>	<i>6.7%</i>	<i>15.8%</i>	<i>6.8%</i>	<i>12.8%</i>	<i>6.1%</i>	<i>5.6%</i>
<i>EBIT (adj.)* growth</i>	<i>6.7%</i>	<i>15.8%</i>	<i>6.8%</i>	<i>12.8%</i>	<i>6.1%</i>	<i>5.6%</i>

## Jumbo : Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Profit growth	10.1%	15.3%	7.8%	14.8%	6.2%	5.7%
EPS adj. growth	10.1%	15.3%	7.8%	14.8%	6.2%	5.7%
DPS adj. growth	-42.9%	8.3%	20.5%	20.0%	20.0%	5.7%
EBITDA (adj)* margin	28.6%	29.7%	29.3%	30.5%	30.2%	29.9%
EBITA (adj)* margin	25.2%	26.4%	26.2%	26.4%	26.1%	25.8%
EBIT (adj)* margin	25.2%	26.4%	26.2%	26.4%	26.1%	25.8%
<b>RATIOS</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Debt/Equity	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3
Net Debt/EBITDA	-1.1	-1.3	-1.3	-1.5	-1.7	-1.8
Interest cover (EBITDA/Fin.interest)	n.m.	n.m.	n.m.	96.2	n.m.	n.m.
Capex/D&A	165.3%	171.0%	172.7%	135.2%	124.9%	117.1%
Capex/Sales	5.6%	5.6%	5.5%	5.5%	5.1%	4.8%
NWC/Sales	45.1%	41.8%	45.8%	44.3%	44.6%	44.8%
ROE (average)	14.0%	15.0%	14.7%	14.7%	13.7%	13.4%
ROCE (adj.)	16.3%	18.1%	17.6%	20.4%	20.5%	20.6%
WACC	10.3%	10.0%	9.8%	8.6%	8.6%	8.6%
ROCE (adj.)/WACC	1.6	1.8	1.8	2.4	2.4	2.4
<b>PER SHARE DATA (EUR)***</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Average diluted number of shares	136.1	136.1	136.1	136.1	136.1	136.1
EPS (reported)	0.96	1.11	1.20	1.37	1.46	1.54
EPS (adj.)	0.96	1.11	1.20	1.37	1.46	1.54
BVPS	7.07	7.78	8.54	10.18	11.08	11.94
DPS	0.36	0.39	0.47	0.56	0.68	0.72
<b>VALUATION</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
EV/Sales	2.9	2.2	2.5	2.2	1.9	1.7
EV/EBITDA	10.0	7.3	8.4	7.1	6.4	5.8
<b>EV/EBITDA (adj.)*</b>	<b>10.0</b>	<b>7.3</b>	<b>8.4</b>	<b>7.1</b>	<b>6.4</b>	<b>5.8</b>
EV/EBITA	11.4	8.2	9.4	8.2	7.4	6.7
<b>EV/EBITA (adj.)*</b>	<b>11.4</b>	<b>8.2</b>	<b>9.4</b>	<b>8.2</b>	<b>7.4</b>	<b>6.7</b>
EV/EBIT	11.4	8.2	9.4	8.2	7.4	6.7
<b>EV/EBIT (adj.)*</b>	<b>11.4</b>	<b>8.2</b>	<b>9.4</b>	<b>8.2</b>	<b>7.4</b>	<b>6.7</b>
<b>P/E (adj.)</b>	<b>16.6</b>	<b>12.7</b>	<b>14.2</b>	<b>12.7</b>	<b>12.0</b>	<b>11.3</b>
P/BV	2.3	1.8	2.0	1.7	1.6	1.5
Total Yield Ratio	2.2%	2.9%	1.3%	3.2%	3.9%	4.1%
EV/CE	2.4	1.9	2.1	2.0	1.8	1.7
OpFCF yield	3.3%	6.7%	3.5%	5.5%	6.2%	6.7%
OpFCF/EV	3.7%	8.0%	4.0%	6.7%	7.8%	8.9%
Payout ratio	37.4%	35.1%	39.3%	41.0%	46.3%	46.3%
Dividend yield (gross)	2.3%	2.8%	2.7%	3.2%	3.9%	4.1%
<b>EV AND MKT CAP (EURm)</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Price** (EUR)	16.00	14.12	17.00	17.50	17.50	17.50
Outstanding number of shares for main stock	136.1	136.1	136.1	136.1	136.1	136.1
<b>Total Market Cap</b>	<b>2,177</b>	<b>1,921</b>	<b>2,313</b>	<b>2,381</b>	<b>2,381</b>	<b>2,381</b>
<b>Net Debt</b>	<b>-207</b>	<b>-287</b>	<b>-308</b>	<b>-408</b>	<b>-488</b>	<b>-566</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-366</i>	<i>-437</i>	<i>-507</i>	<i>-705</i>	<i>-785</i>	<i>-863</i>
<i>o/w Gross Debt (+)</i>	<i>159</i>	<i>150</i>	<i>199</i>	<i>199</i>	<i>199</i>	<i>199</i>
<b>Other EV components</b>	<b>-14</b>	<b>-11</b>	<b>-8</b>	<b>-8</b>	<b>-8</b>	<b>-8</b>
<b>Enterprise Value (EV adj.)</b>	<b>1,956</b>	<b>1,623</b>	<b>1,997</b>	<b>1,965</b>	<b>1,885</b>	<b>1,807</b>

Source: Company, Optima bank 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 general non-food 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.



## European Coverage of the Members of ESN

<b>Aerospace &amp; Defense</b>	<b>Mem(*)</b>	Mytilineos	IBG	Viscofan	GVC	Haulotte Group	CIC
Airbus Se	CIC	Semapa	CBI	Vranken Pommery Monopole	CIC	Ima	BAK
Dassault Aviation	CIC	The Navigator Company	CBI	<b>Food &amp; Drug Retailers</b>	<b>Mem(*)</b>	Interpump	BAK
Figeac Aero	CIC	Tubacex	GVC	Carrefour	CIC	Manitou	CIC
Latecoere	CIC	<b>Chemicals</b>	<b>Mem(*)</b>	Casino Guichard-Perrachon	CIC	Prima Industrie	BAK
Leonardo	BAK	Air Liquide	CIC	Jeronimo Martins	CBI	Prysmian	BAK
Lisi	CIC	Arkema	CIC	Marr	BAK	Talgo	GVC
Safran	CIC	<b>Electronic &amp; Electrical Eq.</b>	<b>Mem(*)</b>	Sonae	CBI	Zardoya Otis	GVC
Thales	CIC	Rexel	CIC	<b>General Industrials</b>	<b>Mem(*)</b>	<b>Industrial Transportation</b>	<b>Mem(*)</b>
<b>Alternative Energy</b>	<b>Mem(*)</b>	<b>Fin. Serv. Holdings</b>	<b>Mem(*)</b>	Cembre	BAK	Bollore	CIC
Pic	BAK	Cir	BAK	Sergeferrari Group	CIC	Clasquin	IAC
Siemens Gamesa Re	GVC	Corp. Financiera Alba	GVC	<b>General Retailers</b>	<b>Mem(*)</b>	Ctt	CBI
Volitalia	CIC	Digital Magics	BAK	Emova Group	IAC	<b>Insurance</b>	<b>Mem(*)</b>
<b>Automobiles &amp; Parts</b>	<b>Mem(*)</b>	Eurazeo	CIC	Fnac Darty	CIC	Axa	CIC
Brembo	BAK	Ffp	CIC	Fourlis Holdings	IBG	Cattolica Assicurazioni	BAK
Ferrari	BAK	Rallye	CIC	Inditex	GVC	Generali	BAK
Fiat Chrysler Automobiles	BAK	Tip Tamburi Investment Partners	BAK	Jumbo	IBG	Mapfre	GVC
Gestamp	GVC	Wendel	CIC	Maisons Du Monde	CIC	Net Insurance	BAK
Indelb	BAK	<b>Fin. Serv. Industrials</b>	<b>Mem(*)</b>	Ovs	BAK	Unipolsai	BAK
Landi Renzo	BAK	Athex Group	IBG	Unieuro	BAK	<b>Materials, Construction</b>	<b>Mem(*)</b>
Piaggio	BAK	Bolsas Y Mercados Espanoles	GVC	<b>Healthcare</b>	<b>Mem(*)</b>	Acs	GVC
Pininfarina	BAK	Dovalue	BAK	Ab Biotics	GVC	Aena	GVC
Plastic Omnium	CIC	Nexi	BAK	Abionyx Pharma	CIC	Astaldi	BAK
Sogefi	BAK	Tinexta	BAK	Amplifon	BAK	Atlantia	BAK
<b>Banks</b>	<b>Mem(*)</b>	<b>Financial Services Banks</b>	<b>Mem(*)</b>	Atrys Health	GVC	Buzzi Unicem	BAK
Alpha Bank	IBG	Amundi	CIC	Biom'Up	CIC	Capelli	CIC
Banca Mps	BAK	Anima	BAK	Crossject	CIC	Eiffage	CIC
Banco Sabadell	GVC	Azimut	BAK	Diasorin	BAK	Ezentis	GVC
Banco Santander	GVC	Banca Farmafactoring	BAK	El.En.	BAK	Fcc	GVC
Bankia	GVC	Banca Generali	BAK	Fermentalg	CIC	Ferrovial	GVC
Bankinter	GVC	Banca Ifis	BAK	Fine Foods	BAK	Groupe Adp	CIC
Bbva	GVC	Banca Mediolanum	BAK	Genfit	CIC	Groupe P o uoulat	CIC
Bcp	CBI	Banca Sistema	BAK	Guerbet	CIC	Groupe Sfpi S.A.	CIC
Bnp Paribas	CIC	Finecobank	BAK	Korian	CIC	Heaxom	CIC
Bper	BAK	Poste Italiane	BAK	Oncodesign	CIC	Herige	CIC
Caixabank	GVC	<b>Food &amp; Beverage</b>	<b>Mem(*)</b>	Orpea	CIC	Imerys	CIC
Credem	BAK	Advini	CIC	Recordati	BAK	Kaufman & Broad	IAC
Credit Agricole Sa	CIC	Bonduelle	CIC	Theraclion	CIC	Lafargeholcim	CIC
Creval	BAK	Campari	BAK	<b>Household Goods</b>	<b>Mem(*)</b>	Maire Tecnimont	BAK
Eurobank	IBG	Coca Cola Hbc Ag	IBG	Abeo	CIC	Mota Engil	CBI
Intesa Sanpaolo	BAK	Danone	CIC	De Longhi	BAK	Obrascon Huarte Lain	GVC
Liberbank	GVC	Ebro Foods	GVC	Elica	BAK	Sacyr	GVC
Mediobanca	BAK	Enervit	BAK	Fila	BAK	Saint Gobain	CIC
National Bank Of Greece	IBG	Fleury Michon	CIC	Groupe Seb	CIC	Salini Impregilo	BAK
Natixis	CIC	Italian Wine Brands	BAK	<b>Industrial Engineering</b>	<b>Mem(*)</b>	Sias	BAK
Piraeus Bank	IBG	La Doria	BAK	Alstom	CIC	Sonae Industria	CBI
Rothschild & Co	CIC	Lanson-Bcc	CIC	Biesse	BAK	Tarkett	CIC
Societe Generale	CIC	Laurent Perrier	CIC	Caf	GVC	Thermador Groupe	CIC
Ubi Banca	BAK	Ldc	CIC	Carraro	BAK	Titan Cement International	IBG
Unicredit	BAK	Massimo Zanetti	BAK	Cnh Industrial	BAK	Trevi	BAK
<b>Basic Resources</b>	<b>Mem(*)</b>	Orsero	BAK	Danieli	BAK	Vicat	CIC
Acerinox	GVC	Pernod Ricard	CIC	Datalogic	BAK	Vinci	CIC
Altri	CBI	Remy Cointreau	CIC	Emak	BAK		
Arcelormittal	GVC	Tipiak	CIC	Exel Industries	CIC		
Corticeira Amorim	CBI	Vidrala	GVC	Fincantieri	BAK		
Ence	GVC	Vilmorin	CIC	Groupe Gorge	CIC		

<b>Media</b>	<b>Mem(*)</b>	Kering	CIC	Evolis	CIC	Hera	BAK
Arnoldo Mondadori Editore	BAK	L'Oreal	CIC	Hf Company	CIC	Iberdrola	GVC
Atresmedia	GVC	Lvmh	CIC	Ingenico	CIC	Iren	BAK
Cairo Communication	BAK	Moncler	BAK	Memscap	Iac	Italgas	BAK
Cofina	CBI	Safilo	BAK	Osmozis	CIC	Naturgy	GVC
Digital Bros	BAK	Salvatore Ferragamo	BAK	Stmicroelectronics	BAK	Public Power Corp	IBG
Digitouch	BAK	Sarantis	IBG	<b>Telecommunications</b>	<b>Mem(*)</b>	Red Electrica Corporacion	GVC
Gedi Gruppo Editoriale	BAK	Smcp	CIC	Acotel	BAK	Ren	CBI
GI Events	CIC	Swatch Group	CIC	Altice Europe	CIC	Snam	BAK
Il Sole 24 Ore	BAK	Technogym	BAK	Bouygues	CIC	Solaria	GVC
Impresa	CBI	Tod'S	BAK	Euskaltel	GVC	Terna	BAK
Iol	BAK	<b>Real Estate</b>	<b>Mem(*)</b>	Iliad	CIC		
Ipsos	CIC	Grivalia	IBG	Masmovil	GVC		
Jcdecaux	CIC	Igd	BAK	Nos	CBI		
Lagardere	CIC	Lar España	GVC	Orange	CIC		
M6-Metropole Television	CIC	Merlin Properties	GVC	Ote	IBG		
Mediaset	BAK	Quabit Inmobiliaria	GVC	Telecom Italia	BAK		
Mediaset Espana	GVC	Realia	GVC	Telefonica	GVC		
Nrj Group	CIC	Terreis	Iac	Tiscali	BAK		
Publicis	CIC	<b>Software &amp; Computer Ser.</b>	<b>Mem(*)</b>	Vodafone	BAK		
Rcs Mediagroup	BAK	Agile Content	GVC	<b>Travel &amp; Leisure</b>	<b>Mem(*)</b>		
Solocal Group	CIC	Akka Technologies	CIC	Accor	CIC		
Teleperformance	CIC	Alten	CIC	Aegean Airlines	IBG		
Tf1	CIC	Altran	CIC	Autogrill	BAK		
Ubisoft	CIC	Amadeus	GVC	Beneteau	CIC		
Vivendi	CIC	Assystem	CIC	Compagnie Des Alpes	CIC		
Vogo	CIC	Atos	CIC	Elior	CIC		
<b>Oil &amp; Gas Producers</b>	<b>Mem(*)</b>	Axway Software	CIC	Europcar	CIC		
Ecoslops	CIC	Capgemini	CIC	Gamenet	BAK		
Enauta	CBI	Cast	CIC	Groupe Partouche	Iac		
Eni	BAK	Catenon	GVC	I Grandi Viaggi	BAK		
Galp Energia	CBI	Econocom	CIC	Ibersol	CBI		
Gas Plus	BAK	Esi Group	CIC	Int. Airlines Group	GVC		
Hellenic Petroleum	IBG	Exprivia	BAK	Intralot	IBG		
Maurel Et Prom	CIC	Gigas Hosting	GVC	Melia Hotels International	GVC		
Motor Oil	IBG	Gpi	BAK	Nh Hotel Group	GVC		
Repsol	GVC	Groupe Open	CIC	Opap	IBG		
Total	CIC	Indra Sistemas	GVC	Pierre Et Vacances	CIC		
<b>Oil Services</b>	<b>Mem(*)</b>	Neuroones	CIC	Sodexo	CIC		
Bourbon	CIC	Novabase	CBI	Sonae Capital	CBI		
Cgg	CIC	Reply	BAK	Trigano	CIC		
Gaztransport Et Technigaz	CIC	Sii	CIC	<b>Utilities</b>	<b>Mem(*)</b>		
Rubis	CIC	Sopra Steria Group	CIC	A2A	BAK		
Saipem	BAK	Visiativ	CIC	Acciona	GVC		
Technipfmc Plc	CIC	Worldline	CIC	Acea	BAK		
Tecnicas Reunidas	GVC	<b>Support Services</b>	<b>Mem(*)</b>	Albioma	CIC		
Tenaris	BAK	Bureau Veritas	CIC	Derichebourg	CIC		
Vallourec	CIC	Cellnex Telecom	GVC	Edp	CBI		
<b>Personal Goods</b>	<b>Mem(*)</b>	Edenred	CIC	Edp Renováveis	CBI		
Basicnet	BAK	Enav	BAK	Enagas	GVC		
Brunello Cucinelli	BAK	Fiera Milano	BAK	Endesa	GVC		
Cellularline	BAK	Inwit	BAK	Enel	BAK		
Cie Fin. Richemont	CIC	Openjobmetis	BAK	Erg	BAK		
Geox	BAK	Rai Way	BAK	Eydap	IBG		
Hermes Intl.	CIC	<b>Technology Hardware &amp; Eq.</b>	<b>Mem(*)</b>	Falck Renewables	BAK		
Interparfums	CIC	Adeunis	CIC	Greenalia	GVC		

LEGEND: BAK: Banca Akros; CIC: CM-CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Valores, SV, SA; IBG: Investment Bank of Greece (as 16<sup>th</sup> September 2019)

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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 25/10/2019

	Buy	Accumulate	Neutral	Reduce	Sell	Rating Suspended
Optima Bank Research Total Coverage	50%	28%	17%	0%	0%	6%
% of companies in each rating category that are investment banking clients	0%	0%	0%	0%	0%	0%
Retail	50%	50%	0%	0%	0%	0%
% of companies in each rating category that are investment banking clients	0%	0%	0%	0%	0%	0%

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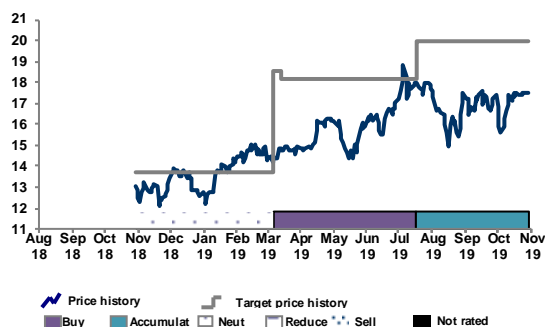
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## Recommendation history for JUMBO

Date	Recommendation	Target price	Price at change date
31-Oct-19	Buy	22.50	17.50
17-Jul-19	Accumulate	20.00	18.00
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



Source: Factset & ESN, price data adjusted for stock splits. This chart shows Optima bank 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.
- 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, 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 has 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. We would not exclude further placements in the future.

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