



Daibochi Plastic

And Packaging Industry Bhd. (12994-W)

耐慕志塑膠包裝工業有限公司

www.daibochiplastic.com

PRESS RELEASE

Daibochi 2Q16 sales boosted by strong exports

- *Group set to achieve record turnover in FY2016*
- *Second phase of expansion of Daibochi Plant 2 on track to complete in the fourth quarter of 2016*
- *Declares second interim single tier dividend of 1.33 sen per share in respect of FY2016 payable on 22 September 2016*

Melaka, Malaysia, 10 August 2016 - Leading flexible packaging manufacturer Daibochi Plastic and Packaging Industry Berhad (Daibochi; 耐慕志; Bloomberg: DPP:MK; Reuters: DPPM.KL) saw its export sales surge 20.3% to RM56.7 million in the second quarter ended 30 June 2016 (2Q16) from RM47.2 million a year ago.

In line with the stronger exports, primarily to existing customers in South East Asia and Australia, Daibochi Managing Director Thomas Lim said that the Group is set to achieve a record turnover in the current financial year ending 31 December 2016 (FY2016).

“Daibochi’s export-based growth strategy has strengthened our position to become a leading flexible consumer packaging manufacturer for major multinational brands. We also continue to strive for more export orders throughout the Asia Pacific region.

At the same time, we are mindful of the challenges faced with regards to cost and labour shortages in the first half of FY2016. We are in the process of implementing measures to improve production and cost efficiency. These include commissioning new machinery, conducting personnel training, and implementing better wastage control to address these issues.”

Mr. Thomas Lim (林树坤)

Managing Director, Daibochi Plastic and Packaging Industry Berhad

Group net profit declined 15.5% to RM6.1 million in 2Q16 from RM7.2 million in the previous year, attributed to the Group’s revised wage policy since January 2016, less favourable product mix, and higher production wastage, amongst others.

Meanwhile, group revenue in 2Q16 rose 8.2% to RM97.0 million from RM89.7 million previously driven by higher exports.

For the six month period ended 30 June 2016 (1H16), group net profit declined 5.9% to RM12.6 million from RM13.4 million last year. 1H16 revenue rose 6.2% to RM186.7 million from RM175.8 million previously.



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Commenting on prospects, Lim noted that the Government has resumed accepting applications for the recruitment of foreign workers for selected industries, including the manufacturing sector. This development, which follows an earlier-announced hiring suspension, will help alleviate labour shortages and provide manufacturers like Daibochi adequate time to strengthen its talent pool.

Lim added: “We are on track to complete the construction of the second expansion phase of Daibochi Plant 2 in Jasin, Malacca in the fourth quarter of 2016. The expanded built up area of the plant would be utilized for both production and warehousing, providing us the capacity to capture more business opportunities going forward.”

“We also expect to commence operations of a new blown film making machine in the same plant in end-2016. This will reduce our dependency on externally procured films, leading to lower raw material costs and better production efficiency.”

Daibochi declared a second interim single tier dividend of 1.33 sen per share in respect of FY2016, with estimated payout of RM3.6 million. The dividend is payable on 22 September 2016 with ex-date of 25 August 2016. Together with the earlier paid first interim single tier dividend of 1.45 sen per share, total interim dividends in respect of FY2016 amounted to 2.78 sen per share with total payout of RM7.6 million or 60.3% of 1H16 net profit. The Group has a dividend policy to pay out at least 60% of net profit.

Financial Summary (Unaudited Consolidated Results)						
RM'000	2Q16 to 30.06.16	2Q15 to 30.06.15	Change (YoY)	1H16 to 30.06.16	1H15 to 30.06.15	Change (YoY)
Revenue	97,033	89,673	8.2%	186,732	175,830	6.2%
Pre-tax Profit	7,428	9,543	(22.2%)	15,501	17,692	(12.4%)
Net Profit to Shareholders	6,076	7,189	(15.5%)	12,584	13,376	(5.9%)
Basic EPS (sen)*	2.23	2.64	(15.5%)	4.61	4.91	(6.1%)

**based on enlarged share base of 273.246 million shares following the 1-to-2 share split and 1-for-5 bonus issue of split shares completed on 22 February 2016*



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About Daibochi Plastic and Packaging Industry Berhad (www.daibochiplastic.com)

Daibochi, founded in 1972, is a leading end-to-end flexible packaging solutions provider for globally-renowned clients in the Food & Beverage (“F&B”) and FMCG sectors.

Daibochi’s scope of services includes prepress, in-house cylinder-making, extrusion/dry lamination, metalizing, and slitting/bagging. The Group’s manufacturing facilities in Melaka are equipped with ISO:9001, ISO:14001 and FSSC:22000 certifications, as well as in-house laboratory testing facilities to produce high-quality packaging solutions.

Through the years, Daibochi has built a strong MNC-focused clientele which includes Nestle, Mondelez International and PepsiCo. The Group also exports its products overseas, including to South East Asia and Australia.

Daibochi was awarded the Top Corporate Governance Recognition for Mid Cap public listed companies in Malaysia for 2013 - 2015 by the Minority Shareholder Watchdog Group (MSWG), and listed among the Top 50 Companies in the Malaysian Chapter of the MSWG-ASEAN Corporate Transparency Index 2013 - 2014 and the Top 100 Companies in the MSWG-ASEAN Corporate Transparency Index 2015.

Issued for and on behalf of DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BERHAD by Aquilas Advisory (Malaysia) Sdn Bhd. For more information, please contact:

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