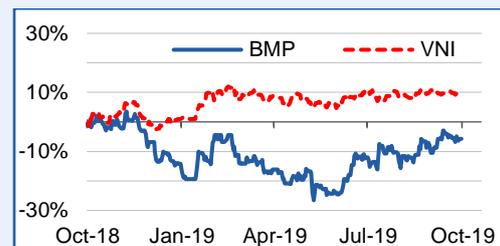


Industry	Plastics		2018A	9M/19	2019F
Report Date	October 29, 2019	Rev y/y	2.5%	15.6%	12.7%
Current Price	VND53,000	EPS y/y	-7.0%	-3.6%	4.4%
Last Target Price	VND60,400	GPM	22.2%	23.1%	23.5%
Upside	+14.0%	NPM	10.9%	10.3%	10.1%
Dividend yield	3.8%	EV/EBITDA	4.8x		4.5x
TSR	+17.7%	P/B	1.8x		1.6x
Last Rating	BUY	P/E	11.2x		10.7x



			BMP	Peers*	VNI
Market Cap	USD188.6mn				
Foreign Room	USD39.2mn	P/E (ttm)	11.5x	15.1x	16.6x
ADTV30D	USD414,000	P/B (curr)	1.7x	1.4x	2.4x
State Ownership	0.0%	Net D/E	-22.9%	-13.6%	NA
Outstanding Shares	81.9 mn	ROE	16.7%	9.7%	14.8%
Fully Diluted O/S	81.9 mn	ROA	14.8%	6.2%	2.5%

**Company Overview**

Established in 1977, BMP is the pioneer of Vietnam's plastic pipe industry. In March 2018, BMP's largest shareholder, State Capital Investment Corporation (SCIC), divested its 29.5% holding to Nawaplastic. Subsequently, Nawaplastic raised its holding to a controlling stake of 54.4%.

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## Positive Q3 results in line with expectation

BMP released Q3 2019 results that are consistent with the preliminary results announced at its analyst meeting on October 17, 2019. In Q3 2019, BMP's net revenue grew 5% YoY (VND1.07tn/USD46.5mn) while NPAT-MI grew 4% YoY (VND120bn/USD5.2mn). This result shows an improvement in Q3 NPAT-MI compared to a decline of 6.7% YoY in H1 2019, which is in line with our expectation that margins should improve toward the end of 2019 thanks to favorable input plastic prices. BMP's Q3 2019 gross margin stood at 23.4% vs 23.2% in Q2 2019 and 22.6% in Q1 2019.

For 9M 2019, BMP's total sales volume reached 76,500 tons (+15% YoY), net revenue reached VND3.18tn (USD138.2mn, +16% YoY) and NPAT-MI reached VND328bn (US\$14.3mn, -4% YoY). 9M 2019 EBIT margin reached 14.7%, which is in line with our 2019F projection of 14.6%. As these 9M 2019 earnings fulfilled 74% of our full-year forecast, we anticipate no significant changes in our 2019F forecast for BMP as stated in our last update report [BMP \[BUY +21.9%\] - Subtle changes pave way for long-term growth](#) dated August 12, 2019.

**Figure: BMP's 9M 2019 results**

VND bn	Q3 2018	Q3 2019	Growth	9M 2018	9M 2019	Growth	2019F	9M as % of 2019F
<b>Total revenue</b>	<b>1,070</b>	<b>1,070</b>	<b>0.0%</b>	<b>2,901</b>	<b>3,182</b>	<b>9.7%</b>	<b>4,426</b>	<b>72%</b>
Revenue deduction *	-51	-0	-99.4%	-151	-3	-97.7%	-7	52%
<b>Net revenue</b>	<b>1,019</b>	<b>1,070</b>	<b>5.0%</b>	<b>2,750</b>	<b>3,178</b>	<b>15.6%</b>	<b>4,419</b>	<b>72%</b>
<b>Gross profit</b>	<b>224</b>	<b>250</b>	<b>12.0%</b>	<b>643</b>	<b>734</b>	<b>14.1%</b>	<b>1,038</b>	<b>71%</b>
SG&A expenses *	-57	-84	47.0%	-162	-266	64.7%	-391	68%
<b>EBIT</b>	<b>166</b>	<b>166</b>	<b>0.0%</b>	<b>481</b>	<b>468</b>	<b>-2.9%</b>	<b>647</b>	<b>72%</b>
Financial income	1	10	N/M	10	21	109.9%	24	89%
Financial expense	-27	-28	1.7%	-73	-81	10.1%	-112	72%
Net other income	2	1	-46.7%	2	2	2.5%	0	N/M
PBT	142	149	5.2%	420	410	-2.4%	558	73%
<b>NPAT-MI</b>	<b>115</b>	<b>120</b>	<b>4.0%</b>	<b>341</b>	<b>328</b>	<b>-3.6%</b>	<b>446</b>	<b>74%</b>
<b>Standardized (calculated using net revenue)</b>								
Gross margin	21.9%	23.4%		23.4%	23.1%		23.5%	
SG&A exp./Sales	5.6%	7.9%		5.9%	8.4%		8.8%	
EBIT margin	16.3%	15.5%		17.5%	14.7%		14.6%	
NPAT-MI margin	11.3%	11.2%		12.4%	10.3%		10.1%	

Source: BMP financial statements, VCSC forecast.

Note (\*): As noted in our last update report, starting from 2019, BMP changed its recognition method for trade discounts from being classified under revenue deduction to SG&A expenses.

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**Stock ratings** are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
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Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

**Target prices** are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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