

Daibochi en route to record new high in revenue in FY2018

- *Registers best quarterly revenue of RM109.2 million in 3Q18; 3Q18 net profit decreases 21.2% to RM5.7 million on higher key raw materials cost and foreign currency exchange (forex) losses*
- *Myanmar plant in the process of obtaining Food Safety System Certification (FSSC)*
- *Receives Best in Transparency award from Focus Malaysia*
- *Declares third interim single tier dividend of 1.0 sen per share in respect of FY2018; ex-date on 4 December 2018*
- *Certain shareholders enter into Heads of Agreement with Scientex Berhad for acquisition of 42.41% controlling stake in Daibochi*

Melaka, Malaysia, 14 November 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) anticipates to record a new high in revenue in the financial year ending 31 December 2018 (FY2018) on the back of larger flexible packaging deliveries to its multinational clientele.

This was after Daibochi posted 7.0% revenue growth to a record high of RM109.2 million in the third quarter ended 30 September 2018 (3Q18), buoyed by increased sales to multinational corporation (MNC) customers in the food and beverage (F&B) and fast moving consumer goods (FMCG) sectors.

Exports made up 56.4% of group revenue in 3Q18, while sales to the Malaysian market contributed the remaining 43.6%.

“We are seeing healthy uptick in orders from customers in our core markets of Southeast Asia (SEA) and Australia, which would carry us through the rest of the year and beyond.

Furthermore, we remain committed to growing our Myanmar plant into a key flexible packaging player in SEA. We are encouraged by increasing enquiries from our multinational and other clientele, indicating vast opportunities ahead.”

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



The Myanmar plant is in the process of obtaining the FSSC for effective management of food safety responsibilities. In addition to the ISO 9001:2015 quality management and the Hazard Analysis and Critical Control Point Food Safety Management System certifications secured in October 2017, these certifications will allow the Myanmar plant to enter the qualification process with MNCs towards becoming an approved supplier.

Daibochi Myanmar noted 3Q18 revenue of RM6.5 million or 5.9% of group revenue. The maintained sales year-on-year was despite slower demand from Myanmar customers on dampened business outlook due to the strengthening USD versus the Myanmar Kyat (MMK). Exports from Myanmar to Malaysia also temporarily ceased due to sales tax imposed on imported packaging.

In October 2018, the Group received approval for a sales tax exemption on certain products from Daibochi Myanmar. With this interim measure, we are able to resume exporting from Daibochi Myanmar to our Malaysia plant.

Group 3Q18 net profit decreased 21.2% to RM5.7 million compared to RM7.2 million previously due to higher key raw materials cost and forex loss of RM1.4 million compared to a forex gain of RM0.6 million in the past year. The forex loss was a result of the strengthening USD versus the Malaysia Ringgit and MMK, which impacted the Group's USD transactions and its USD term loan for financing its investment in Daibochi Myanmar.

For the nine-month period ended 30 September 2018 (9M18), group revenue rose 13.2% to RM320.3 million compared to RM283.0 million previously, while 9M18 net profit dipped 6.7% to RM16.8 million from RM18.0 million.

Mr. Lim concluded:

“At our Myanmar plant, we will continue making the necessary preparations to begin serving MNC customers. We will also be investing in new manufacturing capacity and capabilities to meet anticipated growth in demand for flexible packaging from customers in Myanmar as well as from cost-conscious customers in SEA.”

“Going forward, we will continue to build on the research and development capabilities of our Malaysia plant and seek opportunities to develop new and innovative flexible packaging solutions that will provide our customers with a competitive edge in today's marketplace.”

Daibochi received the Best in Transparency award in the RM500-RM950 million category at the Best Under Billion Awards 2018 by Focus Malaysia. The award is testament to the Group's commitment to maintaining the highest corporate governance standards.

Daibochi declared a third interim single tier dividend of 1.0 sen per share in respect of FY2018, with estimated payout of RM3.3 million. The dividend is payable on 21 December 2018 with ex-date of 4 December 2018. Daibochi has a policy to distribute at least 60% of group net profit to shareholders, excluding contributions from Daibochi Myanmar.

Separately, Daibochi announced today that certain shareholders (vendors) had entered into a Heads of Agreement (HOA) with Scientex Berhad (Scientex) for the proposed acquisition of 139.1 million ordinary shares in Daibochi, representing a controlling stake of 42.41%.

The total purchase consideration of RM222.5 million or the equivalent of RM1.60 per Daibochi share will be satisfied entirely by the issuance of one new ordinary share of Scientex for every 5.5 Daibochi shares held by the vendors.

Upon completion of the share swap, Scientex is obliged to extend a mandatory take-over offer to acquire the remaining shares and warrants in Daibochi not already held by Scientex.

The proposed acquisition of the controlling stake is expected to be completed by the second quarter of 2019. Meanwhile, the mandatory take-over offer is expected to be completed by the third quarter of 2019.

Financial Summary (Unaudited Consolidated Results)						
RM'000	3Q18 to 30.09.18	3Q17 to 30.09.17	Change (YoY)	9M18 to 30.09.18	9M17 to 30.09.17	Change (YoY)
Revenue	109,190	102,034	7.0%	320,304	282,986	13.2%
Pre-tax Profit	6,406	10,482	(38.9%)	21,222	24,570	(13.6%)
Net Profit to Shareholders	5,687	7,215	(21.2%)	16,814	18,028	(6.7%)
Basic EPS (sen)*	1.73	2.20	(21.4%)	5.13	5.50	(6.7%)



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, in-house cylinder-making, 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. **Daibochi** also received the Best in Transparency award in the RM500-RM950 million category at the Best Under Billion Awards 2018 by Focus Malaysia.

Issued for and on behalf of DAIBOCHI BERHAD (formerly known as Daibochi Plastic And Packaging Industry Berhad) by Aquilas Advisory (Malaysia) Sdn Bhd. For more information, please contact:

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