

**Company Update: JUMBO S.A. Reason: Estimates Revision****Investment Thesis**

Jumbo SA is in the inventory management business. The March-April lockdown, found the company with a full inventory that was supposed to meet the anticipated-increased- demand for Easter. This inventory is standing unsold. The management is facing two difficult courses of action. Either take risks to protect the 2020 profitability or make all management decisions in a survivor mode.

The management is committed to do the later: Purchases will be reduced by 30%. Capex decisions will be postponed for July. The goal is to have the minimum possible inventory at the beginning of 4Q20 and the maximum cash position to be ready to act. JUMBO's business model is based on impulse buying. Emphasis on its online offering does not appear to be a top priority.

As a result, we downgrade our previous estimates regarding Revenues and Net Income to incorporate the latest developments. Our model calls for a reduction of 35% in Revenues for FY '20 and a retraction of 60% in profitability; bringing sales to 527 mn. Euros and Net Income to 67 mn. Euros respectively.

Will the company survive the storm? It appears that the combination of government's wage subsidies and the revenue dependent rent contracts are helping in this direction. Jumbo is rich in cash and has the expertise to weather the-expected- slump in consumption. As a result, assuming stabilization in macros and consumption in FY 21, the company will be able to resume its growth strategy.

Is it recommended to hold a consumer discretionary stock in a portfolio when all macroeconomic metrics are pointing to an enormous GDP decrease and unemployment increase? The answer seems to be negative; however Jumbo offers a value creation model that still appears to be investable should there be an economic recovery by next year.

**Valuation**

Jumbo is valued at €13, 16 per share through a FCF exercise with an applied rate of 10.75%.

<b>Date</b>	<b>11/5/2020</b>
<b>Fair Estimated Price (€)</b>	<b>13,16</b>
Investment Thesis	FV
Bloomberg Ticker	BELA:GA
Reuters Ticker	BABr.AT
Closing Price	14,29
Low/High price 52w	9.94/19.46
Market Cap (€mn)	2.524
EPS (2020F)	0,49
P/E (x)	37,8
DPS (2019F)	0,28
Dividend Yield %	1,5%

**N. CHRYSOCHOIDIS STOCK BROKERAGE  
INVESTMENT SERVICES S.A.**

## Equity Research Department

**+30 210 3213913****[www.chrysochoidis.gr](http://www.chrysochoidis.gr)**

*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)	2019A	2020F	2021F
<b>Profit &amp; Loss Items</b>			
Total Net Revenues	812	528	554
EBIT	213	87	148
Net Income	164	67	116
<b>Balance Sheet Items</b>			
Total Assets	1.667	1.671	1.762
Cash at Hand	638	714	826
Total Equity	1.208	1.260	1.349
<b>Cash Flow Items</b>			
Operating Cash Flow	254	92	183
Free Cash Flow	210	92	138
<b>Key Financial Ratios</b>			
Revenue Growth	7,8%	-35,0%	5,0%
EBIT margin %	26,2%	16,5%	26,6%
EPS	1,20	0,49	0,85
DPS	0,28	0,11	0,20
Dividend Yield	1,5%	0,6%	1,1%
ROE	13,5%	5,3%	8,6%
P/E (x)	15,4	37,8	21,8

#### Ρήτρα Περιορισμού Ευθύνης:

Απαγορεύεται η αναδημοσίευση του παρόντος χωρίς την άδεια της Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗΣ Α.Ε.Π.Ε.Υ. Οι απόψεις που περιέχονται βασίζονται σε πηγές που θεωρούνται αξιόπιστες, ωστόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. δεν ευθύνεται για την εγκυρότητα, ορθότητα ή αξιοπιστία τους και διατηρεί το δικαίωμα αλλαγής τους χωρίς πρότερη ειδοποίηση. Τόσο η Ν. ΧΡΥΣΟΧΟΪΔΗΣ ΧΡΗΜΑΤΙΣΤΗΡΙΑΚΗ Α.Ε.Π.Ε.Υ. όσο και οι διευθύνοντες και υπάλληλοι της δεν φέρουν ουδεμία ευθύνη για οποιαδήποτε συνέπεια των πληροφοριών αυτών. **Το παρόν δεν αποτελεί προσφορά, προτροπή ή επενδυτική πρόταση για αγορά ή πώληση μετοχών ή άλλων κινητών αξιών. Οι επενδύσεις που αναφέρονται ενδέχεται να μην είναι οι ενδεδειγμένες για ορισμένους επενδυτές.**

#### Disclaimer:

This report has been issued by N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A., a member of the Athens Stock Exchange, and may not be reproduced in any manner or provided to any other persons. Each person that receives a copy by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. The information contained herein has been obtained from sources believed to be reliable but has not been verified by N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A. The opinions expressed herein may not necessarily coincide with those of any member of N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions herein, all of which are subject to change without notice. No responsibility of liability whatsoever or howsoever arising is accepted in relation to the contents hereof by N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A. or any of its directors, officers or employees. **This report is not an offer to buy or sell or a solicitation of an offer to buy or sell securities mentioned herein.** N. CHRYSOCHOIDIS STOCK BROKERAGE I.S.S.A. may effect transactions in or perform or seek to perform brokerage services for companies covered. The investments discussed in this report may be unsuitable for investors, depending on their specific investment objectives and financial position.

#### Σημειώσεις/Notes

P: Τρέχουσα Τιμή  
 MCAP: Κεφαλαιοποίηση  
 EPS: Καθαρά Κέρδη Ανά Μετοχή

Market Price  
 Capitalization  
 Earnings per Share

#### 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

P/E: Λόγος Τιμής προς Κέρδη

Price/Earnings Ratio