

Daibochi starts off FY2020 with record performance

- *Achieves best quarterly revenue and profit in 1Q FY2020 on resilient sales, new contributions from MPP, and optimized efficiency*
- *Commercialises first sustainable flexible packaging for prominent local beverage brand*

Melaka, Malaysia, 2 December 2019 - Leading flexible packaging manufacturer **Daibochi Berhad** (Daibochi; 耐慕志; Bloomberg: DPP:MK; Reuters: DPPM.KL) is poised to achieve new heights in the financial year ending 31 July 2020 (FY2020), after its first quarter ended 31 October 2019 (1Q FY2020) delivered best-ever top and bottomline quarterly performance in its 47-year history.

The Group returned to the black with net profit of RM11.0 million in 1Q FY2020, compared to a net loss of RM0.3 million in the preceding quarter ended 31 July 2019 (7Q FY2019).

The stronger 1Q FY2020 results was attributed to enhanced operating efficiency and favourable product mix after undertaking optimisation and integration efforts under the Scientex Group, as well as new contributions from Mega Printing & Packaging (MPP) since completion of the acquisition in August 2019. The Group also recorded minimal write down/off of inventories and merger and acquisition costs amounting to RM0.8 million in 1Q FY2020, compared to RM6.8 million in 7Q FY2019.

Group revenue rose 23.8% to RM152.6 million in 1Q FY2020 from RM123.3 million in the preceding quarter, on resilient sales to existing customers and new contributions from MPP. Revenue contribution from domestic customers surged 45.6% from the preceding quarter to RM84.2 million while exports grew 4.5% to RM68.3 million.

There is no year-on-year results comparison due to a change in financial year end from December to July, effective since April 2019.

“1Q FY2020 starts off the new financial year on a stronger footing, with enhancements to group-wide operations efficiency in place, together with larger capacity from the acquisition of MPP. With our expanded base, we aim to reinforce our position in Malaysia by securing more customers, at the same time growing our exports to our clientele of reputed global consumer brands.

Additionally, we are charting new grounds with the commercialization of our first sustainable packaging solution to a major local beverage brand. This highlights our research and development prowess, and capability to collaborate with major corporations in support of their long-term sustainability initiatives.”

**Mr. Low Jin Wei (“刘任伟”)
Executive Director, Daibochi Berhad**



Daibochi successfully delivered its first sustainable flexible packaging solution, an in-house developed mono-material laminated structure that is fully recyclable, to a prominent local beverage brand in 1Q FY2020.

The new mono-material solution was developed in collaboration with the customer, who sought to ensure its product packaging are fully recyclable in line with global sustainability trends, while meeting barrier requirements and performance standards.

Commenting on prospects, Low Jin Wei said: “In the year ahead, we are targeting stronger sales through new customer acquisitions, supported by a healthy outlook on order expansion from existing customers in line with resilient demand in the food and beverage (F&B) and fast moving consumer goods (FMCG) sectors.”

“Furthermore, we stand to benefit from a first mover advantage as we supply the rapidly emerging sustainability trends in regional markets. The latest success with a major brand in replacing their non-recyclable packaging, highlights the vast potential going forward, on anticipated surge in adoption by other leading players.”

About Daibochi Berhad (www.daibochi.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, extrusion/dry lamination, metalizing, and slitting/bagging. The Group’s Melaka plants in Malaysia are equipped with ISO:9001, ISO:14001 and FSSC:22000 certifications, while its Myanmar plant is ISO:9001:2015 and Hazard Analysis and Critical Control Point Food Safety Management System (HACCP FSMS) certified.

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

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

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