

Scientex flexible plastic packaging business delivers strong growth

- *Manufacturing segment revenue leaps 10.8% to RM456.5 million in 2Q18; sees higher domestic and export sales going forward*
- *Group 2H18 net profit rises 19.7% to RM140.4 million on increasing contribution of manufacturing and property development segments*
- *Acquisition of Klang Hock Plastics Industries on track to complete in the second quarter of calendar year 2018*

Shah Alam, Selangor, Malaysia, 22 March 2018 - Global packaging manufacturer and leading property developer **Scientex Berhad** (Scientex, 森德公司, Bloomberg: SCI MK; Reuters: STIK.KL) continued to deliver strong growth in its flexible plastic packaging (FPP) business on increasing export sales.

The Group's manufacturing segment posted revenue growth of 10.8% to RM456.4 million in the second quarter ended 31 January 2018 (2Q18), from RM411.9 million a year ago.

“Our manufacturing segment performed commendably as we stamped our mark with more orders from our regional clientele and recorded steadily increasing capacity utilisation. The sustained growth validates the recently completed expansions to our capacity and product range, which allows us to capture more opportunities in the increasing global FPP market especially in high-growth Asia.

The upcoming integration of Klang Hock Plastics Industries into our operations will give us a further boost and bolster our competitive edge in the global FPP market. We also stand to benefit from great synergies such as in operational efficiency and product innovation initiatives.

Going forward, we are confident of maintaining this uptrend in Malaysia and regionally. This would be supported by our commitment to deliver high quality products at competitive prices, bringing greater value to our customers.”

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

The manufacturing segment saw export contribution rise 16.2% to RM354.9 million in 2Q18 from RM305.4 million previously.

Meanwhile, the Group's property development segment revenue grew 2.3% to RM178.3 million in 2Q18 from RM174.3 million last year, attributed to resilient demand for the Group's on-going affordable developments in Johor, Melaka and Perak.

The Group's ongoing and future property development projects reached RM10.0 billion in gross development value (GDV) in 2Q18 compared to RM8.1 billion earlier. The Group also has unbilled sales of approximately RM500.0 million to be recognised over the next three years.

With improved revenue contribution for both segments, the Group's 2Q18 revenue rose 8.3% to RM634.8 million from RM586.2 million previously, while net profit rose 4.3% to RM68.0 million from RM65.2 million a year ago.

Cumulatively, revenue for first half ended 31 January 2018 (1H18) increased 15.4% to RM1.29 billion from RM1.12 billion in the previous corresponding period. 1H18 net profit expanded 19.7% to RM140.4 million from RM117.2 million last year.

On prospects for the near term, Lim said that the Group is eyeing continued growth in both its manufacturing and property operations in FY2018.

“For our manufacturing segment, we are confident of achieving stronger performance going forward, buoyed by increasing global demand. We have made commendable progress in securing new customers and larger orders thus far, and are poised to fill up our capacities for the rest of the year,” Lim said.

“Also, with our property development segment noting encouraging new sales performance, the Group is also looking to launch RM600 million worth of new properties for the second half of the financial year ending 31 July 2018 (2H18) to cater to increasing demand for affordably priced homes in the country,” Lim continued.

Scientex is also in the process of acquiring Klang-based Klang Hock Plastic Industries Sdn Bhd (KHPI), a leading domestic and regional manufacturer of FPP with annual revenue of close to RM400.0 million.

KHPI's products include shrink films, polyethylene films, tubes and bags, lamination films, stretch films, stretch hoods, agriculture films, and flexitank films.

The acquisition of KHPI for RM190.0 million is immediately value accretive once completed in the second quarter of calendar year 2018. The acquisition would boost the Group's production capacity by approximately 30% to 455,000 MT, from 356,000 MT currently and will improve its product mix and global market share.

| Financial Summary (Unaudited Consolidated Results) | | | | | | |
|--|---------|---------|--------|-----------|-----------|--------|
| | 2Q18 | 2Q17 | | 1H18 | 1H17 | |
| RM'000 | 31.1.18 | 31.1.17 | Change | 31.1.18 | 31.1.17 | Change |
| Revenue | 634,752 | 586,248 | 8.3% | 1,293,434 | 1,120,932 | 15.4% |
| Operating profit (EBIT) | 84,928 | 82,560 | 2.9% | 178,166 | 151,394 | 17.7% |
| Profit before tax | 85,377 | 81,832 | 4.3% | 177,943 | 148,245 | 20.0% |
| Net profit to shareholders | 67,981 | 65,192 | 4.3% | 140,383 | 117,249 | 19.7% |
| Basic EPS (sen) | 14.05 | 14.09 | -0.3% | 29.02 | 25.41 | 14.2% |



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) and specialty products (polypropylene (PP) strapping bands, raffia, automotive interior, 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 75% 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 I, the 48.4-acre Taman Scientex Kulai II, the 146-acre Taman Mutiara Mas, Skudai, the 250-acre Taman Scientex Senai, 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, and the 80-acre mixed development in Ipoh. It has also recently acquired a 121-acre land in Senai, Johor, and 66-acre land in Rawang, Selangor. To date, Scientex has delivered more than RM3.8 billion worth of properties and has projects-in-hand of RM1.5 billion.

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