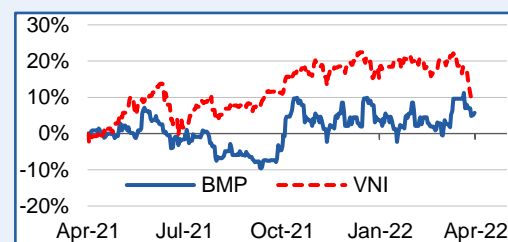




Binh Minh Plastics (BMP)

AGM Note

Industry	Plastics		2021A	2022F	2023F	2024F
Report Date	April 26, 2022	Rev y/y	-2.8%	24.2%	4.3%	4.3%
Current Price	VND58,900	EPS y/y	-59.0%	110.8%	6.5%	17.8%
Target Price*	VND65,000	GPM	15.3%	20.7%	21.0%	22.3%
Upside to TP	+10.4%	NPM	4.7%	8.0%	8.2%	9.2%
Dividend Yield	8.5%	EV/EBITDA	7.4x	4.5x	4.6x	4.6x
TSR	+18.8%	P/B	2.1x	2.1x	2.0x	1.9x
Rating*	OUTPERFORM	P/E	22.7x	10.8x	10.1x	8.6x



Market Cap	USD209.6mn		BMP	Peers**	VNI
Foreign Room	USD30.3mn	P/E (ttm)	22.7x	8.3x	14.7x
ADTV30D	USD0.2mn	P/B (curr)	2.1x	1.0x	2.3x
State Ownership	0.0%	Net D/E	-42.3%	-5.3%	N/A
Outstanding Shares	81.9 mn	ROE	9.0%	11.6%	15.7%
Fully Diluted O/S	81.9 mn	ROA	7.3%	7.6%	2.6%

* TP and rating last updated February 17, 2021; ** Regional peers

Company Overview

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

Vy Nguyen
Manager

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Strong 2022 guidance against 2021's low base

- We attended BMP's annual general meeting (AGM) in HCMC on April 26.
- Shareholders approved management's guidance for 2022 NPAT-MI of VND448bn (USD19.5mn; +109% YoY), which is in line with our forecast.
- Shareholders approved a FY2021 dividend plan for a total dividend of VND2,600/share, of which VND1,250/share was paid in January 2022. The timeline for the second interim payment is not available.
- Shareholders approved a FY2022 dividend plan for 50% of 2022 profit after tax — either in cash or shares. We currently assume BMP will pay a VND5,000/share cash dividend for 2022.
- Management also announced that CEO Mr. Nguyen Hoang Ngan will retire in August 2022. Nawaplastic's representative on BMP's Board of Directors Mr. Chaowalit Treejak will replace Mr. Ngan as BMP's CEO.
- BMP announced Q1 2022 preliminary results with NPAT-MI of VND127bn (USD5.5mn; +51% YoY and +11% QoQ) — slightly better than our expectation.

BMP set strong 2022 earnings growth guidance from 2021's low base. For 2022, BMP targets revenue of VND5.7tn (USD247.0mn; +25% YoY) and NPAT-MI of VND448bn (USD19.5mn; +109% YoY). This guidance is in line with our expectation as 2022G revenue and NPAT-MI are equivalent to 100% and 99% of our current forecasts, respectively. On one hand, BMP's management is positive regarding the recovery of sales volume in 2022 from COVID-19-related disruptions in 2021. The company targets total plastic pipe and accessories sales volume of 101,750 tonnes (+10% YoY — equivalent to 99% of our forecast of 102,700 tonnes). However, management expects average input plastic prices to decrease YoY but still remain high throughout the year, which should limit the company's ability to expand margin.

BMP released upbeat preliminary Q1 2022 results. BMP announced preliminary Q1 2022 results with sales volume of 22,635 tonnes (-12% YoY), revenue of VND1.4tn (USD58.8mn; +17% YoY) and NPAT-MI of VND127bn (USD5.5mn; +51% YoY). As BMP's Q1 2022 NPAT-MI fulfilled 28% of our full-year forecast, we anticipate upside risk to our 2022F forecasts for BMP as stated in our last [Update Report](#), dated February 21, 2022, pending a fuller review.

Nawaplastic's representative to become new CEO. CEO Mr. Nguyen Hoang Ngan has been with the company since 1988 and will retire in August 2022. Following Mr. Ngan's retirement, Mr. Chaowalit Treejak will be appointed as CEO. Mr. Treejak was elected to BMP's board of directors in 2021 as Nawaplastic's representative. Mr. Treejak has more than 30 years of experience in the polymer chemical industry and worked for five years as the CEO of TPC-Vina — a Vietnam-based subsidiary of SCG Thailand that operates in plastic resin distribution.

VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$, 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
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
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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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