

### T-BUY (Unchanged)

CGR Scoring Rating 

Share price: THB42.25  
Target price: THB46.00 (from Bt49.00)

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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.

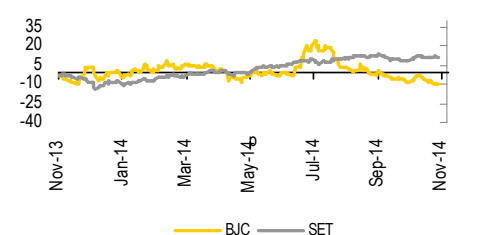
Ticker :	BJC
Shares Issued (m):	1,592
Market Cap (THB m)	67,271
Market Cap (USD m)	2,050
3-mth Avg Daily Turnover (THB m)	1,484
SET INDEX	1,568.68
Free float (%)	26.23

<b>Major Shareholders :</b>	%
TCC Holdings	73.69
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5.36

#### Key Indicators

ROE – annualised (%)	8.6
Net cash (THB m):	(16,743)
NTA/shr (THB):	9.6
Interest cover (x):	4.6

#### Historical Chart



#### Performance

52-week High/Low	THB 60.50/THB 42.00				
	1-mth	3-mth	6-mth	1-yr	YTD
Absolute (%)	-4.0	-14.6	-5.6	-10.1	-12.4
Relative (%)	-7.1	-16.1	-15.9	-19.5	-27.9

## Berli Jucker (BJC)

### Downgraded earnings but recovery in 4Q14

We have revised down earnings for 2014 by 15% and 2015 by 9% to factor in rising raw material prices and weak sales growth, hurt by economic slowdown. However, we believe earnings bottomed out in 3Q14 and should pick up in 4Q14, followed by strong recovery in 2015. Growth will be bolstered by a recovering economy and, larger government budgets for medical equipment and healthcare products. Utilisation of packaging production will tend to increase. The acquisition of Metro is expected to complete in mid-2015. We expect its losses to continue for the next couple of years before turning around in the longer term, enhancing BJC growth. We reiterate a TRADING BUY call with a revised DCF-based TP of THB46 (downgraded from THB49).

**4Q14 Earnings to improve QoQ.** We believe earnings bottomed out in 3Q14. Sales are expected to pick up in 4Q14 on the back of a recovering economy, and larger government budgets for medical equipment and healthcare products. Other glass packaging operators have closed down some production lines due to declining purchases while BJC is still receiving new domestic and foreign orders. Cullet, a glass raw material, will tend to decline. BJC may book additional expenses from the closure of the Ratchaburana glass packaging facilities. However, the company is likely to realise gains from the fair value adjustment of its investment property.

**Three core businesses to recover in 2015.** Economic recovery should benefit BJC's three core businesses: packaging, consumer products and healthcare. After refinancing, declining interest expenses will drive Thai An operations. B's Mart sales should continue to increase but remain in loss due to high rental expenses. Packaging business growth will be fuelled by higher utilisation at the Saraburi production facilities. TBC-Ball is projected to show ongoing growth and may expand its capacity.

**Risks.** The economic slowdown, less glass packaging demand, delayed government orders, rising material costs and an unexpected poor performance from Vietnamese retail.

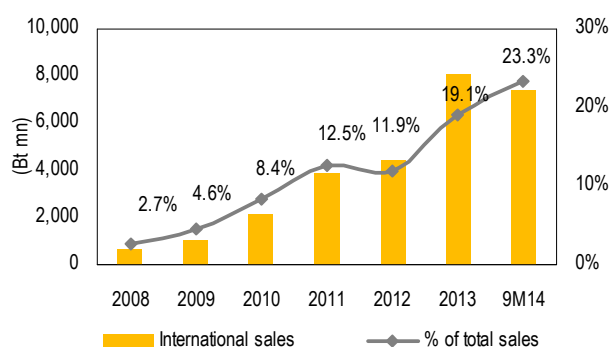
#### BJC– Summary Earnings Table

FYE: Dec 31 (THB m)	2012	2013	2014F	2015F	2016F
Revenue	37,429	42,226	44,116	48,296	52,264
EBITDA	5,093	5,477	4,918	5,919	6,435
Recurring Net Profit	2,328	2,324	1,637	2,266	2,611
Net profit	2,415	2,426	1,549	2,266	2,611
EPS (THB)	1.52	1.53	0.97	1.42	1.63
EPS growth (%)	12.8	0.3	(36.3)	45.8	15.0
DPS (THB)	0.84	0.84	0.60	0.75	0.90
PER	27.8	27.7	43.5	29.8	25.9
EV/EBITDA (x)	15.4	15.0	17.1	14.3	12.9
Div Yield (%)	2.0	2.0	1.4	1.8	2.1
P/BV(x)	4.9	4.6	4.4	4.0	3.7
Net Gearing (%)	68.5	84.2	90.9	83.3	71.8
ROE (%)	15.7	14.3	8.6	11.8	12.5
ROA (%)	6.8	5.9	3.4	4.7	5.3
Cons. Net Profit (THB m)	-	-	1,190	2,354	2,435

Note: Excluding an acquisition of Metro / Source: Company reports and MBKET.

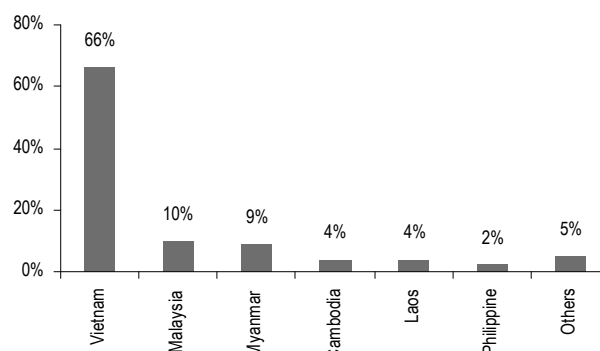
**Expect Metro deal to complete in mid-2015.** Ownership is currently being transferred in the Metro Vietnam acquisition deal (worth THB28.37b) and is expected to complete in mid-2015. Funding will come firstly, from a capital increase via the issuance of 360.43m shares at THB45/share, totalling THB16.2b and secondly, from a loan of THB12b with an estimated interest rate of around 4% or THB480m in interest expenses per year. Assuming the consolidation of Metro from mid-2015, we expect Metro to remain in loss before breaking even in 2016 and eventually turning profit in 2017.

**Figure 1: BJC - International sales 9M14**



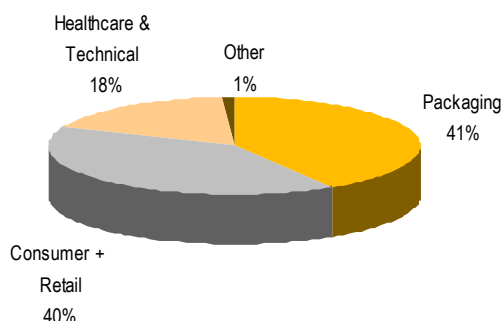
Source: Company reports

**Figure 2: BJC - International sales breakdown 9M14**



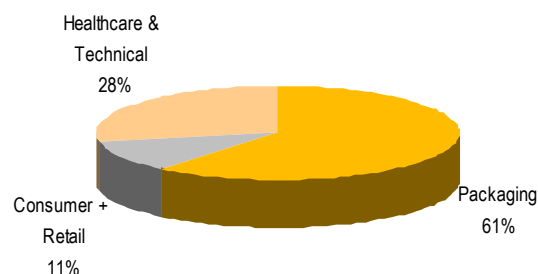
Source: Company reports

**Figure 3: BJC – Sales breakdown 9M14**



Source: Company reports

**Figure 4: BJC – Net profit breakdown 9M14**



Source: Company reports

**Figure 5: Estimated consolidation of Metro**

(THB m)	2014F	2015F	2016F	2017F
<b>BJC</b>				
Sales	44,116	48,296	52,264	55,252
Net profit	1,549	2,266	2,611	3,057
EPS (THB)	0.97	1.42	1.63	1.91
<b>Metro Vietnam</b>				
Sales		23,100	24,255	25,468
Net margin		-2%	0%	2%
Net profit		- 462	-	509
Additional interest expenses		480	480	480
<b>BJC + Metro</b>				
Sales		59,846	76,519	80,720
Net profit		1,843	2,227	3,183
EPS (THB)		0.94	1.13	1.62
PER (x)	43.5	44.9	37.3	26.1

Source: MBKET

**INCOME STATEMENT (THBm)**

FY December	2013	2014F	2015F	2016F
Revenue	42,226	44,116	48,296	52,264
EBITDA	5,477	4,918	5,919	6,435
Depreciation & Amortisation	1,887	2,161	2,328	2,435
<b>Operating Profit (EBIT)</b>	<b>3,590</b>	<b>2,758</b>	<b>3,591</b>	<b>4,000</b>
Interest (Exp)/Inc	575	600	651	631
Associates	65	81	93	103
One-offs	102	(88)	0	0
<b>Pre-Tax Profit</b>	<b>3,015</b>	<b>2,157</b>	<b>2,939</b>	<b>3,369</b>
Tax	567	431	588	674
Minority Interest	189	170	178	187
<b>Net Profit</b>	<b>2,426</b>	<b>1,549</b>	<b>2,266</b>	<b>2,611</b>
<b>Recurring Net Profit</b>	<b>2,324</b>	<b>1,637</b>	<b>2,266</b>	<b>2,611</b>
Revenue Growth %	12.8	4.5	9.5	8.2
EBITDA Growth (%)	7.5	(10.2)	20.3	8.7
EBIT Growth (%)	4.1	(23.2)	30.2	11.4
Net Profit Growth (%)	0.5	(36.1)	46.3	15.2
Recurring Net Profit Growth (%)	(0.2)	(29.6)	38.4	15.2
Tax Rate %	18.8	20.0	20.0	20.0

**BALANCE SHEET (THBm)**

FY December	2013	2014F	2015F	2016F
Fixed Assets	18,713	22,053	22,724	22,789
Other LT Assets	6,474	6,556	6,649	6,752
Cash/ST Investments	1,780	1,898	1,839	1,868
Other Current Assets	17,535	16,286	17,938	18,678
<b>Total Assets</b>	<b>44,503</b>	<b>46,792</b>	<b>49,150</b>	<b>50,087</b>
ST Debt	6,155	6,880	6,858	6,446
Other Current Liabilities	8,680	8,301	9,033	9,468
LT Debt	10,521	11,760	11,722	11,018
Other LT Liabilities	1,448	1,429	1,439	1,434
Minority Interest	2,939	3,109	3,287	3,474
Shareholders' Equity	14,760	15,313	16,812	18,247
<b>Total Liabilities-Capital</b>	<b>44,503</b>	<b>46,792</b>	<b>49,150</b>	<b>50,087</b>
Share Capital (m)	1,590	1,595	1,600	1,603
Gross Debt/(Cash)	16,676	18,640	18,579	17,464
Net Debt/(Cash)	14,896	16,743	16,741	15,596
Working Capital	8,855	7,985	8,905	9,210
BVPS	9.28	9.60	10.51	11.38

**CASH FLOW (THBm)**

FY December	2013	2014F	2015F	2016F
Profit before taxation	3,015	2,157	2,939	3,369
Depreciation	1,887	2,161	2,328	2,435
Net interest receipts/(payments)	575	600	651	631
Working capital change	(1,298)	870	(920)	(305)
Cash tax paid	(567)	(431)	(588)	(674)
Others (incl'd exceptional items)	(764)	(770)	(829)	(818)
<b>Cash flow from operations</b>	<b>2,849</b>	<b>4,586</b>	<b>3,582</b>	<b>4,638</b>
Capex	(5,725)	(5,500)	(3,000)	(2,500)
Disposal/(purchase)	0	0	0	0
Others	3	0	0	0
<b>Cash flow from investing</b>	<b>(5,722)</b>	<b>(5,500)</b>	<b>(3,000)</b>	<b>(2,500)</b>
Debt raised/(repaid)	395	(225)	68	(34)
Equity raised/(repaid)	499	369	378	293
Dividends (paid)	(1,526)	(1,196)	(967)	(1,282)
Interest payments	575	600	651	631
Others	(575)	(600)	(651)	(631)
<b>Cash flow from financing</b>	<b>(631)</b>	<b>(1,051)</b>	<b>(520)</b>	<b>(1,023)</b>
Change in cash	(3,504)	(1,964)	62	1,115

**RATES & RATIOS**

FY December	2013	2014F	2015F	2016F
Gross margin %	23.9	22.9	23.7	23.9
EBITDA Margin %	12.8	11.0	12.1	12.1
Op. Profit Margin %	8.4	6.2	7.3	7.5
Net Profit Margin %	5.7	3.5	4.6	4.9
ROE %	14.3	8.6	11.8	12.5
ROA %	5.9	3.4	4.7	5.3
Net Margin Ex. EI %	5.4	3.7	4.6	4.9
Dividend Cover (x)	1.8	1.6	1.9	1.8
Interest Cover (x)	6.2	4.6	5.5	6.3
Asset Turnover (x)	0.9	0.9	1.0	1.0
Asset/Debt (x)	1.7	1.6	1.7	1.8
Debtors Turn (days)	63.1	63.0	60.0	60.0
Creditors Turn (days)	57.7	55.0	50.0	49.0
Inventory Turn (days)	92.4	91.0	82.0	80.0
Net Gearing %	84.2	90.9	83.3	71.8
Debt/ EBITDA (x)	2.7	3.4	2.8	2.4
Debt/ Market Cap (x)	0.2	0.2	0.2	0.2

Note: Excluding an acquisition of Metro

Source: Company reports and MBKET

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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	EEL	JAS	MAKRO	PE	SINGER	THANI	TTCL
ACAP	BIGC	EE	JUBILE	MBK	PF	SIRI	THIP	TUF
AF	BGC	EIC	KBS	MBKET	PJW	SKR	TICON	TWFP
AHC	BJC	ESSD	KCE	MFC	PM	SMT	TIPCO	TYM
AIT	BLA	FE	KGI	MFEC	PPM	SNP	TK	UAC
AKP	BMCL	FORTH	KKC	MODERN	PPP	SPCG	TLUXE	UMI
AMANA	BWG	GBX	KSL	MTI	PREB	SPPT	TMILL	UMS
AMARIN	CCE	GC	KWC	NBC	PRG	SSF	TMT	UP
AMATA	CENDEL	GFPT	L&E	NCH	PT	STANLY	TNL	UPOIC
AP	CFRESH	GL	LANNA	NINE	PYLON	STEC	TOG	UT
APCO	CGS	GLOW	LH	NMG	QTC	SUC	TPC	VIBHA
APCS	CHOW	GOLD	LHBANK	NSI	RASA	SUSCO	TPCORP	VH
ASIA	CM	GSTEL	LHK	NWR	SABINA	SYNTEC	TPIPL	VNG
ASK	CNT	GUNKUL	LIVE	OCC	SAMCO	TASCO	TRT	VNT
ASP	CPALL	HMPRO	LOXLEY	OFM	SCCC	TCP	TRU	YUASA
AYUD	CSC	HTC	LRH	OGC	SCG	TF	TSC	ZMICO
BEC	DCC	IFEC	LST	OISHI	SEAFCO	TFD	TSTE	
BFIT	DELTA	INET	MACO	PB	SFP	TFI	TSTH	
	DTC	ITD	MAJOR	PDI	SIAM	THANA	TTA	
▲▲▲ Good								
A	BGT	DEMCO	HTECH	KWH	PAE	SIMAT	TIC	UEC
AAV	BLAND	DNA	HYDRO	LALIN	PATO	SLC	TIES	UOBKH
AEC	BOL	DRACO	IFS	LEE	PICO	SMT	TIW	UPF
AEDNTS	BROCK	EA	IHL	MATCH	PL	SMK	TKS	UWC
AFC	BROCK	EARTH	ILINK	MATI	POST	SOLAR	TMC	VARO
AGE	BSBM	EASON	INOX	MBAX	PRECHA	SPC	TMD	VTE
AH	CHARAN	BMC	IRC	PRIN	SPG	SPG	TMI	WAVE
AI	CHUO	EPCO	IRCP	PRINC	Q-CON	SRICHA	TNDT	WG
AJ	CI	F&D	IT	MJD	QLT	SSC	TNCP	WIN
AKR	CIG	FNS	JMART	MK	RCI	STA	TOPP	WORK
ALUCON	CITY	FOCUS	JMT	MOONG	RCL	SUPER	TPA	
ANAN	CMR	FPI	JTS	MPIC	ROJNA	SVOA	TPP	
ARIP	CNS	FSS	JUTHA	MSC	RPC	SWC	TR	
AS	CPL	GENCO	KASET	NC	SCBLIF	SYNEX	TTI	
BAT-3K	CRANE	GFM	KC	NIPPON	SCP	TBSP	TVD	
BCH	CSP	GJS	KCAR	NNCL	SENA	TCCC	TM	
BEAUTY	CSR	GLOBAL	KDH	NTV	SF	TEAM	TWZ	
	CTW	HFT	KTC	OSK	SGP	TGCI	UBIS	

Source: Thai Institute of Directors (IOD)

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