

Scientex 1Q earnings fall 26% on lower property revenue

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KUALA LUMPUR (Dec 28): Scientex Bhd's net profit fell 25.9% to RM53.67 million for the first financial quarter ended Oct 31, 2018 (1QFY19), from RM72.4 million a year ago, on lower revenue from the group's property business.

Earnings per share declined to 10.98 sen for 1QFY19 compared with 14.97 sen for 1QFY18.

Quarterly revenue, however, was up 9% to RM713.64 million from RM655.01 million in 1QFY18, due to strong manufacturing business, contributed by the newly acquired subsidiary Klang Hock Plastic Industries Sdn Bhd and the recent commencement of Scientex's new stretch film operation in Phoenix, Arizona in the US.

In a filing with Bursa Malaysia today, Scientex said the decrease in 1QFY19 property revenue was mainly due to timing differences in recognising the progress billings from its various development projects especially Taman Pulai Mutiara, despite overall good take-up rates in these projects.

"Meanwhile, our new launches in Taman Senai Utama and Taman Pulai Mutiara have also received overwhelming response from the public. However, as these projects were in the early stages of construction, contribution in terms of revenue and profit were not significant at present. The decrease in profit from operations was in tandem with the overall decrease in revenue," it added.

In a separate statement, Scientex managing director Lim Peng Jin said the group's property development segment is expected to be sustained by the healthy take-up rates of its projects.

"Moving forward, the launch of our Rawang township project in early 2019 marks a major corporate milestone as it represents our first ever venture into the Klang Valley property market. We are confident in bringing our proven model of developing affordable yet quality homes for the masses through our vast experience and use of industrialised building system," he said.

On the manufacturing front, Lim said Scientex would remain focused on increasing sales for its enlarged capacity as well as developing packaging solutions for the growing global demand towards sustainable packaging.

Scientex shares gained two sen or 0.22% to close at RM9.15 today, giving it a market capitalisation of RM4.48 billion.