



# Daibochi Plastic

And Packaging Industry Bhd. (12994-W)

耐慕志塑膠包裝工業有限公司

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PRESS RELEASE

## Daibochi expects stronger second half

- *Expects to begin commercial production of orders for new export customers in 3Q13*
- *1H13 net profit increases 14.2% to RM13.1 million*
- *Announces 2<sup>nd</sup> interim tax exempt dividend of 3 sen/share*

Melaka, Malaysia, 22 August 2013 - Leading flexible packaging solutions provider Daibochi Plastic and Packaging Industry Berhad (Daibochi; 耐慕志; Bloomberg: DPP:MK; Reuters: DPPM.KL) expects double-digit growth in group revenue in the second half of the year ending 31 December 2013 (2H13), driven by contributions from its new multinational (MNC) customers in the food and beverage (F&B) sector.

“Daibochi has made tremendous progress in kickstarting the sales orders from our new MNC customers. With the successful completion of trial production runs, commercial production is scheduled to commence in the third quarter of 2013.

As much as these new customers will boost our export sales and overall group revenue in the second half of the year, we view this as a step up for Daibochi in reinforcing our reputation and foothold in the region.”

*Mr. Thomas Lim (林树坤),  
Managing Director, Daibochi Plastic and Packaging Industry Berhad*

To date, Daibochi supplies flexible packaging to an established clientele comprising mainly MNCs in the F&B, Fast Moving Consumer Goods (FMCG), and specialty sectors.

Daibochi delivered sturdy results for the six months ended 30 June 2013 (1H13) with net profit of RM13.1 million, growing 14.2% from RM11.5 million in the same period in 2012; whilst total revenue for the same period rose to RM142.8 million, from RM139.3 million previously.

Profit before tax (PBT) for 1H13 rose to RM17.6 million, a significant 9.9% growth from RM16.0 million previously. This achievement comes on the back of the Group’s continued emphasis on improvements in operational efficiency, including wastage control and effective cost management.

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Meanwhile, group revenue for the second quarter ended 30 June 2013 (2Q13) stood at RM69.5 million, versus RM70.6 million in the corresponding quarter a year ago.

The lower revenue in 2Q13 was attributable to reduced sales in the Group's property segment in line with the phasing out of its property development activities. Revenue for the packaging segment was sustained at RM69.2 million in 2Q13.

2Q13 group PBT and net profit dipped to RM8.1 million and RM6.0 million respectively, from RM8.8 million and RM6.4 million in the previous corresponding quarter.

Moving ahead, Lim added: "Prices of certain raw materials were on an uptrend in 2Q13, and could face upward pressure should crude oil prices remain at current highs. Even though Daibochi has a cost pass-through mechanism for our MNC clientele, the volatility of input prices could result in possible margin squeeze given the possible time lag."

"Nonetheless, the Group continues to be vigilant in monitoring raw material prices and remains well poised to cope with changes in market environment. At the same time, we seek to create greater value-added packaging services for our customers to give Daibochi a competitive edge in the regional flexible packaging industry," concluded Lim.

Daibochi declared its second interim tax exempt dividend of 3 sen per share, amounting to RM3.4 million payout. The dividend will be made payable to shareholders on 27 September 2013, based on the Record of Depositors on 10 September 2013.

Together with the first interim dividend of 4 sen per share paid on 7 June 2013, total net dividend payout to date in respect of FY2013 will stand at 7 sen per share or RM8.0 million, representing 60.7% of net profit.

Financial Summary (Unaudited Consolidated Results)						
RM'000	2Q13 to 30.06.13	2Q12 to 30.06.12	Change	1H13 to 30.06.13	1H12 to 30.06.12	Change
Revenue	69,460	70,576	(1.6%)	142,846	139,335	2.5%
Operating Profit	8,290	9,049	(8.4%)	17,847	16,629	7.3%
Share of Associates	16	(27)	n/m	175	(128)	n/m
Pre-tax Profit	8,071	8,793	(8.2%)	17,573	15,987	9.9%
Net Profit to Shareholders	6,015	6,387	(5.8%)	13,127	11,490	14.2%
Basic EPS (sen)*	5.29	5.64	(6.2%)	11.56	10.17	13.7%

\* For comparison purpose, the earnings per share (EPS) for the quarter/period ended 30 June 2012 had been adjusted to reflect the 1-for-2 bonus issue completed in September 2012.

## **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 and ISO:14001, HACCP certification, 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 (formerly known as Kraft) and PepsiCo. The Group also exports its products overseas, including to South East Asia and Australia.

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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