


16 May 2014

Commerce
BJC
Berli Jucker

Current	Previous	Close	2014 TP	Exp Return	Support	Resistance	CGR 2013
SELL	SELL	44.00	41.00	- 6.8%	43.75-43	45-46	

Consolidated earnings

BT (mn)	2012	2013	2014E	2015E
Normalized earnings	2,328	2,324	2,472	2,802
Net profit	2,415	2,426	2,472	2,802
Normalized EPS (Bt)	1.47	1.46	1.56	1.76
Reported EPS (Bt)	1.52	1.53	1.56	1.76
% Reported EPS growth	12.8	0.5	1.9	13.3
Dividend (Bt)	0.84	0.84	0.84	0.88
BV/share (Bt)	8.64	9.29	10.30	11.18
EV/EBITDA (x)	17.35	16.96	16.00	14.77
PER (x)	30.0	30.1	28.3	24.9
PER (x) - normalized	28.9	28.8	28.3	24.9
PBV (x)	5.1	4.7	4.3	3.9
Dividend yield (%)	1.9	1.9	1.9	2.0
YE No. of shares (million)	1,588	1,588	1,588	1,588
No. of share - full dilution	1,588	1,588	1,588	1,588
Par (Bt)	1.0	1.0	1.0	1.0

Source: Company data, FSS estimates

1Q14 net profit in line
1Q14 net profit down 13% Q-Q and 22.4% Y-Y

BJC's 1Q14 net profit came in at Bt516mn (-13% Q-Q, -22.4% Y-Y), nearly matched our estimates of Bt514mn and is at its nine-quarter low. Excluding FX loss of Bt36mn, the company's normalized earnings are equal to Bt553mn (-6.6% Q-Q, -15.8% Y-Y) owing to declines in all of its business units. To elaborate, packaging unit (which accounts for 42% of total revenue) reported revenue that decreased 6.9% Q-Q, but steadied Y-Y owing to subdued glass business. Consumer unit (which represents 38% of total revenue) booked revenue that inched down 2.3% Q-Q as sales of consumer products were hurt by weak domestic consumption, but jumped 14.7% Y-Y after its acquisition of Thai An in March 2013. Healthcare unit (which contributes 17% of total revenue) posted revenue which decreased 1.9% Q-Q and 6.1% Y-Y as political problems put off government spending. As a result, total revenue declined 3.3% Q-Q, but increased 3.3% Y-Y. Average gross margin came in weak at 23.3% (vs. 25.1% in 1Q13). SG&A expenses-to-revenue ratio accelerated to 17.2% (vs. 16.6% in 4Q13 and 16.5% in 1Q13).

Maintain 2014 net profit estimates and TP

BJC's 1Q14 net profit is sufficient to secure 21% of our full-year estimates. Looking ahead, we expect the company's net profit to remain capped the rest of this year by domestic politics and continuously weak consumption. Moreover, BJC will likely face more intense price competition in the glass business after its rivals expanded their capacity. However, we maintain our 2014E net profit at Bt2.5bn (flat Y-Y) and stand by our 2014 TP of Bt41 (DCF). Although the stock has already decreased 11% from our SELL call in the last report on April 22, it trades at a demanding forward PE of 28x, higher than the industry's average of 27x. For this reason, we retain our SELL rating on BJC.

1Q14 Earnings Results						Comment
(Bt mn)	1Q14	4Q13	%Q-Q	1Q13	%Y-Y	
Revenues	10,696	11,064	-3.3	10,359	3.3	<ul style="list-style-type: none"> Total revenue decreased 3.3% Q-Q owing to declines in all of its business units, but increased 3.3% Y-Y after its acquisition of Thai An in March 2013. Packaging unit was weak. Given the business' wide margin, average gross margin narrowed Y-Y. SG&A expenses-to-revenue ratio accelerated to 17.2% (vs. 16.6% in 4Q13 and 16.5% in 1Q13).
Cost of services	8,201	8,612	-4.8	7,759	5.7	
Gross profit	2,496	2,452	1.8	2,600	-4.0	
SG&A	1,842	1,838	0.2	1,708	7.8	
Interest expense	151	151	0.0	139	8.6	
Normalized earnings	553	592	-6.6	657	-15.8	
Net profit	516	593	-13.0	665	-22.4	
EPS	0.325	0.373	-13.0	0.419	-22.4	
Gross margin (%)	23.3	22.2	1.1	25.1	-1.8	
Norm earnings margin (%)	5.2	5.3	-0.1	6.3	-1.1	
Net profit margin (%)	4.8	5.4	-0.6	6.4	-1.6	

Source: Company data, FSS Research

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Patumwan, Bangkok

Amarin Tower

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Lumpini, Pathumwan,
Bangkok

Sindhorn 1

130-132 Sindhorn Building 1,
2nd Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 2

130-132 Sindhorn Building 3,
24th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 3

130-132 Sindhorn Building 3,
19th Floor, Wireless Road,
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Bangkok

Sukhumvit 21

50 GMM Grammy Place
15th Floor, Sukhumvit 21 Road,
Klongtey North, Wattana,
Bangkok

Asoke

159 Sermit Tower 17th Floor,
Soi Sukumvit 21, Sukhumvit Road,
Klongtey North, Wattana,
Bangkok

Silom

191 Silom Complex Building
Unit 2,3-1 21st Floor, Silom Road,
Silom, Bangrak,
Bangkok

Fortune Town

1 Fortune Town Building,
23rd Floor, Zone B3,
Rachadapisek Road, Dindaeng,
Bangkok

Italthai Tower

2034/52 Italthai Tower,
11st Floor, Unit 11-07/01,
New Petchburi Road, Bangkok,
Huaykwang, Bangkok

Thaisummit Tower 1

1768 Thaisammit Tower Building,
2nd Floor, New Petchburi Road,
Bangkapi, Huaykwang,
Bangkok

Thaisummit Tower 2

1768 Thaisammit Tower Building,
4nd, 31th Floor, New Petchburi
Road, Bangkapi, Huaykwang,
Bangkok

Pinklao 1

7/129-221 Central Pinklao Office
Building, Room 1404, 14th Fl.,
Baromratchonnane Road,
Arunamarin, Bangkokknoi, Bangkok

Pinklao 2

7/3 Central Tower B, Pinklao,
Room 1408, 14th Floor,
Baromratchonnane Road,
Arunamarin, Bangkokknoi, Bangkok

Pinklao 3

7/3 Central Tower B, Pinklao,
16th Floor, Baromratchonnane
Road, Arunamarin, Bangkokknoi,
Bangkok

Central Rattatibet

68/127 Moo 8 Rattatibet Road,
Tumbon Banggrasor,
Aumphoe Muang,
Nonthaburi

Ladprao

555 Rasa Tower 2, 11st Floor,
Unit 1106, Phaholyothin Road,
Chatuchak, Bangkok

Prachachuen

105/1 B Building, 4th Floor,
Thessabansongkhrao Road,
Ladyao, Jutajak, Bangkok

Bangna

1093 Tower 1 Office, 19th Floor,
Room 1093/105 Moo 12,
Bangna-Trad Road, Bangna,
Bangkok

Bangkapi

3105 N Mark Building, 3rd Floor,
Room A3 R02, Ladprao Road,
Klongjan, Bangkapi, Bangkok

Rang sit

1/832 Phaholyothin 60
Kukod, Lumlookka
Pratumtane

Nakornpathom

28/16-17 Yingpao Road,
Tumbon Sanamjan,
Aumphoe Muang, Nakornpathom

Chonburi

44 Vacheraprakran Road,
Tumbon Bangplasoi,
Aumphoe Muang, Chonburi

Samutsakorn

1045/16-17 Vichienchodok,
Tumbon Mhachai, Aumphoe
Meungsamutsakorn, Samutsakorn

Chachoengsao

233-233/2 1st Floor, Moo 12,
Sukprayoon Road,
Tumbon Namuang, Aumphoe
Muang, Chachoengsao

Chiangmai 1

308 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 2

310 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Khonkaen 1

311/16 2nd Floor, Klangmeung
Road, Tumbon Nai Meung,
Aumphoe Meung,
Khonkaen

Khonkaen 2

26/9 Moo 7 2nd Floor,
Srijan new Road, Tumbon
Nai Meung, Aumphoe Meung,
Khonkaen

Measai

119 Moo 10,
Tumbon Maesai,
Aumphoe Muang, Cheangrai

Hatyai 1

200/222, 200/224, 200/226
Juldis Hadyai Plaza, 2nd Floor,
Building, Niphat Uthit 3 Road,
Aumphoe Hadyai, Songkhla

Hatyai 2

106 Prachathipat Road,
Aumphoe Hadyai, Songkhla

Hatyai 3

200/222, 200/224, 200/226
Juldis Hadyai Plaza, 2nd Floor,
Building, Niphat Uthit 3 Road,
Aumphoe Hadyai, Songkhla

Phuket

22/18 Vanish Plaza Shopping
Mall, Luangporwatchalong Road,
Tumbon Talad Yai,
Aumphoe Meung, Phuket

Suratthani

173/83-84 Moo 1
Watpho-Bangyai Road.,
Tumbon Makamtia,
Aumphoe Mueang, Suratthani

Krabi

223/20 Mharaj Road,
Tumbon Paknam,
Aumphoe Meung, Krabi

Pattane

300/69-70 Moo 4,
Tumbon Ruramirae,
Aumphoe Meung, Pattane

Udonthani

104/6, 2 fl., ICBC Bank Tower
Udon Dusadee Road,
Tumbon Mak Khaeng,
Aumphoe Muang Udon Thani,
Udon Thani

Khonkaen

4/6, 2 fl., ICBC Bank Tower
Khang Meung Road,
Tumbon Nai Meung,
Aumphoe Meung Khonkaen,
Khonkaen

Trang

59/28 Huaiyod Road,
Tumbon Thaptieng,
Aumphoe Meungtrang, Trang

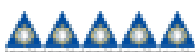
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Natapon	Khamthakreaau	Derivatives	0-2646-9820	natapon.k@fnsyrus.com
Mathee	Rumphasakul	Global Market	0-2646-9805	mathee.r@fnsyrus.com

Recommendation Definitions

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average

Note: The expected return may change as market risks increase or decline.

Thai Institute of Directors Association (IOD) - Corporate Governance Report Rating 2013


ADVANC	BROOK
AOT	BTS
ASIMAR	CIMBT
BAFS	CK
BANPU	CPF
BAY	CPN
BBL	CSL
BCP	DRT
BECL	DTAC
BKI	EASTW

EGCO	KKP
ERW	KTB
GRAMMY	LPN
HANA	MCOT
HEMRAJ	MINT
ICC	NKI
INTUCH	NOBLE
IRPC	PAP
IVL	PG
KBANK	PHOL

PR	RS
PRANDA	S&J
PS	SAMART
PSL	SAMTEL
PTT	SAT
PTTEP	SC
PTTGC	SCB
QH	SCC
RATCH	SCSMG
ROBINS	SE-ED

SIM	TCAP
SIS	THAI
SITHAI	THCOM
SNC	THRE
SPALI	TIP
SPI	TISCO
SSI	TKT
SSSC	TMB
SVI	TNITY
SYMC	TOP

TRC	TRC
TRUE	TRUE
TTW	TTW
TVO	TVO
UV	UV
VGI	VGI
WACOAL	WACOAL

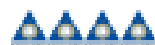
Score Range

100-90
80-89
70-79
60-69
50-59
<50

Rating

Description

Excellent
Very Good
Good
Satisfactory
Pass
n/a



25	ASK
ACAP	ASP
AF	AYUD
AHC	BEC
AIT	BFIT
AKP	BH
AMANAH	BIGC
AMARIN	BJC
AMATA	BLA
AP	BMCL
APCO	BWG
APCS	CCET
ASIA	CENDEL

CFRESH	ESSO
CGS	FE
CHOW	FORTH
CM	GBX
CNT	GC
CPALL	GFPT
CSC	GL
DCC	GLOW
DELTA	GOLD
DTC	GSTEL
ECL	GUNKUL
EE	HMPRO
EIC	HTC

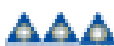
IFEC	LH
INET	LHBANK
ITD	LHK
JAS	LIVE
JUBILE	LOXLEY
KBS	LRH
KCE	LST
KGI	MACO
KKC	MAJOR
KSL	MAKRO
KWC	MBK
L&E	MBKET
LANNA	MFC

MFEC	PB
MODERN	PDI
MTI	PE
NBC	PF
NCH	PJW
NINE	PM
NMG	PPM
NSI	PPP
NWR	PREB
OCC	PRG
OFM	PT
OGC	PYLON
OISHI	QTC

RASA	SPCG
SABINA	SPPT
SAMCO	SSF
SCCC	STANLY
SCG	STEC
SEAFCO	SUC
SFP	SUSCO
SIAM	SYNTEC
SINGER	TASCO
SIRI	TCP
SKR	TF
SMT	TFD
SNP	TFI

THANA	TPIPL
THANI	TRT
THIP	TRU
TICON	TSC
TIPCO	TSTE
TK	TSTH
TLUXE	TTA
TMILL	TTCL
TMT	TUF
TNL	TWFP
TOG	TYM
TPC	UAC
TPCORP	UMI

UMS
UP
UPOIC
UT
VIBHA
VIH
VNG
VNT
YUASA
ZMICO



A	ARIP
AAV	AS
AEC	BAT-3K
AEONTS	BCH
AFC	BEAUTY
AGE	BGT
AH	BLAND
AI	BOL
AJ	BROCK
AKR	BSBM
ALUCON	CHARAN
ANAN	CHUO

CI	DRACO
CIG	EA
CITY	EARTH
CMR	EASON
CNS	EMC
CPL	EPCO
CRANE	F&D
CSP	FNS
CSR	FOCUS
CTW	FPI
DEMCO	FSS
DNA	GENCO

GFM	IT
GJS	JMART
GLOBAL	JMT
HFT	JTS
HTECH	JUTHA
HYDRO	KASET
IFS	KC
IHL	KCAR
ILINK	KDH
INOX	KTC
IRC	KWH
IRCP	LALIN

LEE	NIPPON
MATCH	NNCL
MATI	NTV
MBAX	OSK
MDX	PAE
PRINC	PATO
MJD	PICO
MK	PL
MOONG	POST
MPIC	PRECHA
MSC	PRIN
NC	Q-CON

QLT	SMIT
RCI	SMK
RCL	SOLAR
ROJNA	SPC
RPC	SPG
SCBLIF	SIRICHA
SCP	SSC
SENA	STA
SF	SUPER
SGP	SVOA
SIMAT	SWC
SLC	SYNEX

TBSP	TNPC
TCCC	TOPP
TEAM	TPA
TGCI	TPP
TIC	TR
TIES	TTI
TIW	TVD
TKS	TVI
TMC	TWZ
TMD	UBIS
TMI	UEC
TNDT	UOBKH

UPF
UWC
VARO
VTE
WAVE
WG
WIN
WORK

IOD (IOD Disclaimer)

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