

Scientex plans to double packaging plant capacity

by IZZAT RATNA

GLOBAL packaging manufacturer and property developer Scientex Bhd plans to double the annual capacity of its consumer packaging plant in Ipoh to 24,000 metric tonnes when expansion is completed in August 2017.

MD Lim Peng Jin said the increased capacity, particularly for form-fill-seal (FFS) bags, hygiene bags, and label films, would pave the way for additional growth in the consumer packaging division.

"We are positive on the expansion plans for the consumer packaging segment and will concentrate on maximising capacity on completion of facility expansion by the end of the year," he said.

"Our consumer packaging reported growth in demand from export customers, especially for cast-polypropylene (CPP) and biaxially-oriented polypropylene (BOPP) films in 2016," he said in a statement yesterday.



Pic by Mubd Amin Noharul

Our consumer packaging reported growth in demand from export customers, especially for CPP and BOPP films in 2016, says Lim

In terms of property development, Lim said the company would continue to replenish its landbank and had recently completed the acquisition of 79.88ha of land in Melaka.

"We also expect to complete the purchase of another 49.04ha of land located in Senai, Johor in the second-half of 2017 (2H17)," he added.

Lim said with the demand for affordable homes still on the rise, Scientex is looking at launching developments in this segment to capture a larger share of the market.

For the third-quarter ended April 30, 2017 (3Q17), Scientex recorded 8.6% increase in net profit to RM66.5 million from RM61.26 million previously and 17% rise in revenue to RM636.2 million against RM543.9 million recorded in the preceding year of the corresponding quarter.

The stronger performance was mainly attributed to stronger exports in the manufacturing segment and higher progress billings for ongoing property development projects.

Lim said the property development segment continues to record rising sales, with an average take-up rate of above 75% across ongoing projects as at 3Q17.

"As a recognised leader in affordable developments, we will continue to focus on bringing reasonably priced quality houses to the masses, and look forward to consistently growing our property division," Lim said.

In 3Q17, almost 70% of total revenue came from the manufacturing segment which recorded RM442.8 million, a 15.7% increase from RM382.8 million previously, he added.

Lim said the increase in revenue was led by exports of industrial and consumer packaging. Exports made up 75.9% of manufacturing segment revenue in 3Q17, compared to 72.4% in 3Q16.

While the property segment contributed the remaining RM193.4 million to 3Q17 revenue, growing 20% from RM161.1 million a year ago on higher progress billings for ongoing development projects in Johor, Melaka and Ipoh.

Meanwhile, Lim said factory renovations on its stretch film plant located in Arizona, US, is

progressing smoothly.

"We have also acquired five stretch film rewinders that are set to commence in October 2017, and two cast film production lines to be installed in December 2017 and early-2018 respectively," he said.

Scientex declared an interim dividend of six sen per share in respect of financial year ending July 31, 2017 (FY17) with ex-date on July 5, 2017, and payable on July 21, 2017.

The estimated payout stands at RM29 million or 15.8% of 9M17 net profit. The company has a dividend policy to distribute at least 30% of net profit to shareholders.

Cumulatively, revenue for the nine months ended April 30, 2017 (9M17) amounted to RM1.8 billion, increasing 7.1% from RM1.6 billion previously. However, the company posted a marginal decline in net profit to RM183.7 million from RM186.7 million a year ago, in line with the firm's market penetration strategy.