



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 foresees higher local and export sales in 2016

- *1Q16 domestic sales grew double-digit quarter-on-quarter (q-o-q), indicating rebounding consumer sentiment for food and beverage (F&B) and fast moving consumer goods (FMCG)*
- *Investments into new machinery to catalyse growth and improve efficiency*

Melaka, Malaysia, 26 May 2016 - Leading flexible packaging manufacturer Daibochi Plastic and Packaging Industry Berhad (Daibochi; 耐慕志; Bloomberg: DPP:MK; Reuters: DPPM.KL) foresees for both local and export sales to grow in the current financial year ending 31 December 2016 (FY2016), banking on sustainable demand for F&B and FMCG sectors.

For the first quarter ended 31 March 2016 (1Q16), 53% or RM47.6 million of group sales was derived from overseas, namely from customers in South East Asia, Australia and New Zealand (ANZ). The domestic market made up the balance 47% or RM42.1 million of total revenue.

Speaking at the Annual General Meeting today, Daibochi Managing Director Mr. Thomas Lim based the Group's optimism on its order visibility and positive sales trends, on the back of the encouraging 1Q16 performance.

“On the overseas front, we have begun delivering newly-secured orders to our customers in ANZ from the second quarter onwards.

At the same time, we believe that the domestic space is poised for a rebound, as indicated by the order trend from our Malaysia-based multinational and homegrown customers. Domestic sales in 1Q16 increased by about 12% q-o-q, 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 strive to mitigate them through improving our operational efficiency.”

Mr. Thomas Lim (林树坤)

Managing Director, Daibochi Plastic and Packaging Industry Berhad



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Lim added that while the Group's manufacturing facilities in its Ayer Keroh and Jasin plants were approximately 60% utilised at present, Daibochi was slated to bring in new machinery to further enhance its production capacity.

Daibochi would, in the third quarter of 2016, take delivery of a new blown film machine that would increase its overall capacity, and also produce wider-width film due to its advanced technology.

"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 would enable us to derive greater economies of scale from the larger capacity, as well as enjoy cost-savings in the longer term. This would enable us to catalyse future growth and improve productivity," concluded Lim.

Daibochi is investing RM20 million in capital expenditure (CAPEX) in FY2016. Of this, RM13 million is allocated for Phase 2 expansion of Daibochi Plastic 2 in Jasin, comprising new machinery and production floor expansion. The balance RM7 million would be for recurring CAPEX in Daibochi Plastic 1 in Ayer Keroh.

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 (*formerly known as Kraft*) 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 and 2014 by the Minority Shareholder Watchdog Group (MSWG), and is listed among the Top 50 Companies in the Malaysian Chapter of the MSWG-ASEAN Corporate Transparency Index 2014.

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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