

Daibochi continues expansion on the back of resilient performance

- *Committed RM60 million for machinery purchases to expand printing, lamination, and bagging processes*
- *Declares 2.0 sen interim dividend in respect of the financial year ending 31 July 2020 (FY2020)*

Melaka, Malaysia, 22 June 2020 - Leading flexible packaging manufacturer Daibochi Berhad (Daibochi; 耐慕志; Bloomberg: DPP:MK; Reuters: DPPM.KL) is investing RM60 million in capacity expansions in line with long term growth strategies, on the back of resilient business performance and outlook.

The CAPEX would enhance Daibochi's capabilities and services to its customers and involve the purchase of 13 new lines for its printing, lamination, and bagging processes, which are expected to come on stream over the next six months. Separately, the Group is considering plans to purchase eight more lines, while maintaining group net gearing below 0.5x. As at 30 April 2020, group net gearing stood at 0.23x.

Being part of the essential services category in supporting the food and beverage (F&B) sector, the Group continued its manufacturing operations and supply to customers, with Standard Operation Procedures in place to ensure employee safety. This supported the results in the third quarter ended 30 April 2020 (3Q20) with net profit of RM10.8 million on RM152.0 million in revenue.

“Daibochi's resilient performance is buoyed largely by sustained orders for flexible packaging from the F&B and fast-moving consumer goods sectors despite the various lockdown measures implemented across the region.

With the positive outlook, we are continuing to expand our capacity and capabilities. We believe that this strengthened position will enable us capture more growth opportunities in Southeast Asia and Oceania.

Alongside the capacity expansions, we also anticipate the need for a larger workforce to support our operations. We are cognizant of the challenging economic scenario in Malaysia and rising unemployment rate, and are working with the relevant authorities to prioritise the hiring of Malaysians while growing our talent pool.”

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

For the nine-month period ended 30 April 2020 (9M FY2020), Daibochi recorded revenue of RM463.5 million, while net profit stood at RM36.4 million. There is no comparison to the previous corresponding period due to the change in financial year end from 31 December to 31 July.

The Group declared an interim dividend of 2.0 sen in respect of FY2020, with ex-date on 6 July 2020 and payable on 17 July 2020. The dividend payout of RM6.5 million represents 18.0% of net profit for 9M FY2020.

Commenting on prospects, Low said: “We are seeing continual interest from our multinational clients for sustainable flexible packaging solutions, as they progressively implement sustainability targets across their global operations.”

“By jointly working with Scientex in research and development efforts, we would strive to expand our role in supporting our customers’ targets. Furthermore, through collaboration with our clients, we have rolled out new sustainable solutions such as mono-material laminates, and are expecting more product commercialization in the near term.”

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, printing, extrusion/dry lamination, 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 and FSSC:22000 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 Oceania.

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

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