



Weak property market mutes IJM's earnings prospect
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Scientex's 3Q profit declines on MCO impact

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SCIENTEX Bhd's net profit for the third quarter ended April 30, 2020 (3QFY20) declined 4.5% to RM69.63 million from RM72.88 million a year ago, as the group's property activities were disrupted by pandemic containment measures.

Quarterly revenue fell 6.8% to RM772.23 million from RM828.46 million a year ago, also due to the impact of Malaysia's Movement Control Order (MCO).

The property segment saw revenue plunging 30.1% to RM157.8 million in 3QFY20 from RM225.7 million last year, while operating profit fell 32.3% to RM47.2 million from RM69.7 million.

"The decline in revenue was mainly due to the disruption of construction activities nationwide and



Scientex Packaging Film Sdn Bhd in Port Klang, Selangor. The firm's manufacturing performance is to be driven by its supply of flexible packaging products

Pic by Muid Amin Naharul

the prohibition of site inspections by government agencies and consultants for the purpose of issuance of

Certificate of Compliance and Completion during the MCO period.

"At the same time, purchasers

were unable to execute sale and purchase agreements during the MCO period which contributed to the shortfall for the current financial quarter," Scientex said in an exchange filing yesterday.

However, manufacturing revenue rose 1.9% to RM614.4 million during the quarter from RM602.8 million previously. Operating profit climbed to RM59.3 million from RM33.4 million, supported by improved sales mix, cost control and production efficiency.

Most of the group's manufacturing entities received approval from the Ministry of International Trade and Industry to recommence operations during the MCO, it added.

The packaging manufacturer and property developer declared an interim dividend of 10 sen per share, to be paid on July 24, 2020.

Despite the initial hit from the MCO, it expects an "improved performance in the coming quarters" from its property division following the commencement of construction activities.

"We remain focused on the affordable housing segment, which has continued to demonstrate resilient demand and would benefit from Bank Negara Malaysia's reduction of the Overnight Policy Rate to 2%, as well as other stimulus measures announced by the government to bolster the property industry," Scientex CEO Lim Peng Jin said.

The firm's manufacturing segment should sustain its performance as well, driven by its supply of flexible packaging products to the industrial, food and beverage, and fast-moving consumer goods sectors, he added.