



## DAIBOCHI PLASTIC & PACKAGING INDUSTRY BHD (12994-W)

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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

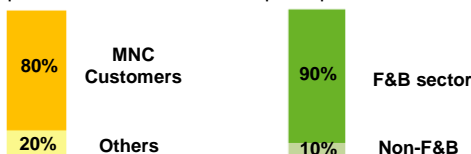


Myanmar Plant, Yangon



### 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.



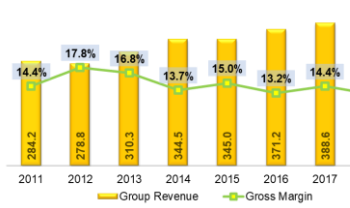
### For 1QFY18 ended 31.03.2018

SEA 67%	55% Exports*	Sales	1Q18 RM 'mil	1Q17 RM 'mil	% Change
ANZ & Others 33%		Exports*	57.6	51.3	+12.2%
	45% Domestic	Domestic	47.1	42.8	+10.2%

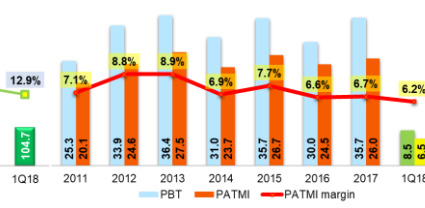
\*Exports include revenue from Daibochi Myanmar of RM8.1 mil

### FINANCIAL PERFORMANCE

#### Group Revenue & Gross Margin Trend



#### Group PBT, PATMI & Net Margin Trend

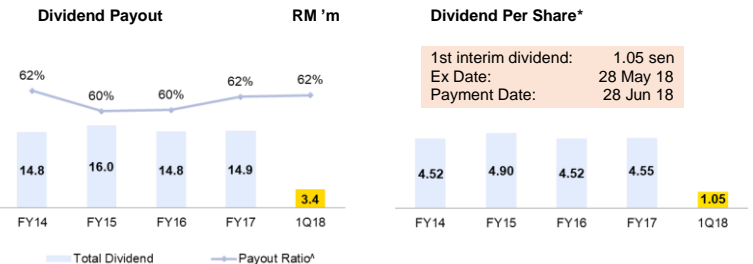


RM'mil	1Q18 to 31.3.18	1Q17 to 31.3.17	Change
Revenue	104.74	94.12	11.3%
EBITDA	12.80	11.14	14.9%
Operating Profit	9.38	7.77	20.7%
Share of Associate Results	0.02	0.35	(93.4%)
Pre-tax Profit	8.54	7.44	14.9%
Net Profit to Shareholders	6.48	5.77	12.3%
Basic EPS (sen)*	1.98	1.76*	12.5%
EBITDA margin	12.2%	11.8%	0.4 pt
PBT margin	8.2%	7.9%	0.3 pt
Net margin	6.2%	6.1%	0.1 pt

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

Group revenue for 1QFY18 rose 11.3% to RM104.7 mil (1QFY17: RM94.1 mil) on new Myanmar plant contributions of RM8.1 mil and higher domestic sales, which mitigated lower exports from the Malaysia plant. Group 1QFY18 net profit increased 12.3% to RM6.5 mil (1QFY17: RM5.8 mil) in line with stronger revenue and higher margin contribution from the Myanmar plant, which offset higher key raw material costs in line with increased global crude oil prices.

Daibochi declared a first interim single tier dividend of 1.05 sen per share in 1QFY18, with ex-date of 28 May 2018 and payable on 28 June 2018. The dividend amounts to a payout of RM3.4 mil or 61.7% of 1QFY18 group net profit, excluding net profit contribution from Daibochi Myanmar.



^ Excludes net profit contribution from Daibochi Myanmar

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

### FY2018 OUTLOOK

- ♦ **Malaysia plant**
  - Exploring new product lines of existing MNC clients and contracts from new MNCs
- ♦ **Myanmar plant**
  - Actively tendering for sales contracts with major domestic consumer brands
  - Leveraging low-cost and geographical advantage to secure export contracts from cost-sensitive customers in the SEA region

### INVESTMENT MERITS

- ♦ 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 (14.05.18): RM2.23, NTA (31.03.18): RM0.51/share  
Share Capital: RM164.2 mil (327.9 mil shares)

Market Capitalisation	RM731.2 mil
Trailing PE Ratio	27.4x
Dividend Yield (FY2017)	2.0%
P/NTA	4.4x
Return on Avg. Shareholders' Equity*	13.4%
Return on Avg. Assets*	7.8%

\*Based on net profit for the trailing twelve months

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