Berli Jucker (BJC TB)

More Bullish On Growth Outlook With Attractive Valuation

Analyst(s)

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Highlights

- The tone during its analyst meeting was positive. Management is confident in packaging sales momentum during 2H26, underpinned by very strong demand.
- Modern retail is gaining momentum as Big C's qtd SSSG has improved to flat yoy, while MMVN's July SSSG was 11-12% yoy.
- Maintain BUY with a target price of Bt18.00.

Analysis

- **We came away from the analyst meeting with a more positive view on BJC.**
- **Management remains confident in packaging sales momentum during 2H26**, underpinned by healthy demand from both beverage and alcohol customers. Growth should come from both domestic and third-party customers. We see limited downside risk to margins as soda ash costs are largely locked in, while natural gas prices have already peaked and are now declining. Selling prices also remain stable. Although there are early signs that some industry players may consider restarting furnaces, we expect this to take time given the significant costs involved.
- **Modern retail is gaining momentum.** Big C's qtd SSSG improved to flat yoy, from low single-digit declines in July, with SSSG turning strongly positive in the first half of August. The recovery was driven by assortment optimisation, higher direct sourcing, stronger e-commerce sales, and robust growth in Donjai stores. The Big Format renovation programme has also generated a positive sales uplift. Around 44% of stores have been renovated over the past three years, with the remaining stores to be gradually renovated. The new Mini Big C format has received a positive response, with management targeting 120 new-format stores (300 sqm each) and 30 smaller-format stores by end-27. Meanwhile, MM Vietnam (MMVN) continued to deliver strong momentum, with July SSSG at 11–12% yoy. However, SG&A is also expected to remain high mainly due to higher staff costs following store closures and employee relocations, with improvement expected in 4Q26.
- **SG&A may remain high.** The key challenges are softer gross margins in the consumer business and elevated SG&A. Demand remains healthy, supported by new product launches that have helped BJC gain market share, although higher packaging costs remain a headwind. We expect the consumer business earnings to continue slowing.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	170,814	166,542	181,170	188,519	190,214
EBITDA	22,292	21,005	22,820	23,342	23,703
Operating profit	12,904	11,795	12,704	13,165	13,458
Net profit (rep./act.)	4,001	4,011	4,674	5,075	5,306
Net profit (adj.)	4,771	4,373	4,674	5,075	5,306
EPS	1.0	1.0	1.2	1.3	1.3
PE (x)	13.3	14.5	13.5	12.5	11.9
P/B (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	10.1	10.7	9.7	9.4	9.2
Dividend yield (%)	4.5	3.2	3.8	4.1	4.3
Net margin (%)	2.3	2.4	2.6	2.7	2.8
Net debt/(cash) to equity(%)	129.9	129.6	123.0	117.2	112.5
Interest cover (x)	4.0	3.9	4.2	4.3	4.4
ROE (%)	3.2	3.2	3.6	3.8	3.9
Consensus net profit	n.a.	n.a.	4,635	4,770	5,146
UOBKH/Consensus (x)	n.a.	n.a.	1.0	1.1	1.0

Source: Berli Jucker, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt15.80
Target Price	Bt18.00
Upside	13.92%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	BJC TB
Shares issued (m)	4,007.8
Market cap (Btm)	61,319.3
Market cap (US$m)	1,819.5
3-mth avg daily t'over (US$m)	2.4

Price Performance (%)

52-week high/low				Bt21.0/Bt13.3
1mth	3mth	6mth	1yr	YTD
8.5	4.1	7.8	(22.7)	6.2

Major Shareholders (%)

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

Balance Sheet Metrics

FY26 NAV/Share (Bt)	n.a
FY26 Net Debt/Share (Bt)	n.a

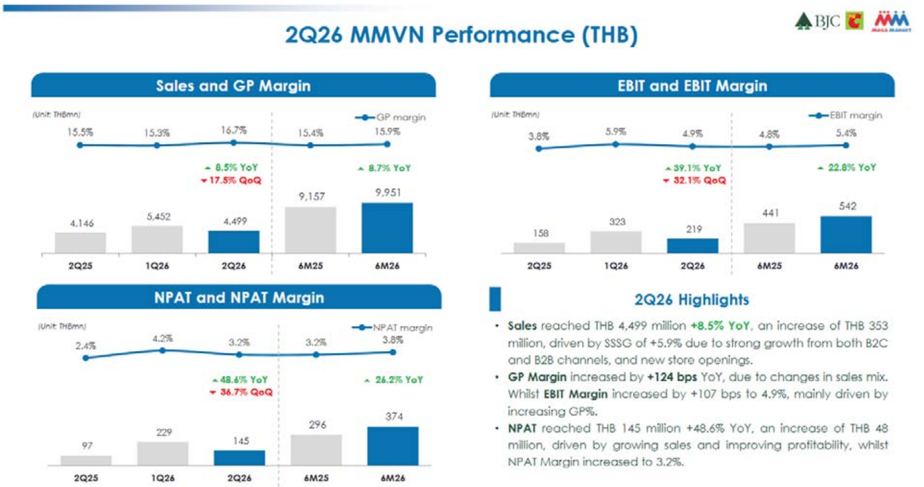
Price Chart

Source: Bloomberg

Company Description

Berli Jucker Pcl (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.

MMVN to Become the New Growth Driver



Source: Berli Jucker, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of Bt18.00**. We peg our target price to a 2026F PE of 15x, equivalent to -2SD to BJC's and -1.5SD to peers' five-year averages. Overall, we place greater weight on the improving operations of the packaging and modern retail businesses. BJC is entering a phase of earnings recovery, driven by the Packaging business and the initial contribution from MMVN.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalysts

- Strong MMVN growth outlook; packaging businesses entering the recovery phase.

Environment 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.

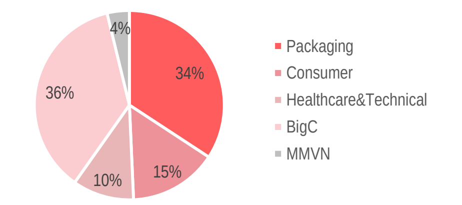
Social

- 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

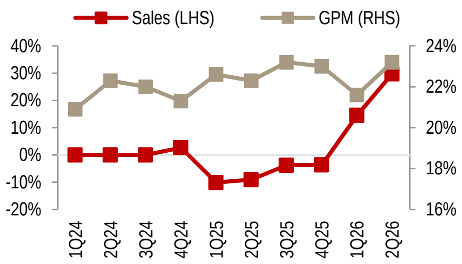
- BJC is committed to operating its business in accordance with good corporate governance policy and management excellence. BJC received the "Excellent" rating on good corporate governance from the Thai Institute of Directors.

Estimated 2026 EBIT Contribution Before Intercompany Transactions



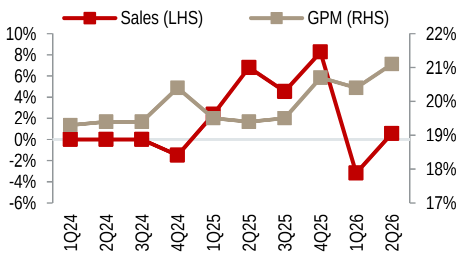
Source: Berli Jucker, UOB Kay Hian

Packaging Supply Chain



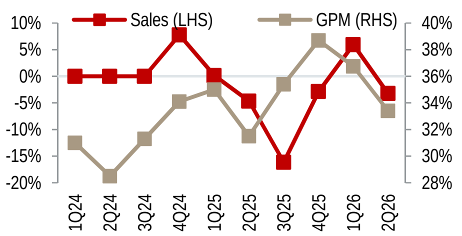
Source: Berli Jucker, UOB Kay Hian

Consumer Supply Chain



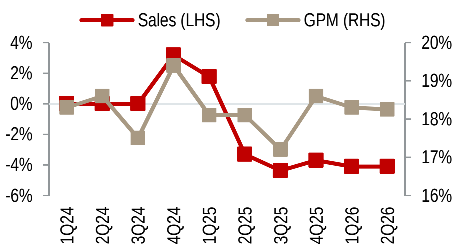
Source: Berli Jucker, UOB Kay Hian

Healthcare And Technical Supply Chain



Source: Berli Jucker, UOB Kay Hian

Big C



Source: Berli Jucker, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	166,542	181,170	188,519	190,214
EBITDA	21,005	22,820	23,342	23,703
Deprec. & amort.	9,209	10,116	10,177	10,245
EBIT	11,795	12,704	13,165	13,458
Total other non-operating income	-	-	-	-
Associate contributions	100	130	136	143
Net interest income/(expense)	(5,345)	(5,431)	(5,431)	(5,431)
Pre-tax profit	6,440	7,403	7,870	8,171
Tax	(1,527)	(1,600)	(1,702)	(1,766)
Minorities	(903)	(1,128)	(1,094)	(1,099)
Net profit	4,011	4,674	5,075	5,306
Net profit (adj.)	4,373	4,674	5,075	5,306

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	285,312	285,269	285,455	285,960
Other LT assets	2,492	2,981	3,066	3,036
Cash/ST investment	4,133	27,156	31,094	34,035
Other current assets	39,944	43,827	45,701	46,112
Total assets	334,491	361,895	368,031	371,914
ST debt	34,544	23,540	23,540	23,540
Other current liabilities	58,718	50,867	52,473	52,853
LT debt	125,478	154,856	154,856	154,856
Other LT liabilities	11,710	13,827	14,571	14,256
Shareholders' equity	126,616	130,375	134,162	137,980
Minority interest	6,292	7,420	8,514	9,612
Total liabilities & equity	334,490	361,894	368,031	371,914

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	19,959	18,400	19,288	19,829
Pre-tax profit	6,440	7,403	7,870	8,171
Tax	(1,527)	(1,600)	(1,702)	(1,766)
Deprec. & amort.	9,209	10,116	10,177	10,245
Working capital changes	1,138	(597)	(301)	(66)
Non-cash items	1,487	(132)	33	36
Other operating cashflows	3,210	3,210	3,210	3,210
Investing	(8,905)	(11,707)	(12,968)	(14,301)
Capex (growth)	(10,137)	(10,073)	(10,362)	(10,749)
Investments	21	(52)	(54)	(57)
Others	1,210	(1,582)	(2,552)	(3,495)
Financing	(11,738)	16,330	(2,382)	(2,586)
Dividend payments	(3,444)	(2,044)	(2,382)	(2,586)
Issue of shares	-	-	-	-
Proceeds from borrowings	(1,007)	18,374	-	-
Others/interest paid	(7,287)	-	-	-
Net cash inflow (outflow)	(684)	23,022	3,938	2,941
Beginning cash & cash equivalent	5,144	4,133	27,156	31,094
Ending cash & cash equivalent	4,460	27,156	31,094	34,035

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	12.6	12.6	12.4	12.5
Pre-tax margin	3.9	4.1	4.2	4.3
Net margin	2.4	2.6	2.7	2.8
Growth				
Net profit (adj.)	0.2	16.5	8.6	4.5
Leverage				
Debt to total capital	126.4	136.8	133.0	129.3
Debt to equity	133.0	145.1	142.0	139.0
Net debt/(cash) to equity	129.6	123.0	117.2	112.5
Interest cover	3.9	4.2	4.3	4.4