

DAIBOCHI BERHAD

197201001354 (12994-W)

Kompleks Daibochi Plastic, Lot 3 & 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka, Malaysia
Tel: +606 231 2746 Fax: +606 232 8988 Website: <http://daibochi.com>

Bloomberg: DPP MK
Reuters: DPPM.KL

BUSINESS OVERVIEW

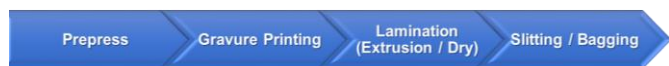
Founded in 1972 in Melaka, Malaysia, **Daibochi** has established itself as a leading end-to-end flexible plastic packaging (FPP) supplier to MNCs in the F&B and FMCG sectors, e.g. *Nestlé, Mondelēz International, PepsiCo, and Mars*. Daibochi holds comprehensive quality and food safety certifications such as ISO:9001, ISO:14001 and FSSC:22000, from which it exports to South East Asia (SEA) and Australia as well as serves domestic clients.

Daibochi had, on 19 February 2019, became a subsidiary of Scientex Berhad (Scientex) following a share sale. Scientex subsequently held a 61.9% stake in Daibochi following the completion of a mandatory general offer. Daibochi had also, on 5 August 2019, completed the acquisition of Melaka based FPP manufacturer Mega Printing & Packaging Sdn Bhd (MPP), expanding its capacity and increasing access to a wider portfolio of MNC and domestic consumer brands.

- ✓ **LARGEST** supplier of **Milo** packaging in SEA
- ✓ **SOLE** supplier to **Nestlé** Chambong Confectionery Factory (M'sia)
- ✓ **Supplier** of >90% of **Cadbury's** flexible packaging (M'sia)
- ✓ **MAJOR** supplier of **Mondelēz International** biscuits and snacks in M'sia; other key customers are Dutch Lady, Mamee and Power Root
- ✓ **MAJOR** supplier to **PepsiCo's** potato chips packaging in Thailand

FPP EXPERTISE

Daibochi has extensive experience in lamination and printing of high quality and high performance FPP, in addition to comprehensive quality assurance and innovation capabilities.



Wide range of packaging solutions for various applications:

- I. **High Barrier/Performance:** Coffee, Nuts, Potato Chips
- II. **Cost Effective Barrier:** Snacks, Biscuits, Wafer, Chocs, Cakes
- III. **General Packaging:** Outer Pack, Noodles, Biscuits, Wafers
- IV. **Specialty Applications:** Labelling, Ice-Cream, Frozen Food, Cereal Peel Seal, Seasoning Oil, Powder / Liquid Detergent, Shower Foam, Tobacco, Pet Food

FPP EXPERTISE



Daibochi 1
Ayer Keroh, Melaka



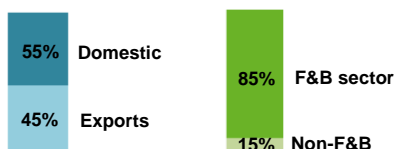
MPP Plant
Teluk Emas, Melaka

REVENUE SEGMENTATION

F&B still the mainstay customer sector while contributions from non-F&B to further augment growth. Significant MNC clientele to be the gateway to regional opportunities.

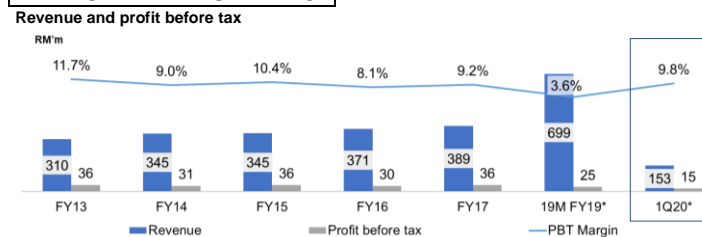
For 1Q FY2020 ended 31.10.2019

Sales	1Q20 (RM 'm)
Domestic	84.2
Exports	68.3



* Note: Daibochi changed its financial year end from 31 December to 31 July, effective since April 2019. The 19M FY2019 financial period spans 19 months ending 31 July 2019 (FY2019). 1Q FY2020 refers to August - October 2019.

FINANCIAL PERFORMANCE



RM'm	1Q FY20 to 31.10.19	7Q FY19 to 31.07.19	% chg qoq
Revenue	152.6	123.3	23.8%
EBITDA	21.8	5.4	305.0%
Operating Profit	16.5	1.4	1101.5%
Share of Associate Results	0.0	0.4	(100.0%)
Profit Before Tax	15.0	0.8	1726.0%
Net Profit/(Loss) to Shareholders	11.0	(0.3)	n/m
Basic EPS (sen)	3.35	(0.09)	n/m
EBITDA margin	14.3%	4.4%	9.9 pt
PBT margin	9.8%	0.7%	9.1 pt
Net margin	7.2%	n/m	n/m

Daibochi delivered a record quarter with revenue of RM152.6m and net profit of RM11.0m in 1Q FY2020, on resilient sales to existing customers and new contributions from MPP. Domestic revenue rose 45.6% to RM84.2m while exports grew 4.5% to RM68.3m from the immediate preceding quarter (7Q FY2019). 1Q FY2020 also registered minimal one-off inventory write down/off and M&A costs amounting to RM0.8m, compared to RM6.8m in 7Q FY2019.

RECENT DEVELOPMENTS

- **Streamlined and reorganised operations for enhanced efficiency**
 - Daibochi completed integration with Scientex, now sharing raw material procurement, finance and support services, and production capabilities; benefitting from enhanced efficiency
 - Enhanced in-house production system to enable real time data monitoring and just-in-time production model
 - Collaborative research and development, knowledge sharing, and product innovation strengthens competitive advantage
- **Integrating MPP operations and pursuing enhanced market strategy**
 - Implementation of Daibochi's enhanced production system to MPP operations began in October 2019; targeting completion in 3Q FY2020
 - Group to maintain two distinct brands to serve different segments
 - Daibochi to focus on complex structures (e.g. multi-layered / special requirements) while MPP to focus on simple packaging structures (e.g. single layered / bi-laminated structures)

MPP's Historical Performance

RM131.7M
FY2018*
Revenue



Sales Breakdown
86% Local
14% Export

RM6.9M
FY2018*
Net Profit



Clientele
16% MNC
84% Local

*for the period Jan-Dec 2018

GROWTH STRATEGIES

- **Sustainability a key focus in growth plans**
 - Collaborating with MNC customers for product R&D; to develop environmentally-friendly FPP in support of sustainability initiatives
 - To meet MNCs and other brands' growing requirements for sustainable flexible packaging
- **Targeting growth as a global player and preferred supplier to MNCs**
 - Track record of Scientex, Daibochi, and MPP with MNCs for regional markets provide compelling strengths for further global expansion
 - Leveraging on enlarged Group's vertically integrated, comprehensive capabilities in full process of FPP manufacturing and R&D prowess

INVESTMENT MERITS

- Supplier to renowned F&B and FMCG brands
- Serving expanding SEA market and highly-resilient sectors
- Collaboration with Scientex for synergies; to leverage high-growth platform
- Industry leading R&D and product innovation
- Led by highly-experienced management team

INVESTMENT STATISTICS

Based on price (28.11.19): RM2.25, Net Assets (31.10.19): RM0.66/share
Share Capital: RM164.2m (327.9m shares)

Market Capitalisation	RM736.5m
P/Net Assets	3.4x

IR Contacts:

Low Jin Wei, Daibochi Berhad
Julia Pong, Aquilas Advisory (Malaysia) Sdn Bhd

T: +606-231 9779
T: +6012-390 9258

E: jinwei@daibochi.com
E: julia@aquilas.com.my

IR Adviser

