

Scientex Q2 earnings up on improved sales

Group expects sustainable growth for remaining financial year

KUALA LUMPUR: Scientex Bhd posted a strong set of results in the second quarter ended Jan 31, 2020 with net profit up 32.2% to RM97.47mil.

It expects sustainable growth for the remaining financial year.

In a statement, the packaging manufacturer and property developer said net profit was higher from the RM73.74mil achieved a year ago, driven by improved sales and favourable product mix in the manufacturing segment, as well as increased property development billings.

Its revenue increased by 19.3% to RM914.38mil from RM766.58mil a year ago while earnings per share were at 18.91 sen compared with 15.08 sen previously.

It noted that revenue from the manufacturing segment grew 20.1% to RM659.40mil in the quarter under review from RM549mil previously, boosted by higher sales volume of flexible plastic packaging (FPP) and contributions from the acquired converting businesses of Daibochi Bhd and Mega Printing & Packaging Sdn Bhd (MPP).

Its property development recorded RM255mi in revenue, an increase of 17.2%

from RM217.60mil a year ago.

The better performance was due to growth in sales of affordable properties, steady progress billings from existing affordable township developments in various states in Malaysia, and maiden contribution from the newly launched Taman Pulau Mutiara 2.

In the first half, its net profit rose 40% to RM178.43mil from RM127.41mil in the previous corresponding period while revenue increased 21% to RM1.79bil from RM1.48bil previously.

According to CEO Lim Peng Jin, the group has built a formidable manufacturing base that produces a comprehensive range of FPP essential to many industries worldwide and have significantly expanded its manufacturing footprint in South-East Asia and the US.

He pointed out that the group has been successful in building affordable homes for the Malaysian population via its townships in various states and has delivered about 18,500 units.

"We have continued to acquire new land to support 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," he added.

In the first half, Scientex purchased 455 acres for RM302.50mil. They comprised 86 acres in Kota Tinggi, Johor, 166 acres in Kundang Jaya, 23 acres in Meru, Perak, and 180 acres in Tasek Gelugor, Penang.

"We expect to register sustainable growth in the performance of our manufacturing segment in financial year 2020 (FY20) on stable demand. That said, we are closely monitoring the development of Covid-19 which poses uncertainties in global markets and remain focused on our long-term strategy to enhance production efficiency," he said.

Lim said Scientex's affordable properties continued to benefit from the resilient demand and it is on track to launch projects with RM1.1bil in gross development value in FY20. It launched RM447.5mil worth of projects launches in the first half.

"We are committed to bringing more affordable homes to the Malaysian population and will continuously work towards maintaining competitive pricing through cost optimisation while maintaining quality standards," he added.