

HOLDING

Target price 74,000 VND
Current price 69,500 VND

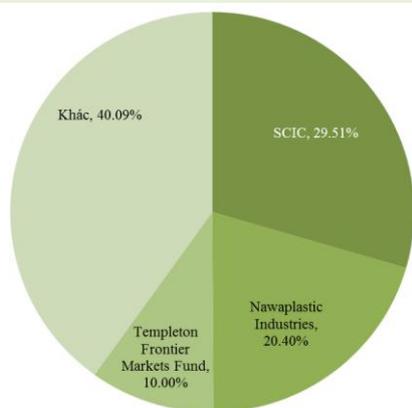
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Co. Profile

Ticker	BMP
Charter Capital (VND bln)	454.8
Outstanding shares (mln)	45,478,480
Market Capital (VND bln)	3,161
52W range (VND)	63,000 - 88,000
Ave. trading volume 3M	40,616
Beta	1.02
Foreign Ownership	49%
First listing date	11/7/2006

Major shareholders

SCIC	29.51%
Nawaplastic Industries	20.40%
Templeton Frontier Markets Fund	10.00%
Others	40.09%



Price movement

	3M	6M	12M
Absolute	-0.5	-9.5	-7.5
Percentage (%)	-0.7	-12.1	-9.7



FIERCE COMPETITION AND EXPENSE BURDEN

Expense lowered the profit 1H14: Thanks to the stable consumption in the first 6 months and the price increasing by 5%, BMP's net revenue saw a growth to 1,120 billion dong (8.8%). Since the input expense (PVC plastic powder) increased by nearly 10% and the freight expense increased, BMP's COGS/revenue increased by 1.5 percent points to 71.6%. Therefore gross profit in 1H2014 dropped to only 318 billion dong (+3.5% YoY). Besides, the interest dropping from the beginning of the year until now also saw bad influence on the banking savings of BMP. Moreover, financial expense increased which lowered financial profit to only 3.3 billion dong (-78.4% YoY). With these impacts, the company's EAT was only similar to the same period last year of 192 billion dong (-1.7% YoY).

Challenges in 2014: Currently, BMP is fiercely competing against Tien Phong Plastic (NTP) and some other foreign companies in supplying plastic pipe used for construction. The main market of BMP (south of Vietnam) is being threatened since NTP is expanding the market share to this potential section. To lower the risk of depending on one market, BMP is slowly moving to the Middle part of Vietnam and has seen some initial results like signing agreement with Quang nam Water supply and waste and buying shares of Da Nang Plastic (DPC). However, the investment in DPC hasn't brought expected result and 2 parties are having disagreements on cooperation plan. Still, with the prospect of real estate in particular and Building materials in general seeing better changes and the advantage in distribution system and product quality, we expect that BMP revenue will see another growth of 15% to 2,400 billion dong. However, the materials and freight expense growth will lower the gross margin to 28.3%. Financial profit will be low and saw a modest contribution in the company's EAT. With these assumptions, we expect that BMP's EAT will be about 402.4 billion dong, up slightly by 8.8% YoY and the respective net margin will be 16.8%.

HOLDING recommendation with target price of 74,000 dong: We estimate the price of FPT at 74,000 dong, basing on 2 methods: P/E (60% weight, expected P/E of 8.0x multiplied 2014 EPS forecast) and P/B (40% weight, expected P/B of 2.0x with figure of 2014 book value). The current price is lower than the target price by 6.9% so we recommend an **HOLDING** rank on this code.

(bil dong)	2012	2013	KH 2014	2014E
Net Revenue	1,891	2,088	2,200	2,400
% gross margin	31.2%	29.8%		28.3%
% OP margin	24.6%	23.3%		21.8%
EBT	479	499	500	537
Net profit	361	370		402
% growth YoY	22.4%	2.6%		8.8%
EPS (TTM)	10,306	8,134		8,849
Book value	36,420	32,742		39,750
P/E	6.7	8.5		7.9
P/B	1.9	2.1		1.7

Company description

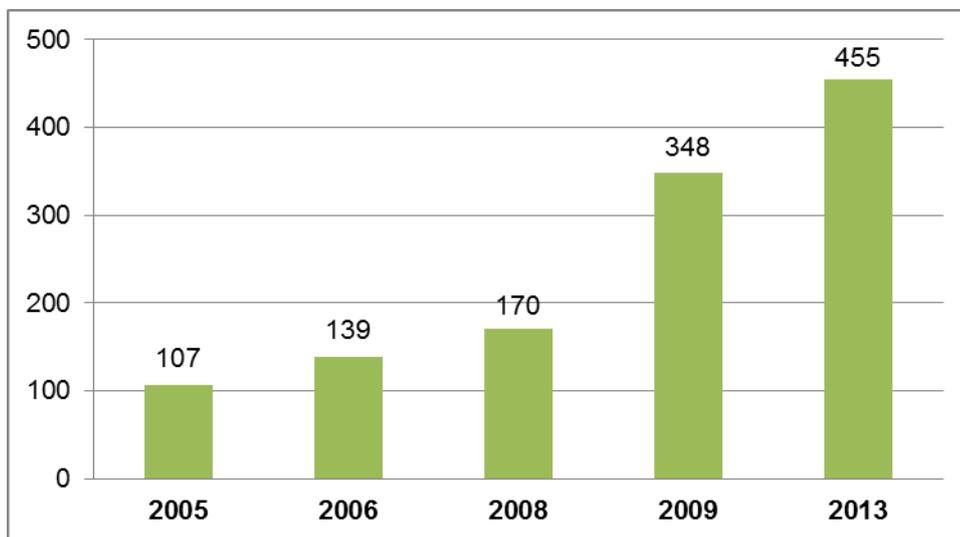
BMP is one of the leading enterprises of Vietnam in producing building plastic pipe with the second highest market share and a stable production growth.



Company history

- On November 03rd 1994, Light Industry Ministry issued the Decision number 1434 on establishing a State Owned Company Binh Minh Plastic.
- On December 04th 2003, the Ministry of Industry and trade issued the Decision number 209 on transforming Binh Minh Plastic Company to Binh Minh Plastic Joint Stock Company.
- On January 02nd 2004, Binh Minh Plastic JSC officially registered for business and started operation as a Joint Stock Company.
- On July 11th 2006, Binh Minh Plastic JSC was listed on HOSE under the code of BMP.

Capital raising process (bil dong)



Source: BMP

Financial index (bil dong)

Business result	2012	2013	2014E	Financial ratio	2012	2013	2014E
Net sales	1,891	2,088	2,400	Growth rate			
Cost of goods sold	1,302	1,466	1,721	Revenue growth rate	4%	11%	13%
Gross profit	589	622	679	Gross profit growth rate	25%	6%	9%
SG&A expenses	124	136	156	Net profit growth rate	22%	3%	9%
Financial income	15	31	24	Total asset growth rate	22%	18%	19%
Financial expense	7	18	11	Equity growth rate	21%	17%	21%
Interest expense	1	1	0	Profitability ratios			
Operating profit	465	486	523	Gross profit margin	31%	30%	28%
Profit before tax	479	499	537	EBT margin	25%	24%	22%
Profit after tax	361	370	402	Net profit margin	19%	18%	17%
Balance sheet	2012	2013	2014E	ROA	25%	22%	20%
Total asstes	1,423	1,681	2,006	ROE	28%	25%	22%
Current assets	1,052	1,224	1,548	Dupont Analysis			
Cash and equivalent cash	345	439	657	Net profit margin(1)	19%	18%	17%
Receivables	351	366	417	Asset turnover (2)	133%	124%	120%
Inventories	337	368	416	Equity multiplier (3)	112%	113%	111%
Long-term assets	370	457	458	ROE = (1)x(2)x(3)	28%	25%	22%
Long term investment	27	13	22	Management ratios			
Fixed assets	281	225	190	Receivable outstanding days	66.72	61.43	63.36
Resources	1,423	1,681	2,006	Inventory outstanding days	91.68	87.67	88.26
Liabilities	149	192	199	Payable outstanding days	9.98	12.45	11.57
Short-term loans	149	192	198	Asset turnover	1.33	1.24	1.20
Payables	50	52	56	Long-term asset turnover	5.11	4.57	5.24
Long-term loans	-	-	0	Fix asset turnover	6.74	9.28	12.63
Equities	1,274	1,489	1,808	Liquidity ratios			
Chartered capital	350	455	455	Current ratio	7.08	6.37	7.81
Capital surplus	2	2	2	Quick ratio	4.82	4.46	5.71
Development fund	618	695	695	Cash ratio	2.32	2.28	3.31
Retained profit	231	263	582	Capital Structure			
Cash flow	2012	2013	2014E	Total debt/Total Equity	0.12	0.13	0.11
Net operating cash flow	420	145	383	Total debt/Total Asset	0.10	0.11	0.10
Net investing cash flow	(55)	32	(58)	Total asset/Total Equity	1.12	1.13	1.11
Net financing cash flow	(109)	(84)	(106)	Index per share			
Net cash flows	257	93	218	PE	6.74	8.54	8.0
Cash at the beginning	89	345	439	PBV	1.91	2.12	2.0
Cash at the end	345	439	657	PS	1.29	1.51	1.32
				EPS	10,306	8,134	8,849
				Cash earning per share	12,406	9,632	10,706
				Book value per share	36,420	32,742	39,750

Source: PHS's estimation

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Neutral (N) = Expected to in line with the local market by +10%~ -10%

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Not Rated (NR) = The stock is not rated in Phu Hung's coverage universe or not listed yet.

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