



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's Myanmar subsidiary commences operations

- *Targeting 20% revenue contribution from Daibochi Packaging (Myanmar) Company Limited (DPM) by end-2018; pursuing new sales to Myanmar and regional companies*
- *Group 2Q17 revenue declines 10.5% year-on-year to RM86.8 million due to slower exports in the short term*
- *Eyes stronger 2H17 performance on new contracts and better operating efficiency*

Melaka, Malaysia, 9 August 2017 - Leading flexible packaging manufacturer Daibochi Plastic and Packaging Industry Berhad (Daibochi; 耐慕志; Bloomberg: DPP:MK; Reuters: DPPM.KL) had on 1 July 2017 commenced operations of its consumer packaging plant in Yangon, Myanmar, representing the Group's first expansion of its manufacturing facilities outside of Malaysia.

The plant is operated by the Group's 60% owned subsidiary, Daibochi Packaging (Myanmar) Company Limited (DPM).

“With DPM contributing to the Group, we are confident of recording high growth in financial performance from hereon, leveraging on low cost base in Myanmar, and potential new revenues in the future. DPM is off to a good start, having delivered first exports of flexible packaging in early August, adding on to its existing domestic business.

In order for DPM to expand further, the Group is actively pursuing new contracts from Myanmar's burgeoning food & beverage (F&B) and fast moving consumer goods (FMCG) sectors. With its technical capabilities and product quality, backed by our track record in serving leading multinational brands, we are confident of fast-tracking DPM's growth to contribute 20% of Group revenue by end-2018.”

Furthermore, Daibochi is expecting to commence packaging supply to two multinational customers for their F&B and FMCG brands in Indonesia in the fourth quarter of 2017, which would add on positively to our prospects.”

Mr. Thomas Lim (林树坤)

Managing Director, Daibochi Plastic and Packaging Industry Berhad

Daibochi had earlier invested USD6.8 million into DPM for a 60% controlling stake, while Myanmar Smart Pack Industrial Company Limited (MSP) holds the remaining 40% stake and had transferred its existing business, production assets, and workforce into DPM.

DPM currently supplies consumer flexible packaging to Myanmar's FMCG industry, and had committed capital expenditure of USD5.5 million via internally generated funds over three years to enhance its production capacity, quality, and efficiency.

"With our first mover advantage in Myanmar, we would strive to support the growth aspirations of domestic companies as well as international brands that are entering the country. Ultimately, we intend to elevate DPM's status into a leading consumer packaging player in the Southeast Asian region," Lim added.

Results for the second quarter and six months ended 30 June 2017 (2Q17/1H17)

The Group recorded revenue of RM86.8 million in 2Q17, declining 10.5% from RM97.0 million a year ago. This was mainly attributed to lower export revenue, resulting from temporary disruptions of a key customer's manufacturing line in the Philippines, which has since resumed operations.

2Q17 net profit declined 17.0% to RM5.0 million from RM6.1 million previously, due to the lower revenue and foreign exchange loss of RM0.01 million compared to foreign exchange gain of RM0.2 million in 2Q16.

Group revenue for 1H17 stood at RM181.0 million, dipping 3.1% from RM186.7 million previously, mainly attributed to the lower exports in 2Q17. Total exports made up 54% of group revenue in 1H17, marginally changed compared to 56% a year ago.

1H17 net profit dipped 14.1% to RM10.8 million from RM12.6 million in the past year due to the decline in revenue, and lower foreign exchange gain of RM0.2 million versus RM1.6 million previously. Excluding foreign exchange differences, core net profit was only 3.6% lower in 1H17 at RM10.6 million compared to RM11.0 million previously.

Despite the headwinds in 2Q17, Lim commented that Daibochi was optimistic of achieving stronger performance for the rest of the financial year ending 31 December 2017 (FY2017):

"Complementing the new contribution from DPM and upcoming supply to Indonesia for two multinational customers, Daibochi also expects to achieve better operating efficiency in 2H17."

"The improvement would come from gradual alleviation of labour shortage issues following additional foreign labour hires since January 2017. The Group has also seen significant progress in its wastage control programme through increased workforce education and engagement, and is continuing the programme in 2H17," Lim concluded.

Daibochi declared a second interim single tier dividend of 1.0 sen per share in respect of FY2017, with estimated payout of RM3.3 million. The dividend is payable on 20 September 2017 with ex-date of 25 August 2017. Together with the earlier paid first interim single tier dividend of 1.1* sen per share, total interim dividends in respect of FY2017 amounted to 2.1* sen per share with total payout of RM6.9 million or 63.6% of 1H17 net profit. The Group has a dividend policy to pay out at least 60% of net profit to shareholders.

Financial Summary (Unaudited Consolidated Results)						
RM'000	2Q17 to 30.06.17	2Q16 to 30.06.16	Change (YoY)	1H17 to 30.06.17	1H16 to 30.06.16	Change (YoY)
Revenue	86,836	97,033	(10.5%)	180,952	186,732	(3.1%)
Pre-tax Profit	6,653	7,428	(10.4%)	14,088	15,501	(9.1%)
Net Profit to Shareholders	5,045	6,076	(17.0%)	10,813	12,584	(14.1%)
Basic EPS (sen)*	1.54	1.86	(17.2%)	3.30	3.84	(14.1%)

*adjusted to reflect bonus issue of 2 for every 10 ordinary shares completed on June 28, 2017

About Daibochi Plastic and Packaging Industry Berhad (www.daibohiplastic.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 - 2015 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.

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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