

SCIENTEX BERHAD

(Company No.: 7867-P)

Corporate Presentation 9M16 Corporate Update & Financial Results 1 June 2016

IR Adviser





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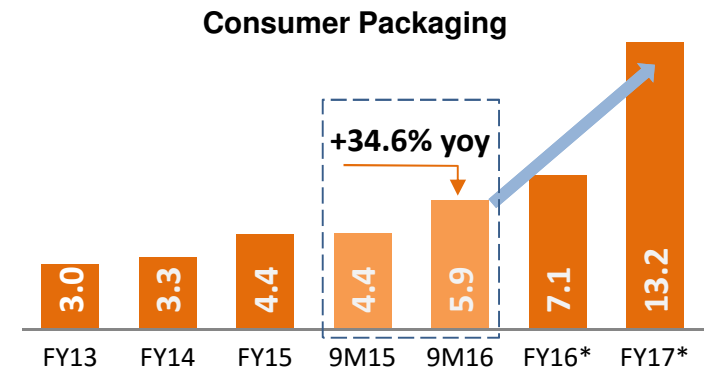
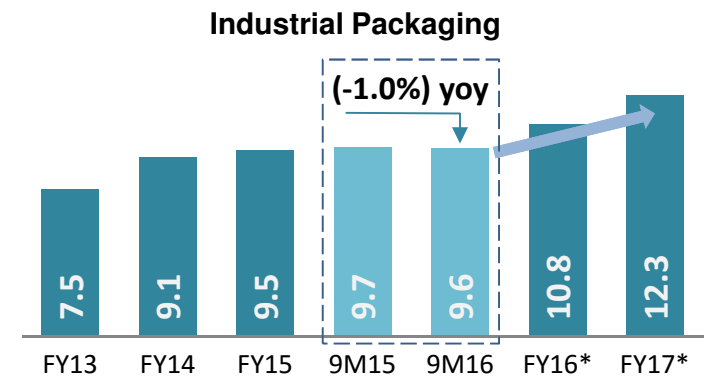
OPERATIONS REVIEW & GROWTH PLANS

Consumer packaging leading manufacturing segment growth... industrial packaging expected to post stable growth

Industrial Packaging	
Stretch Film	Prod. Output: 120,000 MT p.a. Location: Pulau Indah, Klang
PP Strapping Band	Prod. Output: 18,000 MT p.a. Location: Melaka
Raffia	Prod. Output: 10,000 MT p.a. Location: Vietnam

Consumer Packaging	
PE Film	Prod. Output: 60,000 MT p.a. Location: Rawang & Ipoh
Products:	<ul style="list-style-type: none"> • Base film • Functional films
BOPP Film	Prod. Output: 6,000 MT p.a. Location: Rawang
CPP Film	Output: 12,000 MT p.a. Location: Melaka
Adhesive	Output: 6,000 MT p.a. Location: Shah Alam & Indonesia

Average monthly sales tonnage (MT '000)



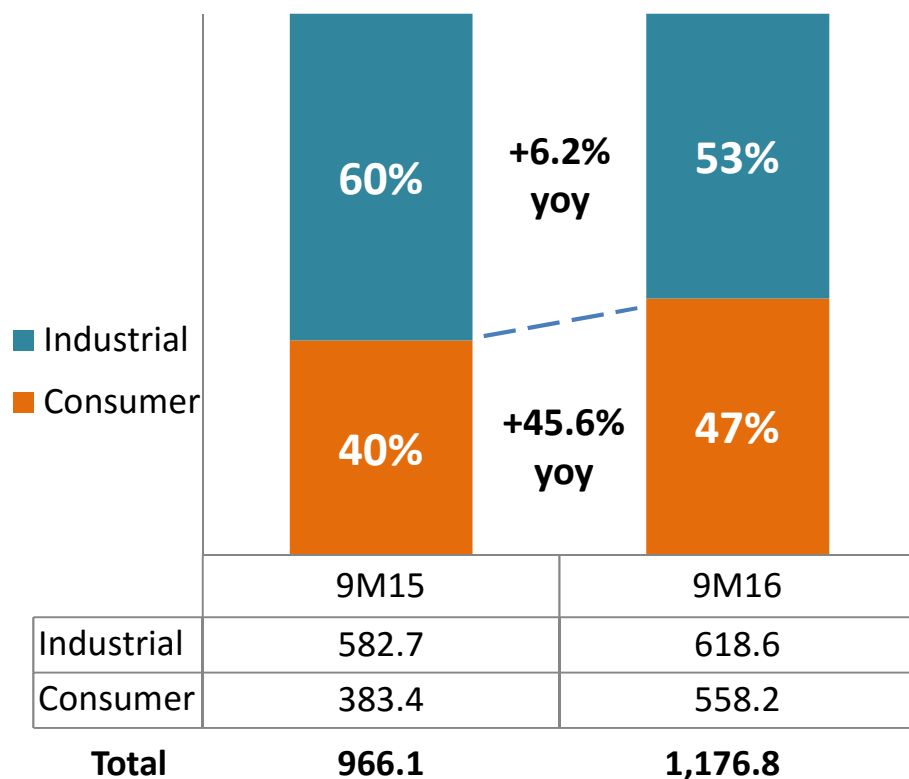
*Estimation based on full capacity utilisation

Total average monthly sales tonnage	FY13	FY14	FY15	9M15	9M16	FY16*	FY17*
	10.5	12.4	13.9	14.1	15.5	17.9	25.5

Operations Review: Manufacturing

Consumer packaging revenue expanding rapidly on larger volume... while industrial packaging revenue also higher on stronger USD versus MYR

Segment Revenue (RM 'mil)



☐ 3Q16 manufacturing revenue rose 20.1% yoy to RM382.8m

☐ Industrial Packaging

- 3Q16 revenue increased 3.8% y-o-y to RM198.9 mil (3Q15: RM191.6 mil) on higher ASP due to the stronger USD/MYR

☐ Consumer Packaging

- 3Q16 revenue jumped 44.6% y-o-y to RM183.9 mil (3Q15: RM127.1 mil), on new contribution of RM40.1 mil from SGW Ipoh and larger orders from existing business
- Minimal contribution from CPP production as plant just commenced in January 2016
- Exports made up 52.3% of consumer packaging revenue (3Q15: 45.5%)

CPP and BOPP to see increased revenue contribution in 2016... PE expansions also well on track to allow Group to expand market share

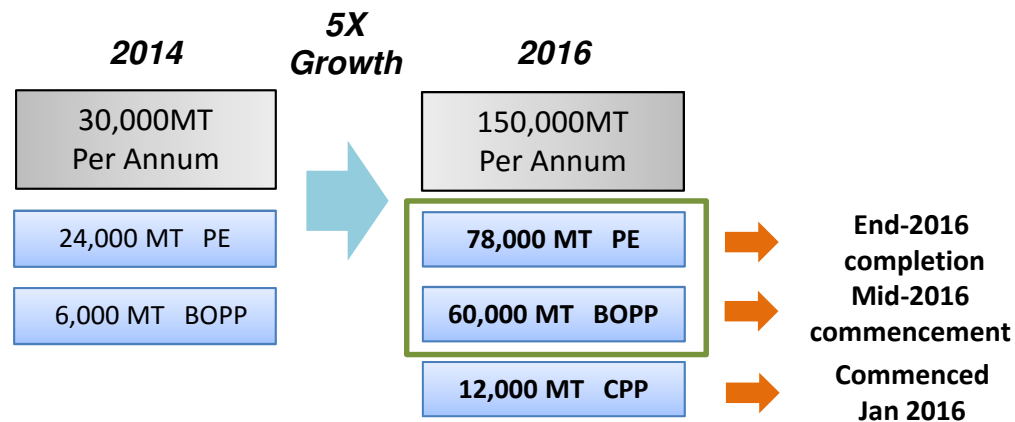
Consumer packaging expansion plan



New CPP production line in Melaka



New BOPP plant in Pulau Indah



Existing expansion plans progressing smoothly

CPP

Revenue contribution expected to increase in the second half of calendar year 2016 onwards

BOPP

Commercial run on track to commence in mid-2016

PE

Overall production output to increase from 60,000 MT p.a. to 78,000 MT p.a. by end-2016

Rawang plant

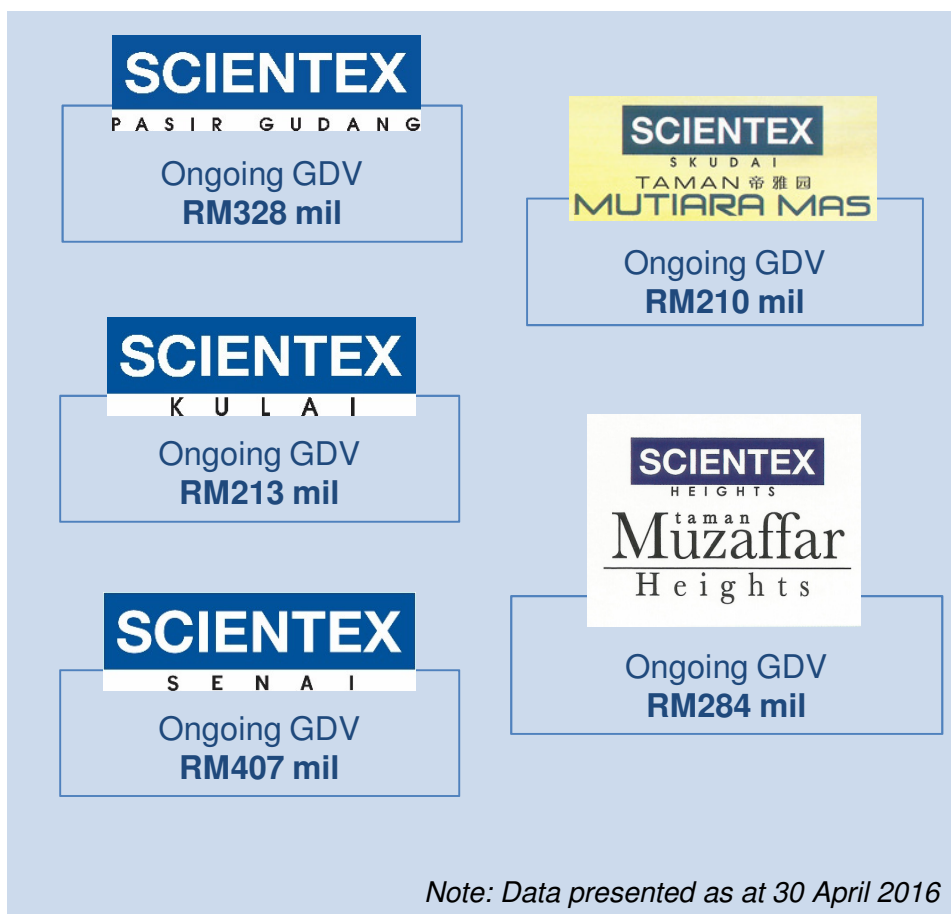
- CAPEX of RM21 mil; to increase capacity by 25% to 60,000 MT p.a.

SGW Ipoh

- CAPEX of RM30 mil; to increase production capacity by 50% to 18,000 MT p.a.

Growth Plans: Manufacturing

Unbilled sales of RM652.6 mil to be recognized over the next 2-3 years



- ❑ 9M16 property revenue rose 20.9% to RM463.1 mil (9M15: RM383.1 mil), on higher revenue recognition across all ongoing projects
 - 3Q16 property development revenue rose 18.0% yoy to RM161.1 mil (3Q15: RM136.5 mil)
- ❑ Launched 7 new projects worth RM401.5 mil GDV in 9M16
 - Comprising mainly affordable residential properties
 - 3Q16 launches amounted to RM302.9 mil, comprising affordable homes, shop lots, and apartments
- ❑ Unbilled sales amounted to RM652.6 mil as at 30 Apr 2016 to be recognized over the next 2 to 3 years (31 Jul 2015: RM584.9 mil)



9M16 FINANCIAL REVIEW

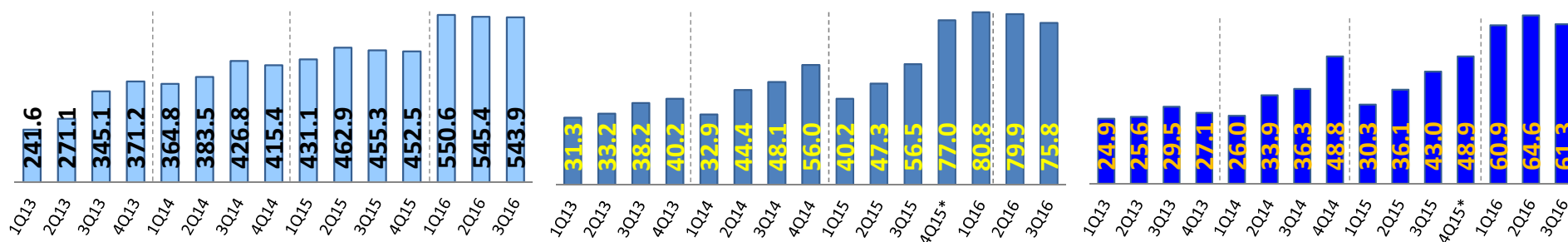
All-round growth in both manufacturing and property segments... on track for record financial performance in FY2016

3Q16	3Q15	Change	RM'mil	9M16	9M15	Change	Remarks
543.9	455.3	19.5%	Revenue	1,639.9	1,349.2	21.5%	Manufacturing and property segments reporting double-digit growth
91.3	69.4	31.7%	EBITDA	278.9	180.3	54.7%	Manufacturing segment's larger sales volume provided higher economies of scale and operating efficiency; also benefitted from favourable product mix and higher export sales
16.8%	15.2%	1.6 pt	EBITDA margin	17.0%	13.4%	3.6 pt	
75.8	56.5	34.1%	PBT	236.4	144.0	64.2%	
13.9%	12.4%	1.5 pt	PBT margin	14.4%	10.7%	3.7 pt	
61.3	43.0	42.6%	PATMI	186.7	109.3	70.9%	2Q16 & 3Q16 benefitting from reinvestment allowances
11.3%	9.4%	1.7 pt	Net margin	11.4%	8.1%	3.3 pt	
26.86	19.02	41.2%	Basic EPS (sen)	82.39	48.69	69.2%	

Quarterly Revenue (RM 'mil)

Quarterly PBT (RM 'mil)

Quarterly PATMI (RM 'mil)

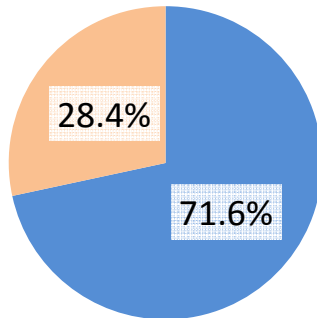


*4Q15 and FY15 PBT and PATMI includes RM12.6 million fair value gain on investment properties

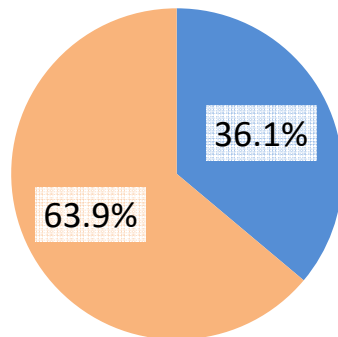
9M16 Income Statement Summary

Manufacturing and property segments contributing equally to Group EBITDA...

9M15 Group Revenue: RM1,349.2 mil

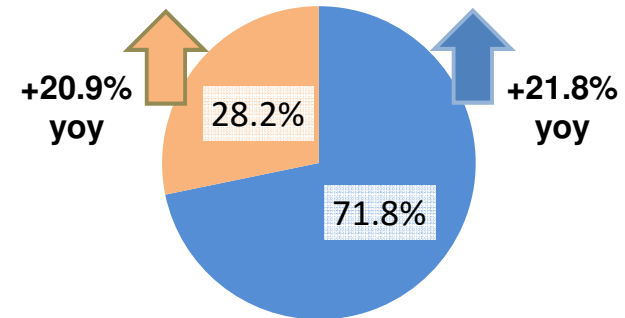


9M15 Group EBITDA: RM180.3 mil

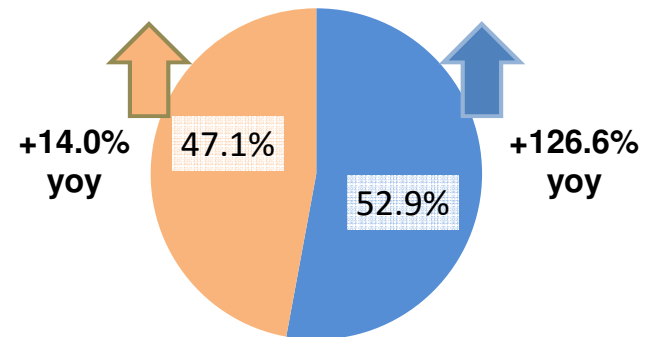


■ Manufacturing ■ Property

9M16 Group Revenue: RM1,639.9 mil



9M16 Group EBITDA: RM278.9 mil

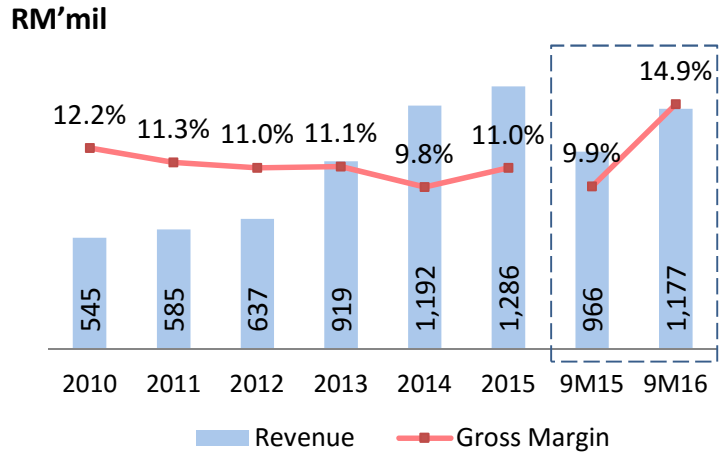


■ Manufacturing ■ Property

Revenue & EBITDA Segmentation

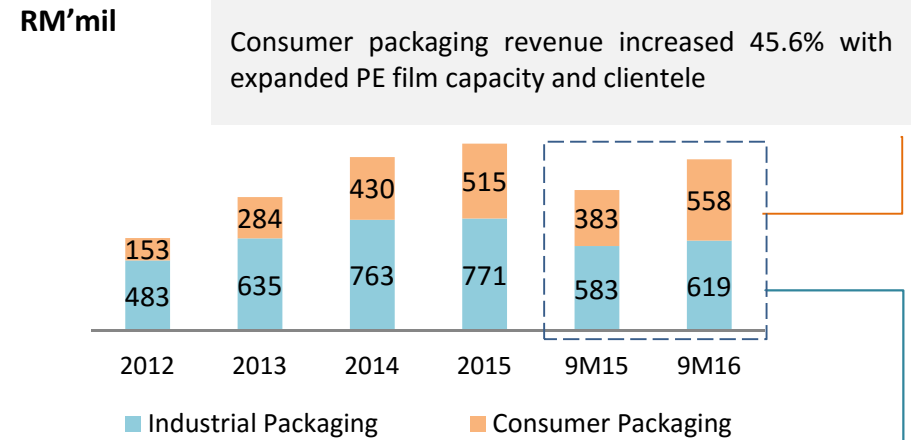
Benefitting from growing consumer packaging exports and expanded product range... also seeing better operating efficiency

Manufacturing Revenue & Gross Margin



9M16 manufacturing revenue grew 21.8%, largely driven by consumer packaging; gross margins improved on better efficiency, favourable product mix, and higher export sales

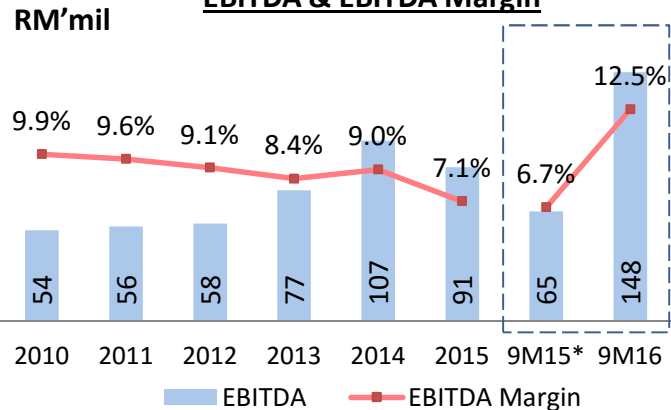
Manufacturing Revenue (by Segment)



Consumer packaging revenue increased 45.6% with expanded PE film capacity and clientele

Industrial packaging revenue increased 6.2% yoy due to higher ASP on stronger USD/MYR

EBITDA & EBITDA Margin

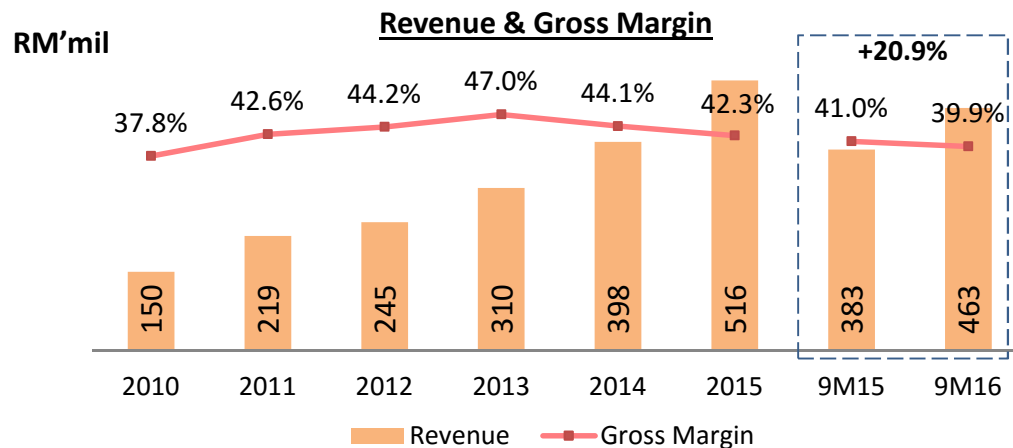


9M16 EBITDA grew 126.6% in line with higher topline and better product mix

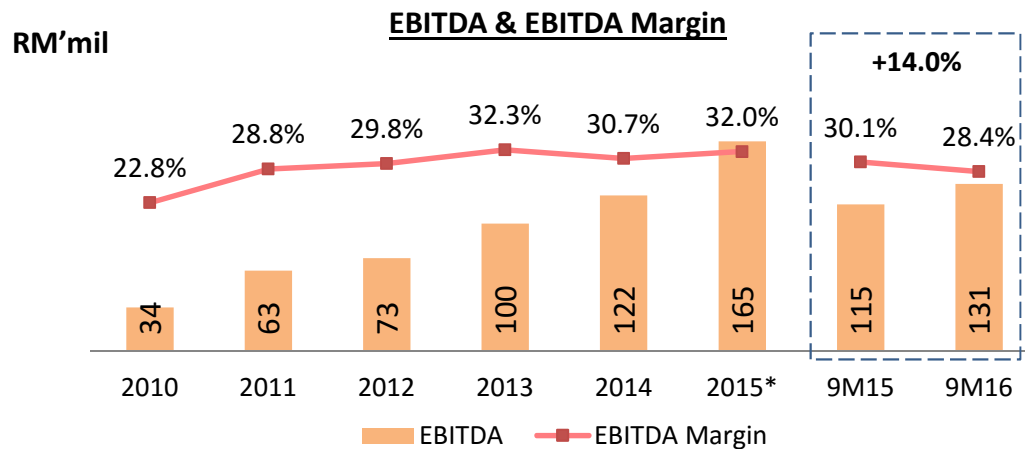
*9M15 EBITDA includes RM18.0 mil foreign exchange translation differences

Financial Review: Manufacturing

Demand for affordable properties in Johor firmly intact...



Seeing higher progress billings and favourable demand for new launches in Kulai, Senai, and Pasir Gudang



Higher profits consistent with revenue growth; EBITDA margins maintained in the 28%-30% range on affordable-skewed product mix

*Excluding RM12.6 million fair value gain from investment properties

Financial Review: Property Development

Net gearing still manageable despite expansion plans and land acquisition... strong cashflow set to reduce net gearing going forward

Balance Sheet (RM '000)	As at 30.4.2016	As at 31.7.2015	Remarks
Property, Plant & Equipment	919,626	642,791	In line with consumer packaging expansion
Investment Property & Other Investments	25,165	24,082	
Land Held & Property Development Costs	624,136	405,115	Due to acquisition of land in Pulai, Johor
Investment in Jointly Controlled Entity & Associated Company	48,260	41,524	
Inventories	110,145	111,953	
Trade & Other Receivables	385,817	321,698	In line with increase in revenue
Cash & Bank Balances	74,222	90,626	
Deferred Tax Assets & Tax Recoverable	5,975	2,086	Due to reinvestment allowance from SGW Ipoh
TOTAL ASSETS	2,193,346	1,639,875	
Trade & Other Payables	367,477	308,259	In line with enlarged operations
Borrowings (ST + LT)	531,203	225,431	To fund working capital requirements, machinery purchases for consumer packaging expansion, and landbanking
Tax & Deferred Tax	60,537	62,588	
Shareholders' Equity	1,146,184	941,978	Due to higher retained earnings
Minority Interest	65,830	62,784	
Net Tangible Assets / Share (RM) ¹	4.98	4.17	
Net Gearing	0.40x	0.14x	In line with higher borrowings to fund working capital requirements, machinery purchases, and landbanking

¹ Based on share capital of 230.0 mil shares

Balance Sheet (Highlights)

1-for-1 bonus issue slated for completion in third quarter of 2016...

- On 1 June 2016, shareholders approved a 1-for-1 bonus issue of up to 230,000,000 million new ordinary shares to be listed on the Main Market of Bursa Malaysia
 - The bonus issue is targeted for completion in the third quarter of 2016
 - Enlarged number of shares would improve the liquidity of Scientex shares; while the enlarged share capital better reflects the current scale of operations

Changes in Share Capital

	Share Capital (RM)	No. of shares @ RM0.50 par
Current	115,000,000	230,000,000
1:1 Bonus Issue	115,000,000	230,000,000
After Corporate Exercise	230,000,000	460,000,000

Corporate Exercise



INVESTMENT MERITS

A high-growth proposition all-round... attractive proxy to the burgeoning packaging sector and Southern Malaysia's affordable property market

SCIENTEX BERHAD

MANUFACTURING

- Top 3 stretch film producer in the world
- Consumer packaging segment facilitates entry into burgeoning F&B and FMCG sectors
- Further integration and expansion initiatives position Group to cater to larger regional clientele and enhance competitiveness

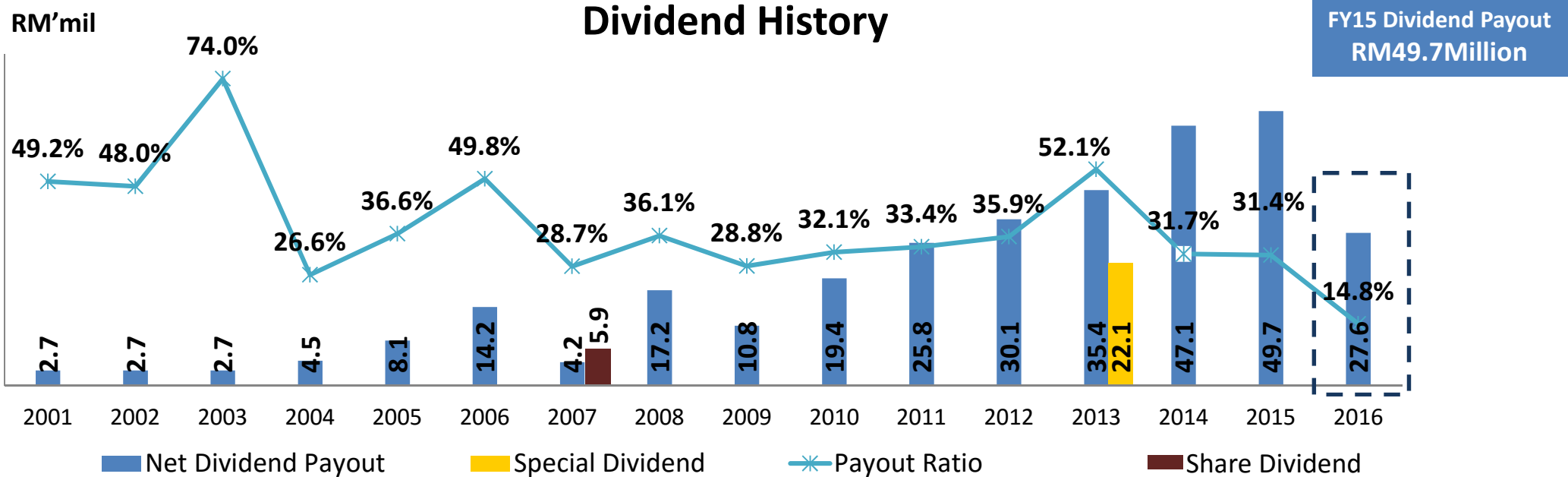
PROPERTY DEVELOPMENT

- Reputable developer in the southern states of Johor and Melaka
- Current projects of RM1.4 bil
- Pipeline GDV of RM6.0 bil on existing landbank to sustain another 10 years
- Future projects displaying higher GDV/acre

- Strong fundamentals with **strong upside to profit and margin expansion**
- **Dividend policy of minimum 30% payout**
 - 31.4% dividend payout in FY2015
- **Valuations to be compressed** with foreseeable earnings boost
- Trading at trailing 12-month PE of 12.7x and EV/EBITDA of 9.6x (as at 27 May 2016)

Investment Merits

Group has dividend policy of minimum 30% net profit payout...



- **FY2015 Dividends (Total Dividend of 22 sen) :**
 - Paid interim dividend of 9 sen per share on 7 August 2015
 - Paid final dividend of 13 sen per share on 25 January 2016
- **FY2016 Dividend :**
 - Declared interim dividend of 12 sen per share (Ex Date: 14 July 2016, Payment Date: 5 August 2016)

Dividend Policy:
Minimum 30% of Net Profit
 (effective FY2011)

Dividend History



Thank You

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