



General Retail
Equity – Greece

Overweight

Target price (€)	21.00
Share price (€)	13.25
Potential return (%)	58%

Reuters BABr.AT
Bloomberg BELA GA

Market cap (\$m)	1,964
Market cap (€m)	1,803
Enterprise value (EURm)	1,363
Free float (%)	77

9 March 2022

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Jumbo

Winner takes it all

- ▶ **FY21 EBITDA soared 46% y-o-y to a €305m record high (15% beat), on c4pp gross margin hike to a staggering 55.7%**
- ▶ **End-December net cash jumped 53% y-o-y to €549m (vs PSe €377m) on drastically reduced inventory levels**
- ▶ **February sales grew 28% y-o-y driving the 2-mth tally up 5% (1% above 2019); March run-rate at +50% y-o-y**

Quite unexpectedly Jumbo announced yesterday (post market hours) that FY21 group EBITDA surged 46% y-o-y to €305m (15% beat), standing no less than 18% above 2019 pre-pandemic score, with the respective margin shaping at new record high levels (+6.5pp y-o-y to 36.7%).

Pretty impressive stuff, we reckon, thanks to a massive FY gross margin hike of 3.9pp y-o-y to 55.7% (vs PSe 52.1%), owing also to a tight grip on costs - group revenues (already announced) grew nearly 20% to €832m.

In fact, assuming €38m depreciation, €3.6m net financial expenses and 20.4% effective tax-rate (vs 20.3% a year earlier), we now see FY21e net income surging 51% y-o-y to €210m from €180m previously. This means Jumbo currently trades **8.6x its 2021e EPS (6.0x on ex-cash basis) - EV/EBITDA at 4.9x** - looking undeniably attractive, in our view. Our target price of €21.0/sh implies a hefty 58% upside potential.

Crucially, end-December 2021 net cash climbed €190m higher y-o-y to €549m (smashing our €377m call), representing 30% of market cap (or €4.0 per share). Without a doubt, Jumbo's humongous FY21 net cash position reflects primarily working capital improvements – mostly attributed to a sharp decline in inventory, ie dropping way below €200m levels (PSe: €250m), compared to €231m at end-2020, and, to a much lesser extent, better-than-expected net earnings growth.

This, however, is about to change, we think, as Jumbo needs to stock-up heavily to support Q1 2022e sales generation, but also four store openings by year-end.

Jumbo: FY/H2 2022 results (31 Dec, €m)

Key P&L items	FY21	y-o-y ch.	vs FY19	FY21e	vs PSe	2H21	y-o-y ch.	2H21e	vs PSe
Group Sales	831.9	20%	-2%	831.9	0%	518.2	25%	518.2	0%
Gross Profit	463.4	29%	4%	433.4	7%	296.9	38%	266.9	11%
<i>Gross margin</i>	55.7%	3.9pp		52.1%		57.3%	5.6pp	51.5%	
EBITDA	305.0	46%	18%	266.2	15%	201.8	58%	163.0	24%
<i>EBITDA margin</i>	36.7%	6.5pp		32.0%		38.9%	8.2pp	31.5%	
EBT	263.8	57%	17%	225.6	17%	181.6	70%	143.4	27%
<i>EBIT margin</i>	31.7%			27.1%		35.0%		27.7%	
Net Profit	210.0	51%	18%	180.3	16%	142.8	61%	113.1	26%
<i>Net margin</i>	25.2%			21.7%		27.6%		21.8%	

Source: Company data, Pantelakis Securities estimates

Jumbo: 2-month, Feb 2022a sales breakdown (€m)

	2-mth'21	2-mth'22	y-o-y ch.	vs 2019	vs PSe	Feb 2021	Feb 2022	y-o-y ch.	vs 2019	vs PSe
Greece ex-franchise	46.3	54.3	16%	-4%	2%	16.9	30.7	82%	4%	3%
% of total	51.0%	57.4%				41.9%	59.6%			
International sales	40.8	36.5	-11%	8%	-3%	21.6	18.5	-14%	4%	-6%
% of total	44.9%	38.6%				53.6%	35.9%			
o/w Cyprus	7.1	10.6	52%	2%	2%	5.5	5.7	3.5%	5%	3%
% of total	7.8%	11.2%				13.7%	11.1%			
o/w Bulgaria	11.8	8.1	-32%	-10%	-5%	5.6	4.2	-25%	-10%	-9%
% of total	13.0%	8.5%				13.8%	8.1%			
o/w Romania	22.0	17.8	-20%	22%	-5%	10.5	8.6	-18%	13%	-10%
% of total	24.2%	18.8%				26.1%	16.7%			
Total sales	90.8	94.6	4.5%	1%	0.2%	40.2	51.5	28%	5%	0.3%

Source: Company data, Pantelakis Securities estimates

As a reminder, Jumbo plans to launch one new hyper-store in Greece, at the island of Mytilene on March 18 (9k sqm), one in Cyprus, as well as two in Romania, located in Bucharest and Sibiu. As a result, Jumbo retail network should count 85 stores by end-2022e: Greece 53, Cyprus 6, Bulgaria 9 and Romania 17.

On a further positive note, Jumbo February sales bounced back 28% y-o-y to €51.5m (in line), following a 14% drop in the previous month, bringing the 2-month bill 4.5% higher to €95m, standing 5% and 1% above 2019 respective figures.

In specific, February revenues in Greece (ex-SEE wholesale activity) soared 82% y-o-y to €31m (3% better) - 4% stronger vs 2019 - on particularly easy base effects - 30 stores in the "red" areas (out of 52 in total) stayed closed for most of the month - Cyprus up by 3.5% to more demanding comparisons.

On the flip side, revenues in Bulgaria and Romania maintained a downbeat momentum, shedding 25% and 18% y-o-y to €4.2m and €8.6m, respectively coming 9% and 10% short of our expectations, adversely affected by tough comps and strict Covid-19 restrictive measures for unvaccinated people there. Note that Bulgaria and Romania are among the two least-vaccinated EU nations: 30% the former, >40% the latter, vs 72% for Greece. Happily, local authorities' decision to lift/ease restrictions in retail shops could act as a catalyst, boosting sales in both countries over the coming weeks.

On a two-month basis, sales in Greece (ex-SEE franchise) grew 18% y-o-y to €54m, making up 57% of group total, with Cyprus jumping 52% to €10.6m. By stark contrast, Bulgaria and Romania operations posted declined of 32% and 20% to €8.1m and €17.7m, respectively. Having said that, Romania sales stand 22% higher than 2019 pre-pandemic levels.

Final point, Jumbo said that assuming March current solid trends prevail (ie >50% y-o-y on our estimates), Q1 2022 group sales should rise by 15%-plus to €137m.

For FY22e, we forecast group sales expanding by 11% y-o-y to €921m, with EBITDA and net income both down 2% to €261m and €177m (now appears overly conservative), respectively, driven by a 6.8pp gross margin slide to 48.9%, attributed to freight rates spike (with shipping costs now representing 28% of COGS vs 18% in 2021 on PSe).

Disclosure appendix

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19/01/2022	Rating: Overweight	Price: €13.89	Target Price: €21.00

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