

From Waste to Wardrobe

BPPL Holdings PLC (BPPL SL)

CMP: LKR 21.10
TP: 30.00 (+42%)

Oshan Brahmanage | oshan.brahmanage@ndbs.lk

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Investment Thesis

From Waste to Wardrobe. A perfect investment opportunity for an ESG-focused investor.

Investment Thesis

From Waste to Wardrobe. A perfect investment opportunity for an ESG-focused investor.

1.

A shift towards sustainable textiles

The only Recycled Polyester Yarn (RPY) producer in Sri Lanka. RPY business typically enjoys high margins due to its focus on sustainability and the high level of technicalities involved in the production process.

2.

Positioned to be Sri Lanka's prime RPY producer with the first-mover advantage

Local fabric manufacturers prefer purchasing RPY from BPPL compared to importing due to better unit economics. The PET sourcing ecosystem and BPPL's first mover advantage lead to barriers to entry.

3.

Stability through Industrial Brushes segment

The Industrial Brushes segment acts as a cash cow with relatively inelastic demand.

4.

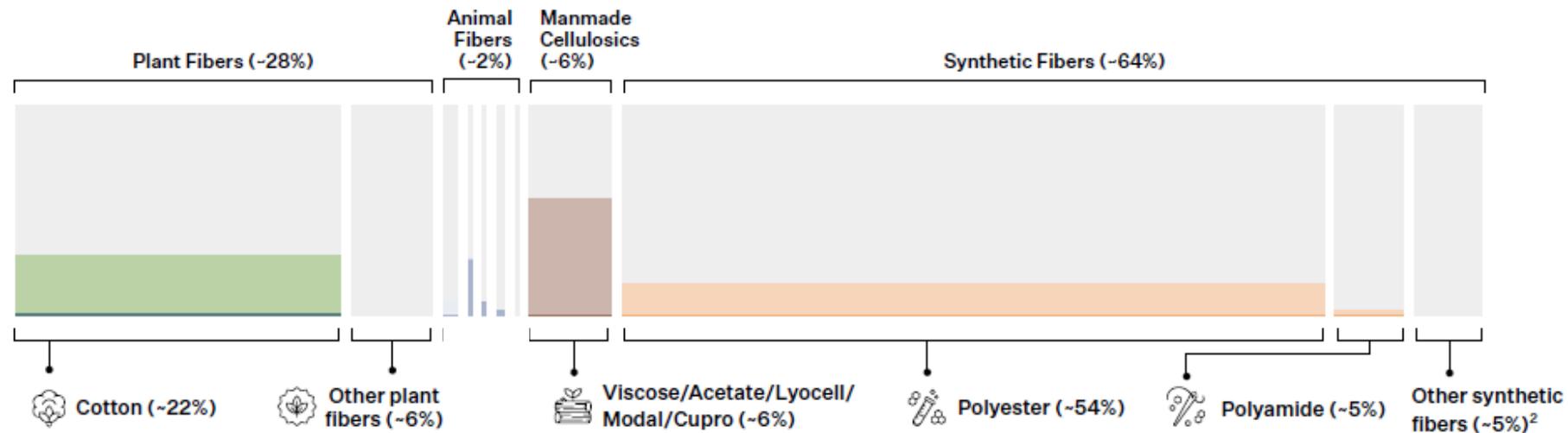
Buffer against Sri Lanka's economic cycles

BPPL caters to a diverse client base across the globe. As such, the majority of revenue is denominated in foreign currency (~95% of revenue), thus reducing the dependency on a singular economy.

1. A shift towards sustainable textiles

Polyester/synthetic fiber accounts for 54% of global demand due to its unique characteristics. The industry's next growth wave will be driven by the rising need for sustainable polyester fabrics.

- The global consumer landscape is shifting towards sustainable and socially responsible consumption. The conscious purchasing decisions have left renowned global textile manufacturers to shift towards environmentally friendly raw materials and processes which also would allow them to capture a higher price.
- On the other hand, the usage of Polyester has been continuously growing due to enhanced characteristics such as breathability, durability, and comfort over other fabrics. Polyester accounts for over 54% of global fiber requirement currently and the proportion is expected to increase moving forward.

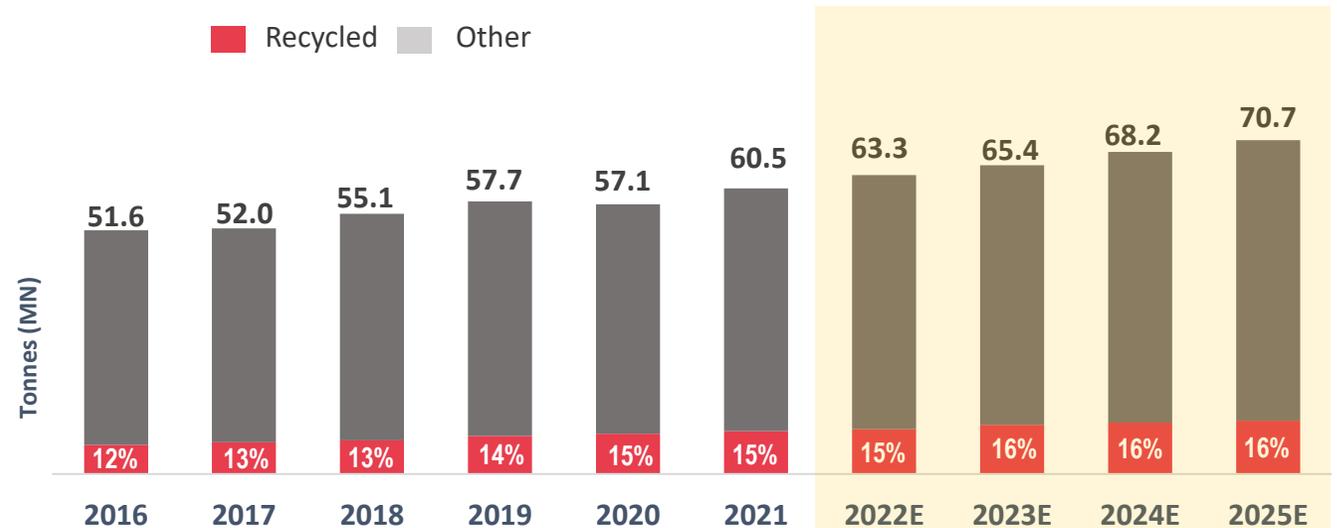


Source: Textile Exchange

The best of both worlds: *The unique characteristics of Recycled Polyester Yarn (RPY) delivered through sustainable origins*

- Recycled Polyester Yarn (RPY) is a high margin product that delivers the unique characteristics of polyester, but not at the expense of nature. At present, over 14% of global polyester demand is recycled. It is estimated that by CY25 nearly 16% of global polyester demand will be fulfilled through RPY.
- As per Textile Exchange, by CY25 9% of global fiber requirement will be fulfilled through Recycled Polyester from the current 7% (CAGR of 4% from 2022 to 2025E).

The share of the Recycled Polyester Yarn (RPY) market is seeing a strong growth



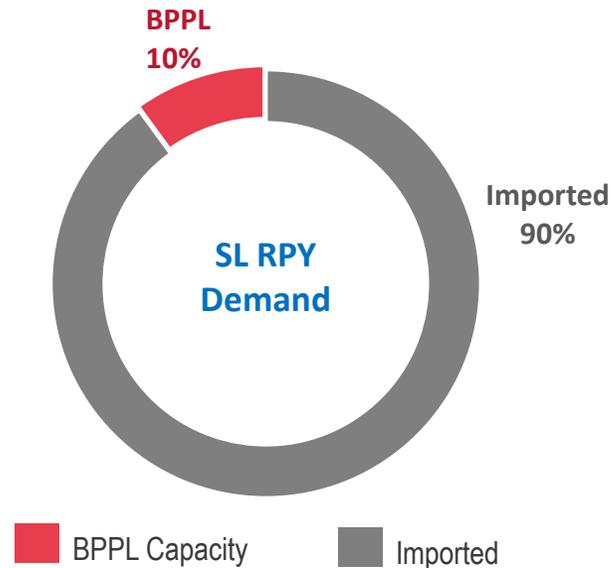
Source: Textile Exchange

BPPL has positioned itself at the forefront of this trend as the only Recycled Polyester Yarn (RPY) producer in Sri Lanka.

2. Positioned to be Sri Lanka's prime RPY producer.

Local fabric and textile players enjoy greater unit economics by procuring RPY from BPPL vs. importing

BPPL caters to 10% of Sri Lanka's current RPY demand. Procuring RPY from BPPL leads to greater unit economics for local fabric and textile players. Also, this shows that the total addressable market (TAM) for BPPL remains significantly large.



Low lead times: BPPL can offer the lowest lead times where the goods can be delivered to the customers within 30 days on average. If the customers were to import, it would lead to much longer lead times.



Low inventory holding cost and procurement cost: By sourcing from BPPL, local players can reduce inventory holding costs, importation charges, handling fees, and freight charges etc.



High traceability: Traceability plays a crucial role in sustainable products. Global brands are keen to ensure that their products go through a proper recycling process. Given that BPPL has a vertically integrated supply chain, traceability and transparency are significantly higher than imported substitutes.

These competitive advantages make sourcing from BPPL more strategic for local fabric manufacturers. The total addressable market for BPPL remains significantly large in Sri Lanka, and BPPL expects to capture market share through continuous capacity expansions.

Source: BPPL, NDBS Research

Being the Biggest PET recycler with a Vertically Integrated Supply Chain allows BPPL to source at significantly low costs vs. importing.

Vertically Integrated Supply Chain for PET collection



480+ PET collection points in Sri Lanka

30 Bailing Sites

Washing Plants

Independent Agents

Transportation Network

Recycling Plant

As per our channel checks, the importation of Recycled PET Flakes (R-PET) and converting them to RPY is at least 30-40% more expensive than locally sourcing the required PET.

The PET collection was disrupted due to the pandemic in FY 2021-22. Going forward, the economic activities returning to normalcy, and the revival of the tourism sector should aid BPPL to collect PET through its islandwide collection points.

This would also strengthen BPPL's RPY margins back to its pre-pandemic level.

Source: BPPL

Vertically Integrated Supply Chain provides a competitive advantages and high barriers to entry



As per management information, BPPL has one of the two machines in the world which can directly convert PET bottles to yarn.

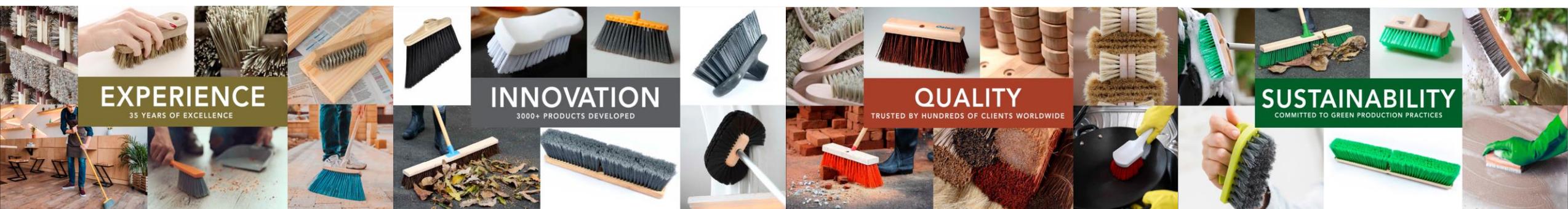
The direct conversion process reduces the carbon footprint notably, while also generating cost advantages due to the elimination of non-value-added processes.

The first mover advantage, infrastructure in the recycling field, and strategic relationships with government environmental agencies and private parties make it difficult for any new player to penetrate the market and replicate the successes in the near term, in our view.

3. Stability through Industrial Brushes segment

The Brush-ware segment enjoys a stable demand and remains a cash cow.

- BPPL specializes in industrial brushes, a product that is heavily used in industrial, janitorial, and food services. The portfolio of over 3000 specialized brushes and the long-term relationships built through the 35 years of experience have made them one of South Asia's largest brush-ware manufacturers.
- The industrial brush market has a relatively inelastic demand compared to domestic brushes due to the stability of B2B space. Long-term relationships are likely to continue as the willingness to substitute is relatively low.
- BPPL with its relationships with brick-and-mortar retailers in North America and Australia, has already captured a sizeable market share in these markets.
- The usage of recycled filaments and the sustainability-centric business model has created a new entry point to capture those customers who are willing to source from ethical manufacturers.



4. A buffer against Sri Lanka's economic cycles.

Given's BPPL geographic diversification, the reliance on a singular economy is low.

In FY22, 77% of BPPL's total revenue was generated from outside of Sri Lanka. The group showed heavy reliance on the North American region which has considerably come down due to the expansion into the RPY and monofilaments segment.

The diversified revenue base reduces the risk of dependency on a singular economy.

Sri Lanka | Canada | USA | Mexico | Jamaica | Panama | Ireland | England | Netherlands | Denmark | France | Turkey | Dubai | India | Bangladesh | Indonesia | Australia | New Zealand



BPPL sales destinations

95% of Revenue in USD

30% of COGS in USD

Around 95% of the total revenue is denominated in USD while only 30% of COGS is denominated in USD.

The usage of filaments in brushes instead of imported fibers, and the goal of sourcing 100% PET flakes would bring down the foreign currency-denominated COGS in the medium to long term.

Given that Sri Lanka is a net importer economy, we expect USD/LKR to depreciate and possibly revert to its long-term 3-4% historical average depreciation by CY24, despite the current USD/LKR appreciation dynamics. This would also bring an additional layer of incremental revenue.



Risk Analysis

Pre-mortem and who is on the other side?

Risk Analysis

Pre-mortem, and who is on the other side?



- **Government policy towards single-use plastic:** The government has increasingly imposed restrictions on single-use plastics. If a ban was to be imposed on PET, it would disrupt local sourcing and BPPL would need to resort to the more expensive imported R-PET flakes.
- **Economic recession in the buyers' markets:** As the majority of the earnings are stemming from exports to North America and Europe, the economic recession in the buyers' markets could affect the company's sales adversely.
- **Political and economic climate of Sri Lanka:** As all production operations occur within Sri Lanka, the economic and political climate has a direct impact on operations.
- **FCY loans and currency volatility:** As the majority of BPPL's borrowings are in USD terms, a sharp LKR depreciation could reprice loans and increase gearing levels. Further, the interest burden could also rise as a result. USD/LKR has appreciated by 11% from 31st December 2022 to 31st March 2023, and we estimate an LKR 1.22 per share positive impact on the repricing of FCY liabilities, as a result.
- **Input price volatility:** The crude oil prices are a key determinant of prices of brush-ware segment raw materials and PET bottles. As such, sharp increases in crude oil prices could have a bearing on group margins.



Financial Analysis and Forecasts

We expect BPPL to cross LKR 1.0 Bn earnings mark in FY 2024E

Financial Analysis and Forecasts

Income Statement

LKR Mn

FY end 31/03	2020	2021	2022	2023E	2024E	2025E
Revenue	2,626	3,438	4,835	6,478	8,454	11,369
COGS	(1,769)	(2,259)	(3,437)	(4,361)	(5,725)	(7,498)
Gross profit	857	1,179	1,398	2,117	2,729	3,871
Other operating income	9	67	159	57	169	227
SG&A	(594)	(604)	(783)	(908)	(1,173)	(1,454)
Adj. EBITDA	389	834	970	1,565	2,095	3,009
Adj. EBIT	273	642	774	1,266	1,726	2,644
Net interest	(34)	(33)	(53)	(301)	(253)	(130)
Adj. PBT	239	609	721	965	1,473	2,514
Tax	(101)	(112)	(72)	(333)	(442)	(754)
Minority interest	-	-	-	-	-	-
Adj. Net income	406	497	650	633	1,031	1,760
Reported EPS - Basic (LKR)	1.32	1.62	2.12	-	-	-
Adj. EPS (LKR)	1.32	1.62	2.12	2.06	3.36	5.73
DPS (LKR)	0.42	0.24	0.42	0.24	0.42	0.42
Payout ratio	32%	15%	20%	12%	13%	7%

Financial Analysis and Forecasts

Balance Sheet

LKR Mn						
As at 31/03	2020	2021	2022	2023E	2024E	2025E
Non-Current Assets						
PP&E	3,158	3,494	4,528	4,440	4,417	4,507
Other non current assets	64	56	89	99	98	101
	3,222	3,550	4,617	4,539	4,516	4,608
Current Assets						
Inventories	576	622	953	1,340	1,550	1,898
Accounts receivable	700	1,326	2,494	2,426	2,742	3,233
Other current assts	1	276	67	0	0	0
Cash and cash equivalents	533	55	116	179	234	676
	1,810	2,279	3,630	3,945	4,526	5,807
Total Assets	5,032	5,829	8,246	8,484	9,042	10,415
Equity and Liabilities						
Capital and Reserves						
Shareholders' equity	2,875	3,241	3,069	3,323	4,225	5,855
Total Equity	2,875	3,241	3,069	3,323	4,225	5,855
Non-Current Liabilities						
Long term debt	360	826	1,910	1,714	1,512	1,242
Other long term liabilities	298	356	341	519	530	544
	658	1,182	2,251	2,233	2,042	1,785
Current Liabilities						
Short term borrowings	1,221	1,037	2,092	2,095	1,848	1,518
Trade payables	215	315	824	766	806	1,063
Other short term liabilities	63	54	10	68	122	193
	1,499	1,406	2,926	2,929	2,776	2,774
Total Equity and Liabilities	5,032	5,829	8,246	8,484	9,042	10,415

Financial Analysis and Forecasts

Cash Flow Statement

LKR Mn

For FY end 31/03	2020	2021	2022	2023E	2024E	2025E
Cash flow from operating activities	971	135	167	478	980	1,637
o/w Depreciation & amortization	126	203	201	299	369	374
o/w Changes in working capital	178	(573)	(992)	(378)	(486)	(582)
Cash flow from investing activities	(376)	(775)	(1,028)	(149)	(347)	(466)
o/w Capital expenditure	-385	-534	-1,225	-215	-338	-455
<i>as % of sales</i>	14.7%	15.5%	25.3%	3.3%	4.0%	4.0%
Cash flow from financing activities	(80)	165	879	(232)	(579)	(729)
o/w Dividends paid	(129)	(74)	(129)	(74)	(129)	(129)
o/w Net debt issued/(repaid)	49	254	1,014	(159)	(450)	(600)
Net change in cash	514	(476)	17	97	55	442
Free cash flow to firm	585	(399)	(1,058)	264	642	1,182
<i>YoY growth</i>	64%	-168%	-165%	125%	143%	84%

Financial Analysis and Forecasts

Ratio Analysis

FY end 31/03	2020	2021	2022	2023E	2024E	2025E
Revenue growth (%)	(4.2)	30.9	40.6	34.0	30.5	34.5
Adj. EBITDA growth (%)	(27.2)	114.7	16.3	61.4	33.9	43.6
Adj. EBIT growth (%)	(38.7)	135.3	20.6	63.6	36.3	53.2
Adj. Net income growth (%)	9.8	22.5	30.8	(2.6)	63.0	70.7
Gross margin (%)	32.6	34.3	28.9	32.7	32.3	34.0
EBIT margin (%)	10.4	18.7	16.0	19.5	20.4	23.3
Net margin (%)	5.3	14.5	13.4	9.8	12.2	15.5
Net debt/Equity (x)	0.4	0.5	1.2	1.1	0.7	0.4
Net debt/EBITDA (x)	2.7	1.8	3.9	2.3	1.5	0.7
Gearing ratio (%)	35.5	36.5	56.6	53.4	44.3	32.0
Cash flow from operations	971	135	167	478	980	1,637
FCFF	585	(399)	(1,058)	264	642	1,182
Asset turnover (x)	0.6	0.6	0.7	0.8	1.0	1.2
Financial leverage (x)	1.8	1.8	2.2	2.6	2.3	1.9
Net profit margin (%)	15.4	14.5	13.4	9.8	12.2	15.5
ROE (%)	15.31	16.25	20.59	19.80	27.32	34.91
ROA (%)	5.83	11.82	11.00	15.13	19.69	27.18
Adj. EPS	1.32	1.62	2.12	2.06	3.36	5.73
BVPS	9.37	10.56	10.00	10.83	13.77	19.08
DPS	0.42	0.24	0.42	0.24	0.42	0.42
PE (x)	8.18	7.42	10.09	10.84	6.65	3.90
P/BV (x)	1.15	1.14	2.14	2.06	1.62	1.17
EV/ EBITDA (x)	11.23	6.26	10.70	6.70	4.77	2.97
Dividend yield (%)	3.89	2.00	1.97	1.07	1.88	1.88

Financial Analysis and Forecasts

We expect BPPL to cross LKR 1.0 Bn profit mark in FY 2024E

- **Revenue:** We expect BPPL's revenue to reach LKR 6.5 Bn in FY23E (+34% YoY) mainly due to LKR depreciation. We expect currency-neutral revenue (USD) in both Brush-ware and RPY segments to fall by 29% and 22% respectively, due to challenging demand conditions in the buyers' markets. As per our channel checks, buyers' demand is expected to return beyond the second half of FY24, and accordingly, we have considered an increase in capacity utilization levels for 3Q24 and 4Q24 from the current underutilized levels. We expect the revenue from the RPY segment to increase to 40% by FY25E, from the current level of 28% (3Q23).
- **Margins:** We expect BPPL's GP margin to recover back to 33% in FY23E as a result of local PET sourcing channels operating without disruptions (which would allow BPPL to source raw materials locally). The increased usage of company-made filaments in brushes (rather than imported fibers) and expansions in the PET sourcing supply chain would help BPPL to increase margins to new highs beyond FY25E, in our view.
- **Earnings:** We expect an earnings CAGR of 40% in FY22-25E, mainly driven by RPY's 2X capacity expansion, higher capacity utilization for both RPY and brush-ware segments from the current underutilized levels (due to the current challenging demand conditions in the buyers' markets), a profitable product mix with the increase in revenue share from RPY segment and the resumption of local sourcing of input impacting earnings positively. In addition, FY23E earnings benefited from the sharp LKR depreciation.

The background of the slide features a light blue background with several clear plastic bottles at the top and three spools of thread (one green, one blue, and one grey) at the bottom. A dark red horizontal band is overlaid across the middle of the image, containing white text.

Valuations and Peer Comp

We value BPPL on DCF. Our TP stands at LKR 30 (+42% upside)

Valuation - DCF

We value BPPL at LKR 30.00 (With an upside of 42%)

	Historical			IMF Program Period				Post IMF Program Period				Terminal	
	2020	2021	2022	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Perpetuity
DCF reference period				1	2	3	4	5	6	7	8	9	10
Risk free rate return %				18.0%	15.0%	15.0%	15.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Equity risk premium %				7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Beta				0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Cost of equity %				24.7%	21.7%	21.7%	21.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%
Cost of debt %				9.0%	9.0%	8.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Marginal tax rate %				30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
After tax cost of debt %				6.3%	6.3%	5.6%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Debt %				40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Equity %				60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
WACC %				17.3%	15.5%	15.3%	14.7%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
Sales	2,626	3,438	4,835	8,454	11,369	11,710	12,061	12,423	12,796	13,180	13,575	13,982	
YoY growth %	-4%	31%	41%	388%	34%	3%	3%	3%	3%	3%	3%	3%	3%
EBIT	273	642	774	1,726	2,644	2,752	2,834	2,919	3,071	3,163	3,258	3,356	
EBIT margin %	10.4%	18.7%	16.0%	20.4%	23.3%	23.5%	23.5%	23.5%	24.0%	24.0%	24.0%	24.0%	
EBIT (1-t)	224	526	635	1,208	1,851	1,926	1,984	2,044	2,150	2,214	2,281	2,349	
D&A	(116)	(192)	(196)	(369)	(374)	(527)	(543)	(559)	(576)	(593)	(611)	(629)	
% revenue	-4.4%	-5.6%	-4.0%	-4.4%	-3.3%	-4.5%	-4.5%	-4.5%	-4.5%	-4.5%	-4.5%	-4.5%	
Net working capital	178	(573)	(992)	(486)	(582)	(585)	(603)	(621)	(640)	(659)	(679)	(699)	
% revenue	6.8%	-16.7%	-20.5%	-5.7%	-5.1%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	
Capital expenditure	-383	-215	-200	-338	(455)	(644)	(663)	(683)	(384)	(395)	(407)	(419)	
% revenue	-14.6%	-6.3%	-4.1%	-4.0%	-4.0%	-5.5%	-5.5%	-5.5%	-3.0%	-3.0%	-3.0%	-3.0%	
FCFF	135	(69)	(362)	754	1,188	1,224	1,260	1,298	1,702	1,753	1,805	1,860	18,345
FCF growth %	-42%			307.4%	57.7%	3.0%	3.0%	3.0%	31.1%	3.0%	3.0%	3.0%	2.5%
Discount factor				0.85	0.75	0.65	0.58	0.55	0.48	0.43	0.38	0.34	0.34
Present value				642	890	799	728	708	822	750	684	624	6,160

DCFF	12,809
(-) Debt	3,809
(+) Cash and cash equivalent	179
(+) Non operating assets	
FCE	9,179
Target price	30.00
CMP	21.10
Upside/(Downside)	42%

Valuation Assumptions

Terminal Growth Rate	2.5%	Debt	40%
Risk-free rate (5 year bond rate)	21.0%	Equity	60%
Risk premium	7.0%	Tax rate	30%
Beta	0.95		

Peer Comp & Valuations

Peer Comp

Due to the lack of directly comparable peers, we have used three separate peer groups to reflect the company's exposure to different business segments and the company's standalone valuations vs. export-oriented peer group.

Currently, nearly 28% of BPPL's revenue is coming from the RPY segment, however, we expect this proportion to increase to 40% by end of FY25E. Due to the lack of comparable peers in the region, we have compared BPPL with listed companies that are exposed to the local textile and apparel industry.

Company Name	Market Capitalization (\$ Mn)	Total Enterprise Value (\$ Mn)	Tangible Book Value/Share (\$)	TEV/EBITDA LTM	LTM EPS (\$)	P/Diluted EPS LTM	P/TangBV LTM
Hayleys Fabric PLC (COSE:MGT.N0000)	32.1	73.5	0.04	4.9x	0.02	3.9x	1.6x
Teejay Lanka PLC (COSE:TJL.N0000)	70.0	94.6	0.15	6.6x	0.01	8.1x	0.6x
Hela Apparel Holdings PLC (COSE:HELA.N0000)	32.1	118.6	0.03	12.4x	-	NM	7.1x
BPPL Holdings PLC (COSE:BPPL.N0000)	20.2	31.6	0.03	7.3x	0.01	8.1x	2.1x
Summary Statistics	Market Capitalization (\$ Mn)	Total Enterprise Value (\$ Mn)	Tangible Book Value/Share (\$)	TEV/EBITDA LTM	LTM EPS (\$)	P/Diluted EPS LTM	P/TangBV LTM
High	70.0	118.6	0.2	12.4x	0.02	8.1x	7.1x
Low	32.1	73.5	0.03	4.9x	-	3.9x	0.6x
Mean	44.7	95.6	0.1	8.0x	0.03 *	6.0x *	3.10x
Median	32.1	94.6	0.04	6.6x	0.01	3.9x	1.6x

*Mean of 2 companies

Source: S&P Capital IQ

Peer Comp

We have used regional proxies to reflect the outlook on the brush-ware segment.

Company Name	Market Capitalization (\$ Mn)	Total Enterprise Value (\$ Mn)	Tangible Book Value/Share (\$)	TEV/EBITDA LTM	LTM EPS (\$)	P/Diluted EPS LTM	P/TangBV LTM
Yuvraaj Hygiene Products Limited (BSE:531663)	1.7	2.5	(0.01)	-	-	NM	NM
Izmir Firça Sanayi ve Ticaret Anonim Sirketi (IBSE:IZFAS)	18.7	19.6	0.07	14.4x	0.01	32.7x	4.5x
PT Klinko Karya Imaji Tbk (IDX:KLIN)	2.1	2.7	-	11.7x	-	10.8x	0.9x
BPPL Holdings PLC (COSE:BPPL.N0000)	20.2	31.6	0.03	7.3x	0.01	8.1x	2.1x

Summary Statistics	Market Capitalization (\$ Mn)	Total Enterprise Value (\$ Mn)	Tangible Book Value/Share (\$)	TEV/EBITDA LTM	LTM EPS (\$)	P/Diluted EPS LTM	P/TangBV LTM
High	18.7	19.6	0.1	14.4x	0.01	32.7x	4.5x
Low	1.7	2.5	(0.01)	-	0.01	-	-
Mean	7.5	8.3	0.03	13.05x *	0.01	21.75x *	2.7X *
Median	2.1	2.7	(0.01)	11.7x	0.01	10.8X	0.9 X

*Mean of 2 companies

Source: S&P Capital IQ

Peer Comp

To reflect the export nature of the entity, here we have compared BPPL with listed export-oriented companies in the CSE.

Company Name	Market Capitalization	Total Enterprise Value	Tangible Book Value/Share (\$)	TEV/EBITDA LTM	LTM EPS (\$)	P/Diluted EPS LTM	P/TangBV LTM
Dipped Products PLC (COSE:DIPD.N0000)	50.2	78.1	0.14	2.9x	0.04	2.0x	0.6x
Haycarb PLC (COSE:HAYC.N0000)	51.2	74.0	0.23	2.9x	0.07	2.5x	0.8x
Hayleys Fibre PLC (COSE:HEXP.N0000)	3.7	6.1	0.16	4.1x	0.03	4.6x	1.0x
Richard Pieris Exports PLC (COSE:REXP.N0000)	19.1	20.4	1.19	7.1x	0.56	3.1x	1.4x
Hayleys Fabric PLC (COSE:MGT.N0000)	32.1	73.5	0.04	4.9x	0.02	3.9x	1.6x
Teejay Lanka PLC (COSE:TJL.N0000)	70.0	94.6	0.15	6.6x	0.01	8.1x	0.6x
Hela Apparel Holdings PLC (COSE:HELA.N0000)	32.1	118.6	0.03	12.4x	-	NM	7.1x
Ex-pack Corrugated Cartons PLC (COSE:PACK.N0000)	14.9	21.6	0.02	3.3x	0.01	3.3x	2.1x

BPPL Holdings PLC (COSE:BPPL.N0000)	20.2	31.6	0.03	7.3x	0.01	8.1x	2.1x
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Summary Statistics	Market Capitalization (\$ Mn)	Total Enterprise Value (\$ Mn)	Tangible Book Value/Share (\$)	TEV/EBITDA LTM	LTM EPS (\$)	P/Diluted EPS LTM	P/TangBV LTM
High	70.0	118.6	1.2	12.4x	0.6	8.1x	7.1x
Low	3.7	6.1	0.02	2.9x	-	2.0x	0.6x
Mean	34.2	60.9	0.2	5.4x	0.09	4.0x *	1.9x
Median	32.1	73.8	0.1	4.5x	0.03	3.3x	1.2x

Source: S&P Capital IQ



Business Description

A unique combination of a stable segment with a high-growth segment

Business Description

A unique combination of a stable segment with a high-growth segment



Source: BPPL

- BPPL initially started as a brush manufacturer in 1984 and underwent ownership changes until it was listed in 2017 with a 10% public float.
- Recycled monofilament operations were started in 2010, and the RPY operations were started in 2018 under EcoSpindles (Pvt) Ltd, a fully-owned subsidiary of BPPL.
- The second phase of the yarn plant was commissioned in FY23, doubling the capacity.

Business Description

Two main subsidiaries fostering stable growth



One of the largest brush manufacturers in South Asia with a product portfolio of over 3500 brushes, majority targeting the industrial consumers. The company has over 35 years of experience in the segment with an in-house R&D team that can customize the products according to customer requirements.



Source: BPPL



A newly established segment with a unique process of recycling PET to produce Recycled Polyester Yarn and Monofilaments. Eco Spindles is the largest PET recycler in Sri Lanka at the moment.



A large product portfolio providing customizability for customers

Brush-ware



Brushes and cleaning tools for janitorial activities



Brushes for the food services sector



Brushes for industrial applications



Brushes and cleaning products for households



Brushes for building activities

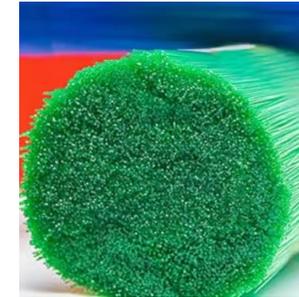


A range of raw material components for other brush manufacturers

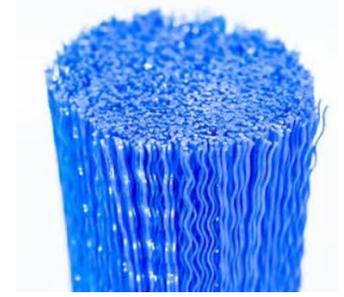
Recycled Polyester Yarn



Monofilaments



Polyethylene Terephthalate



Polypropylene



Polystyrene



NYLON (PA 6)



Polybutylene-Terephthalate

Source: BPPL



Stock Information and Shareholder Movement

What is big money doing?

Stock Information

Stock Quote and Chart (Currency: LKR)			
Last (Delayed)	21.50	Market Cap (mm)	6,597.1
Open	21.00	Shares Out. (mm)	306.8
Previous Close	21.50	Float %	3.0%
Change on Day	0.00	Shares Sold Short (mm)	-
Change % on Day	0.0%	Dividend Yield %	2.2%
Day High/Low	21.50/ 20.10	Diluted EPS Excl. Extra Items	2.64
52 wk High/Low	32.10/ 13.50	P/Diluted EPS Before Extra	8.14x
Volume (mm)	0.0054	Avg 3M Dly Vlm (mm)	0.03
Beta 5Y	0.60		

Source: S&P Capital IQ

Shareholder Movement

What is big money doing?

Position	Shareholder	31-Dec-22	30-Sep-22	Change	%
1	Infinity Capital (Pvt) Ltd	154,382,777	154,382,777	-	32.40
2	Mrs. Kalsha Upeka Amarasinghe	80,546,372	80,546,372	-	27.34
3	Hirdaramani Investment Holdings Private Limited	29,884,717	29,884,717	-	6.57
4	MAS Capital (Private) Limited	9,208,692	9,208,692	-	3.14
5	Mr. Roger Keith Modder	5,350,000	5,521,000	(171,000)	2.63
6	Sandwave Limited	2,240,295	2,096,170	144,125	0.98
7	Citibank Newyork S/A Norges Bank Account 2	1,549,240	1,024,396	524,844	0.97
8	Hallsville Trading Group Inc.	1,500,000	1,500,000	-	0.78
9	Mrs. D.G. Ushani Pavithra Jayasekara	999,219	999,219	-	0.68
10	Seylan Bank PLC/ Karagoda Loku Gamage Udayananda	955,670	955,670	-	0.68
11	Jafferjee Brothers (Exports) Limited	772,800	772,800	-	0.66
12	Mr. Merrill Joseph Fernando	750,000	750,000	-	0.58
13	People's Leasing & Finance PLC/L.P.Hapangama	748,849	699,389	49,460	0.53
14	Mr. Akshay Anil Hirdaramani	732,100	732,100	-	0.39
15	Mr. Mahesh Lalchand Hirdaramani	713,137	713,137	-	0.37
16	Standard Chartered Bank DIFC Branch S/A EFG Hermes Oman LLC	624,328	-	624,328	0.35
17	Mr. M.H. Muhammath Fawsan	500,000	525,000	(25,000)	0.35
18	Mr. Nihal Samarasuriya & Mrs. Chandani Samarasuriya	500,000	500,000	-	0.35
19	GF Capital Global Limited	476,600	476,600	-	0.34
20	Ambeon Holdings PLC	457,777	457,777	-	0.33
Aggregate Top 20 Shareholders		292,892,573	291,745,816		80.42

Source: CSE



ESG Scorecard

BPPL positions itself as a sustainable-centric enterprise

ESG Scorecard

BPPL positions itself as a sustainable-centric enterprise

Performance criteria	Grading	
	Score	%
Environmental and Social		
1. Assessment and management of Social Risks and Impact	20/24	
2. Labour and working Conditions	16/16	
3. Resource Efficiency and Pollution prevention	4/4	
4. Community Health, Safety and Security	2/4	
5. Biodiversity Conservation and Sustainable Natural Resource Management	4/4	
6. Cultural Heritage	4/4	89.3%
Governance		
1. Board Leadership	11/12	
2. Shareholder Rights	8/12	
3. Stakeholders	3/4	
4. Disclosure and Transparency	10/12	
5. Audit Risk and Internal Control	10/10	84%
Total ESG Score	92/106	86.8%

The score was given based on a set of criteria and the number of criteria for each subset determines the total scoring which was available for the particular subset. Each criterion was scored as follows,

2 - Full compliance

1 - Moderate Compliance

0 - No Compliance

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CONTACT US

NDB SECURITIES (PVT) LTD
NDB Capital Building, Level 2,
No. 135, Bauddhaloka Mawatha, Colombo 04, Sri Lanka.

Hotline: +94 (11) 2 131 000

E-mail: research@ndbs.lk

Fax: +94 (11) 2 314 181

Website: www.ndbs.lk