

# Scientex's BOPP plant expected to bolster biz

SCIENTEX Bhd's newest biaxially oriented polypropylene (BOPP) film manufacturing plant is expected to strengthen its capability in the flexible packaging business, despite a weakened first-quarter (1Q) performance.

The packaging manufacturer and property developer saw its net profit decline year-on-year (YoY) by 14.4% to RM52.06 million in the 1Q ended Oct 31, 2016, due to lower product margins in the manufacturing sector.

Scientex MD Lim Peng Jin said the BOPP film will add on to its current product portfolio — which includes polyethylene and cast-polypropylene films — and strengthen its position in the Asia-Pacific market.

“With three major product categories now in our portfolio, Scientex is now a formidable and comprehensive consumer

packaging provider in the region,” Lim said in a statement yesterday.

“Our integrated flexible consumer packaging operations are now strongly positioned to tap into growth opportunities in the Asia-Pacific, where consumer-driven demand is anticipated to be on an uptrend for the long term.”

The new plant — which began operations in September — has an annual capacity of 60,000 metric tonnes and is catered to packaging converters, as well as other manufacturers in the region.

The group is aiming to fill up the factory's capacity over the next two years, while the BOPP film is currently undergoing trials locally and regionally.

It has already identified potential customers in Malaysia and Asean, while further supplying the pro-

duct to its joint venture partner in Japan, Futamura Chemical Co Ltd.

Scientex had seen lower contribution from its manufacturing sector, with revenue dropping to RM379.7 million in 1Q from RM392 million in the corresponding period last year.

The lower contribution was due to weaker orders for industrial and consumer packaging in the current quarter.

Lim said the group is positive on the long-term prospects in the manufacturing sector. Hence, it expects to capture a larger share of regional demand and achieve optimal utilisation rates for its new plants.

Currently, 75% of Scientex's manufacturing products are exported to over 60 countries.

The group's property arm will continue its focus on affordable housing, after

recording a marginal YoY decline by 2.3% to RM155 million from the sector.

Its recent 326-acre (131.9ha) Taman Mutiara Pula township in Johor has already recorded close to 75% bookings since the middle of this year, while the group targets to launch up to RM700 million worth of new properties for the current financial year.

Scientex has launched RM181 million worth of properties for the current quarter, with its ongoing projects in Johor and Malacca retaining a gross development value of RM1.6 billion.

The group had also approved a single-tier final dividend of 10 sen per share, which will be made payable on Jan 13, 2017.

It is understood that Scientex's earnings per share fell to 11.32 sen from 13.47 sen during 1Q. — *by MARK RAO*