



JUMBO (BELA.AT)

Outlook:

We upgrade JUMBO's Fair Estimated Price to 20.00Euros/Share from 12Euros/Share previously on the back of the Company's 1st semester performance announcement. The key driver for the upward valuation is the further decrease in the Hellenic Equity risk premium profile as depicted on the 10YGGB paired with our previously stated assumptions, namely: A) The substantial revenue growth rate during the 2013-2017 period, B) the Group's strong growth prospects, C) the headwinds for revenue generation and D) the healthy capital structure).

JUMBO'S HY'18 performance update:

- Jumbo's consolidated revenues demonstrated a 10.22% growth on half year basis.
- Geographical sectors marked substantial revenue growth for the first semester of 2018.
- Jumbo's management revised the expected net income growth to comply with the expected revenue growth rate.
- The company's management decided to postpone the issuance of convertible bond to replace the existent Group's long term debt considering the issuance of ordinary bond.

Date: 25/01/18

FAIR ESTIMATED PRICE: **20.00Euros/Share**

Investment Thesis: **IV**

Key Statistics:

Valuation	25/1/2018
Share Price	15,70
Price High 52 week	16,30
Price Low 52 week	12,62
Current num. of shares	136.059.759
Trailing P/E	16
Market Cap.	2.136.138.216
EPS (Trailing)	0,96
DPS(Proposed)	0,36
<i>*Closing Price as 24/01/2018</i>	

Analyst: Dimitrios Villiotis
Tel: +30 210 3213913
mail: dvilliotis@chrysochoidis.gr
web: www.chrysochoidis.gr

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Jumbo's half year 2018 results demonstrate a solid +10.22% revenue growth. Specifically, the Company's Q1'18 revenues marked a +12,00% increase from the previous respective period despite the softer than anticipated performance during the (20/8-end of September) period. In terms of Geographical segments performance, all the countries which the company operates recorded revenue growth, with key growth drivers the Bulgarian and Romanian markets which end up with double digit growth.

Following the announcement of HY'18 results, the company's management updated ITS earnings guidance for the FY'18 (6.00%-8.00% revenue growth, stable bottom line earnings) to positive bottom line earnings growth following the expected revenue growth rate and emphasized the strong growth of the Romanian operations which are still considered the key growth driver, the substantial growth in the Bulgarian market and the expected single digit growth of the Cypriot and Hellenic operations respectively.

Considering these facts, we decide to further upgrade JUMBO's Fair Estimated Price to 20,00Euros/Share from 12,00Euros/Share previously, incorporating the evidenced de-risking of the Hellenic Economy as reflected in the 10Y GGB IN our previous analysis stated assumptions. Specifically, in our previous analysis (see JUMBO (BELLA)011117) we had modified our estimates regarding the company's expected revenue growth rate during the 2018-2022 period to 5.50% from 4,50% previously and the WACC due to the upcoming issuance of the convertible debt. Following the HY'18 results announcement we still retain our projections for cumulative Revenues of 3.96bn.Euros, cumulative EBITDA of 1.10bn.Euros and 714.00mn.Euros in Net gains for the period, and the generation of cumulative 652.00mn.Euros in FCFF as we believe that our estimates are in track with Jumbo's forthcoming growth and operating performance while the evidenced lower country risk is the key indicator of our upgrade due to the impact of the Jumbo's overall WACC.

These changes, call for a Fair Estimated Price to 20.00Euros/Share derived from the positive impact of the country de-risking to the value of the discounted Free Cash Flows even without taking into consideration the Company's strong cash position and the possible effects of dilution for the shareholders of the issuance of the convertible bond. Finally, we consider JUMBO as suitable investment pick for our Top Picks shortlist as we believe that effectively indicates the characteristics of growth prospects alongside with value generation for the shareholders in forms of steady dividend yields and capital appreciation.

Ρήτρα Περιορισμού Ευθύνης:

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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