

Berli Jucker Pcl (BJC TB) - SELL, Price Bt34.00, TP Bt30.00**Results Comment**

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Very weak 3Q21, missed consensus

- Due to the lockdown impact, BJC reported weak 3Q21 net profit of Bt367m, down 65% y-y and 55% q-q, below consensus of Bt603m by 39% as BIGC's profit was a big miss and Bt108m equity loss from shared loss of glass packaging JVs in Malaysia and Vietnam and loss from a JV divestment.
- BIGC business was a drag in this quarter while its industry supply chain business showed a 25% profit growth to Bt1.2bn driven by healthcare and technical business from strong demand on COVID-related products.
- BJC's business: Packaging (Bt507m net profit, down 5% y-y, sales declined but gross margin improved on both glass and aluminum can), consumer (Bt321m, up 12% y-y, a 16% sales growth but gross margin fell on higher raw material prices) and healthcare (Bt404m, up 143% y-y on strong COVID-related product sales) altogether reported Bt1,232m profit, a 25% y-y and a 5% q-q increase.
- BIGC had 3Q21 net profit of Bt103m, down 89% y-y from Bt950m and 80% q-q from Bt508m and lower than Bt814m during country lockdown in 2Q20, dragged by 1) a 5% fall y-y in retail sales to Bt22.8bn on negative SSSG of 6.6%, 2) gross margin on sales dropped to a four-year low at 14.5%, down 140bp y-y and 40bp q-q, owing to falling high-margin non-food sales (homeline, Softline) and rising B2B sales mix to 10.5% from 9.5% in 3Q20. Rental income fell by 36% y-y and 29% q-q to Bt1,440m on a further fall in occupancy rate to 85.4% and rent discount by high teen.
- 9M21 net profit accounted for only 57% of our 2021F.
- We see earnings downside to our projection, reaffirm SELL to Bt30 TP.

| Income Statement | | | | | | (consolidated) | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|----------------|--|--|--|--|--|
| Yr-end Dec (Bt m) | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | | | | | | |
| Revenue | 35,027 | 35,103 | 32,520 | 34,161 | 34,466 | | | | | | |
| Gross profit | 6,607 | 6,931 | 6,221 | 6,264 | 6,273 | | | | | | |
| SG&A | 7,168 | 7,401 | 6,755 | 6,822 | 6,653 | | | | | | |
| Operating profit | 2,617 | 3,058 | 2,503 | 2,360 | 2,010 | | | | | | |
| EBITDA | 4,304 | 6,998 | 4,750 | 4,541 | 4,312 | | | | | | |
| Other income | 3,179 | 3,528 | 3,037 | 2,918 | 2,389 | | | | | | |
| Other expense | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Interest expense | 1,334 | 1,286 | 1,254 | 1,258 | 1,283 | | | | | | |
| Profit before tax | 1,283 | 1,772 | 1,249 | 1,102 | 727 | | | | | | |
| Income tax | 139 | 218 | 123 | 69 | 194 | | | | | | |
| Equity & invest. income | (2) | (9) | (54) | (22) | (108) | | | | | | |
| Minority interests | (112) | (157) | (118) | (210) | (125) | | | | | | |
| Extraordinary items | 33 | (34) | 59 | 22 | 66 | | | | | | |
| Net profit | 1,062 | 1,353 | 1,013 | 822 | 367 | | | | | | |
| Normalized profit | 1,030 | 1,387 | 953 | 800 | 301 | | | | | | |
| EPS (Bt) | 0.27 | 0.34 | 0.25 | 0.21 | 0.09 | | | | | | |
| Normalized EPS (Bt) | 0.26 | 0.35 | 0.24 | 0.20 | 0.08 | | | | | | |

| Balance Sheet | | | | | | (consolidated) | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|--|--|--|
| Yr-end Dec (Bt m) | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | | | | | | |
| Cash & ST investment | 2,904 | 3,045 | 2,414 | 3,074 | 3,724 | | | | | | |
| A/C receivable | 12,637 | 13,056 | 15,355 | 16,021 | 15,845 | | | | | | |
| Inventory | 19,975 | 19,359 | 19,838 | 18,953 | 20,184 | | | | | | |
| Other current assets | 3,404 | 2,248 | 471 | 535 | 778 | | | | | | |
| Investment | 2,841 | 2,786 | 2,779 | 2,823 | 2,763 | | | | | | |
| Fixed assets | 67,511 | 65,266 | 64,456 | 63,623 | 63,530 | | | | | | |
| Other assets | 219,482 | 220,398 | 219,663 | 219,246 | 218,875 | | | | | | |
| Total assets | 328,754 | 326,157 | 324,976 | 324,274 | 325,699 | | | | | | |
| S-T debt | 26,556 | 36,166 | 25,515 | 31,223 | 21,074 | | | | | | |
| A/C payable | 27,435 | 27,508 | 26,710 | 27,864 | 27,375 | | | | | | |
| Other current liabilities | 1,566 | 1,689 | 1,805 | 1,527 | 1,370 | | | | | | |
| L-T debt | 131,390 | 118,109 | 127,165 | 121,370 | 133,478 | | | | | | |
| Other liabilities | 23,517 | 23,148 | 22,973 | 22,783 | 22,803 | | | | | | |
| Minority interest | 4,913 | 4,859 | 4,911 | 5,092 | 5,108 | | | | | | |
| Shareholders' equity | 113,377 | 114,677 | 115,897 | 114,416 | 114,491 | | | | | | |
| Working capital | 5,177 | 4,907 | 8,483 | 7,110 | 8,654 | | | | | | |
| Total debt | 157,946 | 154,275 | 152,680 | 152,594 | 154,552 | | | | | | |
| Net debt | 155,042 | 151,230 | 150,266 | 149,519 | 150,828 | | | | | | |

| Income Statement | | | 9M as | | |
|--------------------------|-------------|-------------|-----------|---------------|---------------|
| (Bt m) | q-q% | y-y% | % 2021F | 2021F | 2022F |
| Revenue | 1 | (2) | 70 | 144,885 | 164,256 |
| Gross profit | 0 | (5) | 67 | 27,798 | 31,105 |
| SG&A | (2) | (7) | 70 | 28,920 | 32,872 |
| Operating profit | (15) | (23) | 67 | 10,280 | 11,242 |
| EBITDA | (5) | 0 | 69 | 19,844 | 21,207 |
| Other income | (18) | (25) | 73 | 11,479 | 13,125 |
| Other expense | | | na | 0 | 0 |
| Interest expense | 2 | (4) | 75 | 5,079 | 4,905 |
| Profit before tax | (34) | (43) | 58 | 5,277 | 6,454 |
| Income tax | 179 | 40 | 56 | 686 | 839 |
| Equity & invest. income | na | na | 85 | (218) | (240) |
| Minority interests | na | na | 94 | (480) | (480) |
| Extraordinary items | 197 | 103 | na | 0 | 0 |
| Net profit | (55) | (65) | 57 | 3,893 | 4,895 |
| Normalized profit | (62) | (71) | 53 | 3,893 | 4,895 |
| EPS (Bt) | (55) | (65) | 57 | 0.98 | 1.23 |
| Normalized EPS (Bt) | (62) | (71) | 53 | 0.98 | 1.23 |

| Financial Ratios | | | | | |
|-------------------------|--------|--------|--------|-------|--------|
| (%) | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 |
| Sales growth | (9.3) | (13.5) | (15.5) | (5.4) | (1.6) |
| Operating profit growth | (24.6) | (20.5) | (16.4) | 17.4 | (23.2) |
| EBITDA growth | (20.0) | 20.5 | (8.2) | 46.3 | 0.2 |
| Norm profit growth | (40.9) | (43.7) | (15.6) | 117.7 | (70.8) |
| Norm EPS growth | (40.9) | (43.7) | (15.6) | 117.7 | (70.8) |
| Gross margin | 18.9 | 19.7 | 19.1 | 18.3 | 18.2 |
| Operating margin | 7.5 | 8.7 | 7.7 | 6.9 | 5.8 |
| EBITDA margin | 12.3 | 19.9 | 14.6 | 13.3 | 12.5 |
| Norm net margin | 2.9 | 4.0 | 2.9 | 2.3 | 0.9 |
| D/E (x) | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 |
| Net D/E (x) | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 |
| Interest coverage (x) | 3.2 | 5.4 | 3.8 | 3.6 | 3.4 |
| Interest rate | 3.4 | 3.3 | 3.3 | 3.3 | 3.3 |
| Effective tax rate | 10.8 | 12.3 | 9.8 | 6.3 | 26.6 |
| ROA | 1.3 | 1.7 | 1.2 | 1.0 | 0.4 |
| ROE | 3.6 | 4.9 | 3.3 | 2.8 | 1.1 |

Sources: Company data, Thanachart estimates

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