



## 3Q and 9M 2016 Opportunity Day Earnings Presentation

29 November 2016



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- **Highlights**

- Overall performance
- Performance by Supply Chain
- Operations update

## Highlights



### Financial performance

- **Solid organic performance** of BJC's existing supply chains, with **good momentum of Packaging Supply Chain continuing**, and **significant improvement of Healthcare and Technical Supply Chain**
- **First full quarter of shift of focus to profitable sales in Modern Retail Supply Chain** drove topline decline, which was fully offset by significant margin improvements.
- Delivered **robust net income growth** for the quarter.
- Conducted **two successful rights offer rounds**, and **fully refinanced all Big C acquisition related debt** during the quarter

### Operations

- **Good momentum continuing in capturing synergies** with first synergies captured during 2016
- Construction of **SB4 furnace proceeding on schedule** for 4Q 2017 commercialization target
- **Continued Big C store expansion and renovations.**
  - **Big C acquiring 2 MM Mega Market** stores in Q4, gaining access to attractive and complimentary locations.

- Highlights
- **Overall performance**
- Performance by Supply Chain
- Operations update

## Overall Performance 3Q and 9M 2016

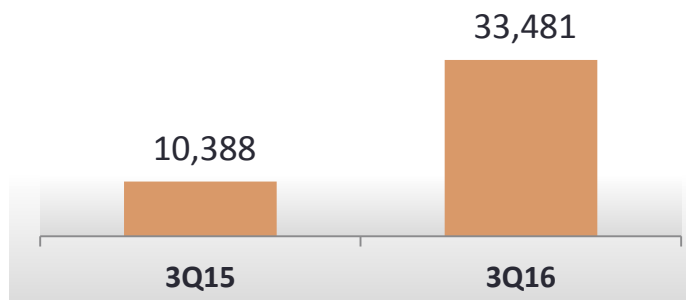


- On May 11, 2016, BJC completed an acquisition of 97.94% shares in BIGC, 99.18% shares in C-Distribution Asia Pte Ltd. and 98.80% shares in C-Distribution (Thailand) Company Limited
- Results of these companies has been consolidated into BJC since March 21, 2016

### 3Q16 Sales (MB)

▲ 222.3% YoY

#### 3Q16 Highlights

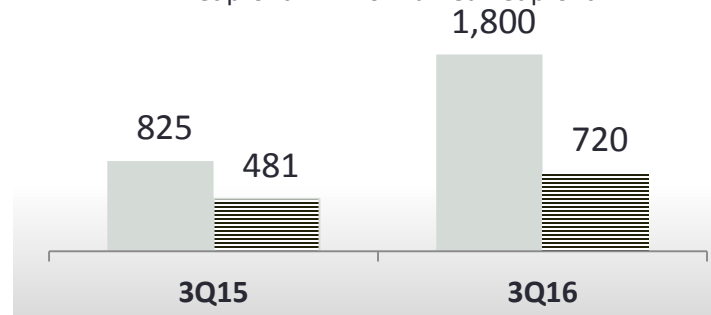


### 3Q16 Net Profit (MB)

Net profit ▲ 118.2% YoY

Norm. Net profit ▲ 49.7% YoY

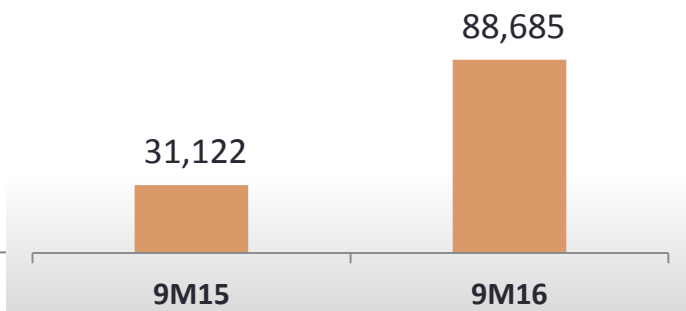
■ Net profit ■ Normalized net profit



### 9M16 Sales (MB)

▲ 185.0% YoY

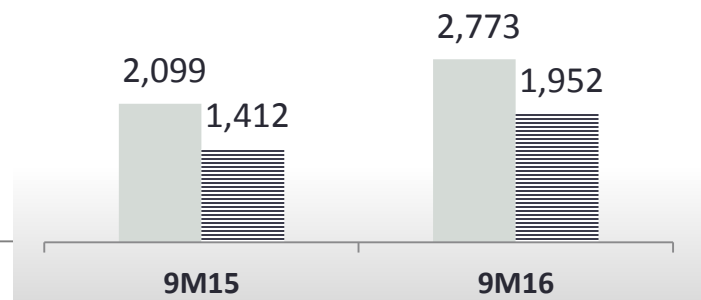
#### 9M16 Highlights



### 9M16 Net Profit (MB)

Net profit ▲ 32.1% YoY

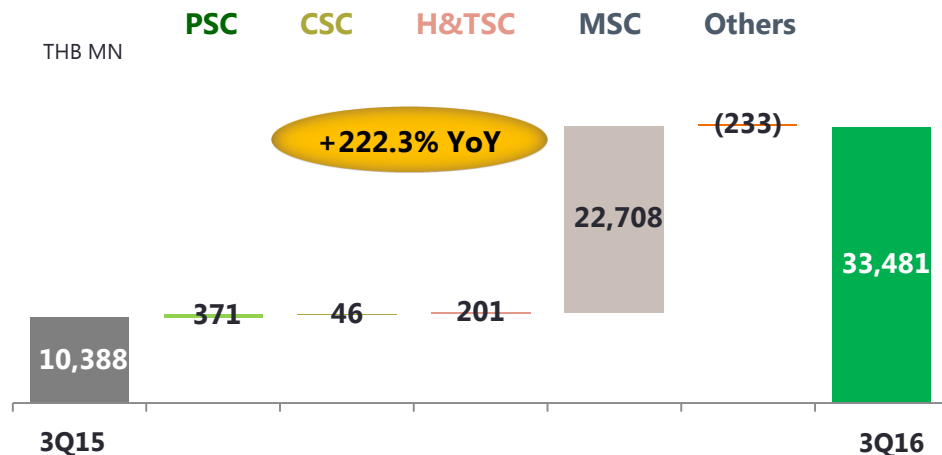
Norm. Net profit ▲ 38.2% YoY



## 3Q16 vs. 3Q15 – Supply Chain performance

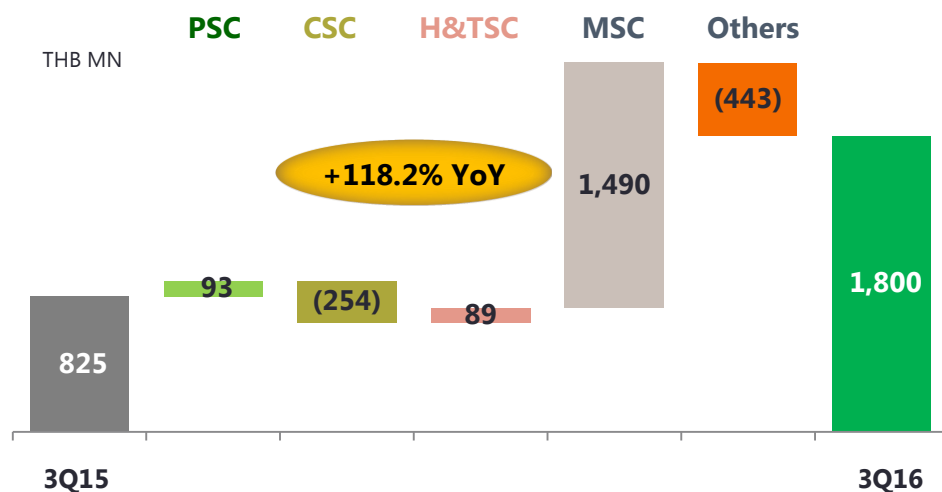


### 3Q16 Sales of THB 33,481 million, an increase of THB 23,093 million or 222.3% YoY



- PSC's sales improved by THB 371 MN due to growth of beverage segment under glass business
- CSC's sales improved by THB 46 MN due to higher sales in logistics and international trading businesses
- H&TSC's sales improved by THB 201 MN due to higher sales in both supply chains
- MSC's sales were THB 22,708 MN

### 3Q16 Net Profit of THB 1,800 million, an increase of THB 975 million or 118.2% YoY

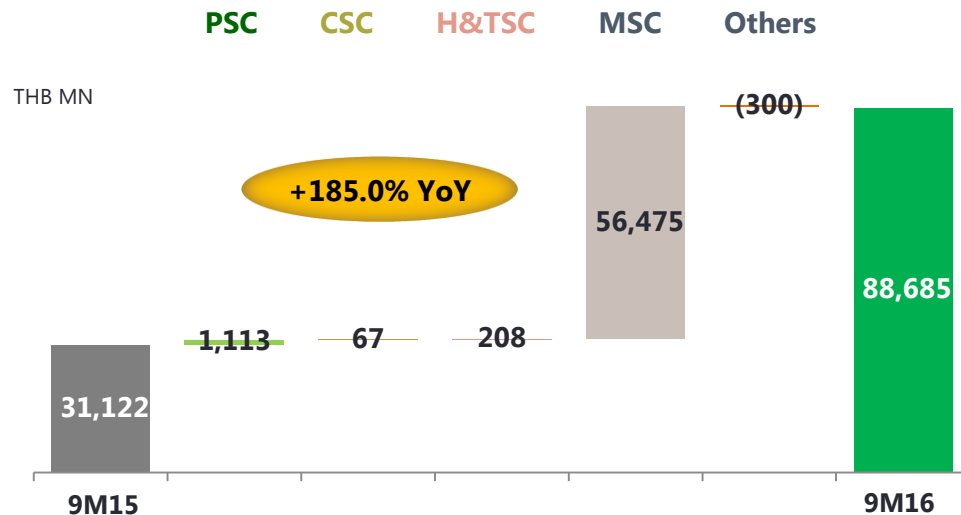


- PSC's net profit increased THB 93 MN due to higher sales from glass packaging, lower energy costs, and an improvement in manufacturing efficiency
- CSC's net profit decreased THB 254 MN due to high base arising from the income received from the former major shareholder of an indirect subsidiary under the Share Sale and Purchase Agreement of THB 344 million during 3Q15. (Excluding one-off items, normalized net profit of CSC increased THB 90 MN)
- H&TSC's net profit increased THB 89 MN due to higher sales from both supply chain, and improving gross profit margin in pharmaceutical products and galvanized steel structure businesses
- MSC's net profit was THB 1,490 MN

## 9M16 vs. 9M15 – Supply Chain performance

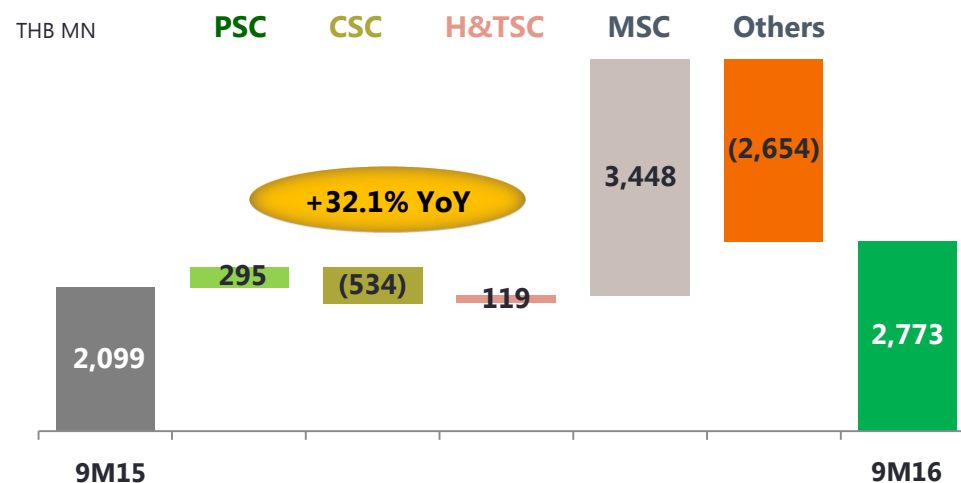


- 9M16 Sales** were THB 88,685 million, an increase of THB 57,563 million or 185.0% YoY



- PSC's sales increased THB 1,113 MN mainly due to glass business in beverage segment
- CSC's sales increased THB 67 MN mainly due to logistics and international trading businesses
- H&TSC's sales increased THB 208 MN, due to higher sales from both pharmaceutical and medical equipment products
- MSC's sales was THB 56,475 MN

- 9M16 Net Profit** was THB 2,773 million, an increase of THB 674 million or 32.1 % YoY



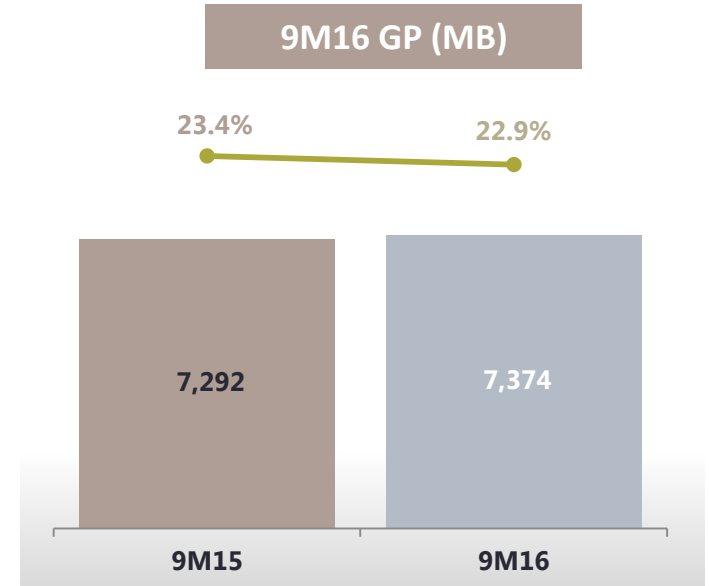
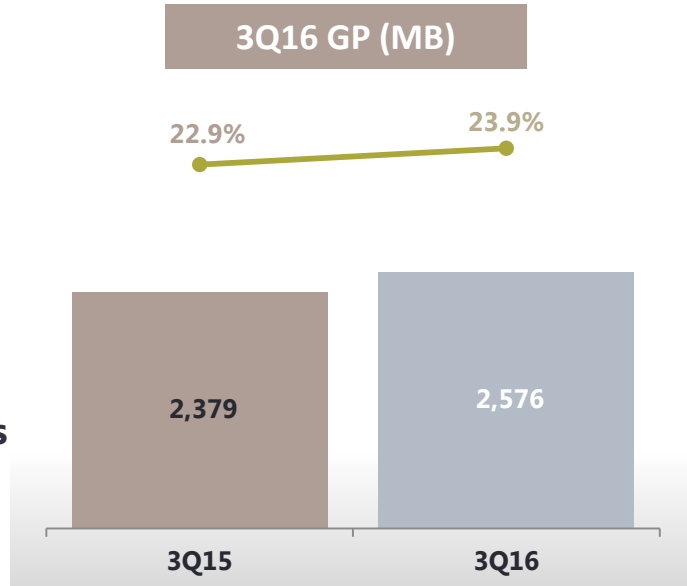
- PSC's net profit increased THB 295 MN, due to higher sales from glass packaging business, lower energy costs and an improvement in manufacturing efficiency
- CSC's net profit decreased THB 534 MN, driven by high base due to extra gains in 2Q15 and 3Q15. (Excluding one-off items, normalized net profit of CSC increased THB 153 MN)
- H&TSC's net profit increased THB 119 MN, due to higher sales from Healthcare Supply chain, together with gross profit margin improvement in Technical Supply chain
- MSC's net profit was THB 3,448 MN



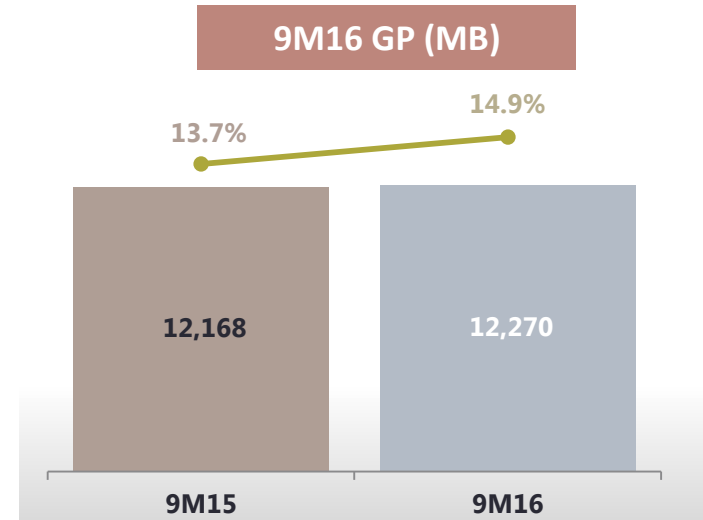
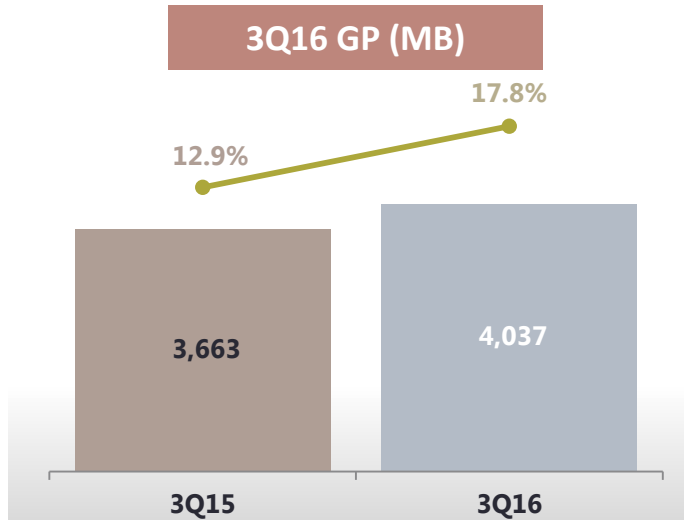
# Gross Profit 3Q16 and 9M16



## BJC Highlights



## BIG C Highlights

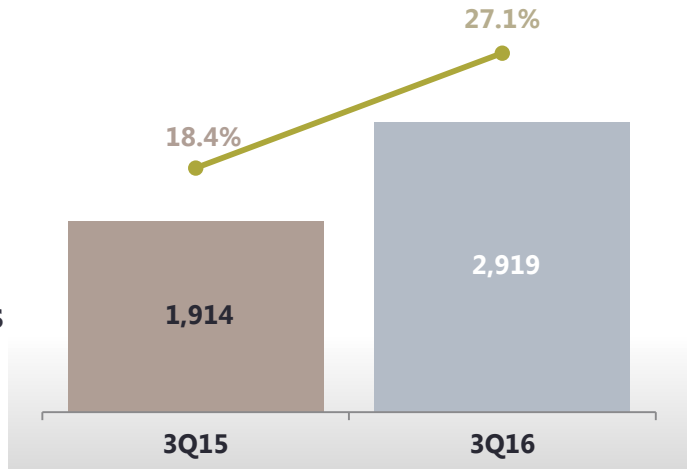


# EBITDA 3Q16 and 9M16

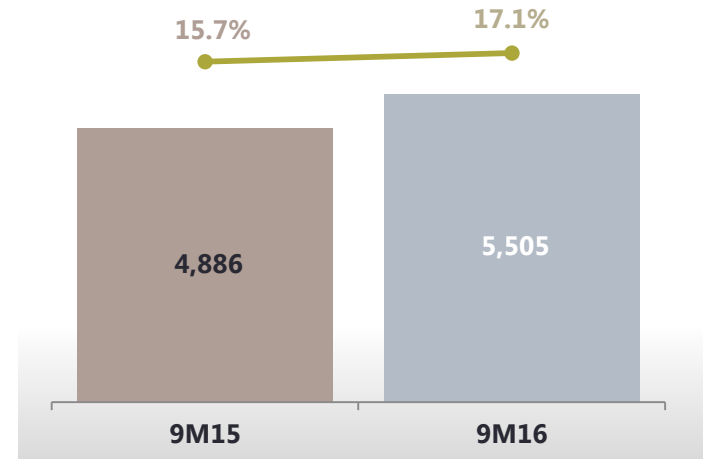


3Q16 EBITDA (MB)

**BJC**  
Highlights

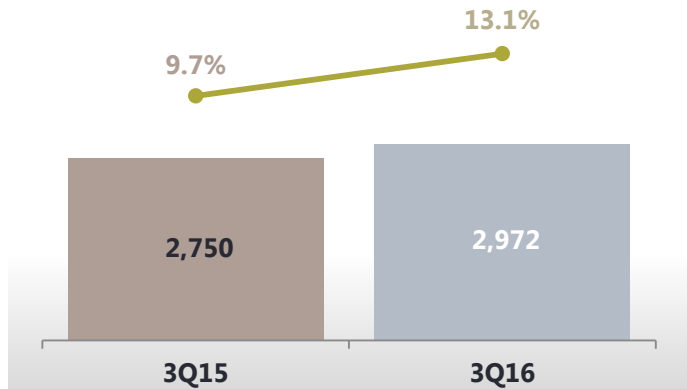


9M16 EBITDA (MB)

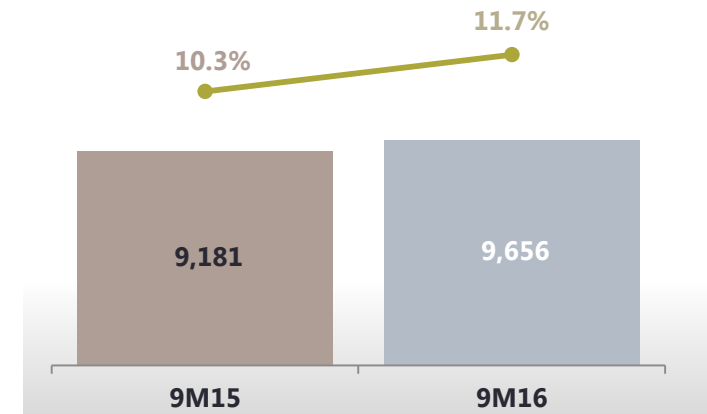


3Q16 EBITDA (MB)

**BIG C**  
Highlights



9M16 EBITDA (MB)

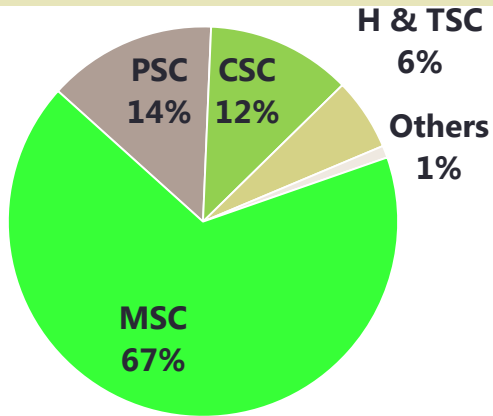


## Performance breakdown

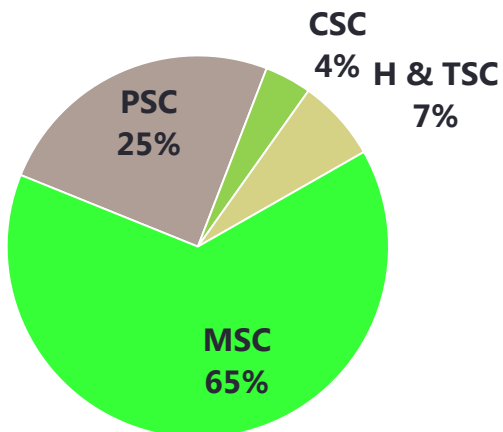


**3Q 2016**

### Sales Breakdown

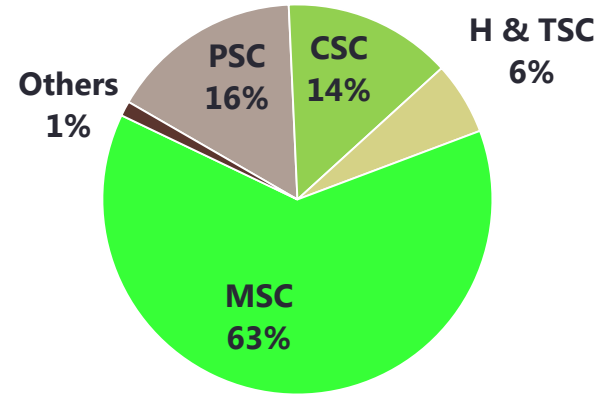


### Net Profit Breakdown

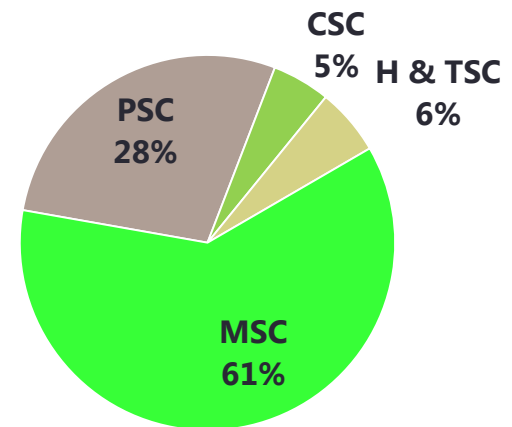


**9M 2016**

### Sales Breakdown



### Net Profit Breakdown



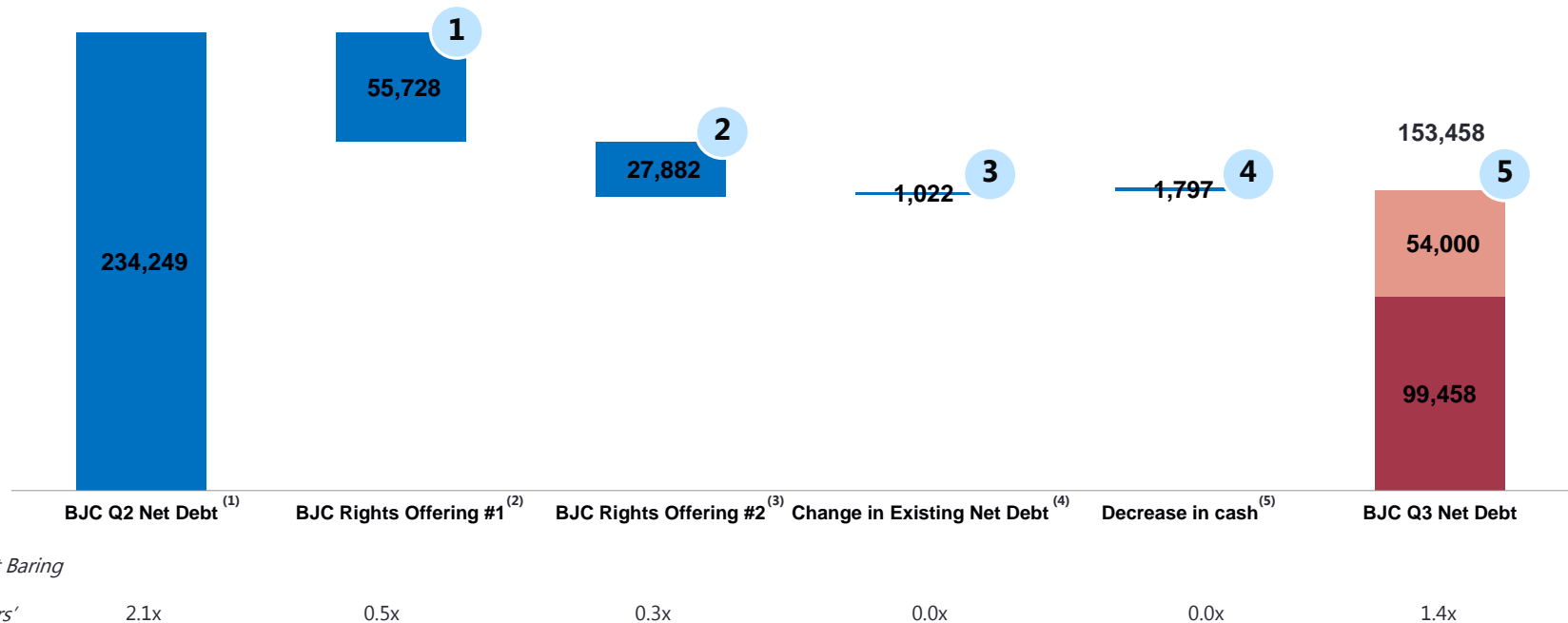
## Capital Structure Update – 3Q 2016



- BJC completed 97.74% Big C acquisition on 11<sup>th</sup> May 2016
- BJC Q3 Net Interest Bearing Debt to Equity of 1.4X

### Financing Structure – Net Debt and Deleveraging Components

THB MM



Net Interest Baring  
Debt to  
Shareholders'  
Equity

#### Notes

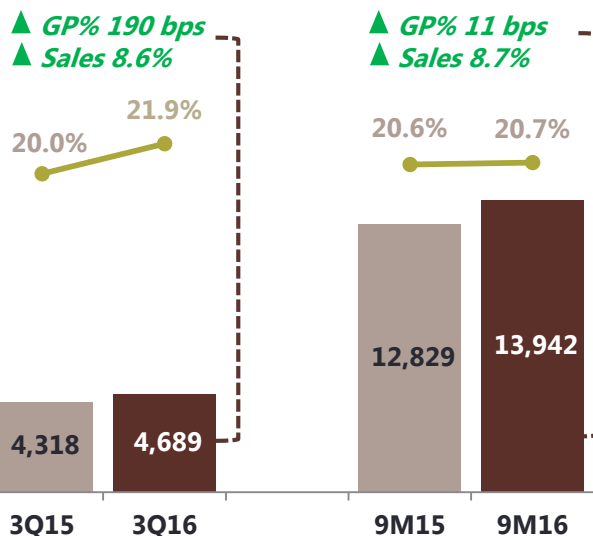
1. PF IBD-to-SH Equity after taking in account 2 rights offering rounds conducted during 3Q16; acquisition of 97.94% of Big C (consolidating Big C net debt)
2. 1:1 Rights Offering at THB35.00 per share
3. 2:1 Rights Offering at THB35.00 per share
4. Change in existing net debt: mainly came from TMG THB 585 million, TGI THB 176 million and TBC\_TH THB 136 million
5. Decrease in cash mainly came from interest expense THB 1,081 million, operating activities THB 138 million, and Big C THB 533 million

- Highlights
- Overall performance
- **Performance by Supply Chain**
- Operations update

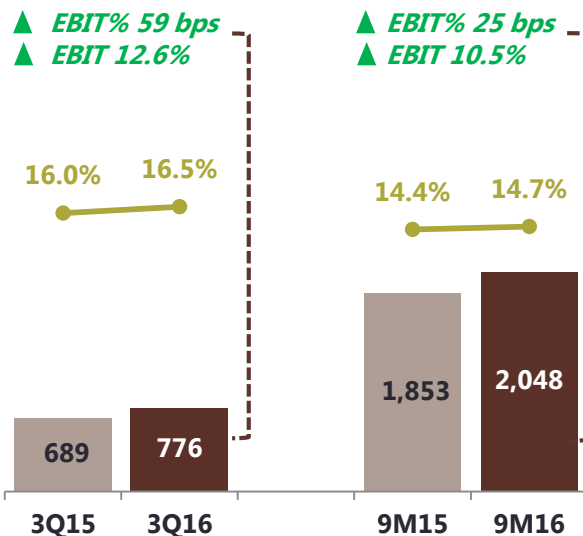
## Packaging Supply Chain – 3Q and 9M 2016



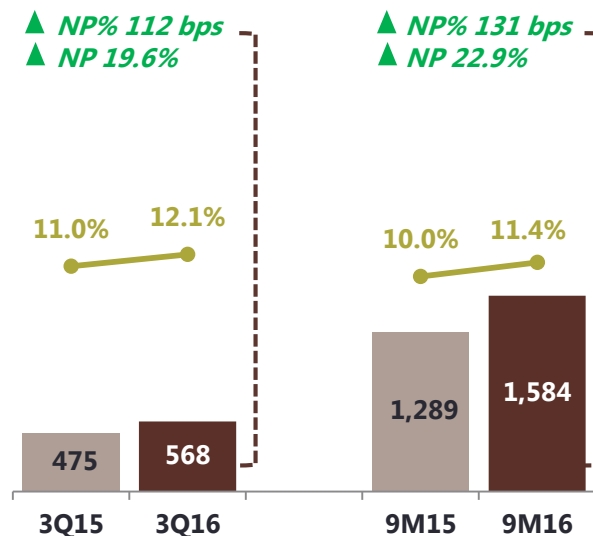
## Sales and Gross Profit Margin



## EBIT and EBIT Margin



## Net Profit and Net Profit Margin



## 3Q16 Highlights

- 3Q16 sales reached THB 4,689 MN, up +8.6% YoY, driven by higher glass packaging demand from both alcohol and non-alcohol segments.
- Our gross profit margin was up +190 basis points YoY, reaching 21.9% for the quarter. This increase was driven by lower energy costs, and an improvement in manufacturing efficiency.
- Our EBIT reached THB 776 MN, up +12.6% YoY, and our EBIT margin increased by +59 basis points YoY, reaching 16.5% for the quarter.
- Our net profit reached THB 568 MN, up +19.6% YoY, and our net profit margin increased by +112 basis points YoY, reaching 12.1% for the quarter. This was driven by higher sales from glass packaging business, lower energy costs, and an improvement in manufacturing efficiency.

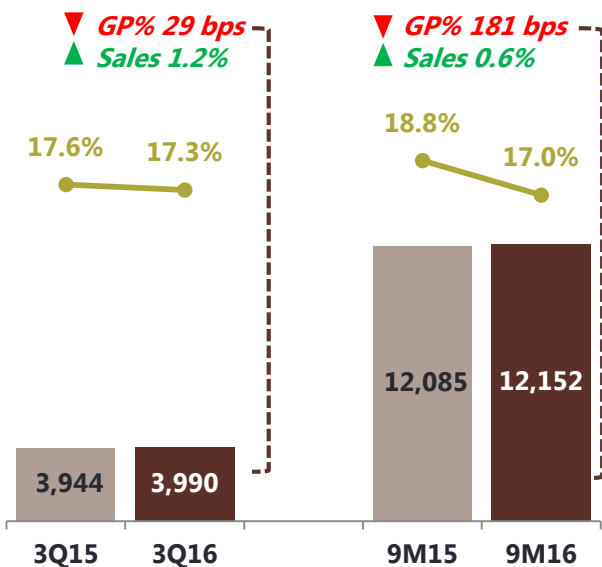
## 9M16 Highlights

- 9M16 sales increased by +8.7% YoY, and our gross profit margin increased by +11 basis points, driven mainly by increasing sales in glass packaging business.
- Our EBIT increased by +10.5% YoY, and EBIT margin increased by +25 bps due lower energy costs, and an improvement in manufacturing efficiency.
- Our net profit increased by +22.9% YoY, and net profit margin increased by +131 bps due to higher sales from glass packaging business, lower energy costs, and an improvement in manufacturing efficiency.

# Consumer Supply Chain – 3Q and 9M 2016



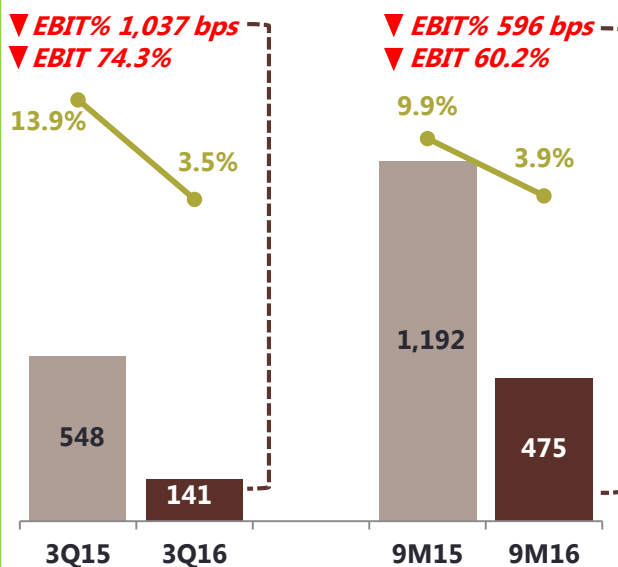
## Sales and Gross Profit Margin



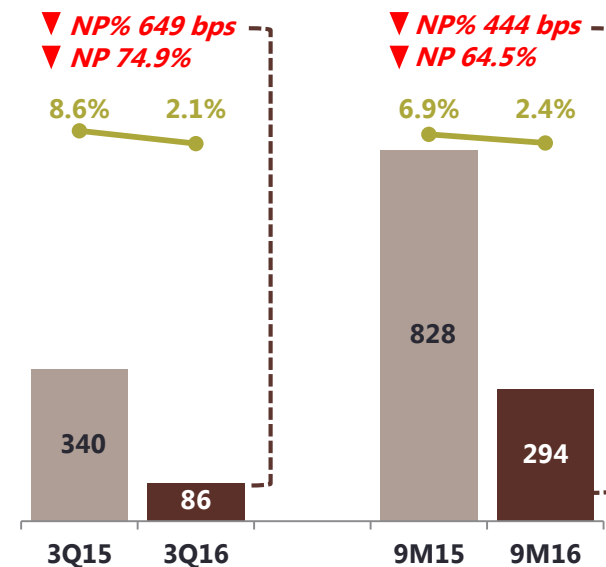
### 3Q16 Highlights

- 3Q16 sales reached THB 3,990 MN, up +1.2% YoY, mainly driven by higher sales in logistics and international trading businesses.
- Our gross profit margin was down -29 basis points YoY, reaching 17.3% for the quarter. This decrease was driven by increases in some raw material costs such as sweet potato, palm oil, and hard wood.
- Our EBIT reached THB 141 MN, down -74.3% YoY, and our EBIT margin decreased by -1,037 basis points YoY, reaching 3.5% for the quarter, driven by high base arising from the income received from the former major shareholder of an indirect subsidiary under the Share Sale and Purchase Agreement in amount of THB 344 million during 3Q15.
- Our net profit reached THB 86 MN, down -74.9% YoY, and our net profit margin decreased by -649 basis points YoY, reaching 2.1% for the quarter driven by abovementioned one-time item.

## EBIT and EBIT Margin<sup>1</sup>



## Net Profit and Net Profit Margin<sup>1</sup>



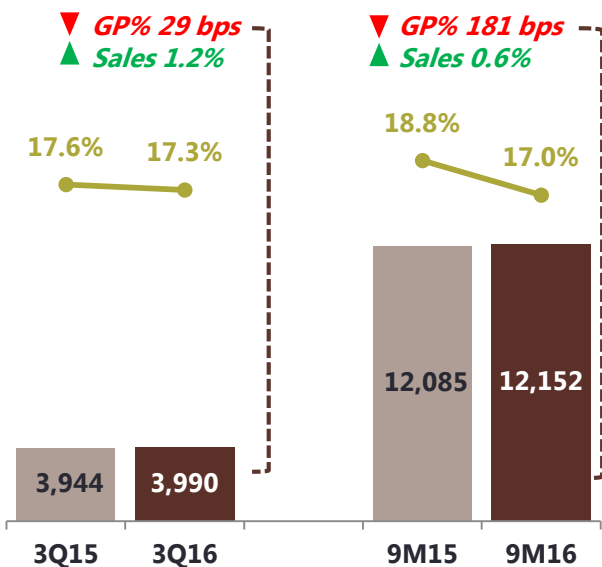
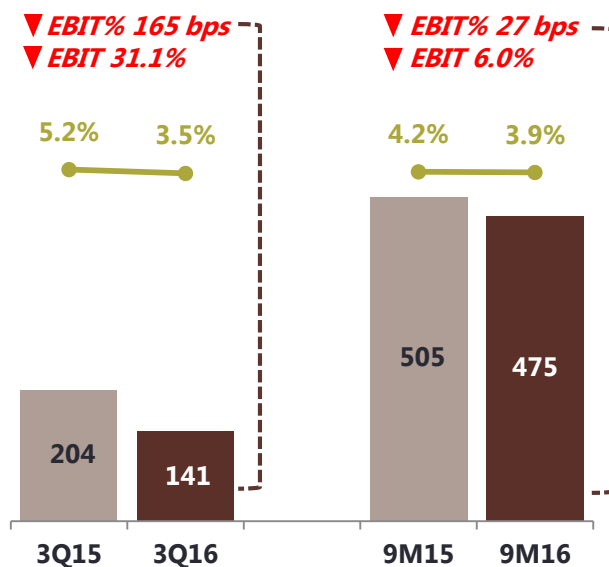
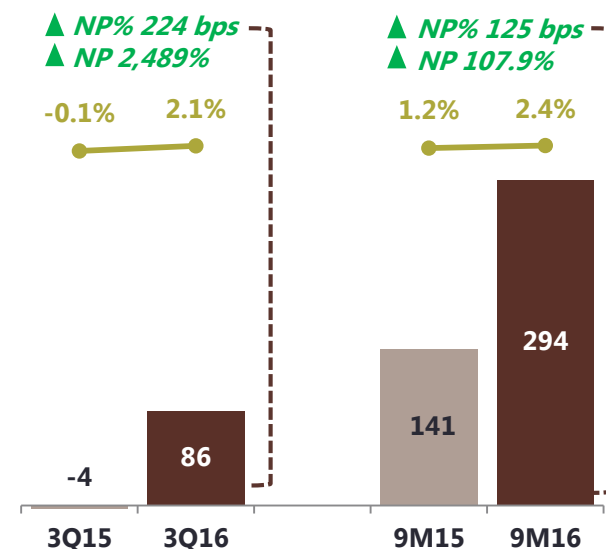
### 9M16 Highlights

- 9M16 sales increased by +0.6% YoY, and our gross profit margin decreased by -181 basis points, driven by increases in some raw material costs such as sweet potato, palm oil, and hard wood.
- Our EBIT decreased by -60.2% YoY, and EBIT margin decreased by -596 bps driven by one-time items relating to a bargain purchase of Thai Dairy Company THB 343 million in 2Q15, and relating to Share Sale and Purchase Agreement of THB 344 million in 3Q15.
- Our net profit decreased by -64.5% YoY, and net profit margin decreased by -444 bps due to abovementioned one-time items.

## Consumer Supply Chain – 3Q and 9M 2016 (Recurring)



## Sales and Gross Profit Margin

Recurring EBIT and EBIT Margin<sup>1</sup>Recurring Net Profit and Net Profit Margin<sup>1</sup>

## 3Q16 Highlights

- 3Q16 sales reached THB 3,990 MN, up +1.2% YoY, mainly driven by higher sales in logistics and international trading businesses.
- Our gross profit margin was down -29 basis points YoY, reaching 17.3% for the quarter. This decrease was driven by increases in some raw material costs such as sweet potato, palm oil, and hard wood.
- Our recurring EBIT reached THB 141 MN, down -31.1% YoY, and our EBIT margin decreased by -165 basis points YoY, reaching 3.5% for the quarter.
- Our recurring net profit reached THB 86 MN, up +2,489% YoY, and our net profit margin increased by +224 basis points YoY, reaching 2.1% for the quarter. This was driven by higher sales in logistics and international trading businesses, lower advertising expenses, and lower minority interest.

<sup>1</sup>Excluding one-off items: THB 343 million relating to a bargain purchase in Thai Dairy Company in 2Q15, and THB 344 million relating to the former major shareholder of an indirect subsidiary under the Share Sale and Purchase Agreement

## 9M16 Highlights

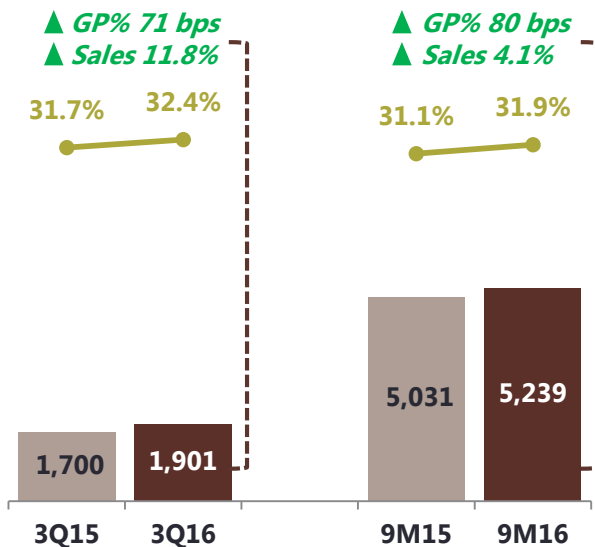
- 9M16 sales increased by +0.6% YoY, and our gross profit margin decreased by -181 basis points, driven by increases in some raw material costs such as sweet potato, palm oil, and hard wood.
- Our recurring EBIT decreased by -6.0% YoY, and EBIT margin decreased by -27 bps
- Our recurring net profit increased by +107.9% YoY, and net profit margin increased by +125 bps due to higher sales in logistics and international trading businesses, and lower minority interest.



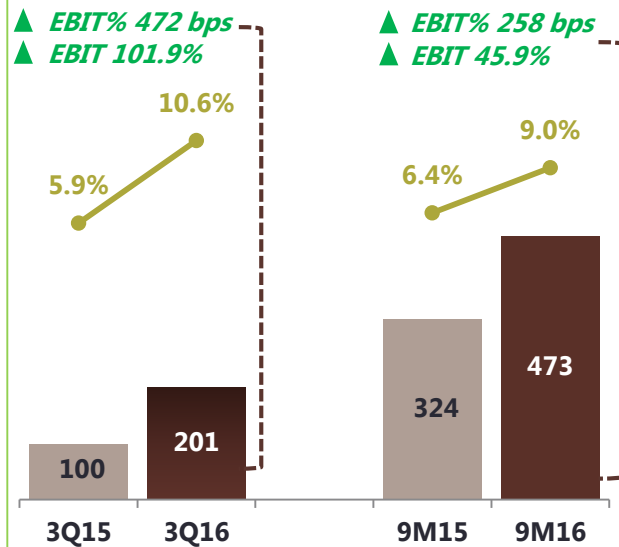
## Healthcare &amp; Technical Supply Chain – Q3 and 9M 2016



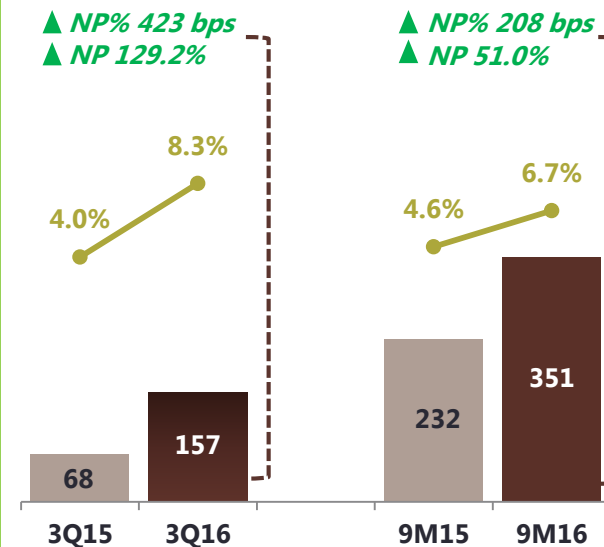
## Sales and Gross Profit Margin



## EBIT and EBIT Margin



## Net Profit and Net Profit Margin



## 3Q16 Highlights

- 3Q16 sales reached THB 1,901 MN, up +11.8% YoY, driven by all business segments as sales of pharmaceutical products and medical equipment increased, and Technical Supply Chain showed significant improvement, especially from the galvanized steel structure business, due to the backlog of orders from 2Q16.
- Our gross profit margin was up +71 basis points YoY, reaching 32.4% for the quarter driven by pharmaceutical products, and galvanized steel structure businesses.
- Our EBIT reached THB 201 MN, up +101.9% YoY, and our EBIT margin increased by +472 basis points YoY, reaching 10.6% for the quarter.
- Our net profit reached THB 157 MN, up +129.2% YoY, and our net profit margin increased by +423 basis points YoY, reaching 8.3% for the quarter.

## 9M16 Highlights

- 9M16 sales increased by +4.1% YoY, and our gross profit margin increased by +80 basis points.
- Our EBIT increased by +45.9 YoY, and EBIT margin increased by +258 bps driven by higher sales from all businesses and lower SG&A-to-sales ratio.
- Our net profit increased by +51.0% YoY, and net profit margin increased by +208 bps.

# Big C Supercenter – 3Q and 9M 2016 (Standalone)



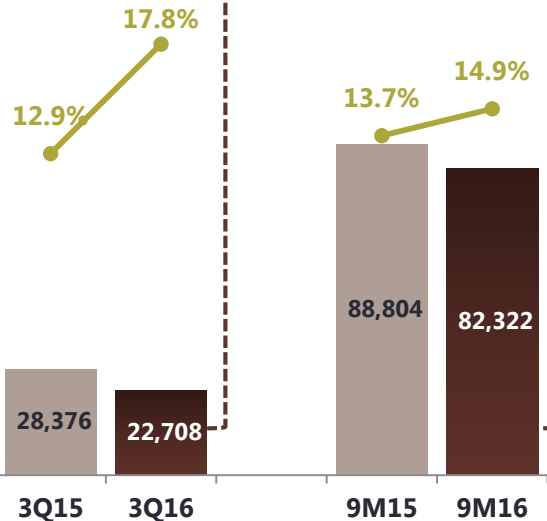
## Sales and Gross Profit Margin

▲ GP% 487 bps

▼ Sales 20.0%

▲ GP% 120 bps

▼ Sales 7.3%



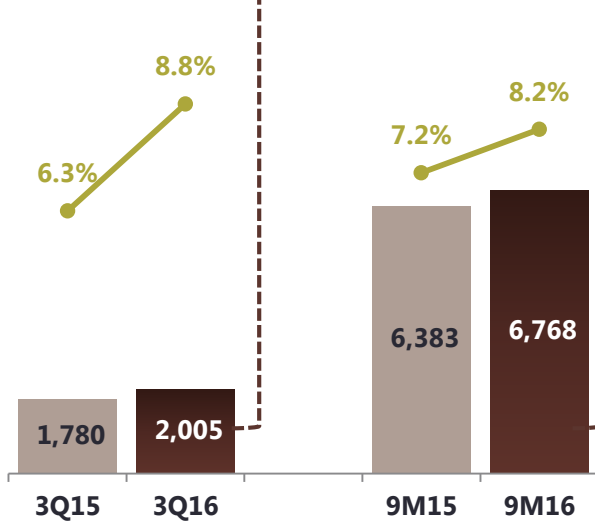
## EBIT and EBIT Margin

▲ EBIT% 256 bps

▲ EBIT 12.7%

▲ EBIT% 103 bps

▲ EBIT 6.0%



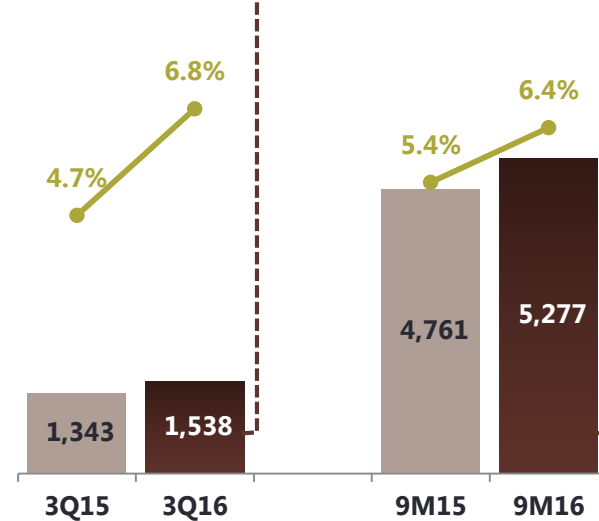
## Net Profit and Net Profit Margin

▲ NP% 204 bps

▲ NP 14.6%

▲ NP% 105 bps

▲ NP 10.9%



### 3Q16 Highlights

- 3Q16 sales reached THB 22,708 MN, down -20.0% YoY, driven by a negative same-store-sales of -22.6% for the third quarter due to our strategic focus on the quality of sales rather than absolute sales volume.
- However our gross profit margin was up +487 basis points YoY, reaching 17.8% for the quarter. This increase was driven by our strategic focus on quality of sales, lower damage and shrinkage, and lower logistic costs.
- Our EBIT reached THB 2,005 MN, up +12.7% YoY, and our EBIT margin increased by +256 basis points YoY, reaching 8.8% for the quarter. This was driven by increasing gross profit, and resilient rental income growth.
- Our net profit reached THB 1,538 MN, up +14.6% YoY, and our net profit margin increased by +204 basis points YoY, reaching 6.8% for the quarter. This was driven by margin improvements across the line, lower finance cost due to lower debt level, and lower effective tax rate.

### 9M16 Highlights

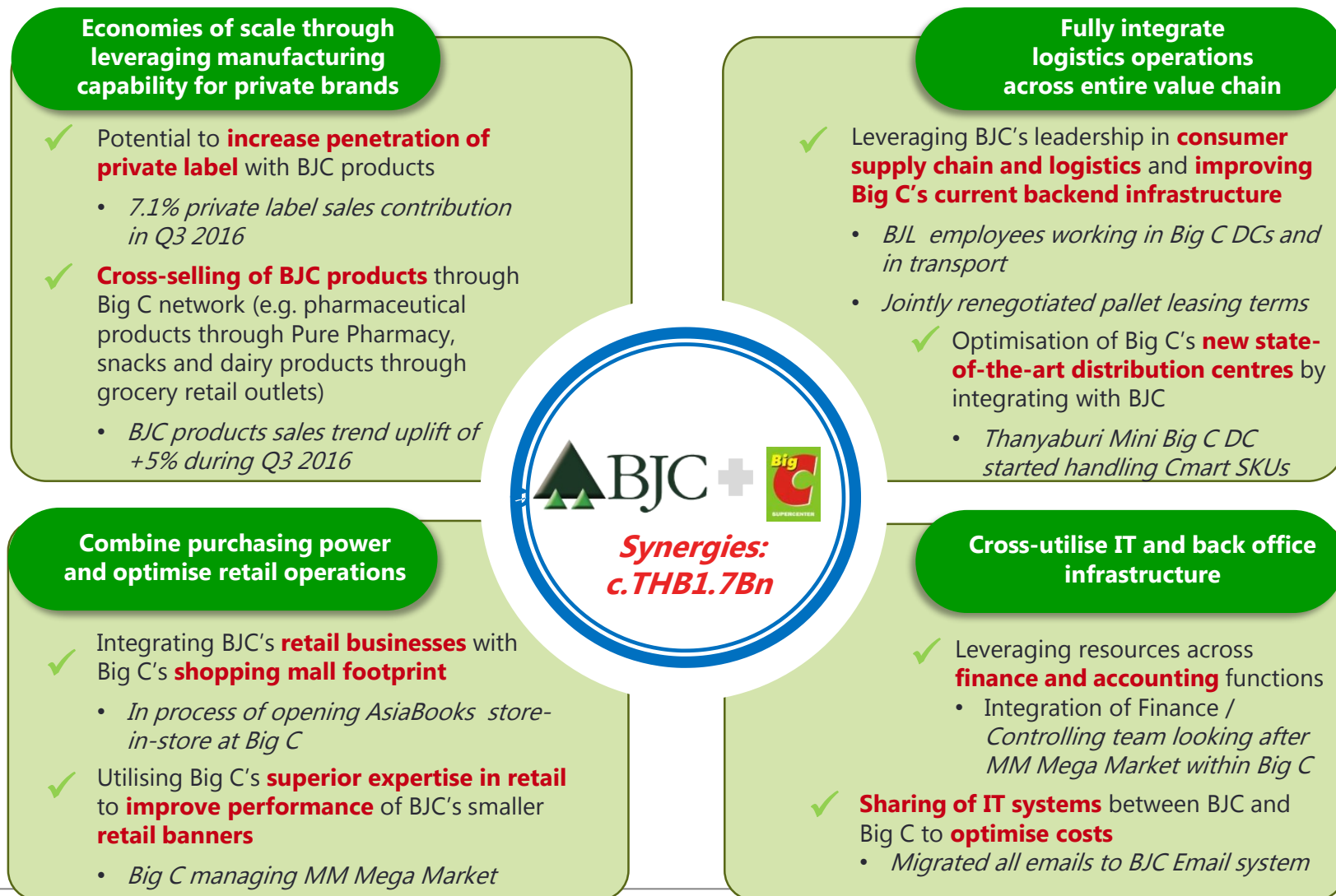
- 9M16 sales decreased by -7.3% YoY, whilst our gross profit margin increased by +120bps, this development was driven by strategic shift of focus to quality of sales in late June.
- Our EBIT increased by +6.0% YoY, and EBIT margin increased by +103 bps due to increasing gross profit, rental income growth, and declining SG&A expenses.
- Our net profit increased by 10.9% YoY, and net profit margin increased by +105 bps due to margin improvements, lower finance costs, and lower effective tax rate.

- Highlights
- Overall performance
- Performance by Supply Chain
- **Operations update**

## Synergy update



- Target synergies of THB1.7Bn<sup>(1)</sup> within 3 years by leveraging Big C's strong retail platform of expertise and BJC's product, production capacity and property assets



### Note

1. Projected annual recurring EBITDA level synergies upon full implementation

# Synergy update



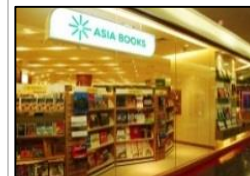
## Progress update

- **Good initial progress** in capturing synergies between BJC and Big C
- **Continuous efforts across companies** (on arms-length basis) to drive win-win initiatives
- Part of the synergies impact coming in earlier than expected – with **at least THB 300m<sup>1</sup> of synergies expected to be captured within 2016** (recurring EBITDA improvement)

## Progress examples



- Collaboration with Southeast Insurance
- 36 Big C stores with Southeast Insurance staff at Big C Care you counter



- In process of opening Asia Books store-in-store at Big C



- Opening of Big C Market Pantip Chiang Mai
- 6 Mini Big C stores currently under construction, all at prime locations



- Importing fruits from Laos / Vietnam



- Moved production of Happy Baht tissue to BJC.
- Testing Big C soft-serve ice cream at 2 pilot stores (Big C Rajdamri and 1 Mini Big C store)



- Participating in Pracharat project supporting local farmers



## PSC – Update



- **Capacity increase**

- Construction of SB4 furnace **proceeding on schedule**
  - Commercialized in 4Q 2017
  - **Capacity increase of over 10%**
    - SB4 capacity 300 tons per day vs. current capacity in Thailand of 2,735 tons per day



## CSC – New product launches



**Brand:** Dozo  
**Flavor:** Sweet Potato Corn Cheese  
**RSP:** 24 Baht  
**Weight:** 56 grams  
**Launched:** August 2016



**Brand:** Party Dairy – Fruit LAVA  
**Flavor:** Strawberry/ Orange  
**RSP:** 20 Baht  
**Weight:** 115g  
**Launched:** August 2016



**Brand:** Party Dairy  
**Flavor:** Blueberry  
**RSP:** 12/ 24 Baht  
**Weight:** 140ml / 340ml  
**Launch Period:** October 2016



**Brand:** Party Dairy – Fruit LAVA  
**Flavor:** Blueberry  
**RSP:** 20 Baht  
**Weight:** 115g  
**Launch Period:** November 2016

## MSC - Refocused Big C business on customer centric retail sales



- 3Q 2016 was the first full quarter with our **strategic shift of focus to quality of sales:**
  - **Discontinuation of unprofitable sales practices**, for healthier margins and business sustainability...
    - Leading to declining topline sales but **significantly increased margins during the quarter.**
- We continue to be **focused on quality of sales and our retail customers** by:
  - Executing our ‘**Customer Centric**’ strategy with **stronger promotional prices to drive traffic...**
  - **Re-enforced through** our **price commitment** launched at the end of March to enhance our image as the Price Leader
  - **Strong focus on fresh food** to drive traffic.
- We are committed to be **“Thai retailer who has customers in our heart”** and demonstrate this through various activities, such as:
  - **Promote “listen and learn” culture**
  - **Improve facilities** of employees and customers.
  - **Localize product assortment** to match local culture and preferences.





## MSC - Expanding store footprint and improving existing assets



### Targets for 2016

#### Expansion

- **6 Hypermarkets** (4 new openings + 2 MM Mega Market stores)
- **4 Big C Markets**
- **c.75 Mini Big C** in combination of owned stores and franchise stores

#### Renovations

- **8 Extension** renovations and **3 Right-sizing** renovations
- **Store improvement** renovations in **23 stores**

### Retail and Rental Area Q3 2016<sup>1</sup>

Retail



# of stores:  
187  
Total space:  
c. 1,049,000 sqm

Shopping center



# of stores:  
181  
Total space:  
c.808,000 sqm

### Q3 2016 Progress

- Opened **2 hypermarket** in Phonphisai and Na Thawi (3 Hypermarket opened during 9M16)
- Opened **2 Big C Market** in Loei and Chiangmai (4 Hypermarket opened during 9M16)
- Opened **23 Mini Big C** including 15 franchise (47 Mini Big C Opened during 9M16)
- Opened **1 Pure drugstore** (4 Pure Opened during 9M16)
- **Extension renovations completed** in Mahachai, Burirum, Lamphun, and renovations ongoing in Bangyai, Suksawat, and Sichon stores, on track for 2016 completion
- **Adjusted 2017 expansion target** to 9 Hypermarket, 4 Big C Market, and 200 Mini Big C
  - We will also conduct 8 Extension renovations, 4 right-sizing renovations, and 42 store improvement renovations

# MSC - Big C acquiring MM Mega Market stores



## Nong Khai

- **Big C acquired** movable assets, and leased fixed assets of **two MM Mega Market Stores** on November 2<sup>nd</sup>, 2016.

- **Nong Khai** (border to Laos)
  - Retail area 6,000 sqm,
  - Rental area 1,700 sqm
- **Aranyaprathet** (border to Cambodia)
  - Retail area 7,300 sqm,
  - Rental area 4,000 sqm

## Aranyaprathet

- These two **stores are highly complementary to Big C's store network** and provide Big C exposure to attractive cross border trade as they are **strategically located at the border to Laos and Cambodia**

- Tesco is currently present in both cities, significantly benefitting from border trade
- No Big C presence in either catchment – nearest Big C stores c. 30-40km away.

## Community focus



### Recent CSR Activities

#### ▪ **World Milk Day**

- BJC and Big C, collaborated with Friesland Campina (Thailand) PCL. to arrange “Foremost World Milk Day 2016” campaign. Big C will distribute 9,600 cartons of Foremost milk to the Border Patrol Police School Baan Harng Maew at Chantaburi province to support a good nutrition of underprivileged students in remote area.

#### ▪ **Green Roof FSC Day:**

- This year’s annual FSC Friday was held on September 30<sup>th</sup> worldwide. Big C, together with Tetra Pack and WWF Thailand, educated consumers about the benefits of FSC labeled products.

#### ▪ **Local activities**

- BJC and Big C have participated to various local events and local activities , such as:
  - Kathin ceremonies to present new robes to monks.
  - Buddhist lent festival inviting customers to make merit at store.
  - Supporting local farmers through various initiatives.
  - Together with Big C Foundation, handed over the 42nd Big C School Building and provided AEC books to Baan Prudinna School, Krabi



**Solid performance achieved across most supply chains** with significant improvements in Healthcare & Technical Supply Chain, and Modern Retail Supply Chain (Big C) during the quarter.

**Big C's first full quarter of strategic change to focus on quality of sales** led to significantly improved margins, which were more than enough to offset declining topline.

**Two fully subscribed Rights-offers** conducted, and Big C acquisition related **bridge-loan refinanced** during the quarter.

**Good momentum in synergy teams** in Big C and BJC, continuing, with high confidence in achieving synergy targets.

# Q & A

# Thank You

## For more information

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