BP Plastics Holding

Blown Films Showing Strengths

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MARKET PERFORM ↔

Price: **RM0.64**
Target Price: **RM0.63** ↔

BPPLAS' FY25 full-year earnings beat our expectation by 35% on stronger-than-expected sales volumes and better product mix in 4QFY26. However, YoY, net profit was still lower by 51% due to weaker stretch film exports on pricing pressures amid slow demand, unfavourable forex movements, softer resin prices, and intense competition. Looking ahead, we expect earnings to strongly rebound. Higher-margin, premium-grade stretch film as well as blown film should see better orders amid competitive pricing pressures. All in, we keep our FY26F earnings while introduce new numbers for FY27. Maintain TP at RM0.63 and a MARKET PERFORM call.

Above expectations. BPPLAS's FY25 net profit of RM12.8m came in at 135% our full-year forecast mainly due to stronger-than-expected sales volumes and better product mix in 4QFY26. The group also declared a dividend of 1.5 sen, bringing YTD total to 2.5 sen, above our FY25 dividend forecast of 2.0 sen.

YoY, FY25 revenue declined by 15%, while net profit plunged sharply by 51% primarily on subdued demand for stretch films (>70% of revenue) amid intense pricing pressures from local as well as regional peers. Additionally, MYR strength against USD in FY25 (YoY) has resulted in unfavourable forex impact. Margins were further eroded by higher operating costs following the implementation of minimum wage hikes in Feb 2025 followed by a 2% EPF contribution for foreign workers in Oct 2025.

QoQ, its turnover grew 11%, thanks to restocking orders from certain customers who were holding back deliveries in 1HFY25 due to tariffs uncertainties. In addition, there was some shipment delays in 3QFY25 that rolled over to boost 4QFY25 topline. On the other hand, its net profit jumped 206%, due to the following reasons: (i) better product mix from higher-margins customized blown films that held up well particularly in the domestic markets, (ii) low base in the preceding quarter that was weighed by weak resin prices which lowered overall ASP, and (iii) electricity cost savings of about RM700k upon the installation of solar panels since 3QFY25. Meanwhile, utilisation rate has improved slightly to 60% as of 4QFY25 from an average rate of 55% in 1HFY25.

Outlook. Kenanga is forecasting MYR to remain steady between RM3.88 to RM3.95 for CY26, which suggest that the group will likely not suffer for unfavourable forex translation in FY26 as badly as in FY25. 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. On the bright side, the group appeared to have gained tractions in its blown film segment especially in the domestic market which we believe will likely sustain decent margins moving forward.

Share Price Performance

KLCI	1,754.01
YTD KLCI chg	4.4%
YTD stock price chg	2.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BPP MK EQUITY
Market Cap (RM m)	180.1
Shares Outstanding	281.4795
52-week range (H)	1.17
52-week range (L)	0.59
3-mth avg. daily vol.	61,153
Free Float	23%
Beta	1.0

Major Shareholders

Lg Capital Sdn Bhd	43.2%
Lim Chun Yow	9.6%
Tan See Khim	9.6%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	413.7	441.7	463.8
EBITDA	32.2	40.2	44.1
PBT	15.8	26.7	28.9
Net Profit (NP)	**11.5**	**22.2**	**24.0**
Core NP	**12.8**	**22.2**	**24.0**
Consensus	-	-	-
Earnings Revision	-	-	NEW
Core EPS (sen)	4.6	7.9	8.5
Core EPS Growth (%)	-50.7	72.8	8.2
NDPS (sen)	2.5	4.3	4.5
Core PER (x)	14.3	8.3	7.6
BVPS (RM)	1.0	1.0	1.0
PBV (x)	0.7	0.6	0.6
Net Div. Yield (%)	3.8	6.5	6.9

In addition, 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 positive 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. Post-installation of solar panels, the group will see full-year benefits of electricity cost savings by about RM3m per year moving forward.

We foresee resin prices to remain steady 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.

Forecasts. We keep our FY26 earnings forecast unchanged while introducing our new FY27F earnings that implies an 8% net profit growth.

Valuations. Maintain TP at 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 subdued demand for stretch films 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. As we expect an earnings rebound for BPPLAS in FY26 from a low base in FY25, we maintain a NEUTRAL stance on BPPLAS due to concerns over its export orders growth and elevated competitive pressures from regional players that may potentially weigh down the group's stretch film sales (which made up >70% of total revenue) amidst global trade and tariffs disruptions. On the other hand, we look forward to more positive developments in the group's new product lines and its bread bags investments. All in, we maintain our **MARKET PERFORM** call.

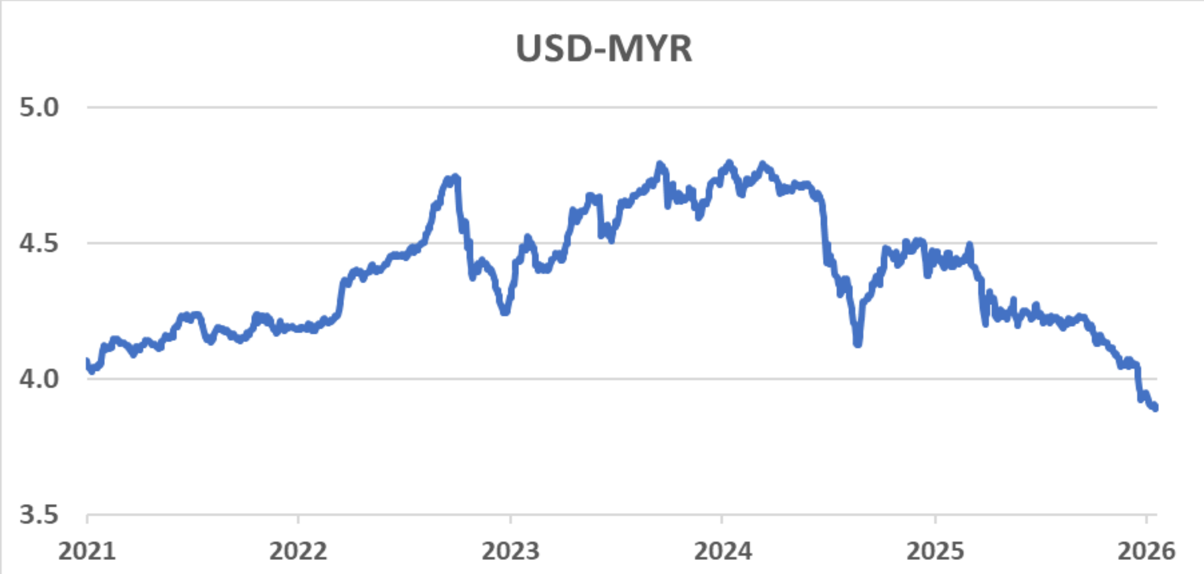
Risks to our call include: (i) weaker-than-expected demand for its blown and cast films, (ii) persistent weakness in global business confidence.

Results Highlights

FYE Dec (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Revenue	104.8	94.6	11%	117.6	-11%	413.7	487.7	-15%
Operating Profit	6.2	1.7	265%	3.8	63%	14.4	26.1	-45%
Exceptional Items	-0.6	-0.1	345%	0.6	-195%	-1.3	-4.4	-70%
PBT	6.2	2.3	174%	5.7	9%	15.8	26.0	-39%
Taxation	-1.6	-0.7	129%	1.0	-260%	-0.5	-2.4	-79%
Net Profit	**4.6**	**1.6**	**194%**	**4.7**	**-2%**	**11.5**	**21.6**	**-47%**
Core Net Profit	**5.2**	**1.7**	**206%**	**4.0**	**28%**	**12.8**	**26.0**	**-51%**
Core EPS (sen)	1.8	0.6	206%	1.4	28%	4.6	9.2	-51%
DPS (sen)	1.5	0.0	N.A.	1.5	0%	2.5	6.0	-58%
Effective Tax Rate (%)	26.3	31.4		-17.9		3.1	9.1	
PBT Margin (%)	5.9	2.4		4.8		3.8	5.3	
CNP Margin (%)	4.9	1.8		3.4		3.1	5.3	

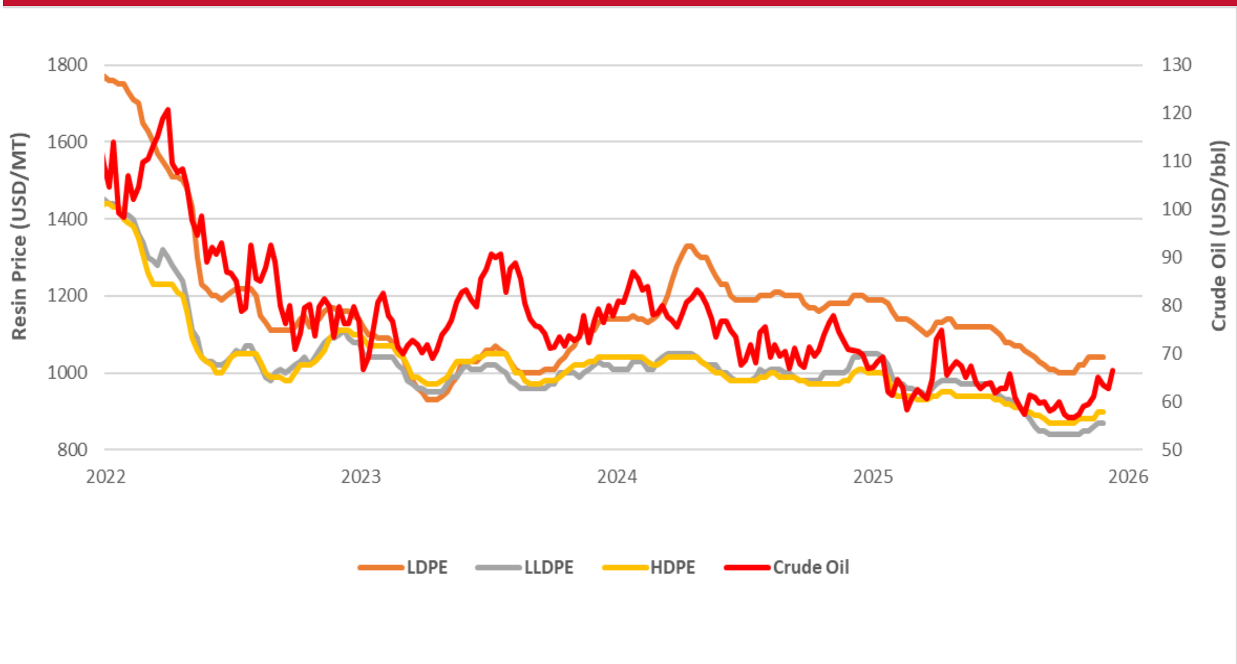
Source: Company, Kenanga Research

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	0.895	1.20	34.1%	953.5	Y	05/2026	8.8	9.6	49.8%	11.5%	10.2	9.3	1.3	13.9%	5.0	5.6%
BM GREENTECH BHD	UP	1.43	1.72	20.3%	983.5	Y	03/2026	11.3	12.2	11.5%	7.5%	12.6	11.7	2.7	22.5%	1.8	1.3%
BP PLASTICS HOLDINGS BHD	MP	0.640	0.630	-1.6%	180.1	Y	12/2026	7.9	8.5	72.8%	8.2%	8.1	7.5	0.6	8.0%	4.3	6.6%
HPP HOLDINGS BHD	MP	0.320	0.300	-6.3%	124.4	Y	05/2026	2.0	2.3	146.9%	12.7%	15.7	14.0	1.0	6.3%	2.0	6.3%
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.605	0.480	-20.7%	325.1	Y	12/2025	4.4	4.8	143.9%	8.4%	13.6	12.6	0.3	2.2%	2.0	3.3%
SCIENTEX BHD	MP	3.74	3.60	-3.7%	5,820.5	Y	07/2026	31.5	33.4	-9.2%	6.0%	11.9	11.2	1.3	11.7%	11.0	2.9%
SLP RESOURCES BHD	OP	0.785	0.810	3.2%	248.8	Y	12/2026	4.6	5.4	43.4%	17.4%	17.1	14.5	1.4	8.4%	5.0	6.4%
TECHBOND GROUP BHD	OP	0.295	0.470	59.3%	223.8	Y	06/2026	4.1	4.5	37.5%	9.1%	7.2	6.6	0.8	12.0%	1.0	3.4%
THONG GUAN INDUSTRIES BHD	OP	1.18	1.29	9.3%	466.4	Y	12/2025	17.4	20.2	3.9%	16.2%	6.8	5.8	0.5	7.1%	6.0	5.1%
SECTOR AGGREGATE					**9,326.1**					**13.3%**	**8.2%**	**11.6**	**10.7**	**1.1**	**9.8%**		**4.5%**

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.

Published by:

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