

BP Plastics poised for better results

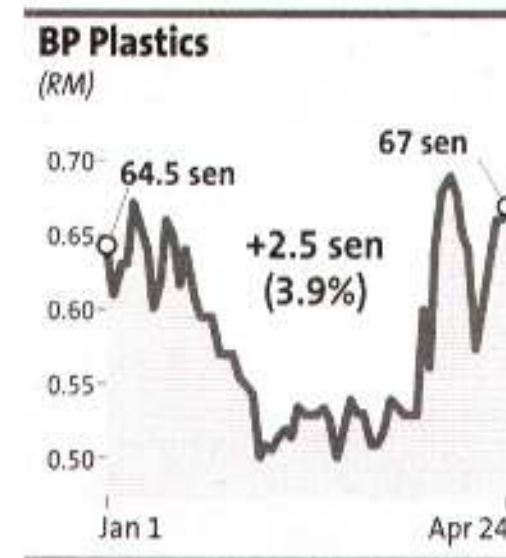
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BP Plastics Holding Bhd is projected to record a higher net profit of RM14.2mil on revenue of RM266.2mil for the financial year ending Dec 31, 2008 (FY08), driven by its quality products and sales expansion plans.

The company registered a net profit of RM11.9mil on revenue of RM204.5mil in FY07.

M&A Securities said the company, which mainly produces cast stretch films, had invested in a five-layer, seven-layer and nine-layer cast stretch film machines in the past few years, allowing it to produce high quality and more environment-friendly plastic stretched film.

"The demand for stretch film, used to wrap goods which need to be trans-



ported to protect them from damages, is expected to reach US\$2.7bil in 2011, stimulated by increased consumer goods manufacturing," the brokerage said in an update report.

On the issue of rising production costs affecting the manufacturing industry, the brokerage noted that BP Plastics was also able to pass on cost increases to its customers who were willing to pay higher prices, adding that it would improve the company's margins going forward.

The company, which exports 60% of its products to key markets such as Japan and Singapore, plans to embark on aggressive marketing efforts to further penetrate markets in Europe, Australia and the Middle East.

"This would be the group's growth driver, given the strong demand in the various regions as buyers prefer high quality and environment-friendly stretch film," the report said.

The brokerage has a "buy" call on the stock as it is undervalued and trading at a 33% discount to its fair value of 89 sen.