

Scientex revenue rises 9.0% to RM713.6 million in 1Q19

- *Manufacturing segment grows 22.7% to RM575.8 million on contribution from recently-acquired Klang Hock Plastic Industries (KHPI) and increasing sales at Phoenix, Arizona plant*
- *Property development segment contribution lower due to timing of progress billings for ongoing projects*

Shah Alam, Selangor, Malaysia, 28 December 2018 - Global packaging manufacturer and leading property developer Scientex Berhad (Scientex, 森德公司, Bloomberg: SCI MK; Reuters: STIK.KL) reported 9.0% revenue growth to RM713.6 million in the first quarter ended 31 October 2019 (1Q19) from RM655.0 million in the previous year.

The Group's manufacturing operations led the stronger performance, registering 22.7% higher revenue of RM575.8 million in 1Q19 from RM469.1 million previously. This was driven by contribution from recently-acquired KHPI of approximately RM100 million and increasing contribution from the new stretch film plant in Phoenix, Arizona.

The uptrend in manufacturing revenue helped offset lower revenue contribution from the property development segment in 1Q19, which declined 25.9% to RM137.8 million from RM185.9 million previously. This was due to timing differences in progress billings for various projects, and early stages of construction from new launches in Taman Senai Utama and Taman Pulau Mutiara.

“The commendable uptake of our custom and stretch film validates our timely capacity expansion to capture the growing demand for flexible plastic packaging (FPP) worldwide, and speaks volumes of the smooth integration of our KHPI acquisition completed in May this year.

We continue to witness positive indications in the property segment through commendable take-up of our new affordable housing launches in Taman Senai Utama and Taman Pulau Mutiara in Johor, and in Durian Tunggal, Melaka. Backed by continuous resilient demand, we plan to launch more affordable housing throughout Peninsular Malaysia, in line with our vision to deliver 50,000 affordable homes by 2028.”

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



Group net profit declined 25.9% to RM53.7 million in 1Q19 from RM72.4 million in the previous year, in line with the lower revenue from the property segment.

Commenting on prospects of the Group's property development segment, Lim expects performance to be sustained by the healthy take up rates of its projects, as well as overwhelming public reception towards its recent launches.

Lim added: "Moving forward, the launch of our Rawang township project in early 2019 marks a major corporate milestone as it represents our first ever venture into the Klang Valley property market. We are confident in bringing our proven model of developing affordable yet quality homes for the masses through our vast experience and use of industrialised building system."

On the manufacturing front, Scientex would remain focused on increasing sales for its enlarged capacity as well as developing packaging solutions for the growing global demand towards sustainable packaging.

On 10 December 2018, Scientex entered into a conditional share sale agreement ("CSSA") with certain shareholders of Daibochi Berhad ("Daibochi") ("Vendors") collectively holding 139.1 million ordinary shares, representing approximately 42.4% controlling stake in Daibochi. The purchase consideration of approximately RM222.5 million, equivalent to RM1.60 per Sale Share, shall be satisfied by way of share exchange whereby 1 new ordinary Scientex share would be issued to the Vendors for every 5.5 Daibochi shares held by the Vendors.

Daibochi is a leading regional FPP provider, with manufacturing facilities in Malaysia and Myanmar. It specialises in high-barrier laminated flexible packaging, for reputable clientele comprising mainly multinational corporations in the food and beverage, fast moving consumer goods and specialty sectors.

"Upon the completion of the CSSA, and the mandatory general offer expected in the second quarter of calendar year 2019, we look forward to Daibochi contributing positively from financial year ending 31 July 2019 onwards," concluded Lim.

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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, agricultural film, PE flexitanks tubing) and specialty products (automotive interior, polypropylene (PP) strapping bands, raffia, 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, the 48-acre Taman Scientex Kulai II, the 146-acre Taman Mutiara Mas, Skudai, the 250-acre Taman Scientex Senai, the 121-acre Taman Scientex Utama (Senai II), 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, Alor Gajah, the 80-acre mixed development in Ipoh and the 66-acre Taman Scientex in Rawang. It has also recently acquired a 336-acre land in Pulai, Johor and 209-acre land in Durian Tunggal, Melaka. To date, Scientex has delivered more than RM4.3 billion worth of properties and has projects-in-hand of RM1.8 billion.

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