

### Buy (from T-Buy)

#### CGR Scoring Rating



Share price: Bt41.25  
Target price: Bt54.00 (from Bt64.00)

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**Description** : 1. Marketing and distribution of 4 main products : packaging products, consumer products, healthcare products and technical products as well as educational materials and books ,both domestically and internationally. 2. Provide service in storage and logistics together with industrial services ,consumer services, technical services and healthcare services. 3. Manufacturing of packaging products and consumer products and distribute through Berli Jucker Public Company Limited.

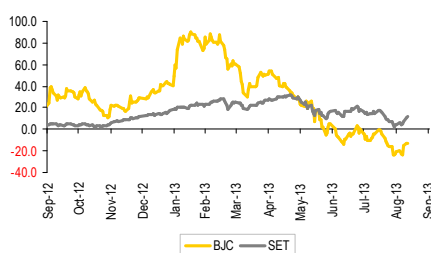
Ticker :	BJC
Shares Issued (m):	1,590
Market Cap (Btmn)	65,604
Market Cap (US\$m)	2,035.49
3-mth Avg Daily Turnover (Btmn)	152.94
SET INDEX	1,393.17
Free float (%)	29.88

<b>Major Shareholders :</b>	%
TCC Holdings	69.96
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4.93

#### Key Indicators

ROE – annualised (%)	14.8
Net cash (Btmn):	-12,550
NTA/shr (Bt):	9.4
Interest cover (x):	7.1

#### Historic Chart



#### Performance

52-week High/Low	Bt92.75/Bt34.00				
	1-mth	3-mth	6-mth	1-yrs	YTD
Absolute (%)	-9.3	-27.9	-53.9	-12.7	-33.2
Relative (%)	-6.8	-25.9	-47.5	-21.6	-33.3

## Berli Jucker (BJC) A Vietnam growth play

Even after cutting the 2013-14 earnings by 14% and 13%, respectively, to price in the lower consumption growth, we maintain our positive view on BJC long term prospects. The company earnings will be driven by the expansion into Southeast Asia, which is a growth market; especially in Vietnam. BJC is a Vietnam play given the outstanding packaging business and large distribution network for consumer products supporting retail business growth. Although the DCF-based TP has been cut from Bt64 to Bt54, BJC still has a 31% upside. We thus have upgraded our recommendation from a Trading Buy to a Buy.

**Profit still growing, despite earnings cut.** We estimate the 2013-14 net profit to expand 6% and 11%. The healthcare and technical business will likely improve in 3Q13 as government orders have been postponed from 2Q13 to 3Q13. Thai An operations in Vietnam will also improve after refinancing debt. TBC-Ball in Vietnam (can production) has continuously improved after start up in May 2012.

**International sales strongly rise.** The 4-year CAGR for international sales is 65% (2008-2012). In 1H13, sales were Bt3.513bn, accounting for 16.9% of total sales vs. Bt600mn (2.7% of sales) in 2008. BJC sees international sales growing further, driven by ongoing expansion in Southeast Asia; Vietnam (convenience stores, super markets and warehouses), Myanmar, Cambodia and Laos (convenience stores).

**Risks.** Rising material prices, delayed customer orders and unsuccessful growth of the retail business.

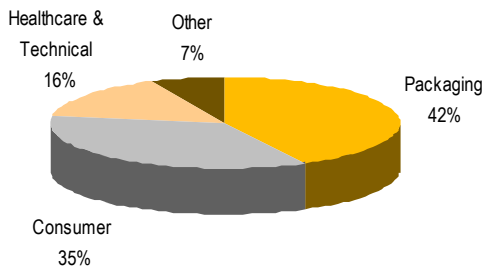
#### BJC – Summary earnings table

FYE: Dec 31 (Btmn)	2011	2012	2013F	2014F	2015F
Revenue	31,235	37,429	43,009	48,981	54,447
EBITDA	5,000	5,093	5,802	6,400	7,122
Recurring Net Profit	2,110	2,328	2,480	2,856	3,326
Net profit	2,140	2,415	2,575	2,856	3,326
EPS (Bt)	1.35	1.52	1.62	1.79	2.08
EPS growth (%)	12.5	12.8	6.3	10.6	16.1
DPS (Bt)	0.73	0.84	0.90	1.00	1.10
PER	30.6	27.1	25.5	23.1	19.9
EV/EBITDA (x)	15.0	15.1	13.5	12.3	10.9
Div Yield (%)	1.8	2.0	2.2	2.4	2.7
P/BV(x)	5.2	4.8	4.4	4.0	3.6
Net Gearing (%)	63.9	68.5	68.1	63.4	51.9
ROE (%)	15.6	15.7	14.8	14.7	15.4
ROA (%)	7.1	6.8	6.4	6.5	7.1
Cons. Net Profit (Btmn)	-	-	2,937	3,503	3,848

Source: Company reports and MBKET estimates.

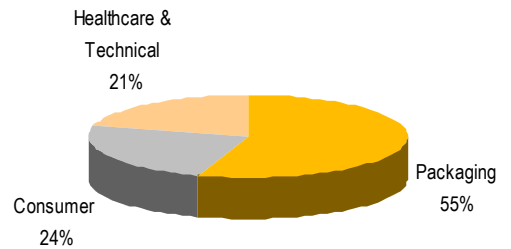
**Strong growth potential.** We believe the overseas expansion will enhance BJC growth over the long run, especially in Vietnam with a large (90mn) population with average age of 28.7 years. The distribution business under Thai Corp and Thai An with a nationwide network, will support the convenience stores (B marts). BJC plans to increase B mart stores from 47 at present to 360 branches by 2015, above the breakeven point and the market leader. We do not expect B mart to post a significant impact to the BJC bottom line for the next 2-3 years, but it shall over the long run.

**Figure 1 : 1H13 Sales breakdown**



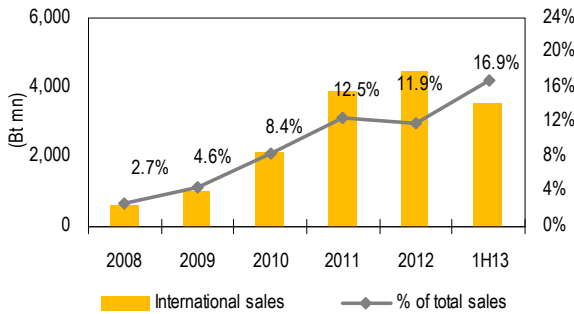
Source: Company reports

**Figure 2 : 1H13 Net profit breakdown**



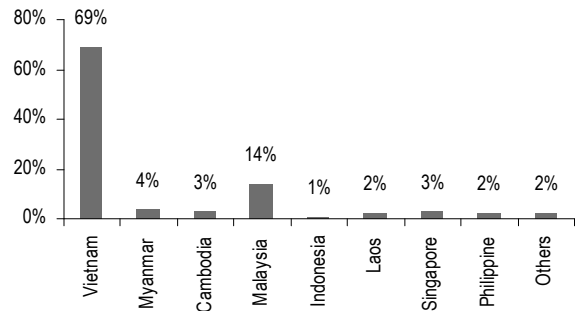
Source: Company reports

**Figure 3 : International sales**



Source: Company reports

**Figure 4 : 1H13 International sales breakdown**



Source: Company reports

**INCOME STATEMENT (Btmn)**

FY December	2012	2013F	2014F	2015F
Revenue	37,429	43,009	48,981	54,447
EBITDA	5,093	5,802	6,400	7,122
Depreciation & Amortisation	1,643	1,769	1,844	1,945
<b>Operating Profit (EBIT)</b>	<b>3,450</b>	<b>4,033</b>	<b>4,556</b>	<b>5,178</b>
Interest (Exp) / Inc	503	567	603	573
Associates	66	67	68	69
One-offs	87	95	0	0
<b>Pre-Tax Profit</b>	<b>2,947</b>	<b>3,466</b>	<b>3,953</b>	<b>4,604</b>
Tax	605	659	751	921
Minority Interest	80	394	414	427
<b>Net Profit</b>	<b>2,415</b>	<b>2,575</b>	<b>2,856</b>	<b>3,326</b>
<b>Recurring Net Profit</b>	<b>2,328</b>	<b>2,480</b>	<b>2,856</b>	<b>3,326</b>
Revenue Growth %	19.8	14.9	13.9	11.2
EBITDA Growth (%)	1.8	13.9	10.3	11.3
EBIT Growth (%)	3.3	16.9	13.0	13.6
Net Profit Growth (%)	12.8	6.6	10.9	16.5
Recurring Net Profit Growth (%)	10.3	6.5	15.2	16.5
Tax Rate %	20.5	19.0	19.0	20.0

**BALANCE SHEET (Btmn)**

FY December	2012	2013F	2014F	2015F
Fixed Assets	16,683	19,415	21,570	22,626
Other LT Assets	4,605	4,672	4,740	4,809
Cash / ST Investments	2,015	1,922	1,969	1,945
Other Current Assets	14,956	16,410	17,485	18,088
<b>Total Assets</b>	<b>38,260</b>	<b>42,418</b>	<b>45,764</b>	<b>47,467</b>
ST Debt	4,828	5,304	5,474	5,034
Other Current Liabilities	7,399	8,099	8,971	9,606
LT Debt	8,344	9,168	9,461	8,701
Other LT Liabilities	1,406	1,415	1,411	1,413
Minority Interest	2,556	3,450	3,864	4,291
Shareholders' Equity	13,728	14,981	16,582	18,422
<b>Total Liabilities-Capital</b>	<b>38,260</b>	<b>42,418</b>	<b>45,764</b>	<b>47,467</b>
Share Capital (mn)	1,588	1,593	1,598	1,603
Gross Debt / (Cash)	13,171	14,472	14,935	13,735
Net Debt / (Cash)	11,156	12,550	12,967	11,790
Working Capital	7,557	8,311	8,514	8,482
BVPS	8.64	9.40	10.38	11.49

**CASH FLOW (Btmn)**

FY December	2012	2013F	2014F	2015F
Profit before taxation	2,947	3,466	3,953	4,604
Depreciation	1,643	1,769	1,844	1,945
Net interest receipts / (payments)	503	567	603	573
Working capital change	(1,028)	(754)	(203)	32
Cash tax paid	(605)	(659)	(751)	(921)
Others (inc. exceptional items)	(583)	(961)	(1,017)	(1,000)
<b>Cash flow from operations</b>	<b>2,877</b>	<b>3,429</b>	<b>4,429</b>	<b>5,233</b>
Capex	(4,226)	(4,500)	(4,000)	(3,000)
Disposals / (purchases)	0	0	0	0
Others	50	0	0	0
<b>Cash flow from investing</b>	<b>(4,176)</b>	<b>(4,500)</b>	<b>(4,000)</b>	<b>(3,000)</b>
Debt raised / (repaid)	(108)	198	(52)	26
Equity raised / (repaid)	569	1,094	614	626
Dividends (paid)	(1,223)	(1,521)	(1,455)	(1,685)
Interest payments	503	567	603	573
Others	(503)	(567)	(603)	(573)
<b>Cash flow from financing</b>	<b>(762)</b>	<b>(230)</b>	<b>(893)</b>	<b>(1,033)</b>
Change in cash	(2,061)	(1,301)	(463)	1,201

**RATES & RATIOS**

FY December	2012	2013F	2014F	2015F
Gross margin %	24.1	24.7	24.7	24.9
EBITDA Margin %	13.4	13.3	12.9	12.9
Op. Profit Margin %	9.1	9.3	9.2	9.4
Net Profit Margin %	6.4	5.9	5.8	6.0
ROE %	15.7	14.8	14.7	15.4
ROA %	6.8	6.4	6.5	7.1
Net Margin Ex. EI %	6.1	5.7	5.8	6.0
Dividend Cover (x)	1.8	1.8	1.8	1.9
Interest Cover (x)	6.9	7.1	7.6	9.0
Asset Turnover (x)	1.0	1.0	1.1	1.1
Asset/Debt (x)	1.7	1.8	1.8	1.9
Debtors Turn (days)	64.3	61.0	58.0	55.0
Creditors Turn (days)	54.2	55.0	52.0	50.0
Inventory Turn (days)	81.8	86.0	81.0	76.0
Net Gearing %	68.5	68.1	63.4	51.9
Debt / EBITDA (x)	2.2	2.2	2.0	1.7
Debt / Market Cap (x)	0.2	0.2	0.2	0.2

Source: Company reports and MBKET estimates.

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Adex = Advertising Expenditure	FCF = Free Cashflow	PE = Price Earnings
BV = Book Value	FV = Fair Value	PEG = PE Ratio To Growth
CAGR = Compounded Annual Growth Rate	FY = Financial Year	PER = PE Ratio
Capex = Capital Expenditure	FYE = Financial Year End	QoQ = Quarter-On-Quarter
CY = Calendar Year	MoM = Month-On-Month	ROA = Return On Asset
DCF = Discounted Cashflow	NAV = Net Asset Value	ROE = Return On Equity
DPS = Dividend Per Share	NTA = Net Tangible Asset	ROSF = Return On Shareholders' Funds
EBIT = Earnings Before Interest And Tax	P = Price	WACC = Weighted Average Cost Of Capital
EBITDA = EBIT, Depreciation And Amortisation	P.A. = Per Annum	YoY = Year-On-Year
EPS = Earnings Per Share	PAT = Profit After Tax	YTD = Year-To-Date
EV = Enterprise Value	PBT = Profit Before Tax	

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## THAI INSTITUTE OF DIRECTORS ASSOCIATION (IOD) CORPORATE GOVERNANCE REPORT RATING 2012

▲▲▲▲▲						Score Range	Number of Logo	Description
ADVANC	BKI	GRAMMY	NUBLE	RS	SNC	90-100	▲▲▲▲▲	Excellent
AOT	BMCL	HEMRAJ	PHOL	SAMART	SYMC	80-89	▲▲▲▲	Very Good
ASIMAR	BTS	ICC	PS	SAMTEL	THAI	70-79	▲▲▲	Good
BAFS	CPN	IRPC	PSL	SAT	TIP	60-69	▲▲	Satisfactory
BANPU	CPN	KBANK	PTT	SC	TIPCO	50-59	▲	Pass
BAY	CSL	KK	PTTEP	SCB	TISCO	Lower than 50	No logo given	N/A
BBL	DRT	KTB	PTTGC	SCC	TKT	TTA		
BBL	EASTW	LPN	QH	SE-ED	TMB			
BCP	EGCO	MCOT	RATCH	SIM	TOP			
BECL	ERW	NKI	ROBINS	SIS	TSTE			
▲▲▲▲								
2S	BWVG	ECL	ITD	MINT	PM	SPCG	THCOM	TSC
ACAP	CENDEL	EE	IVL	MODERN	PR	SPI	THIP	TSTH
AF	CENTEL	EIC	JAS	MTI	PRANDA	SPPT	THRE	TTW
AF	CFRESH	ESSO	KCE	NBC	PRG	SSF	TIC	TUF
AIT	CGS	FE	KGI	NCH	PT	SSSC	TICON	TVO
AKR	CHOW	FORTH	KSL	NINE	PYLON	STANLY	TNW	UAC
AMATA	CIMBT	GBX	L&E	NMG	S&J	STEC	TK	UMI
AP	CK	GC	LANNA	NSI	S&P	SUC	TLUXE	UP
ASK	CM	GFPT	LH	OCC	SABINA	SUSCO	TMT	UPOIC
ASP	CPALL	GL	LRH	OFM	SAMCO	SVI	TNITY	UV
AYUD	CPF	GLOW	LST	OGC	SCCC	SYNTEC	TNL	VIBHA
BEC	CSC	GUNKUL	MACO	OISHI	SCG	TASCO	TOG	VNT
BFIT	DCC	HANA	MAKRO	PAP	SCSMG	TCAP	TPC	WACOAL
BH	DELTA	HMPRO	MBK	PDI	SFP	TCP	TRC	YUASA
BIGC	DEMCO	HTC	MBKET	PE	SITHAI	TFD	TRT	ZMICO
BJC	DTAC	IFEC	MFC	PG	SMT	TFI	TRU	
BROOK	DTC	INTUCH	MFEC	PJW	SPALI	THANA	TRUE	
▲▲▲								
AEONTS	BROCK	EASON	JMART	MAJOR	POST	SF	TEAM	UEC
AFC	BSBM	BMC	JTS	MATCH	PPM	SGP	TF	UIC
AGE	BTNC	EPCO	JUBILE	MATI	PREB	SIAM	TGCI	UMS
AH	BUI	FNS	JUTHA	MBAX	PRECHA	SIMAT	THANI	UOBKH
AHC	CCET	FOCUS	KASET	M-CHAI	PRIN	SINGER	TKS	UPF
AI	CEN	FSS	KBS	MDX	PSAAP	SIRI	TMD	US
AJ	CHUO	GENC0	KC	MUD	PTL	SKR	TMI	UT
ALUCON	CI	GFM	KDH	MK	Q-CON	SMT	TNH	VARO
AMANAH	CI	GLOBAL	KIAT	MOONG	QLT	SMK	TNPC	WAVE
APCO	CIG	GOLD	KKC	MPIC	QTC	SOLAR	TOPP	WG
APCS	CITY	HFT	KTC	MSC	RASA	SPC	TPA	WIN
APCS	CMO	HTECH	KWC	NC	RCL	SPG	TPAC	WORK
APRINT	CNS	HYDRO	KWH	NNCL	RICH	SSC	TPCORP	
ARIP	CNT	IFS	KYE	NTV	ROJNA	SST	TRIPL	
AS	CPL	IHL	LALIN	OSK	RPC	STA	TPP	
ASIA	CRANE	ILINK	LEE	PAE	SAM	SVDA	TR	
BGT	CSP	INET	LHBANK	PATO	SCBLIF	SWC	TTCL	
BLA	CSR	IRC	LHK	PB	SCP	SYNEK	TWFP	
BNC	CTW	IRCP	LIVE	PICO	SEAFCO	TBSP	TYCN	
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