

Binh Minh Plastics (BMP)

Deeper discounts required to stay competitive

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BMP reported a 4.8% YoY decline in net profit for 2024 due to a 12.8% YoY drop in consumption

In 4Q2024, BMP's sales volume is estimated to have contracted by 31% YoY due to less competitive discount policies compared to rivals. However, thanks to an average 5% QoQ decline in PVC resin prices, BMP maintained a strong gross profit margin (GPM). By the end of 2024, BMP's revenue and NPAT-MI reached VND4,616 billion/VND991 billion (-10.5%/-4.8% YoY), respectively.

BMP's sales volume is estimated to grow by 13%/7% YoY in 2025/2026

We anticipate rising demand for plastic pipes in 2025/2026 on the real estate market resurgence. Accordingly, KBSV estimates industry-wide sales volume to grow by 6% YoY in 2025. We expect BMP to raise distributor discounts to win back market share and capitalize on recovering demand to drive revenue growth.

China's PVC resin prices will likely bounce back from 2H2025 onwards

PVC resin prices continue to decrease amid weak consumption in China, which is expected to persist throughout 2025. However, we believe PVC resin prices will slowly recover from 2H2025 onwards, assuming a subdued rebound in China's property sector. KBSV estimates BMP's GPM at 41%/39% in 2025/2026.

KBSV anticipates attractive cash dividend yields for 2025/2026

KBSV expects BMP to distribute its second-tranche dividend for 2024 in 1H2025, with an estimated cash dividend yield of 5%. For 2025 and 2026, we project cash dividend yields of 9.7% and 9.2%, respectively.

We reiterate our NEUTRAL stance towards BMP with a target price of VND125,700/share

KBSV maintains a NEUTRAL stance on BMP, revising our target price upward by 6.8% to VND125,700/share on expectations of (i) sustained low PVC resin prices in 1H2025 and (ii) attractive and stable dividend yields in the years to come.

Neutral maintain

Target price VND125,700

Upside	5%
Current price (Mar 3, 2025)	VND119,600
Consensus target price	VND126,400
Market cap (VNDtn/USDbn)	9.8/0.4

Forecast earnings & valuation

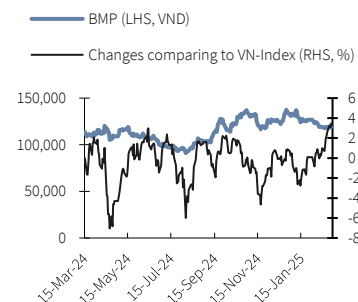
FY-end	2023A	2024A	2025F	2026F
Net revenue (VNDbn)	5,157	4,616	5,220	5,673
Operating income/loss (VNDbn)	1,304	1,229	1,227	1,162
NPAT-MI (VNDbn)	1,041	991	982	930
EPS (VND)	12,717	12,103	11,996	11,358
EPS growth (%)	50%	-5%	-1%	-5%
P/E (x)	8.2	10.8	10.0	10.5
P/B (x)	3.2	4.0	3.6	3.5
ROE (%)	39%	37%	36%	34%
Dividend yield (%)	11.3%	9.0%	9.7%	9.2%

Trading data

Free float
3M avg trading value (VNDbn/USDmn)
Foreign ownership
Major shareholder

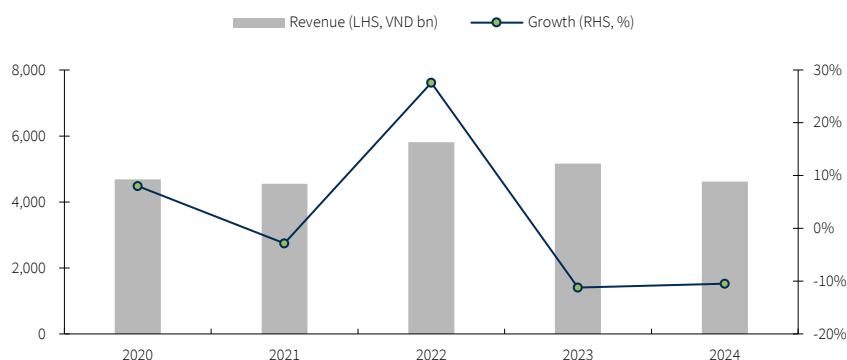
Share price performance

(%)	1M	3M	6M	12M
Absolute	-6	-3	16	2
Relative	-9	-8	14	-2



Source: Bloomberg, KB Securities Vietnam

Revenue & revenue growth (2020–2024)



Source: Binh Minh Plastics, KB Securities Vietnam

Business operation

Binh Minh Plastics (BMP) is a leading enterprise in the plastic pipe manufacturing sector, holding a dominant 27% market share in the domestic market as of the end of 2023, with its primary market concentrated in the southern region. BMP operates four factories with a total production capacity of 150,000 tons per year.

Investment Catalysts

Sales volume is expected to rise by 13%/7% in 2025/2026. Driven by a real estate market resurgence, industry-wide plastic pipe consumption is projected to grow 6% YoY in 2025.

The gross profit margin is estimated at 41%/39% in 2025/2026 despite an anticipated rebound in PVC resin prices. China's PVC resin demand should remain weak, with a gradual recovery from 2H2025.

KBSV projects attractive dividend yields of 9.7%/9.2% in 2025/2026.

Notes

Please find more details [here](#)

Please find more details below

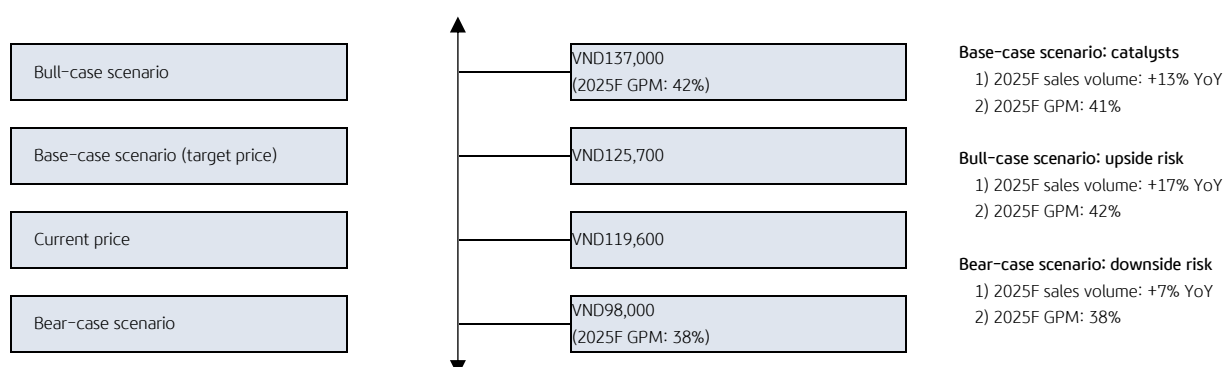
Please find more details below

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	5,220	5,673	-5.7%	-	4,961	5,254	5.2%	8.0%
EBIT	1,312	1,305	-1.2%	-	1,360	1,343	-3.5%	-2.8%
NP after MI	982	975	-0.8%	-	1,017	997	-3.4%	-2.2%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



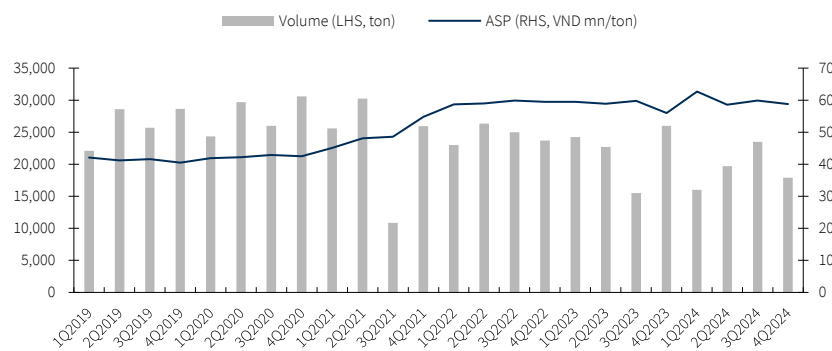
Business performance

Table 1. BMP – 2023A–2024F financial results

(VNDbn)	4Q2023	4Q2024	+/-%YoY	2023A	2024A	+/-%YoY	Notes
Revenue	1,454	1,053	-28%	5,157	4,616	-10%	4Q2024 sales volume contracted by 24% QoQ and 31% YoY. For the whole year of 2024, the figure is estimated to exceed 77,000 tons (-13% YoY).
Gross profit	591	452	-23%	2,116	1,989	-6%	
Gross profit margin	40.6%	42.9%	231bps	41.0%	43.1%	204bps	2024 GPM rose by 204bps, driven by an average 10% YoY drop in PVC resin prices.
Financial income	29	23	-23%	119	79	-34%	
Financial expenses	-43	-30	-30%	-146	-162	12%	Sales discounts reached VND160 billion (+10% YoY) in 2024.
Shared profits from affiliates	-1	0	-82%	-2	0	-77%	
SG&A	-261	-156	-40%	-783	-676	-14%	Sales operation expenses fell by 31% YoY in 2024.
Operating income/loss	315	289	-8%	1,304	1,229	-6%	
Other income	4	2	-45%	3	12	271%	
Profit before tax (PBT)	319	291	-9%	1,307	1,241	-5%	
Net profit after tax (NPAT)	257	231	-10%	1,041	991	-5%	Met 99% of the 2024 target
NPAT-MI	257	231	-10%	1,041	991	-5%	
NPAT margin	17.7%	21.9%	428bps	20.2%	21.5%	128bps	

Source: Binh Minh Plastics, KB Securities Vietnam

Fig 2. BMP – Sales volume, average selling prices (tons, VNDmn/ton)



Source: KB Securities Vietnam

4Q2024 consumption fell sharply despite a recovery in demand

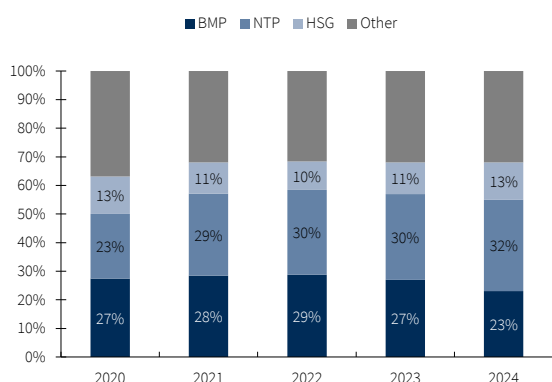
We estimate industry-wide plastic pipe consumption to exceed 94,200 tons (+10% QoQ/+4% YoY) in 4Q2024, driven by growing demand in the residential construction sector. Of that, BMP's consumption, however, is projected to account for only 19% or 18,000 tons during the period. This is attributed to its less competitive distributor discount policies compared to Tien Phong Plastic (NTP) and Hoa Sen Group (HSG).

As highlighted in our latest report, BMP has prioritized profit margins over market share to ensure high cash dividends. However, this approach has led to BMP's market share declining to around 23% in 2024 from 27% in 2023, extending its downward trend of recent years. With the plastic pipe industry reaching saturation, we believe discount policies will be the key driver of sales growth. As NTP and HSG have consistently offered attractive sales incentives to their dealers, BMP risks further market share erosion in the long run if it does not implement competitive discounts to match those of its competitors.

Consumption should improve in 2025 on the resurgence of the real estate market

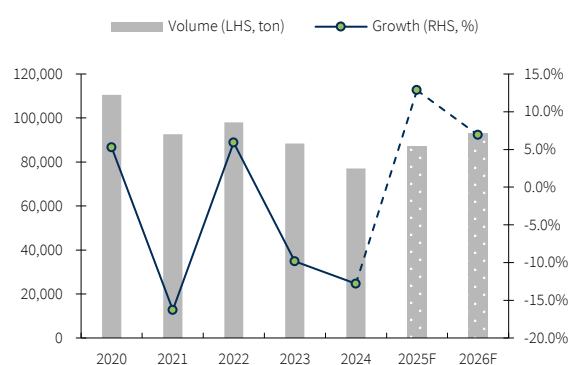
Plastic pipe consumption is expected to reach 355,300 tons (+6% YoY) in 2025, supported by a stronger real estate market recovery on (i) increased supply and (ii) the enforcement of revised Real Estate Law, Land Law, and Housing Law (as detailed in our [latest update report](#)). We anticipate that BMP will raise distributor discounts to win back market share and leverage recovering demand to drive revenue growth in 2025. KBSV projects BMP's sales volume at 87,000/93,000 tons in 2025/2026, reflecting 13%/7% YoY growth. These estimates have been revised down by 6%/5% from previous projections, given BMP's market share risks due to its relatively uncompetitive discount policies.

Fig 2. BMP, NTP, HSG – Market share (%)



Source: KB Securities Vietnam

Fig 3. BMP – Sales volume & growth (tons, %)



Source: Binh Minh Plastics, KB Securities Vietnam

China's PVC resin prices will likely bounce back from 2H2025 onwards

China's PVC resin prices declined by 5% QoQ in 4Q2024 and have since stabilized in 1Q2025. This trend is attributed to persistent oversupply and a slower-than-anticipated recovery in China's property market despite government's support initiatives. Consequently, BMP's gross profit margin remained robust, expanding by 231bps YoY in 4Q2024.

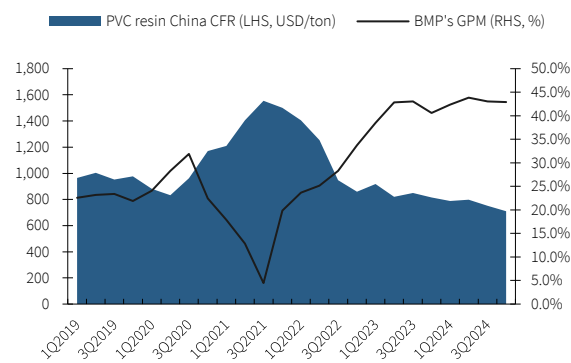
In the near term, PVC resin prices are expected to stay low as demand in China remains subdued due to ongoing real estate sector challenges. However, KBSV maintains that prices have likely bottomed out and will gradually recover from 2H2025 as China's domestic production activity improves. We estimate BMP's gross profit margin at 41%/39% for 2025/2026.

Fig 4. China – PVC resin prices (USD/ton)



Source: Bloomberg, KB Securities Vietnam

Fig 5. BMP – PVC resin prices vs. BMP's GPM (USD/ton, %)



Source: Bloomberg, KB Securities Vietnam

KBSV anticipates attractive cash dividend yields for 2025/2026

We expect BMP to distribute its second-tranche cash dividend for 2024 in 1H2025, with an estimated dividend yield of 5% based on the closing price on February 26, 2025. KBSV maintains our assumption of an average dividend payout ratio of 97% going forward and projects BMP's cash dividend yield at 9.7%/9.2% in 2025/2026.

Table 6. BMP – 2024A–2026F EPS, DPS (VND)

	2024A	2025F	2026F
EPS	12,103	11,996	11,358
Cash dividend payout ratio	97%	97%	97%
DPS	11,700	11,600	11,000
Outstanding cash dividend	5,960	11,600	11,000
Cash dividend yield	5.0%	9.7%	9.2%

Source: KB Securities Vietnam

Forecast

Table 7. BMP – 2024A–2026F financials & forecasts

(VNDbn)	2024A	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Revenue	4,616	5,220	13%	5,673	9%	Sales volume is estimated to reach 87,000/93,000 tons in 2025/2026 (+13%/7% YoY).
Gross profit	1,989	2,147	8%	2,212	3%	
Gross profit margin	43.1%	41.1%	-196bps	39.0%	-212bps	GPM is expected to remain high in 1H2025 before declining from 2H2025 onwards, driven by the gradual recovery of PVC resin prices amid improving demand in China.
Interest income	78	99	27%	113	14%	
Interest expenses	0	0		0		
FX gains/losses, payment discounts	-144	-183	27%	-199	9%	
Shared profits from affiliates	0	0	-100%	0		
SG&A	-676	-835	24%	-908	9%	BMP may strengthen sales incentives as domestic demand recovers.
Operating income/loss	1,229	1,227	0%	1,219	-1%	
Other income	12	0	-100%	0		
Profit before tax (PBT)	1,241	1,227	-1%	1,219	-1%	
Net profit after tax (NPAT)	991	982	-1%	975	-1%	
NPAT-MI	991	982	-1%	975	-1%	
NPAT margin	21.5%	18.8%	-265bps	17.2%	-162bps	

Source: Binh Minh Plastics, KB Securities Vietnam

Valuation

We maintain our NEUTRAL stance on BMP with a target price of VND125,700/share

BMP's stock price has declined over 10% YTD, reflecting weaker-than-expected 4Q2024 results due to less competitive discount policies, which pressured revenue. Currently, BMP's PBR stands at 4x, aligning with the +2 standard deviation range. Therefore, we maintain a NEUTRAL rating on BMP, with a target price of VND125,700 per share, implying an expected return of approximately 5% based on the closing price on March 3, 2025.

Table 8. BMP – Model assumptions

Assumptions	Value
Beta	0.73
Risk-free rate	4.7%
Market risk premium (MPR)	7.9%
Average interest rate	5.0%
WACC	10.3%

Fig 9. BMP – Discounted cash flow model (VNDbn)

(VNDbn)	2025F	2026F	2027F	2028F
NPAT-MI	982	975	971	969
Depreciation expenses	122	138	156	176
Change in working capital	-100	-73	-77	-41
CAPEX	-132	-143	-166	-180
FCF	873	897	884	924

Source: KB Securities Vietnam

Table 10. BMP – FCFF valuation

(VNDbn)	2025F	2026F	2027F	2028F
FCF	873	897	884	924
Terminal growth				1%
Terminal value				9,991
Present value of FCF	805	750	669	6,857
Enterprise value (EV)	9,081			
Cash & equivalents	1,753			
Net debt	-55			
Owner's equity	10,778			
Number of shares outstanding	82			
Fair value	131,600			

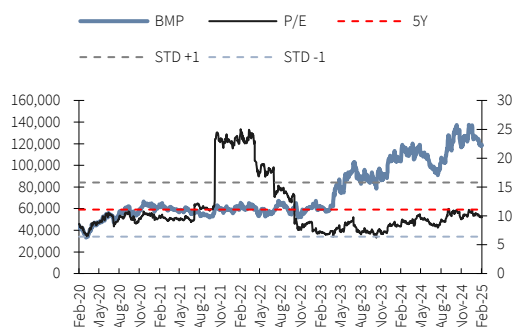
Source: KB Securities Vietnam

Table 11. BMP – Valuation results

Valuation method	Target multiple	Forecast price	Weighting	Weighted price
FCFF		131,600	50%	65,800
2025 forward P/E	10	119,900	50%	59,950
Target price				125,700

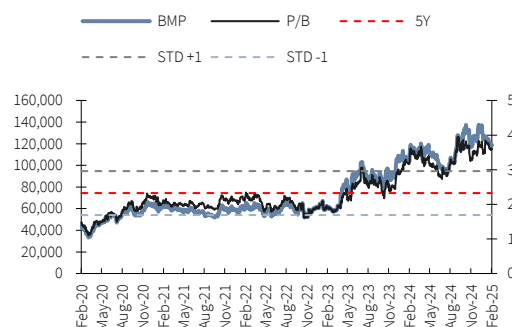
Source: KB Securities Vietnam

Fig 12. BMP – PER in 2020–2025



Source: FiiProX, KB Securities Vietnam

Fig 13. BMP – PBR in 2020–2025



Source: FiiProX, KB Securities Vietnam

BMP – 2023A–2026F summarized financials & forecasts

Income Statement (VND billion) (Standard report)				
	2023	2024	2025F	2026F
Net sales	5,157	4,616	5,220	5,673
Cost of sales	-3,041	-2,627	-3,073	-3,461
Gross Profit	2,116	1,989	2,147	2,212
Financial income	117	117	99	113
Financial expenses	-144	-144	-183	-199
of which: interest expenses	0	0	0	0
Gain/(loss) from joint ventures (from 2015)	-2	0	0	0
Selling expenses	-676	-556	-687	-747
General and admin expenses	-107	-120	-148	-161
Operating profit/(loss)	1,304	1,229	1,227	1,219
Other incomes	6	12	0	0
Other expenses	-3	0	0	0
Net other income/(expenses)	3	12	0	0
Income from investments in other entities	0	0	0	0
Net accounting profit/(loss) before tax	1,307	1,241	1,227	1,219
Corporate income tax expenses	-266	-250	-245	-244
Net profit/(loss) after tax	1,041	991	982	975
Minority interests	0	0	0	0
Attributable to parent company	1,041	991	982	975

Margin ratio	2023	2024	2025F	2026F
Gross profit margin	41.0%	43.1%	41.1%	39.0%
EBITDA margin	31.4%	32.2%	29.4%	27.4%
EBIT margin	28.1%	29.7%	27.0%	25.0%
Pre-tax profit margin	25.3%	26.9%	23.5%	21.5%
Operating profit margin	25.3%	26.6%	23.5%	21.5%
Net profit margin	20.2%	21.5%	18.8%	17.2%

Cash Flow Statement (VND billion)				
	2023	2024	2025F	2026F
Net profit/(loss) before tax	1,307	1,241	1,227	1,219
Depreciation and amortisation	172	111	122	138
Profit/loss from investing activities	-118	-78	0	0
Interest expense	0	0	0	0
Operating profit/(loss) before changes in Working Capital	1,344	1,266	1,350	1,357
(Increase)/decrease in receivables	107	6	-20	-35
(Increase)/decrease in inventories	229	-92	-97	-51
Increase/(decrease) in payables	138	-57	18	14
(Increase)/decrease in prepaid expenses	60	34	0	0
Operating cash flow	1,603	889	1,019	1,072
Purchases of fixed assets and other long term assets	-58	-98	-132	-143
Proceeds from disposal of fixed assets	3	1	0	0
Loans granted, purchases of debt instruments	-1,660	-1,130	0	0
Collection of loans, proceeds from sales of debts instrume	1,435	910	0	0
Investments in other entities	0	0	0	0
Proceeds from divestment in other entities	0	0	0	0
Dividends and interest received	106	80	0	0
Investing cash flow	-174	-237	-132	-143
Proceeds from issue of shares	0	0	0	0
Payments for share returns and repurchases	0	0	0	0
Proceeds from borrowings	0	0	0	0
Repayment of borrowings	0	0	-4	-3
Finance lease principal payments	0	0	0	0
Dividends paid	-966	-969	-950	-941
Interests, dividends, profits received	0	0	0	0
Financing cash flow	-966	-970	-953	-944
Net increase in cash and cash equivalents	463	-317	-66	-16
Cash and cash equivalents - beginning	359	821	504	438
Cash and cash equivalents - ending	821	504	438	422

Source: Company report, KB Securities Vietnam

Balance Sheet (VND billion) (Standard report)				
	2023	2024	2025F	2026F
TOTAL ASSET	3,255	3,200	3,262	3,337
CURRENT ASSETS	2,594	2,596	2,647	2,718
Cash and cash equivalents	821	504	438	422
Short-term investments	1,190	1,410	1,410	1,410
Accounts receivable	174	178	198	233
Inventories	364	464	561	612
LONG-TERM ASSETS	661	604	614	620
Long-term trade receivables	20	20	20	20
Fixed assets	286	265	275	280
Long-term incomplete assets	12	20	20	20
Long-term investments	64	64	64	64
Good will (before 2015)	0	0	0	0
LIABILITIES	565	499	528	569
Current liabilities	546	481	510	551
Trade accounts payable	154	172	190	204
Short-term borrowings	55	55	51	48
Other short-term liabilities	337	254	268	299
Long-term liabilities	19	18	18	18
Long-term trade payables	0	0	0	0
Long-term borrowings	0	0	0	0
Other long-term liabilities	19	18	18	18
OWNER'S EQUITY	2,690	2,702	2,734	2,768
Paid-in capital	819	819	819	819
Share premium	2	2	2	2
Other funds	1,202	1,202	1,202	1,202
Undistributed earnings	667	679	712	745
State capital	0	0	0	0
Interest of non-controlling shareholders	0	0	0	0

Key ratios (x, %, VND)				
	2023	2024	2025F	2026F
Multiple				
P/E	8.2	10.8	10.0	10.0
P/E diluted	8.2	10.8	10.0	10.0
P/B	3.2	4.0	3.6	3.5
P/S	0.0	0.0	0.0	0.0
P/Tangible Book	30.5	41.5	36.3	35.6
P/Cash Flow	5.3	12.1	9.6	9.1
EV/EBITDA	5.2	7.2	6.6	6.5
EV/EBIT	5.8	7.8	7.2	7.2
Operating performance				
ROE	39%	0.37	0.36	0.35
ROA	0.33	0.31	0.30	0.30
ROIC	0.38	0.36	0.35	0.35
Financial structure				
Cash Ratio	1.5	1.0	0.9	0.8
Quick Ratio	4.0	4.3	4.0	3.7
Current Ratio	4.7	5.4	5.2	4.9
LT Debt/Equity	0.0	0.0	0.0	0.0
LT Debt/Total Assets	0.0	0.0	0.0	0.0
Debt/Equity	0.0	0.0	0.0	0.0
Debt/Total Assets	0.0	0.0	0.0	0.0
ST Liabilities/Equity	0.2	0.2	0.2	0.2
ST Liabilities/Total Assets	0.2	0.1	0.1	0.2
Total Liabilities/Equity	0.2	0.2	0.2	0.2
Total Liabilities/Total Assets	0.2	0.1	0.1	0.2
Activity ratios				
Account Receivable Turnover	22.8	26.2	27.8	26.3
Inventory Turnover	6.5	6.3	6.0	5.9
Account Payable Turnover	21.4	18.8	16.9	17.5

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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