

Financial Year End	31/12/2017
Report Period Ending	31/12/2017
Reporting Quarter	4Q-2017

<b>Recommendation</b>	<b>BUY</b>
FBMKLCI	1860.1
Target Price (MYR)	1.10
Current Price (MYR)	1.01
Expected Share Return (%)	8.9
Expected Dividend Return (%)	3.1
<b>Expected Total Return (%)</b>	<b>12.0</b>

<b>Key Company Statistics</b>	
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)	189.57
52 week High (MYR)	1.58
52 week Low (MYR)	0.95
Average Volume (3 month) '000	39.74
Beta	0.87
Estimated Free Float (%)	23.66

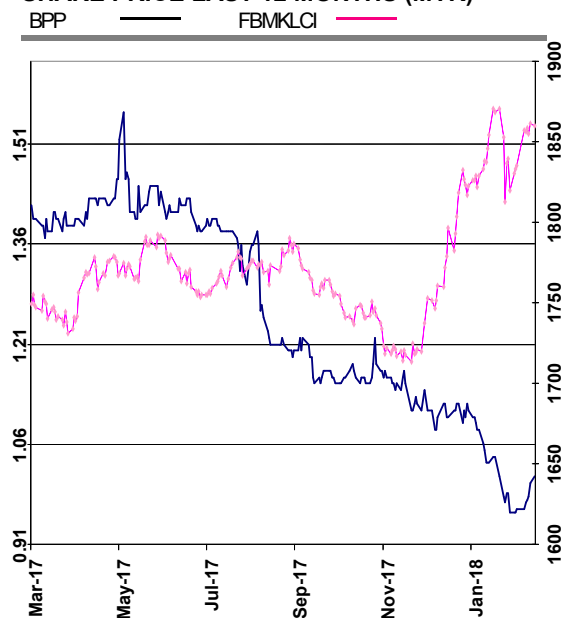
<b>Major Shareholders (%)</b>	
LG Capital Sdn Bhd	43.16
Chun Yow Lim	8.93
See Khim Tan	8.93

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<b>Price Performance (%)</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	-1.9	-12.2	-31.8
Relative	-2.3	-18.9	-37.7

### SHARE PRICE LAST 12 MONTHS (MYR)



## MALAYSIA EQUITY BP PLASTICS HOLDING BHD

### RESULTS REPORT

YTD 4Q FY17 revenue increased 1.3% vs YTD 4Q FY16, whilst net profits decreased 28.2% over the same period. The decline in PAT is mainly due to higher resin prices and increases in production costs. Sequential operating margins rose to 5.3% vs 4.2% in 3Q 2017. YTD 4Q 2017 operating margins came in at 4.7% vs 6.9% YTD 4Q 2016. Prices for resins remain elevated, and a full recovery in margins may take another two quarters. Production and packaging costs have also increased this year. The weaker USD has also resulted in lower revenue, as about 76% of revenues are earned outside Malaysia. Management indicates that trading conditions will remain challenging over the next few quarters. See page two for more details.

### 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. Numerous shutdowns of petrol-chemical plants worldwide, particularly in Asia resulted in supply shortages in 2017, resulting in higher raw material prices of ethylene and polyethylene.

### RECOMMENDATION

We maintain our BUY recommendation on BP Plastics Holding Berhad ("BPP") whilst reducing our fair value estimate to MYR 1.10. 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 1.1x current year book value. Importantly, the company has a very clean balance sheet.

Total export sales is around 76% 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. Given the weaker profit outlook, we have not increased our estimated dividend payments for FY 18 and FY 19. At current prices however, the prospective dividend yield is likely to remain above 5.0%.

### 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	350.7	364.9
Revenue g (%)	14.4	1.3	6.7	4.1
Net Profit	17.9	12.8	14.7	15.9
Net Profit g (%)	-18.2	-28.2	14.8	8.1
Dividends Paid	16.9	11.3	11.3	11.3
Total Assets	241.6	212.9	218.2	224.7
Owners' Equity	165.8	167.3	170.8	175.5
Total Liabilities	75.8	45.5	47.4	49.3
Debt/Equity (%)	45.7	27.2	27.7	28.1
Dvd Yield (%)	6.4	3.1	5.9	5.9
EPS (sen)	9.5	6.8	7.8	8.5
NTA (MYR)	0.88	0.89	0.91	0.93
P-BV (x)	1.6	2.2	1.1	1.1
ROA %	7.4	6.0	6.7	7.1
ROE %	10.8	7.7	8.6	9.1

**MALAYSIA EQUITY  
BP PLASTICS HOLDING BHD**

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

Year End Dec 2017	31/12/2016	30/09/2017	31/12/2017	FY 4Q17/ CY 3Q17	CY 4Q17/ CY 4Q16	YTD 4Q17/ YTD 4Q16
Revenue	80.8	84.9	85.5	-12.5%	-6.3%	1.3%
Operating Profit	4.2	3.6	4.7	-55.4%	-63.6%	-31.2%
Other Income	0.5	0.2	0.5	66.7%	26.9%	-44.1%
Share of Associates	0.0	0.0	0.0	na	na	na
Depreciation/Amort	2.2	2.4	2.4	-0.6%	13.7%	11.6%
Finance Costs	0.0	0.0	0.0	na	na	na
Pre Tax Profit	3.3	3.6	4.7	-57.1%	-68.2%	-32.2%
Tax	-0.6	-0.7	1.4	-62.1%	-66.8%	-46.4%
Minority Interest	0.0	0.0	0.0	na	na	na
Net Profit to Shareholders	3.8	4.3	3.3	-55.2%	-68.7%	-28.2%
	<b>31/12/2016</b>	<b>30/09/2017</b>	<b>31/12/2017</b>		<b>YTD FY16</b>	<b>YTD FY17</b>
Operating Margin (%)	5.2%	4.2%	5.5%		6.9%	4.7%
Net Margin (%)	4.8%	5.0%	3.9%		5.5%	3.9%
Tax Rates	-17.3%	-18.4%	29.9%		21.9%	17.3%
NTA/Share (MYR)	0.88	0.89	0.89			

**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	350.7	189.9
Net Profit	14.7	25.4
Owners' Equity	170.8	190.7
Dividends	11.3	11.0
Total Assets	218.2	220.9
Market Cap	189.6	636.6
P-S (x)	0.5	3.4
P-E (x)	12.9	25.1
P-BV (x)	1.1	3.3
Div Yield (%)	5.9	1.7
Net Margins (%)	4.2	13.4
ROE (%)	8.6	13.3
Payout Ratio (%)	76.5	43.4
Total Debt/Equity (%)	27.7	15.9
Total Debt	47.4	30.2

\*Consensus data used for peers where available

**MALAYSIA EQUITY**  
**BP PLASTICS HOLDING BHD**

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

FY Dec	2016	2017	2018F	2019F
Revenue	324.4	328.6	350.7	364.9
Operating Profit	21.1	15.4	19.4	20.9
Other Income	2.8	1.5	1.6	1.6
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortisation	-8.6	-9.6	-9.7	-10.1
Finance Costs	0.0	0.0	0.0	0.0
Pre Tax Profit	22.9	15.5	19.4	20.9
Tax	-5.0	-2.7	-4.7	-5.0
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	17.9	12.8	14.7	15.9
Operating Margin (%)	6.5	4.7	5.5	5.7
PBT Margin (%)	7.1	4.7	5.5	5.7
Net Margin (%)	5.5	3.9	4.2	4.4
Effective Tax Rate (%)	21.9	17.3	24.0	24.0

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

FY Dec	2016	2017	2018F	2019F
Total Assets	241.6	212.9	218.2	224.7
Fixed Assets	75.1	68.9	71.7	74.6
Current Assets	166.5	144.0	146.5	150.2
Other LT Assets	0.0	0.0	0.0	0.0
Current Liabilities	66.2	36.5	38.0	39.5
Non Cur Liabilities	9.6	9.0	9.4	9.8
Total Liabilities	75.8	45.5	47.4	49.3
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	170.8	175.5
Total Equity	165.8	167.3	170.8	175.5
Total Liabilities & Equity	241.6	212.9	218.2	224.7

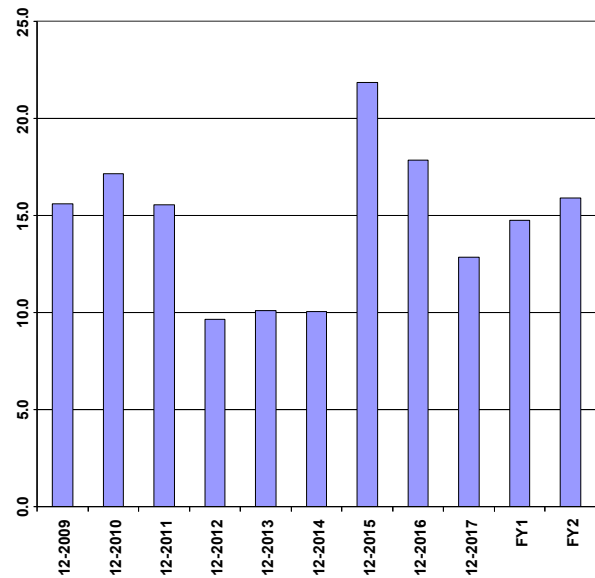
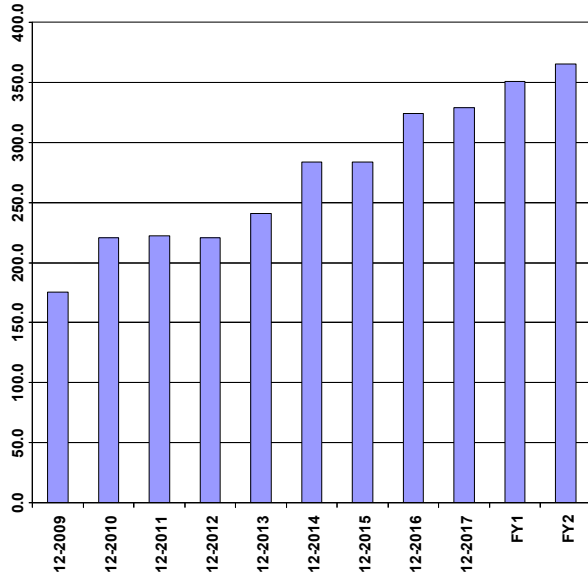
**PER SHARE DATA (All figures in sen unless otherwise indicated)**

FY Dec	2016	2017	2018F	2019F
Revenue	172.8	175.1	186.8	194.4
Cash Flow	25.5	11.6	14.4	0.0
Earnings (EPS)	9.5	6.8	7.8	8.5
Dividends (DPS)	9.0	6.0	6.0	6.0
Book Value (NTA)	0.88	0.89	0.91	0.93
Payout (%)	94.5	87.8	76.5	70.7
P-S (x)	0.8	1.1	0.5	0.5
P-BV (x)	1.6	2.2	1.1	1.1
P-E (x)	14.7	28.5	12.9	11.9
Dvd Yield (%)	6.4	3.1	5.9	5.9
ROA%	7.4	6.0	6.7	7.1
ROE%	10.8	7.7	8.6	9.1
Debt/Equity (%)	45.7	27.2	27.7	28.1

**MALAYSIA EQUITY  
BP PLASTICS HOLDING BHD**

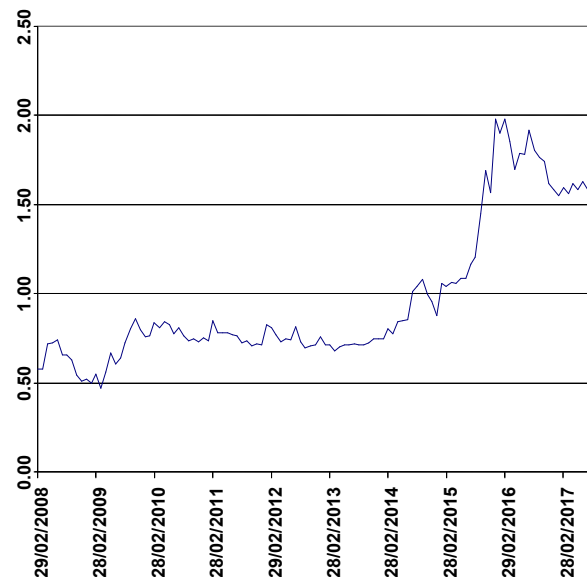
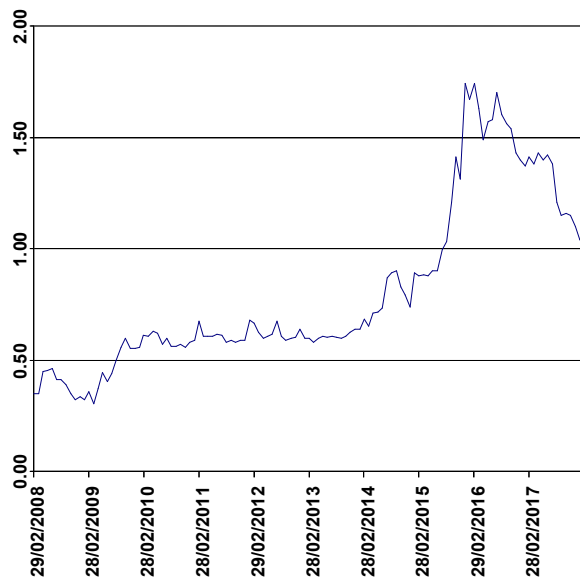
**REVENUE (LAST 9 YEARS, MYR mn)**

**NET PROFIT ( LAST 9 YRS, MYR mn)**



**SHARE PRICE (LAST 10 YEARS, MYR)**

**P-BV (LAST 10 YEARS, X)**





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**ANALYST'S DISCLOSURE**

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**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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