BP Plastics Holding

Blown Films to Cushion Stretch Films

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BPPLAS' 9MFY25 results fell short of our expectations. Net profit declined 65% YoY, mainly due to weaker stretch film exports from heightened regional pricing pressures amid weaker demand, unfavourable forex movements, and the minimum wage hike. The group's QoQ performance was better on steadier exchange rate in 3QFY25. Moving forward, we expect resin prices to remain soft with a downside bias, consistent with the U.S. Energy Information Authority's (EIA)'s bearish view on the global crude oil pricing trend for CY26. While BPPLAS' new lines comprising higher-margin and premium-grade stretch film and blown film products have seen encouraging orders, we remain cautious on the elevated competitive pressures and persistent demand softness in the near term. All in, we cut our FY25-26F earnings by 29-15%, respectively to reflect weaker-than-expected resin prices and the softer-than-expected exports for its stretch films products. All in, our TP is lowered from RM0.74 to RM0.63 but our MARKET PERFORM call is left unchanged.

Below expectations. BPPLAS's 9MFY25 net profit of RM7.7m made up only 57% our full-year forecast. The shortfall was mainly attributable to both reduced sales volumes and lower ASP especially in its export markets as domestic sales were holding up. No dividend was declared for the quarter as expected.

YoY, 9MFY25 revenue declined by 17%, while net profit plunged more sharply by 65%. The weaker performance was primarily driven by subdued demand for stretch films (which made up >70% of the group's revenue) amid the ongoing global trade war and tariff headwinds, coupled with intensified pricing pressures as regional peers, burdened with excess inventory, resorted to aggressive dumping in global markets. Additionally, the average rate of MYR being stronger against USD in 9MFY25 (YoY) has resulted in unfavourable forex translation. Margins were further eroded by higher operating costs following the implementation of minimum wage hikes in February 2025.

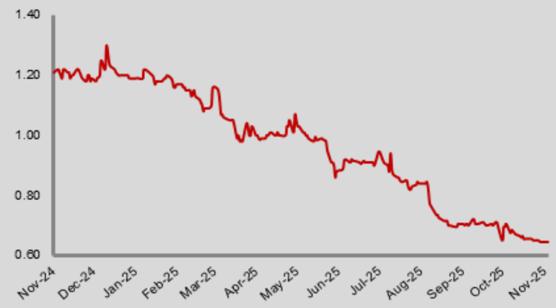
QoQ, its turnover declined by 6% largely due to the aforementioned factors, while we also observed that resin prices have moderated in 3QCY25 which may have led to less urgency to restocking by customers. On the flipside, its net profit recovered 44% from 2QFY25, thanks to lower forex fluctuations with USD/MYR hovering around RM4.25 in 3QFY25 (refer to Appendix 1). As of 3QFY25, it is noted that a few of its customers in the bread bags segment have commenced orders albeit in small quantity which we see as a positive progress in this higher margin segment.

Outlook. With over 65% of revenue derived from export markets and nearly three-quarters of sales concentrated in stretch films catering to exporters, BPPLAS is expected to continue facing soft and cautious demand amid ongoing global trade disruptions and heightened competitive pressures from regional peers seeking to offload excess inventories. Consequently, both sales volumes and ASPs are likely to remain subdued, with a more meaningful recovery only anticipated from FY26 onwards, once the market gradually adapts to the tariff-disrupted business environment. On the cost front, resin prices are now seeing weakness, likely due to global over capacity amid weak economic outlook.

MARKET PERFORM ↔

Price:	**RM0.645**
Target Price:	**RM0.63** ↓

Share Price Performance



KLCI	1,618.78
YTD KLCI chg	-1.4%
YTD stock price chg	-50.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BPP MK EQUITY
Market Cap (RM m)	181.6
Shares Outstanding	281.5
52-week range (H)	1.31
52-week range (L)	0.65
3-mth avg. daily vol.	197,385
Free Float	23%
Beta	1.1

Major Shareholders

Lg Capital Sdn Bhd	43.2%
Lim Chun Yow	9.7%
Tan See Khim	9.5%

Summary Earnings Table

FYE Dec (RM m)	2024A	2025F	2026F
Turnover	487.7	402.0	427.0
EBITDA	41.5	27.3	40.6
PBT	26.0	11.4	26.8
Net Profit (NP)	**21.6**	**9.5**	**22.2**
Core NP	**26.0**	**9.5**	**22.2**
Consensus	-	-	-
Earnings Revision	-	-29%	-15%
Core EPS (sen)	9.2	3.4	7.9
Core EPS Growth (%)	-22.4	-63.6	134.8
NDPS (sen)	6.0	2.0	3.5
Core PER (x)	7.0	19.3	8.2
BVPS (RM)	1.0	1.0	1.0
PBV (x)	0.7	0.7	0.6
Net Div. Yield (%)	9.2	3.1	5.4

Nevertheless, BPPLAS should still benefit from revenue growth with the ongoing commercialization of new product lines such as a blown film packaging product targeting the F&B sector, launched in 4QCY24. On that note, we remain hopeful on BPPLAS' progress in its bread packaging investment. According to latest updates, the group has seen orders from a few customers from the bread business albeit in small quantity as it is still in its gestation period, while staying on track to secure other potential buyers. Based on what we gathered, the group has also installed solar panels to save on electricity cost by about RM3m per year starting from 4QFY25.

Forecasts. We cut our FY25-26F earnings by 29-15% to reflect weaker-than-expected resin prices and the softer-than-expected exports for its stretch films products. Our dividend forecasts remained unchanged.

Valuations. We trim our TP from RM0.74 to RM0.63. This is based on 8x PER on FY26F net EPS, at a discount to the sector's average historical forward PER of 13x, largely to reflect BPPLAS' relatively smaller market capitalisation and increasing competition in the industry amid global economic uncertainties. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

Investment case. We remain cautious on BPPLAS due to concerns over its export orders growth, anticipated further strengthening of MYR against the USD and rising competitive pressures from regional players that may potentially weigh down the group's performance amidst global trade and tariffs disruption. On the other hand, we look forward to more positive developments in the group's new product lines and its bread bags investments. As a result, we maintain our **MARKET PERFORM** call.

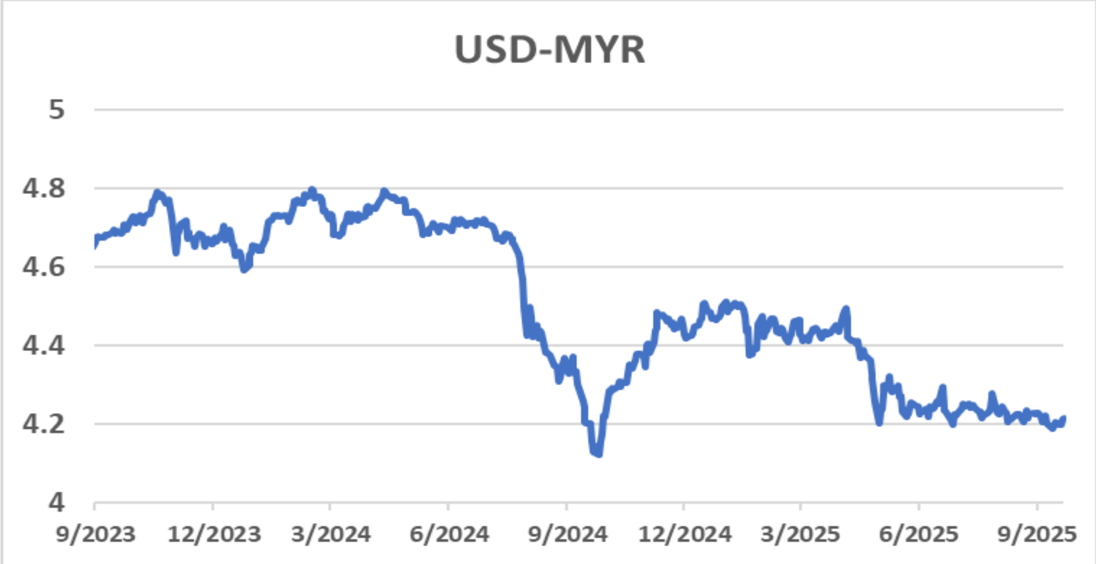
Risks to our call include: (i) weaker-than-expected demand for its blown and cast films, (ii) persistent weakness in global business confidence.

Results Highlights

FYE Dec (RM m)	3Q25	2Q25	QoQ Chg	3Q24	YoY Chg	9M25	9M24	YoY Chg
Revenue	94.6	100.6	-6%	125.0	-24%	308.9	370.1	-17%
Operating Profit	1.7	0.4	307%	4.9	-65%	8.2	22.3	-63%
Exceptional Items	-0.1	-0.3	-48%	-5.3	-97%	-0.7	-5.0	-86%
PBT	2.3	1.0	133%	0.5	313%	9.6	20.3	-53%
Taxation	-0.7	-0.1	1066%	0.2	-495%	1.1	-3.4	-134%
Net Profit	**1.6**	**0.9**	**70%**	**0.7**	**113%**	**7.0**	**16.9**	**-59%**
Core Net Profit	**1.7**	**1.2**	**44%**	**6.1**	**-72%**	**7.7**	**22.0**	**-65%**
Core EPS (sen)	0.6	0.4	44%	2.2	-72%	2.7	7.8	-65%
DPS (sen)	0.0	0.0	N.A.	1.5	-100%	1.0	4.5	-78%
Effective Tax Rate (%)	31.4	6.3		-32.8		-11.8	16.7	
PBT Margin (%)	2.4	1.0		0.4		3.1	5.5	
CNP Margin (%)	1.8	1.2		4.9		2.5	5.9	

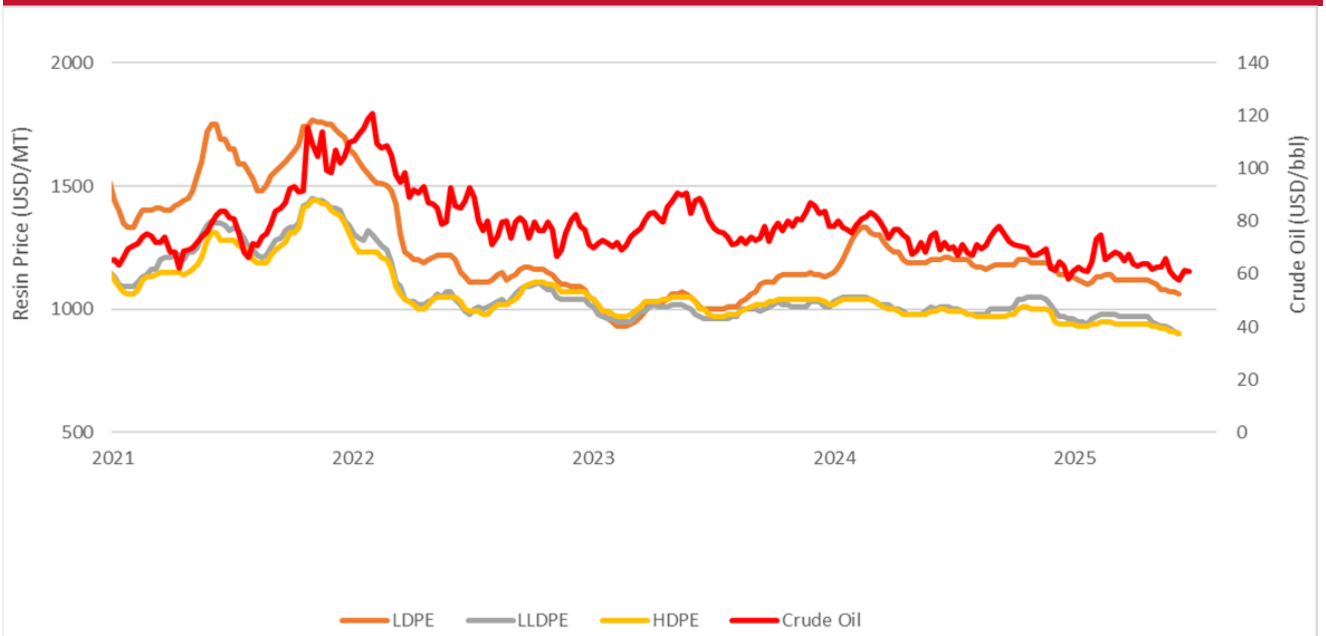
Source: Company, Kenanga Research

Appendix 1: USD-MYR Exchange Rate



Source: Bloomberg, Kenanga Research

Appendix 2: Resin and Crude Oil Prices



Source: Bloomberg, Kenanga Research

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div. Yld.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
ANCOM NYLEX BHD	OP	0.925	1.20	29.7%	1,000.7	Y	05/2026	8.8	9.6	49.8%	11.5%	10.5	9.7	1.4	13.9%	5.0	5.4%
BM GREENTECH BHD	UP	1.51	1.72	13.9%	1,038.6	Y	03/2026	11.3	12.2	11.5%	7.5%	13.3	12.4	2.9	22.5%	1.8	1.2%
BP PLASTICS HOLDINGS BHD	MP	0.645	0.630	-2.3%	181.6	Y	12/2025	3.4	7.9	-63.3%	132.2%	19.0	8.2	0.7	3.5%	2.0	3.1%
HPP HOLDINGS BHD	MP	0.295	0.300	1.7%	114.7	Y	05/2026	2.0	2.3	146.9%	12.7%	14.5	12.9	0.9	6.3%	2.0	6.8%
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.620	0.480	-22.6%	333.2	Y	12/2025	4.4	4.8	143.9%	8.4%	13.9	12.9	0.3	2.2%	2.0	3.2%
SCIENTEX BHD	MP	3.51	3.60	2.6%	5,462.5	Y	07/2026	31.5	33.4	-9.2%	6.0%	11.1	10.5	1.3	11.7%	11.0	3.1%
SLP RESOURCES BHD	MP	0.790	0.890	12.7%	250.4	Y	12/2025	3.5	4.6	-20.7%	31.5%	22.6	17.2	1.3	5.9%	4.0	5.1%
TECHBOND GROUP BHD	OP	0.310	0.470	51.6%	235.2	Y	06/2026	4.1	4.5	37.5%	9.1%	7.5	6.9	0.8	12.0%	1.0	3.2%
THONG GUAN INDUSTRIES BHD	OP	1.15	1.44	25.2%	454.9	Y	12/2025	17.4	20.2	3.9%	16.2%	6.6	5.7	0.5	7.1%	6.0	5.2%
SECTOR AGGREGATE					**9,071.6**					**8.4%**	**9.8%**	**11.5**	**10.5**	**1.1**	**9.6%**		**4.0%**

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Product Quality & Safety	★	★	★		
	Digitalisation & Innovation	★	★	★	★	
	Effluent & Waste Management	★	★	★		
	Resource Management	★	★	★		
	Supply Chain Management	★	★	★		
	Energy Efficiency	★	★	★		
	OVERALL	★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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