

RETAILING

Berli Jucker keen to bid for Carrefour

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Berli Jucker Plc is looking to bid for Carrefour's Thailand operations to help support its consumer products supply chain, according to BJC president Aswin Techajareonvikul.

BJC, 70% owned by Charoen Sirivadhanabhakdi's TCC Holding, has expanded rapidly in recent years through mergers and acquisitions. The company operates five core businesses: industrial supply chain, consumer goods, health care, technical services and international businesses.

"We are considering the [Carrefour] bid. It would certainly fit in with one of our current businesses, the consumer supply chain. Retailing is part of that supply chain," said Mr Aswin.

"Right now, we have a presence in the upstream side, such as potato farms for our potato chips, or cold-storage facilities. But what we lack is downstream, namely a distribution channel to consumers."

BJC, one of the country's oldest firms

at 128 years, produces and distributes thousands of products, including Tasto chips, Cellox facial tissues and Dozo and Campus snacks.

"[Retail] would be a new business. We would be newcomers and would have a lot to learn. But there is the potential to create long-term value for our company," said Mr Aswin.

He said BJC had contacted Carrefour about its interest, and was waiting for more details about the bidding process and timetable.

"Right now, the whole thing still is uncertain. There's a 50-50 possibility of winning," said Mr Aswin.

Carrefour earlier this month announced it may divest its operations in Malaysia, Singapore and Thailand in order to refocus on its core markets.

In Thailand, Carrefour operates 40 stores, including 39 hypermarkets. Besides BJC, other potential buyers are reported to include the retailers Tesco Lotus and Big C, as well as other regional retailers and private equity investors. Carrefour's sales in Thailand last year

were estimated at \$800 million.

Mr Aswin said BJC was studying whether it would submit a bid for only the Thai branches or look to bid for Carrefour's Singapore and Malaysian operations as well. The French retailer operates two stores in Singapore and 19 in Malaysia.

Analysts estimate that the Thai assets could be sold for 15 to 20 billion baht. Mr Aswin said BJC had a number of possible financing options for the deal, including a capital increase, bond issues or a bank loan.

A successful bid would nearly double the size of the company. BJC posted first-quarter profits of 515 million baht on revenues of 6.17 billion, and assets as of March stood at 22.8 billion baht. The company reported 2009 profits of 1.26 billion baht on revenues of 23 billion.

Mr Aswin noted that historical EBITDA (earnings before interest, taxes, depreciation and amortisation) was around 3-4 billion baht per year. For 2010, the company is targeting 10% revenue growth.

BJC, which this week completed the acquisition of Malaya Glass Products in Malaysia, is now the largest manufacturer and marketer of glass packaging in the region, with five manufacturing plants in Thailand, Vietnam and Malaysia and a combined production capacity of 3,300 tonnes per day.

The Malaya Glass acquisition was done through BJC O-I Glass, a 50-50 joint venture between BJC and Owens-Illinois, the world's largest glass packaging manufacturer.

The company is also in the process of concluding an acquisition of a trading company in Vietnam, is working on setting up a tissue paper manufacturing plant and considering investing in the Vietnamese snack business.

He said the company would continue to look for acquisition opportunities that offered an internal rate of return of 10% or more over funding costs and synergies with the firm's existing operations.

BJC shares closed yesterday on the SET at 18.10 baht, up 30 satang, in trade worth 377 million baht.