

Daibochi to commercialise new sustainable flexible packaging for major consumer brands

- *To roll out sustainable products to multinational and domestic companies in FY2020*
- *Group delivers best-ever quarterly revenue of RM123.3 million in 7Q FY2019; bottomline impacted by one-off inventory write downs as part of operations streamlining*

Melaka, Malaysia, 25 September 2019 - Leading flexible packaging manufacturer Daibochi Berhad, formerly known as Daibochi Plastic And Packaging Industry Bhd, (Daibochi; 耐慕志; Bloomberg: DPP:MK; Reuters: DPPM.KL) is targeting to commercialise several new sustainable flexible packaging solutions for its multinational consumer brands clientele in the current financial year ending 31 July 2020 (FY2020), with ongoing trials underway with world-renowned companies in the consumer food and beverage (F&B) segment.

The latest trials involve the development of new recyclable mono-layered material flexible packaging for the F&B segment, involving the brands' existing consumer products in high growth Southeast Asia markets.

In addition to its multinational clientele, Daibochi targets to commercialise a sustainable flexible packaging for a progressive Malaysian beverage customer in the first quarter of the current financial year ending 31 July 2020 (1Q FY2020), with trials already completed.

The new packaging innovations are birthed from Daibochi's collaboration with its parent company Scientex Berhad, towards supporting the sustainability pledges of leading F&B brands through the development of fully recyclable flexible packaging that are congruent with a circular economy strategy.¹

“Our new in-house developed mono-layered flexible packaging is fully recyclable and uses a homogenous plastic material, replacing the commonly used multi-layered packaging made up of multiple materials which makes them non-recyclable. This is achieved while maintaining the high-performance barrier standards required of F&B products for consumer shelves.

“With ongoing trials together with key clients progressing smoothly, we are targeting commercial production in the next twelve months. We also look forward to roll out more innovations to our regional clientele for their brands across the Southeast Asia markets, thus expanding our market presence and enhancing our growth prospects regionally.”

Mr. Thomas Lim (林树坤)
Managing Director, Daibochi Berhad

¹ World Economic Forum (2019): [Sustainable packaging is good for profits as well as the planet](#)



The trials with multinational brand owners have passed several crucial stages such as design, prototype, machinery testing, and production trials, and is currently undergoing keeping quality testing. The keeping quality testing is a final stage that simulates a packaging's real time performance in protecting F&B products under various parameters such as oxygen and humidity barrier, before it proceeds to commercial production.

In addition to the F&B segment, Daibochi is also in various stages of collaboration with its clients in the fast moving consumer goods (FMCG) segment to bring more innovations to a broader range of flexible packaging forms.

Financial results for the three-month and nineteen-month period ended 31 July 2019 (7Q FY2019 / 19M FY2019)²

Daibochi registered best-ever quarterly revenue in its corporate history of RM123.3 million in 7Q FY2019, on the back of increasing flexible packaging sales in Malaysia and regional markets.

Despite the strong revenue performance, the Group registered minor loss of RM0.3 million in 7Q FY2019 due to one-off inventories write down in line with ongoing operations streamlining and efficiency enhancements, and merger and acquisition (M&A) costs for the acquisition of Mega Printing & Packaging (MPP).

Daibochi concluded its financial year with revenue of RM699.3 million and net profit of RM17.3 million in 19M FY2019. The results included one-off net write down of inventories amounting to RM11.4 million, as well as M&A costs of RM6.4 million pertaining to the acquisition by Scientex as well as acquisition of MPP.

“Now operating under the Scientex fold, we have adopted a just in time model and are in the process of integrating our operations to the Group’s SAP system, which would significantly boost operating efficiency. We would also benefit from synergies arising from sharing resources with Scientex and MPP, such as procurement and support services, expanded production sites, and enhanced innovation capabilities.”

“With these improvements in place we are now in a stronger position to deliver greater performance in FY2020,” Thomas Lim said.

² Due to the change in financial year end from December to July in line with the policy of Daibochi's parent company Scientex Berhad, there is no comparable results for 7Q FY2019 and 19M FY2019