



## 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

Bloomberg: DPP MK  
Reuters: DPPM.KL

### BUSINESS OVERVIEW

**Daibochi** was founded in 1972 in Melaka, Malaysia, and has established itself as a leading end-to-end flexible packaging solutions provider for strong MNC clients in the F&B and FMCG sectors, e.g. *Nestlé*, *Mondelēz International*, and *PepsiCo*. Its Melaka plants are equipped with ISO:9001, ISO:14001 and FSSC:22000 certifications, from which Daibochi serves domestic clients and exports to South East Asia (SEA) and Australia-New Zealand (ANZ) markets.

**Daibochi** had, on 1 July 2017, commenced operations of its plant in Myanmar under Daibochi Packaging (Myanmar) Co. Ltd. (Daibochi Myanmar), and obtained the ISO:9001:2015 accreditation and Hazard Analysis and Critical Control Point Food Safety Management System (HACCP FSMS) certification in October 2017.

- ✓ **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

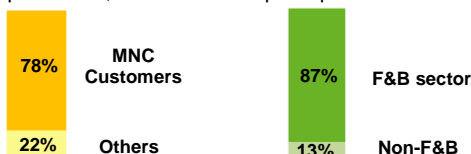


Myanmar Plant, Yangon



### 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 3Q17 ended 30.09.2017

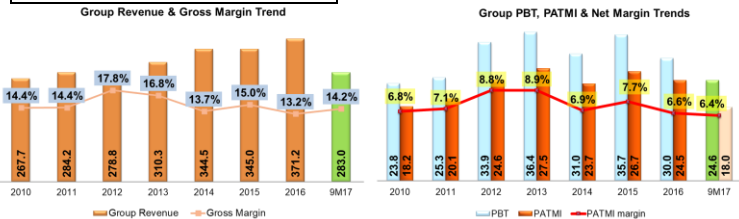
Region	Percentage	Exports*	Domestic
SEA	56%	55%	45%
ANZ & Others	44%		

	Sales	3Q17 RM 'mil	3Q16 RM 'mil	% Change
Exports*		55.8	51.2	9.0%
Domestic		46.2	42.9	7.8%

\*Exports include revenue from Daibochi Myanmar of RM6.5 mil

### FINANCIAL PERFORMANCE

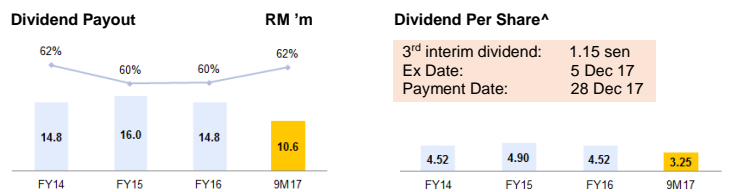


3Q17 to 30.09.17	3Q16 to 30.09.16	Change	RM'mil	9M17 to 30.09.17	9M16 to 30.09.16	Change
102.03	94.07	8.5%	Revenue	282.99	280.80	0.8%
14.67	11.13	31.9%	EBITDA	36.57	34.35	6.5%
11.19	7.98	40.2%	Operating Profit	26.32	24.91	5.6%
0.06	(0.04)	n/m	Share of Associate Results	0.38	(0.15)	n/m
10.48	7.18	46.0%	Pre-tax Profit	24.57	22.68	8.3%
7.22	6.00	20.2%	Net Profit to Shareholders	18.03	18.59	(3.0%)
2.20	1.84	19.5%	Basic EPS (sen)*	5.50	5.68	(3.2%)
14.4%	11.8%	2.6 pt	EBITDA margin	12.9%	12.2%	0.7 pt
10.3%	7.6%	2.6 pt	PBT margin	8.7%	8.1%	0.6 pt
7.1%	6.4%	0.7 pt	Net margin	6.4%	6.6%	(0.2 pt)

percentages presented might not reflect absolute figures due to rounding

Group revenue for 3Q17 rose 8.5% to RM102.0 mil (3Q16: RM94.1 mil), on maiden contributions from Daibochi Myanmar of RM6.5 mil, and higher sales in Malaysia. Group 3Q17 net profit leaped 20.2% to RM7.2 mil (3Q16: RM6.0 mil) on Daibochi Myanmar's contributions of RM1.8 mil, better wastage control, improved operating efficiency, and better sales mix at Daibochi's Malaysia plant, moderated by higher 3Q17 effective tax rate of 25.9% (3Q16: 16.4%) on absence of reinvestment allowances compared to 3Q16.

Daibochi declared a third interim single tier dividend of 1.15 sen per share in 3Q17, with ex-date of 5 December 2017 and payable on 28 December 2017. Together with the earlier paid interim single tier dividends amounting to 2.1 sen per share, the Group declared a total of 3.25 sen dividends in respect of 9M17, amounting to a payout of RM10.6 mil or 61.9% of 9M17 group net profit, excluding net profit contributions from Daibochi Myanmar.



\*For comparative purpose, dividend per share had been adjusted to reflect bonus issue of 2 for every 10 ordinary shares

### FY2017 OUTLOOK

- **Malaysia plant**
  - More foreign worker hires since January 2017 and implementation of wastage control programme to help enhance margins
  - Exploring additional cost-saving initiatives through automation and streamlining manufacturing processes
- **Myanmar plant**
  - ISO 9001:2015 and HACCP FSMS certifications obtained readies Daibochi Myanmar to supply global F&B and FMCG brands
  - Pursuing new contracts from FMCG sector in Myanmar; confident of entering the qualification process for various companies and new product lines of existing customers in 4Q17

### INVESTMENT MERITS

- MNCs make up almost 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
- Contributions from Myanmar plant set to grow exponentially
- Valuation underscored by sustained growth and dividend policy

### INVESTMENT STATISTICS

Based on price (20.11.17): RM, NTA (30.09.17): RM0.49/share  
Share Capital: RM164.1 mil (327.198 mil shares)

Market Capitalisation	RM716.6 mil
Trailing PE Ratio	29.9x
Historical Dividend Yield (FY2016)	2.1%
P/NTA	4.4x
Return on Avg. Shareholders' Equity*	12.5%
Return on Avg. Assets*	7.1%

Based on net profit for the trailing twelve months

### IR Contacts:

Low Jin Wei, Daibochi Plastic & Packaging Industry Bhd T: +606-231 9779  
Julia Pong, Aquilas Advisory (Malaysia) Sdn Bhd T: +6012-390 9258

E: jinwei@daibochi.com  
E: julia@aquilas.com.my

IR Adviser

