

Higher sales drive Scientex's 2QFY20 earnings up 32%

SCIENTEX Bhd's earnings for the second quarter ended Jan 31, 2020 (2QFY20), rose 32.2% year-on-year (YoY) to RM97.47 million from RM73.75 million the year prior, driven by higher sales and favourable product mix in the manufacturing segment, as well as increased property development billings.

Quarterly revenue was up 19.3% YoY at RM914.38 million versus RM766.59 million previously, mainly on better sales from the manufacturing and property divisions, the industrial packaging manufacturer told Bursa Malaysia yesterday.

The group's manufacturing revenue rose 20.1% to RM659.4 million from RM549 million in the preceding year, contributed by higher sales volume and contributions from the acquired conver-

ting businesses of Daibochi Bhd and Mega Printing & Packaging Sdn Bhd.

"Operating profit increased from RM39 million to RM65.2 million mainly due to an increase in sales, as well as better sales mix and production efficiency," it said.

Meanwhile, the property segment saw revenue of RM255 million, up 17.2% from RM217.6 million previously.

In tandem with the higher sales achieved, operating profit for the sector increased from RM64.9 million to RM75.6 million.

"The better performance in revenue and operating profit were mainly contributed by better sales and steady progress billing from our existing projects in Johor, Melaka, Selangor and Perak, in addition to the maiden contribution from Taman Pulau Mutiara 2

in Johor," the group said.

The flexible plastic packaging manufacturer has expanded its manufacturing footprint in South-East Asia and the US, Scientex CEO Lim Peng Jin said.

"We are also driving sustainable growth via capacity expansions, as well as enhancing our products and solutions capabilities across the manufacturing value chain," he added.

The group has also built affordable homes in townships in various states, having delivered more than 18,500 units to date.

"We have continued to acquire new land plots to support our future growth and bring the Scientex brand to various states in Peninsular Malaysia, and target to launch our maiden project in Penang and Kundang Jaya (Selangor) in the second half of

2020 (2H20)," Lim said.

For the 1H ended Jan 31, 2020 (1HFY20), the firm's net profit jumped 40.1% YoY to RM178.44 million from 127.41 million a year ago while revenue increased 21% YoY to RM1.79 billion from RM1.48 billion previously.

Scientex purchased 455 acres (184.13ha) of new land parcels in 1HFY20 for RM302.5 million, comprising 86 acres in Kota Tinggi, Johor, 166 acres in Kundang Jaya, Selangor, 23 acres in Meru, Perak, and 180 acres in Tasek Gelugor, Penang.

Going forward, the group is expected to register sustainable growth in FY20 ending July 31, on stable demand for its manufacturing segment.

It is also on track to launch properties worth RM1.1 billion in gross development value this financial

year, growing from RM447.5 million worth of launches in 1HFY20.

Bank Negara Malaysia's move to cut the Overnight Policy Rate twice this year will also support housing sales, Lim added.

He said the group remains committed to building more affordable homes and would continuously work towards maintaining competitive pricing through cost optimisation.

"For instance, the standardisation of our building designs enables us to complete larger volumes of affordable homes at a quicker pace and lower costs, thus reinforcing our efforts in making homeownership affordable for the masses," he said.

Shares of Scientex closed 4.8% or 41 sen higher at RM8.92 yesterday, valuing the company at RM4.6 billion. — by SHAZNI ONG