

# Share Review

**On Andrew' RADA British Polythene Industries [BPI.L] 17 Jan 2013 £6.30**

British Polythene Industries PLC manufactures and sells polythene products in the UK, Ireland, Mainland Europe, and North America. It recycles polythene films, as well as supplies agricultural film products, and packaging for the protection of food recycled products. The company is involved in many aspects of everyday living specialised in manufacturing, Retail Chain management and environmental products. BPI also supplies an array of products that are designed for specific hygiene applications together with ensuring the production of polythene films and understanding of the stringent quality and hygiene standards and investment in the most advanced film manufacturing technologies. Given the green agenda and the emphasis on recycled products, BIP is well placed to meet environmental and political demands in 2014. <http://www.bpipoly.com/default.aspx>

Some Key Benefits of BPI include

- As Europe's largest polythene recycler, reprocessing over 80,000 tons annually, and at the forefront as the preferred supplier of primary and transit packaging to many leading manufacturers of construction materials
- One of the leading manufacturers of polythene products including bags and sacks in Europe; with manufacturing capacity in excess of 300,000 tons per annum
- Supplies over 275,000 tons each year for a wide variety of everyday applications and their recycling plants reprocess over 80,000 tons of UK waste from industrial, commercial, agricultural and domestic sources
- Have pioneered recycling techniques for processing a diverse range of scrap materials ranging from agricultural films to post-use stretch films.
- BPI operates in all private and public sector markets, supplying a wide range of packaging films and bags on a global scale Is the largest supplier of refuse sacks to the UK Local Authority Market
- Provides high quality, innovative polythene products developed for specific markets
- Strategic Acquisition- Is always on the look out to expand and enjoy integration with a recent 100% share capital acquisition of Flexfilm Group for a cash consideration of £5.5 million [30 April 2013]

Recent News - The launch of new products and higher pricing allowed British Polythene Industries [BPI] to deliver a first half a 16% increase in pre-tax profits. In fact, both volumes and prices raised in its mainland European market, despite the crisis in Europe. BPI shares have had an excellent run adding 44% so far this year.

## FUNDAMENTAL ANALYSIS

Company Statements [BPI Plc Interim Results June 2013](#) [BPI Annual Report 2012](#)

Financial Highlights [Recent Performance]

- Operating profits increased 14% at £16.4m ~(2012:£14.4m)
- Profit Before Tax up 17% to £14.1m (2012: £12.1m)
- Adjusted Earnings Per Share up 12.5% to 40.12p (2012: 35.65p)
- Interim Dividend Per Share increased by 7% to 4.5p (2012: 4.2p)
- Net Borrowings reduced to £20.9 m (June 2012 : £23.2m)
- Declared an increased interim dividend of 4.5p (2012: 4.2p)
- Share price growth year on year 80.3% (2 Jan 2012 £3.87 27 Dec £6.98)

BPI Plc Interim (unaudited results)	6 months end June 2013	6 months end June 2012	Change %
Turnover	282.2	273.1	3.4
Profit for period	10.1	8.8	14.8
EPS Basic	37.66	32.33	11.6
Current Ratio	1.28	1.4	(28.6)
Retained Earnings	9.5	(10.4)	191.3
Total Equity	72.9	50.6	44.1

**TECHNICAL ANALYSIS – BRITISH POLYTHENE INDUSTRIES PLC [BPI.L]** £6.40 [27 Dec 2013] Technical Diagnosis – Moving Averages give a good indication of the vitality of the share in the long run. BPI hit a high of £7.38 on the 18th November but has been in retreat since then. Despite the falls in the share price and both the 20 and 50 day moving averages, the 200 day MA is still in sharp incline. There has been a kink in the 20 day Moving Average and a bottoming out, suggesting that either the share will continue its descent or turn upwards as a reversal play. This may be confirmed by the last two candlesticks where a hammer appeared on the 24 December. This is a potential classic reversal of a trend, as a hammer on a downtrend is a key reversal pattern and was confirmed by the following candlestick on the 27th December. A head and shoulders chart pattern is evident [15 Sept to 27 Dec] and support could well be in evidence suggesting that *upside potential may be possible*. If the share rises towards a Fibonacci level retracement of 23.6%, this could see the share return towards its previous highs. This is an interesting contrarian play and one in which I decided to add to my portfolio by buying 400 shares at £6.41 on 30 December in support of my consensus. Please note this analysis is not advice but interpretation of potential market moves. First share reviewed 29 December 2013 £6.40. Current price on 17 January £6.30

