

Take Profit (unchanged)

CGR Scoring Rating 

Share price: Bt55.00
Target price: Bt47.00 (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.

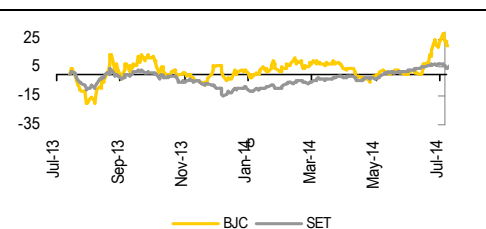
Ticker : BJC
Shares Issued (m): 1,590
Market Cap (THB m) 87,567
Market Cap (US\$ m) 2,740
3-mth Avg Daily Turnover (THB m) 129.69
SET INDEX 1,544.55
Free float (%) 26.23

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

Key Indicators

ROE – annualised (%) 13.2
Net cash (THB m): -15,456
NTA/shr (THB): 10.02
Interest cover (x): 6.1

Historical Chart



Performance

52-week High/Low Bt 60.50/Bt 34.00

	1-mth	3-mth	6-mth	1-yr	YTD
Absolute (%)	11.7	22.9	17.6	15.8	14.0
Relative (%)	10.6	11.1	-0.1	9.4	-4.2

Berli Jucker (BJC) Earnings slip 48% YoY

2Q14 earnings summary: BJC's net profit slipped 37% QoQ and 48% YoY to Bt328mn, the lowest in 5 years. An economic slowdown and political unrest did hurt the packaging, consumer product and medical equipment sales (only technical product sales improved). With rising costs and expenses, the gross margin went down to 22.2% compared with 24.2% in 2Q13 and 23.3% in 1Q14. SG&A-to-sales portion also increased. BJC announced the 1H14 dividend at Bt0.35/share (XD on 29 August).

What's next?: During the Buddhist Lent period in 3Q14, the packaging sales tend to decline due to lower sales of alcohol drink. We expect BJC earnings to improve QoQ (but still drop YoY), supported by recovering economy and consumer confidence. The earnings are estimated to grow further in 4Q14 based on the seasonal factor and the new government budgets that should drive the medical equipment sales.

Recommendation: Although the 2H14 earnings are likely to higher than 1H14, we may need to revise the 2014 earnings forecast downward. The 1H14 earnings account for only 35% of our yearly projection. We expect BJC share prices will remain under pressure of the capital increase for the acquisition of Metro Vietnam. We reiterate a Take Profit rating on BJC, with a DCF-based TP of Bt47.

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

BJC – Summary Earnings Table

FYE: Dec 31 (THB m)	2011	2012	2013	2014F	2015F
Revenue	31,235	37,429	42,226	46,069	50,739
EBITDA	5,000	5,093	5,477	5,973	6,617
Recurring Net Profit	2,110	2,328	2,324	2,428	2,782
Net profit	2,140	2,415	2,426	2,428	2,782
EPS (Bt)	1.35	1.52	1.53	1.52	1.74
EPS growth (%)	12.5	12.8	0.3	(0.2)	14.2
DPS (Bt)	0.73	0.84	0.84	0.95	1.10
PER	40.8	36.2	36.1	36.1	31.6
EV/EBITDA (x)	19.3	19.3	18.7	17.3	15.6
Div Yield (%)	1.3	1.5	1.5	1.7	2.0
P/BV(x)	7.0	6.4	5.9	5.5	5.0
Net Gearing (%)	63.9	68.5	84.2	80.8	71.7
ROE (%)	15.6	15.7	14.3	13.2	13.9
ROA (%)	7.1	6.8	5.9	5.3	5.8
Cons. Net Profit (Btmn)	-	-	-	2,357	2,724

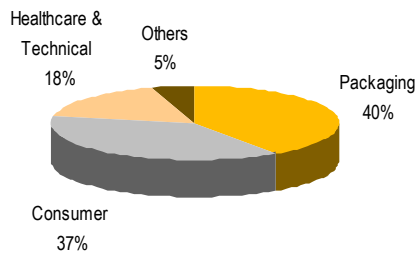
Source: Company reports and MBKET.

Figure 1: BJC 2Q14 results

(Btmn)	2Q14	1Q14	QoQ	2Q13	YoY	Comment
Sales	10,665	10,696	(0%)	10,477	2%	Declining sales of all segments except technical product
Other income	97	231	(58%)	101	(4%)	
COG	8,299	8,201	1%	7,936	5%	
Gross profit	2,367	2,496	(5%)	2,540	(7%)	Some costs are fixed
Gross margin (%)	22.2%	23.3%	N.A.	24.2%	N.A.	
SG&A	1,915	1,842	4%	1,709	12%	Rising SG&A-to-sales portion
EBITDA	1,080	1,397	(23%)	1,352	(20%)	
EBITDA margin (%)	10.0%	12.8%	N.A.	12.8%	N.A.	
Interest expense	150	151	(1%)	133	13%	
Normalised profit	282	553	(49%)	547	(48%)	
Net profit	328	516	(37%)	633	(48%)	1H14 profit accounts for 35% of full-year estimate
EPS (Bt)	0.21	0.32	(37%)	0.40	(48%)	

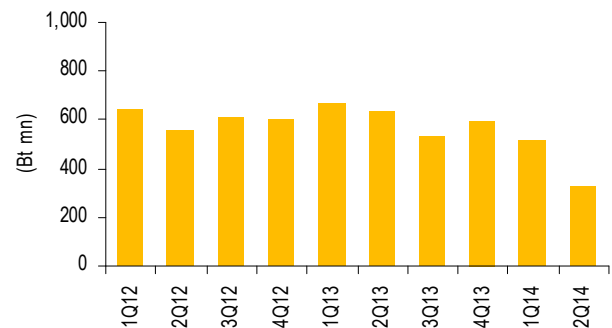
Source : Company reports and MBKET

Figure 2: Sales breakdown 2Q14



Source: Company reports

Figure 3: Net profit



Source: Company reports and MBKET

INCOME STATEMENT (Btmn)

FY December	2012	2013	2014F	2015F
Revenue	37,429	42,226	46,069	50,739
EBITDA	5,093	5,477	5,973	6,617
Depreciation & Amortisation	1,643	1,887	2,059	2,205
Operating Profit (EBIT)	3,450	3,590	3,914	4,411
Interest (Exp)/Inc	503	575	647	651
Associates	66	65	75	86
One-offs	87	102	0	0
Pre-Tax Profit	2,947	3,015	3,268	3,761
Tax	605	567	654	752
Minority Interest	80	189	260	312
Net Profit	2,415	2,426	2,428	2,782
Recurring Net Profit	2,328	2,324	2,428	2,782
Revenue Growth %	19.8	12.8	9.1	10.1
EBITDA Growth (%)	1.8	7.5	9.1	10.8
EBIT Growth (%)	3.3	4.1	9.0	12.7
Net Profit Growth (%)	12.8	0.5	0.1	14.6
Recurring Net Profit Growth (%)	10.3	(0.2)	4.5	14.6
Tax Rate %	20.5	18.8	20.0	20.0

BALANCE SHEET (Btmn)

FY December	2012	2013	2014F	2015F
Fixed Assets	16,683	18,713	21,655	22,449
Other LT Assets	4,605	6,474	6,549	6,635
Cash/ST Investments	2,015	1,780	1,898	1,839
Other Current Assets	14,956	17,535	16,601	17,756
Total Assets	38,260	44,503	46,702	48,679
ST Debt	4,828	6,155	6,405	6,233
Other Current Liabilities	7,399	8,680	8,787	9,369
LT Debt	8,344	10,521	10,949	10,655
Other LT Liabilities	1,406	1,448	1,429	1,439
Minority Interest	2,556	2,939	3,199	3,512
Shareholders' Equity	13,728	14,760	15,932	17,471
Total Liabilities-Capital	38,260	44,503	46,702	48,679
Share Capital (m)	1,588	1,590	1,595	1,600
Gross Debt/(Cash)	13,171	16,676	17,354	16,888
Net Debt/(Cash)	11,156	14,896	15,456	15,049
Working Capital	7,557	8,855	7,814	8,387
BVPS	8.64	9.28	9.99	10.92

CASH FLOW (Btmn)

FY December	2012	2013	2014F	2015F
Profit before taxation	2,947	3,015	3,268	3,761
Depreciation	1,643	1,887	2,059	2,205
Net interest receipts/(payments)	503	575	647	651
Working capital change	(1,028)	(1,298)	1,041	(574)
Cash tax paid	(605)	(567)	(654)	(752)
Others (incl'd exceptional items)	(583)	(764)	(907)	(963)
Cash flow from operations	2,877	2,849	5,454	4,328
Capex	(4,226)	(5,725)	(5,000)	(3,000)
Disposal/(purchase)	0	0	0	0
Others	50	3	0	0
Cash flow from investing	(4,176)	(5,722)	(5,000)	(3,000)
Debt raised/(repaid)	(108)	395	(137)	68
Equity raised/(repaid)	569	499	460	512
Dividends (paid)	(1,223)	(1,526)	(1,456)	(1,442)
Interest payments	503	575	647	651
Others	(503)	(575)	(647)	(651)
Cash flow from financing	(762)	(631)	(1,133)	(862)
Change in cash	(2,061)	(3,504)	(678)	466

RATES & RATIOS

FY December	2012	2013	2014F	2015F
Gross margin %	24.1	23.9	23.8	24.1
EBITDA Margin %	13.4	12.8	12.8	12.9
Op. Profit Margin %	9.1	8.4	8.4	8.6
Net Profit Margin %	6.4	5.7	5.2	5.4
ROE %	15.7	14.3	13.2	13.9
ROA %	6.8	5.9	5.3	5.8
Net Margin Ex. EI %	6.1	5.4	5.2	5.4
Dividend Cover (x)	1.8	1.8	1.6	1.6
Interest Cover (x)	6.9	6.2	6.1	6.8
Asset Turnover (x)	1.0	0.9	1.0	1.0
Asset/Debt (x)	1.7	1.7	1.7	1.8
Debtors Turn (days)	64.3	63.1	60.0	55.0
Creditors Turn (days)	54.2	57.7	55.0	50.0
Inventory Turn (days)	81.8	92.4	90.0	82.0
Net Gearing %	68.5	84.2	80.8	71.7
Debt/ EBITDA (x)	2.2	2.7	2.6	2.3
Debt/ Market Cap (x)	0.2	0.2	0.2	0.2

Source: Company reports and MBKET

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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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▲▲▲▲▲ 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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