

JUMBO

Sector: Retail, non food
Issue Date: November 21, 2008

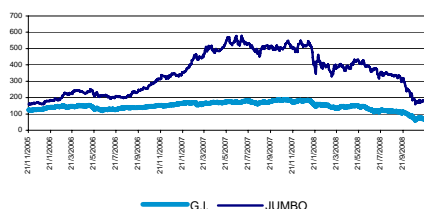
Rating **Outperform**
Target Price 21,72 €
Of which Expected Dividend 09e 0,45 €
Last Price 8,68 €
Total Expected Return 150,2%

Stock Data

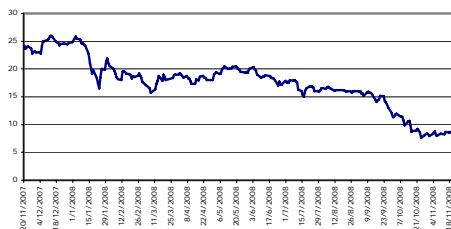
Bloomberg Code BELA GA
Reuters Code BABR.AT
52 week high 25,98 €
52 week low 7,62 €
1m performance -2,47%
YTD performance -65,00%
Number of shares 60.617.358
Market Capitalization 526.158.667 €
Average Daily Volume (52w) 122.013
Free Float 71,00%

Performance	Jumbo	GI
1m performance	-2,47%	-14,51%
6m performance	-56,86%	-56,39%
3m performance	-46,09%	-45,16%
12m performance	-64,19%	-63,38%
YTD performance	-65,00%	-64,92%

Jumbo Relative Performance



Jumbo Performance - 52 week



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Q1 2008/09 results review

Jumbo posted another quarter of solid growth despite the unfavorable economic environment

- Jumbo's consolidated sales for the 1/7 – 30/9/08 period reached €107.5m, increased by 20.3% compared to the respective period last year. Attica region sales grew by 21.5% to €40.2m, Greek provinces sales amounted to €57.2m, up 17.7% and Eurozone sales (Cyprus and Bulgaria) advanced by 31.3% to €10.1m.
- **Gross profit margin** improved to 49% versus 48.2% of last year's first quarter and gross profit stood at €52.7m, up by 22.2%.
- **EBIT** amounted to €22m versus €18.8m in the same period last year, posting a 17.2% increase while **EBITDA** totaled €24.7m, up 16.5% in comparison to €21.2m reported for Q1 2007/08. EBITDA margin slipped to 22.9% (from 23.7% in Q1 2007/08) as the group's store expansion resulted in a 23.6% increase in SGAs.
- Finally, **net profit** posted an increase of 18.1% to €15.6m from €13.2m in Q1 2007/08. Net profit margin saw a more moderate decrease compared to the EBITDA margin reduction (to 14.5% from 14.8%) as bottom line figures benefit from lower taxes. Note that during this quarter Cyprus and Bulgaria's contribution to the total sales increased by c. one percentage point to 9.4% from 8.5% in last year's first quarter with Cyprus and Bulgaria's tax rate standing at 10% and 16% respectively, compared to a 25% tax rate in Greece. The increase of Bulgaria revenues in the future will have a more beneficiary effect to the effective tax rate.
- Finally, **basic earnings per share** stood at 0.2581€ (vs 0.2186€) and **diluted earnings per share** amounted to 0.2476€ (vs 0.2079€).

Note that these results were achieved amid a very unfavorable economic environment characterized by slowing demand, an increase in the cost of money and the upward move of the Dollar against the Euro.

Q1 results came as no surprise – In line with guidance

Jumbo posted another quarter of strong financial results, which however were broadly expected as the management had already communicated the 20% increase in sales as well as the gross profit margin improvement at a meeting with the analysts held on October 1st. Note that during that presentation the management stated that Q1 results will not be indicative of the full year and proceeded to advise the analysts that they should wait for the second quarter results before they jump to conclusions for the full year performance.

Three new stores added to the network in Q1 – New investments ahead

Jumbo accelerated the execution of its investment plan and managed to open in Q1 2008/09 all 3 new stores that were programmed to operate in the first half of the current fiscal year. More specific, the company opened a new hyper store in Promahonas (Serres), the Group's biggest store in Athens at Piraeus Avenue and a third (and 2nd store in Athens), at Marousi. Furthermore, the management announced the opening of a 4th store in Aspropyrgos (Attica) which will replace a small store in Chologargos. Note that the Bulgarian subsidiary proceeded with the purchase of two more building plots, one at the city of Rousse and one at the city of Plovdiv aiming to the development of new hyper-stores in the future.

Q2 results released in February will in our opinion be more crucial and will provide a more clear view of the company's ability to sustain growth despite adversities

After a strong, but pre-announced first quarter, we believe that Q2 financial results will be more critical and will give us a clearer view of the effect of the recent economic slowdown on Jumbo's margins and profitability. Note that Q2 is the most important quarter in terms of revenue, as it usually contributes a c. 40% of total sales due to December's holiday season.

Jumbo will hold its AGM on December 3, 2008

Be reminded that the company will hold the Annual General Meeting of the shareholders on 3/12/08 where, among others, the management will propose a €0.40 dividend (+25% vs previous year), as well as the distribution of bonus shares (1:1).

Table 1 : Quarterly Results

(million €)	Q1 09a	y-o-y (%)	2008a	y-o-y (%)	Q1 08a	y-o-y (%)	Q2 08a	y-o-y (%)	Q3 08a	y-o-y (%)	Q4 08a	y-o-y (%)	2007a
Sales	107,5	20,3%	404,0	17,88%	389,4	18,3%	149,1	16,9%	69,2	4,5%	96,3	31%	342,7
Gross Profit	52,7	22,2%	219,9	20,53%	143,1	19,0%	79,7	20,8%	39,2	10,2%	57,9	30%	182,4
Gross Profit Margin	49,0%		54,4%		48,2%		53,4%		56,6%		60,2%		53,2%
EBIT	22,1	17,2%	116,1	20,03%	18,8	22,8%	48,9	20,7%	15,4	0,2%	33,0	29%	96,7
EBIT Margin	20,5%		28,7%		21,1%		32,8%		22,2%		34,3%		28,2%
EBITDA	24,7	16,5%	125,6	19,02%	21,2	21,1%	51,2	20,0%	17,9	2,3%	35,3	27%	105,6
EBITDA Margin	22,9%		31,1%		23,7%		34,4%		25,9%		36,7%		30,8%
Net profit	15,6	18,1%	82,5	21,50%	13,2	23,9%	34,9	20,5%	10,5	4,7%	23,8	31%	67,9
EPS (€) (reported)			1,36										1,12
DPS (€)			0,40										0,32

Source: Company

Note: Fiscal Year ends in June 30 of the corresponding year

Table 2 : Fundamentals

(million €)	FY06a	FY07a	FY08a	FY09e	FY10f	FY11f
Sales	281,3	342,7	404,0	489,7	545,6	607,7
EBIT	74,4	96,7	116,1	127,2	135,2	153,0
EBIT Margin	26,4%	28,2%	28,7%	26,0%	24,8%	25,2%
EBITDA	82,8	105,6	125,6	137,4	147,3	167,1
EBITDA Margin	29,4%	30,8%	31,1%	28,1%	27,0%	27,5%
Net profit	49,4	67,9	82,5	91,3	98,4	114,2
EPS (€) (reported)	0,83	1,12	1,36	1,51	1,62	1,88
DPS (€)	0,23	0,32	0,40	0,45	0,50	0,60
Valuation Ratios						
P / E (x) (reported)	10,4	7,7	6,4	5,8	5,3	4,6
P / BV (x)	3,1	2,4	1,8	1,5	1,2	1,0
EV / Sales (x)	2,1	1,7	1,5	1,2	1,1	1,0
EV / EBITDA (x)	7,1	5,5	4,8	4,4	4,1	3,5

Source: Company & Prelium Research Estimates

Note: Fiscal Year ends in June 30 of the corresponding year

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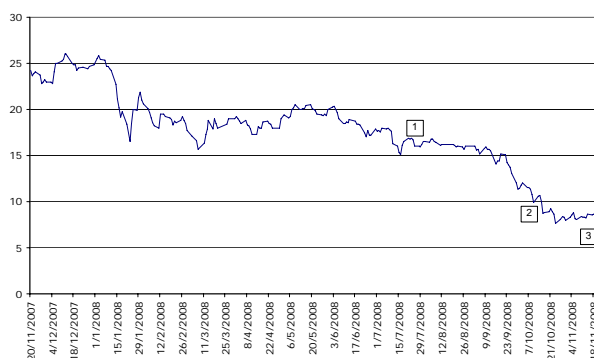
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(*) Total expected return: Price Appreciation plus Dividend
(**) Required market return: Risk Free Rate plus Equity Risk Premium

RATINGS HISTORY

Ratings	Date of Report	Share Price on date of issue	Target Price	Rating
1	23/07/2008	16.80 €	25.32 €	Outperform (Initiation)
2	7/10/2008	11.56 €	21.72 €	Outperform (Review)
3	21/11/2008	8.68 €	21.72 €	Outperform (Flash Report)



PROCESS OF VALUATION

Our valuation is based on a DCF model. We discount the cashflows with a variable WACC from 7,63% to 8.32%. We use a risk free rate of 4.65%, an equity risk premium of 5.00% and a beta of 0.83.

RISKS TO OUR VALUATION

- Delays in the store roll-out plan
- Potential price pressure from suppliers
- Currency risk
- The diminishing purchasing power of consumers
- Political, economical and social uncertainties associated with Southeastern Europe
- Key - person risks
- Stock overhang & dilution concerns
- Intensifying competition

DISCLOSURE CHECKLIST FOR COMPANIES MENTIONED AND OTHER PRICE DATA INFORMATION

Company name	Bloomberg	Rating	Target Price	Price / Date	Valid Disclosure
Jumbo S.A.	BELA GA	Outperform	21.72 €	8.68 € / 20.11.2008	None

Source: Prelium Investment Services

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