



Company Update: Jumbo SA Reason: Upgrade

Investment Thesis

Jumbo is offering a proven, resilient & profitable business model, a management that keeps under-promising and over-delivering, and a clear path for growth.

The group's proactive and low-risk structure results in operating resilience: During COVID, Jumbo paid minimal rents as leases were tied to the zero revenue of their closed stores. After Daniel storm hit Greece last September, closing two stores for 9 months, insurance brought €10M, with no negative impact on results. As for the elevated transportation cost due to the war actions at the Suez route (that do not seem to end), management has the recent (2022) successful track record when they navigated the crisis by utilizing alternative suppliers and decreasing inventory buildup.

Our baseline scenario incorporates the group's guidance for 4% revenue growth in 2024 and an addition of another 6 stores in Romania by 2028 (3 additions are already communicated within 2026). That is a rather conservative estimate that does not capture the potential of the Romanian market. The Romanian GDP is 1.5 times the Hellenic GDP and corresponds to 1.9 times the Hellenic population. Therefore, it would be fair to assume a more aggressive pace of store openings that would render the Romanian business at least as big as the Hellenic one.

Even by penciling conservative estimates in our model, we derive a target valuation far greater than both the current level and the €27.2 placement level, making the investment case attractive.

Valuation

The target price of €30.00 is a result of our DCF model with applied WACC rate of 9.60% and perpetual growth of 2%. In P/E terms, the target price divided by the 2025 expected earnings translates into a multiple of 12,47x that appears elevated vis a vis the past decade metrics. Nevertheless, now is the time for Hellenic stocks in general and Hellenic champions in particular to be re-classified and enjoy higher multiples. Additionally, the target price corresponds to a comfortable EV/EBITDA mark of 8,01x 2025.

Date	1/10/24
Target price (€)	30,00 €
Investment Thesis	UV
Bloomberg Ticker	BELA:GA
Reuters Ticker	BABr.AT
Closing Price (30/9/24)	25,70 €
Low/High price 52w	21.68/30.10
Market Cap (€mn)	3.578
EPS (2024F)	2,34 €
P/E (x)	11,1
DPS (2023A)	2,80 €
DPS (2024 so far)	1,52 €



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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)	2023	2024F	2025F	2026F
Profit & Loss Items				
Total Net Revenues	1.082	1.126	1.198	1.275
EBIT	399	406	427	449
Net Income	303	311	327	345
Balance Sheet Items				
Cash at Hand	444	428		
Total Equity	1.327	1.231		
Cash Flow Items				
Operating Cash Flow	333	318	335	352
Free Cash Flow	283	284	286	302
Key Financial Ratios				
Revenue Growth	14,0%	4,0%	6,4%	6,4%
EBIT margin %	36,9%	36,1%	35,6%	35,2%
EPS	2,23	2,34	2,41	2,53
P/E (x)	11,9	11,1		

Ρήτρα Περιορισμού Ευθύνης:

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