

24 Jun 2020

Binh Minh Plastic (BMP)

12M rating **HOLD (Maintain)**

Earnings stay in high gear

2020 AGM approves a promising plan

- On 24 June, Binh Minh held the 2020 AGM. Key issues covered were its plan in 2020 and 5M20 results.
- Binh Minh plans to sell 110k tonnes, up 4.8% YoY, and record VND4,560bn of revenue, up 5.1% YoY, and VND465bn of net profit, up 10.4% YoY.
- Public investment may benefit the overall plastic pipe demand but Binh Minh does not expect to see a significant impact this year.
- Shareholders approved 2019 dividend of VND5,000 and 2020 dividend plan of minimum 50% of NPAT.

Lower input price and better cost management lifts earnings

- Lower input price will lift 2Q20 and 3Q20 earnings. Based on Bloomberg data, we see a recovery of input price in May to USD790 per tonne, up 14.5% MoM and down 6.0% YTD. The company shared that they had stocked up material for a few months.
- Binh Minh continues applying new modern technology to replace its traditional production and management procedures, reducing cost and improving profitability. Specifically, 3P compensation management will be applied for the whole company and LEAN-5S system for Binh Duong factory.

5M20 business results

- In 5M20, net revenue was reported at VND1,883bn, up 7.6% YoY. Sales volume were 44.8k tonnes, up 6.5% YoY. Thanks to lower input cost, NPAT was VND209bn, up 18.1% YoY.

Stock Data

VNIndex (Jun 24, pt)	860
Stock price (Jun 24, VND)	54,500
Market cap (USD mn)	192
Shares outstanding (mn)	82
52-Week high/low (VND)	55,000/31,827
6M avg. daily turnover (USD mn)	0.33
Free float / Foreign ownership (%)	44.2/81.0
Major shareholders (%)	
Nawaplastic	54.4
Templeton Frontier Market Fund	5.9
KWE Beteiligungen AG	5.0

Performance

	1M	6M	12M
Absolute (%)	16.6	21.9	38.7
Relative to VNIndex (%p)	15.7	31.7	48.0

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	4,055	4,121	4,341	4,558	5,076
chg. (% YoY)	10.3	1.6	5.3	5.0	11.4
Operating profit (VND bn)	663	608	601	682	678
Net profit (VND bn)	464	427	421	488	478
EPS (VND)	5,109	4,750	4,696	5,439	5,331
chg. (% YoY)	(20.8)	(7.0)	(1.1)	15.8	(2.0)
EBITDA (VND bn)	762	781	789	889	875
PE (x)	8.7	9.3	9.4	8.2	8.3
EV/EBITDA (x)	3.7	3.9	3.8	3.1	3.0
PB (x)	1.5	1.5	1.5	1.4	1.3
ROE (%)	19.8	17.6	17.2	19.4	18.2
Dividend yield (%)	7.9	9.0	9.0	9.0	9.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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