



## Company Update: JUMBO SA Reason: Update

### Investment Thesis

Jumbo proved more resilient than we expected throughout the pandemic, but is lacking a catalyst that would signal the uptrend.

In our model, we are using very conservative estimates for the operation of the Bulgarian and Romanian stores during the Christmas season and the following 1Q22. Surprisingly, when these estimates are combined with the actual 2021 results, they are leading to higher top line numbers than we were estimating back in May 2020, when we were pointing to a €13,16 target price.

Now, we have plugged an elevated cost of goods sold per revenue for all of the forecasted period and higher OPEX per revenue ratio. Additionally, we are discounting the expected free cash flows with a higher WACC (12,26% from 10,75%) rate to account for the extra risk. Even when all of these pessimistic assumptions are accounted, the resulting target price is pointing to €12,64 which is similar to the current market price.

Jumbo is still offering a value creation model that might be investable. However the stakes are high regarding which factor would trigger market participants to start pricing in the growth potential of the group, while there is an evident market overhang.

On the one hand, Jumbo is on the edge of being removed from the MCSI index and the outflows that would potentially follow, and on the other hand it has to navigate through increasing transportation costs. In the latest two decision dates by Morgan Stanley, the removal from MCSI has not happened and the uncertainty on that front is prolonged. As for the elevated transportation costs, Jumbo is wisely postponing the development of new stores, it is filling the existing retail square meters with its inventory and is searching for alternative suppliers. For the moment this plays well, the existing stores are fully packed for Christmas, and the company distributed a higher dividend.

### Valuation

JUMBO is valued at €12.64 per share through a FCF exercise with a WACC of 12.26%.

<b>Date</b>	<b>2/12/2021</b>
<b>Fair Estimated Price (€)</b>	<b>12,64</b>
<b>Investment Thesis</b>	FV
<b>Bloomberg Ticker</b>	BELA:GA
<b>Reuters Ticker</b>	BABr.AT
<b>Closing Price (1/12/21)</b>	12,72
<b>Low/High price 52w</b>	12.12/16.32
<b>Market Cap (€mn)</b>	1.731
<b>EPS (2021F)</b>	1,08
<b>P/E (x)</b>	11,8
<b>DPS (2021A)</b>	0,77

Brick and mortar retailer



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*For important disclosure information, please refer to the disclaimer page of this report.*

*All N. Chrysochoidis Stock Brokerage I.S.S.A. research is available on the company website and FactSet.*



Summary Financials				
(€ mn)	2020A	2021F	2022F	2023F
<b>Profit &amp; Loss Items</b>				
Total Net Revenues	694	717	793	849
EBIT	172	192	166	201
Net Income	139	146	123	149
<b>Balance Sheet Items</b>				
Cash at Hand	665	752		
Total Equity	1.219	1.222		
<b>Cash Flow Items</b>				
Operating Cash Flow	143	151	127	154
Free Cash Flow	189	257	-24	131
<b>Key Financial Ratios</b>				
Revenue Growth	-18,2%	3,3%	10,5%	7,1%
EBIT margin %	24,8%	26,8%	20,9%	23,7%
EPS	1,00	1,08	0,90	1,10
DPS	0,61	0,77		
P/E (x)	11,2	11,8		

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#### Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερισματος	Dividend Yield
ROE:	Απόδοση Ιδίων Κεφαλαίων	Return on Equity
FV:	Τιμή Σωστής Αποτίμησης	Fair Value Price

#### Οδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk Stock Price < 20% of Fair
UV1	Χαμηλή Αποτίμηση/ Κίνδυνος	Underpriced/ Risk Stock Price < 10% of Fair
FV	Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος	Fairly Priced/ Small Risk 10% < Stock Price < 10%
OV1	Σωστή Αποτίμηση/ Κίνδυνος	Fairly Priced/ Risk Stock Price > 10% of Fair
OV	Υπερτιμημένη Μετοχή	Overvalued Stock Price > 20% of Fair
N/R	Μη Αποτιμημένη Μετοχή	Not Rated