

Scientex posts all-time high financial performance in FY2018

- *Posts RM289.8 million net profit on RM2.6 billion revenue; manufacturing segment the key driver with higher sales volume and maiden contributions from Klang Hock Plastics Industries (KHPI)*
- *Achieves record quarterly results with 22.4% higher net profit to RM88.3 million on 13.5% revenue jump to RM733.2 million*
- *Proposes final dividend of 10 sen per share in respect of FY2018*

Shah Alam, Selangor, Malaysia, 20 September 2018 - Global packaging manufacturer and leading property developer **Scientex Berhad** (Scientex, 森德公司, Bloomberg: SCI MK; Reuters: STIK.KL) posted its best-ever financial year performance in its corporate history with RM289.8 million net profit on RM2.6 billion revenue in the financial year ended 31 July 2018 (FY2018).

Comparing on a year on year basis, Scientex's revenue and net profit rose 9.3% and 13.3% respectively in FY2018, from RM2.4 billion and RM255.9 million in the previous year.

The improved performance was mainly driven by higher sales volume in the manufacturing segment, on account of higher utilisation in its Malaysia plants, as well as expanded total annual output capacity from 356,000 metric tonne (MT) in FY2017 to 450,000 MT in FY2018. The expansions undertaken throughout FY2018 comprise the establishment of a new stretch film plant in Arizona, United States, and the acquisition of KHPI, a leading regional flexible plastic packaging (FPP) player.

“On top of our strongest financial performance in our 50-year history, FY2018 was a momentous milestone year, as we consolidated revenue not only from our existing and acquired capacities in Malaysia, but also from our first plant in the United States. These manufacturing facilities give us a geographically diverse exposure across key customer markets in Asia and the Americas.

The expanded production capacity also lends significant support to our long-term growth aspirations, as we strive to capture a larger share of the robust FPP market globally and reinforce our position as a leading FPP manufacturer in the world.”

Mr. Lim Peng Jin (林炳仁)
Managing Director of Scientex Berhad

Scientex's manufacturing segment remained the major revenue contributor in FY2018 at RM1.9 billion, increasing 14.1% from RM1.7 billion a year ago.

Growth in the manufacturing segment was led by higher sales in exports and domestic markets, rising 15.1% and 11.1% to RM1.4 billion and RM473.3 million respectively, from RM1.2 billion and RM426.1 million previously. Approximately 75% of FY2018 manufacturing revenue was derived from exports, largely unchanged from a year ago.

The property development segment contributed the remaining RM722.2 million to Group revenue, from RM733.5 million previously, due to lower launches in the preceding financial year.

For the fourth quarter ended 31 July 2018 (4Q18), Group saw net profit jump 22.4% to RM88.3 million from RM72.1 million in the previous year, while revenue expanded 13.5% to RM733.2 million from RM646.1 million previously, effectively marking the best-ever quarterly performance in Scientex's corporate history.

The improved 4Q18 performance was mainly attributed to higher sales volume in the manufacturing segment, in addition to maiden contributions from KHPI. This was complemented by increased profit from the property development segment on greater efficiency and better product mix, despite a slight decrease in revenue.

The Group also notched another milestone, as new launches in FY2018 reached a record high of RM1.2 billion in gross development value (GDV). This brings the GDV of ongoing and future developments to RM13.5 billion, which would sustain the Group for more than 10 years.

On property development prospects, Lim expressed confidence on the Group's progress in meeting the resilient demand for affordable housing.

"We are extremely buoyed by the demand for our developments, as our new launches in Melaka, Johor, and Ipoh have achieved overwhelming take-up rate within 6 months from the launch dates. This showcases the underlying demand for affordable housing and demonstrates buyers' confidence in our developments."

"Looking forward, we are confident that we will be able to achieve the Group's vision of delivering 50,000 affordable houses by 2028 and in turn, establish our reputation as one of Malaysia's leading builders of affordable homes. This vision is supported by our landbank purchases worth close to RM500 million in FY2018 in strategic locations such as Rawang, Selangor; Senai and Pulai in Johor; and Durian Tunggal, Melaka."

In respect of FY2018, the Group proposed a final single-tier dividend of 10 sen per share, subject to approval at the upcoming Annual General Meeting. Together with the earlier paid single-tier interim dividend of 10 sen per share, total dividends in respect of FY2018 amount to 20 sen per share or RM97.8 million, making up 33.7% of FY2018 net profit. Scientex has a dividend policy to pay out at least 30% of annual net profit to shareholders.

	4Q18	4Q17		FY18	FY17	
RM'000	31.7.18	31.7.17	Change	31.7.18	31.7.17	Change
Revenue	733,154	646,065	13.5%	2,626,767	2,403,151	9.3%
Operating profit (EBIT)	108,198	85,502	26.5%	364,360	325,069	12.1%
Profit before tax	106,897	84,283	26.8%	361,658	317,968	13.7%
Net profit to shareholders	88,288	72,127	22.4%	289,806	255,873	13.3%
Basic EPS (sen)	18.06	15.02	20.2%	59.59	54.83	8.7%



About Scientex Berhad (森德公司, www.scientex.com.my)

Scientex Berhad (Scientex) is a leading industrial packaging manufacturer and a reputable property developer in South Malaysia. Scientex is also the largest stretch film producer in Asia, and among the world’s largest producers.

Established in 1968 as a PVC cloth and leather manufacturer, Scientex today produces flexible plastic packaging products: stretch film, custom film (polyethylene (PE) film, biaxially oriented polypropylene (BOPP) film, cast polypropylene (CPP) film, agricultural film, PE flexitanks tubing) and specialty products (automotive interior, polypropylene (PP) strapping bands, raffia, solar encapsulant film).

To date, Scientex has manufacturing facilities in Malaysia, Vietnam and the United States of America; as well as sales and marketing arms in Japan, Indonesia and Singapore. Approximately 75% of its manufacturing products are exported to over 60 countries worldwide.

Scientex’s property arm has township development projects in Pasir Gudang, Kulai, Skudai, Senai, and Pulai, all in Johor, and in Ayer Keroh and Durian Tunggal, Melaka. Its township developments are the 1,100-acre Taman Scientex Pasir Gudang, the 250-acre Taman Scientex Kulai, the 48-acre Taman Scientex Kulai II, the 146-acre Taman Mutiara Mas, Skudai, the 250-acre Taman Scientex Senai, the 121-acre Taman Scientex Utama (Senai II), the 326-acre Taman Pulai Mutiara in Johor, the 137-acre Taman Muzaffar Heights in Ayer Keroh, the 197-acre Taman Scientex in Durian Tunggal, Alor Gajah, the 80-acre mixed development in Ipoh and the 66-acre Taman Scientex in Rawang. It has also recently acquired a 336-acre land in Pulai, Johor and 209-acre land in Durian Tunggal, Melaka. To date, Scientex has delivered more than RM4.2 billion worth of properties and has projects-in-hand of RM1.7 billion.

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