


Buy (unchanged)

Berli Jucker (BJC)

Slowing 4Q13 with a brighter long term outlook

CGR Scoring Rating 

Share price: Bt45.25
Target price: Bt52.00 (from Bt54.00)

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Stock Information

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.

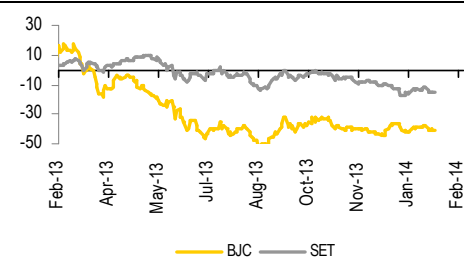
Ticker :	BJC
Shares Issued (mn):	1,590
Market Cap (Btmn)	71,967
Market Cap (US\$ m)	2,190
3-mth Avg. Daily Turnover (Btmn)	128.83
SET index	1,274.28
Free float (%)	29.88

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

Key Indicators

ROE – annualised (%)	14.1
Net cash (Btmn):	-13,038
NTA/shr (Bt):	10.1
Interest cover (x):	7.3

Historic Chart



Performance

52-week High/Low	Bt 92.75/Bt 34.00				
	1-mth	3-mth	6-mth	1-yrs	YTD
Absolute (%)	-2.7	-5.7	5.2	-39.7	-6.2
Relative (%)	-6.0	5.7	17.6	-30.2	-4.4

The 4Q13 profit is estimated to soften 3% YoY as the slower economic growth dampens consumer product sales. The delayed government budget plan has hurt healthcare product sales and Thai An will still contribute losses due to the high interest expenses. Even with our revised earnings downward, the BJC profit is forecast to recover this year. TBC-Ball and Thai An will generate profits, while glass packaging operations will improve from greater exports. We still see a high BJC potential for growth over the long term, supported by the foreign expansion to serve the AEC. We reiterate a Buy call and a new DCF-based TP of Bt52, revised down from Bt54.00.

Revised downward. We have cut our 2013-14 earnings forecast down 6% to price in the slower economic growth and the delayed government budget plan. The 2013 profit is now expected to be flat YoY at Bt2.42bn, followed by growth of 11% to Bt2.69bn in 2014.

4Q13 profit to soften 3% YoY. We estimate the 4Q13 profit to grow 10% QoQ to Bt586mn, thanks to the seasonal impact and greater glass packaging exports. However, the profit should fall 3% YoY along with the slower economic growth, higher potato costs, losses at Thai An (high interest expenses) and the delayed government spending plan.

International business to support long term growth. BJC still has a high growth potential after the advent of the AEC as BJC has continuously expanded business abroad. BJC international sales have increased from Bt1bn (4.6% of total sales) in 2009 to Bt5.6bn (17.9% of total sales) in the 9M13, with main contributions from Vietnam (71%). BJC has a large packaging production base (glass and cans) with a large distribution network throughout Vietnam under Thai Corp and Thai An.

Risks. Delayed government spending, rising raw materials and declining glass packaging demand.

BJC – Summary Earnings Table

FYE: Dec 31 (THB m)	2011	2012	2013F	2014F	2015F
Revenue	31,235	37,429	41,303	46,069	50,693
EBITDA	5,000	5,093	5,552	6,192	6,824
Recurring Net Profit	2,110	2,328	2,318	2,694	3,080
Net profit	2,140	2,415	2,419	2,694	3,080
EPS (Bt)	1.35	1.52	1.52	1.69	1.92
EPS growth (%)	12.5	12.8	0.0	11.0	14.0
DPS (Bt)	0.73	0.84	0.90	0.95	1.10
PER	33.6	29.8	29.8	26.8	23.5
EV/EBITDA (x)	16.2	16.3	15.1	13.8	12.3
Div Yield (%)	1.6	1.9	2.0	2.1	2.4
P/BV(x)	5.7	5.2	4.9	4.5	4.1
Net Gearing (%)	63.9	68.5	66.4	65.1	51.9
ROE (%)	15.6	15.7	14.0	14.1	14.6
ROA (%)	7.1	6.8	6.1	6.3	6.8
Cons. Net Profit (Btmn)	-	-	2,498	2,877	3,368

Source: Company reports and MBKET estimates.

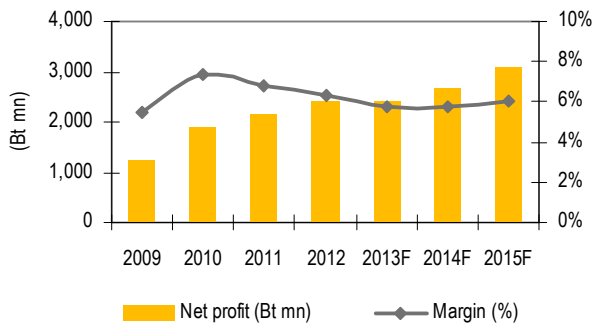
Recovery this year. Glass packaging in Thailand and Vietnam should deliver better performance due to more export volume. The utilisation rate at TBC-Ball will increase and BJC will also recognize full revenue from Thai An (acquired in March 2013) with an expected profit this year after debt refinancing. Danone will contribute a smaller loss, as well. However, healthcare product sales will slow due to delays in government budget plans. BJC will then focus more on the private sector.

Figure 1 : BJC 4Q13 preview

(Btmn)	4Q13F	3Q13	QoQ	4Q12	YoY	2013F	2012	YoY
Sales	10,141	10,327	(2%)	9,616	5%	41,303	37,429	10%
Other income	293	76	288%	250	17%	555	539	3%
COGS	7,699	7,824	(2%)	7,344	5%	31,218	28,402	10%
Gross profit	2,442	2,503	(2%)	2,272	7%	10,085	9,027	12%
Gross margin (%)	24.1%	24.2%	N.A.	23.6%	N.A.	24.4%	24.1%	N.A.
SG&A	1,678	1,761	(5%)	1,661	1%	6,856	6,116	12%
EBITDA	1,445	1,365	6%	1,255	15%	5,552	5,093	9%
EBITDA margin (%)	13.8%	13.1%	N.A.	12.7%	N.A.	13.3%	13.4%	N.A.
Interest expenses	132	153	(13%)	116	14%	557	503	11%
Normalised profit	586	529	11%	565	4%	2,318	2,328	(0%)
Net profit	586	535	10%	601	(3%)	2,419	2,415	0%
EPS (Bt)	0.37	0.34	9%	0.38	(3%)	1.52	1.52	0%

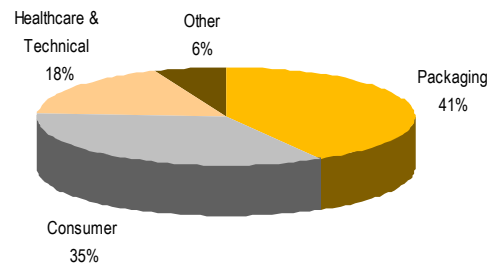
Source : Company reports and MBKET estimates.

Figure 2: Net profit and margin



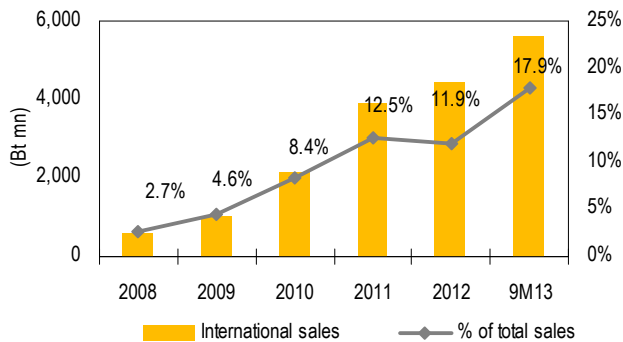
Source: Company reports and MBKET estimates.

Figure 3: 9M13 Sales breakdown



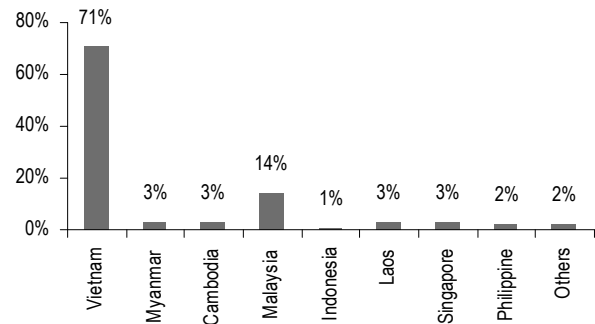
Source: Company reports and MBKET

Figure 4: 9M13 International sales



Source: Company reports and MBKET

Figure 5: 9M13 International sales breakdown



Source: Company reports and MBKET

INCOME STATEMENT (Btmn)

FY December	2012	2013F	2014F	2015F
Revenue	37,429	41,303	46,069	50,693
EBITDA	5,093	5,552	6,192	6,824
Depreciation & Amortisation	1,643	1,769	1,844	1,945
Operating Profit (EBIT)	3,450	3,784	4,348	4,879
Interest (Exp) / Inc	503	557	594	583
Associates	66	67	68	69
One-offs	87	100	0	0
Pre-Tax Profit	2,947	3,227	3,753	4,296
Tax	605	581	713	859
Minority Interest	80	394	414	427
Net Profit	2,415	2,419	2,694	3,080
Recurring Net Profit	2,328	2,318	2,694	3,080
Revenue Growth %	19.8	10.4	11.5	10.0
EBITDA Growth (%)	1.8	9.0	11.5	10.2
EBIT Growth (%)	3.3	9.7	14.9	12.2
Net Profit Growth (%)	12.8	0.2	11.4	14.3
Recurring Net Profit Growth (%)	10.3	(0.4)	16.2	14.3
Tax Rate %	20.5	18.0	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	15,189	16,652	16,405
Total Assets	38,260	41,197	44,931	45,785
ST Debt	4,828	5,126	5,500	4,922
Other Current Liabilities	7,399	7,630	8,490	8,814
LT Debt	8,344	8,860	9,506	8,507
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	14,716	16,159	17,838
Total Liabilities-Capital	38,260	41,197	44,931	45,785
Share Capital (mn)	1,588	1,590	1,595	1,600
Gross Debt / (Cash)	13,171	13,985	15,006	13,429
Net Debt / (Cash)	11,156	12,064	13,038	11,484
Working Capital	7,557	7,560	8,162	7,591
BVPS	8.64	9.25	10.13	11.15

CASH FLOW (Btmn)

FY December	2012	2013F	2014F	2015F
Profit before taxation	2,947	3,227	3,753	4,296
Depreciation	1,643	1,769	1,844	1,945
Net interest receipts / (payments)	503	557	594	583
Working capital change	(1,028)	(2)	(602)	571
Cash tax paid	(605)	(581)	(713)	(859)
Others (inc. exceptional items)	(583)	(951)	(1,008)	(1,009)
Cash flow from operations	2,877	4,018	3,868	5,526
Capex	(4,226)	(4,500)	(4,000)	(3,000)
Disposals / (purchases)	0	0	0	0
Others	50	0	0	0
Cash flow from investing	(4,176)	(4,500)	(4,000)	(3,000)
Debt raised / (repaid)	(108)	203	(52)	26
Equity raised / (repaid)	569	988	614	626
Dividends (paid)	(1,223)	(1,524)	(1,451)	(1,600)
Interest payments	503	557	594	583
Others	(503)	(557)	(594)	(583)
Cash flow from financing	(762)	(332)	(889)	(948)
Change in cash	(2,061)	(814)	(1,021)	1,577

RATES & RATIOS

FY December	2012	2013F	2014F	2015F
Gross margin %	24.1	24.4	24.7	25.0
EBITDA Margin %	13.4	13.3	13.3	13.3
Op. Profit Margin %	9.1	9.0	9.3	9.5
Net Profit Margin %	6.4	5.8	5.8	6.0
ROE %	15.7	14.0	14.1	14.6
ROA %	6.8	6.1	6.3	6.8
Net Margin Ex. EI %	6.1	5.5	5.8	6.0
Dividend Cover (x)	1.8	1.7	1.8	1.7
Interest Cover (x)	6.9	6.8	7.3	8.4
Asset Turnover (x)	1.0	1.0	1.0	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	66.4	65.1	51.9
Debt / EBITDA (x)	2.2	2.2	2.1	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 2014

▲▲▲▲▲ Excellent		HEMKAJ	PAP	RS	SNC			
Score Range	Number of Logo	Description						
90-100	▲▲▲▲▲	ADVANC CIMBT	ICC	PG	S&J	SPALI		Excellent
80-89	▲▲▲▲	AOT CK	INTUCH	PHOL	SAMART	SPI		Very Good
70-79	▲▲▲	ASIMAR CPF	IRPC	PR	SAMTEL	SSI		Good
60-69	▲▲	BAFS CPN	IVL	PRANDA	SAT	SSSC		Satisfactory
50-59	▲	BANPU CSL	KBANK	PS	SC	SM		Pass
Lower than 50	No logo given	BAY DRT	KKP	PSL	SCB	SYMC		N/A
		BBL DTAC	KTB	PTT	SCC	TCAP		
		BCP EASTW	LPN	PTTEP	SCSMG	THAI		
		BECL EGCO	MCOT	PTTGC	SE-ED	THCOM	TIT	TRC UV
		BKI ERW	MINT	QH	SIM	THRE	TMB	TRUE VGI
		BROOK GRAMMY	NKI	RATCH	SIS	TIP	TNITY	TTW WACOAL
		BTS HANA	NOBLE	ROBINS	SITHAI	TISCO	TOP	TVO
▲▲▲▲ Very Good		ECL	JAS	MAKRO	PE	SINGER	THANI	TTCL
2S	BH	EE	JUBILE	MBK	PF	SIRI	THIP	TUF
ACAP	BIGC	EIC	KBS	MBKET	PJW	SKR	TICON	TWFP
AF	BJC	ESSO	KCE	MFC	PM	SMT	TIPCO	TYM
AHC	BLA	FE	KGI	MFEC	PPM	SNP	TK	UAC
AIT	BMCL	FORTH	KKC	MODERN	PPP	SPCG	TLUXE	UMI
AKP	BWG	GBX	KSL	MTI	PREB	SPPT	TMILL	UMS
AMANAH	CCET	GC	KWC	NBC	PRG	SSF	TMT	UP
AMARIN	CENDEL	GFPT	L&E	NCH	PT	STANLY	TNL	UPOIC
AMATA	CFRESH	GL	LANNA	NINE	PYLON	STEC	TOG	UT
AP	CGS	GLOW	LH	NMG	QTC	SUC	TPC	VBHA
APCO	CHOW	GOLD	LHBANK	NSI	RASA	SUSCO	TPCORP	VH
APCS	CM	GSTEL	LHK	NWR	SABINA	SYNTEC	TRPIPL	VNG
ASIA	CNT	GUNKUL	LIVE	OCC	SAMCO	TASCO	TRT	VNT
ASK	CPALL	HMPRO	LOXLEY	OFM	SCCC	TCP	TRU	YUASA
ASP	CSC	HTC	LRH	OGC	SCG	TF	TSC	ZMICO
AYUD	DCC	IFEC	LST	OISHI	SEAFCD	TFD	TSTE	
BEC	DELTA	INET	MACO	PB	SFP	TFI	TSTH	
BFIT	DTC	ITD	MAJOR	PDI	SIAM	THANA	TTA	
▲▲▲ Good		DEMCO	HTECH	KWH	PAE	SIMAT	TIC	UEC
A	BGT	DNA	HYDRO	LALIN	PATO	SLC	TIES	UOBKH
AAV	BLAND	DRACO	IFS	LEE	PICO	SMT	TIW	UPF
AEC	BOL	EA	IHL	MATCH	PL	SMK	TKS	UWC
AEONTS	BROCK	EARTH	ILINK	MATI	POST	SOLAR	TMC	VARO
AFC	BSBM	EASON	INOX	MBAX	PRECHA	SPC	TMD	VTE
AGE	CHARAN	EMC	IRC	MDX	PRIN	SPG	TMI	WAVE
AH	CHUO	EPCO	IRCP	PRINC	Q-CON	SRICHA	TNDT	WIG
AI	CI	F&D	IT	MJD	QLT	SSC	TNCP	WIN
AJ	CIG	FNS	JMART	MK	RCI	STA	TOPP	WORK
AKR	CITY	FOCUS	JMT	MOONG	RCL	SUPER	TPA	
ALUCON	CMR	FPI	JTS	MPIC	ROJNA	SVA	TPP	
ANAN	CNS	FSS	JUTHA	MSC	RPC	SWC	TR	
ARIP	CPL	GENCO	KASET	NC	SCBLIF	SYNEK	TTI	
AS	CRANE	GFM	KC	NIPPON	SCP	TBSP	TVD	
BAT-3K	CSP	GJS	KCAR	NNCL	SENA	TCCC	TM	
BCH	CSR	GLOBAL	KDH	NTV	SF	TEAM	TWZ	
BEAUTY	CTW	HFT	KTC	OSK	SGP	TGCI	UBIS	

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