

DAIBOCHI BERHAD (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 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, Mondelez 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 Mondelez 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 one of the few players 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

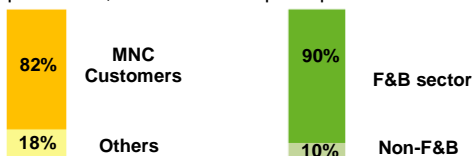


Myanmar Plant, Yangon



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.

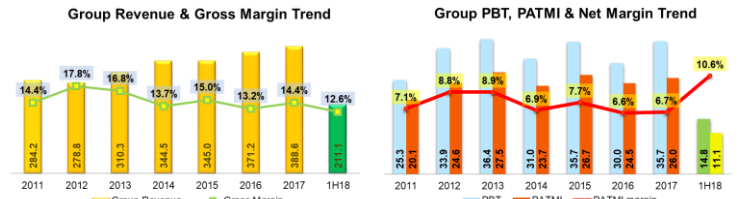


For 2QFY18 ended 30.06.2018

SEA 70%	59%	Exports*	Sales	2Q18 RM 'mil	2Q17 RM 'mil	% Change
ANZ & Others 30%	41%	Domestic	Exports*	62.5	47.2	+32.4%
			Domestic	43.8	39.6	+10.7%

*Exports include revenue from Daibochi Myanmar of RM7.9 mil

FINANCIAL PERFORMANCE

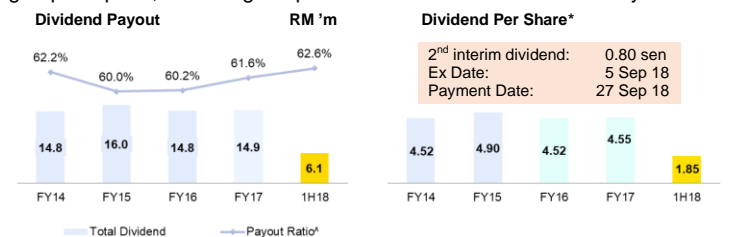


2Q18 to 30.6.18	2Q17 to 30.6.17	Change	RM'mil	1H18 to 30.6.18	1H17 to 30.6.17	Change
106.37	86.84	22.5%	Revenue	211.11	180.95	16.7%
7.06	7.36	(4.0%)	EBITDA	16.44	15.13	8.7%
7.06	7.36	(4.0%)	Operating Profit	16.44	15.13	8.7%
0.15	(0.03)	n.a.	Share of Associate Results	0.17	0.32	(47.2%)
6.27	6.65	(5.7%)	Pre-tax Profit	14.82	14.09	5.2%
4.65	5.05	(7.8%)	Net Profit to Shareholders	11.13	10.81	2.9%
1.41	1.54	(8.4%)	Basic EPS (sen)	3.39	3.30	2.7%
6.6%	8.5%	(1.8 pt)	EBITDA margin	7.8%	8.4%	(0.6 pt)
5.9%	7.7%	2.6 pt	PBT margin	7.0%	7.8%	(0.8 pt)
4.4%	5.8%	(1.4 pt)	Net margin	5.3%	6.0%	(0.7 pt)

Percentages presented might not reflect absolute figures due to rounding

Group revenue for 2QFY18 rose 22.5% to RM106.4 mil (2QFY17: RM86.8 mil) on increased shipments to MNC customers in the domestic market and export markets, and new contribution from the Myanmar plant of RM7.9 mil. Group 2QFY18 net profit decreased 7.8% to RM4.7 mil (2QFY17: RM5.0 mil) due to foreign currency exchange loss of RM2.2 mil from USD-denominated transactions and a term loan used to finance investment in Daibochi Myanmar. Excluding forex differences and share of associate results, 2QFY18 adjusted pre-tax profit rose 25.1% to RM8.3 mil (2QFY17: RM6.6 mil).

Daibochi declared a second interim single tier dividend of 0.80 sen per share in 2QFY18, with ex-date of 5 September 2018 and payable on 27 September 2018. Together with the earlier paid interim single tier dividend amounting to 1.05 sen per share, the Group declared a total of 1.85 sen dividends in respect of 1H18, amounting to a payout of RM6.1 mil or 62.6% of 1H18 group net profit, excluding net profit contributions 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**
 - Pursuing contracts from F&B and FMCG producers in Myanmar
 - Newly commissioned extrusion machine to expand product range, and enable commencement of deliveries to a F&B customer in Myanmar
 - 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 (16.08.18): RM2.05, Net Assets (30.06.18): RM0.62/share
 Share Capital: RM164.2 mil (327.3 mil shares)

Market Capitalisation	RM671.1 mil
Trailing PE Ratio	25.6x
Dividend Yield (FY2017)	2.2%
P/Net Assets	4.0x
Return on Avg. Shareholders' Equity*	13.2%
Return on Avg. Assets*	7.7%

*Based on net profit for the trailing twelve months

IR Contacts:

Low Jin Wei, Daibochi Berhad
 Julia Pong, Aquilas Advisory (Malaysia) Sdn Bhd

T: +606-231 9779
 T: +6012-390 9258

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

IR Adviser

