

Berli Jucker - BJC

3QCY13 net profit falls q-q and y-y

Bloomberg | Reuters
BJC TB | BJC.BK

Report type: Trade Flash

Company Overview

BJC is engaged in marketing and distribution of packaging, consumer, healthcare & technical products, as well as provides services and manufactures packaging and consumer products.

- BJC reported 3QCY13 net profit of Bt535mn, down 15.5% q-q and 12.7% y-y. For the nine-month period, BJC registered as much as Bt1.83bn.
- We cut our CY13-CY14 net profit projections down by 13.4% and 1.0% respectively, to reflect sluggish economic growth.
- We have a 'BUY' call for BJC with a CY14 price target of Bt56.30.

What is the news?

BJC posted the downbeat earnings in 3QCY13, falling 15.5% q-q and 12.7% y-y to Bt535mn. Much of the reduction was attributed to q-q and y-y lower profits in packaging and consumer products, while healthcare and technical products showed sequential improvement.

BJC registered the nine-month net profit of Bt1.83bn, similar to Bt1.81 it achieved a year earlier. The 9MCY13 net profit represented 73% of our Bt2.51bn full-year profit forecast.

How do we view this?

In 3QCY13, revenue from sales and services totaled Bt10.33bn, down 1.4% q-q but up 5.8% y-y. Revenue from packaging unit represented 39% of total sales, followed by consumer products 37% and healthcare & technical products 18%. Gross profit margin fell sequentially by 10bps but increased y-y by 20bps to 24.2%. SG&A to sales increased compared to those in the prior quarter and a year earlier, due to the financial consolidation of Thai An, started from March 2013. As a result, net profit margin would soften q-q and y-y to 5.2% in the quarter.

Breaking down by business departments, the packaging unit saw the declines in both sales and profit by 9.7% and 14.3% q-q respectively, as sales from glass and can packaging in the domestic market softened q-q. Consumer product business showed a 3.7% q-q sales growth on the back of snack product segment and Thai An despite lower sales in consumer product segment, while profit dropped 44.6% q-q on higher production cost and operating loss in Thai An of Bt16bn. Lastly, healthcare & technical product business witnessed a 10.7% q-q increase in sales thanks to rising orders while profit grew 25.4% q-q on lower cost and better control in SG&A expense.

In 9MCY13, net profit amounted to Bt1.83bn, near Bt1.81bn a year ago as revenue from sales and services rose by 13.7% y-y, largely attributable to consolidation of Thai An. The nine-month net profit accounted for 73% of our Bt2.51bn full-year profit forecast.

Investment Actions?

We cut our CY13-CY14 net profit projections down by 13.4% and 1.0% respectively, to reflect sluggish economic growth. Overseas businesses are expected to perform healthily, though their profit contributions remain moderate.

We compute BJC's CY14 price target based on DCF valuation arriving at Bt56.30.

CG Rating - 2013



(Very Good)

Valuation Method

DCF

Analyst

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60 - 69	
70 - 79	
80 - 89	
90 - 100	

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