



(Company No.: 7867-P)

# **Corporate Presentation**

## **1H20 Corporate Update & Financial Results**

### **11 March 2020**

IR Adviser





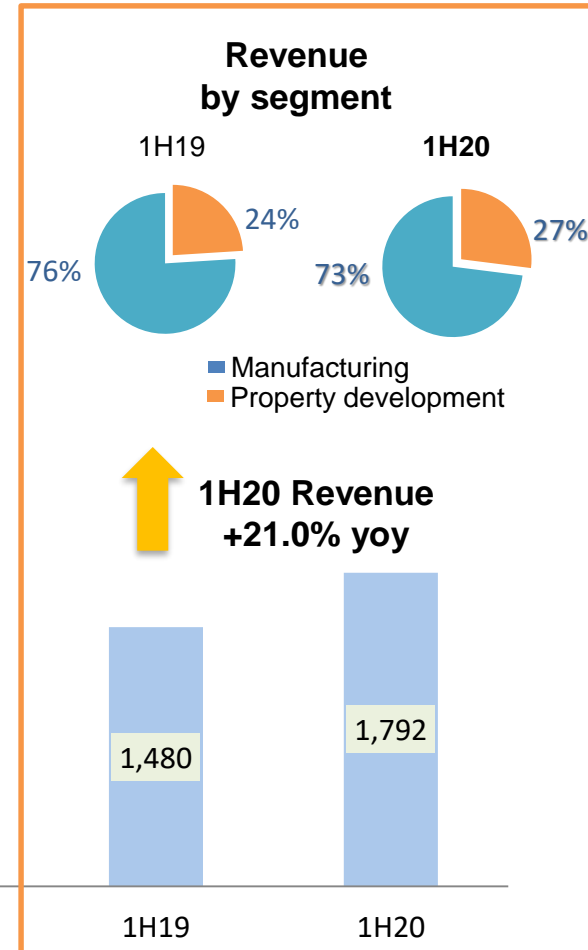
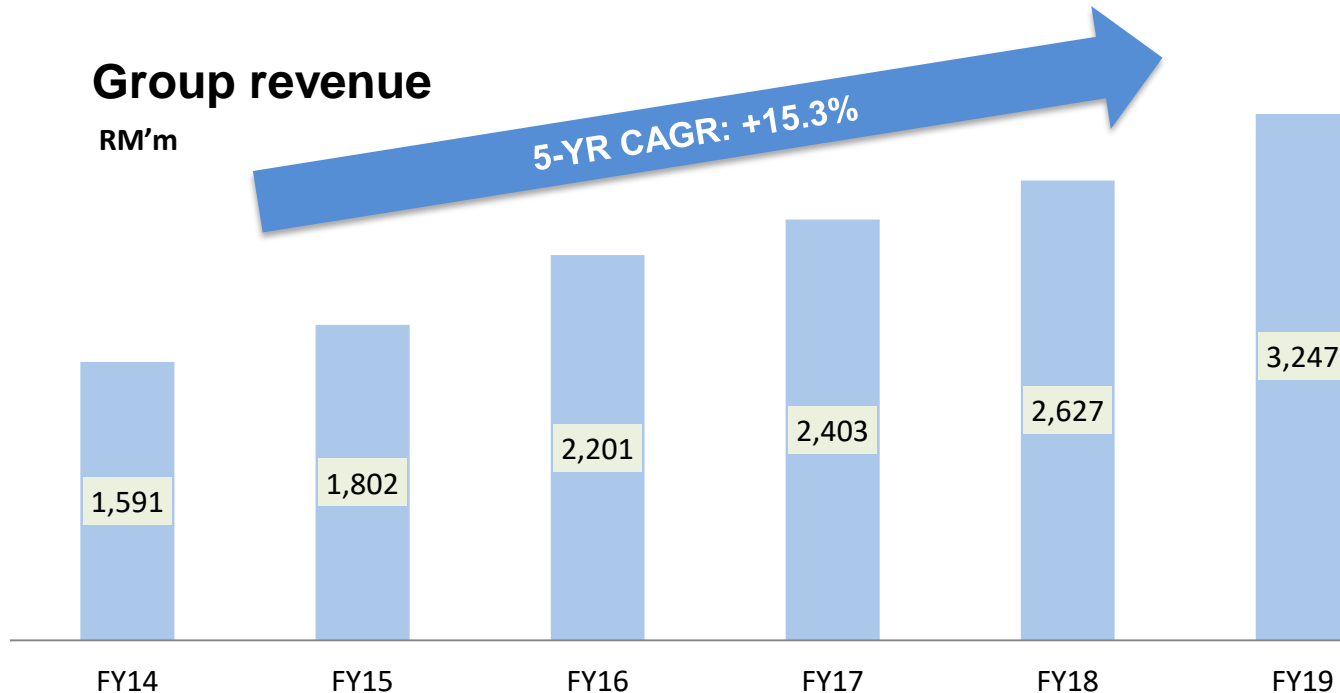
# FINANCIAL PERFORMANCE

# 21.0% topline growth on stronger contributions from manufacturing and property divisions...

- ❖ 1H20 manufacturing revenue increased 16.9% from higher sales volume and contribution from newly acquired converting businesses (Daibochi & MPP)
- ❖ Revenue from property development rose 34.0% on progress billings and sales

## Group revenue

RM'm



## Revenue Performance

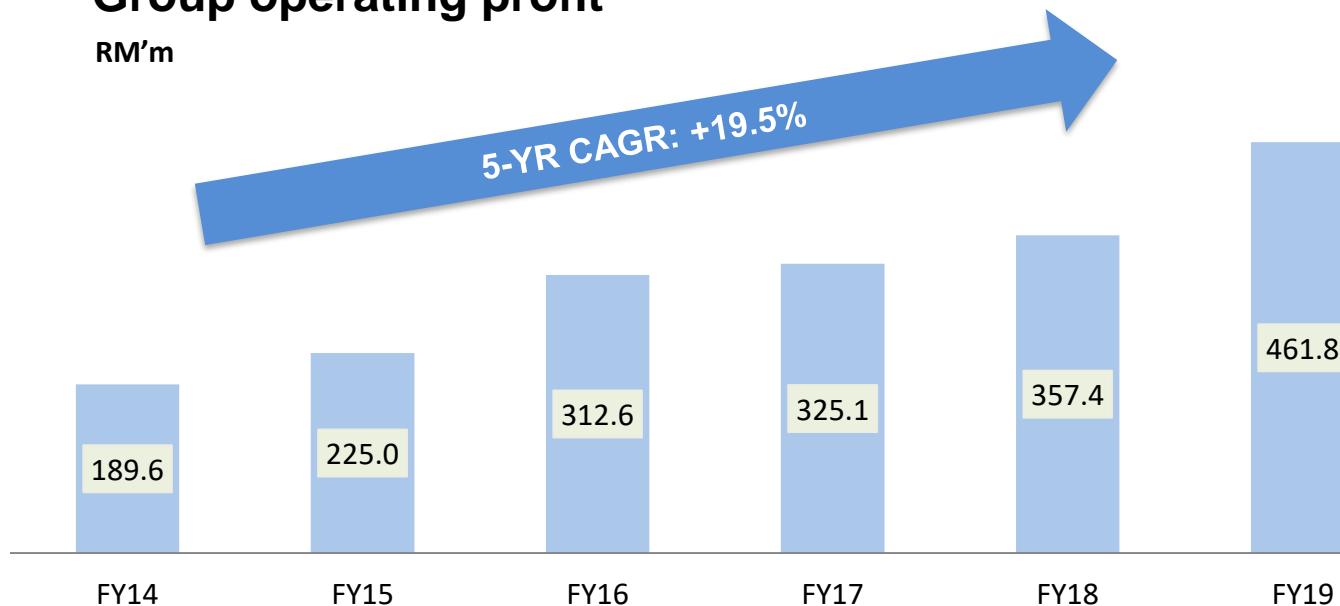
# 1H20 operating profit outpaced revenue growth on higher sales in both segments and favourable manufacturing product mix...

## ❖ Stronger growth in 1H20 operating profit due to:

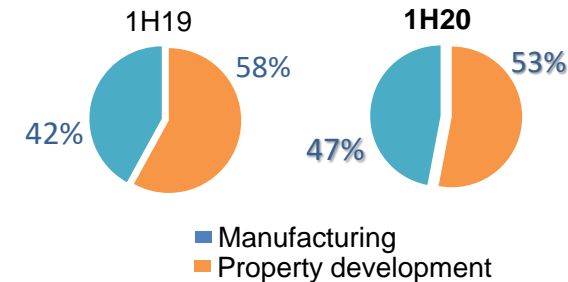
- ❖ Favourable sales mix and higher volume in manufacturing segment
- ❖ Contributions from converting businesses
- ❖ Better sales and progress billings from development projects in Johor, Melaka, Selangor and Perak

## Group operating profit

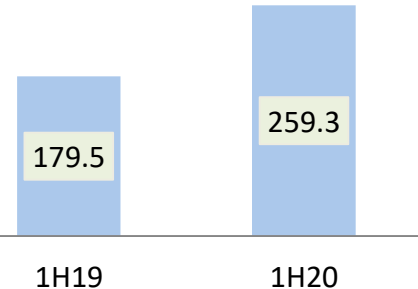
RM'm



## Operating profit by segment



**1H20 Op. Profit  
+44.5% yoy**

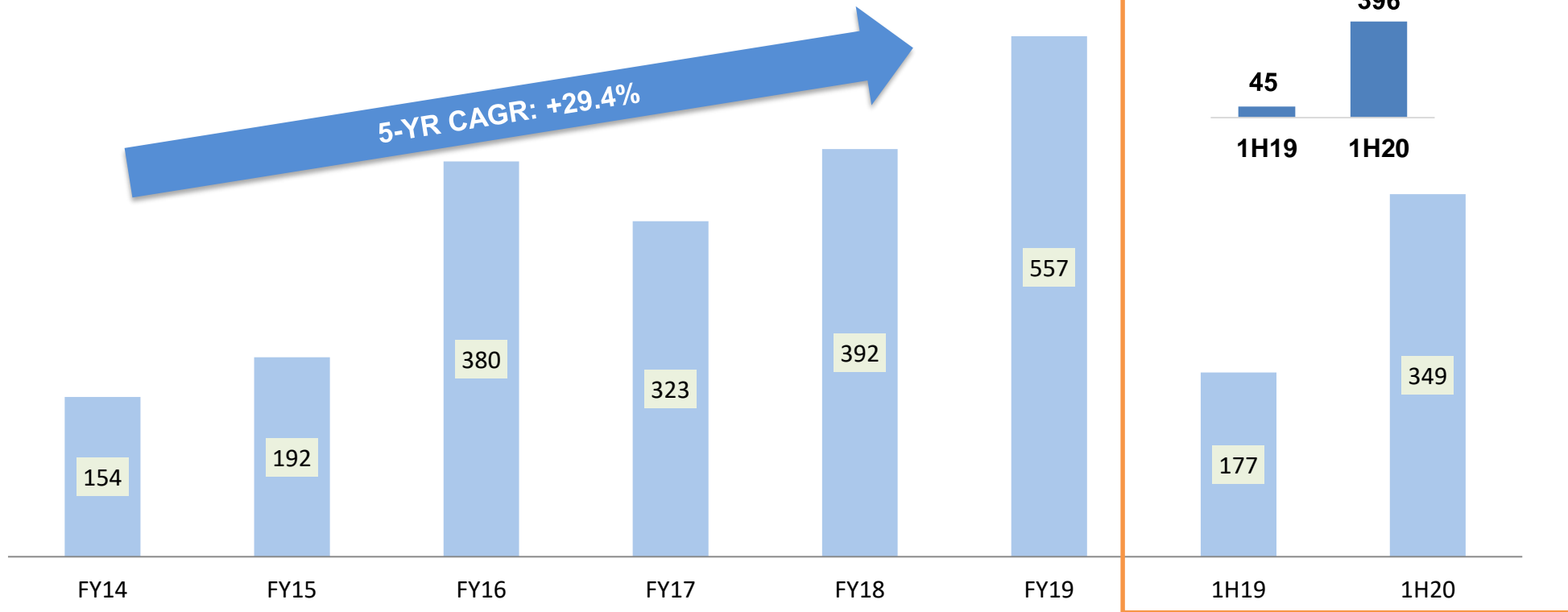


## Profit Performance

*Healthy operating cash flow despite funding expansion plans including CAPEX for machinery and landbank for future growth...*

## Net cash from operations

RM'm



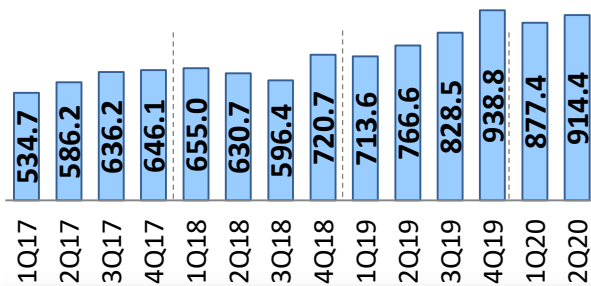
## Cash Flow

# Strong 2Q20 with double-digit growth recorded across both topline and bottomline...

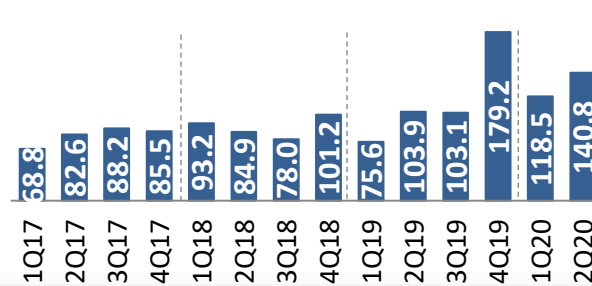
2Q20	2Q19	Change	RM'mil	1H20	1H19	Change	Remarks
914.4	766.6	19.3%	<b>Revenue</b>	1,791.7	1,480.2	21.0%	
140.8	103.9	35.5%	<b>Operating Profit</b>	259.3	179.5	44.5%	<ul style="list-style-type: none"> <li>• Topline growth in 2Q20 attributed to better sales performance from both manufacturing and property segments as well as contribution from new converting business</li> <li>• 2Q20 profitability buoyed by favourable sales mix from manufacturing segment, consistent progress billing from existing property developments and maiden contribution from Taman Pulai Mutiara 2, Johor</li> </ul>
171.2	124.9	37.1%	<b>EBITDA</b>	319.7	222.8	43.5%	
139.5	100.0	39.4%	<b>PBT</b>	255.3	172.6	47.9%	
97.5	73.7	32.2%	<b>PATMI</b>	178.4	127.4	40.0%	
18.91	15.08	25.4%	<b>Basic EPS (sen)</b>	34.62	26.06	32.8%	
15.4%	13.6%	1.8 pt	<b>OP margin</b>	14.5%	12.1%	2.3 pt	
18.7%	16.3%	2.4 pt	<b>EBITDA margin</b>	17.8%	15.1%	2.8 pt	
15.3%	13.1%	2.2 pt	<b>PBT margin</b>	14.3%	11.7%	2.6 pt	
10.7%	9.6%	1.0 pt	<b>Net margin</b>	10.0%	8.6%	1.4 pt	

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

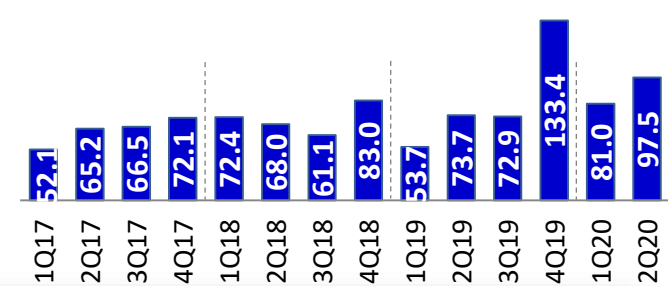
Quarterly Revenue (RM'm)



Quarterly Operating Profit (RM'm)



Quarterly PATMI (RM'm)



## Income Statement Summary

## Strong operational cashflow to fund future expansion plans...

Balance Sheet (RM '000)	As at 31.01.2020	As at 31.7.2019	Remarks
Property, Plant & Equipment	1,287,484	1,247,750	
Investment Property & Other Investments	41,170	37,170	
Right-of-use Assets	6,327	-	Adoption of MFRS 16
Land Held & Property Development Costs	1,319,400	1,106,178	On account of aggressive property development activity
Investment in Jointly Controlled Entity & Associated Company	76,736	83,634	
Inventories	269,633	321,168	
Trade & Other Receivables	746,887	734,890	
Cash & Bank Balances	177,553	257,644	Cash utilised to repay loans and borrowings
Deferred Tax Assets	25,344	25,344	
Intangible Assets	343,061	293,703	Goodwill from Daibochi's acquisition of MPP
<b>TOTAL ASSETS</b>	<b>4,293,595</b>	<b>4,107,481</b>	
Trade & Other Payables	564,761	597,225	
Borrowings (ST + LT)	1,015,858	973,814	Due to Daibochi's MPP acquisition and landbank expansion
Tax & Deferred Tax	129,087	101,055	
Lease Liabilities	7,941	-	Adoption of MFRS 16
Shareholders' Equity	2,356,657	2,225,018	Higher retained earnings
Retirement Benefits Obligations	38,361	36,434	
Minority Interest	180,930	173,935	
Net Tangible Assets / Share (RM)	3.90	3.75	
Net Gearing	0.36x	0.32x	Maintained below 0.5x
<b>TOTAL LIABILITIES</b>	<b>1,756,008</b>	<b>1,708,528</b>	

## Balance Sheet (Highlights)



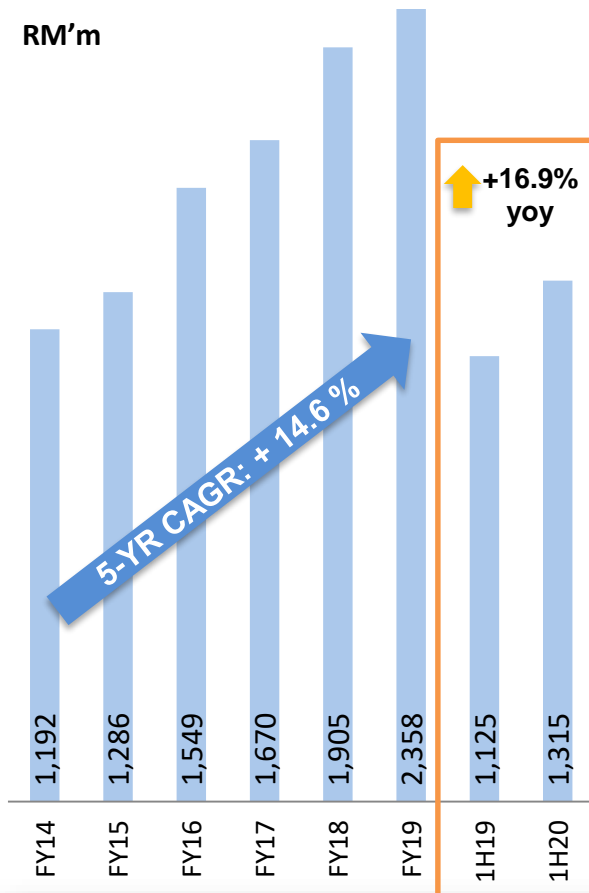
# MANUFACTURING REVIEW



**Exports the larger proportion although domestic sales growing quicker due to converting businesses... Better product mix boosts manufacturing profitability**

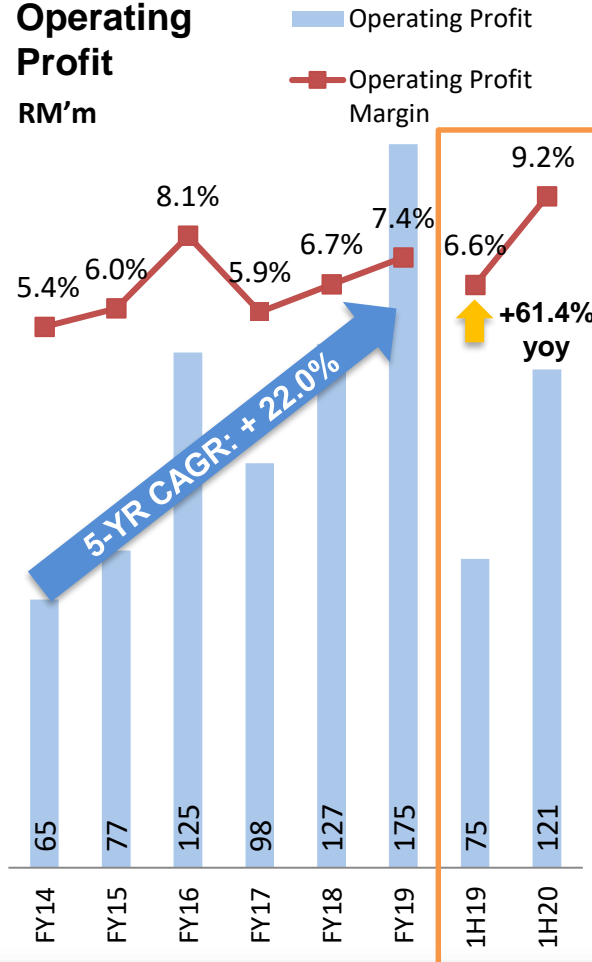
## Revenue

RM'm



## Operating Profit

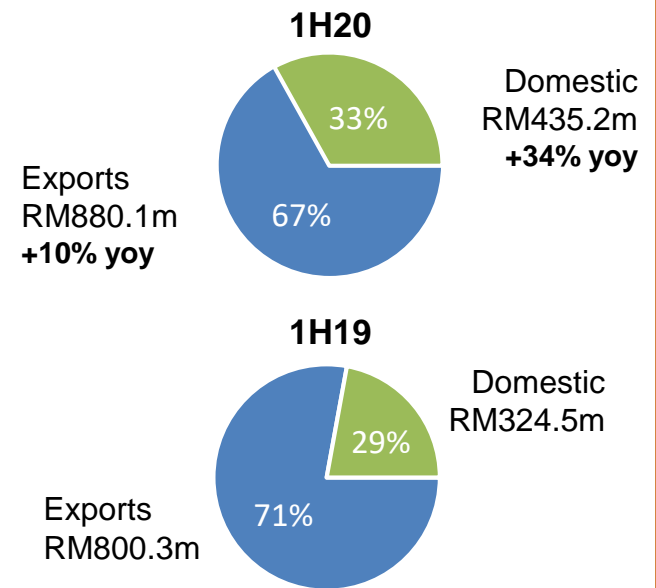
RM'm



## Revenue

(by geography)

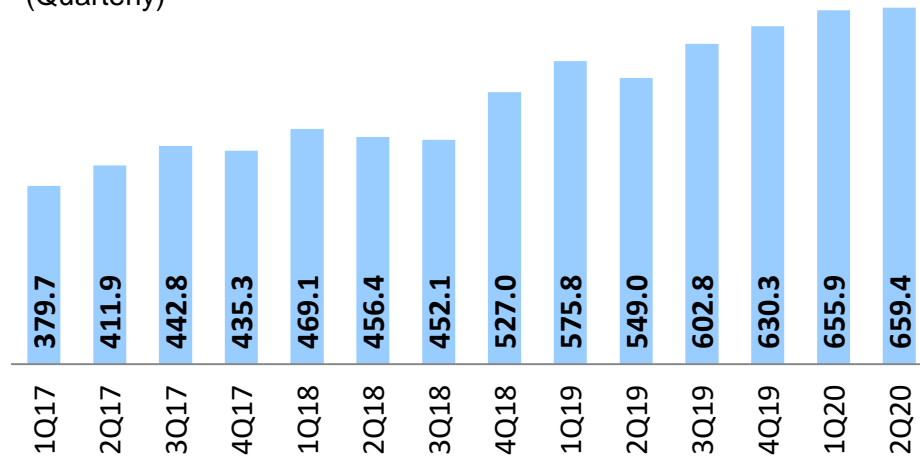
Overseas  
Malaysia



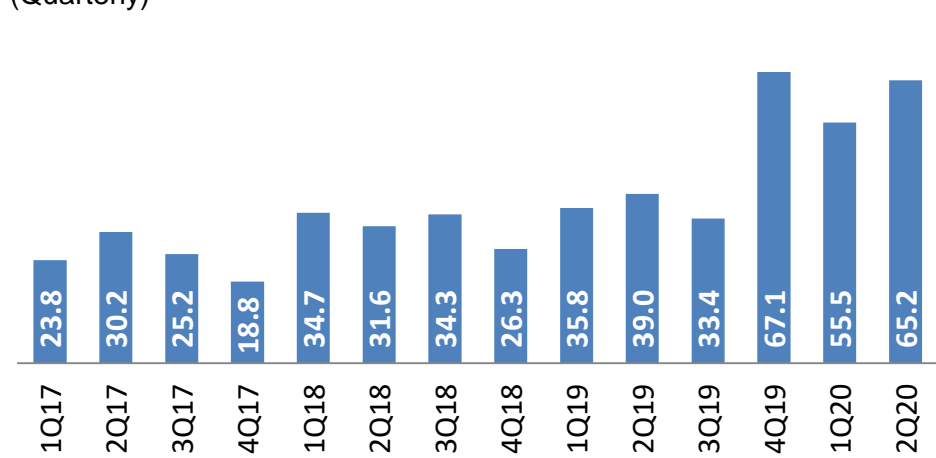
# Segment Performance: Manufacturing

# Constant revenue growth proves the success of expansion plans...

**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 & MCP P Film  
Jasin, Melaka – CPP & MCP P

### Specialty Products

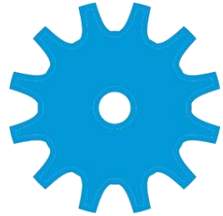
Vietnam, Ho Chi Minh – Woven Bag & Raffia  
Selangor, Shah Alam – Automotive Interior  
Selangor, Pulau Indah – PU Adhesives  
Melaka, Bukit Rambai – Solar Encapsulant  
Melaka, Tanjung Kling – PP Strapping Band

### Converting

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

## Growth Plans: Manufacturing

# Focusing on building our fundamentals to drive growth...



## EXPANDING CAPACITY

- Increasing economies of scale and enhanced competitiveness
- Capturing market growth
- Expanding distribution network



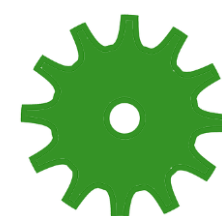
## INCREASING CAPABILITIES

- Continuously improving competitive edge of products
- Meeting broader range of market applications



## VALUE-ADDED PRODUCTS

- Moving up the value chain with value added products
- Plain films (downgauged, multi-layered film, barrier)
- Printing, laminating, bag making, pouch making



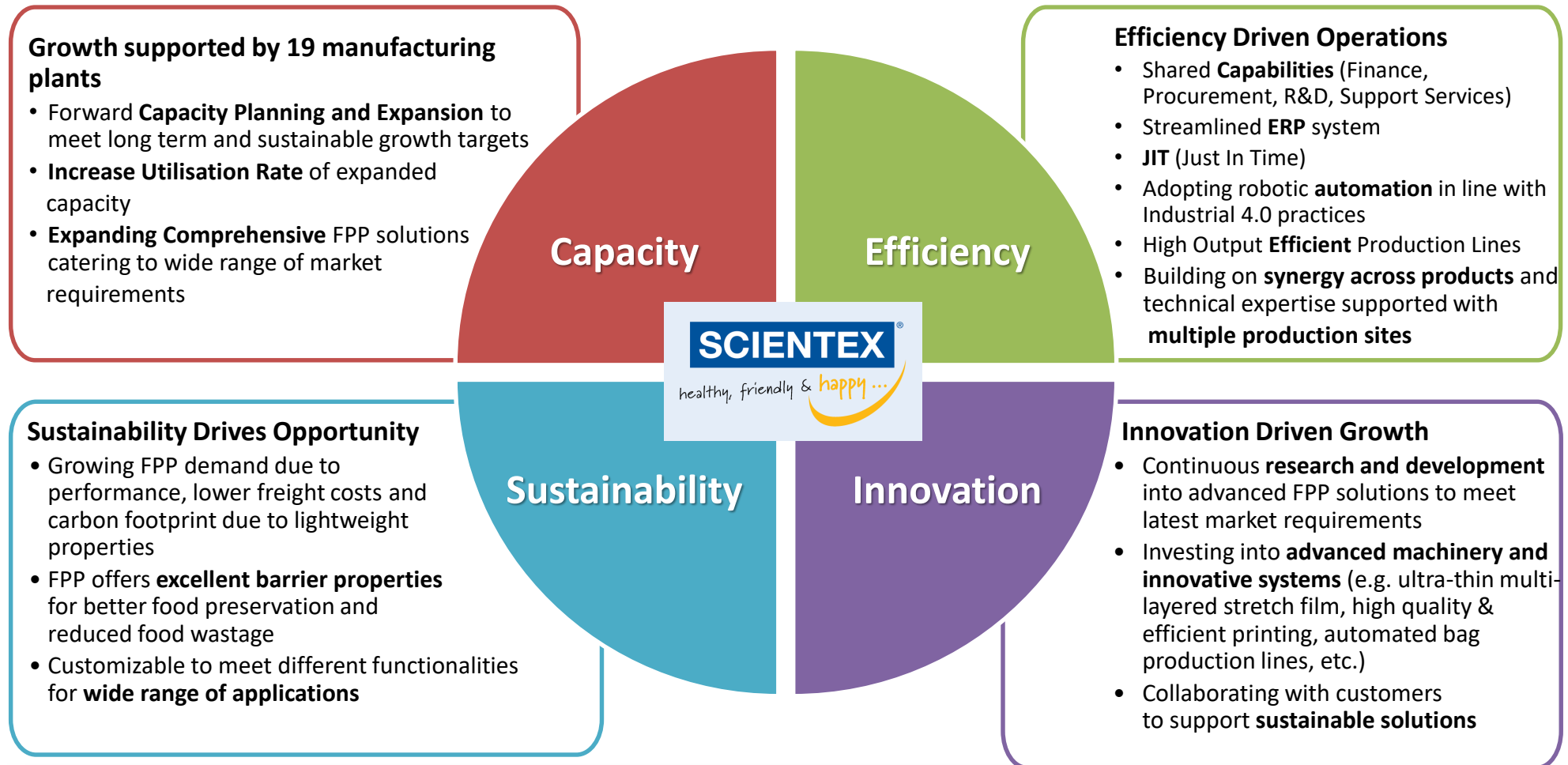
## GOING DOWNSTREAM

- Reaching end customers through expanded business units
- Faster response to changing market trends
- Synergistic operations enable better customer service

E c o n o m i c   E n g i n e

# Growth Plans: Manufacturing

# Capacity expansions complemented with continuous efficiency enhancements and greater innovation... sustainable properties a key advantage of FPP



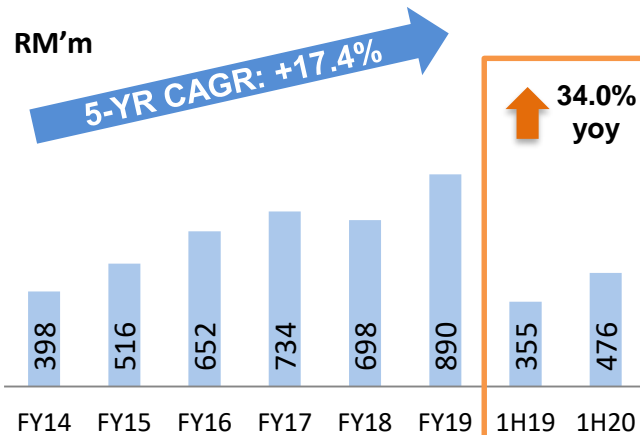
## Growth Strategies: Manufacturing



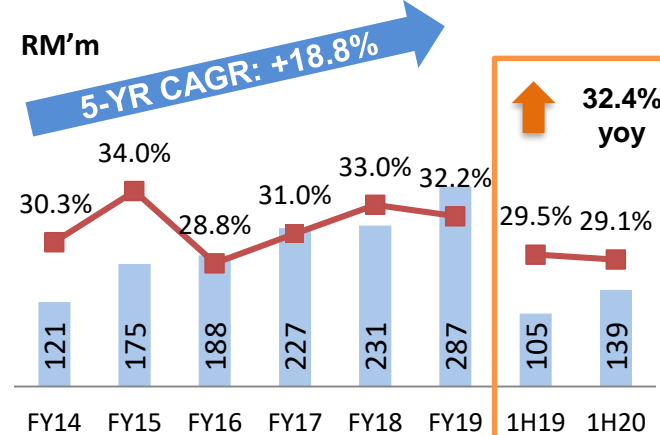
# PROPERTY DEVELOPMENT REVIEW

# Continuing to capitalise on steady demand for affordably-priced homes...

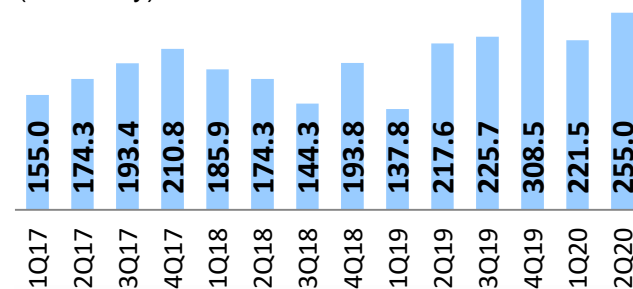
**Revenue**  
(Annual)



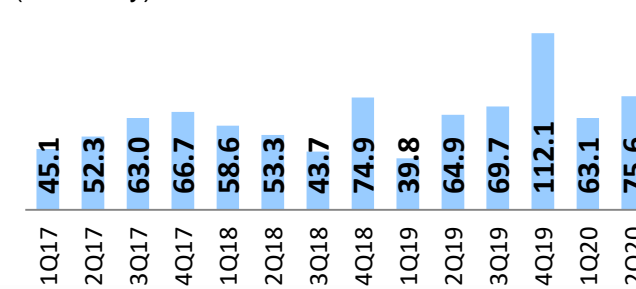
**Operating Profit**  
(Annual)



**Revenue**  
(Quarterly)



**Operating Profit**  
(Quarterly)



## RM447.5m GDV

1H20 new property launches

- 1,382 units across 7 launches in Kulai, Pulau, Senai and Melaka



Targeting

## RM1.1b GDV

new property launches in FY20

- 4,400 units across 20 launches

# Segment Performance: Property Development



# Maiden launch in Pulau 2 further solidifies Scientex's status as a leading developer of affordable homes...



Lot selection event



2-storey terrace houses



3-storey terrace houses



## Adjacent to the existing flagship project Taman Pulau Mutiara

- Launched in December 2019
- 392 units 2-storey terrace houses
- 199 units 3-storey terrace houses
- GDV of RM236 million

***Continuously consolidating presence across multiple states to further solidify reputation as a reliable property developer...***

### Land acquisitions in 2019

Location: **Penang (Tasek Gelugor)**  
Size: 179.7 acres  
Cost: RM109.6 mil  
Acquired: **December 2019**

Location: **Ipoh (Meru)**  
Size: 22.8 acres  
Cost: RM30.4 mil  
Acquired: **October 2019**

Location: **Rawang (Kundang Jaya)**  
Size: 166.5 acres  
Cost: RM123.3 mil  
Acquired: **December 2019**

Location: **Seremban**  
Size: 108.5 acres  
Cost: RM66.2 mil  
Acquired: **1H CY2021 (est. completion)**

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

Location: **Johor (Kota Tinggi)**  
Size: 85.7 acres  
Cost: RM39.2 mil  
Acquired: **March 2020**

Peninsular Malaysia



### Enlarged development profile

**Jan 2019**

**Current**

**16**  
developments

**21**  
developments

**RM17.8B**  
GDV

**RM23.2B**  
GDV

**3,265**  
acres

**3,990**  
acres

**Growth Plans: Property Development**



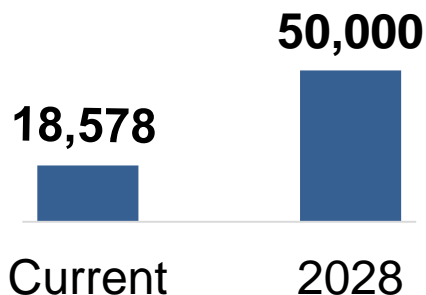
*A focus on developing affordable homes to stand out amongst other property developers...*



## Vision 2028

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

Number of affordable homes built



## Growth Strategies

- ❖ Continue cost optimization initiatives across value chain
- ❖ Core Principles are Speed, Cost and Quality
- ❖ Continue to explore landbank expansion
- ❖ Targeting RM1.1 billion new launches in FY2020
  - ❖ 4,400 units across 20 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 RM16.6b

## 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

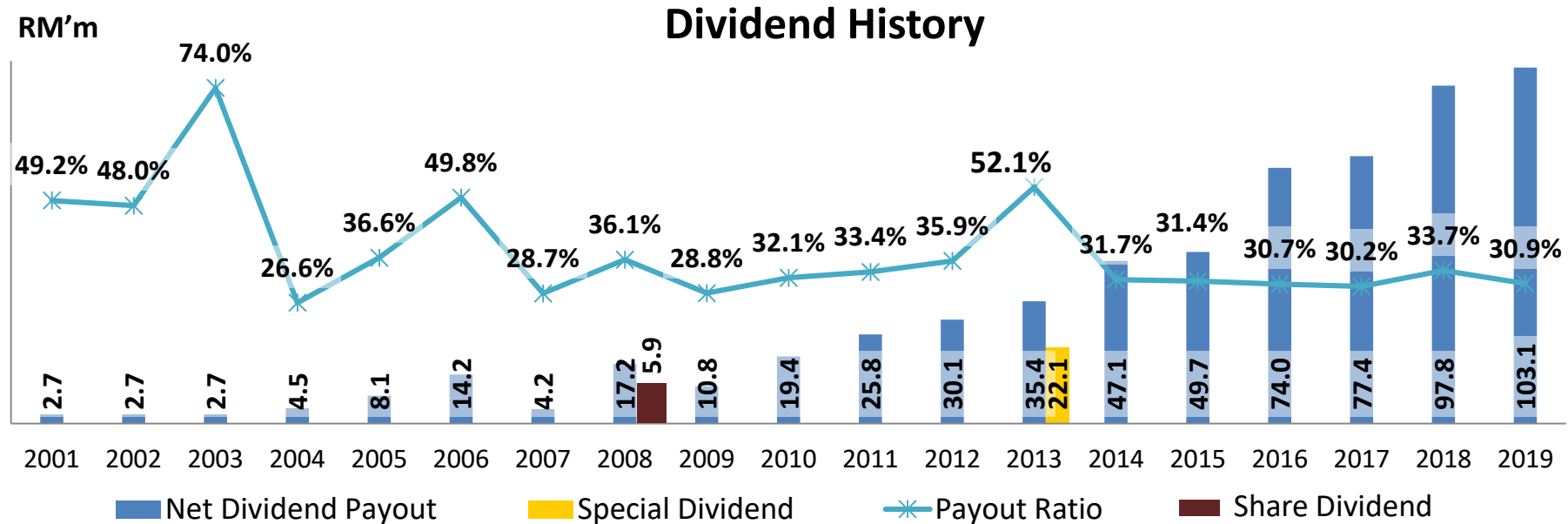
### Valuations @ 9 March 2020

Share Price (RM)	8.60
Market Cap (RM 'mil)	4,436.5
Market Cap (USD 'mil)	1,055.2
PE (ttm)	11.5
EV/EBITDA (ttm)	8.3
FY19 Dividend Yield	2.3%

### Share Price Performance (8 March 2019 to 9 March 2020)



**Final dividend of 10 sen per share in respect of FY2019 paid on 10 January 2020...**



☐ **FY2018 Dividend:** Total Dividend of 20 sen

☐ **FY2019 Dividend:**

- Paid interim dividend of 10 sen per share on 23 July 2019
- Paid final dividend of 10 sen per share on 10 January 2020

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

## Dividend History



# Thank You

## Contacts:

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