



General Retail
Equity – Greece

Overweight

Target price (EUR)	19.70
Share price (EUR)	16.11
Potential return (%)	22.3
Reuters	BABr.AT
Bloomberg	BELA GA
Market cap (USDm)	2,622
Market cap (EURm)	2,192
Enterprise value (EURm)	1,754
Free float (%)	81

Jumbo

In a league of its own

- ▶ **FY20 net income down 22% y-o-y to EUR138.7m (3% beat) as pandemic-induced lockdowns took a strong bite out of sales**
- ▶ **End-2020 net cash upped 8% y-o-y at EUR359.3m (FCFY 7%), EUR13.2m above our call, on working capital improvements**
- ▶ **Lowly rated at 11.8x 2022e P/E and 6.1x EV/EBITDA, while EUR512.6m (EUR3.8/sh) net cash points to extra div payments**

As expected, FY20 net income declined 22% y-o-y to EUR138.7m, 3% forecast beating, severely penalised by a sales slump in Greece (down 30% to EUR342.3m ex-SEE export activity, vs Romania’s staggering 13% growth to EUR170.1m), owing to nationwide (two-phased) lockdowns (15 weeks in total), particularly painful over the peak Christmas season (accounts for >20% of annual sales). In turn, EBITDA dropped 19% y-o-y to EUR209m, coming 5% above expectations (20% in Q4 terms) though, with the respective margin edging 0.4pp lower y-o-y to 30.1% (in better shape compared to PSe of 28.7%).

But in all honesty, this cEUR10m EBITDA beat primarily relates to higher “other” operating income and not the less-than-fearer gross margin decline (-0.6pp y-o-y to 51.8% in FY vs our 51.5% call, implying an enhancement of 0.5pp in H2, in spite a hike in freight costs). In fact, this relative small gross margin deterioration mirrors negative mix effects, with the higher margin (fast moving) seasonal products been the hardest hit by the Easter and Christmas shutdowns (started on 7 November). It is worth mentioning that sales in Greece (represent around 56% of group total and 55% of selling space) sank 95% y-o-y in December, on the back of a nearly EUR70m revenue loss (another EUR33m recorded in November) linked to the temporary store closures.

Crucially, FY20 net cash grew 8% y-o-y to EUR359.3m (after including EUR106.6m lease liabilities), standing EUR13.2m above our expectations. This is intrinsically associated with robust FCF (to equity) of EUR151.6m (c7% FCF yield), vs EUR168.6m last year, owing to working capital improvements (ie 15% y-o-y reduction in inventories).

Jumbo Fiscal FY/Q4 2020a group results (31 December, EURm)

	FY19a	FY20a	y-o-y ch.	FY20e	vs PSe	4Q19a	4Q20a	y-o-y ch.	4Q20e	vs PSe
Total Sales	847.9	694.0	-18%	693.4	0%	293.0	190.8	-35%	190.1	0%
Greece	517.7	364.8	-30%	371.4	-2%	n/a	n/a	-	-	-
Cyprus	90.1	78.5	-13%	87.4	-2%	n/a	n/a	-	-	-
Bulgaria	89.3	80.6	-10%	85.2	-5%	n/a	n/a	-	-	-
Romania	150.8	170.1	13%	156.7	9%	n/a	n/a	-	-	-
Gross Profit	443.8	359.4	-19%	357.1	1%	n/a	n/a	-	-	-
Gross Margin	52.3%	51.8%	(55bps)	51.5%	28bps					
EBITDA	259.0	209.0	-19%	199.4	5%	96.0	58.1	-39%	48.4	20%
EBITDA Margin	30.5%	30.1%	(42bps)	28.7%	137bps	32.8%	30.5%	(230bps)	25.5%	499bps
EBT	225.3	167.8	-26%	159.4	5%	n/a	n/a	-	-	-
EBT Margin	26.3%	26.0%		25.7%						
Net Profit	177.6	138.7	-22%	134.6	3%	n/a	n/a	-	-	-
Net Margin	20.9%	20.0%		19.4%						
Net Debt/(Cash)	(331.4)	(359.3)	8%	(346.1)	4%					

Source: Company data, Pantelakis Securities estimates

Polling for the [Institutional Investor Research \(Extel\) 2021 surveys](#) runs until 7 May.

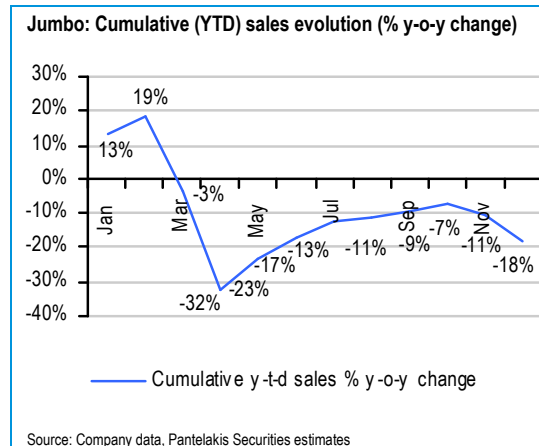
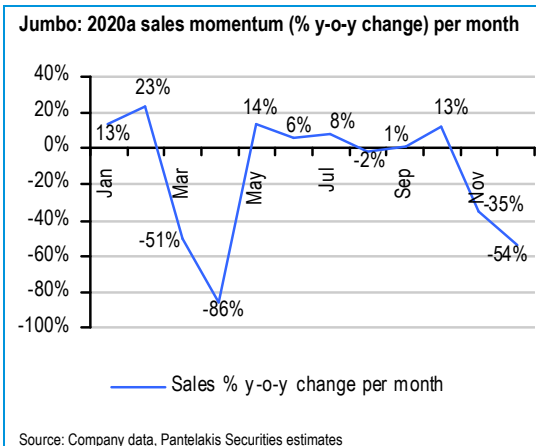
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15 April 2021

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Digging deeper into **sales densities**, FY20 average group sales/sq. m. contracted 20% y-o-y to EUR1,309, (vs +2.2% acceleration in the previous year), reflecting double-digit declines in Greece (-30% to EUR1,182), Cyprus (-13% to EUR2,133) and Bulgaria (-10% to EUR979). In stark contrast, sales densities in star performer Romania recorded an impressive increase of almost 6% y-o-y (to EUR1,404/sq. m.), on enhanced brand awareness and growing store maturities. This is quite a feat amidst Covid-19 turmoil and the ensuing social distancing measures, ie movement restrictions/shop shutdowns.

Solid 2021 outlook: True, Q1 group sales declined 11% y-o-y, entirely due to a 10-week lockdown in Greece, despite stellar growths of 41% and 24% in Romania and Bulgaria, respectively, on no store additions. However, things should have taken a turn for the better in April since the bulk (94%) of domestic retail network opened doors last Monday (offering click-in-shop and click-and-collect services), not to mention the exceptionally favourable y-o-y comparisons. Note that last April group sales shrank 86% y-o-y to EUR10.6m (from EUR74.2m a year ago) with Greece and Cyprus posting unprecedented drops, in excess of 95%, while Romania/Bulgaria plunged c60%, all victims of quarantine/tough lockdown.

In FY21e, we expect group sales, EBITDA and net income to advance 21%, 14% and 15% y-o-y to EUR837.4m (standing 1% below pre-pandemic levels, but 7% lower as far as Greece is concerned), EUR238.2m and EUR158.8m, respectively, driven by solid buying in Romania/Bulgaria, better macro trends in Greece and a less pronounced lockdown impact.

Attractive valuation: On our numbers, Jumbo appears attractively priced trading 11.8x 2022e P/E and 6.1x EV/EBITDA, while sitting on a massive EUR512.6m net cash at end-2022e (representing 23% of market cap or EUR3.8/sh), leaving plenty of room for extra dividends/capital returns, we believe.

On the **dividend front**, Jumbo intends to distribute an extra DPS of EUR0.47 for FY21e, implying a 2.9% yield on Wednesday's closing price, compared to a total remuneration of EUR0.615/sh for last year (EUR0.23 interim DPS, plus EUR0.38/sh extra dividend). This payment, take note, is subject to domestic retail operations running smoothly (ie staying open - no additional restrictive measures) for (at least) three straight months. Ex-date tba right after the lapse of this predefined period, ie expect it around mid-July (since store restart kicked-off on 5 April).

Jumbo fiscal 2017-20a sales/sq. m. per country of operation

	6/2017a	6/2018a	6/2019a	*12/2019a	12/2020a
Greece					
Sales (EURm)	470.5	489.0	505.9	517.7	364.8
<i>y-o-y ch.</i>	2.5%	3.9%	3.5%	4.1%	-29.5%
Ex-franchise sales (EURm)	449.6	462.9	476.0	485.8	342.3
<i>y-o-y ch.</i>	0.7%	3.0%	2.8%	3.7%	-30%
Number of stores	51	51	52	52	52
Selling space (sq. m.) year-end	281,003	281,003	289,669	289,669	289,669
Selling space (sq. m.) weighted average	281,003	281,003	281,364	289,669	289,669
Sales per sq. m. (EUR)	1,674	1,740	1,798	1,808	1,259
<i>y-o-y ch.</i>	3.5%	3.9%	3.3%	2.2%	-30.3%
Ex-franchise sales per sq. m. (EUR)	1,600	1,647	1,692	1,696	1,182
<i>y-o-y ch.</i>	1.7%	3.0%	2.7%	1.7%	-30%
L-F-L sales growth y-o-y	3.2%	3.9%	3.4%	2.8%	-30.4%
<i>Ex-franchise L-F-L sales growth y-o-y</i>	1.4%	3.0%	2.7%	2.3%	-30.4%
Cyprus					
Sales (EURm)	80.7	85.7	87.6	90.1	78.5
<i>y-o-y ch.</i>	2.3%	6.2%	2.3%	4.0%	-12.9%
Number of stores	5	5	5	5	5
Selling space (sq. m.) year-end	36,800	36,800	36,800	36,800	36,800
Selling space (sq. m.) weighted average	36,800	36,800	36,800	36,800	36,800
Sales per sq. m. (EUR)	2,192	2,328	2,380	2,449	2,133
<i>y-o-y ch.</i>	2.3%	6.2%	2.3%	4.0%	-12.9%
L-F-L sales growth y-o-y	2.3%	6.2%	2.3%	4.0%	-12.9%
Bulgaria					
Sales (EURm)	64.7	78.1	85.6	89.3	80.6
<i>y-o-y ch.</i>	24.5%	20.8%	9.6%	8.2%	-9.7%
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	1,039	1,084	979
<i>y-o-y ch.</i>	17.3%	16.7%	9.6%	8.2%	-9.7%
L-F-L sales growth y-o-y	20.1%	18.3%	9.6%	8.2%	-9.7%
Romania					
Sales (EURm)	65.6	100.6	133.1	150.8	170.1
<i>y-o-y ch.</i>	37.0%	53.3%	32.3%	24.9%	12.8%
Number of stores	8	10	13	14	14
Selling space (sq. m.) year-end	68,667	86,200	111,867	121,200	121,200
Selling space (sq. m.) weighted average	58,444	77,658	101,086	113,304	121,200
Sales per sq. m. (EUR)	1,123	1,295	1,317	1,331	1,404
<i>y-o-y ch.</i>	30.5%	15.4%	1.7%	1.4%	5.5%
L-F-L sales growth y-o-y	33.5%	29.7%	10.3%	8.0%	7.9%
Group					
Sales (EURm)	681.4	753.3	812.2	847.9	694.0
<i>y-o-y ch.</i>	6.9%	10.5%	7.8%	7.7%	-18.2%
Ex-franchise sales (EURm)	660.5	727.2	782.3	816.0	671.5
<i>y-o-y ch.</i>	5.7%	10.1%	7.6%	6.2%	-17.7%
Number of stores	73	75	79	80	80
Selling space (sq. m.) year-end	468,803	486,336	520,669	530,003	530,003
Selling space (sq. m.) weighted average	455,830	477,794	501,583	518,852	530,003
Sales per sq m (EUR)	1,495	1,577	1,619	1,634	1,309
<i>y-o-y ch.</i>	5.8%	5.5%	2.7%	2.2%	-19.9%
Ex-franchise sales per sq. m. (EURm)	1,449	1,522	1,560	1,573	1,267
<i>y-o-y ch.</i>	4.6%	5.0%	2.5%	0.8%	-19.4%
L-F-L sales growth y-o-y	6.1%	7.1%	4.2%	3.8%	-19.7%
<i>Ex-franchise L-F-L sales growth y-o-y</i>	4.9%	6.7%	4.0%	2.3%	-19.3%

Source: Company data, Pantelakis Securities estimates Note: FY19 y-o-y changes vs FY18 restated figures, ie twelve months ending 31 December

With regards to **network expansion**, Jumbo guides for two store launches in FY21 (vs three on our forecasts): one in Craiova/Romania (12,500 sq. m.) - the first since the Brasov opening back in November 2019, and one in Greece (9,000 sq. m.), either in Crete or in Mytilini, implying a 2.7% y-o-y space addition (+6.9% y-o-y for Romania). As a result, Jumbo's network should count 82 outlets by end-December 2021: Greece 53, Romania 15, Bulgaria 9 and Cyprus 5 vs 80 currently.

The company will host a **conference call** later today (15:30 Athens time, GR: 213 009 6000, UK: +44 (0) 203 059 5872, US: +1 516 447 5632, to discuss the results and outlook.

Disclosure appendix

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15/01/2019	Rating: Overweight	Price: EUR13.80	Target Price: EUR20.00
13/03/2019	Rating: Overweight	Price: EUR14.88	Target Price: EUR20.00
17/07/2019	Rating: Overweight	Price: EUR17.92	Target Price: EUR20.00
16/10/2019	Rating: Overweight	Price: EUR17.35	Target Price: EUR20.00
04/05/2020	Rating: Overweight	Price: EUR14.29	Target Price: EUR20.00
19/10/2020	Rating: Overweight	Price: EUR13.21	Target Price: EUR19.70
18/01/2021	Rating: Overweight	Price: EUR13.08	Target Price: EUR19.70

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Jumbo	BABr.AT/BELA GA	EUR16.11	14-April-2021	3

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