

PublicInvest Research Results Review
Wednesday, February 26, 2025

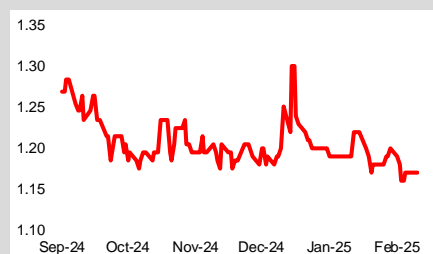
KDN PP17686/03/2013(032117)

BP PLASTICS HOLDING BERHAD
Neutral
DESCRIPTION

An investment holdings company, via its subsidiaries principally involved in the manufacturing PE films and bags

12-month Target Price	RM1.23
Current Price	RM1.16
Expected Return	6.0%
<i>Previous Target Price</i>	RM1.23

Market	Main
Sector	Industrial Products
Bursa Code	5100
Bloomberg Ticker	BPP MK
Shariah-compliant	Yes

SHARE PRICE CHART


52 Week Range (RM)	1.16-1.63
3-Month Average Vol ('000)	43.1

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	-1.7	-2.1	-5.6
Relative Returns	-1.4	-2.3	-3.9

KEY STOCK DATA

Market Capitalisation (RMm)	329.3
No. of Shares (m)	281.5

MAJOR SHAREHOLDERS

	%
LG Capital SB	43.2
Tan See Khim	9.5
Lim Chun Yow	9.3
Hey Shioh Hoe	7.8

Denny Oh
T 603 2268 3000

F 603 2268 3014

E research@publicinvestbank.com.my

Meeting Expectations

BP Plastics Holding Bhd's (BPPLAS) net profit fell 52.6% YoY to RM4.7m in 4QFY24, mainly due to lower revenue and margin compression arising from higher operating costs. This brings full-year FY24 net profit to RM21.6m, in line with our expectations, accounting for 100.8% of full-year estimates. We maintain our **Neutral** call with an unchanged PE-based TP of RM1.23. On a side note, BPPLAS declared a fourth interim dividend of 1.5sen, bringing the YTD dividend declared to 6.0sen (FY23: 6.0sen).

§ **4QFY24 revenue declined by 5.8% YoY to RM117.6m.** The marginal drop in revenue was mainly due to lower selling prices across Asian countries. Revenue from export markets fell 10.3% YoY to RM84.1m, partially offset by higher domestic demand, which rose 7.4% YoY to RM33.5m.

§ **4QFY24 net profit fell 52.6% YoY to RM4.7m,** primarily due to margin compression arising from lower selling prices and higher operating costs. Profit before tax (PBT) margin dropped sharply to 4.8%, compared to 9.0% in 4QFY23.

§ **Outlook** for the flexible plastic packaging industry remains challenging due to global economic uncertainties, elevated costs, and supply-demand imbalances. However, the Group remains confident in the steady and growing demand for flexible packaging products as global economic conditions improve. Notably, the Group is well-positioned to navigate economic uncertainties, supported by its debt-free capital structure and total cash reserves of RM47.8m, positioning it to capitalise on the next demand upcycle.

KEY FINANCIAL SUMMARY

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F	CAGR
Revenue	469.6	487.7	535.2	567.3	595.7	6.1%
Operating Profit	37.8	22.3	43.5	54.7	63.0	13.6%
Pre-tax Profit	42.6	26.0	45.7	56.9	65.2	11.2%
Net Profit	35.2	21.6	34.7	43.3	49.5	8.9%
EPS (Sen)	12.5	7.7	12.3	15.4	17.6	8.9%
P/E (x)	9.3	15.2	9.5	7.6	6.7	
DPS (Sen)	6.0	6.0	6.0	6.0	6.0	
Dividend Yield (%)	5.1	5.1	5.1	5.1	5.1	

Source: Company, PublicInvest Research estimates

Table 1: Results Summary

FYE Dec (RM m)	<u>4Q24</u>	<u>4Q23</u>	<u>3Q24</u>	<u>YoY</u> <u>chg</u> <u>(%)</u>	<u>QoQ</u> <u>chg</u> <u>(%)</u>	<u>YTD</u> <u>FY24</u>	<u>YTD</u> <u>FY23</u>	<u>YoY</u> <u>chg</u> <u>(%)</u>	<u>Comments</u>
Revenue	117.6	124.9	125.0	-5.8	-5.9	487.7	469.6	3.9	Lower selling prices
Operating profit	4.2	10.1	-0.4	-58.1	--	21.5	36.6	-41.1	
Other income	1.4	1.1	1.0	34.0	42.7	4.5	6.1	-26.4	
Pre-tax profit	5.7	11.2	0.5	-49.4	>100	26.0	42.6	-39.1	
Taxation	-1.0	-1.4	0.2	-26.3	--	-4.4	-7.4	-40.4	
Profit after tax	4.7	9.8	0.7	-52.6	>100	21.6	35.2	-38.8	
EPS (sen)	1.7	3.5	0.3			7.7	12.5		Margin fell due to intense competition and higher production cost
DPS (sen)	1.5	1.5	1.5			6.0	6.0		
Operating Margin (%)	3.6	8.1	-0.4			4.4	7.8		
Pre-tax Margin (%)	4.8	9.0	0.4			5.3	9.1		
Net Margin (%)	4.0	7.9	0.6			4.4	7.5		
Effective tax rate (%)	17.9	12.3	-32.8			17.0	17.3		
Revenue by Geography									
Asia countries	64.6	76.2	72.4	-15.3	-10.8	282.2	269.4	4.8	
Malaysia	33.5	31.2	32.0	7.4	4.8	131.6	130.4	0.9	
Others	19.5	17.5	20.6	11.8	-5.0	73.9	69.8	5.8	
Total	117.6	124.9	125.0	-5.8	-5.9	487.7	469.6	3.9	

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Revenue	469.6	487.7	535.2	567.3	595.7
Operating Profit	37.8	22.3	43.5	54.7	63.0
Other gains/(losses)	4.8	3.7	2.2	2.2	2.2
Pre-tax Profit	42.6	26.0	45.7	56.9	65.2
Income Tax	-7.4	-4.4	-11.0	-13.7	-15.6
Effective Tax Rate (%)	-17.3	-17.0	-24.0	-24.0	-24.0
Net Profit	35.2	21.6	34.7	43.3	49.5
Growth					
Revenue (%)	-6.6	3.9	9.7	6.0	5.0
Operating Profit (%)	11.7	-40.9	94.6	25.9	15.0
Net Profit (%)	15.4	-38.7	60.7	24.7	14.4

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Property, Plant & Equipment	125.6	123.4	130.6	133.3	135.9
Cash and Cash Equivalents	68.3	47.8	80.8	92.2	105.4
Trade and Other Receivables	48.4	50.2	48.2	51.1	53.6
Other Assets	101.1	120.6	96.2	96.6	98.0
Total Assets	343.4	341.9	355.8	373.1	392.9
Trade and Other Payables	65.1	59.0	37.5	39.7	41.7
Borrowings	--	--	--	--	--
Other Liabilities	14.7	14.6	32.2	20.9	6.1
Total Liabilities	79.8	73.6	69.7	60.6	47.8
Shareholders' Equity & Minority	263.6	268.3	286.1	312.5	345.2
Total Equity and Liabilities	343.4	341.9	355.8	373.1	392.9

Source: Company Prospectus, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Book Value Per Share	0.94	0.95	1.02	1.11	1.23
NTA Per Share	0.94	0.95	1.02	1.11	1.23
EPS (Sen)	12.52	7.67	12.33	15.38	17.59
DPS (Sen)	6.00	6.00	6.00	6.00	6.00
Payout Ratio (%)	47.9	78.2	48.7	39.0	34.1
ROA (%)	10.3	6.3	9.8	11.6	12.6
ROE (%)	13.4	8.0	12.1	13.8	14.3

Source: Company Prospectus, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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Published and printed by:

PUBLIC INVESTMENT BANK BERHAD (20027-W)

26th Floor, Menara Public Bank 2

78, Jalan Raja Chulan,

50200 Kuala Lumpur

T 603 2268 3000

F 603 2268 3014