

VRS (Valuation & Research Specialists)
Equity Research Team
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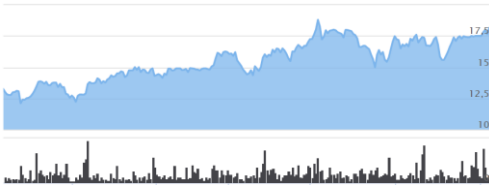
Share Price (11/11/2019) € 18.01

# of Shares (mn)	136.06
Market Cap (in € mn)	2,450.43
Daily Volume (p)	159,313
Beta Co-efficient	--

Source: VRS Calculations, Reuters.
Period as day/month/year.

Stock Price Performance & Transaction Volume

(Last 12 months, in € and in number of share units)



Note: Share price performance based on share price closes on Stock Exchange.
Period as day/month/year if applicable.

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JUMBO S.A.

Listed on Athens Exchange - Greece

[Bloomberg Ticker: BELA:GA] [Reuters Ticker: BABR.AT]

Business Sector | Industry: Consumer Discretionary / Retail Discretionary

Our View on Jumbo S.A. (*)

- Jumbo S.A. is the leading retailer of toy, baby, home and seasonal products in the Greek market and at the same time has a strong presence in Romania, Bulgaria and Cyprus. It operates hypermarket stores offering 40,000 products with an average price of € 4.99, whereas its strategy is to operate as a hypermarket without products such as food, fashion and electronics.
- Growth trajectory is on track:** Consolidated sales rose by 7.8% to € 812.18 million in 2018/2019 versus € 753.30 million in 2017/2018. Net profit advanced to € 162.87 million from € 151.10 million previously (+7.7%). As at June 30th 2019, Jumbo Group operated 79 stores, of which 52 are in Greece, 5 in Cyprus, 9 in Bulgaria and 13 in Romania while the Group operates the online store www.e-jumbo.gr in Greece. In addition, Jumbo through partnerships has a presence with 23 stores that operate under the Jumbo brand in 5 countries, namely Albania, Kosovo, Serbia, North Macedonia and Bosnia. Moreover in September 2019, a partner operated the first store under Jumbo brand in Montenegro. The Management was also planning the opening of a new hyper-store in Romania during November 2019, whereas three more stores (in Greece, Romania and Cyprus) were expected to be operational during the year 2020. In the last analysts' meeting, the management revealed that sales growth exceeded 8% during the period July-September 2019, whereas the guidance for the annual growth was set at +5%.

What we like

- In the period 2015 - 2019, the management demonstrated an exceptional track record in stabilizing and in some periods containing operating costs as percentage of sales, whereas it continuously achieved positive growth rates in both sales and profitability (such as EBITDA and earnings before taxes).
- Free cash flow has been consistently higher than capital expenditure over the past 5 years boosted by growth in profitability and also by good working capital cycle.
- Jumbo had a cash position of € 506.6 million on June 30th, 2019, with inventories of € 289.9 million and trade receivables of € 40.3 million versus trade payables of € 42.3 million. Equity stood at € 1,161.4 million and total liabilities at € 348.03 million.

What we anticipate

- The Company's commitment to continue expanding its network of stores in both Greece and internationally is critical in reaching revenue growth targets and in further improving bottom line profitability.
- Jumbo's dependence on the Greek market is big (62% of sales and 55% of earnings before taxes in 2018/2019), so we would like to see greater evidence of revenue diversification in terms of geographies in the next couple of years. Greece is gradually exiting the crisis environment and this could signal a rising disposable income which favors consumption of higher quality and higher priced products than those offered at Jumbo stores. On the other hand, Romania seems currently to be the most promising market outside Greece and Jumbo targets to have a network of at least 22 stores in the next 4 years.

What we will monitor

- During the fiscal year 2018/2019, Jumbo raised its debt position to € 198.93 million from € 149.62 million previously. According to the management, the higher debt level was taken in order create an extra liquidity net allowing the Group to handle any adverse market conditions in the future.

Stock Valuation

- Based on the last annual earnings (2018/2019: € 162.87 million), the P/E ratio stands at 15.04x which is neither "cheap" nor "expensive" compared to the European market's average valuation. Dividend per share settled at € 0.47 in FY 2018/2019 from € 0.39 in the previous fiscal year implying a dividend yield of 2.6%.

(*) VRS Research Team attended Jumbo's presentation at the Hellenic Fund and Asset Management Association. The event was held on Wednesday, October 16th, 2019, at the premises of the Athens Exchange, Greece. The General Assembly of the Company took place on Wednesday, November 6th, 2019.

Note: Company's fiscal year starts on July 1st and ends on June 30th. According to a management's release, the financial year will begin in January of each year until December of the same year. Exceptionally for the current year, the financial year that began in July will end on December 31, 2019.

Shareholders' Structure of Jumbo: Vakakis Family 23.2%, FMR LLC 13.18%, Capital Group Companies Inc. 5.05%, other investors and free float 58.57%.

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
JUMBO S.A.	BELA:GA	BABr.AT	€ 18.01	November 11, 2019	6

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3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
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