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Daibochi foresees higher local and export sales in 2016

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KUALA LUMPUR: Flexible packaging manufacturer Daibochi Plastic and Packaging Industry Bhd expects both its local and export sales to grow in the current financial year ending Dec 31, 2016 (FY16), underpinned by sustainable demand in the food and beverage and fast-moving consumer goods sectors.

In a statement yesterday, its managing director Thomas Lim said on the overseas front, the company had begun delivering newly secured orders to customers in Australia and New Zealand from the second quarter (2Q) onwards.

He said at the same time, the domestic space was poised for a rebound, as indicated by the order trend from Daibochi's Malaysia-based multinational and home-grown customers.

"Domestic sales in 1Q16 increased by about 12% quarter-on-quarter, which is the first double-digit expansion since the goods and services tax came into effect last year.

"The returning consumer sentiment is a positive signal for our customers, and subsequently for converters like Daibochi going forward. Meanwhile, we remain vigilant on challenges in human resource as well as increasing operating costs, and will strive to mitigate them through improving our operational efficiency," he said.

Lim also said Daibochi plans to bring in new machinery to enhance its production capacity. Its manufacturing facilities in its Ayer Keroh and Jasin plants in Melaka are about 60% utilised presently.

Daibochi will, in the third quarter of 2016, take delivery of a new blown film machine.

"Currently, we only produce half of our blown film requirements in-house, while purchasing the rest. The expanded quantity and quality of blown film with the new machinery will enable us to derive greater economies of scale from the larger capacity, as well as enjoy cost savings in the longer term. This will enable us to catalyse future growth and improve productivity," said Lim.