

Berli Jucker Pcl (BJC TB) - SELL, Price Bt33.00, TP Bt30.00**Results Comment**

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Flat 4Q21, missed us

- BJC reported 4Q21 net profit of Bt1.38bn, up slightly 2% y-y, missed our estimates by 18% on weaker performance of industrial supply chain business (-2% y-y, -23% q-q) while BIGC's net profit came in line (-12% y-y). Bottom line was supported by lower SG&A/sales from cost control and lean organization initiative and lower tax rate.
- For BJC's businesses, packaging (Bt586m net profit, up 2% y-y and 16% q-q), consumer (Bt235m, up 7% y-y but down 27% q-q on increasing raw material prices ie palm oil, coconut oil, pulp and lower margin from being distributor of Unicharm products to traditional trade) and healthcare (Bt132m, down 27% y-y and 67% q-q on weaker gross margin) altogether reported Bt953m profit, a decrease of 2% y-y and 23% q-q.
- BIGC had 4Q21 net profit of Bt1,107m, a strong turnaround q-q post lockdown but still down 12% y-y, dragged by falling rental income by 11% y-y to Bt2.1bn on declining occupancy rate to 87.3% (91.0% in 4Q20) and rent discount of 7% (5% in 4Q20). Gross margin on sales dropped by 10bp y-y to 17.5% on higher B2B sales mix of 11.3% (10.6% in 4Q20) but improved from 14.5% in 3Q21 on better sales mix after lockdown and private-label sales mix jumping to 14.8% (9.6% in 3Q21). Retail sales grew by 2% y-y to Bt24.0bn on flatish SSSG (-0.1%).
- 2021 net profit contracted by 10% y-y to Bt3,585m, 8% below our forecast. A key drag was BIGC which had an earnings decline by 38% y-y to Bt2,454m on -11% SSSG, falling gross margin by 60bp y-y to 15.7% and a 13% decrease in rental income.
- 2H21 DPS is Bt0.51/share, XD on Apr 28th and to be paid on May 19th.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	35,103	32,520	34,161	34,466	37,317	Revenue	8	6	96	138,465	164,256
Gross profit	6,931	6,221	6,264	6,273	7,259	Gross profit	16	5	94	26,017	31,105
SG&A	7,401	6,755	6,822	6,653	7,386	SG&A	11	(0)	95	27,616	32,872
Operating profit	3,058	2,503	2,360	2,010	3,046	Operating profit	52	(0)	96	9,919	11,242
EBITDA	6,998	4,750	4,541	4,312	5,357	EBITDA	24	(23)	96	18,960	21,207
Other income	3,528	3,037	2,918	2,389	3,173	Other income	33	(10)	100	11,518	13,125
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	1,286	1,254	1,258	1,283	1,299	Interest expense	1	1	100	5,094	4,905
Profit before tax	1,772	1,249	1,102	727	1,747	Profit before tax	140	(1)	91	4,825	6,454
Income tax	218	123	69	194	123	Income tax	(37)	(44)	74	508	839
Equity & invest. income	(9)	(54)	(22)	(108)	(3)	Equity & invest. income	na	na	86	(187)	(240)
Minority interests	(157)	(118)	(210)	(125)	(248)	Minority interests	na	na	146	(701)	(480)
Extraordinary items	(34)	59	22	66	9	Extraordinary items	(87)	na	na	157	0
Net profit	1,353	1,013	822	367	1,383	Net profit	277	2	92	3,585	4,895
Normalized profit	1,387	953	800	301	1,374	Normalized profit	357	(1)	88	3,428	4,895
EPS (Bt)	0.34	0.25	0.21	0.09	0.35	EPS (Bt)	277	2	92	0.90	1.23
Normalized EPS (Bt)	0.35	0.24	0.20	0.08	0.34	Normalized EPS (Bt)	357	(1)	88	0.86	1.23

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	3,045	2,414	3,074	3,724	4,398	Sales growth	(13.5)	(15.5)	(5.4)	(1.6)	6.3
A/C receivable	13,056	15,355	16,021	15,845	15,242	Operating profit growth	(20.5)	(16.4)	17.4	(23.2)	(0.4)
Inventory	19,359	19,838	18,953	20,184	21,166	EBITDA growth	20.5	(8.2)	46.3	0.2	(23.4)
Other current assets	2,248	471	535	778	3,159	Norm profit growth	(43.7)	(15.6)	117.7	(70.8)	(0.9)
Investment	2,786	2,779	2,823	2,763	2,827	Norm EPS growth	(43.7)	(15.6)	117.7	(70.8)	(0.9)
Fixed assets	65,266	64,456	63,623	63,530	62,202	Gross margin	19.7	19.1	18.3	18.2	19.5
Other assets	220,398	219,663	219,246	218,875	220,188	Operating margin	8.7	7.7	6.9	5.8	8.2
Total assets	326,157	324,976	324,274	325,699	329,183	EBITDA margin	19.9	14.6	13.3	12.5	14.4
S-T debt	36,166	25,515	31,223	21,074	23,897	Norm net margin	4.0	2.9	2.3	0.9	3.7
A/C payable	27,508	26,710	27,864	27,375	30,516	D/E (x)	1.3	1.3	1.3	1.3	1.3
Other current liabilities	1,689	1,805	1,527	1,370	1,509	Net D/E (x)	1.3	1.3	1.3	1.3	1.3
L-T debt	118,109	127,165	121,370	133,478	128,556	Interest coverage (x)	5.4	3.8	3.6	3.4	4.1
Other liabilities	23,148	22,973	22,783	22,803	23,498	Interest rate	3.3	3.3	3.3	3.3	3.4
Minority interest	4,859	4,911	5,092	5,108	5,331	Effective tax rate	12.3	9.8	6.3	26.6	7.0
Shareholders' equity	114,677	115,897	114,416	114,491	115,875	ROA	1.7	1.2	1.0	0.4	1.7
Working capital	4,907	8,483	7,110	8,654	5,892	ROE	4.9	3.3	2.8	1.1	4.8
Total debt	154,275	152,680	152,594	154,552	152,453						
Net debt	151,230	150,266	149,519	150,828	148,054						

Sources: Company data, Thanachart estimates

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