

Scientex 4Q net profit up 22% on higher sales

by ALIFAH ZAINUDDIN

SCIENTEX Bhd's net profit for the fourth quarter (4Q) ended July 31, 2018, rose 22% to RM88.29 million from RM72.13 million a year ago, driven by higher sales from the manufacturing division.

Turnover for the packaging manufacturer and property developer grew 13.5% to RM733.15 million for the quarter compared to RM646.07 million.

It was the company's strongest performance for a calendar year with a full-year net profit of RM298.1 million and revenue of RM2.63 billion.

Scientex MD Lim Peng Jin (*picture*) said the expansions

in the financial year 2018 (FY18) had helped the group to post the best financial performance in the company's 50-year history.

The company established a new stretch film plant in Arizona, US, and acquired flexible plastic packaging (FPP) player Klang Hock Plastic Industries Sdn Bhd (KHPI) earlier this year.

"These manufacturing facilities give us a geographically diverse exposure across key customer markets in Asia and the Americas.

"The expanded production capacity also lends significant support to our long-term growth aspirations as we strive

to capture a larger share of the robust FPP market globally and reinforce our position as a leading FPP manufacturer in the world," he said in a statement.

Scientex's manufacturing segment continued to be the main revenue contributor in FY18 at RM1.9 billion, rising 14.1% year-on-year from RM1.67 billion a year ago. Growth in the segment was driven by higher sales in exports and domestic markets, which grew 15.1% and 11.1% to RM1.4 billion and RM473.3 million respectively.

Its property segment contributed to the remaining RM722.15 million to the group's revenue from RM733.5

million in the corresponding period last year due to lower launches in the preceding financial year.

Moving forward, the group expects its stretch film operations in the US to make positive contributions in the coming years as it gradually ramps up production capacity to meet the massive demand in the US and the Americas.

With its overall capacity expansion recently boosted by the recent acquisition of KHPI, the group is well positioned to move aggressively into existing and new markets in the near future and is cautiously optimistic that positive results would be forthcoming

in the coming financial year.

On its property business, Scientex expects to see resilient demand for affordable housing post-election. The group will continue to build more affordable homes to meet the growing demand.

Scientex has proposed a final single-tier dividend of 10 sen per share, subject to approval at its upcoming shareholders' meeting. In total, the company will pay total dividends of 20 sen per share or RM97.8 million for FY18, representing 33.7% of its net profit.

The company has a dividend policy to pay out at least 30% of annual net profit to shareholders.