BMP Flash Note - BUY

30-Jul-26

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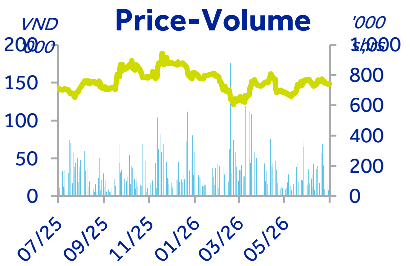
Flash note

Recommendation	**BUY**
	HSX: BMP
	Construction & Materials
Target price (VND)	**174.800**
Market price (VND)	**148.100**
Expected share price return	18,0%
Expected dividend yield	4,8%
Expected total return	**22,8%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-10.1	-3.8	7.7	13.7
Relative	-8.5	3.9	14.8	-2.8

Source: Bloomberg



Ownership

The Nawaplastic	54.99%
KWE Beteiligungen	11.37%

Stock Statistics	**30-Jun-26**
Bloomberg code	**BMP VN**
52-week range (VND)	121,200 - 191,000
Shares O/S (m)	82
Mkt cap (VND bn)	12,165
Mkt cap (USD m)	461
Est. Foreign room left (%)	17.4
Est. free float (%)	44.2
3m avg daily vol (shrs)	148,489
VND/USD	26,394
Index: VNIndex / HNX	1732.86/273.98

BINH MINH PLASTICS JSC (HSX: BMP)

We maintain our BUY recommendation on BMP with a 2026 target price of VND 174,800/share. We expect earnings growth in 2H2026 to be driven by a recovery in sales volume, while gross margin should remain at an elevated level, supported by the company's raw material sourcing advantage within the SCG ecosystem and our Brent crude oil price assumption of USD 82/bbl. We maintain our 2026 forecast of VND6,174 bn revenue (+12% YoY) and of VND1,309 bn NPAT (+7% YoY).

2Q2026 earnings were broadly in line with expectations. Revenue reached VND1,337bn (+0.3% YoY), while NPAT increased to VND367bn (+11.3% YoY; +20.7% QoQ). After 1H2026, BMP had completed 53% of its full-year earnings guidance and 51% of our full-year forecast.

Despite flat revenue due to the slow recovery of residential construction demand, with sales volume estimated to have declined 14% YoY, BMP delivered a 27.4% net margin, the highest level in many years. The strong profitability was driven by sustained gross margins and a lower discount rate (8.2% vs. 12.5% in 2Q2025), highlighting BMP's disciplined cost control and pricing strategy. Notably, the company successfully implemented a 15% YoY increase in PVC pipe selling prices from April 2026 despite weak end-market demand.

Volume recovery remains the key earnings driver for 2H2026. Management expects plastic pipe demand to improve as construction activity rebounds after the rainy season and the market gradually adapts to higher construction costs. BMP also plans to keep selling prices unchanged throughout 2H2026. Should oil prices decline, the company intends to increase distributor discounts instead of lowering selling prices. We believe this strategy is supported by BMP's leading market position and strong brand equity, allowing the company to defend market share without engaging in price competition, thereby supporting revenue and earnings growth.

Raw material cost advantages remain one of the key drivers supporting BMP's profitability. BMP sources the majority of its raw materials from strategic domestic suppliers, enabling the company to secure more competitive procurement costs than imported materials by avoiding the 5% import tariff while reducing transportation and packaging expenses. These advantages should continue to support BMP's industry-leading margins.

BMP's strong financial position enables the company to maintain stable operations while proactively managing inventory. Despite weak near-term demand and a sharp decline in PVC prices from April to June following the March peak, BMP maintained stable production and increased inventories to VND805bn (+69% QoQ) to prepare for the peak construction season in 2H2026. We believe this strategy enables BMP to procure raw materials at more favorable prices, reinforcing its cost advantage and supporting profit margins.

BMP also offers an **attractive dividend profile.** It has consistently maintained a cash payout ratio of 97–100% of NPAT in many years. We forecast a 2026 cash dividend of VND15,500/share, implying an attractive 12M dividend yield of 10.5%.

	2023	2024	2025	2026F	2027F
Net Sales (VNDbn)	5,157	4,616	5,510	6,174	6,433
Growth	*-11%*	*-10%*	*19%*	*12%*	*4%*
NPAT (VNDbn)	1,041	991	1,229	1,309	1,488
Growth	*50%*	*-5%*	*24%*	*7%*	*14%*
EPS (bonus-adjusted, VND)	12,600	11,990	14,860	15,826	17,998
Growth	*50%*	*-5%*	*24%*	*7%*	*14%*
ROA	39%	37%	44%	45%	50%
Total debt/Equity (times)	0.0	0.0	0.0	0.0	0.0
PBR (times)	4.5	4.5	4.2	4.2	3.9
DPS (VND)	11,800	11,840	12,750	15,500	15,500
Dividend yield (%)	8%	8%	9%	10%	10%

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OUR RECOMMENDATION SYSTEM

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months
OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months
NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months
UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months
SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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