

1Q FY2017 Results Presentation

5 May 2017

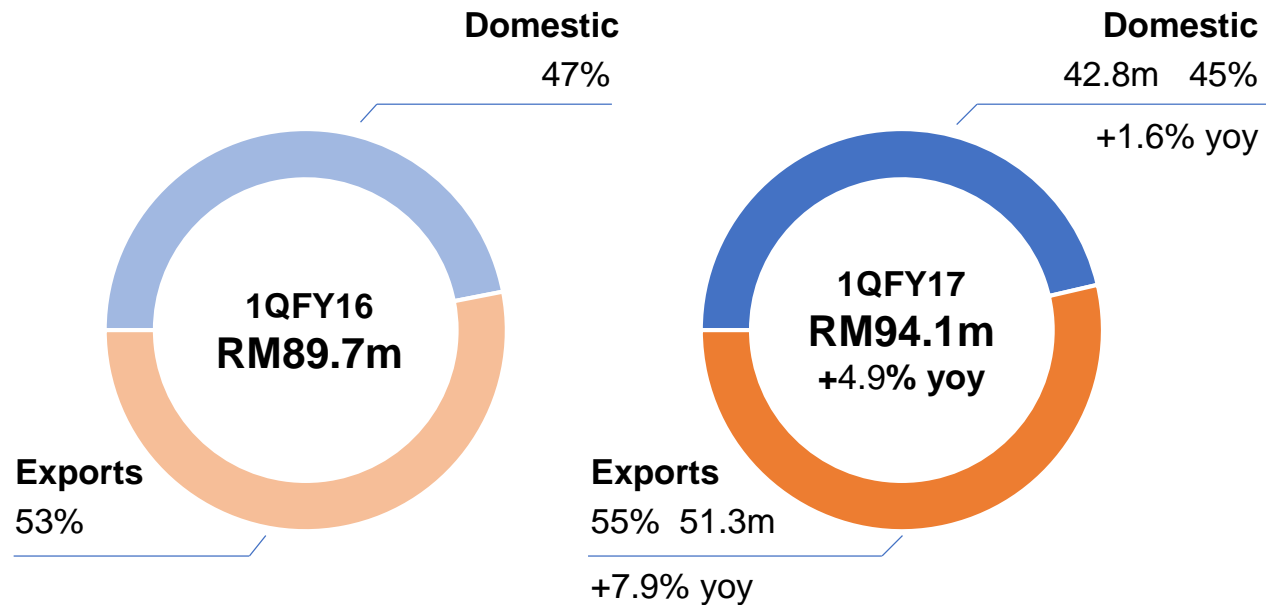
IR Adviser



1QFY17 OPERATIONS REVIEW

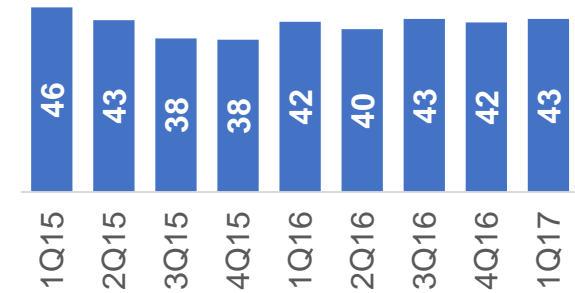
1QFY17 growth led primarily by exports to ASEAN and Australia...

> 1QFY17 **domestic sales** registered slight growth on cautious consumer sentiment

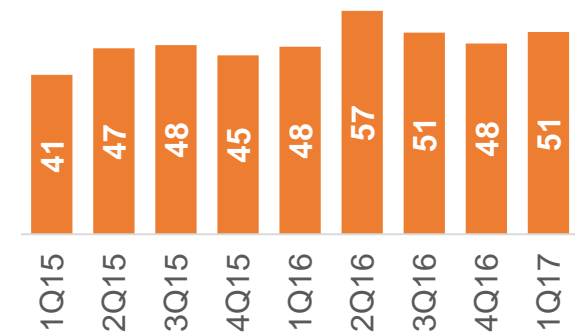


> 1QFY17 **exports** strengthened on increased sales volume mainly to ASEAN and Australia, and new customer orders from Indonesia

Quarterly Domestic Revenue (RM 'mil)



Quarterly Export Revenue (RM 'mil)



➤ SECURED NEW CUSTOMERS

- Secured major regional F&B player with renowned home-grown brands in Indonesia
 - Commenced supply in 1Q17
- Conducting trial production run for new MNC customer for FMCG product line in Indonesia
 - Targeting supply commencement in 2H17

➤ PURSUING NEW BUSINESS

- Undergoing qualification process with MNC customer for Indonesia market
 - Targeting qualification in FY2017

New foreign workers helped alleviate labour shortage and improve operating efficiency... FY17 to see significant contribution from Myanmar JV

➤ IMPROVED OPERATING EFFICIENCY

- **Mitigating labour shortage**
 - Incoming new foreign worker hires since January 2017 gradually resolving labour issues
- **Cost savings from improved wastage control**
 - Renewed workforce education and engagement commenced in 4Q16 achieving positive results

➤ MYANMAR JV RECEIVED APPROVAL

- **Secured regulatory approvals for JV from Myanmar Investment Commission (MIC)**
 - Established JV company Daibochi Packaging (Myanmar) Company Limited on 7 Feb 2017; subsequently obtained approval from MIC on 28 Apr 2017
 - JV company expected to contribute significantly effective 3Q17
 - Exporting to ASEAN countries from 3Q17 onwards

GROWTH STRATEGIES

Seeking new markets and larger orders whilst optimising cost structure...minimal CAPEX required in FY2017

MAINTAINING REGIONAL FOCUS

- Targeting growth-oriented companies across SEA; recently made inroads into Indonesia with supply contract to major brands
- Myanmar JV positions Group to tap into Myanmar and SEA growth potential

CONTINUING ORGANIC EXPANSION

- Riding on long-term growth of existing MNC customers
- Targeting to supply for new product lines of existing customers
- CAPEX of RM11.5 million in FY2017 for new machinery

ENHANCING OPERATIONAL EFFICIENCY

- Improve wastage control and overall worker productivity
- Retraining programmes and new hiring to overcome labour shortage
- Awaiting arrival of more new workers for rest of 2017

1QFY17 FINANCIAL REVIEW

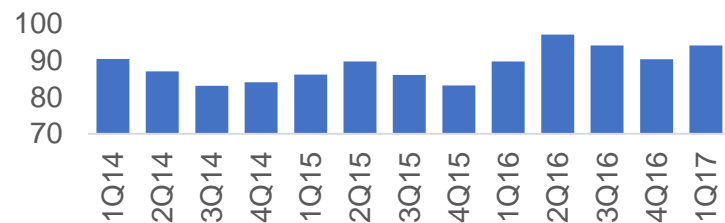
Commendable topline growth in line with inroads in regional sales... QoQ PBT growth shows gradual mitigation of cost pressures by larger workforce and optimized processes

RM'mil	1Q17 to 31.03.17	4Q16 to 31.12.16	% chg qoq	1Q17 to 31.03.17	1Q16 to 31.03.16	% chg yoy
Revenue	94.12	90.36	4.2%	94.12	89.70	4.9%
EBITDA	11.14	10.92	2.1%	11.14	11.87	(6.2%)
Operating Profit	7.77	7.70	0.9%	7.77	8.75	(11.1%)
Share of Associate Results	0.35	0.24	43.9%	0.35	(0.07)	n/m
Pre-tax Profit	7.44	7.27	2.3%	7.44	8.07	(7.9%)
Net Profit to Shareholders	5.77	5.93	(2.7%)	5.77	6.51	(11.4%)
Basic EPS (sen)*	2.12	2.18	(2.8%)	2.12	2.38	(10.9%)
EBITDA margin	11.8%	12.1%	(0.2 pt)	11.8%	13.2%	(1.4 pt)
PBT margin	7.9%	8.0%	(0.1 pt)	7.9%	9.0%	(1.1 pt)
Net margin	6.1%	6.6%	(0.4 pt)	6.1%	7.3%	(1.1 pt)

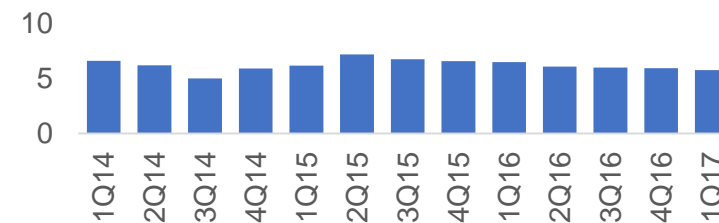
- Revenue increased on higher exports to Australia and the ASEAN region
- Operating profit dipped on significantly lower foreign exchange gain of RM0.2 million versus gain of RM1.4 million in the previous year
- PBT was lower due to significantly lower foreign exchange gain
- Net profit declined in line with PBT; also saw upward normalization of effective tax rate due to lower reinvestment allowances

*based on 273.2 million shares after 1-to-2 share split and 1-for-5 bonus issue effective 22 Feb 2016
percentages presented might not reflect absolute figures due to rounding

Quarterly Revenue
(RM 'm)



Quarterly PAT
(RM 'ml)

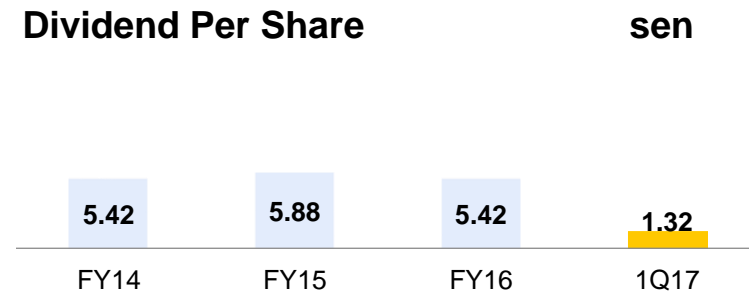
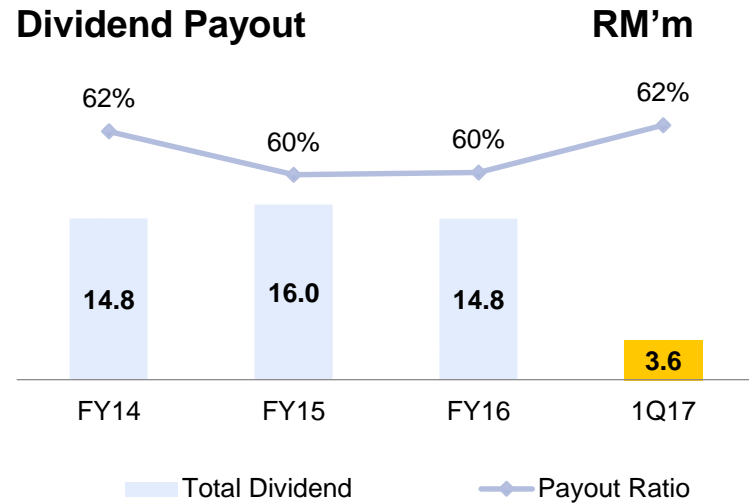


Net gearing reduced to 0.14x... maintaining healthy balance sheet and double-digit returns

	As at 31.03.2017 (Unaudited)	As at 31.12.2016 (Audited)	Remarks
Fixed Assets (excl associate investment & deferred tax)	138.76	141.22	
Associate Investment	20.60	20.25	
Current Assets	153.68	148.11	Due to increased short-term deposits, cash and bank balances
Current Liabilities	94.09	93.74	
Shareholders' Equity	194.21	189.17	
Total Borrowings	49.43	53.99	Due to reduced term loan and BA
Cash & Bank Balances	22.47	15.83	
Net Gearing	0.14 x	0.20 x	
Return on Average Shareholders' Equity*	12.6%	13.2%	
Return on Average Total Assets*	7.7%	8.1%	

*based on net profit for the trailing twelve months

First interim single-tier dividend of 1.32 sen per share payable on 22 June 2017 (Ex-date on 26 May 2017)...



Payment History

	Dividend per share (sen)		Dividend Payout (RM 'm)	
	FY2016	FY2017	FY2016	FY2017
1 st Interim (single tier)	1.45	1.32	3.95	3.60
2 nd Interim (single tier)	1.33		3.62	
3 rd interim (single tier)	1.32		3.59	
4 th interim (single tier)	1.32		3.60	
Total	5.42	1.32	14.76	3.60

Dividend policy to pay out at least 60% of net profit attributable to shareholders

CORPORATE EXERCISE

Bonus and 5-year free warrants issue to broaden shareholder base and raise up to RM68.3 million for working capital...

- **Proposed 2-for-10 bonus issue of up to 54.6 million new ordinary shares**
 - » Enhance trading liquidity of Daibochi shares and potential to broaden shareholder base
 - » Enlarged share capital through capitalization of retained earnings
- **Proposed 1-for-10 free warrants issue of up to 27.3 million new 5-year warrants**
 - » Indicative exercise price of RM2.50 to raise RM68.3 million for working capital
 - To finance, amongst others, salaries, repayment to trade creditors as well as general expenses
 - » Low cost entry for shareholders to increase equity participation in the Group
- **Obtained approval from Bursa Malaysia in April 2017; exercise expected to complete in 2Q17**

Proforma Effects

	As at LPD of 29 March 2017	After bonus issue of shares	After issue of warrants	Assuming full exercise of warrants
Share capital	136,819	164,144	164,144	232,455
Share premium	2,950	-	-	-
Translation reserve	595	595	595	595
Treasury shares	-	-	-	-
Retained earnings	47,753	23,378	23,168	23,168
Warrants reserve	-	-	2,732	-
Discount on shares	-	-	(2,732)	-
Shareholders' equity	188,177	188,177	187,907	256,218
No. of ordinary shares excl. treasury shares	273,246	327,895	327,895	355,220

INVESTMENT MERITS

Led by innovation and efficiency... a market leader in supplying top quality consumer flexible packaging to MNCs in the region

Price

RM2.50

Market Cap

RM683m

P/E (ttm)

28.7x

P/B

3.5x

EV/EBITDA (ttm)

15.9x

FY16 Div. Yield

2.2%

KEY MERITS

- MNCs make up **80%** of total revenue
(benefitting from steady and large orders, strong creditworthiness)
- Exports to SEA & ANZ exceed **50%** of revenue
- Supplier to **renowned** F&B and FMCG brands
(supporting highly-resilient sectors)
- **Industry-leading** R&D and product innovation
- **Highly-experienced** management team

Contact Information

Investor Relations

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Corporate Profile

DAIBOCHI PLASTIC & PACKAGING INDUSTRY BERHAD

Exchange	Main Market, Bursa Malaysia since 1990 (transferred from Second Board in 2003)
Sector	Industrial Products
Codes	Bursa: 8125 / DAIBOCI Bloomberg: DPP:MK Reuters: DPPM.KL
Share Capital	RM136.6 mil (273.2 mil shares of RM0.50 each)
Market Capitalization	RM683.1 mil (RM2.50 as at 28 April 2017)

Commendable track record in serving a wide number of MNC clientele in the F&B industry with stringent quality control...

- The **Largest Supplier** of Milo packing in Southeast Asia
- The **Sole Supplier** to Nestle Chembong confectionery in Malaysia
 - Daibochi is the only Southeast Asian company on Nestle's Regional Food Safety Committee
- **Major Supplier** of Mondelez biscuits, snacks, and chocolate packaging in Malaysia
- **Major Supplier** of flexible packaging to Pepsico Thailand for potato chips products

Internationally-certified production facilities that comply with all factory audits by MNC clientele... strength in innovation

- Accredited and world-class production facilities
 - Attained ISO:9001 and ISO:14001 certifications
 - Obtained Food Safety System Certification (FSSC:22000) in May 2014
- Well-equipped laboratory testing facilities
 - To ensure our products consistently exceed customers' packaging barrier, retention and migration requirements
 - Recent breakthrough in producing 2-layer film to potentially replace conventional 4-layer film



Integrated end-to-end packaging process... equipped with specialized in-house capabilities

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



In-house capabilities



Up to 9-colour 2-sided printing



Solvent-based/free



Capabilities incl Standing Pouch



CPP Film



Polypropylene sealing films

Metallizer



To build high barriers

Leading flexible packaging solutions provider, with enviable reputation exceeding 40 years...

- 2016** – Expanded Daibochi Plant 2 to 140,000 sq ft from 80,000 sq ft previously; commenced operations of new blown film machine
Signed MOA with Myanmar Smart Pack Industrial Company Limited (MSP) to set up joint venture company in Myanmar
Winner of the Top Overall Corporate-Governance Award 2016 in Mid-Cap Category by Minority Shareholder Watchdog Group
- 2015** – Acquired high-speed extrusion lamination machine, high-speed printing machine;
Winner of the Top Overall Corporate-Governance Award 2015 in Mid-Cap Category by Minority Shareholder Watchdog Group
- 2014** – Commenced operations of 2nd manufacturing plant (Daibochi Plastic Plant 2) in Jasin, Melaka; acquired 2nd metallizer and 1st high speed CPP machine
Supplier to leading homegrown instant beverage producer; Obtained Food Safety System Certification (FSSC:22000);
Winner of the Top Overall Corporate-Governance Award 2014 in Mid-Cap Category by Minority Shareholder Watchdog Group
- 2013** – Supplier to PepsiCo Thailand (Chiang Mai plant);
Winner of the Top Overall Corporate-Governance Award 2013 in Mid-Cap Category by Minority Shareholders Watchdog Group
- 2012** – Set up Cleanroom for bagging process
- 2011** – Acquired high-speed printing machine; Acquired metallizer to produce ultra high barrier films; Accredited with ISO:14001
- 2010** – Obtained Letter of Validation from USA for electronic packaging
- 2008** – Acquired wide web polypropylene film making machine
- 2007** - Received Gold Award for the Colorpak Packaging Export Award at Australian Packaging Awards
- 2004** – Acquired M'sia's 1st 5-layer-blown film machine to produce transparent barrier films
- 2003** – Transfer to Main Board (now Main Market); Accredited with HACCP
- 2002** – Acquired metallizer with Plasma Tech to produce high-barrier films; **Regional Supplier to Nestle in SEA**
- 1999** – Supplier to Nestle M'sia
- 1990** – Acquired metallizer to produce in-house metalized films; Listed on 2nd Board of KLSE (Bursa M'sia)
- 1987** – Acquired polypropylene film-making machine to produce in-house films
- 1984** – Started in-house printing cylinder making
- 1972** – Established in Melaka with 10,000 sq ft plant; Moved to larger premises with 165,527 sq ft



PRODUCTION FACILITIES (CONT'D)

Wide range of packaging solutions for various product functions... constantly innovating for changing requirements

Film Type	Applications / Use
High Permeability Barrier / Performance	Coffee, Nuts, Potato Chips
Cost Effective Barrier	Snacks, Biscuits, Wafer, Chocolate, Cakes
General Packaging	Outer Pack, Noodles, Biscuits, Wafers
Specialty Application	Labelling, Retort Packaging, Ice-cream, Frozen Food, Cereal Peel Seal, Seasoning Oil, Powder/Liquid Detergent, Shower Foam, Tobacco, Pet food

Experienced management with industry expertise...

Thomas Lim Soo Koon, Managing Director

- › Holds a degree in Bachelor of Science Industrial Engineering and Management from Oklahoma State University, & Master of Business Administration degree from Oklahoma State University.
- › Joined Daibochi in 1995, and was appointed as Managing Director in February 2005.
- › Played a key role in building Group's MNC clientele.

Datuk Wira Wong Soon Lim, Executive Director

- › An accountant by training and a member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators.
- › Has an extensive experience and knowledge in the field of accounting, finance, consultancy, corporate finance, manufacturing and property development. Instrumental in listing of the Company.

Low Chan Tian, Executive Director

- › Holds a degree in Bachelor of Engineering from the University of Western Australia.
- › Has wide experience in manufacturing, property development, business and finance.

Low Jin Wei, Executive Director

- › Holds a degree in Bachelor of Commerce (Major in Finance & Marketing) from University of Sydney, NSW, Australia.
- › Prior to this, Mr. Low was the Managing Director / Project Director of GlassKote (Malaysia) Sdn Bhd from 2005 to September 2010.

Institutional investors holding approximately 30%...

	No. of shares ('mil) <small>(31.03.2017)</small>	Percentage *
Low Chan Tian, ED	28.2	10.3%
Apollo Asia Fund Ltd	25.6	9.4%
Lim Koy Peng	23.1	8.5%
Halley Sicav – Halley Asian Prosperity	16.1	5.9%
Datuk Wira Wong Soon Lim, ED	15.9	5.8%

Growth in flexible packaging to be led by the Asian region... penetration into new product categories to bring next wave

- Worldwide consumer flexible packaging market worth \$92 bil in 2015
 - Estimated to grow 4% p.a. to reach \$114 bil in 2020
 - Growth to be led by Asia Pacific & other emerging regions (e.g. South & Central America)

Source: Smithers' Pira – The Global Flexible Packaging Market – Trends and Forecasts

- Growth catalysts for Asia's flexible packaging market
 - Higher demand for cheaper and smaller pack sizes in line with affordability of general population (especially post economic slowdown)
 - Increase in working mothers / dual-income households leading to preference for convenience packaging
 - Development of multinational food retailers and manufacturers in the region; indicating the long-term growth potential in Asia

Source: The Asia Pacific Flexible Packaging Market to 2016 by PCI Consulting Films Ltd