

# Scientex to expand further after strongest performance in 1Q

*The company is expanding its customer base and increasing capacity to end strong in FY18*

by MARK RAO

SCIENTEX Bhd has delivered its strongest quarter performance since its listing in 1990, posting a RM72.4 million net profit, or a 39.1% year-on-year (YoY) increase from RM52.06 million last year, on the back of higher exports in the manufacturing division and increased sales in property.

The firm's revenue rose 23.3% to RM658.68 million over the same period.

This follows the higher turnover recognised from the manufacturing division by 23.6% YoY to RM469.1 million, driven by higher export sales, coupled with overall capacity expansion and increasing demand for packaging products.

"We expect to deliver a stronger performance in the current financial year ending July 31, 2018 (FY18), as we enlarge our customer reach in the export markets alongside our capacity expansions," Scientex MD Lim Peng Jin said in a statement yesterday.

"Additionally, our new



Pic by Ismail Che Rus

**We expect to deliver a stronger performance in FY18, as we enlarge our customer reach in the export markets, says Lim**

stretch film facility in Arizona, US, would add a new dimension to our stretch film performance, as we stand to benefit from good logistics connectivity to major resin suppliers and customers in the Western region."

The company engaged in packaging manufacturing and property development is further expecting to end the fiscal year strongly, as it expands its customer base and increases capacity.

Scientex, which is the largest stretch film producer in Asia, currently exports approximately 75% of its manufacturing products to over 60 countries and has facilities in Malaysia, Vietnam and the US.

To date, the group expanded its maximum annual output to 344,000 metric tonnes versus the 184,000 metric tonnes achieved in 2014, while broadening its line of packaging products.

The new facility in Arizona

is scheduled to commence operations by January next year and will add an annual output of 30,000 metric tonnes to the group's total capacity.

For the property segment, Scientex will launch more affordable homes to add to its current projects in Southern Malaysia.

Lim said the group is expecting to exceed the RM620 million worth of new launches achieved last year.

"Our property offerings

are targeted at meeting resilient demand in the affordable sector and are expected to register satisfactory sales performance," he said.

In the first quarter of FY18 (1Q18), the property business contributed 28.8% or RM189.6 million of total group revenue, with the segment recording stronger turnover and earnings due to strong progress billings from its development projects.

This was especially noted in the Taman Pulau Mutiara development in Johor, which recorded good take-up rates for the quarter, alongside the Taman Mutiara Mas project in Skudai.

Scientex plans to launch the 197.4-acre (79.88ha) Melaka Durian Tunggal project within FY18.

The group is predicting the demand for affordable residential homes to remain strong for the ongoing financial year.

At its AGM and EGM concluded yesterday, Scientex approved a final 10 sen dividend for FY17 and a dividend reinvestment plan respectively.

The reinvestment plan will allow shareholders to reinvest their cash dividend in new ordinary shares, while affording the group additional funds to be used for working capital and expenditure.