



DAIBOCHI PLASTIC & PACKAGING INDUSTRY BHD (12994-W)

Kompleks Daibochi Plastic, Lot 3 & 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka, Malaysia
 Tel: +606 231 2746 Fax: +606 232 8988
 Investors Channel: <http://daibochi.investor.net.my/>

Bloomberg: DPP MK
 Reuters: DPPM.KL

BUSINESS OVERVIEW

Daibochi, founded in 1972, is a leading end-to-end flexible packaging solutions provider for globally-renowned clients in the F&B and FMCG sectors. Equipped with quality certifications such as ISO:9001, ISO:14001, FSSC:22000, as well as in-house laboratory testing facilities, **Daibochi** has built a strong MNC-focused clientele which includes **Nestlé**, **Mondelēz International**, and **PepsiCo**. **Daibochi** also exports its products, including to South East Asia, Australia, and New Zealand.

- ✓ **LARGEST supplier** of **Milo** packaging in SEA
- ✓ **SOLE supplier** to **Nestlé** Chembong Confectionery Factory (M'sia)
- ✓ **Supplier of >90%** of **Cadbury's** flexible packaging (M'sia)
- ✓ **MAJOR supplier** of **Mondelēz International** biscuits and snacks in M'sia; other key customers are Dutch Lady, Mamee and Power Root
- ✓ **MAJOR supplier** to **PepsiCo's** potato chips packaging in Thailand

DAIBOCHI'S PACKAGING SOLUTIONS

Daibochi is the only player with in-house cylinder-making, and one of the few with metallizing and sealing film capabilities for quality assurance and constant improvement at key stages.



- Wide range of packaging solutions for various applications:
- High Barrier/Performance:** Coffee, Nuts, Potato Chips
 - Cost Effective Barrier:** Snacks, Biscuits, Wafer, Chocs, Cakes
 - General Packaging:** Outer Pack, Noodles, Biscuits, Wafers
 - Specialty Applications:** Labelling, Ice-Cream, Frozen Food, Cereal Peel Seal, Seasoning Oil, Powder / Liquid Detergent, Shower Foam, Tobacco, Pet Food

DAIBOCHI'S MANUFACTURING FACILITIES

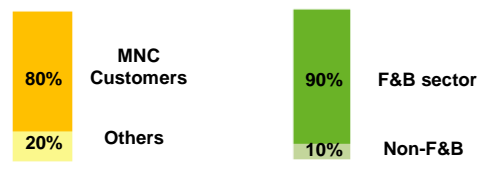


Daibochi 1, Ayer Keroh Daibochi 2, Jasin



REVENUE SEGMENTATION

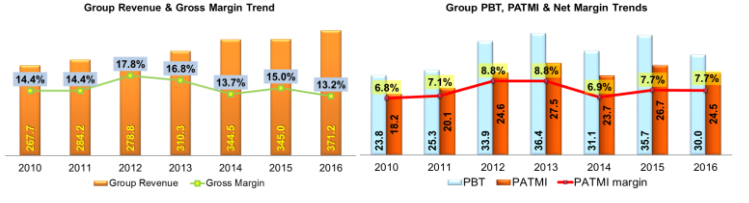
F&B still the mainstay customer sector while contributions from non-F&B to further augment growth. Significant MNC clientele to be the gateway to regional opportunities, and boost Group's export revenue.



For 4Q16 ended 31.12.2016

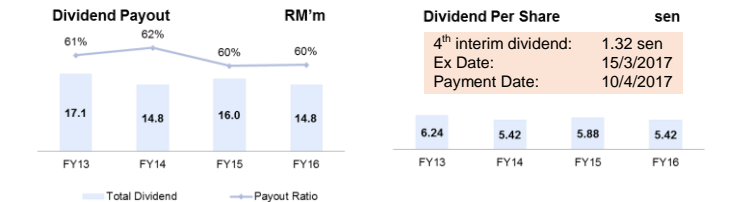
SEA 70%	54% Overseas	<table border="1"> <thead> <tr> <th>Sales</th> <th>4Q16 RM 'mil</th> <th>4Q15 RM 'mil</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>Overseas</td> <td>48.5</td> <td>45.5</td> <td>+7</td> </tr> <tr> <td>Domestic</td> <td>41.9</td> <td>37.7</td> <td>+11</td> </tr> </tbody> </table>	Sales	4Q16 RM 'mil	4Q15 RM 'mil	% Change	Overseas	48.5	45.5	+7	Domestic	41.9	37.7	+11
Sales			4Q16 RM 'mil	4Q15 RM 'mil	% Change									
Overseas	48.5	45.5	+7											
Domestic	41.9	37.7	+11											
ANZ & Others 30%	46% Domestic													

FINANCIAL PERFORMANCE



4Q16 to 31.12.16	4Q15 to 31.12.15	Change	RM'mil	FY16 to 31.12.16	FY15 to 31.12.15	Change
90.36	83.13	8.7%	Revenue	371.16	344.95	7.6%
10.92	12.88	(15.2%)	EBITDA	45.27	48.58	(6.8%)
7.70	9.79	(21.4%)	Operating Profit	32.61	36.56	(10.8%)
0.24	(0.21)	n/m	Share of Associate Results	0.09	1.54	n/m
7.27	8.90	(18.3%)	Pre-tax Profit	29.95	35.73	(16.2%)
5.93	6.59	(10.0%)	Net Profit to Shareholders	24.52	26.72	(8.2%)
2.18	2.41	(9.5%)	Basic EPS (sen)*	9.00	9.80	(8.2%)
12.1%	15.5%	(3.4 pt)	EBITDA margin	12.2%	14.1%	(1.9 pt)
8.0%	10.7%	(2.7 pt)	PBT margin	8.1%	10.4%	(2.3 pt)
6.6%	7.9%	(1.4 pt)	Net margin	6.6%	7.7%	(1.1 pt)

4Q16 revenue rose 8.7% yoy to RM90.4 mil (4Q15: RM83.1 mil) on stronger exports due to higher sales volume and commencement of new orders to ANZ market. 4Q16 operating profit declined 21.4% yoy to RM7.7 mil (4Q15: RM9.8 mil) on higher operating expenses due to labour shortage. 4Q16 PBT weakened 18.3% yoy to RM7.3 mil (4Q15: RM8.9 mil) in line with the higher costs. 4Q16 net profit declined at moderated pace of 10.0% yoy to RM5.9 mil (4Q15: RM6.6 mil) due to lower tax rate on reinvestment allowances.



GROWTH STRATEGIES

- ◆ **Maintaining Regional Focus**
 - Myanmar JV positions Group to tap into Myanmar and Southeast Asia growth potential; targeting regulatory approvals in mid-2017, expected significant financial contribution in FY17
 - In talks with a prominent homegrown Indonesian brand to supply F&B packaging
- ◆ **Continuing Organic Expansion**
 - Broadening MNC clientele in F&B and FMCG sectors; continuous innovation to attract new premium customers
 - To ride on long term growth of existing MNC customers in existing and new markets; targeting to supply new product lines
- ◆ **Enhancing Operational Efficiency**
 - Improving wastage control and overall worker productivity; implementation of retraining programmes and new hiring to overcome labour shortage

INVESTMENT MERITS

- ◆ MNCs make up 80% of Group revenue; while exports to SEA and ANZ exceed 50% of revenue
- ◆ Increasing MNC business provides earnings stability and new opportunities to grow sales in line with their market expansions
- ◆ Helmed by highly-experienced management team; industry leading R&D and product innovation
- ◆ Valuation underscored by sustained growth and dividend policy

INVESTMENT STATISTICS

Based on price (24.2.17): RM2.35, NTA (31.12.16):RM0.68/share, Share Capital: 273,246 mil shares of RM0.50 each

Market Capitalisation	RM642.1 mil
Trailing PE Ratio	26.2x
Historical Dividend Yield (FY15)	2.3%
P/NTA	3.4x
Return on Avg. Shareholders' Equity**	13.2%
Return on Avg. Assets**	8.1%

**Based on net profit for the trailing twelve months