



Business

## Scientex's manufacturing operations lifts 1Q

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SHAH ALAM, Selangor: Scientex Bhd (Scientex) reported a nine-per cent revenue growth to RM713.6 million in the first quarter of the financial year 2019 (1QFY19), led by the strong performance in its manufacturing operations.

In a press statement, it explained that its manufacturing segment registered a 22.7 per cent higher revenue of RM575.8 million in 1QFY19 from RM469.1 million previously. This was driven by contribution from recently-acquired KHPI of approximately RM100 million and increasing contribution from the new stretch film plant in Phoenix, Arizona.

The uptrend in manufacturing revenue helped offset lower revenue contribution from the property development segment in 1QFY19, which declined 25.9 per cent to RM137.8 million from RM185.9 million previously. This was due to timing differences in progress billings for various projects, and early stages of construction from new launches in Taman Senai Utama and Taman Pulai Mutiara.

Scientex managing director Lim Peng Jin commented: “The commendable uptake of our custom and stretch film validates our timely capacity expansion to capture the growing demand for flexible plastic packaging (FPP) worldwide, and speaks volumes of the smooth integration of our KHPI acquisition completed in May this year.

“We continue to witness positive indications in the property segment through commendable take-up of our new affordable housing launches in Taman Senai Utama and Taman Pulai Mutiara in Johor, and in Durian Tunggal, Melaka. Backed by continuous resilient demand, we plan to launch more affordable housing throughout Peninsular Malaysia, in line with our vision to deliver 50,000 affordable homes by 2028.”

Meanwhile, it noted that the group’s net profit declined 25.9 per cent to RM53.7 million in 1QFY19 from RM72.4 million in the previous year, in line with the lower revenue from the property segment.

Commenting on prospects of the group’s property development segment, Lim expected performance to be sustained by the healthy take up rates of its projects, as well as overwhelming public reception towards its recent launches.

Lim added: “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.”

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

On December 10, 2018, Scientex entered into a conditional share sale agreement (CSSA) with certain shareholders of Daibochi Bhd (Daibochi) collectively holding 139.1 million ordinary shares, representing approximately 42.4 per cent controlling stake in Daibochi. The purchase consideration of approximately RM222.5 million, equivalent to RM1.60 per Sale Share, shall be satisfied by way of share exchange whereby one new ordinary Scientex share would be issued to the Vendors for every 5.5 Daibochi shares held by the Vendors.

“Upon the completion of the CSSA, and the mandatory general offer expected in the second quarter of calendar year 2019, we look forward to Daibochi contributing positively from financial year ending 31 July 2019 onwards,” concluded Lim.