

**PRESS RELEASE**

For immediate release



## BPPLAS - remains agile with strong fundamentals

- FY2023 commendable 15.4% y-o-y profit growth
- Q1 FY2024 registered lower profits -8.1% due to higher operating cost
- Solid and resilient performance amid challenging market conditions



**Batu Pahat, 24 May 2024 – BP Plastics Holding Berhad (“BPPLAS”, the “Group”)**, today conducted its fully virtual 20<sup>th</sup> Annual General Meeting (“AGM”) via live streaming and online voting.

### **About BPPLAS**

BPPLAS is one of the largest stretch films and Polyethylene (“PE”) flexible plastics packaging manufacturers in the Asian Region. The Group focuses on premium, high-quality, value-added products, driving innovation and differentiation, while focusing on the sustainability of its product through maintaining mono-material fully recyclable product portfolio, developing recycled content solutions, and downgauging to promote efficient consumption of materials.

The Group is pleased to have delivered yet another commendable performance of double-digit growth in profits for FY2023 despite a challenging year amid global economic market uncertainties. Revenues for FY2023 decreased by 6.6% to RM469.60 million compared to FY2022. The Group achieved a growth in sales volume due to better demand for its innovative and premium products. The decline in revenue was attributable to lower average selling prices due to overall moderated raw materials pricing environment.

For FY2023, export sales volume increased, BPPLAS export ratio increased to 72% as compared to 70% in FY2022. This is driven by increasing sales of premium product offerings, particularly its Nano machine stretch films and superior quality thinner downgauged products. Local sales decreased marginally, affected by softened demand within the domestic industrial sectors, but remained resilient as duly supported by essential goods industries such as the food and beverage segment.

The Group posted lower revenues but higher profits and improved margins in FY2023 despite experiencing increased operating costs. Profit before tax (“PBT”) grew by 18.4% to RM42.62 million (FY2022: RM36.00 million), while profit after tax (“PAT”) grew by 15.4% to RM35.23 million (FY2022: RM30.54 million). The higher profits and margins were primarily attributable to its strategic focus on optimizing product mix, coupled with an increased focus on premium products.

For FY2023, total dividends declared by the Group amounted to RM16.9 million, representing a 47.9% dividend payout ratio. The Group has consistently maintained annual dividend payout ratio beyond its dividend policy commitment of minimum 40% annually since 2016, with an average payout ratio of around 50% annually for the past five years.

During FY2023, the Group incurred RM27.8 million of CAPEX investments in plants, machinery, and facilities, and has further allocated approximately RM34.6 million for FY2024. Recent investments include commissioning of two new Blown Co-extrusion machines by end of 2023, aimed at expanding its Blown film division’s capacity and introducing new product line, stretch hoods, a versatile, highly durable and recyclable pallet packaging solution suitable for outdoor storage; it is increasingly being used for pallet wrapping of petrochemical resin, cement and tiles. In addition, by end of 2024, the Group plans to add new printing and cutting machines targeting new markets, install additional solar panels, and proceed with the ongoing electricity facilities upgrade project.

After the markets closed today, the Group announced its financial results for the first quarter of FY2024 (“1Q24”) via Bursa LINK.

For 1Q24, operating revenues recorded RM124.22 million, a growth of 5.9% compared to 1Q23 contributed by higher demand. However, unaudited PBT and PAT were RM9.96 million and RM7.63 million, declined by 6.4% and 8.1% respectively, compared to RM10.64 million and RM8.30 million in 1Q23. The lower profits were mainly due to increased production costs.

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 2024. The entitlement date of the dividends is fixed on 24 June 2024 and payment will be made on 12 July 2024.

Despite a volatile business environment due to elevated interest rates, inflationary pressures, weakening of currencies against the USD, geopolitical tensions, coupled with increasing operating costs, the Group remains optimistic of sustained and growing demand of packaging products as global economy activities continue to improve. This optimism is also supported by recorded foreign direct investment approvals in 2023 and rising tourist arrivals in Malaysia.

The Group shall continue to focus on business expansion, pursue innovation, product quality and differentiation, enhance operational efficiency and cost management, and emphasize its commitment towards ESG and sustainability objectives.

On industry outlook, the demand for plastics packaging is expected to grow in tandem with population and economic expansion, along with increasing trends and opportunities for flexible plastics packaging and sustainable solutions. The Group will continue to develop capacities and capabilities, thereby enhancing its competitiveness and capitalizing on the momentum.

The Group remains committed to delivering a profitable performance for financial year ending 31 December 2024, building on its strong fundamentals and adaptability with the continued support from its various stakeholders.

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

For enquiries, please contact:

Email: [ir@bpplas.com](mailto:ir@bpplas.com)

Tel: 607-455 7633