

Scientex twin growth engines firing on all cylinders in 2Q19

- **2Q19 net profit rose 8.5% to RM73.7 million; revenue jumped 21.5% to RM766.6 million**
- **New stretch film plant in Arizona, U.S. and acquisition of Klang Hock Plastic Industry (KHPI) contributing to stronger manufacturing performance**
- **First affordable homes project in Rawang saw resounding take up; targeting to launch 2,500 homes across Peninsular Malaysia worth RM600 million gross development value (GDV) in 2H19**
- **Scientex holds 52.5% of Daibochi; mandatory general offer now unconditional and will close on 1 April 2019**

Shah Alam, Selangor, Malaysia, 19 March 2019 - Global packaging manufacturer and leading property developer Scientex Berhad (Scientex, 森德公司, Bloomberg: SCI MK; Reuters: STIK.KL) saw net profit rise 8.5% to RM73.7 million in the second quarter ended 31 January 2019 (2Q19), powered by its twin growth engines of manufacturing and property development.

Group 2Q19 revenue surged 21.5% to RM766.6 million from RM630.7 million previously.

Growth was driven by higher plant utilisation at the manufacturing division, including increased contribution from the Group's new stretch film plant in Arizona, U.S. that commenced in January 2018 and acquisition of Klang Hock Plastic Industries completed in May 2018, as well as higher progress billing from its property segment's developments projects.

“Scientex’s expanded manufacturing footprint allows us to more aggressively capture new growth opportunities in the global flexible packaging market. In addition to the higher utilisation in our plants, our move to set up a new stretch film plant in the U.S., and acquire KHPI in 2018, have resulted in increasing contributions to the Group.

We also launched our affordable homes development in Rawang, Selangor in February 2019, which attained resounding success and take up rate of 90% for the first phase. The Rawang development is our first in Klang Valley, and premised upon our growth strategy to expand our developments to more locations in Peninsular Malaysia.

Going forward, we remain steadfastly committed in growing our manufacturing and property segments. We would continue to reinforce our position in the global flexible packaging market and Malaysia’s affordable homes segments, guided by our vision to achieve 1 million metric tonnes in manufacturing capacity and build 50,000 affordable homes by 2028.”

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

Of total 2Q19 revenue, contribution from the manufacturing segment rose 20.3% to RM549.0 million from RM456.4 million previously, driven mainly by higher plant utilisation, contribution from newly-acquired KHPI, and increasing sales from the new stretch film plant in Arizona, U.S.

Meanwhile, the property development segment's revenue leapt 24.9% to RM217.6 million from RM174.3 million previously, mainly due to contribution of progress billing from the completion of two phases in the Taman Pulai Mutiara development.

For the first half ended 31 January 2019 (1H19) group revenue increased 15.1% to RM1.48 billion from RM1.29 billion previously. Net profit however declined 9.2% to RM127.4 million in 1H19 from RM140.4 million previously due to lower contribution from the property development segment, and foreign exchange losses recorded in the manufacturing segment compared to a gain in the previous year.

Scientex had, on 19 February 2019, purchased a 42.4% controlling stake in Daibochi, a leading regional flexible packaging provider that serves reputed multinational consumer brands. Subsequent to the purchase, Scientex had, on 4 March 2019, extended a mandatory general offer (MGO) to Daibochi for all remaining shares, which is expected to conclude in April 2019.

The MGO had, on 18 March 2019 become unconditional, with Scientex holding 52.5% of Daibochi. The MGO would be open until 5.00 p.m. on 1 April 2019.

On prospects, Lim commented: "The combination of Scientex and Daibochi allows us to share synergistic resources, as well as collaborate on innovation and product development. This would strengthen our manufacturing division's competitiveness, and is poised to create a formidable flexible packaging entity in the global market."

Lim added: "Furthermore, we are supported by a healthy pipeline of new property launches that comprises mainly affordable homes. Our new launches in the first half of FY2019 amounted to a total of RM500 million in GDV, and we are targeting to launch another RM600 million in the second half of FY2019."

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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 70% 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 RM4.4 billion worth of properties and has projects-in-hand of RM2.0 billion.

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