

# Scientex 2Q net profit up 8.5% on manufacturing, property revenue

BY ADAM AZIZ

KUALA LUMPUR: Scientex Bhd's net profit for the second quarter (2QFY19) ended Jan 31, 2019 grew by 8.5% to RM73.75 million, from RM67.98 million a year ago, on higher revenue from a better sales performance.

In a filing with Bursa Malaysia yesterday, Scientex said its quarterly earnings per share had risen to 15.08 sen from 14.05 sen.

Revenue for the quarter grew by 21.6% to RM766.59 million from RM630.68 million previously, it said.

"The increase was mainly due to better sales recorded for both the manufacturing and property divisions," it said, pointing to double-digit year-on-year (y-o-y) growth in both segments.

It should be noted that better profit margins were recorded for its manufacturing revenue.

While average margins across both the manufacturing and property segments saw a y-o-y decrease, it was an improvement on a quarter-on-quarter basis.

For the first half (1HFY19) ended Jan 31, 2019, Scientex's net profit decreased 9.2% to RM127.41 million from RM140.38 million for the same period a year ago, dragged down by higher interest expenses, taxes and a swing from foreign exchange gains for 1HFY18 to foreign exchange losses a year later.

Half-year revenue climbed 15.1% to RM1.48 billion from RM1.29 billion, thanks to a 21.5% increase in manufacturing revenue to RM1.12 billion, which more than offset the 1.3% decline in property revenue to RM355.4 million.

On prospects, Scientex said, it intends to expand production capacity in the US via automation and explore new markets such as Myanmar.

In a statement, Scientex managing director Lim Peng Jin said the company's expanded manufacturing footprint allows it to more aggressively capture new growth opportunities in the global flexible packaging market.

"In addition to higher utilisation of our plants, our move to set up a new stretch film plant in the US and acquire Klang Hock Plastic Industries Sdn Bhd in 2018 have resulted in increasing contributions to the group," he said.

He said for the property segment, Scientex had in hand the recently-acquired 208.9 acres (84.54ha) in Melaka to expand its affordable housing footprint, while continuing to work on its newly-launched 65.3-acre Rawang development.

"We would continue to reinforce our position in the global flexible packaging market and Malaysia's affordable-home segment, guided by our vision to achieve one million tonnes in manufacturing capacity and build 50,000 affordable homes by 2028," he said.