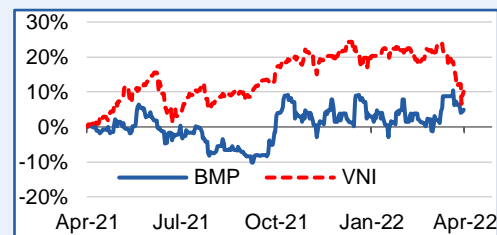




Binh Minh Plastics (BMP)

Earnings Flash

Industry	Plastics		2021A	Q1/22	2022F
Report Date	April 28, 2022	Rev y/y	-2.8%	17.1%	24.2%
Current Price	VND60,100	EPS y/y	-59.0%	51.8%	110.8%
Target Price*	VND65,000	GPM	15.3%	23.6%	20.7%
Upside to TP	+8.2%	NPM	4.7%	9.4%	8.0%
Dividend Yield	8.3%	EV/EBITDA	7.7x	N.M.	4.7x
TSR	+16.5%	P/B	2.1x	N.M.	2.2x
Rating*	OUTPERFORM	P/E	23.2x	N.M.	11.0x



Market Cap	USD213.9mn		BMP	Peers**	VNI
Foreign Room	USD30.9mn	P/E (ttm)	19.3x	8.3x	15.2x
ADTV30D	USD0.2mn	P/B (curr)	2.0x	1.0x	2.4x
State Ownership	0.0%	Net D/E	-36.9%	-5.3%	N/A
Outstanding Shares	81.9 mn	ROE	10.9%	11.6%	15.7%
Fully Diluted O/S	81.9 mn	ROA	9.0%	7.6%	2.6%

* TP and rating last updated February 21, 2022; ** 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%.

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Strong earnings growth in Q1 amid margin expansion

BMP released official Q1 2022 results that are consistent with the preliminary results announced at the company's AGM on April 26. In Q1 2022, BMP's revenue was VND1.4tn (USD58.8mn; +17% YoY) and its NPAT-MI was VND127bn (USD5.5mn; +51% YoY).

Despite sales volume dropping 12% YoY to 22,635 tonnes in Q1 2022, BMP experienced robust earnings growth that was mainly driven by margin expanding to 23.6% in Q1 2022 compared to 17.9% in Q1 2021 and 19.9% in Q4 2021. We attribute this margin expansion to BMP 1) being able to pass on higher input plastic costs amid domestic demand for construction materials (including plastic pipes), allowing it to gradually recover from COVID-related disruptions in 2021, and 2) securing input plastic resin inventory at favorable prices.

As BMP's Q1 2022 earnings were better than our forecast — especially on margins — we anticipate upside to our forecasts as stated in our last [Update Report](#), dated February 21, 2022, pending a fuller review. Furthermore, more details regarding BMP's AGM can be found in our [AGM Note](#).

Figure 1: BMP's Q1 2022 results

VND bn	Q1 2021	Q4 2021	Q1 2022	YoY growth	QoQ growth	2022F	Q1 as % of 2022F
Net revenue	1,153	1,420	1,350	17%	-5%	5,656	24%
Gross profit	206	282	319	55%	13%	1,171	27%
SG&A expenses	-91	-112	-136	49%	22%	-522	26%
EBIT	115	170	183	59%	7%	650	28%
Financial income	18	14	12	-36%	-13%	65	18%
Financial expense	-32	-41	-36	14%	-11%	-154	23%
Net other income	2.57	0.18	0.65	-75%	267%	5	14%
PBT	105	144	159	52%	11%	565	28%
NPAT-MI	84	114	127	52%	11%	452	28%
Gross margin	17.9%	19.9%	23.6%			20.7%	
SG&A exp./Sales	7.9%	7.9%	10.1%			9.2%	
EBIT margin	10.0%	12.0%	13.6%			11.5%	
NPAT-MI margin	7.3%	8.1%	9.4%			8.0%	

Source: BMP's Q1 2022 financial statements, VCSC forecast (last updated February 21, 2022)

VCSC Rating System

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
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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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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