

### Trading Buy (unchanged)

## Berli Jucker (BJC)

### An inline 1Q14 result

CGR Scoring Rating 

Share price: Bt44.00  
Target price: Bt52.00 (unchanged)

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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.

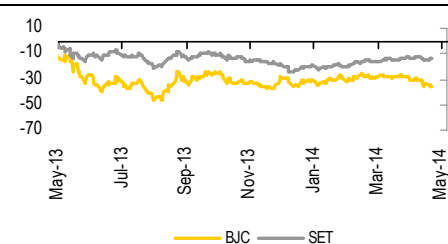
Ticker :	BJC
Shares Issued (mn):	1,590
Market Cap (Btmn)	69,583
Market Cap (US\$m)	2,150
3-mth Avg. Daily Turnover (Btmn)	39.82
SET index	1,395.21
Free float (%)	29.88

<b>Major Shareholders :</b>	%
TCC Holdings	73.77
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4.93

#### Key Indicators

ROE – annualised (%)	14.5
Net cash (Btmn):	-12,561
NTA/shr (Bt):	10.2
Interest cover (x):	7.3

#### Historic Chart



#### Performance

52-week High/Low	Bt 69.25/Bt 34.00				
	1-mth	3-mth	6-mth	1-yr	YTD
Absolute (%)	-12.0	-5.9	-5.4	-35.5	-8.8
Relative (%)	-11.6	-11.5	-3.7	-24.7	-15.1

**1Q14 earnings summary.** The net profit slipped 13% QoQ and 22% YoY to Bt516mn, inline with our estimate, as the gross margin dropped from 25.1% in 1Q13 to 23.3%. The economic slowdown and weak consumption depressed the BJC packaging, consumer products and medical & technical supply businesses. However, consumer product sales still improved on the back of the acquisition of Thai An in April 2013. Can packaging in Thailand also saw growth from expanded capacity since June 2013, with more export volume, while TBC-Ball in Vietnam achieved greater utilisation.

**What's next?** The 2Q14 net profit is expected to slightly improve QoQ on the spending season during the long holidays. The World Cup will tend to drive consumption and may increase demand for alcohol and soft drink packaging. Glass and aluminum can packaging in Vietnam is expected to see greater sales.

**Recommendation.** The 1Q14 net profit accounts for 19% of our FY2014 earnings of Bt2.69bn (+11% YoY). We may downgrade our forecast to price in the slow economic growth and lower medical equipment orders from the government sector. However, we maintain our positive view over the long term. We believe overseas business expansion will be a key growth driver. We reiterate a Trading Buy call and a DCF-based TP of Bt52.

**Risks.** The economic slowdown, less glass packaging demand, delayed government orders, rising material costs and lower-than-expected performance of the retail business.

#### BJC – Summary Earnings Table

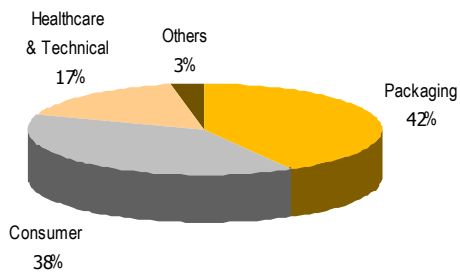
FYE: Dec 31 (THB m)	2011	2012	2013	2014F	2015F
Revenue	31,235	37,429	42,226	46,069	50,693
EBITDA	5,000	5,093	5,477	6,192	6,824
Recurring Net Profit	2,110	2,328	2,324	2,694	3,080
Net profit	2,140	2,415	2,426	2,694	3,080
EPS (Bt)	1.35	1.52	1.53	1.69	1.92
EPS growth (%)	12.5	12.8	0.3	10.7	14.0
DPS (Bt)	0.73	0.84	0.84	0.95	1.10
PER	32.7	28.9	28.8	26.1	22.9
EV/EBITDA (x)	15.8	15.9	15.5	13.4	12.4
Div Yield (%)	1.7	1.9	1.9	2.2	2.5
P/BV(x)	5.6	5.1	4.7	4.3	3.9
Net Gearing (%)	63.9	68.5	84.2	64.2	66.1
ROE (%)	15.6	15.7	14.3	14.5	14.9
ROA (%)	7.1	6.8	5.9	6.1	6.6
Cons. Net Profit (Btmn)	-	-	2,426	2,534	2,831

Source: Company reports and MBKET estimates.

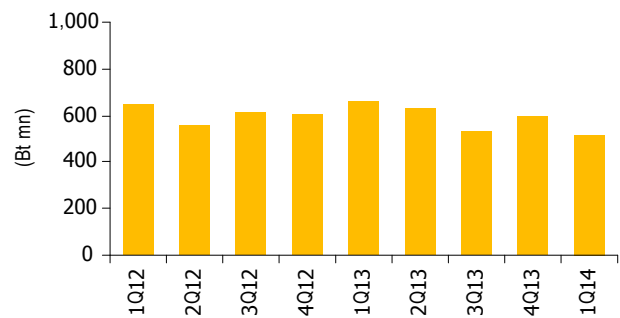
**Figure 1: BJC 1Q14 results**

(Btmn)	1Q14	4Q13	QoQ	1Q13	YoY	Comment
Sales	10,696	11,064	(3%)	10,359	3%	Can growth, full-quarter from Thai An
Other income	231	250	(7%)	85	172%	
COGS	8,201	8,612	(5%)	7,759	6%	
Gross profit	2,496	2,452	2%	2,600	(4%)	
Gross margin (%)	23.3%	22.2%	N.A.	25.1%	N.A.	Soft revenues, rising prices palm oil
SG&A	1,842	1,838	0%	1,708	8%	Rising SG&A-to-sales portion
EBITDA	1,397	1,369	2%	1,391	0%	
EBITDA margin (%)	12.8%	12.1%	N.A.	13.3%	N.A.	
Interest expenses	151	151	0%	139	9%	
Normalised profit	553	592	(7%)	657	(16%)	Excluding FX losses
Net profit	516	593	(13%)	665	(22%)	In line with estimates
EPS (Bt)	0.32	0.37	(13%)	0.42	(23%)	

Source : Company reports

**Figure 2: Sales breakdown 1Q14**

Source: Company reports

**Figure 3: Quarterly earnings**

Source: Company reports

**INCOME STATEMENT (Btmn)**

FY December	2012	2013	2014F	2015F
Revenue	37,429	42,226	46,069	50,693
EBITDA	5,093	5,477	6,192	6,824
Depreciation & Amortisation	1,643	1,887	1,844	1,945
<b>Operating Profit (EBIT)</b>	<b>3,450</b>	<b>3,590</b>	<b>4,348</b>	<b>4,879</b>
Interest (Exp) / Inc	503	575	594	583
Associates	66	65	68	69
One-offs	87	102	0	0
<b>Pre-Tax Profit</b>	<b>2,947</b>	<b>3,015</b>	<b>3,753</b>	<b>4,296</b>
Tax	605	567	713	859
Minority Interest	80	189	414	426
<b>Net Profit</b>	<b>2,415</b>	<b>2,426</b>	<b>2,694</b>	<b>3,080</b>
<b>Recurring Net Profit</b>	<b>2,328</b>	<b>2,324</b>	<b>2,694</b>	<b>3,080</b>
Revenue Growth %	19.8	12.8	9.1	10.0
EBITDA Growth (%)	1.8	7.5	13.1	10.2
EBIT Growth (%)	3.3	4.1	21.1	12.2
Net Profit Growth (%)	12.8	0.5	11.0	14.3
Recurring Net Profit Growth (%)	10.3	(0.2)	15.9	14.3
Tax Rate %	20.5	18.8	19.0	20.0

**BALANCE SHEET (Btmn)**

FY December	2012	2013	2014F	2015F
Fixed Assets	16,683	18,713	20,869	21,924
Other LT Assets	4,605	6,474	6,542	6,612
Cash / ST Investments	2,015	1,780	1,898	1,839
Other Current Assets	14,956	17,535	14,302	18,747
<b>Total Assets</b>	<b>38,260</b>	<b>44,503</b>	<b>43,611</b>	<b>49,121</b>
ST Debt	4,828	6,155	5,337	5,962
Other Current Liabilities	7,399	8,680	8,171	9,874
LT Debt	8,344	10,521	9,122	10,191
Other LT Liabilities	1,406	1,448	1,429	1,439
Minority Interest	2,556	2,939	3,353	3,779
Shareholders' Equity	13,728	14,760	16,198	17,877
<b>Total Liabilities-Capital</b>	<b>38,260</b>	<b>44,503</b>	<b>43,611</b>	<b>49,121</b>
Share Capital (mn)	1,588	1,590	1,595	1,600
Gross Debt / (Cash)	13,171	16,676	14,459	16,153
Net Debt / (Cash)	11,156	14,896	12,561	14,314
Working Capital	7,557	8,855	6,130	8,873
BVPS	8.64	9.28	10.15	11.17

**CASH FLOW (Btmn)**

FY December	2012	2013	2014F	2015F
Profit before taxation	2,947	3,015	3,753	4,296
Depreciation	1,643	1,887	1,844	1,945
Net interest receipts / (payments)	503	575	594	583
Working capital change	(1,028)	(1,298)	2,725	(2,743)
Cash tax paid	(605)	(567)	(713)	(859)
Others (inc. exceptional items)	(583)	(764)	(1,008)	(1,009)
<b>Cash flow from operations</b>	<b>2,877</b>	<b>2,849</b>	<b>7,195</b>	<b>2,213</b>
Capex	(4,226)	(5,725)	(4,000)	(3,000)
Disposals / (purchases)	0	0	0	0
Others	50	3	0	0
<b>Cash flow from investing</b>	<b>(4,176)</b>	<b>(5,722)</b>	<b>(4,000)</b>	<b>(3,000)</b>
Debt raised / (repaid)	(108)	395	(137)	68
Equity raised / (repaid)	569	499	614	626
Dividends (paid)	(1,223)	(1,526)	(1,456)	(1,600)
Interest payments	503	575	594	583
Others	(503)	(575)	(594)	(583)
<b>Cash flow from financing</b>	<b>(762)</b>	<b>(631)</b>	<b>(978)</b>	<b>(906)</b>
Change in cash	(2,061)	(3,504)	2,217	(1,693)

**RATES & RATIOS**

FY December	2012	2013	2014F	2015F
Gross margin %	24.1	23.9	24.7	25.0
EBITDA Margin %	13.4	12.8	13.3	13.3
Op. Profit Margin %	9.1	8.4	9.3	9.5
Net Profit Margin %	6.4	5.7	5.8	6.0
ROE %	15.7	14.3	14.5	14.9
ROA %	6.8	5.9	6.1	6.6
Net Margin Ex. EI %	6.1	5.4	5.8	6.0
Dividend Cover (x)	1.8	1.8	1.8	1.7
Interest Cover (x)	6.9	6.2	7.3	8.4
Asset Turnover (x)	1.0	0.9	1.1	1.0
Asset / Debt (x)	1.7	1.7	1.8	1.8
Debtors Turn (days)	64.3	63.1	58.0	55.0
Creditors Turn (days)	54.2	57.7	52.0	50.0
Inventory Turn (days)	81.8	92.4	81.0	76.0
Net Gearing %	68.5	84.2	64.2	66.1
Debt / EBITDA (x)	2.2	2.7	2.0	2.1
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						Score Range	Number of Logo	Description
ADVANC	CIMBT	ICC	PG	S&J	SPALI	90-100	▲▲▲▲▲	Excellent
AOT	CK	INTUCH	PHOL	SAMART	SPI	80-89	▲▲▲▲▲	Very Good
ASIMAR	CPF	IRPC	PR	SAMTEL	SSI	70-79	▲▲▲▲	Good
BAFS	CPN	IVL	PRANDA	SAT	SSSC	60-69	▲▲▲	Satisfactory
BANPU	CSL	KBANK	PS	SC	SM	50-59	▲	Pass
BAY	DRT	KKP	PSL	SCB	SYMC	Lower than 50	No logo given	N/A
BBL	DTAC	KTB	PTT	SCC	TCAP			
BCP	EASTW	LPN	PTTEP	SCSMG	THAI			
BECL	EGCO	MCOT	PTTGC	SE-ED	THCOM	TKT	TRC	UV
BKI	ERW	MINT	QH	SIM	THRE	TM6	TRUE	VGI
BROOK	GRAMMY	NKI	RATCH	SIS	TIP	TMTY	TTW	WACOAL
BTS	HANA	NOBLE	ROBINS	SITHAJ	TISCO	TOP	TVO	
▲▲▲▲ Very Good								
ZS	BH	EE	JUBILE	MBK	PF	SINGER	THANI	TTCL
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	CCEET	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	VIBHA
APCO	CHOW	GOLD	LHBANK	NSI	RASA	SUSCO	TPCORP	VH
APCS	CM	GSTEL	LHK	NWR	SABINA	SYNTEC	TPIPL	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	SEAFCO	TFD	TSTE	
BEC	DELTA	INET	MACO	PB	SFP	TFI	TSTH	
BFIT	DTC	ITD	MAJOR	PDI	SIAM	THANA	TTA	
▲▲▲ Good								
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
AEDNTS	BROCK	EARTH	ILINK	MATI	POST	SOLAR	TMC	VARO
AFC	BSBM	EASON	INOX	MBAX	PRECHA	SPC	TMD	VTE
AGE	CHARAN	BMC	IRC	MDX	PRIN	SPG	TMI	WAVE
AH	CHUO	EPCO	IRCP	PRINC	Q-CON	SRICHA	TNDT	WG
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	SVOA	TPP	
ANAN	CNS	FSS	JUTHA	MSC	RPC	SWC	TR	
ARIP	CPL	GENCO	KASET	NC	SCBLIF	SYNEX	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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