

## **PRESS RELEASE**

For immediate release



# **BPPLAS – Highest revenues for FY2022, 12.4% y-o-y growth although profits declined due to higher costs; Q1 FY2023 registered better profitability**



**Batu Pahat, 26 May 2023** – BPPLAS (5100, Main Board, Industrial Products & Services), achieved historical-high top-line revenues although bottom-line earnings and margins declined in FY2022 amid challenging economic, business conditions and cost structure as 2022 progressed.

This morning, the Group conducted its fully virtual 19<sup>th</sup> Annual General Meeting (“AGM”) via live streaming and online voting.

The Group recorded operating revenues of RM502.60 million in FY2022, representing a growth of 12.41% compared to RM447.13 million in FY2021, driven mainly by higher average selling prices amid elevated commodities pricing environment, despite only a marginal increase in sales volume.

For FY2022, export and domestic markets both recorded growths. However, export sales ratio in FY2022 was lower at 70.20% in line with an overall weakened global demand, while higher domestic sales ratio at 29.80% was due to a more robust domestic demand recovering from the pandemic, as well as the local markets sales mix that is mainly in essential sectors, particularly food and beverage.

Despite higher operating revenues, the Group posted lower profits and suffered margins compression in FY2022. Profit before tax (“PBT”) decreased by 36.57% to RM36.01 million (FY2021: RM56.77 million), while profit after tax (“PAT”) decreased by 34.28% to RM30.54 million (FY2021: RM46.47 million). The lower profits and margins in FY2022 were attributable to higher freight, operating and production costs, as well as an overall slower global demand in the second half of 2022, resulting in more pricing pressures in a competitive landscape.

Total dividends declared by the Group amounted to RM15.5 million for FY2022, representing a 50.7% dividend payout ratio (FY2021: 48.5%). The Group has consistently achieved annual dividend payout ratio beyond its dividend policy commitment of minimum 40% annually since FY2016.

During FY2022, the Group deployed RM44.6 million of CAPEX investments in plants, machinery, and facilities. The major CAPEX made included

- the 10<sup>th</sup> Cast Stretch Film machine that was already successfully commissioned in December 2022, it is the second Nano-technology supplemented 67-layers stretch film machine of the Group, and
- acquisition of an industrial leasehold land with building(s) of around 4 acres to be used for expansion of the Group's business operation.

On top of that, for FY2023, approximately RM31.8 million of CAPEX investments have been allocated, including for two new Blown Co-extrusion machines which are expected to be commissioned by the end of 2023.

After the markets closed today, the Group announced its financial results for the first quarter of FY2023 ("1Q23") via Bursa LINK.

For 1Q23, operating revenues recorded RM117.33 million, a decline of 11.06% compared to 1Q22 due to lower selling prices, while unaudited PBT and PAT were RM10.64 million and RM8.30 million respectively. This is a growth of 15.94% and 10.02% respectively, compared to RM9.17 million and RM7.54 million in 1Q22. The higher (unaudited) profits were mainly due to better product mix.

The Board of Directors proposed a first single tier interim dividend of 1.5 sen per share in respect to the financial year ending 31 December 2023. The entitlement date of the dividends is fixed on 23 June 2023 and payment will be made on 7 July 2023.

Recently, Bank Negara Malaysia ("BNM") increased the overnight policy rate ("OPR") by 0.25% to 3% back to pre-pandemic levels amid increasing global inflationary pressures. While global economic conditions remain challenging for businesses, the Group is cautiously optimistic of sustained demand for plastic packaging products. In addition, it shall continue to be vigilant on supply chain and cost management. Aside, with the commitment towards ESG and sustainability objectives, the Group is keeping in line with the trends of sustainable packaging and maintaining its obligations to conduct business in an environmentally and socially responsible manner.

Despite the headwinds, the Group remains committed to delivering a profitable performance for financial year ending 31 December 2023 building on our strong fundamentals, adaptability, and strong balance sheets together with the continued support from its various stakeholders.

For more information, please visit [www.bpplas.com](http://www.bpplas.com)

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