



Daibochi Plastic

And Packaging Industry Bhd. (12994-W)

耐慕志塑膠包裝工業有限公司

www.daibochiplastic.com

PRESS RELEASE

Daibochi makes new inroads into Indonesia

- *Commenced exports of consumer packaging to Indonesia's food and beverage (F&B) sector in 1Q17; more new contracts in the pipeline*
- *1Q17 revenue grows 4.9% year-on-year to RM94.1 million on stronger export sales to ASEAN & Australia*
- *Secured approval for Myanmar joint venture on 28 April 2017; expected to contribute significantly effective 3Q17*
- *Declares first interim single tier dividend of 1.32 sen per share in respect of the financial year ending 31 December 2017 (FY2017)*

Melaka, Malaysia, 4 May 2017 - Leading flexible packaging manufacturer Daibochi Plastic and Packaging Industry Berhad (Daibochi; 耐慕志; Bloomberg: DPP:MK; Reuters: DPPM.KL) is set to see higher exports to Indonesia's burgeoning consumer market on the back of new contracts to major F&B and fast moving consumer goods (FMCG) companies.

Daibochi commenced supply of consumer packaging to a new large regional customer in the first quarter of 2017 (1Q17), renowned for its home-grown Indonesian F&B brands. The Group is also conducting trial production runs for a multinational company for its FMCG products in Indonesia, and targets to commence supply in the second half of 2017.

“The latest contract awards from leading companies to supply flexible packaging for the Indonesia market effectively catapults us into a new phase of exciting opportunities. We strive to expand our clientele in the world's fourth most populous nation, and are confident of growing exports to Indonesia into a significant contributor to group revenue.

Indeed, our newly-expanded Daibochi Plant 2 not only accords us larger capacity to serve the growing requirements of our customers, but also to pursue new growth opportunities. In this regard, we continue to strive for regional expansion through more partnerships with growth-focused companies.”

Mr. Thomas Lim (林树坤)

Managing Director, Daibochi Plastic and Packaging Industry Berhad

Daibochi registered 4.9% higher revenue of RM94.1 million for the first quarter ended 31 March 2017 (1Q17) from RM89.7 million in the previous year, mainly attributed to increased exports to ASEAN and Australia. Group 1Q17 export revenue climbed 7.9% to RM51.3 million compared to RM47.6 million in the first quarter of 2016.



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Despite the stronger topline, net profit dipped 11.4% to RM5.8 million from RM6.5 million in the previous year, mainly attributed to lower foreign exchange gain of RM0.2 million versus RM1.4 million in the previous year. Excluding the foreign exchange differences, core net profit grew 9.3% to RM5.6 million compared to RM5.1 million, on account of higher exports, improved wastage control, and better operational efficiency.

On the Group's prospects, Lim commented:

“We are optimistic of achieving significant growth in FY2017, to be driven by higher exports and the upcoming deliveries to Indonesia. In addition to the recent awards, we are currently undergoing qualification with another multinational company in Indonesia for a sizeable contract to supply one of its key F&B brands, and are confident of successfully qualifying in FY2017.”

“Meanwhile, we achieved better operating efficiency in 1Q17, on the back of new foreign worker hires that helped alleviate ongoing labour shortage issues, and efforts to improve wastage control through employee education. These allowed us to overcome rising raw material costs due to the weaker Ringgit and rising crude oil prices.”

“Going forward, we will strive for further improvements to operating efficiency, which would contribute towards a positive impact to our financial performance.”

Daibochi had on 28 April 2017 secured approval from Myanmar Investment Commission (MIC) for its joint venture (JV) with Myanmar Smart Pack Industrial Company Limited. The Group had incorporated a joint venture company named Daibochi Packaging (Myanmar) Company Limited on 7 February 2017, which would operate a consumer flexible packaging plant in Yangon, Myanmar, and is expected to contribute significantly to the Group's performance, effective from the third quarter of FY2017.

Daibochi declared a first interim single tier dividend of 1.32 sen per share in respect of FY2017, with estimated payout of RM3.6 million. The dividend is payable on 22 June 2017 with ex-date of 26 May 2017. The Group has a dividend policy to pay out at least 60% of net profit to shareholders.

Financial Summary (Unaudited Consolidated Results)			
RM'000	1Q17 to 31.03.17	1Q16 to 31.03.16	Change (YoY)
Revenue	94,116	89,699	4.9%
Pre-tax Profit	7,435	8,073	(7.9%)
Net Profit to Shareholders	5,768	6,508	(11.4%)
Basic EPS (sen)	2.12	2.38	(10.9%)



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About Daibochi Plastic and Packaging Industry Berhad (www.daibochiplastic.com)

Daibochi, founded in 1972, is a leading end-to-end flexible packaging solutions provider for globally-renowned clients in the Food & Beverage (“F&B”) and FMCG sectors.

Daibochi’s scope of services includes prepress, in-house cylinder-making, extrusion/dry lamination, metalizing, and slitting/bagging. The Group’s manufacturing facilities in Melaka are equipped with ISO:9001, ISO:14001 and FSSC:22000 certifications, as well as in-house laboratory testing facilities to produce high-quality packaging solutions.

Through the years, **Daibochi** has built a strong MNC-focused clientele which includes Nestle, Mondelez International and PepsiCo. The Group also exports its products overseas, including to South East Asia and Australia.

Daibochi was awarded the Top Corporate Governance Recognition for Mid Cap public listed companies in Malaysia for 2013 - 2016 by the Minority Shareholder Watchdog Group (MSWG), and listed among the Top 50 Companies in the Malaysian Chapter of the MSWG-ASEAN Corporate Transparency Index 2013 - 2014 and the Top 100 Companies in the MSWG-ASEAN Corporate Transparency Index 2015 - 2016.

Issued for and on behalf of DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BERHAD by Aquilas Advisory (Malaysia) Sdn Bhd. For more information, please contact:

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