

Financial Year End	31/12/2018
Report Period Ending	31/03/2018
Reporting Quarter	1Q-2018

MALAYSIA EQUITY BP PLASTICS HOLDING BHD

RESULTS REPORT

Recommendation	BUY
FBMKLCI	1719.3
Target Price (MYR)	1.13
Current Price (MYR)	0.99
Expected Share Return (%)	14.1
Expected Dividend Return (%)	3.1
Expected Total Return (%)	17.2

Key Company Statistics

Bloomberg Ticker	BPP MK
Bursa Stock Code	5100
Listing	Main Market
Sector	Ind. Products
Par Value (sen)	0.00
Issued Capital (mn shares)	187.69
Market Capitalisation (MYR mn)	185.81
52 week High (MYR)	1.46
52 week Low (MYR)	0.85
Average Volume (3 month) '000	35.19
Beta	0.80
Estimated Free Float (%)	22.88

Major Shareholders (%)

LG Capital Sdn Bhd	43.16
Chun Yow Lim	9.30
See Khim Tan	9.20

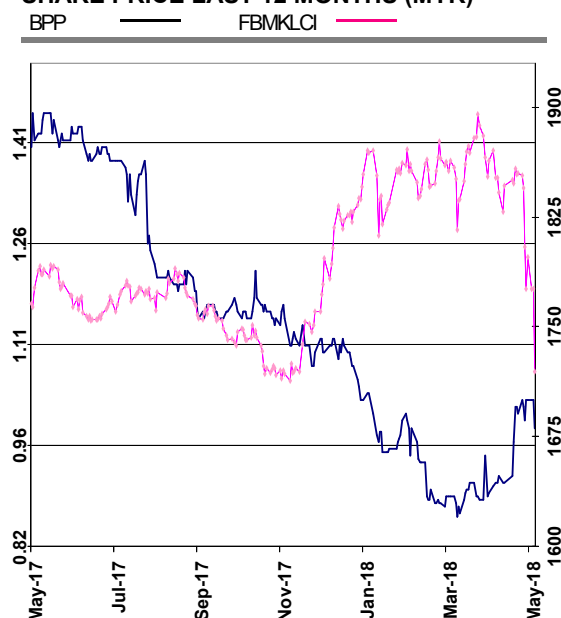
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Price Performance (%)	1M	3M	12M
Absolute	9.4	0.0	-29.3
Relative	18.6	8.0	-27.4

SHARE PRICE LAST 12 MONTHS (MYR)



YTD 1Q FY18 revenue increased 0.7% vs YTD 1Q FY17, whilst net profits increased 27.1% over the same period. The increase in PAT is mainly due to better cost control and an improved product mix. Sequential operating margins rose to 8.2% vs 5.5% in 4Q FY17. YTD 1Q FY18 operating margins came in at 8.2% vs 5.8% YTD 1Q FY17. Lower input costs and a stronger MYR have also improved margins. At the same time, the stronger MYR also capped sales growth as about 73% of revenues are earned outside Malaysia. Management indicates that trading conditions will remain challenging over the next few quarters. However, BPP is a solid name trading near book value. At prices below MYR 0.90 value investors will want to accumulate more aggressively.

INVESTMENT RISKS

Risks to our recommendation and target price include: i) a stronger USDMYR exchange rate, ii) an increase in resin prices and production costs, and iii) a sharp slowdown in the general level of economic activity in Asia, Middle East and Europe. Prices for ethylene, polyethylene and resin seem to be on the rise. Thus investors may have to prepare for increased pressure on BPP's margins in the quarters to come.

RECOMMENDATION

We maintain our BUY recommendation on BP Plastics Holding Berhad ("BPP") whilst increasing our fair value estimate to MYR 1.13. Looking ahead, average ROE is likely to be maintained at levels of 8-10%, whilst P-BV stands on 2.2x trailing book value and 1.0x current year book value. Importantly, the company has a very clean balance sheet.

Total export sales is around 73% of total sales, with about 63% of sales in USD, 20% in MYR, 10% in SGD and remaining in EUR & JPY. The company has a dividend policy of paying out a minimum of 40% from its net profit. We maintain our estimated dividend payments for FY 18 and FY 19 at 4 sen per share. At current prices, the prospective dividend yield is likely to remain at or above 4.0%.

COMPANY PROFILE

BP Plastics Holding Bhd (BPPLAS) is an investment holding and provision of management services company. The principal activities of the Company, through its subsidiaries is manufacturing and trading of plastic products. Its subsidiaries include BP Plastics Sdn Bhd, BP Packaging Sdn Bhd, BP Packaging Sdn Bhd and Baoman Rubber Limited. On June 10, 2010, the Company acquired 100% interest in BPPlas Plantation Sdn. Bhd. (BPPlas Plantation). On October 5, 2010, BPPLAS incorporated a wholly owned subsidiary, Baoman Rubber Limited (Baoman).

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2016	2017	2018F	2019F
Revenue	324.4	328.6	344.9	358.9
Revenue g (%)	14.4	1.3	5.0	4.1
Net Profit	17.9	12.8	16.5	16.9
Net Profit g (%)	-18.2	-28.2	28.4	2.8
Dividends Paid	16.9	11.3	7.5	7.5
Total Assets	241.6	212.9	204.3	214.9
Owners' Equity	165.8	167.3	176.3	185.7
Total Liabilities	75.8	45.5	28.0	29.2
Debt/Equity (%)	45.7	27.2	15.9	15.7
Dvd Yield (%)	6.4	3.1	4.0	4.0
EPS (sen)	9.5	6.8	8.8	9.0
NTA (MYR)	0.88	0.89	0.94	0.99
P-BV (x)	1.6	2.2	1.1	1.0
ROA (%)	7.4	6.0	8.1	7.9
ROE %	10.8	7.7	9.3	9.1

MALAYSIA EQUITY
BP PLASTICS HOLDING BHD

QUARTERLY RESULTS TABLE (All figures in MYR mn unless otherwise indicated)

Year End Dec 2018	31/03/2017	31/12/2017	31/03/2018	FY 1Q18/ FY 4Q17	FY 1Q18/ FY 1Q17	YTD 1Q18/ YTD 1Q17
Revenue	84.3	85.5	84.9	-0.7%	0.7%	0.7%
Operating Profit	4.9	4.7	6.9	46.4%	42.3%	42.3%
Other Income	0.5	0.5	0.3	-26.7%	-32.0%	-32.0%
Share of Associates	0.0	0.0	0.0	na	na	na
Depreciation/Amort	2.4	2.4	2.3	-4.2%	-7.1%	-7.1%
Finance Costs	0.0	0.0	0.0	na	na	na
Pre Tax Profit	5.0	4.7	6.8	43.4%	34.7%	34.7%
Tax	1.4	1.4	2.2	53.0%	54.4%	54.4%
Minority Interest	0.0	0.0	0.0	na	na	na
Net Profit to Shareholders	3.6	3.3	4.6	39.3%	27.1%	27.1%
	31/03/2017	31/12/2017	31/03/2018		YTD FY17	YTD FY18
Operating Margin (%)	5.8%	5.5%	8.2%		5.8%	8.2%
Net Margin (%)	4.3%	3.9%	5.4%		4.3%	5.4%
Tax Rates	27.8%	29.9%	31.9%		27.8%	31.9%
NTA/Share (MYR)	0.88	0.89	0.92			

COMPETITOR'S METRICS (All figures in MYR mn unless otherwise indicated)

Current Year Ending*	BP Plastics Holdings Bhd Dec-18	SLP Resources Bhd Dec-18
Revenue	344.9	179.3
Net Profit	16.5	20.2
Owners' Equity	176.3	176.4
Dividends	7.5	11.0
Total Assets	204.3	203.3
Market Cap	185.8	317.0
P-S (x)	0.5	1.8
P-E (x)	11.3	15.7
P-BV (x)	1.1	1.8
Div Yield (%)	4.0	3.5
Net Margins (%)	4.8	11.3
ROE (%)	9.3	11.5
Payout Ratio (%)	45.6	54.4
Total Debt/Equity (%)	15.9	15.2
Total Debt	28.0	26.9

*Consensus data used for peers where available

PROFIT & LOSS (All figures in MYR mn unless otherwise indicated)

FY Dec	2016	2017	2018F	2019F
Revenue	324.4	328.6	344.9	358.9
Operating Profit	21.1	15.4	22.5	22.3
Other Income	2.8	1.7	1.5	1.6
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortisation	-8.6	-9.6	-9.2	-9.6
Finance Costs	0.0	0.0	0.0	0.0
Pre Tax Profit	22.9	15.5	22.4	22.3
Tax	-5.0	-2.7	-5.9	-5.3
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	17.9	12.8	16.5	16.9
Operating Margin (%)	6.5	4.7	6.5	6.2
PBT Margin (%)	7.1	4.7	6.5	6.2
Net Margin (%)	5.5	3.9	4.8	4.7
Effective Tax Rate (%)	21.9	17.3	26.4	24.0

BALANCE SHEET (All figures in MYR mn unless otherwise indicated)

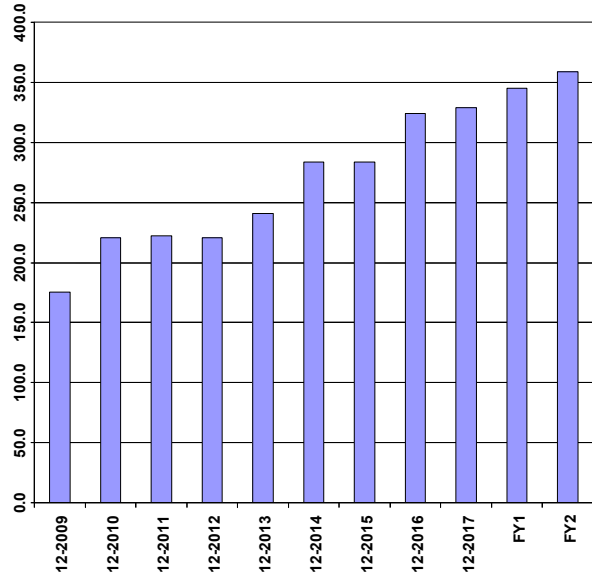
FY Dec	2016	2017	2018F	2019F
Total Assets	241.6	212.9	204.3	214.9
Fixed Assets	75.1	68.9	70.3	73.2
Current Assets	166.5	144.0	134.0	141.7
Other LT Assets	0.0	0.0	0.0	0.0
Current Liabilities	66.2	36.5	18.7	19.4
Non Cur Liabilities	9.6	9.0	9.3	9.7
Total Liabilities	75.8	45.5	28.0	29.2
Share Capital	93.8	98.8	98.8	98.8
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	165.8	167.3	176.3	185.7
Total Equity	165.8	167.3	176.3	185.7
Total Liabilities & Equity	241.6	212.9	204.3	214.9

PER SHARE DATA (All figures in sen unless otherwise indicated)

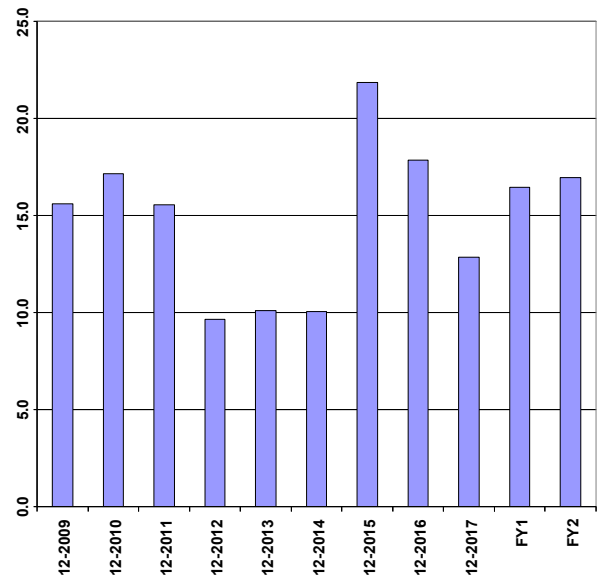
FY Dec	2016	2017	2018F	2019F
Revenue	172.8	175.1	183.8	191.2
EBIT	11.2	8.2	12.0	11.9
Earnings (EPS)	9.5	6.8	8.8	9.0
Dividends (DPS)	9.0	6.0	4.0	4.0
Book Value (NTA)	0.88	0.89	0.94	0.99
Payout (%)	94.5	87.8	45.6	44.3
P-S (x)	0.8	1.1	0.5	0.5
P-BV (x)	1.6	2.2	1.1	1.0
P-EBIT (x)	12.4	23.8	8.3	8.3
P-E (x)	14.7	28.5	11.3	11.0
Dvd Yield (%)	6.4	3.1	4.0	4.0
ROA%	7.4	6.0	8.1	7.9
ROE%	10.8	7.7	9.3	9.1

**MALAYSIA EQUITY
BP PLASTICS HOLDING BHD**

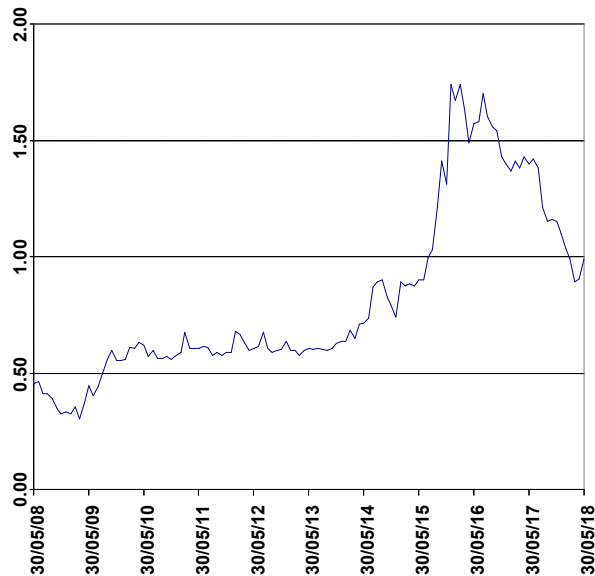
REVENUE (LAST 9 YEARS, MYR mn)



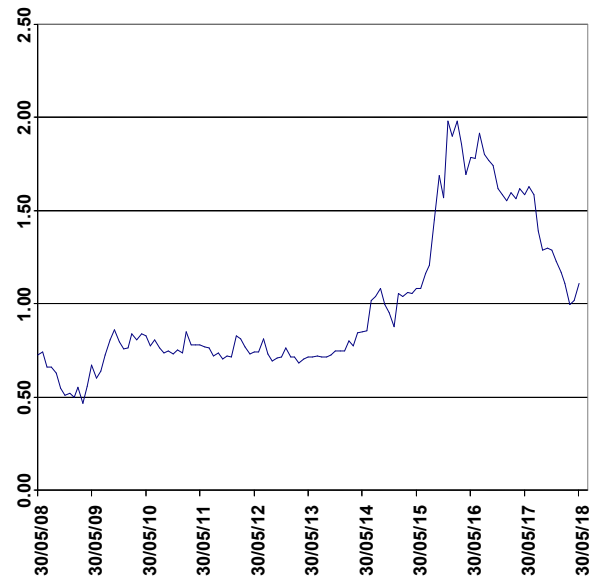
NET PROFIT (LAST 9 YRS, MYR mn)



SHARE PRICE (LAST 10 YEARS, MYR)



P-BV (LAST 10 YEARS, X)





ANALYST'S DISCLOSURE

BUY: Share price may exceed 10% over the next 12 months

TRADING BUY: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

HOLD: Share price may fall within the range of +/- 10% over the next 12 months

TAKE PROFIT: Target price has been attained. Look to accumulate at lower levels

SELL: Share price may fall by more than 10% over the next 12 months

NOT RATED (NR): Stock is not within regular research coverage

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This report is also accessible at www.bursamids.com

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