

26 May 2026

# BP Plastics Holding

## Ready Capacity for 2Q Orders

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BPPLAS' 1QFY26 earnings met our expectation at 18% of our full-year forecast. YoY, its revenue declined 16%, primarily weighed by the strengthening of the MYR against USD that resulted in unfavourable forex impact alongside slightly softer demand amidst challenging global economies. Net profit dipped by only 3% as it was cushioned by better product mix. Looking ahead, we anticipate a bumper 2QFY26 from: (i) higher ASP, (ii) better margins on lower cost old resin inventory, and (iii) potentially increased sales orders from buyers chasing rising prices and supply shortage of packaging products in the market since the onset of the Middle East conflict. All in, we keep our earnings forecasts, TP of RM0.87 and reiterate our **OUTPERFORM** call backed by a forecasted >6% dividend yield.

**Within expectations.** BPPLAS's 1QFY26 core net profit of RM4.7m (excluding unrealized forex gain) came in at 18% our full-year forecast. The group did not declare any dividend in the quarter as it is now shifting to a bi-annual dividend distribution plan.

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**QoQ,** both its turnover and bottom-line were 9% weaker due to the abovementioned reasons. Meanwhile, utilisation rate tapered off slightly to around 56% as of 1QFY26 from 60% in the preceding quarter.

**Outlook.** Surging oil prices arising from Middle East conflicts since late Feb 2026 have resulted in resin prices rising by about 80% on average and has also led to a shortage of packaging supplies in the market. Kenanga expects Brent oil prices per barrel to average at USD80 in CY26 and USD74 for CY27, viewing that oil prices are unlikely to fall to pre-conflict levels even if the Middle East conflicts de-escalate. We note that BPPLAS' sources of supply remain healthy, thanks to a well-diversified suppliers across multiple regions. Hence, we expect the group to register more meaningful profits from inventory gains, increased ASP and orders with potential margins enhancement in 2QFY26. Based on Kenanga forecast, the MYR is to remain steady between RM3.88 to RM3.95 for CY26, which suggests that BPPLAS will likely not suffer unfavourable forex translation in FY26 as badly as in FY25. In our view, the group's recent success in securing several reputable bread brands in Malaysia also corroborated with the tractions it gained in its blown film segment especially in the domestic market which we believe will likely support decent margins moving forward. Post-installation of solar panels in 2025, the group will see full-year benefits of electricity cost savings by about RM3m per year moving forward.

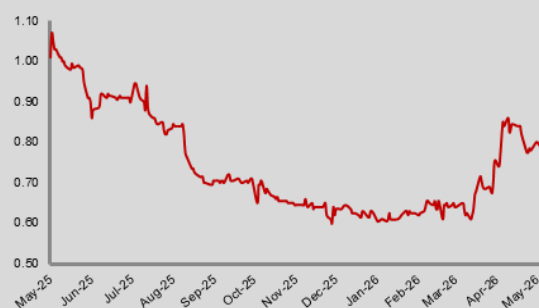
**Forecasts.** Unchanged.

**Valuations.** Maintain TP at RM0.87. This is based on 10x PER on FY27F net EPS, in-line to its average historical forward PER. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

**OUTPERFORM** ↔

Price: **RM0.80**  
Target Price: **RM0.87** ↔

### Share Price Performance



KLCI	1,708.50
YTD KLCI chg	1.7%
YTD stock price chg	28.0%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BPP MK Equity
Market Cap (RM m)	225.2
Shares Outstanding	281.5
52-week range (H)	1.01
52-week range (L)	0.60
3-mth avg. daily vol.	128,486
Free Float	23%
Beta	0.80

### 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	535.4	520.0
EBITDA	32.2	44.4	44.7
PBT	15.8	30.9	29.5
<b>Net Profit (NP)</b>	<b>11.5</b>	<b>25.7</b>	<b>24.5</b>
<b>Core NP</b>	<b>12.8</b>	<b>25.7</b>	<b>24.5</b>
Consensus	-	-	-
Earnings Revision	-	-	-
Core EPS (sen)	4.6	9.1	8.7
Core EPS Growth (%)	-50.7	100.2	-4.5
NDPS (sen)	2.5	4.3	4.5
Core PER (x)	14.0	7.0	7.3
BVPS (RM)	1.0	1.0	1.1
PBV (x)	0.7	0.6	0.6
Net Div. Yield (%)	3.9	6.6	7.0

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**Investment case.** We like BPPLAS due to: (i) earnings rebound expected in FY26 from a low base in FY25, (ii) positive developments in the group's bread bags investments and its new product lines, (iii) greater ability to pass through higher resin cost to customers stemming from its predominant stretch-film centric business model. We reiterate our **OUTPERFORM** call.

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

### Results Highlights

FYE Dec (RM m)	1Q26	4Q25	QoQ Chg	1Q25	YoY Chg
Revenue	95.8	104.8	-9%	113.8	-16%
Operating Profit	5.6	6.2	-9%	6.1	-8%
Exceptional Items	0.7	-0.6	-211%	-0.3	-313%
PBT	7.0	6.2	13%	6.4	10%
Taxation	-1.7	-1.6	2%	1.9	-187%
<b>Net Profit</b>	<b>5.4</b>	<b>4.6</b>	<b>17%</b>	<b>4.5</b>	<b>19%</b>
<b>Core Net Profit</b>	<b>4.7</b>	<b>5.2</b>	<b>-9%</b>	<b>4.8</b>	<b>-3%</b>
Core EPS (sen)	1.7	1.8	-9%	1.7	-3%
DPS (sen)	0.0	1.5	-100%	1.0	-100%
Effective Tax Rate (%)	23.7	26.3		-29.8	
PBT Margin (%)	7.3	5.9		5.6	
CNP Margin (%)	4.9	4.9		4.2	

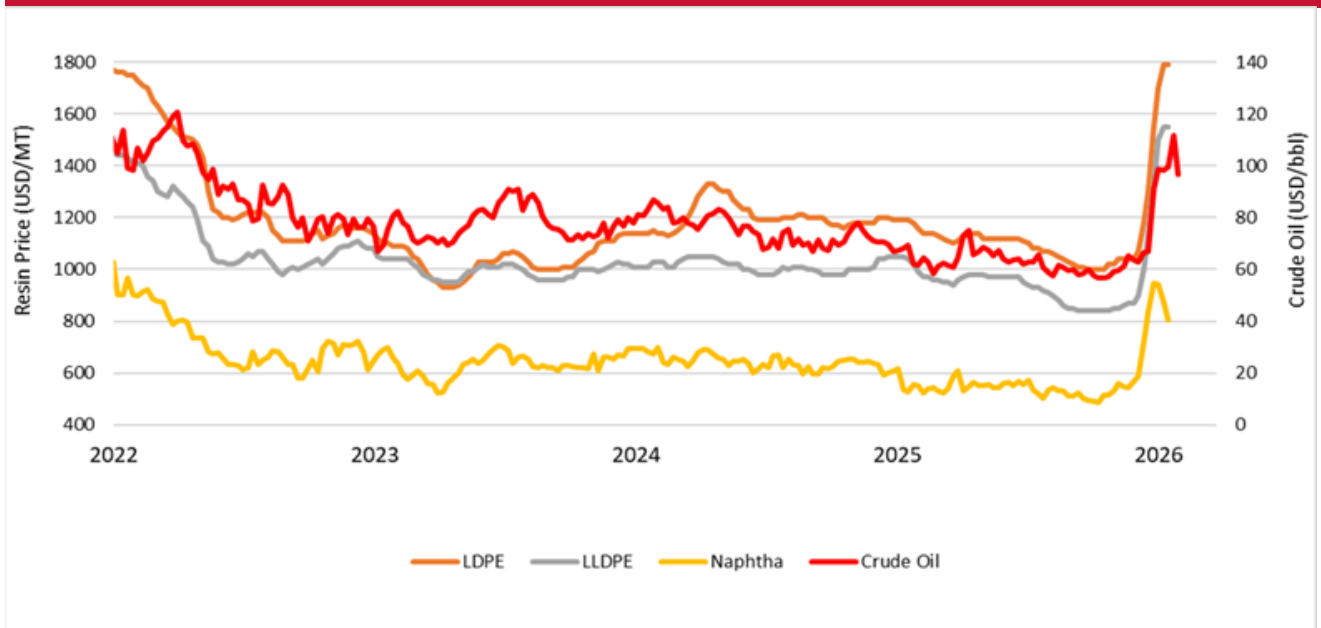
Source: Company, Kenanga Research

Appendix 1: USD-MYR Exchange Rate



Source: Bloomberg, Kenanga Research

Appendix 2: Resin and Crude Oil Prices



Source: Bloomberg, Kenanga Research

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### 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.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																			
ANCOM NYLEX BHD	OP	0.885	1.50	69.5%	940.7	Y	05/2026	7.7	9.4	20.0%	22.9%	11.6	9.4	1.3	11.9%	5.0	5.6%		
BM GREENTECH BHD	UP	1.53	1.72	12.4%	1,052.3	Y	03/2027	11.3	12.2	11.5%	7.5%	13.5	12.6	2.9	22.5%	1.8	1.2%		
BP PLASTICS HOLDINGS BHD	OP	0.800	0.870	8.7%	225.2	Y	12/2026	9.1	8.7	100.2%	-4.5%	8.8	9.2	0.8	9.2%	4.3	5.3%		
HPP HOLDINGS BHD	MP	0.300	0.300	0.0%	116.6	Y	05/2026	2.0	2.3	146.9%	12.7%	14.7	13.1	0.9	6.3%	2.0	6.7%		
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.570	0.480	-15.8%	306.3	Y	12/2026	4.4	4.8	143.9%	8.4%	12.8	11.8	0.3	2.2%	2.0	3.5%		
SCIENTEX BHD	OP	3.49	3.91	12.0%	5,431.4	Y	07/2026	39.5	39.4	17.0%	-0.4%	8.8	8.9	1.1	13.4%	13.0	3.7%		
SOUTHERN CABLE GROUP BHD	OP	2.07	2.68	29.5%	2,358.7	Y	12/2026	12.4	15.0	15.3%	21.7%	16.8	13.8	3.4	20.9%	3.5	1.7%		
SLP RESOURCES BHD	OP	0.835	0.90	7.8%	264.7	Y	12/2026	6.0	6.5	11.7%	8.4%	13.9	12.8	1.1	9.1%	1.3	1.5%		
TECHBOND GROUP BHD	OP	0.280	0.470	67.9%	212.4	Y	06/2026	4.1	4.5	37.5%	9.1%	6.8	6.2	0.8	10.4%	1.0	3.6%		
THONG GUAN INDUSTRIES BHD	OP	1.62	1.73	6.8%	634.0	Y	12/2026	26.1	22.9	45.9%	-12.3%	6.2	7.1	0.6	10.8%	6.0	3.7%		
<b>SECTOR AGGREGATE</b>					<b>11,542.2</b>							<b>10.3</b>	<b>9.9</b>	<b>1.2</b>	<b>11.8%</b>		<b>3.7%</b>		

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	★	★	★		
<b>OVERALL</b>		★	★	★		

☆ 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.**

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