

**Berli Jucker Pcl (BJC TB) - SELL, Price Bt34.50, TP Bt30.00****Results Comment**

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**3Q22 recovery, but 15% miss**

- BJC reported 3Q22 net profit of Bt932m, recovered strongly by 154% y-y from lockdown in 3Q21 but fell 23% q-q, 15% below consensus.
- Key drags were falling profit of industrial supply chain businesses (lower gross margin of all supply chains; packaging, consumer, healthcare) and lower-than-expected BIGC profit on negative SSSG and higher SG&A.
- For BJC's businesses, packaging (Bt395m net profit, fell 22% y-y, 16.5% GP vs 24.0% in 3Q21 on higher natural gas, soda ash, aluminum cost), consumer (Bt206m, fell 36% y-y, 15.9% GP vs 16.6% in 3Q21 on higher raw material and packaging material prices) and healthcare (Bt277m, fell 31% y-y) altogether reported Bt878m profit, down 29% y-y and 11% q-q.
- BIGC had 3Q22 net profit of Bt675m, up 555% y-y from Bt103m but down 26% q-q from Bt917m. Despite low sales base from lockdown in 3Q21, retail sales rose by only 2% to Bt23.1bn from new stores while SSSG was disappointing at -2.4% (vs our 4% estimates). Key drivers y-y were higher gross margin on sales to 16.9% from a four-year low of 14.5% in 3Q21 on rising private-label sales mix to 15.2% (9.6% in 3Q21) and growing rental income by 58% y-y and 1% q-q to Bt2,280m with average occupancy rate of 87.9% and rent discount of below 2%.
- 9M22 net profit accounted for 66% of our 2022F.
- We see earnings downside to our projection, reaffirm SELL to Bt30 TP.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	34,466	37,317	36,232	38,103	36,874	Revenue	(3)	7	75	149,225	160,238
<b>Gross profit</b>	<b>6,273</b>	<b>7,259</b>	<b>6,746</b>	<b>6,870</b>	<b>6,644</b>	<b>Gross profit</b>	<b>(3)</b>	<b>6</b>	<b>72</b>	<b>27,995</b>	<b>30,097</b>
SG&A	6,653	7,386	7,198	7,350	7,591	SG&A	3	14	75	29,522	32,902
Operating profit	2,010	3,046	2,740	2,761	2,421	Operating profit	(12)	20	69	11,536	11,707
<b>EBITDA</b>	<b>4,312</b>	<b>5,357</b>	<b>4,952</b>	<b>5,018</b>	<b>4,698</b>	<b>EBITDA</b>	<b>(6)</b>	<b>9</b>	<b>68</b>	<b>21,589</b>	<b>22,438</b>
Other income	2,389	3,173	3,193	3,241	3,367	Other income	4	41	75	13,109	14,563
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	1,283	1,299	1,188	1,162	1,179	Interest expense	1	(8)	73	4,822	4,673
<b>Profit before tax</b>	<b>727</b>	<b>1,747</b>	<b>1,552</b>	<b>1,599</b>	<b>1,241</b>	<b>Profit before tax</b>	<b>(22)</b>	<b>71</b>	<b>65</b>	<b>6,759</b>	<b>7,085</b>
Income tax	194	123	137	153	131	Income tax	(14)	(32)	48	879	921
Equity & invest. income	(108)	(3)	41	(28)	(34)	Equity & invest. income	na	na	12	(169)	(152)
Minority interests	(125)	(248)	(208)	(261)	(186)	Minority interests	na	na	109	(600)	(550)
Extraordinary items	66	9	(3)	46	42	Extraordinary items	(8)	(37)	na	0	0
<b>Net profit</b>	<b>367</b>	<b>1,383</b>	<b>1,246</b>	<b>1,203</b>	<b>932</b>	<b>Net profit</b>	<b>(23)</b>	<b>154</b>	<b>66</b>	<b>5,112</b>	<b>5,462</b>
<b>Normalized profit</b>	<b>301</b>	<b>1,374</b>	<b>1,249</b>	<b>1,157</b>	<b>890</b>	<b>Normalized profit</b>	<b>(23)</b>	<b>196</b>	<b>64</b>	<b>5,112</b>	<b>5,462</b>
EPS (Bt)	0.09	0.35	0.31	0.30	0.23	EPS (Bt)	(23)	154	66	1.28	1.37
Normalized EPS (Bt)	0.08	0.34	0.31	0.29	0.22	Normalized EPS (Bt)	(23)	196	64	1.28	1.37

  

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	3,724	4,398	3,592	4,737	4,138	Sales growth	(1.6)	6.3	11.4	11.5	7.0
A/C receivable	15,845	15,242	15,568	16,101	15,676	Operating profit growth	(23.2)	(0.4)	9.5	17.0	20.4
Inventory	20,184	21,166	20,806	21,244	22,587	EBITDA growth	0.2	(23.4)	4.2	10.5	8.9
Other current assets	778	3,159	3,235	3,360	3,278	Norm profit growth	(70.8)	(0.9)	31.0	44.7	196.1
Investment	2,763	2,827	2,872	3,030	3,064	Norm EPS growth	(70.8)	(0.9)	31.0	44.7	196.1
Fixed assets	63,530	62,202	62,137	61,984	61,656	Gross margin	18.2	19.5	18.6	18.0	18.0
Other assets	218,875	220,188	220,306	219,917	219,908	Operating margin	5.8	8.2	7.6	7.2	6.6
<b>Total assets</b>	<b>325,699</b>	<b>329,183</b>	<b>328,516</b>	<b>330,372</b>	<b>330,306</b>	EBITDA margin	12.5	14.4	13.7	13.2	12.7
S-T debt	21,074	23,897	43,275	37,830	36,744	Norm net margin	0.9	3.7	3.4	3.0	2.4
A/C payable	27,375	30,516	29,038	30,839	30,215	D/E (x)	1.3	1.3	1.2	1.2	1.2
Other current liabilities	1,370	1,509	1,638	1,544	1,539	Net D/E (x)	1.3	1.2	1.2	1.2	1.2
L-T debt	133,478	128,556	107,839	113,391	114,396	Interest coverage (x)	3.4	4.1	4.2	4.3	4.0
Other liabilities	22,803	23,498	24,063	24,154	24,124	Interest rate	3.3	3.4	3.1	3.1	3.1
Minority interest	5,108	5,331	5,412	5,688	5,909	Effective tax rate	26.6	7.0	8.8	9.6	10.5
<b>Shareholders' equity</b>	<b>114,491</b>	<b>115,875</b>	<b>117,251</b>	<b>116,927</b>	<b>117,378</b>	ROA	0.4	1.7	1.5	1.4	1.1
Working capital	8,654	5,892	7,336	6,506	8,047	ROE	1.1	4.8	4.3	4.0	3.0
Total debt	154,552	152,453	151,113	151,221	151,140						
<b>Net debt</b>	<b>150,828</b>	<b>148,054</b>	<b>147,522</b>	<b>146,484</b>	<b>147,002</b>						

Sources: Company data, Thanachart estimates

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