



# Jumbo

Company Update

04 May 2023

## Shining Star of the Greek Retail with appealing dividend yields.....

Jumbo continued its strong growth momentum during the 1Q'23 period posting increased sales by 33% y-o-y and by 22% in March 2023. Management reiterated its FY 2023 guidance that calls for increased sales by 15%, y-o-y, gross profit margin of c. 54% and Net Profit in the range of €270-275mn. Considering the strong start for the year, we raise our estimates above Company's guidance for 2023 period, while we increase our target price at €27.00/share; Outperform rating reiterated; Jumbo remains in our top pick list.

**Valuation / Three-Year Outlook:** Following the strong 1Q'23 performance, we raise our FY 2023 estimates above Company's guidance. Our DCF-P/E derived target price reflects a targeted 2023E P/E of 12.9x, broadly in line with Group's 10-year historical average of 13.2x. Even though we stand above Company's guidance, we remain conservative, and we are modelling Sales, EBITDA and NI CAGRs of 9.8%, 7.8% and 8.8%, respectively in the '23-'25 period. We are modelling a gross profit margin contraction of 95bps for the current FY and 76bps for FY 2024. We expect the EBITDA margin to stand at circa 34.5% for FY '23 and 33.6% for FY 2024. We are modelling an effective tax rate of 18.3% going forward.

**New Store Openings in Romania, Bulgaria & Cyprus to support growth in 2023/2024:** An online store along with a new physical store at Iasi will commence operations in Romania in 2023; during the same period a new store opening will take place at Plovdiv, Bulgaria; at the beginning of 2024, Jumbo plans to proceed with its 6<sup>th</sup> store opening at Nicosia, Cyprus.

**Appealing Dividend Yields:** At the beginning of 2023, Jumbo rewarded shareholders with an extraordinary cash distribution of €1.155/share. We are looking for another cash distribution, ahead of the seasonally important Christmas period that should bring total FY 2023 DPS at €2.00/share, yielding 9.4% at current levels. Considering Group's strong B/S with the high Net Cash position and strong FCF generation, we are looking for double-digit dividend yields going forward.

Rating: **Outperform**  
(unchanged)

Target Price **€27.00**  
(from €21.50 on 30-Jan-2023)

Last Closing Price (May 3): **€21.30**

Expected Total Return **+36.1%**

### Company data

RIC	BABR.AT
Market Cap. (€ m)	2,898
Shares Outstanding (m)	136.06
Free float	81.6%
Average daily volume	211,598



### Performance over General Index

	1m	6m	12m	y-t-d
	7.0%	19.0%	16.7%	13.1%

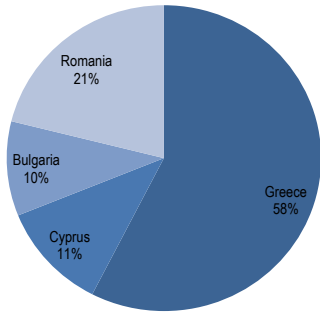
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Fundamentals (€ m)	2021	2022	2023 f	2024 e	2025 e
Sales	831.9	949.4	1,100.6	1,202.5	1,257.6
Gross Profit	463.0	530.8	605.0	651.9	682.3
EBITDA	305.0	336.7	379.3	403.9	421.4
Net Profit	216.6	248.6	284.4	306.9	320.0
EPS (€)	1.59	1.83	2.09	2.26	2.35
DPS (€)	0.77	1.16	2.00	2.10	2.20
Net Debt	-549.1	-522.5	-588.1	-568.8	-562.5
Valuation ratios	2021	2022	2023 f	2024 e	2025 e
P/E (x)	13.38	8.75	10.19	9.44	9.06
Div yield (%)	3.6%	7.2%	9.4%	9.9%	10.3%
EV/EBITDA (x)	7.53	4.91	6.09	5.77	5.54

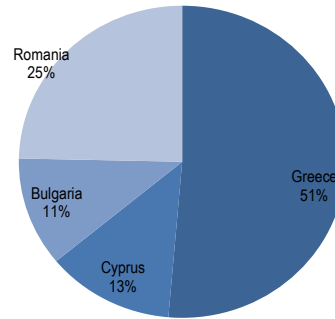
Source: The Company, Piraeus Securities

### Jumbo in Six (6) Graphs

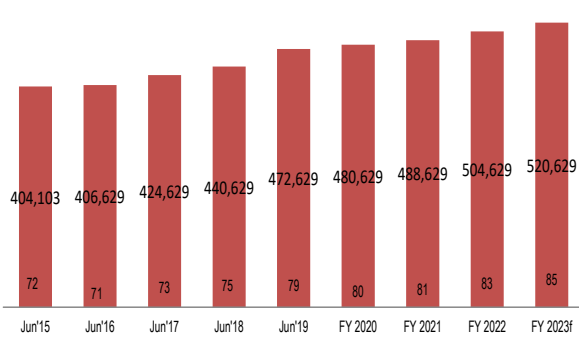
Revenues Split FY 2022



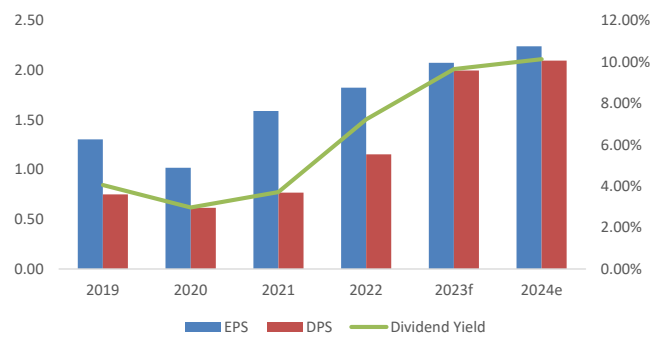
EBITDA Split FY 2022



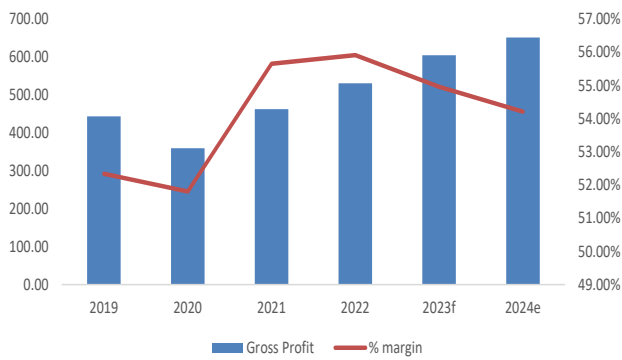
Jumbo Stores Evolution 2015-2023



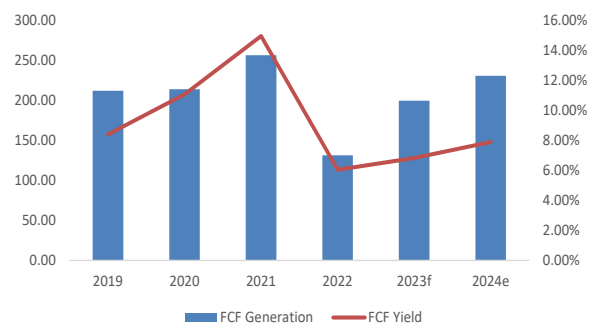
Jumbo EPS-DPS-Div. Yield Evolution



Gross Profit Evolution



FCF Generation



## Changes to Estimates – We stand above Company’s Guidance

Following the strong 1Q'23 performance, we raise our FY 2023 estimates above Company’s guidance. We remind that management’s guidance for FY 2023 calls for increased sales by 15%, Gross Profit margin of c. 54% and Net Profit in the range of €270-275mn. Even though we stand above Company’s guidance, we remain conservative, and we are modelling Sales, EBITDA and NI CAGRs of 9.8%, 7.8% and 8.8%, respectively in the '23-'25 period. We are modelling a gross profit margin contraction of 95bps for the current FY and 76bps for FY 2024, due potential deflation in 2H'23 period and despite a more favorable €//\$ parity and the de-escalation of freight rates. We expect the EBITDA margin to stand at circa 34.5% for FY '23 and 33.6% for FY 2024. We are modelling an effective tax rate of 18.3% going forward.

The following table summarizes the changes to our estimates.

Chng in Estimates	OLD	NEW	OLD	NEW	OLD	NEW
P&L (in Euro m)	FY-23 e	FY-23 e	FY-24 e	FY-24 e	FY-25 e	FY-25 e
<b>Turnover</b>	<b>1,036.07</b>	<b>1,100.61</b>	<b>1,084.43</b>	<b>1,202.47</b>	<b>1,120.72</b>	<b>1,257.60</b>
% chng	na	6.2%	na	10.9%	na	12.2%
<b>EBITDA</b>	<b>334.75</b>	<b>379.34</b>	<b>340.65</b>	<b>403.91</b>	<b>351.18</b>	<b>421.43</b>
% chng	na	13.3%	na	18.6%	na	20.0%
<b>EBIT</b>	<b>296.55</b>	<b>342.94</b>	<b>301.45</b>	<b>366.51</b>	<b>310.97</b>	<b>383.04</b>
% chng	na	15.6%	na	21.6%	na	23.2%
<b>Net Profit</b>	<b>243.84</b>	<b>284.36</b>	<b>248.25</b>	<b>306.93</b>	<b>256.43</b>	<b>320.01</b>
% chng	na	16.6%	na	23.6%	na	24.8%
<b>EPS</b>	<b>1.79</b>	<b>2.09</b>	<b>1.82</b>	<b>2.26</b>	<b>1.88</b>	<b>2.35</b>
% chng	na	16.6%	na	23.6%	na	24.8%

Source: Piraeus Securities

## Valuation

We value Jumbo by employing a discounted cash flow model, using explicit forecasts for the '23 to '25 period. Our risk-free rate stands at 4.5%, with our equity risk premium at 5.5%. As a result, our total market return stands at 10.0%. We remind that Jumbo plans to repay its bond loan of €200mn and as a result the Company will carry zero debt going forward. However, a potential entrance to new markets could lead the Group to raise debt at some point going forward; assuming an optimal capital structure of 30% Debt/ (Debt+Market Cap) this could result in higher DCF valuation by c. 15%. Our Cost of Equity and WACC stands at 9.6% (assuming zero leverage).

Our ten-year sales CAGR stand at 3.8% (9.8% for the explicit period's CAGR and 2.9% for the non-explicit period). Our ten-year EBIT CAGR stands at 2% (8.3% for the explicit period and 1.3% for the non-explicit period).

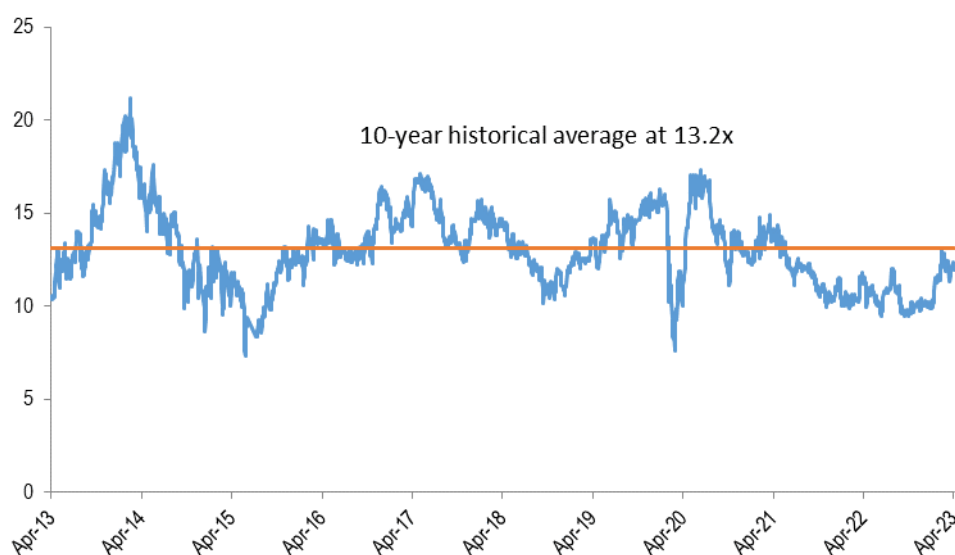
We use a combination of the DCF method and P/E multiples to derive our target price. Our DCF model generates a target price of €27.41/share with the implied P/E ratio for '23 standing at 13.1x, in line with Group's ten-year historical average of 13.2x. Our targeted P/E ratio for '23 projected earnings stand at 12.7x (slightly below Group's ten-year historical average) with a derived target price of €26.58/share. The two methods' average derives a target price of €27.00/share with a targeted P/E of 12.9x the Group's '23 projected earnings. Our target price implies an upside potential of 26.80% from current levels. The following table summarizes our valuation exercise.

Year	2023 e	2024 e	2025 e	2026 e	2027 e	2028 e	2029 e	2030 e	2031 e	2032 e	2033 e	TV
<b>After tax EBIT</b>	<b>280</b>	<b>299</b>	<b>308</b>	<b>308</b>	<b>316</b>	<b>322</b>	<b>328</b>	<b>333</b>	<b>337</b>	<b>338</b>	<b>338</b>	<b>338</b>
Less: Working Capital additions	44	32	17	15	15	14	13	12	10	8	6	0
Plus: depreciation	36	37	38	38	39	40	41	41	42	42	42	0
Less: Cap ex	65	65	65	65	65	65	65	65	65	65	65	0
<b>Free Cash Flow</b>	<b>207</b>	<b>239</b>	<b>265</b>	<b>267</b>	<b>275</b>	<b>283</b>	<b>291</b>	<b>298</b>	<b>303</b>	<b>307</b>	<b>309</b>	<b>338</b>
Discounted Free Cash Flow	207	218	220	203	191	179	168	157	145	134	123	0
WACC	9.6%											
Sum of PV of Cash Flows (2024-2033)	1,739											
Perpetuity Growth	0.00%											
PV of Residual Value	1,403											
Firm Value	3,142											
Less: Net debt June 2023	-588											
Less: Minority rights 2023 (P/BV)	0.00											
Plus: Participations 2023	0.00											
<b>Equity Value</b>	<b>3,730</b>											
<b>DCF 12M Target Price</b>	<b>27.41</b>											
<b>Targeted P/E multiple at 12.3x</b>	<b>26.58</b>											
<b>Average</b>	<b>27.00</b>											
<b>Upside Potential</b>	<b>26.8%</b>											
Dividend yield 2023e	9.4%											
<b>Total Investors' Return</b>	<b>36.1%</b>											

Source: Piraeus Securities

## Jumbo trades at 22.8% discount vs. Group's 10-years historical average based on our 2023 P/E estimate

At current levels and based on our 2023 estimates, Jumbo trades at 22.8% discount vs. Group's 10-year historical average of 13.2x. Taking into account that the Group will continue its dynamic expansion by adding new stores in the Balkans during 2023, we could see Jumbo trade even above the Group's historical average since the market will factor in the Group's healthy balance sheet, the increased penetration into foreign markets and more importantly its strong position in the Greek market due to continuous market share gains. As a result, we remain buyers at current levels. In the following graph, we show Jumbo's historical 12-month forward P/E.



## Jumbo Trades at 54% Discount vs. Eurostoxx Retail Index and 31% discount vs. its wider peer Group (P/E 2023 multiple)

In our view there is no global peer group for Jumbo due to the Company's unique business model and diverse product portfolio. Since Jumbo could be classified as a hyper-store, we use as proxy the Eurostoxx Retail Index. At current levels Jumbo trades at a 54% discount vs. the Eurostoxx Retail Index based on FY 2023 projected earnings, which stands above its average 20% discount over the last 10 years. In addition, Jumbo trades at a 28.5% discount in terms of 2023E EV/EBITDA multiple vs. its wider peer Group. This combined with the consistently high Net Cash position, along with the appealing dividend yields justifies higher levels for the stock, in our view.

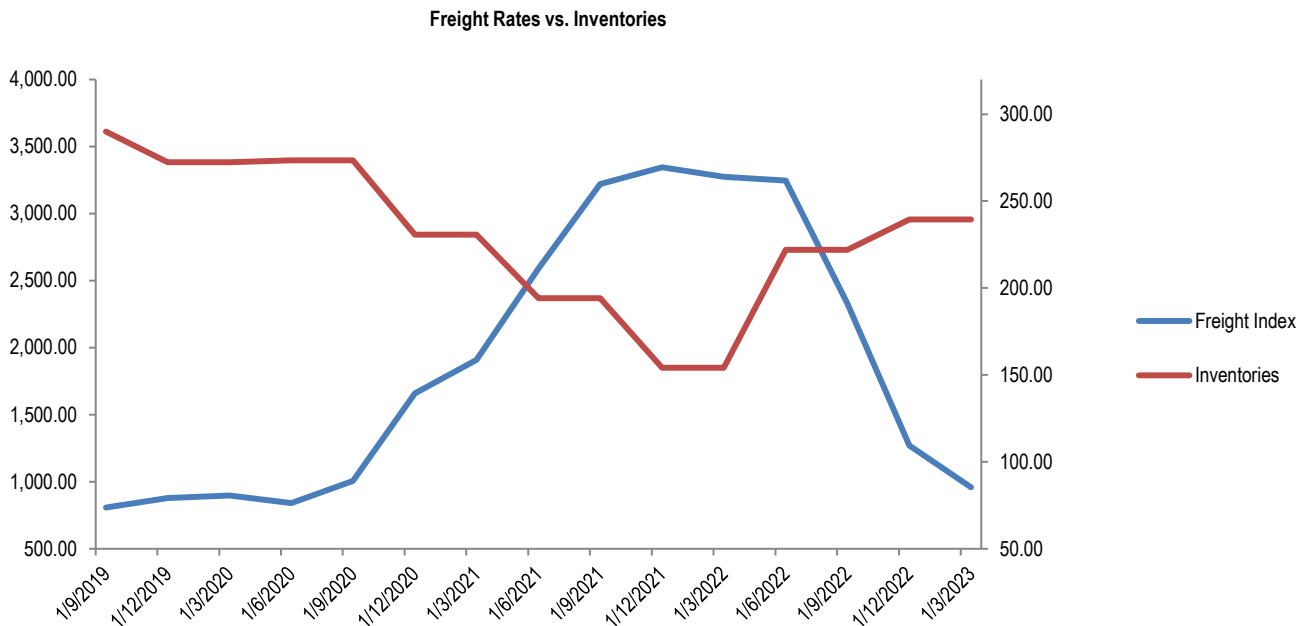
The following table shows how Jumbo compares to large retail Groups and Eurostoxx Retail Index.

Company	Company's Market Cap	change y-t-d	P/E 2023	P/E 2024	P/E 2025	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025
Jumbo S.A.	2,843.6	31.82%	10.1 x	9.4 x	9.0 x	6.0 x	5.7 x	5.5 x
Pepco Group BV	5,005.6	-2.25%	21.9 x	16.9 x	13.7 x	8.0 x	6.9 x	5.9 x
Carrefour SA	13,997.1	7.68%	11.1 x	9.0 x	7.9 x	4.6 x	4.3 x	3.9 x
Marks and Spencer Group plc	3,676.6	12.41%	11.2 x	9.5 x	9.0 x	5.3 x	5.0 x	3.6 x
Next plc	9,856.5	16.09%	13.4 x	12.6 x	11.6 x	9.1 x	8.9 x	8.9 x
Kingfisher Plc	5,682.7	9.06%	10.5 x	9.4 x	8.4 x	4.5 x	4.3 x	4.1 x
Wal-Mart Stores, Inc.	372,145.6	6.91%	24.8 x	22.3 x	20.1 x	12.2 x	11.4 x	10.8 x
Average excl. Jumbo			14.6 x	13.9 x	12.2 x	8.4 x	7.3 x	6.7 x
discount/premium vs. wider peer Group			-31.0%	-32.7%	-26.4%	-28.5%	-21.7%	-18.2%
Eurostoxx Retail Index			22.0 x	20.1 x	18.1 x			
Average discount/premium vs. Index			-54.0%	-53.4%	-50.5%			
Source: Factset, Piraeus Securities								

## De-escalation of Freight Rates from Historically High Levels & a more favorable EUR/USD parity should allow the Group to cope with deflationary pressures during 2H'23 period

On 11-Feb-2022, Shanghai Containerized Freight Index recorded its higher price closing at 3,587.91 units. Since then, a gradual de-escalation started leading the Index down by 73.12% from the higher point recorded in mid-February 2022. Further de-escalation should be expected going forward as normalization returns in the supply chain. Jumbo is quite effective in its purchasing policy, since it seems to increase Inventories when it can achieve better pricing. The de-escalation of the freight rates and a more favorable EUR/USD parity should help to mitigate the expected deflationary pressures during 2H'23.

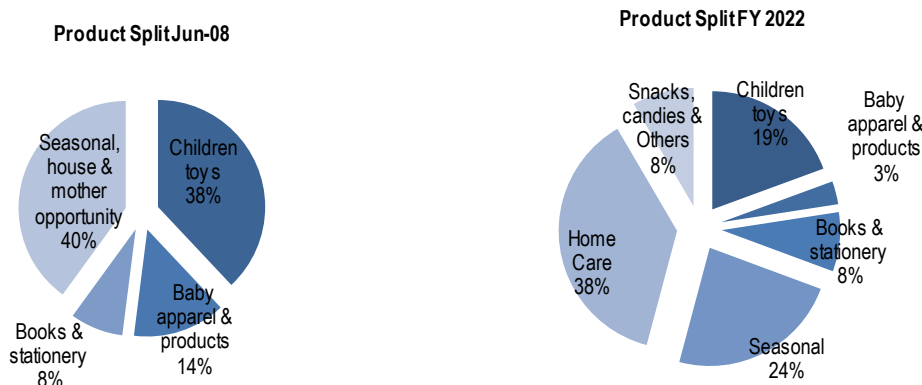
The following graph presents Group's Inventories levels vs. Shanghai's Containerized Freight Index Rates.



### Enrichment of Group’s Product Mix leads to sustainable high Gross Profit margins

While Jumbo started as a toy Company in Greece, it proved to be much more than a toy story. The continuous enrichment of its product portfolio with new products allowed the Group to record high gross profit margins, while it increased management’s ability to differentiate when this was needed. Even in the distant 2008, toys accounted for c. 38% of Jumbo’s product portfolio, while seasonal and mother care products accounted for another 40%. Jumbo’s effective product diversification is apparent in 2022’s product portfolio, with toys accounting for just 19% of its product portfolio.

The following graphs present the diversification of Jumbo’s product portfolio, since 2008



## Expansion in Romania/Bulgaria should further enhance Group's geographical diversification

An online store along with a new physical store at Iasi will commence operations in Romania in 2023; during the same period a new store opening will take place at Plovdiv, Bulgaria; at the beginning of 2024, Jumbo plans to proceed with its 6<sup>th</sup> store opening at Nicosia, Cyprus. Additional openings should take place in 2024 in Romania that should further increase the weight of the country in Jumbo's revenues and profitability. The following table presents Jumbo's geographical segmentation.

Jumbo's Geographical Segmentation FY 2022 Results									
B/S Items	Greece	Cyprus	Bulgaria	Romania	Total	% in Greece	% in Cyprus	% in Bulgaria	% in Romania
Non-Current Assets	367.92	107.83	84.98	177.06	<b>737.79</b>	<b>49.87%</b>	<b>14.62%</b>	<b>11.52%</b>	<b>24.00%</b>
Current Assets	652.30	209.87	138.79	160.83	<b>1,161.79</b>	<b>56.15%</b>	<b>18.06%</b>	<b>11.95%</b>	<b>13.84%</b>
<b>Consolidated Assets</b>	<b>1,020.22</b>	<b>317.70</b>	<b>223.77</b>	<b>337.88</b>	<b>1,899.57</b>	<b>53.71%</b>	<b>16.72%</b>	<b>11.78%</b>	<b>17.79%</b>
	Greece	Cyprus	Bulgaria	Romania	Total	% in Greece	% in Cyprus	% in Bulgaria	% in Romania
Non-Current Liabilities	275.27	3.70	6.70	4.74	<b>290.42</b>	<b>94.78%</b>	<b>1.28%</b>	<b>1.63%</b>	<b>1.63%</b>
Current Liabilities	145.51	18.58	8.21	14.99	<b>187.29</b>	<b>77.69%</b>	<b>9.92%</b>	<b>4.38%</b>	<b>8.01%</b>
<b>Consolidated Liabilities</b>	<b>420.78</b>	<b>22.28</b>	<b>14.91</b>	<b>19.74</b>	<b>477.71</b>	<b>88.08%</b>	<b>4.66%</b>	<b>3.12%</b>	<b>4.13%</b>
P&L Items	Greece	Cyprus	Bulgaria	Romania	Total	% in Greece	% in Cyprus	% in Bulgaria	% in Romania
<b>Sales</b>	<b>546.18</b>	<b>107.85</b>	<b>94.86</b>	<b>200.48</b>	<b>949.38</b>	<b>57.53%</b>	<b>11.36%</b>	<b>9.99%</b>	<b>21.12%</b>
Gross Profit	306.00	57.75	53.78	113.32	<b>530.85</b>	<b>57.64%</b>	<b>10.88%</b>	<b>10.13%</b>	<b>21.35%</b>
<i>margin</i>	<i>56.02%</i>	<i>53.55%</i>	<i>56.69%</i>	<i>56.53%</i>	<i>55.92%</i>				
<b>EBIT</b>	<b>150.33</b>	<b>38.89</b>	<b>34.41</b>	<b>77.72</b>	<b>301.35</b>	<b>49.89%</b>	<b>12.91%</b>	<b>11.42%</b>	<b>25.79%</b>
<i>margin</i>	<i>27.52%</i>	<i>36.06%</i>	<i>36.27%</i>	<i>38.77%</i>	<i>31.74%</i>				
<i>Depreciation &amp; Amortization</i>	22.59	3.74	3.73	5.33	<b>35.39</b>	<b>63.83%</b>	<b>10.56%</b>	<b>10.54%</b>	<b>15.07%</b>
<b>EBITDA</b>	<b>172.92</b>	<b>42.63</b>	<b>38.14</b>	<b>83.05</b>	<b>336.75</b>	<b>51.35%</b>	<b>12.66%</b>	<b>11.33%</b>	<b>24.66%</b>
<i>margin</i>	<i>31.66%</i>	<i>39.53%</i>	<i>40.21%</i>	<i>41.43%</i>	<i>35.47%</i>				

Source: The Company, Piraeus Securities

### Greece: We are looking for double-digit growth in 2023

The Group enhanced its store network with the opening of one new store at Mytilene back in March 2022. For the 1Q'23 period, the parent Company reported increased sales by 35.5% y-o-y, while in March the parent Company reported increased sales by 26% y-o-y.

We are modelling a 3-years sales CAGR of 7.6% for the Company in Greece (Greek market, franchisees, and e-store). We believe that the expected normalization of the supply chain will allow the Group to leverage its market share gains during the last years and increased brand recognition in Greece, while it will also allow the Group to revitalize its sales through the franchise network in the Balkans, where it currently operates a network of 30 stores.

The following table summarizes our estimates for Greece

Revenues Greece, e-Jumbo & Franchise	2021	2022	2023 f	2024 e	2025 e	3-Year CAGR
<b>Revenues Greece, e-Jumbo &amp; Franchise</b>	<b>480.6</b>	<b>546.2</b>	<b>620.7</b>	<b>652.5</b>	<b>679.8</b>	<b>7.6%</b>
% chng	31.8%	13.6%	13.6%	5.1%	4.2%	
% of total	57.8%	57.5%	56.4%	54.3%	54.1%	
<b>Greek Stores Sales (incl. e-Jumbo)</b>	<b>453.8</b>	<b>519.7</b>	<b>591.5</b>	<b>621.0</b>	<b>645.7</b>	<b>7.5%</b>
% chng	32.6%	14.5%	13.8%	5.0%	4.0%	
No of stores	52	53	53	53	53	
sales / store	9.2	10.3	11.7	12.3	12.8	
% chng	31.8%	11.5%	13.6%	5.1%	4.2%	
y-end Square meters	264,829	272,829	272,829	272,829	272,829	
sales / square meters	1,714	1,905	2,168	2,276	2,367	
% chng	32.6%	11.2%	13.8%	5.0%	4.0%	
effective sq meters	264,829	270,829	272,829	272,829	272,829	
sales /effective square meters (incl. wholesale)	1,714	1,919	2,168	2,276	2,367	
chng %	32.6%	12.0%	13.0%	5.0%	4.0%	
Sales with same (previous year) sq meters (incl. wholesale)	454	508	587	621	646	
I-ffgrowth	32.6%	12.0%	13.0%	5.0%	4.0%	
<b>Revenues from Franchise Stores in the Balkans</b>	<b>26.8</b>	<b>26.5</b>	<b>29.2</b>	<b>31.6</b>	<b>34.1</b>	<b>8.8%</b>
% chng	19.3%	-1.3%	10.3%	8.0%	8.0%	
No of stores	30	32	33	33	33	
Sales/store	0.89	0.83	0.89	0.96	1.03	
% chng	11.3%	-7.5%	7.0%	8.0%	8.0%	

Source: Piraeus Securities

## Cyprus: We are modelling a 3-year sales CAGR of 15.8%

Cyprus continues its strong growth momentum in 2022, with the Group recording a strong start during the 1Q'23 period. Cyprus recorded increased sales by 18% in March 2023 and by 30% during the 1Q'23 period. Management guided for the opening of one new store at Nicosia, Cyprus, which will take place at the beginning of 2024 thus reaching total store network in Cyprus at six (6) stores in total. We include this opening in our estimates, which leads our 3-years sales CAGR at 15.8%

The following table summarizes our estimates:

Revenues CAGR in Cyprus	2021	2022	2023 f	2024 e	2025 e	3-Year CAGR
<b>Revenues Cyprus</b>	<b>88.2</b>	<b>107.9</b>	<b>124.3</b>	<b>153.7</b>	<b>167.4</b>	<b>15.8%</b>
% chng	11.9%	22.3%	15.3%	23.6%	8.9%	
% of total	10.6%	11.4%	11.3%	12.8%	13.3%	
No of stores	5	5	5	6	6	
sales / store	17.6	21.6	24.9	25.6	27.9	
% chng	11.9%	22.3%	15.3%	3.0%	8.9%	
Square meters	36,800	36,800	36,800	44,800	44,800	
sales / square meters	2,397	2,931	3,378	3,430	3,737	
% chng	11.9%	22.3%	15.3%	1.5%	8.9%	
effective sq meters	36,800	36,800	36,800	42,800	44,800	
sales /effective square meters	2,397	2,931	3,378	3,590	3,737	
chng %	11.9%	22.3%	15.3%	6.3%	4.1%	
Sales with same (previous year) sq meters	88	108	124	132	160	
I-ffgrowth	11.9%	22.3%	15.3%	6.3%	4.1%	

Source: Piraeus Securities



## Bulgaria: Strong Start for 2023 and 10<sup>th</sup> store opening at Plovdiv leads to double-digit growth going forward

Bulgaria recorded strong performance during 2022 recording increased sales by 17.1%, y-o-y. The country recorded a strong start during the 1Q'23 period posting increased sales by 33%, y-o-y. In March 2023, Bulgaria reported increased sales by c. 18% y-o-y. The opening of a new leased store at Plovdiv, Bulgaria, should lead to additional market share gains in the country for Jumbo, with its total network in the country accounting for 10 stores. We include the new opening in our estimates and we are now modelling a 3-years sales CAGR of 11.7% for the Group in Bulgaria going forward.

The following table summarizes our estimates:

Revenues CAGR in Bulgaria	2021	2022	2023 f	2024 e	2025 e	3-Year CAGR
Revenues Bulgaria	81.0	94.9	108.7	125.6	132.1	11.7%
% chng	0.5%	17.1%	14.5%	15.6%	5.1%	
% of total	9.7%	10.0%	9.9%	10.4%	10.5%	
No of stores	9	9	10	10	10	
sales / store	9.0	10.5	10.9	12.6	13.2	
% chng	0.5%	17.1%	3.1%	15.6%	5.1%	
Square meters	65,000	65,000	73,000	73,000	73,000	
sales / square meters	1,246	1,459	1,488	1,721	1,809	
% chng	0.5%	17.1%	2.0%	15.6%	5.1%	
effective sq meters	65,000	65,000	67,000	73,000	73,000	
sales / effective square meters	1,246	1,459	1,622	1,721	1,809	
chng %	0.5%	17.1%	11.1%	6.1%	5.1%	
Sales with same (previous year) sq meters	81	95	105	115	132	
l-f growth	0.5%	17.1%	11.1%	6.1%	5.1%	

Source: Piraeus Securities

## Commencement of Online store operations and New Opening at Iasi should lead to strong growth rate in Romania during 2023; further openings are scheduled for 2024

The opening of the new store at Sibiu ahead of the seasonally important Christmas period led to a double-digit growth rate in 2022. Strong performance continued in 2023, with Jumbo recording increased sales by 29%, y-o-y, during the 1Q'23 period. In March 2023, Romania reported increased sales by 18% y-o-y. Jumbo plans to proceed with the commencement of operations of its online store in Romania during 2023, along with the opening of its 17th hyper-store (owned) at Iasi, Romania. We are modelling a 3-years sales CAGR of 11.6% for the Group in Romania going forward. We do not include in our estimates new openings scheduled for 2024; management plans to proceed with additional openings in the country during FY 2024 with at least two new owned hyper stores at Bucharest and Oradea, thus leading to a network of 19 stores in the country at the end of 2024. However, it is not yet clear what is the timeframe of the new openings. We remind that in the past management stated that it plans to proceed with the opening of 25 stores in Romania.

The following table summarizes our estimates:

Revenues CAGR in Romania	2021	2022	2023 f	2024 e	2025 e	3-Year CAGR
Revenues Romania	182.1	200.5	246.9	270.6	278.3	11.6%
% chng	7.0%	10.1%	23.2%	9.6%	2.8%	
% of total	21.9%	21.1%	22.4%	22.5%	22.1%	
No of stores	15	16	17	17	17	
sales / store	12.1	12.5	14.5	15.9	16.4	
% chng	-0.1%	3.2%	15.9%	9.6%	2.8%	
Square meters	122,000	130,000	138,000	138,000	138,000	
sales / square meters	1,492	1,542	1,789	1,961	2,017	
% chng	0.0%	3.3%	16.0%	9.6%	2.8%	
effective sq meters	115,333	116,667	132,000	138,000	138,000	
sales /effective square meters	1,579	1,718	1,870	1,961	2,017	
chng %	5.8%	8.8%	8.8%	4.8%	2.8%	
Sales with same (previous year) sq meters	180	198	218	259	278	
I-ffgrowth	5.8%	8.8%	8.8%	4.8%	2.8%	

Source: Piraeus Securities

## We are modelling a much lower Gross Profit margin contraction for 2023 vs. Company's Guidance

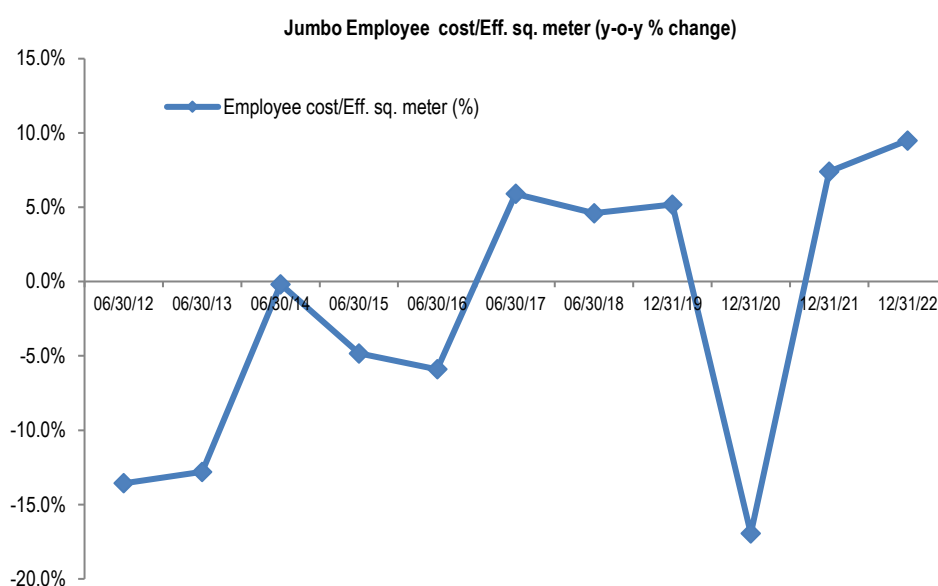
Management's guidance calls for a Gross Profit margin of c. 54% for 2023 with an implied gross profit margin contraction of c. 190bps due to the expected deflation towards the end of 2023. We also take a conservative stance on the gross profit margin front going forward but taking into account the substantial decrease of freight rates and the more favorable €//\$ parity, and assuming some deflationary pressures towards the end of 2023, we are looking for gross profit margin contraction of 95bps.

## Employee cost/effective square meter in 2022 was adjusted to pre-pandemic levels; Despite new openings average headcount was down 4.8% y-o-y

Jumbo' management managed to retain its employee cost/square meter close to slightly lower levels vs. the pre-pandemic period; for FY 2022, it stood at €226.31, as per our estimates vs. €231.74 in 2019. All in all, and despite the opening of new stores it managed to reduce average headcount by 4.8%, y-o-y resulting in slightly lower employee cost for 2022 vs. 2019. The following table and graph present these trends.

Jumbo Employee Cost	06/30/15	06/30/16	06/30/17	06/30/18	12/31/19	12/31/20	12/31/21	12/31/22
Average Headcount	4,569	4,798	5,292	6,000	6,834	6,586	6,564	6,247
Change (%)	10.7%	5.0%	10.3%	13.4%	13.9%	-3.6%	-0.3%	-4.8%
Employee cost	80.84	81.03	86.95	95.69	109.06	92.51	99.63	110.73
Change (%)	3.6%	0.2%	7.3%	10.0%	14.0%	-15.2%	7.7%	11.1%
Average employee cost	17,693	16,888	16,431	15,948	15,959	14,046	15,178	17,726
Change (%)	-6.4%	-4.6%	-2.7%	-2.9%	0.1%	-12.0%	8.1%	16.8%
Effective square meters	382,453	407,366	412,796	434,296	470,629	480,629	481,963	489,296
Change (%)	8.8%	6.5%	1.3%	5.2%	8.4%	2.1%	0.3%	1.5%
Employee cost/Eff. sq. meter	211.37	198.91	210.64	220.33	231.74	192.47	206.72	226.31
Change (%)	-4.8%	-5.9%	5.9%	4.6%	5.2%	-16.9%	7.4%	9.5%
Employees/store	63	68	72	80	87	82	81	75

Source: The Company, Piraeus Securities



## Early repayment of bond loan of €200mn should result in zero debt and financial expenses for the Group

Management announced its intention to proceed with the early repayment of its €200mn bond loan that was issued back in 2018 and matures in 2026. The repayment will be concluded by the end of May 2023. The undrawn bond facility has a margin of 1.95% on 6M Euribor. Although this decision will lead to annual savings of c. €10mn in Group's financial expenses, this does not favor Group's optimal capital structure, in our view.

The following table presents our 3-years CAGR of Group's Sales, EBITDA and Net Income

Jumbo	FY 2021	FY 2022	FY 2023f	FY 2024e	FY 2025e	3-Year CAGR
<b>Sales</b>	<b>831.9</b>	<b>949.4</b>	<b>1,100.6</b>	<b>1,202.5</b>	<b>1,257.6</b>	<b>9.8%</b>
% chng	19.8%	14.1%	15.9%	9.3%	4.6%	
<b>Gross Profit</b>	<b>463.0</b>	<b>530.8</b>	<b>605.0</b>	<b>651.9</b>	<b>682.3</b>	<b>8.7%</b>
% chng	28.7%	14.6%	14.0%	7.8%	4.7%	
margin	55.7%	55.9%	55.0%	54.2%	54.3%	
<b>EBITDA</b>	<b>305.0</b>	<b>336.7</b>	<b>379.3</b>	<b>403.9</b>	<b>421.4</b>	<b>7.8%</b>
% chng	45.9%	10.4%	12.6%	6.5%	4.3%	
margin	36.7%	35.5%	34.5%	33.6%	33.5%	
<b>EBIT</b>	<b>268.8</b>	<b>301.4</b>	<b>342.9</b>	<b>366.5</b>	<b>383.0</b>	<b>8.3%</b>
% chng	56.2%	12.1%	13.8%	6.9%	4.5%	
margin	32.3%	31.7%	31.2%	30.5%	30.5%	
<b>EBT</b>	<b>263.1</b>	<b>301.1</b>	<b>348.2</b>	<b>376.3</b>	<b>392.3</b>	<b>9.2%</b>
% chng	56.8%	14.4%	15.7%	8.1%	4.3%	
margin	31.6%	31.7%	31.6%	31.3%	31.2%	
<b>Net Profit</b>	<b>216.6</b>	<b>248.6</b>	<b>284.4</b>	<b>306.9</b>	<b>320.0</b>	<b>8.8%</b>
% chng	56.2%	14.8%	14.4%	7.9%	4.3%	
margin	26.0%	26.2%	25.8%	25.5%	25.4%	
<b>EPS</b>	<b>1.59</b>	<b>1.83</b>	<b>2.09</b>	<b>2.26</b>	<b>2.35</b>	<b>8.8%</b>

Source: Piraeus Securities

## Financial Statement: 2021-2025E

<b>BALANCE SHEET</b>	<b>2021</b>	<b>2022</b>	<b>2023 e</b>	<b>2024 e</b>	<b>2025 e</b>
Net fixed assets	602	633	662	690	717
Current Assets	1,081	1,162	1,090	1,115	1,129
Accounts receivable	88	116	134	147	153
Inventories	154	239	284	315	329
Cash	825	794	594	594	594
<b>TOTAL ASSETS</b>	<b>1,797</b>	<b>1,900</b>	<b>1,857</b>	<b>1,909</b>	<b>1,950</b>
Net debt position	<b>-549</b>	<b>-522</b>	<b>-588</b>	<b>-569</b>	<b>-563</b>
Shareholders' equity	1,328	1,422	1,549	1,584	1,618
Minority interest on share capital	0	0	0	0	0
Long-term liabilities	301	290	91	92	92
Bank debt	200	200	0	0	0
Subsidies	7	7	7	7	7
Short-term liabilities	168	187	216	233	240
Accounts payable & other ST liabilities	86	109	127	138	142
Liabilities for taxes	75	71	82	88	91
Liabilities to banks	0	0	0	0	0
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,797</b>	<b>1,900</b>	<b>1,857</b>	<b>1,909</b>	<b>1,950</b>
<b>RATIO ANALYSIS</b>	<b>2021</b>	<b>2022</b>	<b>2023 e</b>	<b>2024 e</b>	<b>2025 e</b>
Activity: Avg working capital to turnover days	80	76	88	92	95
Avg receivables to turnover days	17	19	19	19	20
Avg trade creditors to purchases days	43	46	51	53	54
Avg inventories to turnover days	190	172	193	198	204
Financial Structure: Bank debt to equity	0.15	0.14	0.00	0.00	0.00
Fixed to total assets	39.8%	38.8%	41.3%	41.6%	42.1%
Profitability: Return on total assets	12.5%	13.4%	15.1%	16.3%	16.6%
Return on equity	17.0%	18.1%	19.1%	19.6%	20.0%
Return on capital employed	13.7%	14.5%	17.3%	18.0%	18.5%
<b>CASH FLOW</b>	<b>2021</b>	<b>2022</b>	<b>2023 e</b>	<b>2024 e</b>	<b>2025 e</b>
Profit after tax before minorities	215.9	248.7	284.5	307.1	320.1
Plus: Depreciation & amortization	36.2	35.4	36.4	37.4	38.4
Plus: net interest expenses	5.7	0.3	-5.3	-9.8	-9.3
Less: gain/loss on disposal of PP&E	4.0	4.7	5.0	5.0	5.0
<b>Gross cash flow</b>	<b>253.9</b>	<b>279.8</b>	<b>310.6</b>	<b>329.7</b>	<b>344.2</b>
Plus: Chng in accounts payable	-2.8	21.6	11.7	8.4	3.8
Less: Chng in accounts receivable	17.5	4.3	8.4	5.7	3.1
Less: Chng in inventories	-76.6	85.4	44.1	31.5	14.1
Working capital chng	-63.5	92.8	44.3	31.9	16.8
<b>Operating cash flow</b>	<b>317.4</b>	<b>186.9</b>	<b>266.3</b>	<b>297.8</b>	<b>327.4</b>
Less: Purchases of fixed assets	60.5	65.0	65.0	65.0	65.0
Less: Chng in investments	0.4	-9.7	0.0	0.0	0.0
<b>Free cash flow</b>	<b>256.5</b>	<b>131.6</b>	<b>201.3</b>	<b>232.7</b>	<b>262.4</b>

<b>PROFIT &amp; LOSS</b>	<b>2021</b>	<b>2022</b>	<b>2023 e</b>	<b>2024 e</b>	<b>2025 e</b>
<b>Turnover</b>	<b>831.9</b>	<b>949.4</b>	<b>1,100.6</b>	<b>1,202.5</b>	<b>1,257.6</b>
<i>% chng</i>	19.8%	14.1%	15.9%	9.3%	4.6%
COGS & SG&A	526.9	612.6	721.3	798.6	836.2
<b>EBITDA</b>	<b>305.0</b>	<b>336.7</b>	<b>379.3</b>	<b>403.9</b>	<b>421.4</b>
<i>% chng</i>	45.9%	10.4%	12.6%	6.5%	4.3%
<i>EBITDA margin</i>	36.7%	35.5%	34.5%	33.6%	33.5%
Net depreciation	36.2	35.4	36.4	37.4	38.4
<b>EBIT</b>	<b>268.8</b>	<b>301.4</b>	<b>342.9</b>	<b>366.5</b>	<b>383.0</b>
<i>% chng</i>	56.2%	12.1%	13.8%	6.9%	4.5%
<i>Operating profit margin</i>	32.3%	31.7%	31.2%	30.5%	30.5%
Net interest expenses	5.7	0.3	-5.3	-9.8	-9.3
Pre-tax profit	263.1	301.1	348.2	376.3	392.3
<i>% chng</i>	56.8%	14.4%	15.7%	8.1%	4.3%
Minority stake in profits	0.0	0.0	0.0	0.0	0.0
<i>Minority profit/Net profit</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Income tax	46.5	52.5	63.8	69.4	72.3
<i>% effective tax rate</i>	17.7%	17.4%	18.3%	18.4%	18.4%
<b>Profit after tax</b>	<b>216.6</b>	<b>248.6</b>	<b>284.4</b>	<b>306.9</b>	<b>320.0</b>
<i>% chng</i>	56.2%	14.8%	14.4%	7.9%	4.3%
<i>Net profit margin</i>	26.0%	26.2%	25.8%	25.5%	25.4%
EPS after tax (in Euro)	1.59	1.83	2.09	2.26	2.35
<i>EPS chng</i>	56.2%	14.8%	14.4%	7.9%	4.3%
<b>Dividends</b>	<b>104.8</b>	<b>157.1</b>	<b>272.2</b>	<b>285.8</b>	<b>298.7</b>
<i>Dividend policy: Payout Ratio</i>	48.4%	63.2%	95.7%	93.1%	93.3%
DPS (in Euro)	0.77	1.16	2.00	2.10	2.20
<i>% chng</i>	25.2%	50.0%	73.2%	5.0%	4.5%
<b>Market cap</b>	<b>1,714</b>	<b>2,174</b>	<b>2,898</b>	<b>2,898</b>	<b>2,898</b>
Diluted number of shares	136,059,759	136,059,759	136,059,759	136,059,759	136,059,759
Basic number of shares	136,059,759	136,059,759	136,059,759	136,059,759	136,059,759
<b>EV</b>	<b>1,165</b>	<b>1,652</b>	<b>2,310</b>	<b>2,329</b>	<b>2,336</b>
End-year/current stock price common shares	12.60	15.98	21.30	21.30	21.30
<i>% chng of common stock price</i>	-11.3%	26.8%	33.3%	0.0%	0.0%
<b>Out/under performance</b>	<b>-19.7%</b>	<b>21.9%</b>	<b>13.1%</b>	<b>0.0%</b>	<b>0.0%</b>

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	Weighted On Mcap	Un-weighted		
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<b>Neutral:</b>	18.6%	9.1%	Total return (*) expected to be between -10%/+10% compared to the market's return (**) over a 12-month period	-
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(\*) Total return = Price appreciation + Dividend  
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