

Berli Jucker Pcl (BJC TB) - SELL, Price Bt35.00, TP Bt30.00**Results Comment**

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Flat 2Q23 results, in line

- BJC reported 2Q23 net profit of Bt1.2bn, quite stable y-y and q-q, in line.
- While BJC's industrial supply chain businesses had falling profit by 7% y-y and 3% q-q to Bt924m, BIGC showed a 15% y-y and 12% q-q net profit growth to Bt1,009m.
- For BJC's businesses in 2Q23, packaging, consumer and healthcare businesses altogether reported Bt924m profit. Key drag was from packaging business with declining net profit by 29% y-y and 17% q-q to Bt397m on glass packaging's lower gross margin from higher raw materials and utility cost and falling sales of Aluminum can by 8% y-y. Consumer business posted a 42% profit growth y-y to Bt281m driven by higher gross margin despite 3% sales drop. Healthcare and technical business had a 4% profit growth to Bt246m, in line with sales growth.
- BIGC posted 2Q23 net profit of Bt1,009m. Retail sales grew by 5% y-y to Bt26.2bn on a 4.8% SSSG. Rental income grew by 6% y-y and 2% q-q on new space addition and lower rent discount to 0.3% vs 2.1% in 2Q22 while average occupancy rate reduced to 86.3% (87.7% in 2Q22). Gross margin on sales rose by 130bp y-y to 17.7% (down 50bp q-q) to 18.2% on lower B2B sales mix to 10.0% (10.7% in 2Q22) and rising private-label sales to 12.0% vs 11.5% in 2Q22.
- 1H23 net profit accounted for 48% of our full-year forecast. We maintain our earnings projection and SELL rating on its limited growth outlook.
- 1H23 DPS is Bt0.15/share, XD on Aug 24th with payment date on Sep 8th 2023.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23
Revenue	38,103	36,874	39,129	37,520	39,402
Gross profit	6,870	6,644	7,370	7,269	7,453
SG&A	7,350	7,591	7,736	7,716	7,866
Operating profit	2,761	2,421	3,044	2,792	2,962
EBITDA	5,010	4,698	5,308	4,978	5,153
Other income	3,241	3,367	3,410	3,239	3,375
Other expense	0	0	0	0	0
Interest expense	1,162	1,179	1,216	1,239	1,294
Profit before tax	1,599	1,241	1,828	1,553	1,668
Income tax	153	131	15	131	202
Equity & invest. income	(28)	(34)	6	(25)	(92)
Minority interests	(261)	(186)	(146)	(188)	(215)
Extraordinary items	46	42	(44)	45	51
Net profit	1,203	932	1,629	1,254	1,210
Normalized profit	1,157	890	1,673	1,209	1,159
EPS (Bt)	0.30	0.23	0.41	0.31	0.30
Normalized EPS (Bt)	0.29	0.22	0.42	0.30	0.29

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	2Q22	3Q22	4Q22	1Q23	2Q23
Cash & ST investment	4,737	4,138	4,162	3,139	5,033
A/C receivable	16,101	15,676	16,482	16,400	16,577
Inventory	21,244	22,587	24,388	22,934	22,170
Other current assets	3,360	3,278	3,094	2,638	2,682
Investment	3,030	3,064	2,968	2,932	2,886
Fixed assets	61,984	61,656	61,010	61,204	62,136
Other assets	219,917	219,908	223,942	223,714	223,541
Total assets	330,372	330,306	336,045	332,961	335,024
S-T debt	37,830	36,744	27,103	26,228	34,584
A/C payable	30,839	30,215	33,506	29,797	31,557
Other current liabilities	1,544	1,539	1,860	2,054	2,071
L-T debt	113,391	114,396	122,268	122,746	115,478
Other liabilities	24,154	24,124	27,159	26,942	27,016
Minority interest	5,688	5,909	5,857	5,769	6,085
Shareholders' equity	116,927	117,378	118,291	119,424	118,233
Working capital	6,506	8,047	7,364	9,537	7,189
Total debt	151,221	151,140	149,371	148,974	150,063
Net debt	146,484	147,002	145,209	145,835	145,030

Sources: Company data, Thanachart estimates

Income Statement 6M as					
(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	5	3	48	160,915	169,572
Gross profit	3	8	48	30,465	32,156
SG&A	2	7	48	32,634	34,240
Operating profit	6	7	49	11,671	11,862
EBITDA	4	3	46	22,083	22,957
Other income	4	4	48	13,883	13,997
Other expense			na	0	0
Interest expense	4	11	50	5,070	4,581
Profit before tax	7	4	48	6,644	7,332
Income tax	55	32	39	864	953
Equity & invest. income	na	na	866	(14)	(12)
Minority interests	na	na	67	(600)	(550)
Extraordinary items	12	11	na	0	0
Net profit	(4)	1	48	5,167	5,817
Normalized profit	(4)	0	46	5,167	5,817
EPS (Bt)	(4)	1	48	1.29	1.46
Normalized EPS (Bt)	(4)	0	46	1.29	1.46

Financial Ratios					
(%)	2Q22	3Q22	4Q22	1Q23	2Q23
Sales growth	11.5	7.0	4.9	3.6	3.4
Operating profit growth	17.0	20.4	0.7	2.0	7.3
EBITDA growth	10.3	8.9	(1.1)	0.4	2.8
Norm profit growth	44.7	196.1	21.8	(3.2)	0.1
Norm EPS growth	44.7	196.1	21.8	(3.2)	0.1
Gross margin	18.0	18.0	18.8	19.4	18.9
Operating margin	7.2	6.6	7.8	7.4	7.5
EBITDA margin	13.1	12.7	13.6	13.3	13.1
Norm net margin	3.0	2.4	4.3	3.2	2.9
D/E (x)	1.2	1.2	1.2	1.2	1.2
Net D/E (x)	1.2	1.2	1.2	1.2	1.2
Interest coverage (x)	4.3	4.0	4.4	4.0	4.0
Interest rate	3.1	3.1	3.2	3.3	3.5
Effective tax rate	9.6	10.5	0.8	8.4	12.1
ROA	1.4	1.1	2.0	1.4	1.4
ROE	4.0	3.0	5.7	4.1	3.9

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