

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 for globally renowned clients in the F&B and FMCG sectors, e.g. *Nestlé, Mondelez 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 Oceania as well as serves domestic clients.

Daibochi had, on 19 February 2019, become 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.

- ✓ **MAJOR supplier** to **Nestlé** in Southeast Asia and Oceania
- ✓ **MAJOR supplier** to **Mondelez International, Dutch Lady, Hershey's, Ajinomoto, Mamee**, and **Power Root** in Malaysia
- ✓ **MAJOR supplier** to leading Pet Food brands (Wet and Dry Segments) in Australia

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



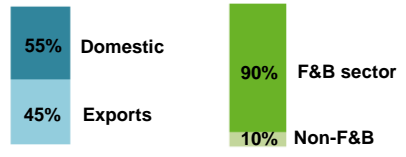
MPP Plant
Teluk Emas, Melaka

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.

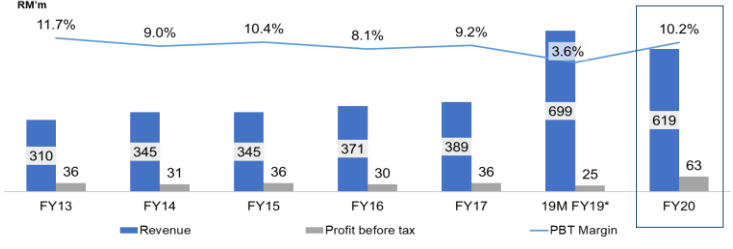
For FY20 ended 31.7.2020

Sales	FY20 (RM 'm)
Domestic	343.1
Exports	276.2



FINANCIAL PERFORMANCE

Revenue and profit before tax



* 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).

RM'm	4Q FY20 to 31.07.20	3Q FY20 to 30.04.20	% chg qoq	FY20 to 31.07.20
Revenue	155.8	152.0	2.5%	619.3
EBITDA	20.2	21.7	(7.2%)	90.4
Operating Profit	13.7	16.1	(14.6%)	67.5
Share of Associate Results	0.0	0.0	n/m	0.0
Profit Before Tax	13.1	15.2	(13.7%)	63.3
Net Profit/(Loss) to Shareholders	11.2	10.8	3.6%	47.7
Basic EPS (sen)	3.43	3.31	3.6%	14.56
EBITDA margin	12.9%	14.3%	(1.4 pt)	14.6%
PBT margin	8.4%	10.0%	(1.6 pt)	10.2%
Net margin	7.2%	7.1%	0.1 pt	7.7%

Daibochi saw stable performance in 4Q FY20, on resilient demand for flexible plastic packaging despite the ongoing COVID-19 environment. 4Q FY20 revenue grew 2.5% to RM155.8m from the preceding quarter (3Q FY20), as domestic sales rose 7.4% to RM88.5m, offsetting 3.4% decline in exports to RM67.3m. Net profit increased 3.6% to RM11.2m (3Q FY20: RM10.8m). The Group recorded its best-ever net profit of RM47.7 million in FY20.

GROWTH STRATEGIES

- **Ongoing capital expenditure programme of RM100 million from FY2020-FY2021 to expand production capacity by 60%**
 - New innovations to be rolled out for wider range of packaging formats, catering to customers' food and beverage, as well as fast moving consumer goods brands in regional markets
 - Net gearing decreased to 0.20x (4Q FY19: 0.21x) despite acquisition of MPP and ongoing expansions; to be maintained at below 0.5x
 - Sizeable net cash from operations amounting to RM120 million positions group favourably to execute expansion plans
- **Integrated operations with Scientex and ongoing optimisation to improve competitiveness and drive Group's growth engine**
 - Benefiting from improvements in operational efficiencies via ongoing capacity expansions, reduced wastage, and better inventory controls
 - Scientex's upstream film production capabilities enable Group to focus on converting business; better customer service and competitiveness
 - Customers to also benefit from more advanced and customized solutions through joint R&D between Daibochi and Scientex
- **Collaborating with local and international brands towards adoption of fully recyclable laminates in line with global sustainability trends**
 - Ongoing trials with several MNCs to pave the way for new commercialisations in near term
 - New innovations to be rolled out for wider range of packaging formats, catering to customers' food and beverage, as well as fast moving consumer goods brands in regional markets

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
- Dividend payout policy of not less than 30% of net profit to shareholders

INVESTMENT STATISTICS

Based on price (14.9.20): RM2.78, Net Assets (31.1.20): RM0.77/share
No. of shares: 327.9m shares

Market Capitalisation	RM911.6m
P/E Ratio	19.1
P/B Ratio	3.6
Dividend Yield (FY20)	1.8%

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

