

### T-BUY (Unchanged)

CGR Scoring Rating 

Share price: THB41.50  
Target price: THB46.00 (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):	1,592
Market Cap (THB m)	66,077
Market Cap (USD m)	2,004
3-mth Avg Daily Turnover (THB m)	32.04
SET INDEX	1,521.62
Free float (%)	26.31

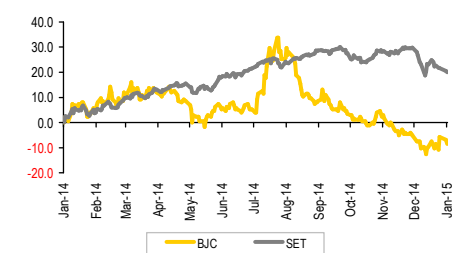
#### Major Shareholders :

TCC HoldingsMOF	73.69
DBS VICKERS SECURITIES (SINGAPORE) PTE LTDVAYUPAK 1 FUND BY MFC	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	THB58.5/THB38.25				
	1-mth	3-mth	6-mth	1-yr	YTD
Absolute (%)	2.5	-6.2	-14.9	-6.2	0.6
Relative (%)	5.0	-4.3	-15.1	-22.5	-1.0

## Berli Jucker (BJC)

### To re-negotiate Metro deal after shareholder rejection

BJC shareholders' rejection of the acquisition of Metro Vietnam does not affect our forecast as we have not factored in the deal into our projection. We see lower long-term growth opportunities as we believe Metro will help strengthen BJC's existing businesses in Vietnam and improving operational efficiency. BJC plans to re-negotiate with Metro again or let TCCH acquire Metro instead. TRADING BUY with a DCF-TP of THB46.

**Shareholders rejected the Metro deal.** At yesterday's meeting, shareholders disapproved of the Metro acquisition deal as an independent financial advisor suggested that this deal is risky based on a new condition. The new condition stated that Vietnamese official organizations may request BJC to see other payment documents, apart from the bank guarantee of EUR655m by transferring another EUR655m to Metro's capital account. BJC would then need more funding, an estimated additional loan of THB28.5b. The total loan would reach THB40.52b from the earlier estimate of THB12b, driving up the D/E ratio.

**Still interested in Metro.** TCCH, BJC's major shareholder, will re-negotiate with Metro for a better condition. If the shareholders reject the new deal again, TCCH will acquire Metro instead. We see high possibility that the acquisition will take place as TCCH has a high capital base, operates many businesses and has a good relationship with Metro.

**Impact from unsuccessful acquisition.** If BJC cannot acquire Metro, it will not affect our forecast. However, it will lower long-term growth opportunities. We expect Metro will help improve BJC's operational efficiency in Vietnam based on its available warehouse, logistics and negotiation power.

**Impact from the acquisition.** If BJC will still acquire Metro with an unchanged acquisition value of THB28.37b, the source of funding will come from a cash call of THB16.2b and a loan of THB12b. Assuming an interest rate of 4%, annual interest expenses will be THB480m. Assuming consolidation since mid 2015, we estimate Metro earnings to reach the breakeven point in 2016 before turn ing around to profit in 2017.

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

#### 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	27.3	27.2	42.7	29.3	25.5
EV/EBITDA (x)	15.1	14.8	16.9	14.0	12.8
Div Yield (%)	2.0	2.0	1.4	1.8	2.2
P/BV(x)	4.8	4.5	4.3	4.0	3.6
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)	-	-	1,618	2,272	2,405

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

**Figure 1: 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	JUBILE	MAKRO	PE	SINGER	THANI	TTCL
ACAP	BIGC	EIC	KBS	MBK	PF	SIRI	THIP	TUF
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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