

BP Plastics sees orders up 20% in 1Q

by **LEE CHERNG WEE**

AMID the global economic slowdown, BP Plastics Holdings Bhd saw orders for its packaging products increase by 20% in the first quarter (1Q09) compared to the fourth quarter of last year (4Q08), said chairman and managing director Lim Chun Yow in an e-mail interview.

Despite increased orders, BP Plastics' 1Q09 revenue declined 10% to RM34.45 million from RM38.28 million in the 4Q08 due to lower selling prices. However, 1Q09 net profit climbed 49% to RM2.96 million from RM1.99 million in 4Q08 due to higher operating margin and lower cost of raw material consumed.

Global demand for packaging products has been affected by the decline in the volume of exports, shipping and logistics. BP Plastics exports

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62% of its products while the balance of 38% is sold domestically.

Moving forward, BP Plastics expects growth to come from the Asia Pacific region as the recession in the Organisation for Economic Co-operation and Development (OECD) countries has affected its business since the first quarter of 2008 due to their de-stocking activities.

"We are upbeat about the medium and long term prospects for the polyethylene film business in Asia due to the lower total production and transportation costs compared to OECD coun-

tries. We foresee that there will be an increase in trade volume within the Asean region when the Asean-6 implements the free trade agreement by 2010," he said.

Lim added that the recent multilateral agreement signed between Asean and Australia as well as New Zealand would also provide an opportunity to increase the demand consumption once the free trade agreement is fully implemented this year.

"The combined economic zone is estimated at US\$2.3 trillion (RM8.06 trillion) with a population of 600 million," he said.

Despite being smaller than its peers, BP Plastics commands a higher profit margin. Lim said the company's investment into state-of-the-art technology and equipment has paid off.