

COMPANY UPDATE

Berli Jucker (BJC TB)

Positive Business Development

We have a positive view on BJC's financial target guidance for 2025. The company expects a 5% top-line growth with a solid improvement in gross profit margin and SGA-to-sales. We foresee a 10% upside to our and market estimates based on management guidance. The SSS growth for Jan-Feb 25 remained positive at 2-3% yoy. Maintain BUY. Target price: Bt28.00.

WHAT'S NEW

- Positive outlook in 2025.** Berli Jucker (BJC) held an analyst meeting yesterday and we have a positive view on its business outlook for 2025. Management provided the following financial targets for 2025: a) a positive top-line growth of mid-single digit, b) a gross profit margin improvement of 20-40bps, c) to lower SGA-to-sales by 10-20bps, and d) an effective tax rate of 20-24% (and moving toward 20% by 2027).

STOCK IMPACT

- Mid-single digit yoy top-line growth, driven by all businesses.** The company targets 2025 top-line to grow 5% yoy, which management guided would come from sales improvement in all businesses with a slightly lower-than-average sales growth of 3-4% yoy from the packaging business. The same-store-sales (SSS) growth for modern trade business is expected to come in at 3-4% yoy for 2025.
- We expect an upside to our earnings estimate based on BJC's financial target.** We foresee a 10% earnings upside to both our and consensus earnings estimates for 2025 based on BJC's financial target guidance. The key upside will be mainly for the profitability improvement target. Although we still maintain our 2025-26 earnings forecasts, we foresee limited downside to our estimates given the current potential upside to projection.
- Solid SSS growth momentum for Jan-Feb 25.** We are still positive on 1Q25 earnings momentum following Big C's SSS growth improvement of 2-3% yoy (Jan 25: +4.5%, Feb 25: flat). Based on our checks with the company, Feb 25's SSS growth could increase to 4-5% yoy, assuming the same number of operation days as Feb 24 of 29 days. In addition, we expect an improvement in gross profit margin momentum following the uplift in non-retail businesses.

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	167,902	170,814	179,643	186,797	194,268
EBITDA	20,608	22,102	23,813	24,272	24,580
Operating profit	11,624	12,977	13,575	13,986	14,235
Net profit (rep./act.)	4,795	4,001	5,089	5,429	5,589
Net profit (adj.)	4,880	4,660	5,089	5,429	5,589
EPS (Bt)	1.2	1.2	1.3	1.4	1.4
PE (x)	17.3	18.2	16.7	15.7	15.2
P/B (x)	0.8	0.8	0.7	0.7	0.7
EV/EBITDA (x)	12.4	11.5	10.7	10.5	10.4
Dividend yield (%)	3.6	2.8	3.6	3.9	4.0
Net margin (%)	2.9	2.3	2.9	2.9	2.9
Net debt/(cash) to equity (%)	134.9	129.9	127.8	125.2	122.8
Interest cover (x)	3.9	3.9	4.3	4.5	4.6
Consensus net profit	4.0	3.3	4.2	4.5	4.5
UOBKH/Consensus (x)	-	-	5,109	5,606	5,591

Source: Berli Jucker, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt21.30
Target Price	Bt28.00
Upside	+31.5%

COMPANY DESCRIPTION

Berli Jucker is a conglomerate that operates in: a) packaging supply chain, b) consumer supply chain, c) healthcare and technical supply chains, and d) modern retail supply chain.

STOCK DATA

GICS sector	Consumer Staples
Bloomberg ticker:	BJC TB
Shares issued (m):	4,007.8
Market cap (Btm):	85,336.1
Market cap (US\$m):	2,510.8
3-mth avg daily t'over (US\$m):	2.5

Price Performance (%)

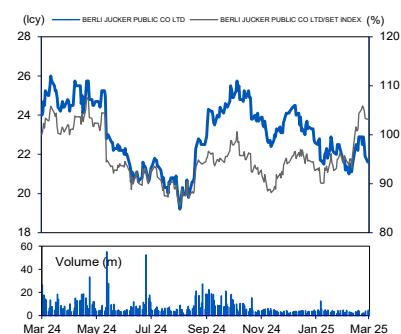
52-week high/low	Bt26.25/Bt19.20			
1mth	3mth	6mth	1yr	YTD
(3.8)	(5.5)	8.2	(5.1)	(3.4)

Major Shareholders

TCC Corporation	45.68
TCC Holding (1995)	29.32
RAFFLES NOMINEES (PTE) LIMITED	3.92

FY24 NAV/Share (Bt)	30.07
FY24 Net Debt/Share (Bt)	39.59

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- Maintain 2025 earnings projection.** Looking forward, we still maintain our forecast for 2025 core profit to grow 9% yoy on the back of top-line and gross profit margin improvement. Note that the company plans to relocate its existing ambient products distribution centre to the new Bang Pa-in distribution centre in Aug 25. We expect a limited impact to our financial forecasts as management expects the transition period to be only one month. The second phase of moving will be for cross-dock logistics which is expected to finalise within 1Q26.

EARNINGS REVISION/RISK

- Earnings revision: None.**

VALUATION/RECOMMENDATION

- Maintain BUY with a target price of Bt28.00.** Our 2025 target price is pegged to 21x 2025F PE, which is equivalent to -1SD from its five-year mean from 2017-19 and 2022-24 as we excluded the abnormal period of the COVID-19 pandemic in 2020-21. We maintain BJC's PE target at -1SD from its mean to reflect its slower earnings growth compared with its grocery retailer peers.

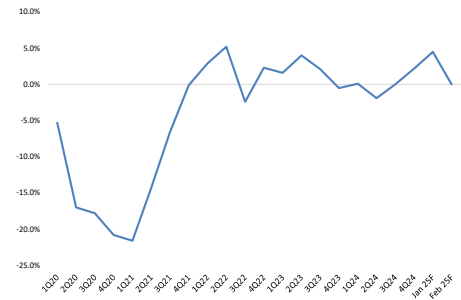
SHARE PRICE CATALYST

- Better-than-expected SSSG recovery and gross margin improvement.**

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

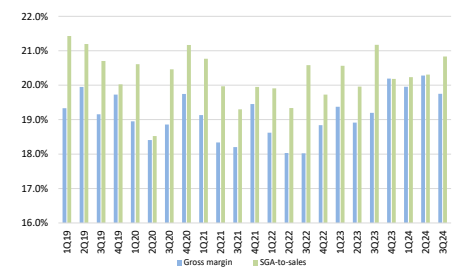
CG Report: 5 SET ESG Rating: AA
<ul style="list-style-type: none"> Environmental <ul style="list-style-type: none"> Net zero. BJC aims to be a net zero company by 2050. It is committed to developing the business to be sustainable in accordance with sustainable development frameworks, in order to comply with Sustainable Development Goals.
<ul style="list-style-type: none"> Social <ul style="list-style-type: none"> The company emphasises business operations with social responsibility in every operation by treating every stakeholder with respect with human rights as a basis, emphasises fair and equal treatment of workers, and strictly complies with relevant laws.
<ul style="list-style-type: none"> Governance <ul style="list-style-type: none"> Good governance practices. BJC is committed to operating its business in accordance with good corporate governance policy and management excellence. BJC received the "Excellent" rating on good corporate governance from the Thai Institute of Directors (IOD).

QUARTERLY SSSG



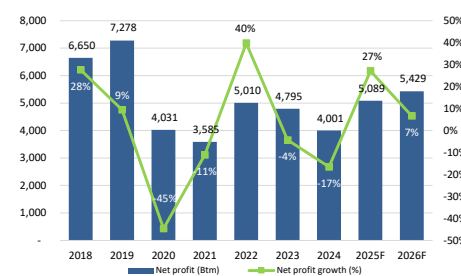
Source: BJC, UOB Kay Hian

QUARTER GROSS MARGIN AND SGA-TO-SALES



Source: BJC, UOB Kay Hian

NET PROFIT AND GROWTH



Source: BJC, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	170,814	179,643	186,797	194,268
EBITDA	22,102	23,813	24,272	24,580
Deprec. & amort.	9,126	10,238	10,286	10,345
EBIT	12,977	13,575	13,986	14,235
Total other non-operating income	(614)	0	0	0
Associate contributions	(84)	(22)	(18)	(14)
Net interest income/(expense)	(5,603)	(5,555)	(5,394)	(5,394)
Pre-tax profit	6,676	7,998	8,574	8,826
Tax	(1,686)	(1,604)	(1,718)	(1,768)
Minorities	(989)	(1,264)	(1,353)	(1,393)
Net profit	4,001	5,089	5,429	5,589
Net profit (adj.)	4,660	5,089	5,429	5,589

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	284,384	283,372	282,526	281,929
Other LT assets	5,534	5,648	5,793	5,915
Cash/ST investment	5,144	5,569	6,095	6,502
Other current assets	41,950	46,830	52,012	57,785
Total assets	337,012	341,419	346,425	352,131
ST debt	33,112	33,107	33,107	33,107
Other current liabilities	35,522	33,977	36,003	37,049
LT debt	127,917	127,917	127,917	127,917
Other LT liabilities	14,258	15,796	15,300	16,464
Shareholders' equity	119,999	121,594	123,719	125,821
Minority interest	6,203	9,027	10,380	11,773
Total liabilities & equity	337,012	341,419	346,425	352,131

CASH FLOW

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	15,744	10,207	13,985	12,676
Pre-tax profit	6,676	7,998	8,574	8,826
Tax	(1,686)	(1,604)	(1,718)	(1,768)
Deprec. & amort.	9,126	10,238	10,286	10,345
Associates	84	22	18	14
Working capital changes	1,389	(6,022)	(3,419)	(4,766)
Non-cash items	240	(404)	262	38
Other operating cashflows	(84)	(22)	(18)	(14)
Investing	(5,545)	(7,801)	(10,081)	(8,706)
Capex (growth)	(7,584)	(9,226)	(9,439)	(9,749)
Investments	2,630	2,621	2,614	2,609
Others	(591)	(1,197)	(3,256)	(1,566)
Financing	(8,330)	(3,562)	(3,378)	(3,563)
Dividend payments	(3,206)	(3,557)	(3,378)	(3,563)
Proceeds from borrowings	(5,229)	(5)	0	0
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	105	0	0	0
Beginning cash & cash equivalent	1,870	(1,157)	525	408
Ending cash & cash equivalent	4,857	6,727	5,569	6,095

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability	12.9	13.3	13.0	12.7
EBITDA margin	3.9	4.5	4.6	4.5
Pre-tax margin	2.3	2.9	2.9	2.9
Net margin	1.2	1.5	1.6	1.6
ROA	3.3	4.2	4.5	4.5
Growth				
Turnover	1.7	5.2	4.0	4.0
EBITDA	7.2	7.7	1.9	1.3
Pre-tax profit	7.4	19.8	7.2	2.9
Net profit	(16.5)	28.2	7.3	3.0
Net profit (adj.)	(4.5)	10.1	7.3	3.0
EPS	(4.5)	10.1	7.3	3.0
Leverage				
Debt to total capital	56.1	55.2	54.6	53.9
Debt to equity	134.2	132.4	130.2	128.0
Net debt/(cash) to equity	129.9	127.8	125.2	122.8
Interest cover (x)	3.9	4.3	4.5	4.6

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