

Scientex manufacturing segment reports strong uptrend in 3Q18

- *Manufacturing segment operating profit jumps 36.1% to RM34.3 million on higher exports and improved product mix*
- *Newly-acquired Klang Hock Plastic Industries Sdn Bhd (KHPI) to contribute to segment's future growth from 4Q18 onwards*
- *Declares single-tier interim dividend of 10 sen per share in respect of financial year ending 31 July 2018 (FY2018)*

Shah Alam, Selangor, Malaysia, 20 June 2018 - Global packaging manufacturer and leading property developer **Scientex Berhad** (Scientex, 森德公司, Bloomberg: SCI MK; Reuters: STIK.KL) attained significant growth in its manufacturing segment in the third quarter ended 30 April 2018 (3Q18) with 36.1% increase in operating profit to RM34.3 million, on 2.1% revenue gain to RM452.1 million.

The improved quarterly performance in Scientex's manufacturing segment was mainly attributed to higher export sales and improved product portfolio. Furthermore, about 77.0% of 3Q18 manufacturing revenue or RM348.8 million was derived from exports, compared to 76.0% or RM336.4 million a year ago.

“The Group's manufacturing operations maintained its growth uptrend with higher sales of flexible plastic packaging (FPP), especially to export markets as we continue to gain traction in securing new customers. Our enlarged operating scale also enables us to enjoy greater operating efficiency and deliver enhanced bottomline.

Going forward, we expect to deliver stronger performance in FY2018, driven by encouraging sales orders, and boosted further through oncoming contribution from our recently-acquired FPP player KHPI from 4Q18 onwards. The addition of KHPI will see the Group enjoy immediate expansion in capacity, product portfolio and clientele reach.”

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

KHPI, based in Malaysia, is a leading domestic and regional manufacturer of FPP with annual revenue of close to RM400.0 million. The acquisition, completed in May 2018, comes with a profit guarantee of RM21.0 million profit before tax for the 12-month period to 31 March 2019.

This acquisition would boost Scientex's total production capacity by approximately 30% to 455,000 MT, from 356,000 MT currently and will improve its product mix and global market share.

Meanwhile, the Group's property development segment revenue declined 23.4% to RM148.1 million in 3Q18 from RM193.4 million last year, attributed to slower progress billings from on-going affordable developments in Melaka and Ipoh, which are still in early stages of construction progress. The segment was also impacted by longer-than-expected timeframe in attaining regulatory approvals and permits for some of the projects due to the uncertainty during the election period.

Commenting on property development segment future prospects, Lim said:

“For our property developments segment, we will continue to meet the ever-growing demand for affordable housing as evident by the strong take-up rate in our on-going Melaka and Ipoh projects. The Group will also launch its affordable housing project in Rawang by the end of the year, thus marking our entry in Klang Valley and boost on-going and future GDV to RM10.0 billion” Lim continued.

With lower contributions from the property development segment, the Group's 3Q18 revenue dipped 5.7% to RM600.2 million from RM636.2 million previously, while net profit declined 8.1% to RM61.1 million from RM66.5 million a year ago.

Cumulatively, revenue for nine months ended 30 April 2018 (9M18) increased 7.8% to RM1.89 billion from RM1.76 billion in the previous corresponding period. 9M18 net profit expanded 9.7% to RM201.5 million from RM183.7 million last year.

Scientex declared an interim dividend of 10 sen per share in respect of FY2018, with ex-date on 3 July 2018 and payable on 13 July 2018. The estimated payout would stand at RM48.9 million or 24.3% of 9M18 net profit. The Group has a dividend policy to distribute at least 30.0% of net profit to shareholders.

Financial Summary (Unaudited Consolidated Results)						
	3Q18	3Q17		9M18	9M17	
RM'000	31.1.18	31.1.17	Change	31.1.18	31.1.17	Change
Revenue	600,179	636,154	-5.7%	1,893,613	1,757,086	7.8%
Operating profit (EBIT)	77,996	88,173	-11.5%	256,162	239,567	6.9%
Profit before tax	76,818	85,440	-10.1%	254,761	233,685	9.0%
Net profit to shareholders	61,136	66,497	-8.1%	201,519	183,746	9.7%
Basic EPS (sen)	12.50	14.34	-12.8%	41.51	39.77	4.4%



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 RM3.9 billion worth of properties and has projects-in-hand of RM1.6 billion.

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