



healthy, friendly & happy ...

(Company No.: 7867-P)

# Corporate Presentation

## 4Q19 Corporate Update & Financial Results

### 26 September 2019

IR Adviser





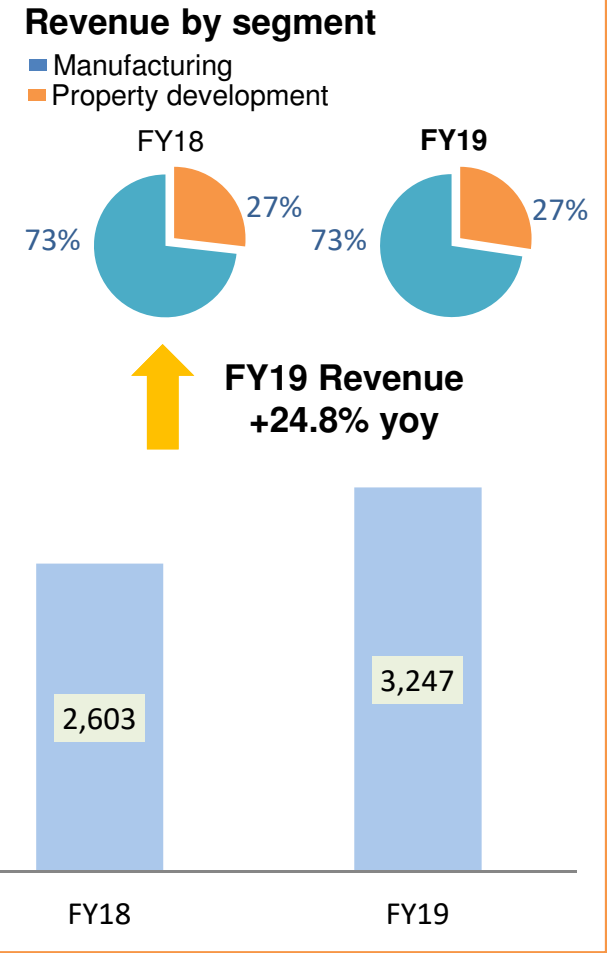
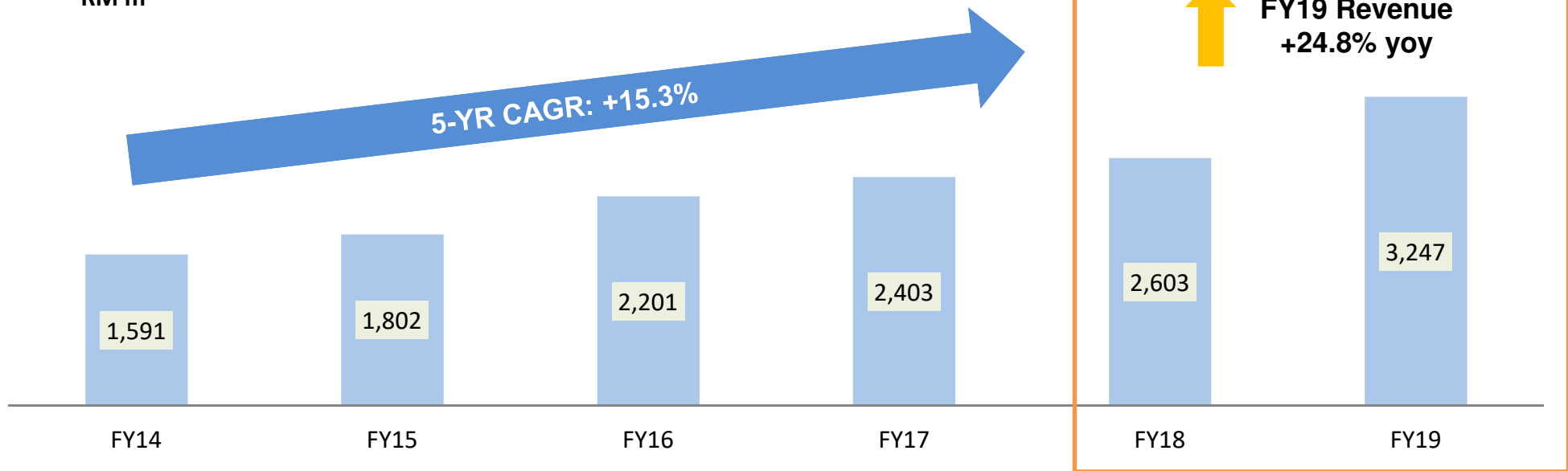
# FINANCIAL PERFORMANCE

**FY19's revenue grew significantly quicker compared to past 5 years on expanded manufacturing and property development activities...**

❖ **FY19 revenue increased 25% on higher contribution from manufacturing and property segments**

### Group revenue

RM'm



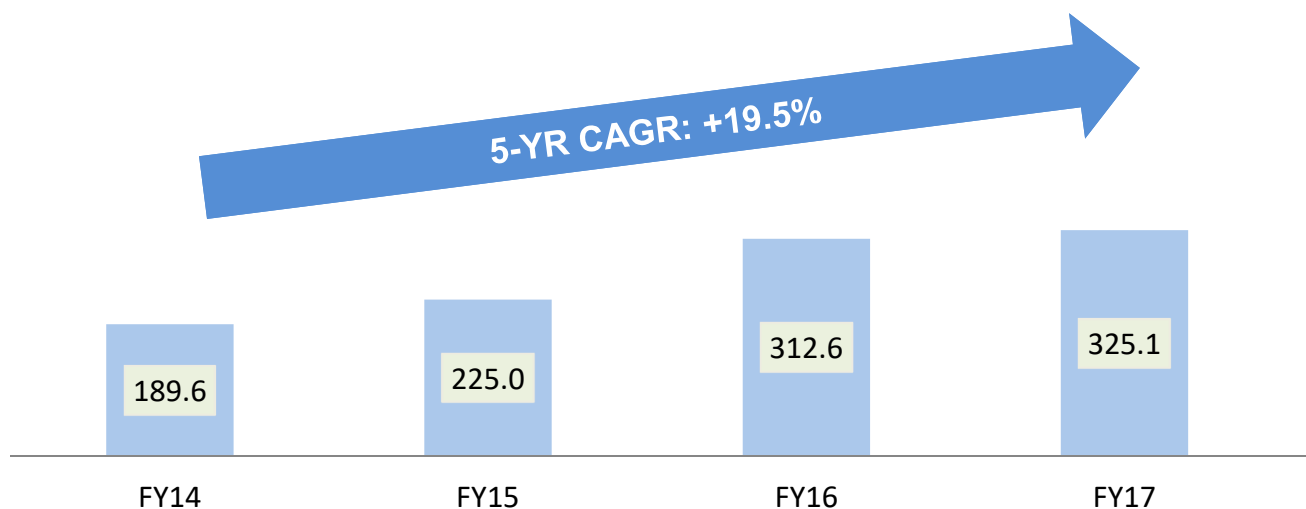
## Revenue Performance

# FY19 operating profit leaps on enhanced margins and utilization in manufacturing segment as well as increased sales of affordable properties...

- ❖ FY19 operating profit increased 29.2% due to:
  - ❖ Better manufacturing sales performance from organic growth and new acquisitions, and higher plant utilisation
  - ❖ Steady progress billings for ongoing projects and achieving targeted property launches of RM1.1b

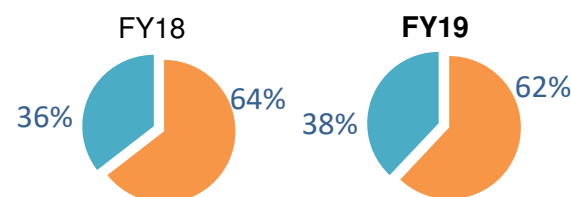
## Group operating profit

RM'm

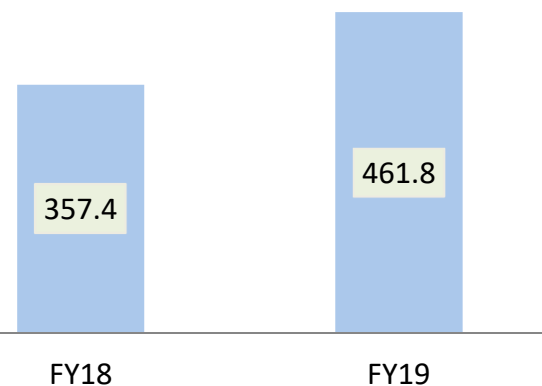


## Operating profit by segment

- Manufacturing
- Property development



↑ FY19 Op. Profit +29.2% yoy

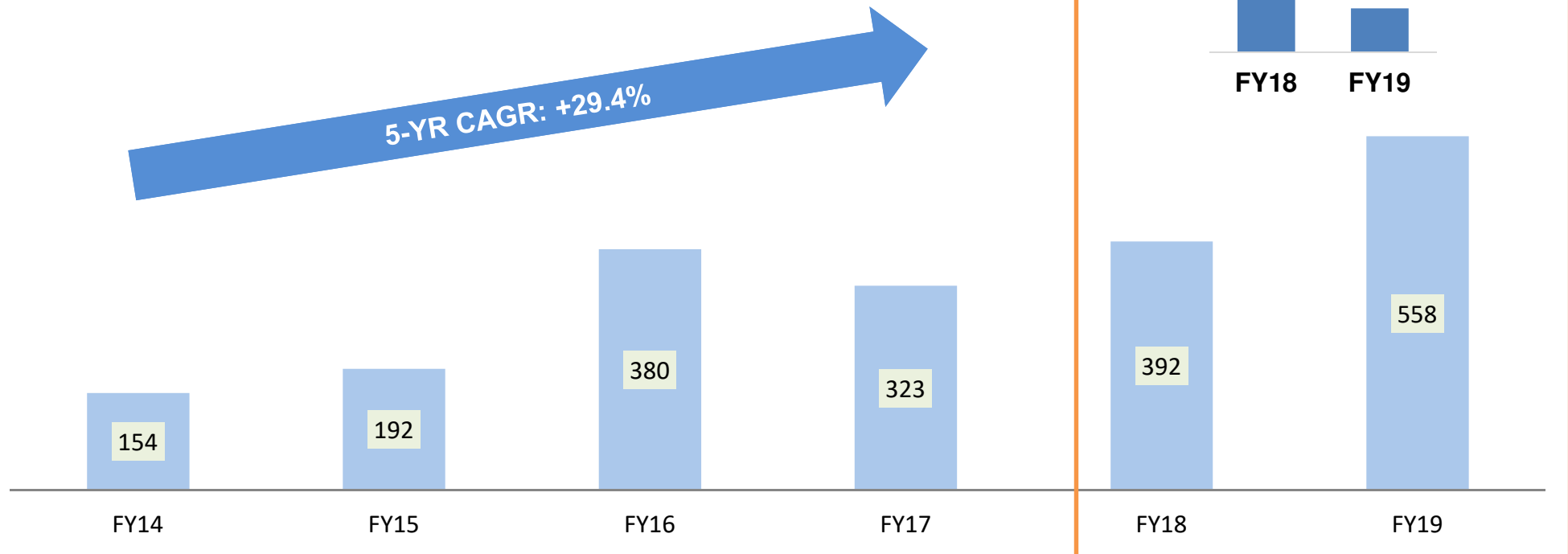


# Profit Performance

Annual operating cash flow increases substantially to more than RM500 million on efficiency measures...

## Net cash from operations

RM'm



## Cash Flow

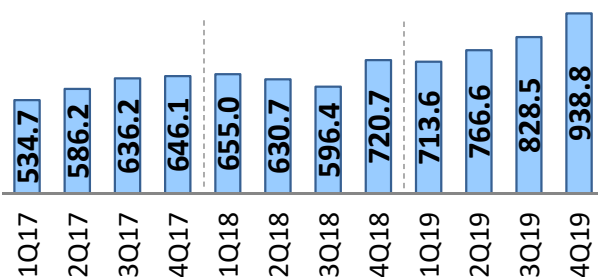
## 4Q19 profit catapults on higher sales and favourable product mix in manufacturing and property development segments... record FY19 performance sets strong base

4Q19	4Q18	Change	RM'mil	FY19	FY18	Change
938.8	720.7	30.3%	<b>Revenue</b>	3,247.4	2,602.8	24.8%
179.2	101.2	77.0%	<b>Operating Profit</b>	461.8	357.4	29.2%
206.3	124.2	66.1%	<b>EBITDA</b>	558.4	437.1	27.7%
176.6	99.9	76.7%	<b>PBT</b>	450.6	354.7	27.0%
133.4	83.0	60.8%	<b>PATMI</b>	333.7	284.5	17.3%
25.89	16.97	52.6%	<b>Basic EPS (sen)</b>	66.66	58.50	13.9%
19.1%	14.0%	5.0 pt	<b>OP margin</b>	14.2%	13.7%	0.5 pt
22.0%	17.2%	4.7 pt	<b>EBITDA margin</b>	17.2%	16.8%	0.4 pt
18.8%	13.9%	4.9 pt	<b>PBT margin</b>	13.9%	13.6%	0.2 pt
14.2%	11.5%	2.7 pt	<b>Net margin</b>	10.3%	10.9%	(0.7 pt)

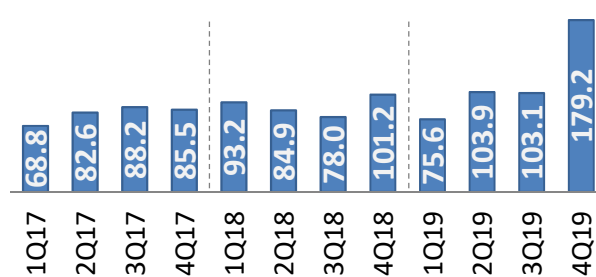
- FY19 revenue and profit growth led by higher sales at manufacturing segment, and new contribution from KHPI and Daiboichi; as well as increased property sales on new and ongoing projects
- 4Q19 profit rose at quicker pace on enhanced manufacturing product mix and margins, as well as plant utilisation rate; new project launches and strong take up rates

\*percentages presented might not reflect absolute figures due to rounding

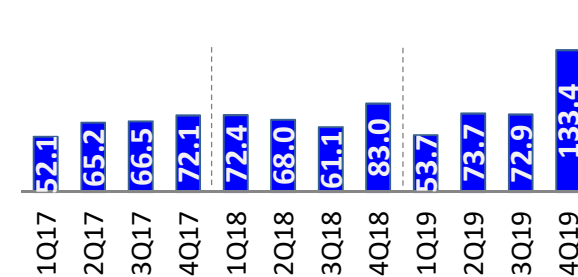
Quarterly Revenue (RM 'mil)



Quarterly Operating Profit (RM 'mil)



Quarterly PATMI (RM 'mil)



## Income Statement Summary

# Strong operational cashflow to contribute towards reduced gearing and fund future plans...

Balance Sheet (RM '000)	As at 31.7.2019	As at 31.7.2018	Remarks
Property, Plant & Equipment	1,247,750	1,150,608	Due to acquisition of Daibochi and new machineries for manufacturing division
Investment Property & Other Investments	37,170	24,508	
Land Held & Property Development Costs	1,106,178	1,076,903	Due to enlarged property development activity
Investment in Jointly Controlled Entity & Associated Company	83,634	61,636	
Inventories	321,168	263,561	Due to acquisition of Daibochi
Trade & Other Receivables	734,890	543,391	Due to enlarged manufacturing business and deposit for CAPEX
Cash & Bank Balances	257,644	172,316	
Deferred Tax Assets	25,344	33,337	
Intangible Assets	293,703	59,030	Goodwill arising from Daibochi acquisition
<b>TOTAL ASSETS</b>	<b>4,107,481</b>	<b>3,385,290</b>	
Trade & Other Payables	597,225	525,870	In line with enlarged manufacturing business
Borrowings (ST + LT)	973,814	934,311	In line with enlarged manufacturing business
Tax & Deferred Tax	101,055	74,415	
Shareholders' Equity	2,225,018	1,749,605	Higher retained earnings; increased share capital from Daibochi acquisition
Retirement Benefits Obligations	36,434	31,116	
Minority Interest	173,935	69,973	Mainly due to Daibochi acquisition
Net Tangible Assets / Share (RM)	3.75	3.46	
Net Gearing	0.32x	0.44x	Substantially reduced gearing despite acquisition trail
<b>TOTAL LIABILITIES</b>	<b>1,708,528</b>	<b>1,565,712</b>	

## Balance Sheet (Highlights)



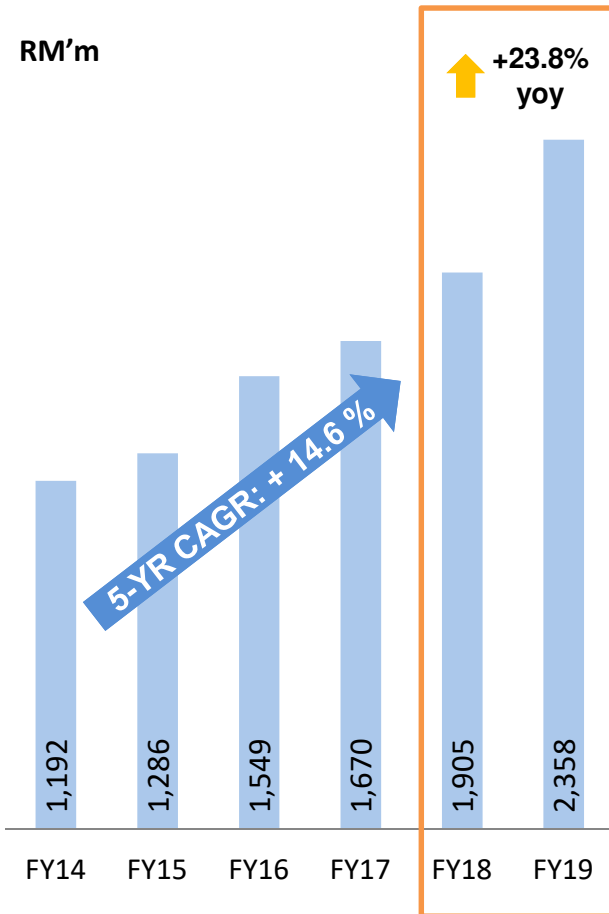
# MANUFACTURING REVIEW



# FY19 manufacturing segment boosted by higher sales at existing businesses as well as newly-acquired business... higher utilisation rate across all plants

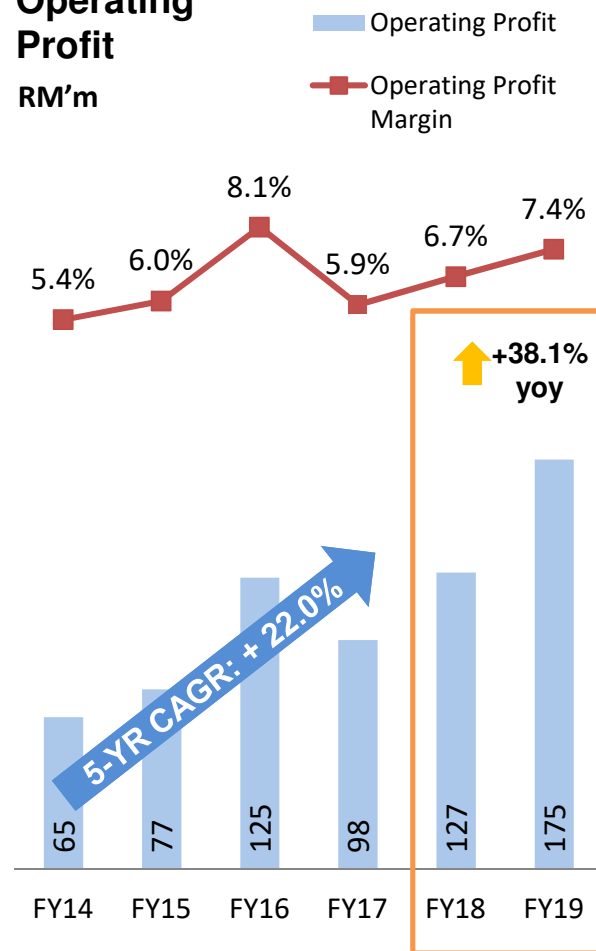
## Revenue

RM'm



## Operating Profit

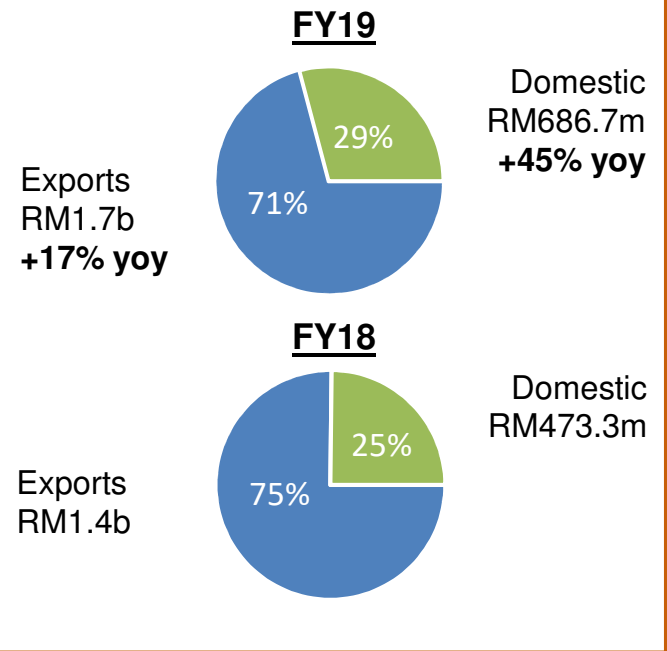
RM'm



## Revenue

(by geography)

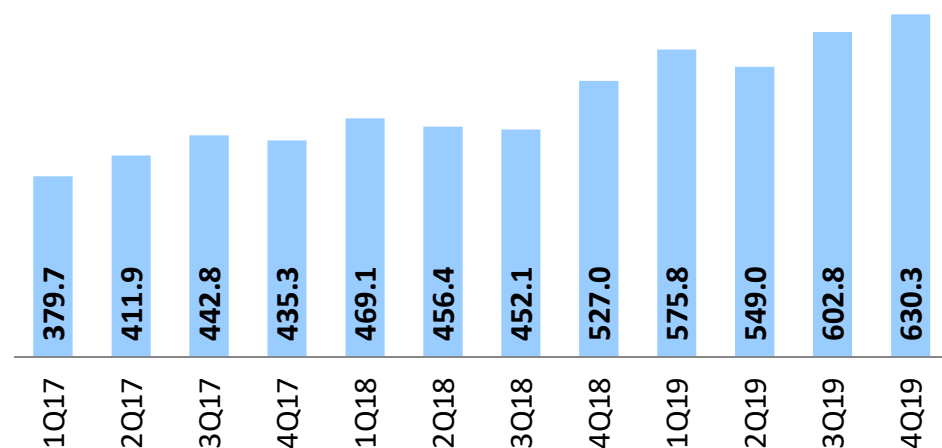
Overseas  
Malaysia



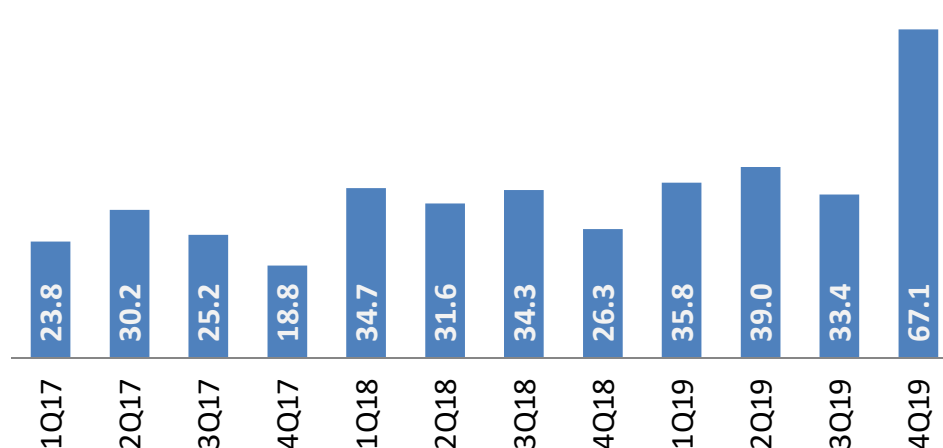
# Segment Performance: Manufacturing

## Long term growth supported by expanded manufacturing capacity...

**Revenue**  
(Quarterly)



**Operating Profit**  
(Quarterly)



### 19 Manufacturing Plants

#### Stretch Film

USA, Phoenix – Stretch Film  
Selangor, Klang – Stretch Film  
Selangor, Pulau Indah – Stretch Film

#### Custom Film

Perak, Sungai Siput – PE Film & Bag  
Perak, Chemor – FFS Bag  
Selangor, Rawang – PE Film & Bag  
Selangor, Klang – PE Shrink Film  
Selangor, Klang – Agricultural Film  
Selangor, Pulau Indah – BOPP Film  
Melaka, Tanjung Kling – CPP & MCPP Film  
Jasin, Melaka – CPP & MCPP

#### Specialty Products

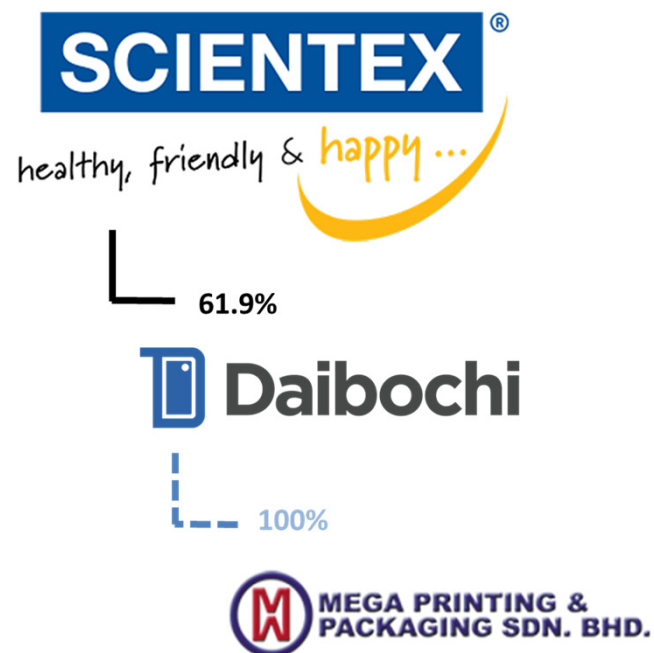
Vietnam, Ho Chi Minh – Woven Bag & Raffia  
Selangor, Shah Alam – Automotive Interior  
Selangor, Pulau Indah – PU Adhesives  
Melaka, Bukit Rambai – Solar Encapsulant  
Melaka, Tanjung Kling – PP Strapping Band

#### Converting

Yangon, Myanmar  
Air Keroh, Melaka  
(Teluk Emas, Melaka  
(MPP)

## Growth Plans: Manufacturing

## Scientex continues to grow as a prominent FPP manufacturer in the F&B and FMCG sectors...



- ❖ On 19 February 2019, Scientex completed the acquisition of a 42.4% controlling stake in Daibochi
- ❖ On 1 April 2019, Scientex held a 61.9% stake in Daibochi upon completion of a mandatory take-over offer
- ❖ On 5 August 2019, Daibochi completed the acquisition of 100% equity interest in Mega Printing & Packaging Sdn Bhd (MPP)

## Growth Plans: Manufacturing

## MPP expands Daibochi's clientele to cover two distinct market segments...



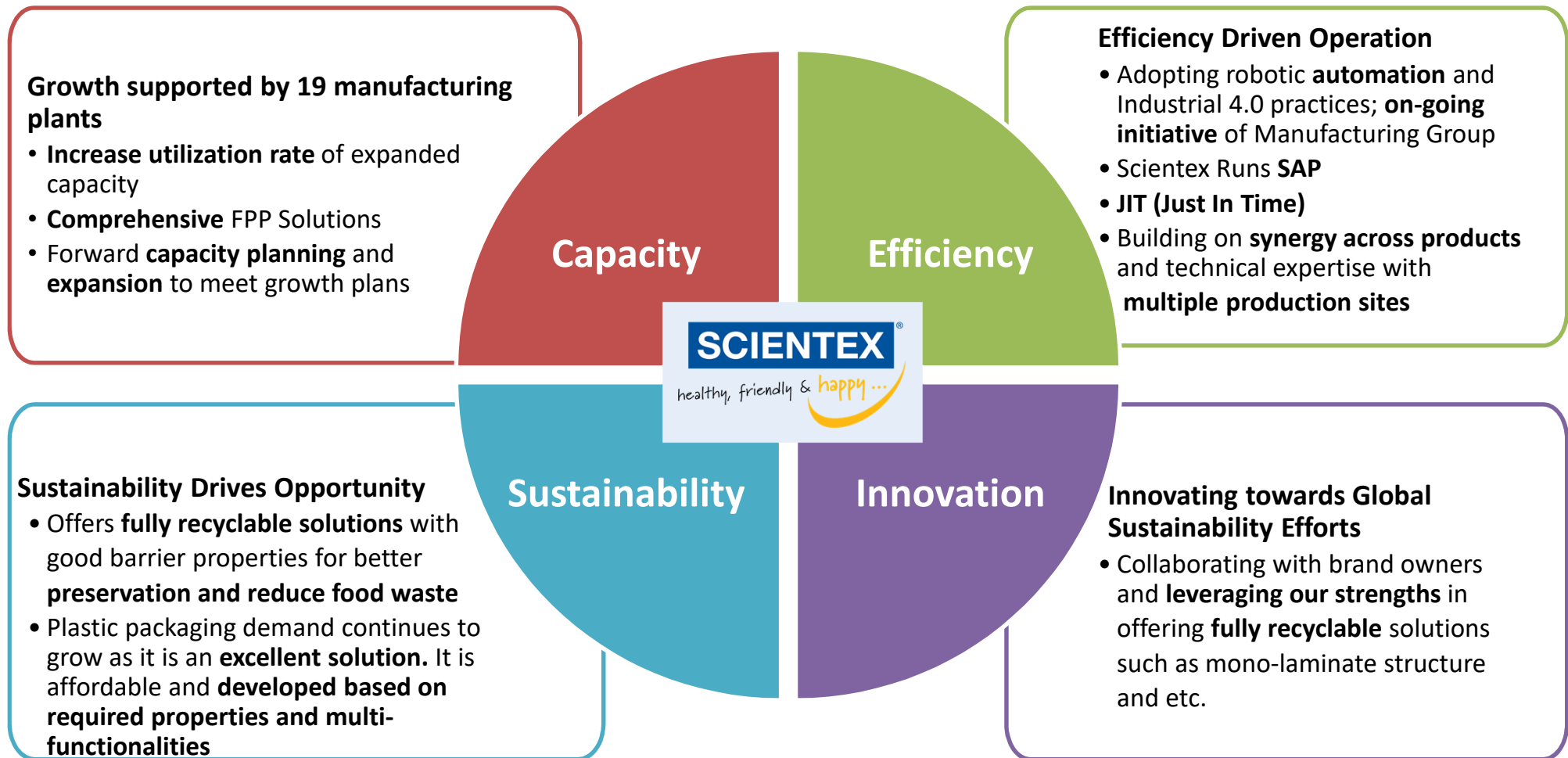
- Value-added packaging
- Operation Set Up for:
  - Stringent international food safety certifications
  - High performance solutions
  - Premium quality
  - Many SKUs
  - 770 employees



- Cost-effective packaging
- Operation Set Up for:
  - Lean operating model
  - Price sensitive solutions
  - High quality
  - Few SKUs
  - 266 employees

## Growth Plans: Manufacturing

# Synergistic production capabilities and continued innovation through R&D... increasing utilization rate and pursuing sustainability goals



## Growth Strategies: Manufacturing



# PROPERTY DEVELOPMENT REVIEW

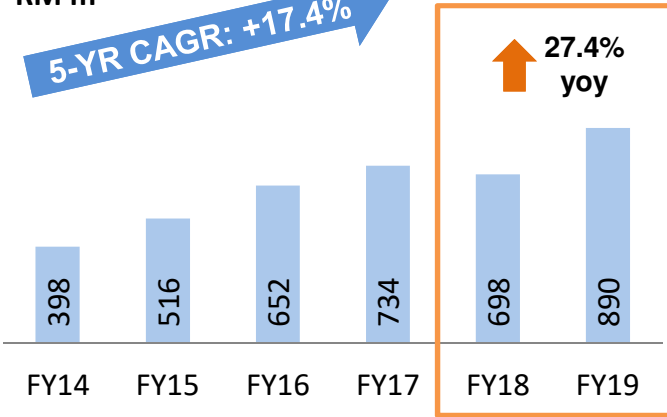
# Group's property launches continuing to fulfill high demand for affordable homes across Peninsular Malaysia...

## Revenue

(Annual)

RM'm

5-YR CAGR: +17.4%

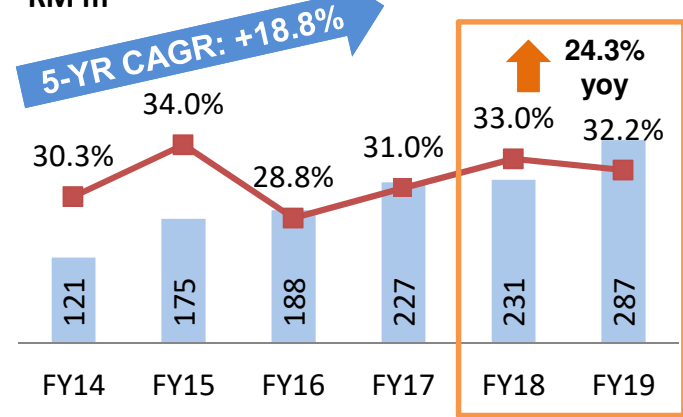


## Operating Profit

(Annual)

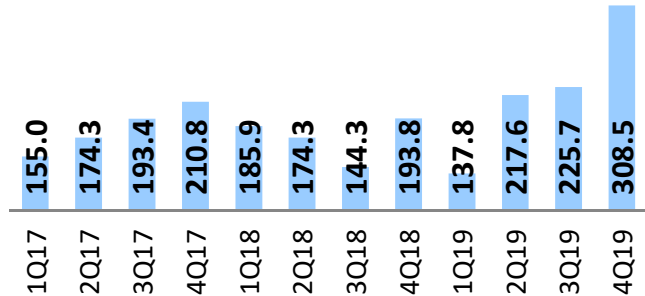
RM'm

5-YR CAGR: +18.8%



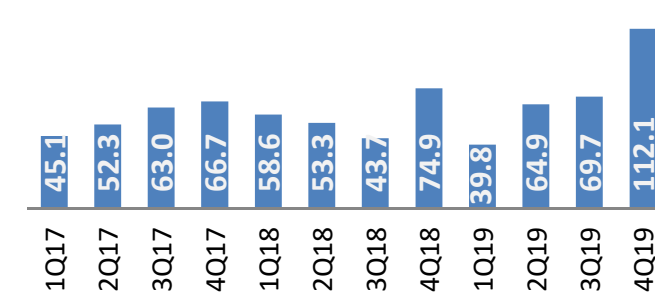
## Revenue

(Quarterly)



## Operating Profit

(Quarterly)



## RM1.1b GDV

FY19 new property launches

- 3,244 units across 17 launches



Targeting

## RM1.3b GDV

new property launches in FY20

- 4,900 units across 22 launches

# Segment Performance: Property Development

## Scientex continues cross-border growth strategy with first Penang land purchase... sufficient landbank to last for more than 10 years

### Land acquisitions in 2019

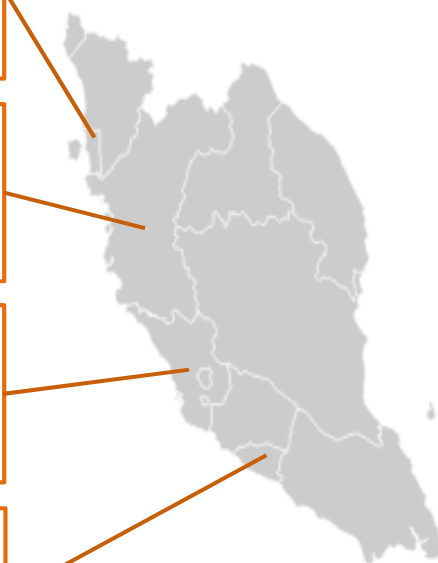
Location: **Penang (Tasek Gelugor)**  
 Size: 179.7 acres  
 Cost: RM109.6 mil  
 Acquired: **1H CY2020 (est. completion)**

Location: **Ipoh (Meru)**  
 Size: 22.8 acres  
 Cost: RM30.4 mil  
 Acquired: **2H CY2019 (est. completion)**

Location: **Rawang (Kundang Jaya)**  
 Size: 166.5 acres  
 Cost: RM123.3 mil  
 Acquired: **1H CY2020 (est. completion)**

Location: **Melaka (Jasin)**  
 Size: 157.8 acres  
 Cost: RM75.6 mil  
 Acquired: **2H CY2020 (est. completion)**

Peninsular Malaysia



### Enlarged development profile

Jan 2019

**Current**

16  
developments

**19  
developments**

RM17.8B  
GDV

**RM22.0B  
GDV**

3,265  
acres

**3,795  
acres**

## Growth Plans: Property Development



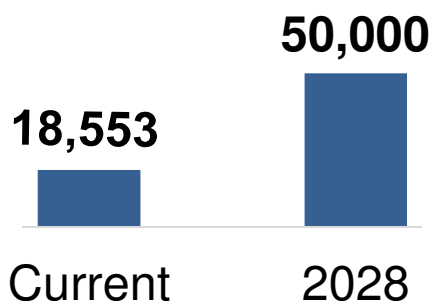
## Property segment aims to capture vast demand for affordable homes in Malaysia...



### Vision 2028

- ❖ To deliver **50,000** affordable homes to the public by 2028

Number of affordable homes built



### Growth Strategies

- ❖ Focused on affordable housing developments
- ❖ Core Principles are Speed, Cost and Quality
- ❖ Continue to explore landbank expansion
- ❖ Targeting RM1.3 billion new launches in FY2020
  - ❖ 4,900 units across 22 launches

## Growth Strategies: Property Development



# INVESTMENT MERITS

# A high-growth proposition all-round... attractive proxy to the burgeoning packaging sector and Malaysia's affordable property market

## Regional leader in total solutions for packaging

- Among top producers of FPP in the world from stretch film to custom films such as BOPP, PE and CPP films for laminated packaging products
- Scientex's acquisition of Daibochi positions the Group as one of the very few FPP players that are capable of achieving circular chain of plastic economy
- Targeting RM8b in revenue by 2028

## Property division grows strength to strength

- A leading player in affordable housing in the country
- Most projects achieve overwhelming take-up within 6 months
- Expanded into Klang Valley and Northern region to tap into sizeable demand for affordable homes
- Ongoing & future GDV stands at RM12.8b

## Growth-centric management with global mindset

- Excellent track record in executing expansion plans both locally and overseas
- Successfully undertaken acquisitions of Great Wall Plastics, Seacera Polyfilms, Mondi Ipoh, and KHPI; recently completed acquisition of Daibochi a key piece of puzzle in a circular chain economy
- Presence in US, Vietnam, Malaysia, Myanmar, Australia, Japan, Indonesia and Singapore; exports to over 60 countries, and growing

## Dividend Policy

- Consistently paid dividend since 2001
- 30% dividend payout policy effective 2011

### Valuations @ 24 Sept 2019

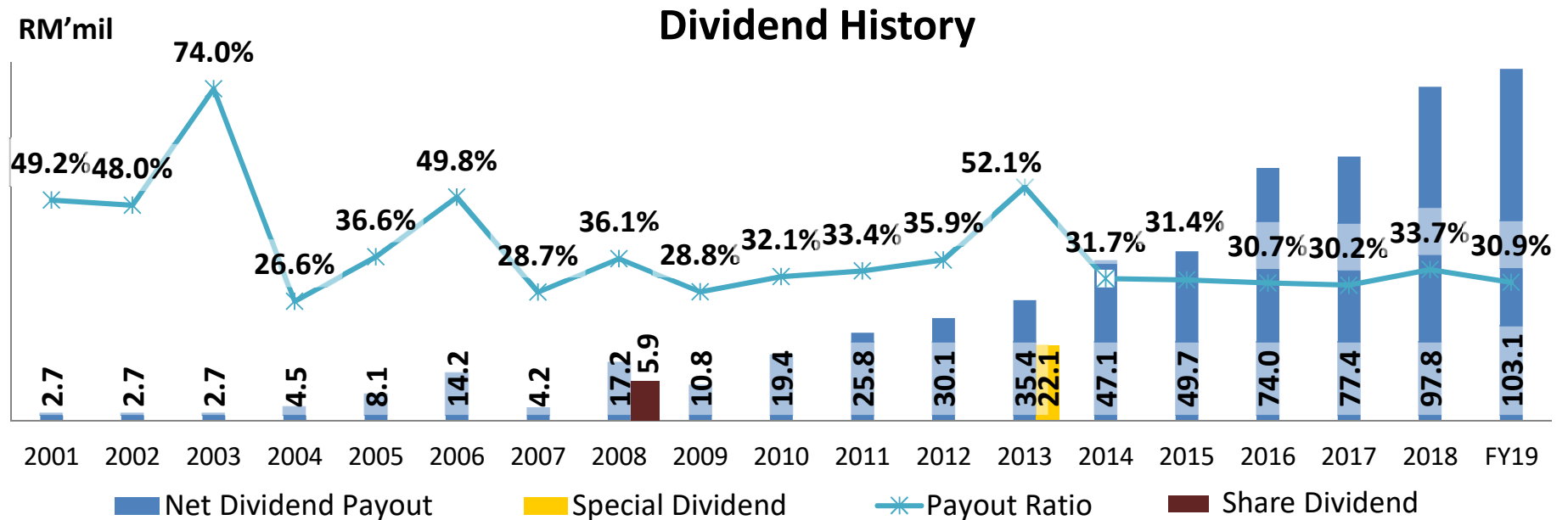
Share Price (RM)	8.62
Market Cap (RM 'mil)	4,441.6
Market Cap (USD 'mil)	1,070.3
PE (ttm)	13.3
EV/EBITDA (ttm)	9.5
FY19 Dividend Yield	2.3%

### Share Price Performance (24 Sept 2018 to 24 Sept 2019)



# Investment Merits

# Proposed final dividend of 10 sen per share in respect of FY2019...



- **FY2018 Dividend:** Total Dividend of 20 sen
- **FY2019 Dividend:**
  - Paid interim dividend of 10 sen per share on 23 July 2019
  - Proposed final dividend of 10 sen per share subject to shareholders' approval

**Dividend Policy:**  
**Minimum 30% of Net Profit**  
 (effective FY2011)

## Dividend History



# Thank You

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