

## Berli Jucker (BJC TB)

Aggressive Growth Target

### Highlights

- Management expects 2026 revenue to grow 4-6%, with gross margin improving by 20-40bp. If BJC achieves this target, it would imply a 5-9% upside to earnings.
- Energy price risk in 1Q26 should be limited, as lower soda ash costs support packaging margins while Big C can offset higher logistics costs through higher distribution income.
- Maintain BUY with a target price of Bt18.00.

### Analysis

- **Neutral tone from analyst meeting.**
- **Energy price risk is manageable in 1Q26.** Energy price risk could affect two main areas: a) packaging business: We expect gross margin in 1Q26 to remain positive. The natural gas cost that Berli Jucker (BJC) currently pays has increased to a level similar to last year, while soda ash and cullet prices are significantly lower yoy. This should support an improvement in the glass packaging gross margin; b) modern retail business: Net logistics cost is around 0.4% of modern retail revenue. Big C can partially offset higher costs by increasing distributing income; and c) non-retail business: Logistics cost is around 1.2% of non-retail sales. Overall, we are not overly concerned about energy price risk in 1Q26.
- **2026 targets.** Management expects 2026 revenue to grow 4-6%, with gross margin improving by 20-40bp. If BJC achieves this target, it would imply a 5-9% upside to earnings. However, 1Q26 performance still looks weak, with Big C's qtd SSSG at -3% to -4%. Management remains confident that revenue will improve in 2Q26, supported by hotter weather compared with last year, which should boost demand for cooling-related items. Moreover, if the MM Mega Market Vietnam (MMVN) acquisition closes by 2Q26, we expect it to provide a 3-4% upside to our earnings forecast.
- **Update on MMVN and divestment of assets.** The acquisition of MMVN and the related asset divestment by BJC are expected to be completed by end-2Q26. The transaction should generate an extra gain of about Bt3.9b, and MMVN is expected to be earnings accretive by about 4% from 3Q26 onwards.

### Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	170,814	166,542	167,814	171,217	198,590
EBITDA	22,102	21,005	22,741	22,947	23,449
Operating profit	12,977	11,795	12,557	12,768	13,261
Net profit (rep./act.)	4,001	4,011	4,638	4,773	5,085
Net profit (adj.)	4,660	4,470	4,638	4,773	5,085
EPS	1.0	1.0	1.2	1.2	1.3
PE (x)	12.3	12.8	12.4	12.0	11.3
P/B (x)	0.5	0.5	0.5	0.5	0.4
EV/EBITDA (x)	9.9	10.4	9.6	9.5	9.1
Dividend yield (%)	5.0	3.6	4.1	4.2	4.5
Net margin (%)	2.3	2.4	2.8	2.8	2.6
Net debt/(cash) to equity(%)	129.9	129.6	124.3	120.1	114.4
Interest cover (x)	3.9	3.9	4.3	4.4	4.5
Consensus net profit	n.a.	n.a.	4,724	5,145	5,334
UOBKH/Consensus (x)	n.a.	n.a.	1.0	0.9	1.0

Source: Berli Jucker, Bloomberg, UOB Kay Hian

**BUY** (Maintained)

Share Price	Bt13.40
Target Price	Bt18.00
Upside	34.33%

**Analyst(s)**

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### Stock Data

GICS Sector	Consumer Staples
Bloomberg ticker	BJC TB
Shares issued (m)	4,007.8
Market cap (Btm)	64,525.5
Market cap (US\$m)	2,075.8
3-mth avg daily t'over (US\$m)	3.4

### Price Performance (%)

52-week high/low	Bt24.4/Bt13.3			
1mth	3mth	6mth	1yr	YTD
16.7	(4.7)	(11.0)	(25.1)	11.8

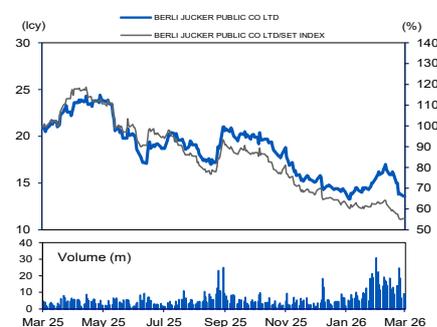
### Major Shareholders

	%
TCC Corporation	45.68
TCC Holding (1995)	29.32
RAFFLES NOMINEES (PTE) LIMITED	4.07

### Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	30.36
FY26 Net Debt/Share (Bt)	39.25

### Price Chart



Source: Bloomberg

### Company Description

Berli Jucker (BJC) 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.

### Essential

- Five-year roadmap.** For the modern retail segment, management targets 30.0% private-label contribution (from the current 16.5%), 30.0% out-of-store sales driven by Donjai store expansion and Big C PLUS (from the current 16.0%), and 30.0% sales from international markets, with Vietnam as the key growth driver, supported by stronger SSSG and new store expansion. Management also targets a CAGR of 3-5% for the packaging segment, 7-13% CAGR for the consumer segment, and 15% CAGR for the healthcare segment.

#### 2030 Target

Packaging	Consumer	Healthcare & Technical	Modern Retail
<b>#1 Glass Packaging in ASEAN</b> <ul style="list-style-type: none"> <li>Expand External Customer Base</li> <li>Lean cost and max efficiency</li> <li>Innovation</li> </ul> <b>Strong #2 in Aluminum Cans in ASEAN</b> <ul style="list-style-type: none"> <li>Expand, Penetrate, Scale</li> <li>Powered by Smart Manufacturing and a Data-Driven Agile Organization</li> </ul>	<b>#1 In Soap in Thailand</b> <b>#1 In Tissue in Thailand</b> <b>Strong #2 In Snack in Thailand</b> <ul style="list-style-type: none"> <li>Accelerate Channel Growth</li> <li>Premiunize the Core</li> <li>Defend Super-Economy</li> <li>Expand into High-Growth Categories (Pet, Elderly, High Protein)</li> </ul>	<b>2X Scale Ambition</b> <ul style="list-style-type: none"> <li>Build Critical Healthcare Infrastructure</li> <li>Integrate Supply Chain with JV DHL to Lead Medical Logistics</li> <li>Expand High-Value Portfolio</li> </ul>	<b>30%</b> <ul style="list-style-type: none"> <li>PLM Sales Contribution</li> <li>OSX Sales Contribution</li> <li>Inter Sales Contribution</li> </ul> <b>Property</b> <ul style="list-style-type: none"> <li>18 New Big Format</li> <li>1,500 New Big C mini</li> <li>66 Renovations</li> <li>95% Occupancy</li> </ul>

Source: BJC, UOB Kay Hian

### Valuation/Recommendation

- Maintain BUY with a target price of Bt18.00.** Our target price is based on a 2026F PE of 15x, equivalent to -2SD to BJC's and -1.5SD to peers' five-year average, to reflect the challenging outlook of the Thai modern retail business. While its share price performance has lagged peers, the stock is currently trading at a discounted 2026F PE of 12x.

### Earnings Revision/Risk

- No earnings revision.**

### Share Price Catalyst

- Catalyst:** MMVN acquisition, strong non-retail performance.
- Risk:** The rising of energy and raw material prices.

### Environmental, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AA

#### Environmental

- BJC aims to become a net zero company by 2050. It is committed to developing the business to be sustainable in accordance with sustainable development frameworks, to comply with Sustainable Development Goals.

#### Social

- The company emphasises business operations with social responsibility in every operation by treating every stakeholder with respect for human rights as a basis, emphasises fair and equal treatment of workers, and strictly complies with relevant laws.

#### Governance

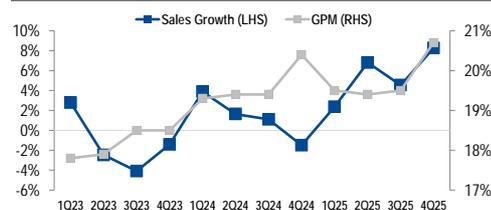
- BJC is committed to operating its business in accordance with good corporate governance policy and management excellence. BJC received the "Excellent" rating on good corporate governance from the Thai Institute of Directors.

#### Packaging Supply Chain



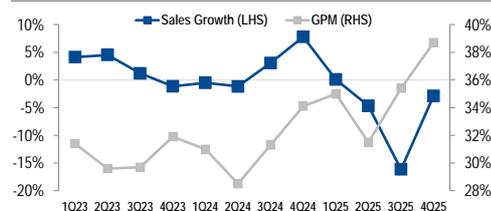
Source: BJC, UOB Kay Hian

#### Consumer Supply Chain



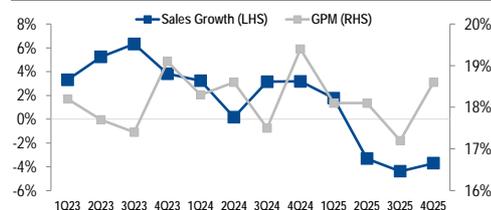
Source: BJC, UOB Kay Hian

#### Healthcare & Technical Supply Chain



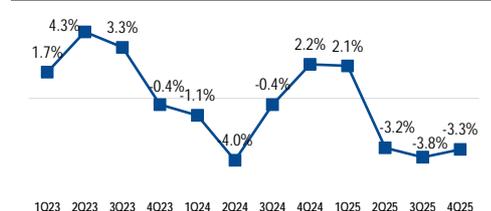
Source: BJC, UOB Kay Hian

#### Modern Retail Supply Chain



Source: BJC, UOB Kay Hian

#### BJC's Same-store Sales Growth



Source: BJC, UOB Kay Hian

#### Peers' PE Band

Peers	-2SD	-1SD	Mean	+1SD	+2SD
BJC	14.8	19.5	24.3	29.1	33.9
CPALL	7.8	17.6	27.4	37.3	47.1
CPAXT	13.9	24.8	35.8	46.7	57.6
CRC	10.3	16.5	22.8	29.1	35.3
DOHOME	-1.5	18.7	39.0	59.2	79.4
GLOBAL	14.5	21.7	28.9	36.1	43.3
HMPRO	12.5	18.9	25.3	31.6	38.0
<b>Average</b>	<b>10.3</b>	<b>19.7</b>	<b>29.1</b>	<b>38.4</b>	<b>47.8</b>

Source: UOB Kay Hian

### Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	166,542	167,814	171,217	198,590
EBITDA	21,005	22,741	22,947	23,449
Deprec. & amort.	9,209	10,184	10,179	10,188
EBIT	11,795	12,557	12,768	13,261
Total other non-operating income	(109)	-	-	-
Associate contributions	100	50	53	55
Net interest income/(expense)	(5,345)	(5,243)	(5,243)	(5,243)
<b>Pre-tax profit</b>	<b>6,440</b>	<b>7,364</b>	<b>7,578</b>	<b>8,073</b>
Tax	(1,527)	(1,682)	(1,731)	(1,844)
Minorities	(903)	(1,044)	(1,074)	(1,144)
<b>Net profit</b>	<b>4,011</b>	<b>4,638</b>	<b>4,773</b>	<b>5,085</b>
Net profit (adj.)	4,470	4,638	4,773	5,085

### Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	285,312	279,603	277,640	275,987
Other LT assets	2,492	2,837	2,890	3,375
Cash/ST investment	4,133	8,986	11,261	15,350
Other current assets	39,944	46,420	50,522	59,119
<b>Total assets</b>	<b>334,491</b>	<b>340,475</b>	<b>344,963</b>	<b>356,504</b>
ST debt	34,544	32,548	32,548	32,548
Other current liabilities	58,718	54,298	54,563	59,814
LT debt	125,478	129,399	129,399	129,399
Other LT liabilities	11,710	13,655	14,394	16,888
Shareholders' equity	126,616	131,155	134,638	138,435
Minority interest	6,292	8,127	9,200	10,345
<b>Total liabilities &amp; equity</b>	<b>334,490</b>	<b>340,475</b>	<b>344,963</b>	<b>356,504</b>

### Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
<b>Operating</b>	<b>16,748</b>	<b>7,867</b>	<b>12,190</b>	<b>13,070</b>
Pre-tax profit	6,440	7,364	7,578	8,073
Tax	(1,527)	(1,682)	(1,731)	(1,844)
Deprec. & amort.	9,209	10,184	10,179	10,188
Working capital changes	1,138	-8,763	-3,859	-3,211
Non-cash items	1,487	(137)	23	(136)
Other operating cashflows	0	900	0	0
<b>Investing</b>	<b>(12,252)</b>	<b>(2,895)</b>	<b>(7,551)</b>	<b>(6,549)</b>
Capex (growth)	(10,137)	(4,475)	(8,216)	(8,536)
Investments	21	-20	-21	-22
Others	-2,136	1,600	686	2,009
<b>Financing</b>	<b>(5,506)</b>	<b>(119)</b>	<b>(2,364)</b>	<b>(2,432)</b>
Dividend payments	(2,846)	(2,044)	(2,364)	(2,432)
Issue of shares	0	0	0	0
Proceeds from borrowings	-1,007	1,925	0	0
Others/interest paid	-1,654	0	0	0
<b>Net cash inflow (outflow)</b>	<b>(1,010)</b>	<b>4,852</b>	<b>2,276</b>	<b>4,089</b>
Beginning cash & cash equivalent	5,144	4,133	8,986	11,261
Ending cash & cash equivalent	4,133	8,986	11,261	15,350

### Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
<b>Profitability</b>				
EBITDA margin	12.6	13.6	13.4	11.8
Pre-tax margin	3.9	4.4	4.4	4.1
Net margin	2.4	2.8	2.8	2.6
<b>Growth</b>				
Net profit (adj.)	0.2	15.6	2.9	6.5
<b>Leverage</b>				
Debt to total capital	126.4	123.5	120.3	117.0
Debt to equity	133.0	131.6	129.1	126.4
Net debt/(cash) to equity	129.6	124.3	120.1	114.4
Interest cover	3.9	4.3	4.4	4.5

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