

# Scientex registers higher net profit in 2Q21

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by S BIRRUNTHA

SCIENTEX Bhd's net profit for the second quarter ended Jan 31, 2021 (2Q21), rose 15.1% year-on-year (YoY) to RM112.2 million, underpinned by robust property sales and construction progress, as well as contributions from its stable packaging segment.

However, its quarterly revenue for the period dropped to RM906.55 million from RM914.38 million recorded a year ago. While, earnings per share plunged 62% to 7.23 sen.

The group's property development segment recorded 12.9% higher in revenue at RM287.8 million from RM255 million previously.

"This was achieved through steady construction progress of the Taman Pulai Mutiara 2 and Scientex Durian Tunggal townships, higher sales from seven new launches across Johor, Melaka, Selangor and Penang, and maiden contributions from Taman Scientex Kota Tinggi," it said in a statement yesterday.

Operating profit from its property development improved 14% to RM86.2 million in 2Q21 from RM75.6 million a year ago in tandem with the segment's higher revenue and better sales mix.

The group's packaging segment remained resilient despite global headwinds, where revenue dipped 6.2% to RM618.8 million from RM659.4 million a year ago on lower



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sales tonnage of packaging products.

It added that the segment faced a hike in raw material costs and sudden surge of freight costs due to global shortage of shipping containers, which resulted in 2Q21 operating profit decreasing to RM63 million from RM65.2 million previously.

Scientex MD Lim Peng Jin said while the group was not spared the vagaries of the weaker global economy, its competitive position and high-efficiency practices allowed property development to post positive trajectory while packaging achieved commendable results.

"The plastic packaging sector has

been facing several challenges amid the ongoing pandemic, including shortages in raw materials and shipping containers.

"Despite the resulting hike in resin price and surge in freight costs, we will embrace these challenges by focusing on improving operational efficiency and executing effective growth strategies," he noted.

Lim added that the group is strengthening its position in supporting consumer-centric flexible plastic packaging for essential products and expects demand to remain stable.

It is also forging ahead in the area of sustainable packaging and

intensifying the group's collaborations with customers to expand its range of fully-recyclable, sustainable and value-added products.

"Simultaneously, our property segment continues to trudge forward in line with higher sales recorded compared to the previous year.

"This signifies the effectiveness of our strategy to continuously expand across Peninsular Malaysia and cross new boundaries, with recent maiden launches in Tasek Gelugor, Kundang Jaya and Kota Tinggi already contributing positively to our earnings," he added.

Scientex launched seven new property development projects in

2Q21 across Scientex Tasek Gelugor in Penang, Scientex Kundang Jaya in Selangor, Scientex Durian Tunggal in Melaka, and Scientex Kota Tinggi and Scientex Pulai in Johor.

These launches feature close to 2,000 units of affordable two- and three-storey homes, with a combined gross development value of RM427 million.

In 2Q21, Scientex also completed the acquisitions of a piece of 109-acre land in Seremban, Negri Sembilan, and 1,365-acre land in Jasin, Melaka.

Following this, the group expects to launch its first development on the Jasin land in 4Q21, while the Seremban land is expected to be launched in early 2022, marking its maiden entry into Negri Sembilan.

Altogether, the group's landbank is expected to increase to more than 5,800 acres (2,347.2ha) across Johor, Melaka, Negri Sembilan, Selangor, Perak, Penang and Kedah, which are sufficient for more than 10 years of development activities.

Commenting further, Lim said the group's latest ambitious landbank expansion initiatives will go a long way in helping Scientex to meet its goal of building 50,000 affordable homes by 2028, with more than 22,000 already built to date.

"We are cautiously optimistic that the global packaging market will post a gradual but firm recovery on the back of improving economies and with global vaccination efforts underway.

"Meanwhile, we will also focus on improving production efficiency to drive down operational costs as we look to rebound strongly from this uncertain period," he noted.

Pic by Muhd Amin Naharul