

# Scientex 2Q net profit up 32% to RM97.5m on higher sales

It is driven by higher sales, a favourable product mix in the manufacturing segment

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KUALA LUMPUR: Scientex Bhd's net profit for the second quarter ended Jan 31, 2020 (2QFY20) rose 32.18% to RM97.47 million, from RM73.75 million a year earlier, driven by higher sales and a favourable product mix in the manufacturing segment, as well as higher property development billings.

Earnings per share (EPS) increased to 18.91 sen from 15.08 sen, the packaging manufacturer and property developer said in a filing with Bursa Malaysia.

Quarterly revenue grew 19.28% to RM914.38 million, from RM766.59 million for 2QFY19.

The group's manufacturing revenue increased 20.1% to RM659.4 million, from RM549 million a year ago, on the back of higher sales volume and its newly-acquired converting business. Segmental operating profit rose to RM65.2 million, from RM39 million, due to higher sales, a better sales mix and greater production efficiency.

For its property segment, quarterly revenue rose 17.2% to RM255 million, from RM217.6 million for 2QFY19. Operating profit for the property development segment grew to RM75.6 million from RM64.9 million.

Scientex said the better earnings for the segment were contributed by better sales and steady progress billings from existing projects in Johor, Melaka, Selangor and Perak in addition to the maiden contribution from the Taman Pulai Mutiara 2 project in Johor.

For the first six months of FY20, the group said its net profit increased 40.05% to RM178.44 million from RM127.41 million for the previous corresponding period, with the EPS rising to 34.62 sen from 26.06 sen.

Half-year revenue rose 21.05% to RM1.79 billion from RM1.48 billion previously.

Scientex chief executive officer Lim Peng Jin said in a statement that the group has built a formidable manufacturing base that produces a comprehensive range of flexible plastic packaging (FPP) essential to many industries worldwide.

It has also significantly expanded the company's manufacturing footprint in Southeast Asia and the US, he said.

Lim said Scientex expects to register sustainable growth in the performance of its manufacturing segment in the current year on stable demand.

"That said, we are closely monitoring developments of Covid-19 which poses uncertainties in global markets, and remain focused on our long-term strategy to enhance production efficiency," he said.

For its property business, Lim said the group has had considerable successes in building affordable homes via its townships in various states, and has delivered more than 18,500 units so far.

"We have continued to acquire new land 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 (Rawang, Selangor) in the second half of 2020," Lim said.