Berli Jucker (BJC TB)

2Q26 Results Preview: Earnings Uptrend Begins

Highlights

- 2Q26 core profit is expected to increase 13% yoy, driven by sales growth and margin expansion, marking the first positive yoy growth in the past five quarters since 4Q24.
- Stronger packaging volume sales and the consolidation of MMVN are key earnings drivers, driving an earnings growth in 2026.
- Upgrade to BUY with higher target price of Bt18.00 (from Bt15.50).

2Q26 Earnings forecast

Year to 31 Dec (Btm)	2Q25 (Restate)	2Q26F	yoy(%)	2025	2026F	yoy(%)
Sales and services	42,600	43,452	2.0	154,020	168,603	9.5
Gross profit	8,400	8,742	4.1	31,448	34,667	10.2
SG&A	(8,520)	(8,786)	3.1	32,174	34,529	7.3
Other income -core	3,260	3,293	1.0	12,603	12,649	0.4
Interest expense	(1,374)	(1,401)	2.0	5,427	5,512	1.6
Extraordinary items	(99)	1,600	N.A.	(362)	0	N.A.
Core profit	1,089	1,229	12.9	4,373	4,675	6.9
Net profit	990	2,829	185.8	4,011	4,675	16.5
Percent	2Q25	2Q26F	(ppts)	2025	2026F	(ppts)
Gross margin	19.7	20.1	0.40	20.6	20.4	(0.14)
SG&A to sales	20.0	20.2	0.22	20.5	20.9	0.41
Core profit margin	2.6	2.8	0.27	2.8	2.8	0.07

Source: Berli Jucker, UOB Kay Hian

Analysis

- **Start of an earnings uptrend.** We expect Berli Jucker (BJC) to report 2Q26 core profit of Bt1.23b, up 13% yoy and 4% qoq, marking the first positive yoy growth in the past five quarters since 4Q24 . Growth will be driven by 2% yoy sales growth, 40bp gross margin expansion, higher other income and a lower effective tax rate of 17% (vs 22% in 2Q25), but partly offset by higher-than-expected SG&A. A Bt1.6b gain from asset sales should lift 2Q26 net profit to Bt2.8b.
- **Packaging business riding the upcycle.** We expect packaging sales, which contribute 36% of EBIT, to grow 30% yoy in 2Q26, driven by: a) 15% yoy growth in Thailand glass sales, supported by higher volumes and selling prices as BJC gains market share from key competitors and operates at full capacity; b) stronger can sales, supported by market-share gains at key customers; and c) a full quarter's contribution from the international glass business. Higher sales volumes should support gross margin expansion through economies of scale. The outlook for 2H26 remains positive, supported by strong orders from existing and new customers, while Nestlé's capacity expansion should directly benefit BJC, as the latter is its top supplier.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	170,814	166,542	181,170	188,520	190,215
EBITDA	22,292	21,005	22,820	23,342	23,704
Operating profit	12,904	11,795	12,704	13,166	13,459
Net profit (rep./act.)	4,001	4,011	4,675	5,075	5,306
Net profit (adj.)	4,771	4,373	4,675	5,075	5,306
EPS	1.0	1.0	1.2	1.3	1.3
PE (x)	12.9	14.0	13.1	12.1	11.6
P/B (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	10.0	10.6	9.6	9.3	9.1
Dividend yield (%)	4.6	3.3	3.9	4.2	4.4
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.	4,497	4,829	5,182
UOBKH/Consensus (x)	n.a.	n.a.	1.0	1.1	1.0

Source: Berli Jucker, Bloomberg, UOB Kay Hian

BUY (Upgraded)	
Share Price	Bt15.30
Target Price	Bt18.00
Upside	17.65%
Previous TP	Bt15.50

Analyst(s)
Tanapon Cholkadidamrongkul
Tanapon.c@uobkh.co.th
662 090 3359

Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	BJC TB
Shares issued (m):	4,007.8
Market cap (Bt$m):	55,708.4
Market cap (US$m):	1,701.4
3-mth avg daily t'over (US$m):	4.7

Price Performance (%)

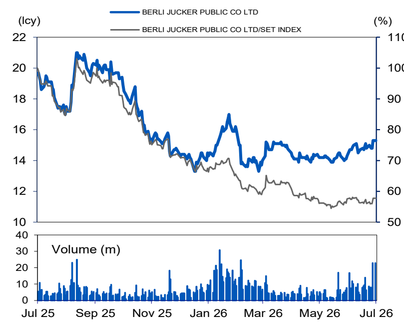
52-week high/low				Bt24.4/Bt13.3
1mth	3mth	6mth	1yr	YTD
(5.4)	(7.3)	(21.5)	(41.6)	(3.5)

Major Shareholders	**%**
TCC Corporation	45.68
TCC Holding (1995)	29.32
RAFFLES NOMINEES (PTE) LIMITED	4.07

Balance Sheet Metrics

FY26 NAV/Share (Bt)	30.36
FY26 Net Debt/Share (Bt)	4.07

Price Chart



Source: Bloomberg

Company Description

Berli Jucker 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 becomes a new earnings driver.** Modern retail (MSC) sales are expected to decline by 2% yoy in 2Q26. This is mainly due to a 4% decline in Big C sales, which contribute 36% of EBIT, pressured by negative SSSG of 2.5% yoy and store closures, partly offset by better gross margins. On the positive side, BJC began consolidating Mega Market Vietnam (MMVN), a pure-play cash-and-carry retailer in Vietnam, from 15 May. MMVN's 2Q26 performance is expected to be strong, with sales increasing 10% yoy, driven by positive SSSG and one new store opening, alongside better gross margins. We expect MMVN, with an expected EBIT contribution of 4% in 2026 and 6% in 2027, to become a new earnings driver.
- **CSC and HTSC outperform expectations.** The healthcare and technical business (HTSC), which contributes 10% of EBIT, is expected to see 2Q26 sales decline 4% yoy due to weaker medical equipment sales, while gross margin should expand by 200bp. The consumer business (CSC), which contributes 15% of EBIT, is expected to record 0.5% yoy sales growth, driven by a 6% yoy growth in food and non-food, offsetting weaker sales from the low-margin Thailand logistics business following its restructuring into a JV with DHL. Cost savings should also offset higher packaging costs, while the 2H26 outlook remains positive, supported by the co-payment scheme.

Valuation/Recommendation

- **Upgrade to BUY with a target price of Bt18.00 (from Bt15.50).** Following a 7% upward revision to our earnings forecasts, we continue to peg our target price to a 2026F PE of 15x, equivalent to -2SD to BJC's and -1.5SD to peers' five-year averages. BJC's earnings are expected to turn positive in 2Q26 and continue growing in 2H26 after five consecutive quarters of negative yoy growth, driven by the strong packaging business and MMVN contribution.

Earnings Revision/Risk

- **Revise up earnings.** We revise up our 2026-27 earnings forecasts by 7% and 14%, respectively, to reflect: a) MMVN consolidation, b) higher packaging sales volumes, c) higher gross margins, and d) higher SG&A.

Share Price Catalyst

- **Catalysts:** The MM Mega market acquisition, strong packaging earnings.

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.

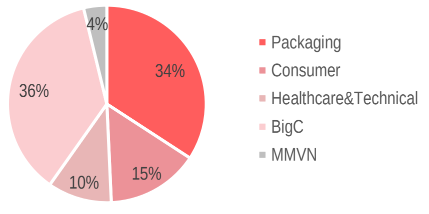
Social

- 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

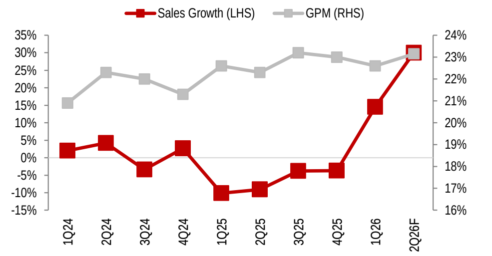
- BJC is committed to operating its business in accordance with good corporate governance policy and management excellence. BJC received the "Excellent" rating on good corporate governance from the Thai Institute of Directors.

Estimated 2026 EBIT Contribution Before Intercompany Transactions



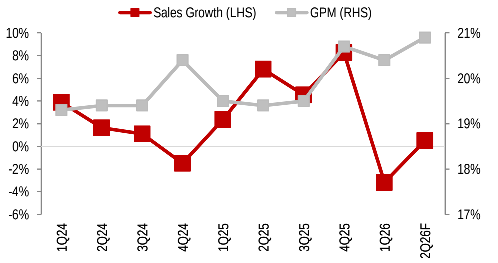
Source: BJC, UOB Kay Hian

Packaging Supply Chain



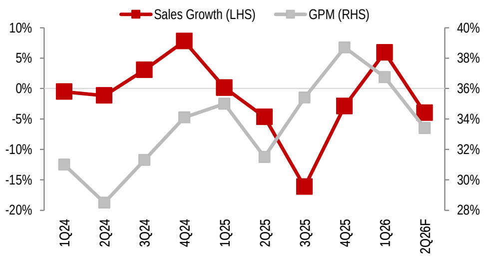
Source: BJC, UOB Kay Hian

Consumer Supply Chain



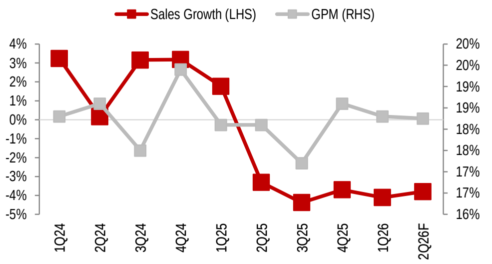
Source: BJC, UOB Kay Hian

Healthcare & Technical Supply Chain



Source: BJC, UOB Kay Hian

Modern Retail Supply Chain



Source: BJC, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	166,542	181,170	188,520	190,215
EBITDA	21,005	22,820	23,342	23,704
Deprec. & amort.	9,209	10,116	10,177	10,245
EBIT	11,795	12,704	13,166	13,459
Total other non-operating income	0	0	0	0
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	7,871	8,171
Tax	(1,527)	(1,600)	(1,702)	(1,766)
Minorities	(903)	(1,128)	(1,094)	(1,099)
Net profit	4,011	4,675	5,075	5,306
Net profit (adj.)	4,373	4,675	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	34,036
Other current assets	39,944	43,827	45,701	46,112
Total assets	334,491	361,895	368,032	371,915
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	137,981
Minority interest	6,292	7,420	8,514	9,612
Total liabilities & equity	334,490	361,895	368,031	371,915

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	7,871	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)	23,023	3,938	2,942
Beginning cash & cash equivalent	5,144	4,133	27,156	31,094
Ending cash & cash equivalent	4,460	27,156	31,094	34,036

Key Metrics

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