

Daibochi's revenue rises 22.5% to record high of RM106.4 million in 2Q18

- *Expects sales of Myanmar plant to increase more than 30% on commencement of flexible packaging delivery to food and beverage (F&B) customer*
- *2Q18 adjusted PBT rises 25.1%; net profit dips 7.8% to RM4.7 million on foreign currency exchange loss*
- *Declares second interim single tier dividend of 0.8 sen per share in respect of FY2018; ex-date on 5 September 2018*

Melaka, Malaysia, 16 August 2018 - Leading flexible packaging manufacturer Daibochi Berhad, formerly known as Daibochi Plastic And Packaging Industry Bhd (Daibochi; 耐慕志; Bloomberg: DPP:MK; Reuters: DPPM.KL) saw revenue rise 22.5% to RM106.4 million in the second quarter ended 30 June 2018 (2Q18) from RM86.8 million in the previous year, setting a record high in quarterly top line performance.

The commendable growth came as Daibochi's Malaysia plant reported increased shipments to MNC customers in the domestic market and export markets. This was further enhanced by new contributions from the Myanmar plant which commenced operations on 1 July 2017.

“Daibochi intends to continue stamping a firmer mark in export markets, as well as support the expanding requirements of MNCs.

Additionally, we anticipate our Myanmar plant to achieve stronger performance in the fourth quarter of 2018 onwards, with quarterly revenue expected to rise more than 30% to exceed RM10 million, driven by order fulfilment and potential new contracts. The plant also commissioned a new extrusion machine, allowing us to commence delivery of major orders to a F&B customer, as well as expand our product range.

Moving forward, we would also work closely with our MNC customers to develop sustainable forms of packaging that support their sustainability commitments in the global supply chain. Our extensive experience in product development in collaboration with MNCs positions us well to excel in this area.”

Mr. Thomas Lim (林树坤)
Managing Director, Daibochi Berhad

The Myanmar plant recorded revenue of RM7.9 million in 2Q18, making up 7.4% of 2Q18 group revenue.

In line with the stronger top line performance, Group adjusted profit before tax (PBT) rose 25.1% to RM8.3 million from RM6.6 million previously. Adjusted PBT excludes foreign currency translation loss and share of results of an associate.

Despite the sanguine adjusted PBT performance, group net profit dipped 7.8% in 2Q18 to RM4.7 million from RM5.0 million in the past year mainly due to foreign currency exchange loss of RM2.2 million largely due to USD-denominated transactions and a term loan used to finance its investment in Daibochi Myanmar.

For the six-month period ended 30 June 2018 (6M18), group revenue rose 16.7% to RM211.1 million compared to RM181.0 million previously, while 6M18 PBT increased 5.2% to RM14.8 million from RM14.1 million. Group net profit increased 2.9% to RM11.1 million from RM10.8 million in the previous year corresponding period.

Mr Lim commented:

“In addition to our business expansion efforts, we continuously explore avenues to enhance operating efficiency and reduce production wastage. This is especially important to strengthen our competitiveness, as well as help mitigate rising raw material costs. Additionally, we are committed to developing higher value flexible packaging solutions for our customers to improve our product mix and sustain growth.”

“Furthermore, the combination of technical expertise at our Malaysia plant and manufacturing cost advantage through our Myanmar plant’s low-cost model provides us a keen competitive edge in growing our customer base not only among MNCs, but also small-to-medium size customers across the Southeast Asian region.”

Daibochi declared a second interim single tier dividend of 0.8 sen per share in respect of FY2018, with estimated payout of RM2.62 million. The dividend is payable on 27 September 2018 with ex-date of 5 September 2018. Daibochi has a policy to distribute at least 60% of group net profit to shareholders, excluding contributions from Daibochi Myanmar.

Financial Summary (Unaudited Consolidated Results)						
	2Q18 to 30.06.18	2Q17 to 30.06.17	Change (YoY)	6M18 to 30.06.18	6M17 to 30.06.17	Change (YoY)
RM'000						
Revenue	106,373	86,836	22.5%	211,114	180,952	16.7%
Pre-tax Profit	6,274	6,653	(5.7%)	14,816	14,088	5.2%
Net Profit to Shareholders	4,651	5,045	(7.8%)	11,127	10,813	2.9%
Basic EPS (sen)*	1.41	1.54	(8.4%)	3.39	3.30	2.7%



About Daibochi Berhad (formerly known as Daibochi Plastic and Packaging Industry Berhad) (www.daibochi.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, extrusion/dry lamination, metalizing, and slitting/bagging. The Group’s Melaka plants in Malaysia are equipped with ISO:9001, ISO:14001 and FSSC:22000 certifications, while its Myanmar plant is ISO:9001:2015 and Hazard Analysis and Critical Control Point Food Safety Management System (HACCP FSMS) certified.

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, the Top 100 Companies in the MSWG-ASEAN Corporate Transparency Index 2015, and the Top 100 Companies for Overall Corporate Governance and Performance in the MSWG-ASEAN Corporate Governance Recognition 2017.

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

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