Berli Jucker (BJC TB)

Strongly Positive Takeaways from Analyst Meeting

Highlights

- We attended BJC's analyst meeting on 18 November and came away with a more bullish view.
- Management expects the business restructuring to generate Bt1.3b in cost savings.
- If the company achieves its cost-saving target as guided, 2027 earnings could be 11% above our forecast, implying a Bt2.60 upside to our target price.
- Maintain BUY with a target price of Bt24.50, based on 2027F PE of 17x.

Analysis

- **Restructuring to generate over Bt1b in annual savings.** Management indicated that the business restructuring is expected to generate more than Bt1.3b in cost savings, which will provide meaningful support to its 2027 earnings growth.
  - **Workforce restructuring.** Berli Jucker (BJC) restructured its workforce during 2H26, resulting in one-off severance expenses after tax of Bt98m in 3Q26 and Bt176m in 4Q26. However, the restructuring is expected to generate significant cost savings going forward. Management targets annual cost savings of around Bt1.37b before tax, comprising Bt500m from head office operations and Bt800m from store employees. After tax, the savings are estimated at Bt1.1b, equivalent to 23% of our 2026 net profit forecast. We view this as a key earnings growth driver from 2027 onwards.
  - **Closure of loss-making stores to improve profitability.** BJC plans to close 12 loss-making large-format stores, of which eight have already been closed. The closures are expected to generate EBITDA savings of around Bt170m. Management also plans to review its store portfolio and consider further closures of underperforming stores to improve overall profitability. The company expects to book the gain from asset disposals of Bt900m–1,000m from the sale of non-performing assets.
- **The recovery of Big C.** Big C's qtd SSSG stands at 3-4% yoy (up 1–2% yoy in Oct 26 and +5% in Nov 26), driven by fresh food, dry food and homeline categories. Meanwhile, managements target annual gross margin improvement of 15–20bps in the longer term. Key initiatives include better promotional management, increasing direct sourcing to improve purchasing costs and reducing obsolete inventory. These initiatives should help improve sales mix and inventory efficiency, supporting a gradual gross margin improvement over the medium term.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	170,814	166,542	195,807	196,127	200,836
EBITDA	22,292	21,005	25,837	23,546	\23,777
Operating profit	12,904	11,795	15,995	13,652	\13,822
Net profit (rep./act.)	4,001	4,011	7,170	5,763	5,898
Net profit (adj.)	4,771	4,373	4,747	5,763	5,898
EPS	1.0	1.0	1.8	1.4	1.5
PE (x)	16.9	18.4	17.0	14.0	13.7
P/B (x)	0.7	0.7	0.6	0.6	0.6
EV/EBITDA (x)	10.9	11.6	9.2	10.0	9.8
Dividend yield (%)	3.5	2.5	4.5	3.6	3.7
Net margin (%)	2.3	2.4	3.7	2.9	2.9
Net debt/(cash) to equity(%)	129.9	129.6	118.5	114.4	109.8
Interest cover (x)	4.0	3.9	4.8	4.3	4.4
ROE (%)	3.2	3.2	5.5	4.3	4.3
Consensus net profit	n.a.	n.a.	5,393	4,843	5,210
UOBKH/Consensus (x)	n.a.	n.a.	1.3	1.2	1.1

Source: Berli Jucker, Bloomberg, UOB Kay Hian

Analyst(s)

Tanapon Cholkadidamrongkul
Tanapon.c@uobkh.co.th
662 090 3359

BUY (Maintained)

Share Price	Bt20.30
Target Price	Bt24.50
Upside	20.69%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	BJC TB
Shares issued (m)	4,007.8
Market cap (Btm)	81,358.3
Market cap (US$m)	2,396.6
3-mth avg daily t'over (US$m)	5.9

Price Performance (%)

52-week high/low				Bt20.3/Bt13.3
1mth	3mth	6mth	1yr	YTD
12.8	21.6	46.0	22.3	41.0

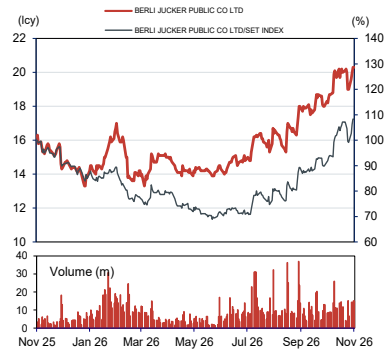
Major Shareholders (%)

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.

Essential

- **Positive long-term outlook.** We remain positive on Big C's structural improvement. Firstly, Big C's SSSG outlook should remain promising following the disposal of non-performing assets. Secondly, mall business occupancy has improved quarter by quarter since the major renovation. Thirdly, workforce restructuring is expected to generate significant opex savings. Meanwhile, MMVN's performance should remain strong, supported by store expansion, promising SSSG and new HoReCa clients. The depreciation of the Thai baht against the Vietnamese dong should also provide an accounting translation that is beneficial to MMVN's earnings. Overall, we are confident that there is limited downside risk to our 2027 earnings growth forecast of +21% yoy. We also expect BJC to deliver the strongest earnings growth among its retail peers in 2027.
- **2026 management targets.** Management targets 2026 revenue growth of 4-6% yoy, while consolidated gross margin is expected to remain flat. This reflects weaker gross margin from the non-retail business, which is expected to be offset by stronger gross margin from the modern retail business.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt24.50.** We peg our target price to a 2027F PE of 17x, equivalent to -1.0SD to peers' five-year averages.
- **Potential upside to our target price.** Our 2027 earnings forecast of Bt5.7b (+21% yoy) already incorporates only Bt500m in cost savings. If the company is able to achieve its cost-saving target of Bt1.3b as guided, 2027 earnings could increase to Bt6.3bn (+34% yoy), implying 11% upside to our earnings forecast and a Bt2.60/share upside to our target price.

Share Price Catalyst

- a) Disposal of non-performing assets, b) the recovery of Big C.

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

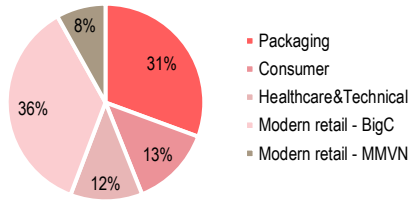
- BJC is committed to operating its business in accordance with good corporate governance policy and management excellence. BJC received the “Excellent” rating on good corporate governance from the Thai Institute of Directors.

Employee Restructuring

	Execution period	Annual saving (Btm)	P&L impact
BJC head office employees	3Q26	134	SG&A
BJC factory employees	3Q26	91	COGS
Big C head office employees	4Q26	370	SG&A
Big C store employees	4Q26	775	SG&A
Total		**1,370**	

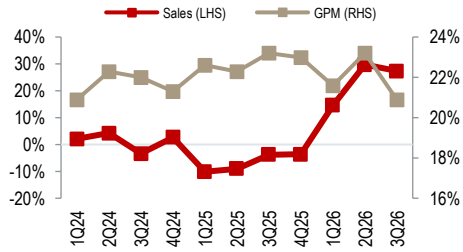
Source: Berli Jucker, UOB Kay Hian

Estimated 2026 EBIT Contribution Before Intercompany Transactions



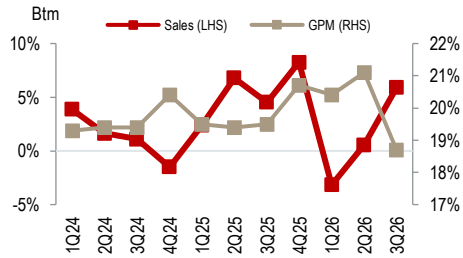
Source: UOB Kay Hian

Packaging Supply Chain



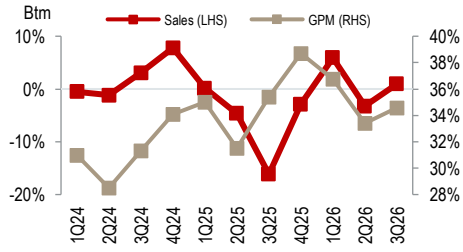
Source: UOB Kay Hian

Consumer Supply Chain



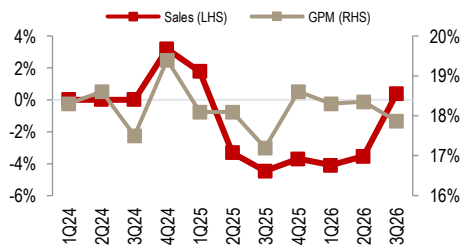
Source: UOB Kay Hian

Healthcare and Technical



Source: UOB Kay Hian

Big C



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**166,542**	**195,807**	**196,127**	**200,836**
EBITDA	21,005	25,837	23,546	23,777
Deprec. & amort.	9,209	9,841	9,894	9,954
EBIT	11,795	15,995	13,652	13,822
Total other non-operating income	-	-	-	-
Associate contributions	100	130	139	146
Net interest income/(expense)	(5,345)	(5,429)	(5,415)	(5,422)
Pre-tax profit	**6,440**	**10,696**	**8,375**	**8,546**
Tax	(1,527)	(2,219)	(1,812)	(1,848)
Minorities	(903)	(1,307)	(800)	(800)
Net profit	**4,011**	**7,170**	**5,763**	**5,898**
Net profit (adj.)	4,373	4,747	5,763	5,898

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	285,312	285,544	286,012	286,807
Other LT assets	2,492	3,168	3,194	3,208
Cash/ST investment	4,133	29,752	32,478	35,103
Other current assets	39,944	46,576	47,606	48,724
Total assets	**334,491**	**367,701**	**372,006**	**376,616**
ST debt	34,544	23,540	23,540	23,540
Other current liabilities	58,718	53,132	54,044	55,007
LT debt	125,478	154,856	154,856	154,856
Other LT liabilities	11,710	14,695	15,178	15,064
Shareholders' equity	126,616	133,049	135,959	139,720
Minority interest	6,292	7,599	8,399	9,199
Total liabilities & equity	**334,490**	**367,701**	**372,006**	**376,616**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**19,959**	**20,316**	**19,550**	**19,708**
Pre-tax profit	6,440	10,696	8,375	8,546
Tax	(1,527)	(2,219)	(1,812)	(1,848)
Deprec. & amort.	9,209	9,841	9,894	9,954
Working capital changes	1,138	(1,030)	(168)	(178)
Non-cash items	1,487	(183)	50	24
Other operating cashflows	3,210	3,210	3,210	3,210
Investing	**(8,905)**	**(11,027)**	**(13,170)**	**(14,146)**
Capex (growth)	(10,137)	(10,073)	(10,362)	(10,749)
Investments	21	(52)	(55)	(58)
Others	1,210	(902)	(2,752)	(3,339)
Financing	**(11,738)**	**16,330**	**(3,654)**	**(2,937)**
Dividend payments	(3,444)	(2,044)	(3,654)	(2,937)
Issue of shares	-	-	-	-
Proceeds from borrowings	(1,007)	18,374	-	-
Others/interest paid	(7,287)	-	-	-
Net cash inflow (outflow)	**(684)**	**25,619**	**2,726**	**2,625**
Beginning cash & cash equivalent	5,144	4,133	29,752	32,478
Ending cash & cash equivalent	4,460	29,752	32,478	35,103

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	12.6	13.2	12.0	11.8
Pre-tax margin	3.9	5.5	4.3	4.3
Net margin	2.4	3.7	2.9	2.9
ROE	3.2	5.5	4.3	4.3
Growth				
Net profit (adj.)	(8.3)	8.6	21.4	2.3
Leverage				
Debt to total capital	126.4	134.1	131.2	127.7
Debt to equity	133.0	142.2	139.9	136.7
Net debt/(cash) to equity	129.6	118.5	114.4	109.8
Interest cover	3.9	4.8	4.3	4.4

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