



MEDIA CLIPPING

Client :	Daibochi Plastic & Packaging Industry Bhd	Date :	17 November 2015
Media :	The Edge Markets (Online)	Section :	Business
Language:	English		

Daibochi's profit up 34.71% in 3Q

KUALA LUMPUR (Nov 17): Daibochi Plastic and Packaging Industry Bhd reported a 34.71% increase in profit to RM6.76 million for its third quarter ended Sept 30, 2015 (3QFY15) mainly due to favourable product mix, higher turnover, foreign exchange gain as well as improved margin on higher export sales due to the weaker ringgit against other foreign currencies.

Revenue rose marginally by 3.51% to RM86.01 million from RM83.09 million mainly attributable to an increase of 8% in export sales volume as well as the stronger US dollar.

"This comprised primarily of stronger exports of new and existing products to the ANZ market. However, we experienced a decline in local revenue of 9%, primarily attributed to weaker demand in the domestic market from both local MNC and non-MNC customers compared to the corresponding period in the previous year," its Bursa Malaysia note said.

The packaging manufacturer is proposing a 3.5 sen dividend per share compared to 2.5 sen last year. Cumulatively the group is proposing an 11 sen dividend per share compared to last year's figure of 9.5 sen per share.

For the cumulative nine-month period (9MFY15), Daibochi recorded a 12.88% increase in profit to RM20.13 million from RM17.84 million last year while revenue rose marginally by 0.53% to RM261.84 million from RM260.46 million last year.

Moving forward, Daibochi is mindful of the uncertain global economy and the weaker ringgit but is on track to achieve record turnover with stronger profits in the current financial year by striving to increase export sales, leveraging on its strong track record, innovative products and price competitiveness because of the weaker ringgit.

"We are of the view that demand for flexible packaging in the food and beverage (F&B) and fast moving consumer goods (FMCG) sectors would continue to expand, in line with population growth and increasing urbanisation in the Asia-Pacific region," it said.

Daibochi's customer base, of which more than 80% comprise reputable multinational companies, represents stable demand in core Asia-Pacific countries, and has periodic price review mechanisms in place to mitigate major cost fluctuations, it added

"The group is mindful that we need to become even more competitive amongst regional players in the long run, by continuously improving and optimising operational efficiency. Towards this end, we engaged a new senior manager in early 2015 and subsequently established a working team to make recommendations towards improving overall operational and production efficiency. Through these efforts, we target better cost management and sustainable savings in the long run," said the group.

At market close, Daibochi's shares went up by 11.25% or 53 sen to close at RM5.24 with 489,500 shares being traded for a market capitalisation of RM536 million.