Daibochi

Members of Scientex Group

CORPORATE PRESENTATION

2Q FY2021 RESULTS

10 March 2021

2Q FY2021
FINANCIAL REVIEW

Daibochi
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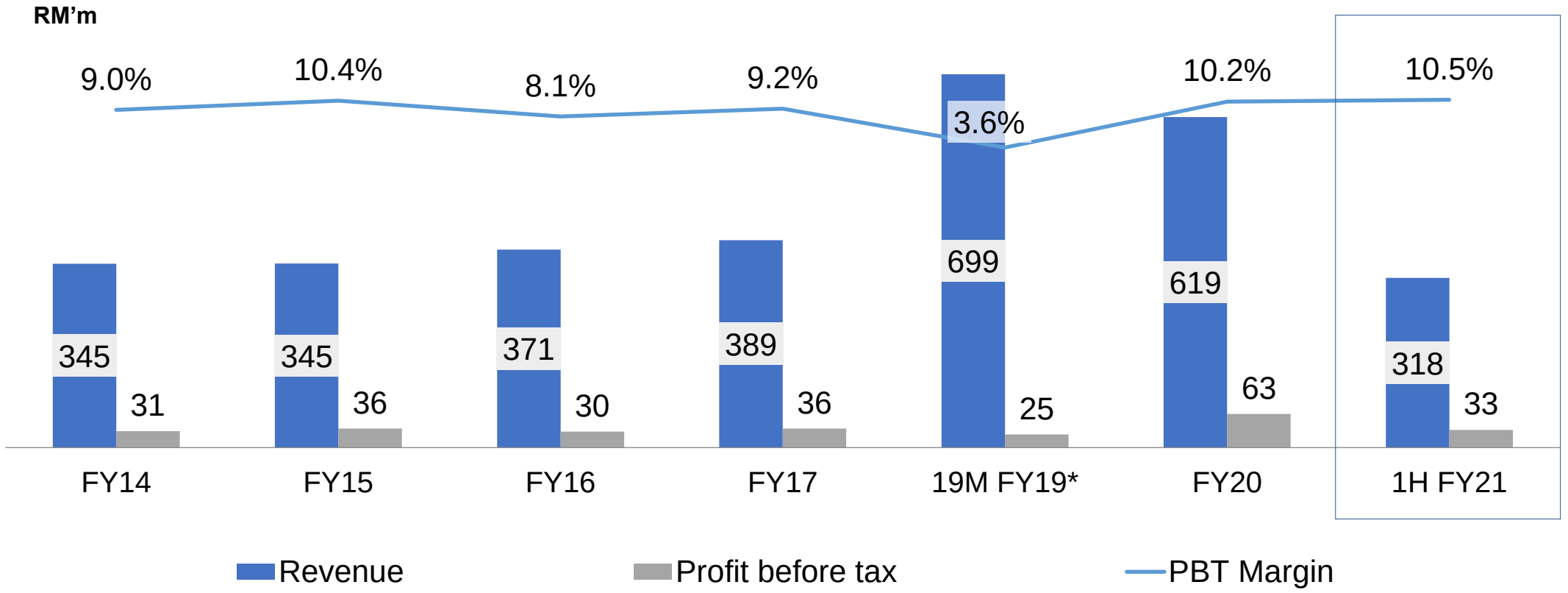
Daibochi maintained robust 1H FY21 performance despite global economic challenges… packaging demand largely sustained in key markets

Group revenue and profit before tax



*Following a change in year end, 19M FY19 ended on 31 July while previous years ended on 31 December; FY20 spans the twelve months ended 31 July 2020

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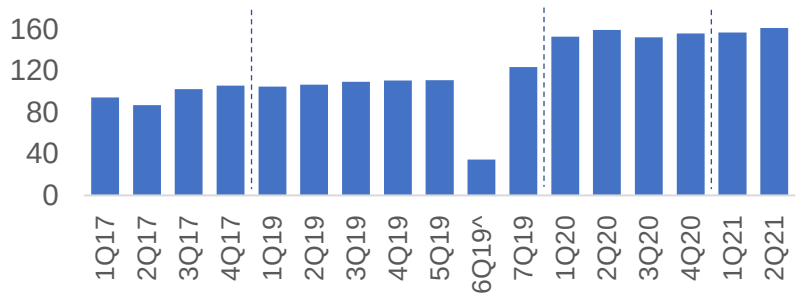
Registering topline growth q-o-q from both domestic and export markets…

RM'm	2Q FY21 to 31.01.21	1Q FY21 to 31.10.20	% chg qoq	1H FY21 to 31.01.21	1H FY20 to 31.01.20	% chg yoy
Revenue	161.3	156.7	3.0%	318.0	311.5	2.1%
EBITDA	22.6	23.6	(4.1%)	46.2	48.5	(4.6%)
Operating Profit	16.5	17.6	(6.3%)	34.1	37.7	(9.5%)
Profit Before Tax	16.1	17.2	(6.2%)	33.3	35.0	(4.8%)
Net Profit to Shareholders	15.1	12.8	18.1%	27.9	25.6	8.9%
Basic EPS (sen)	4.61	3.91	17.9%	8.52	7.82	9.0%
EBITDA margin	14.0%	15.1%	(1.0 pt)	14.5%	15.6%	(1.0 pt)
PBT margin	10.0%	11.0%	(1.0 pt)	10.5%	11.2%	(0.8 pt)
Net margin	9.4%	8.2%	1.2 pt	8.8%	8.2%	0.5 pt

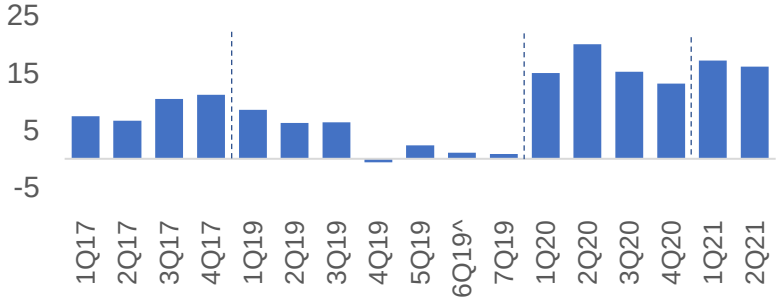
2Q FY21 vs 1Q FY21 (QoQ) / 1H FY21 vs 1H FY20

- Revenue expanded on resilient packaging demand in domestic and export markets
- Operating profit declined due to impact of higher raw material and surge in freight charges
- PATMI growth helped by tax incentives from reinvestment allowances

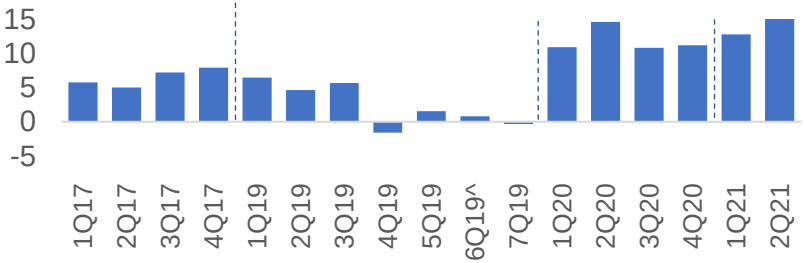
Quarterly Revenue (RM 'm)



Quarterly PBT (RM 'm)



Quarterly PATMI (RM 'm)



^6Q19 results span a 1-month period ended 30 April 2019

INCOME STATEMENT

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Net gearing maintained below 0.5x despite ongoing CAPEX for machinery expansion…

	As at 31.01.2021 (Unaudited)	As at 31.07.2020 Audited	Remarks
Fixed Assets (excl associate investment, deferred tax & right of use assets)	309.02	275.69	Due to CAPEX for expansion
Goodwill	75.06	75.84	
Current Assets	185.76	203.44	Due to lower trade receivables and inventories
Inventories	60.79	72.33	
Current Liabilities (excl. borrowings & lease liabilities)	110.09	97.41	Increased trade and other payables
Shareholders' Equity	270.33	252.79	Increase in retained earnings
Total Borrowings	64.33	78.24	Reduced short term borrowings
Cash & Bank Balances	27.42	28.48	
Net Gearing	0.14 x	0.20 x	Gearing reduced despite expansion

BALANCE SHEET

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2Q FY2021
OPERATIONS REVIEW

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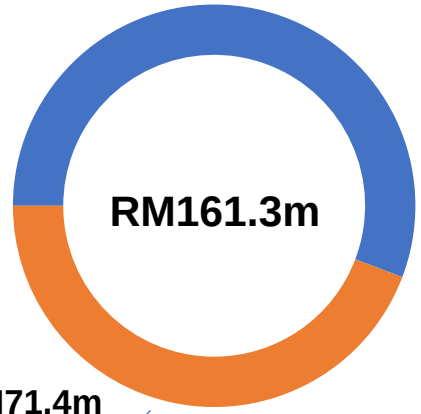
Domestic sales contributing to topline growth y-o-y… exports remained resilient

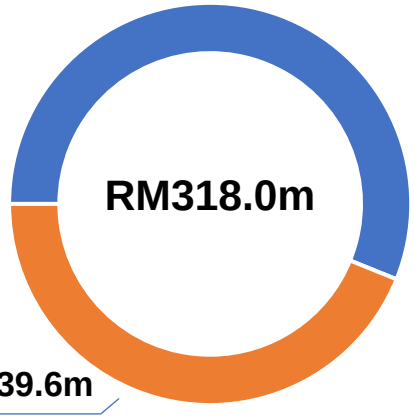
2Q FY2021



Domestic
RM90.0m 55.8%
+2.3%

Exports
44.2% **RM71.4m**
+0.5%

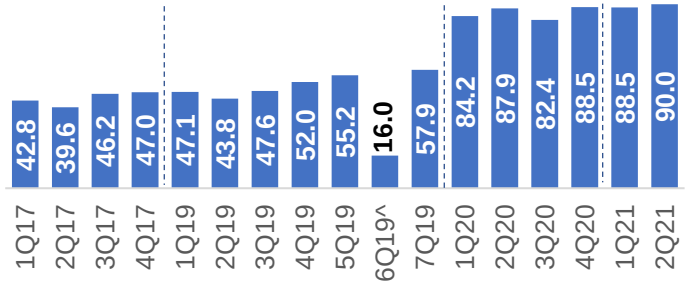
1H FY2021



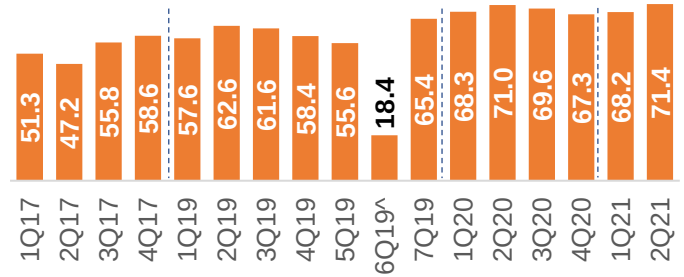
Domestic
RM178.5m 56.1%
+3.7%

Exports
43.9% **RM139.6m**
+0.1%

Quarterly Domestic Revenue
(RM 'mil)



Quarterly Export Revenue
(RM 'mil)



^ 6Q19 results span a 1-month period ended 30 April 2019

REVENUE SEGMENTATION

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Sustainable packaging solutions gaining momentum…

- **Group's sustainable packaging solutions gaining traction among MNC customers**
  - In 2Q FY21, a major MNC client adopted Group's mono-material laminate structure for its food and beverage (F&B) consumer brands, i.e. *outerbag pouch, tastemaker sachet*
  - Adds on to recent commercialisations in FY2020 to several MNCs for various F&B packaging types, e.g. *pouches, sachets, stickpacks, bar wrappers*
  - Increasing adoption highlights industry's ongoing move towards packaging sustainability, led by major MNCs and other prominent brands

Pouches

Stickpacks

Sachets

Bar wrappers

5 PP

SUSTAINABLE PACKAGING SOLUTIONS

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Expansion programme from FY2019 to FY2021 to increase production capacity by at least 60%... net gearing maintained at less than 0.5x

Capacity Expansion Target

Commissioned new machines in 2Q FY21

- 2 new bag making machines for serving pet food market, with expanded production capacity for:
  - **stand-up pouch**

    8,000 pcs/day
    ↓
    16,000 pcs/day

  - **zipper flat bottom pouch**

    35,000 pcs/day
    ↓
    75,000 pcs/day

Healthy and improving gearing levels amidst capacity expansions

Net Gearing

4Q FY20		2Q FY21
0.20x	→	0.14x

Net Gearing to be maintained at <0.5X

CAPACITY EXPANSION

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GROWTH STRATEGIES

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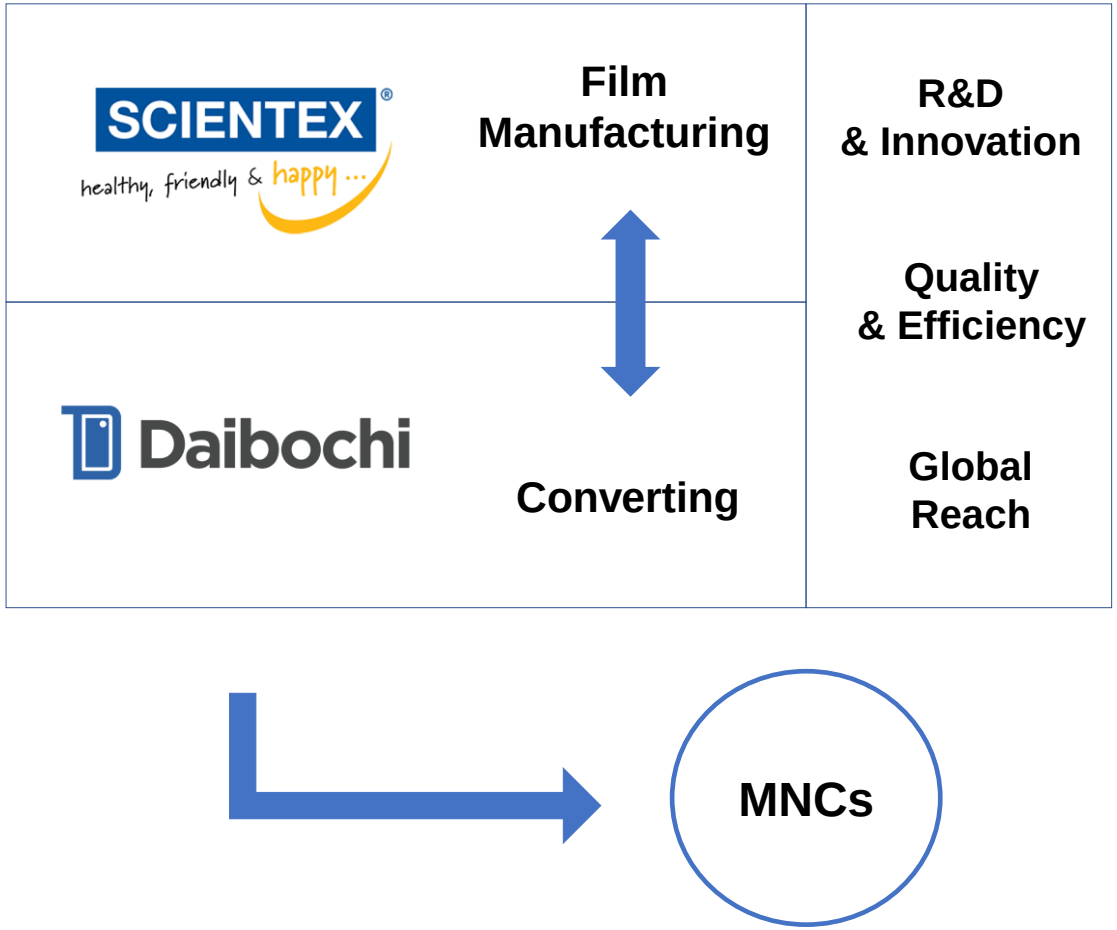
Integrated capabilities strengthens footing as a leading regional player to F&B and FMCG brands…

Vertically integrated model



- **Integrated operations with Scientex enables Daibochi to target more growth opportunities in Southeast Asia and Oceania**
  - Improvements in **operational efficiencies** via capacity expansions, reduced wastage, better inventory controls
  - Scientex's upstream film production capabilities enable Group to **focus on converting business** to service customer better and more competitively
    - Customers to benefit from more **advanced and customized solutions through joint R&D** between Daibochi and Scientex
- **Collaborating with major local and international brands** towards adoption of **fully-recyclable laminates** in line with **global sustainability trends**
- Leveraging on Scientex's substantial access to the **global resin market** to **ensure stable supply** of raw materials amidst resin shortages and rising prices

GROWTH STRATEGIES

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INVESTMENT MERITS

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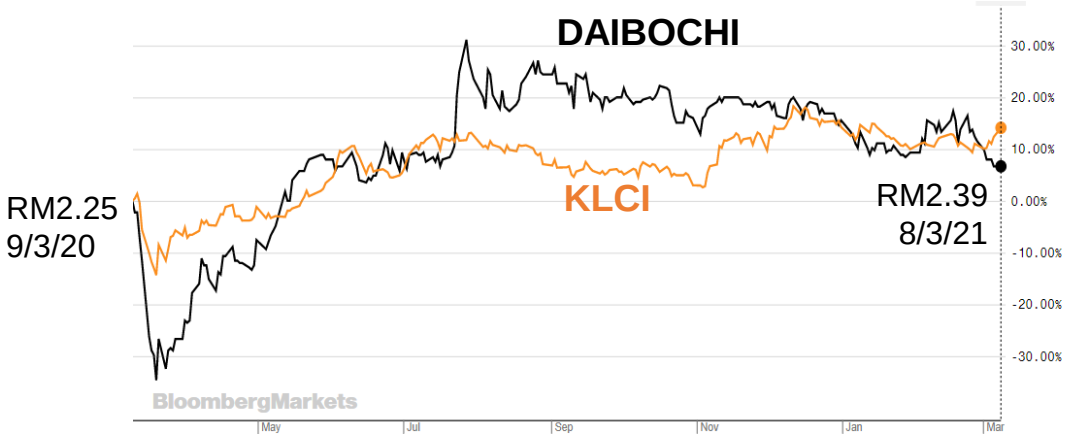
Targeting to be a super regional FPP supplier for MNCs…

KEY MERITS

- Supplier to **renowned** F&B and FMCG brands (supporting highly-resilient sectors)
- Targeting Southeast Asia's **expanding market**
- Collaboration with Scientex and MPP for **synergies** and to leverage **high-growth platform**
- **Industry-leading** R&D and product innovation
- **Highly-experienced** management team

Share Price Performance (1 Yr)



Valuations @ 8 March 2021	
Share Price	2.39
Market Cap (RM 'mil)	783.7
P/E	15.7
P/B	2.9

Dividend Policy
To pay out not less than 30% of normalised net profit attributable to shareholders

VALUATIONS AND MERITS (as at 8 March 2021)

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Contact Information

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