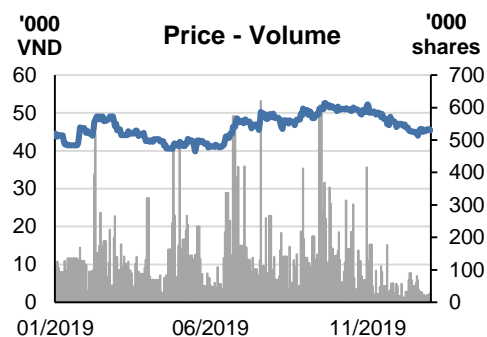


BMP (HOSE) Low 4Q19 performance in line with our expectation

Building Material/Plastic

Market price (VND) **45,400**



Stock performance (%)

	YTD	1M	3M	12M
Absolute	0%	-4%	-10%	4%
Relative	-1%	-6%	-11%	-7%

Source: Bloomberg, compare to VNIndex

Stock Statistics 21-Jan-20

52-week range (VND)	39.9k-52.6k
Shares o/s (m)	82
Mkt cap (VND bn.)	3,716
Mkt cap (\$m)	160
% Foreign owned	80.5%
Est. free float (ml. shares)	36.2
3m avg. daily vol. (shares)	83,994
VND/USD	23,171
Index: VN-Index/HNX	979/105

Source: Bloomberg, KIS

Ownership 21-Jan-20

Saraburi Co., Ltd	54.4%
Templeton Frontier Markets Fund	8.9%

Source: Bloomberg

4Q2019 performance as expected

Binh Minh Plastic reported Q4 FY2019 results with revenue of VND1,159bn, down 5.7% YoY, and net profit of VND95bn, down 34.3% YoY. In addition, gross margin contracted to 21.9% in 4Q2019, compared to 23.4% in 4Q2018, for a 2-year decline since 1Q2018. We have mentioned in our 3Q2019 earnings review that margin may continue being squeezed in the coming years.

2019 business result

For full year 2019, net revenue was reported at VND4,337bn, fulfilling 99% its target plan and our estimation. PBT was recorded at VND529bn, completing 98% of target plan and surpassing our estimation of VND500bn

We are revising our FY2020 forecast for Binh Minh Plastic due to the fact that gross margin has been narrowing since 1Q2018 – the time that Saraburi Co.,Ltd started to control the company.

VNDbn	4Q18	4Q19	2018	2019U	2019 Plan
Net revenue	1229	1,159	4121	4,337	4,300
<i>Growth YoY</i>	-1.6%	-5.7%	1.6%	5.3%	
Gross profit	288	259	1,073	988	
<i>Gross margin</i>	23.4%	21.9%	26.0%	22.8%	
EBIT	187	133	608	602	
<i>Growth YoY</i>	-14.6%	-28.8%	-8.2%	-1.1%	
<i>EBIT margin</i>	15.2%	11.5%	14.8%	13.9%	
Interest expenses	-	-	-	-	
PBT	110	119	530	529	540
<i>PBT margin</i>	9.0%	10.3%	12.9%	12.2%	12.6%
NPAT	87	95	428	423	
<i>Growth YoY</i>	-12.2%	-34.3%	-8.0%	-3.6%	
<i>NPAT margin</i>	11.9%	8.3%	10.4%	9.5%	

Mr. Vinh Chu

Real Estate - Associate

(+84 28) 3914 8585 - Ext: 1462

vinh.cd@kisvn.vn

BMP FINANCIAL MODEL						BS & CF ITEMS (VNDbn)					
Unit: VNDbn	2016	2017	2018	2019	2020E	2016	2017	2018	2019	2020E	
Net Revenue	3,677	4,055	4,121	4,376	4,566	Increase in WC	320	-294	385	-103	55
Sales growth (%)	23.8%	10.3%	1.6%	6.2%	4.4%	Capex	315	416	98	150	150
PVC	2,794	3,491	3,473	3,809	3,999	Other cash flow items	-3	92	69	69	69
HDPE	156	239	280	307	307	Free cash flow	82	350	47	468	334
PPR	54	74	82	90	90	Share issues	-	-	-	-	-
Others	304	252	285	169	169	Dividends paid	273	305	327	327	327
COGS	2,248	2,902	3,048	3,371	3,527	Increase in net debt	191	-45	280	-140	-7
Gross margin (%)	38.9%	28.4%	26.0%	23.0%	22.8%	Net debt, end of year	-789	-834	-554	-694	-701
SG&A	651	491	465	419	437	Enterprise value	3,607	3,562	3,842	3,702	3,695
EBITDA	865	762	781	772	803	Total equity	2,297	2,400	2,454	2,489	2,532
EBITDA margin (%)	23.5%	18.8%	18.9%	17.6%	17.6%	Minority interests	-	-	-	-	-
Depr'n & Amort'n	87	99	172	186	201	Shareholder's equity	2,297	2,400	2,454	2,489	2,532
Operating profit	778	663	608	586	602	BVPS (VND, bonus-adjusted)	50,516	29,317	29,973	30,402	30,932
Operating margin (%)	21.2%	16.3%	14.8%	13.4%	13.2%	Net debt / equity (%)	-34%	-35%	-23%	-28%	-28%
Net interest expenses	-45	-23	-23	-24	-23	Net debt / EBITDA (x)	-0.9	-1.1	-0.7	-0.9	-0.9
As % of avg. net debt	5.1%	2.8%	3.4%	3.8%	3.4%	Total assets	2,891	2,872	2,812	2,743	2,817
Interest cover (x)	-17.4	-29.0	-25.9	-24.8	-25.7	<i>Net debt = debts – cash & equivalent</i>					
Other profit/loss	-39	-103	-102	-109	-114	Key ratios & Valuation	2016	2017	2018	2019	2020E
Settlement discount	-35	-96	-104	-109	-114	ROE (%) (excl minority interest)	29.1%	19.8%	17.6%	16.1%	16.2%
Others	-4	-6	2	-	-	ROA (%)	21.7%	16.2%	15.2%	14.5%	14.5%
Tax	157	118	102	101	104	ROIC (%)	46.5%	29.0%	23.6%	20.6%	21.5%
Effective tax rate (%)	20%	20%	19%	20%	20%	WACC (%)	15.0%	15.0%	15.0%	15.0%	15.0%
Net profit	627	465	428	399	408	PER (x)	8.3	10.5	11.3	12.1	11.9
Net margin (%)	17.1%	11.5%	10.4%	9.1%	8.9%	PBR (x)	1.1	1.8	1.8	1.8	1.7
Minorities	-	-	-	-	-	PSR (x)	1.2	1.1	1.1	1.0	1.0
Net attributable profit	627	465	428	399	408	EV/EBITDA (x)	4.2	4.7	4.9	4.8	4.6
Number of shares (m)	45	82	82	82	82	EV/Sales (x)	1.0	0.9	0.9	0.8	0.8
EPS (VND, bonus-adjusted)	6,447	5,109	4,750	4,428	4,530	Dividend yield (%) (bonus-adjusted)	6.7%	6.5%	7.4%	7.4%	7.4%
EPS growth (%)	12.5%	-20.8%	-7.0%	-6.8%	2.3%						
DPS (VND)	6,500	3,500	4,000	4,000	4,000						
Payout ratio	101%	69%	84%	90%	88%						

EBITDA = Net revenue – (COGs -Depr'n&Amort'n)– SG&A expenses

EBIT = EBITDA – Depr'n&Amort'n

Net interest expenses = interest expenses – interest income

Other profit/loss consists of other financial income/expenses, profit share from JVs/associates and other income/loss

Payout ratio = Dividend paid / Net attributable profit

Contacts

HCM City Head Office

Level 3, Maritime Bank Tower
180-192 Nguyen Cong Tru St., District 1, HCM City
Tel: (+84 28) 3914 8585
Fax: (+84 28) 3821 6898

Pham Ngoc Thach Transaction Office

Level 3, 62A Pham Ngoc Thach, District 3, HCM City
Tel: (+84 28) 7108 1188
Fax: (+84 28) 3820 9229

Hanoi Branch

Level 6, CTM Tower
299 Cau Giay, Cau Giay District, Hanoi
Tel: (+84 24) 3974 4448
Fax: (+84 24) 3974 4501

Ba Trieu Transaction Office

Level 6, 74 Ba Trieu, Hoan Kiem District, Hanoi
Tel: (+84 24) 7106 3555
Fax: (+84 24) 3632 0809

Lang Ha Transaction Office

Level 5, TDL Tower, 22 Lang Ha, Dong Da District, Hanoi
Tel (+84 24) 7108 1188
Fax: (+84 24) 3244 4150

Research Department

Mr. Huy Hoang

Head of Research
(+84 28) 3914 8585 (x1450)
huy.hoang@kisvn.vn

Institutional Sales

Ms. Uyen Lam

Head of Institutional Sales
(+84 28) 3914 8585 (x1444)
uyen.lh@kisvn.vn

Recommendation System

BUY: where we believe prospective 12 months VND total return (including dividends) will be 15% or more.

HOLD: where we believe it will be -5% to 15%.

SELL: where we believe it will be -5% or less.

Disclaimer

This report has been issued by the **KIS VN Securities Corporation (KIS)** with the instructional contributions of **KIS VN Securities Corporation** whose employees are specified in the publication. This report is for information of its institutional and professional customers.

This report is and should not be construed as an offer to sell or a solicitation of an offer to purchase or subscribe for any investment. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient. Investors are advised make their own financial decisions based on their independent financial advisors as they believe necessary and based on their particular circumstances such as their financial situation, investment objectives and other considerations.

In preparing this report, we have relied upon and assumed the accuracy and completeness of all information available from public and other sources which we believe to be reliable, but which we have not independently verified. **KIS** makes no express or implied guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information.

Opinions, estimates, and projections expressed are current opinions of the authors as of the original publication date appearing on this report only and the information, including the opinions contained herein, and are subject to change without notice.

KIS and its affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, companies mentioned herein. Further, **KIS** and its affiliates, and/or their officers, directors and employees involved in the preparation or issuance of this report may, from time to time, have long or short positions in, and buy or sell, the securities, or derivatives (including options) thereof, of companies mentioned herein, or related securities or derivatives in a manner that may be consistent or inconsistent with this report and opinions expressed therein. As a result, investors should be aware that **KIS** and its affiliates and/or their officers, directors and employees may have a conflict of interest that could affect this report.

This report shall not be copied, reproduced, distributed (in whole or in part) or disclosed by recipients to any other person without the express permission of **KIS** in writing.