



healthy, friendly & happy ...

(Company No.: 7867-P)

Corporate Presentation

1H21 Corporate Update & Financial Results

10 March 2021

IR Adviser

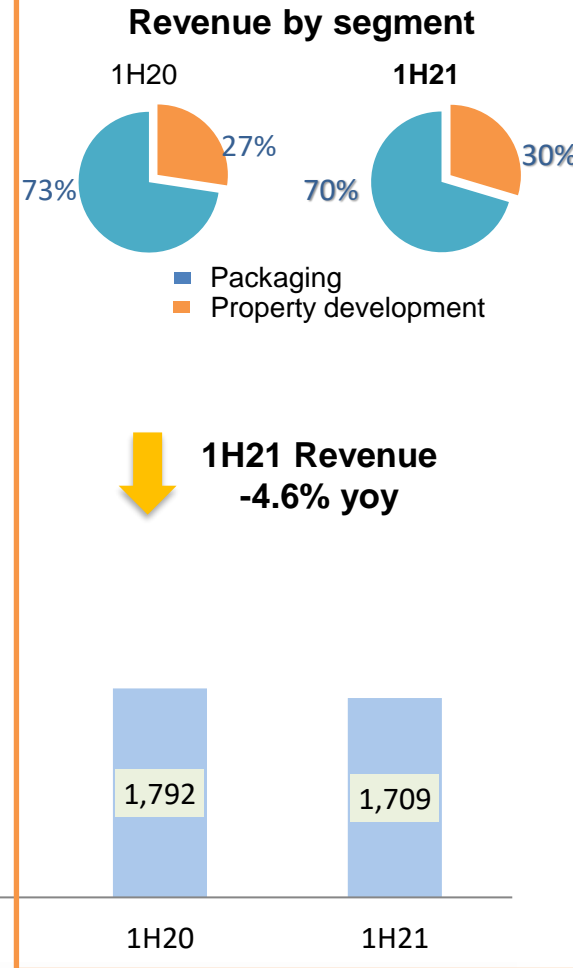




FINANCIAL PERFORMANCE

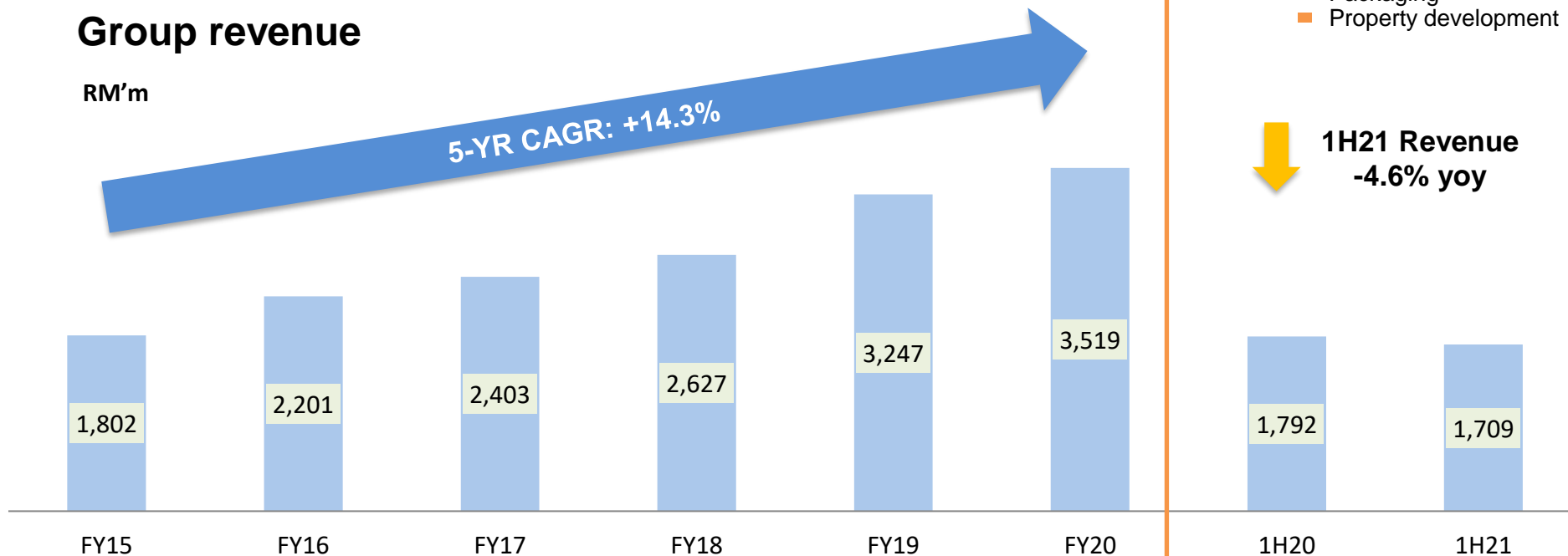
Higher revenue from property segment mitigates reduced packaging contributions... topline largely maintained despite challenges in global economy

- ❖ Topline contributions from packaging segment decreased by 8.6% due to lower sales tonnage as a consequence of challenges in the global economy
- ❖ Property development revenue climbed 6.2% on higher sales and steady progress billings in 1H21



Group revenue

RM'm



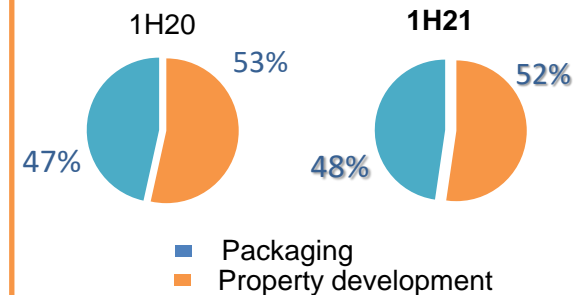
Revenue Performance

1H21 operating profit remains commendable on stronger property sales...

❖ Stronger 1H21 operating profit due to:

- ❖ Better sales and progress billings from property projects
- ❖ Maiden contributions from new projects namely Scientex Tasek Gelugor, Scientex Kundang Jaya and Taman Scientex Kota Tinggi
- ❖ Better packaging margins from lower raw material costs during the initial months of the current financial year, subsequently impacted by the recent hike in raw material costs and surge in freight costs

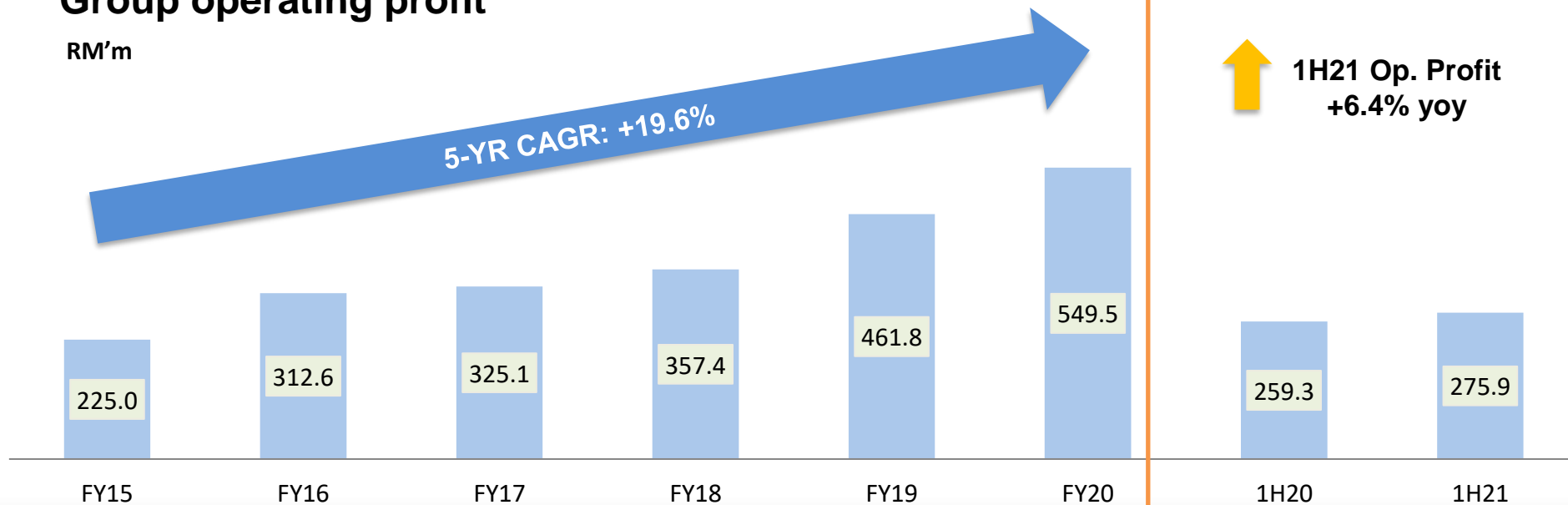
Operating profit by segment



↑ 1H21 Op. Profit +6.4% yoy

Group operating profit

RM'm

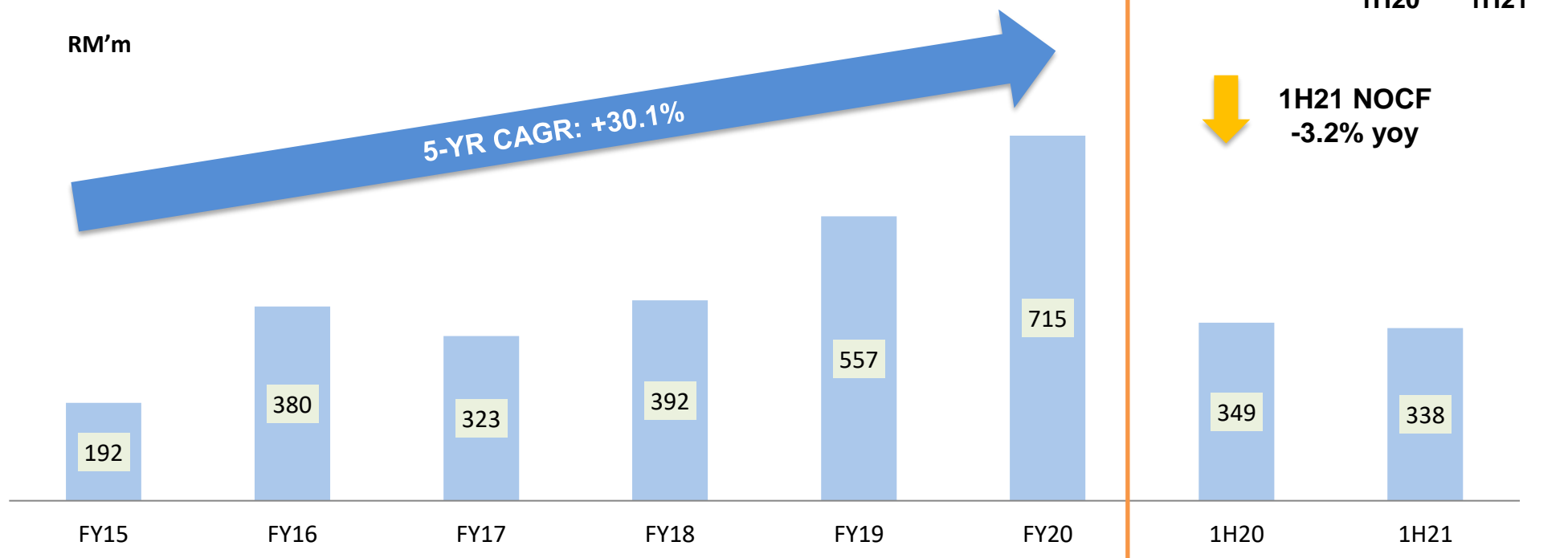


Profit Performance

Operating cashflow remains at a healthy level; gearing level sustained after funding CAPEX for machinery and landbanking...

Net cash from operations

RM'm



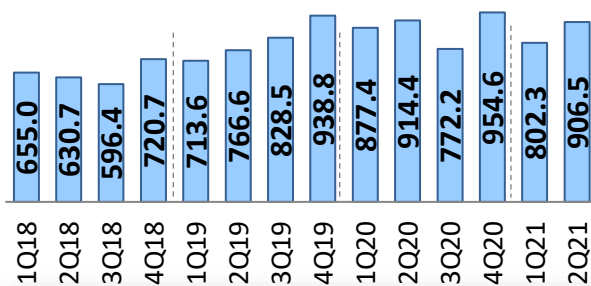
Cash Flow

Double-digit bottomline growth and margins amidst challenges in global economy...

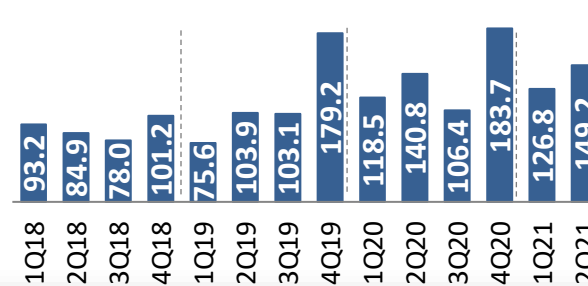
2Q21	2Q20	Change	RM'mil	1H21	1H20	Change	Remarks
906.5	914.4	(0.9%)	Revenue	1,708.8	1,791.7	-4.6%	<ul style="list-style-type: none"> 2Q21 revenue remained stable as higher property sales and steady construction progress offset lower contributions from the packaging division. Meanwhile, growth in PBT was achieved on higher property development operating profit achieved from better sales and steady construction progress
149.2	140.8	6.0%	Operating Profit	275.9	259.3	6.4%	
179.6	171.2	4.9%	EBITDA	337.3	319.7	5.5%	
149.5	139.5	7.2%	PBT	277.6	255.3	8.7%	
112.2	97.5	15.1%	PATMI	204.7	178.4	14.7%	
7.23	6.30	14.8%	Basic EPS (sen)	13.21	11.54	14.5%	
16.5%	15.4%	1.1 pt	OP margin	16.1%	14.5%	1.7 pt	<ul style="list-style-type: none"> 1H21 revenue moderated due to lower sales tonnage from the packaging division. On the other hand, PBT increased due to improved margins and steady property progress billings.
19.8%	18.7%	1.1 pt	EBITDA margin	19.7%	17.8%	1.9 pt	
16.5%	15.3%	1.2 pt	PBT margin	16.2%	14.3%	2.0 pt	
12.4%	10.7%	1.7 pt	Net margin	12.0%	10.0%	2.0 pt	

*percentages presented might not reflect absolute figures due to rounding

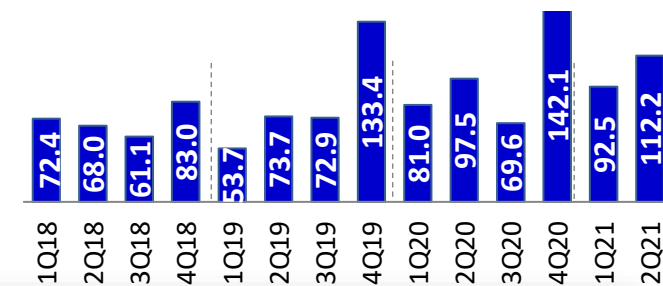
Quarterly Revenue (RM'm)



Quarterly Operating Profit (RM'm)



Quarterly PATMI (RM'm)



Income Statement Summary

Balance sheet expands on CAPEX for new landbanks and machinery... Gearing remains at comfortable level

Balance Sheet (RM '000)	As at 31.01.2021	As at 31.7.2020	Remarks
Property, Plant & Equipment	1,375,683	1,322,579	Purchase of new machinery
Investment Property & Other Investments	38,330	45,493	
Right-of-use Assets	7,342	7,477	
Land Held & Property Development Costs	1,724,207	1,313,389	New landbanking acquisitions carried out
Investment in Jointly Controlled Entity & Associated Company	75,822	71,150	
Inventories	255,072	354,017	
Trade & Other Receivables	767,252	716,039	
Cash & Bank Balances	123,689	413,244	Mainly due to better cash management
Deferred Tax Assets	18,969	18,970	
Intangible Assets	337,296	338,077	
TOTAL ASSETS	4,723,662	4,600,435	
Trade & Other Payables	597,163	624,467	
Borrowings (ST + LT)	1,011,908	1,041,060	Pared down some borrowings during current financial period
Tax & Deferred Tax	160,931	130,800	
Lease Liabilities	9,473	9,424	
Shareholders' Equity	2,701,815	2,561,392	Higher retained earnings
Retirement Benefits Obligations	40,339	39,032	
Minority Interest	202,033	194,260	
Net Tangible Assets / Share (RM)	1.52	1.43	
Net Borrowings	888,219	627,816	
Net Gearing	0.33x	0.25x	Gearing increased due to CAPEX and landbank expansion
TOTAL LIABILITIES	1,819,814	1,844,783	

Balance Sheet (Highlights)

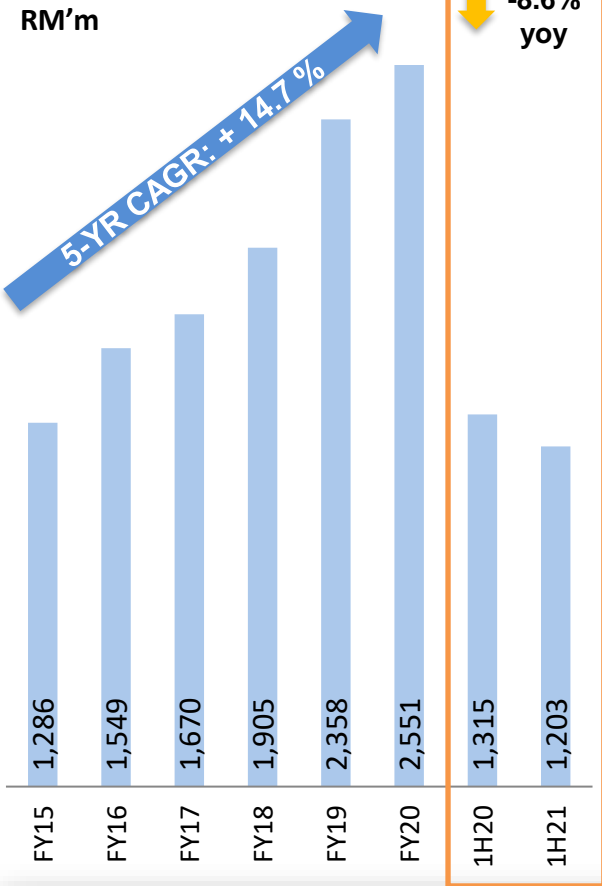


PACKAGING REVIEW

Dip in 1H21 packaging revenue amidst challenging global economy...

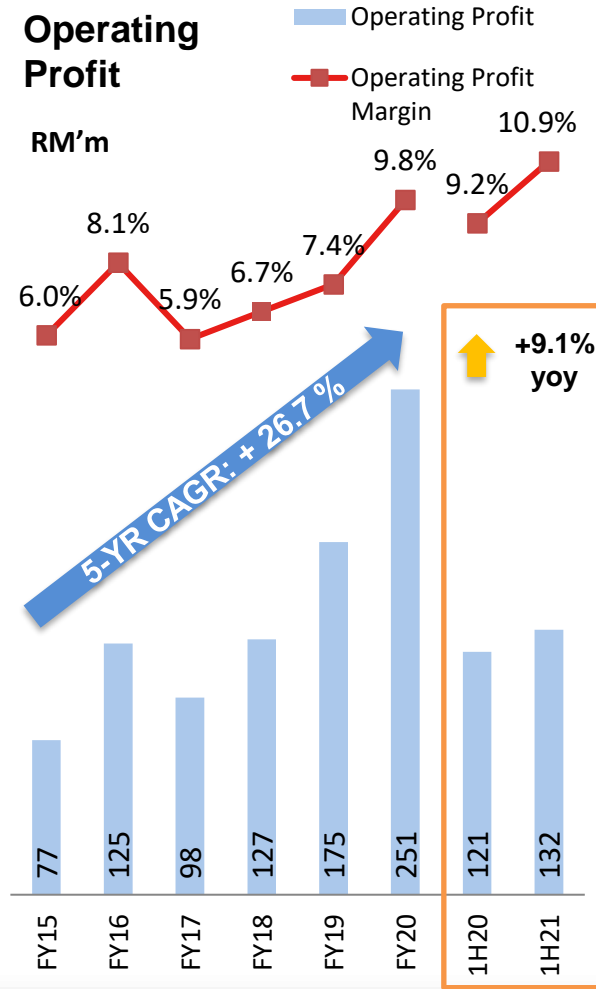
Revenue

RM'm



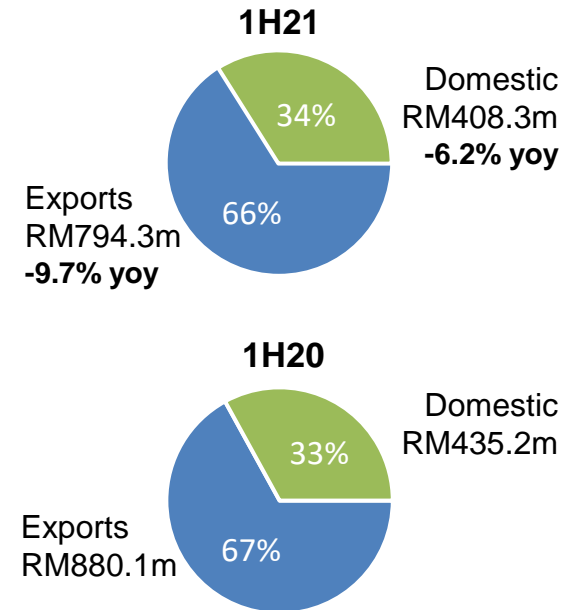
Operating Profit

RM'm



Revenue (by geography)

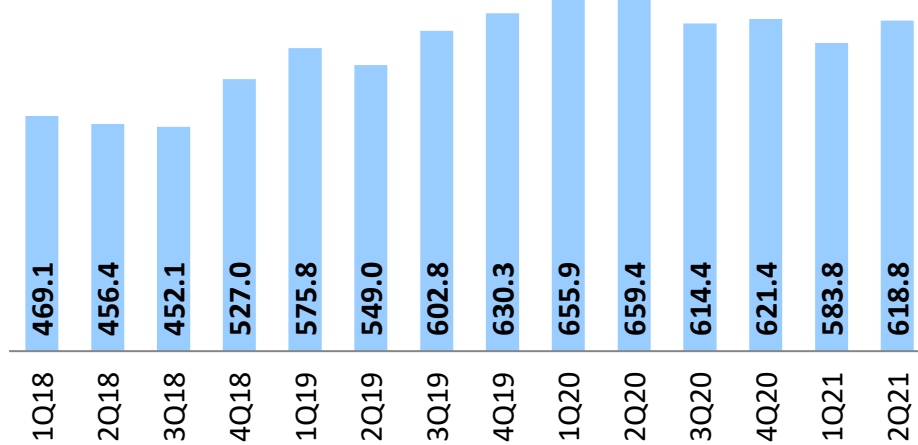
- Overseas
- Malaysia



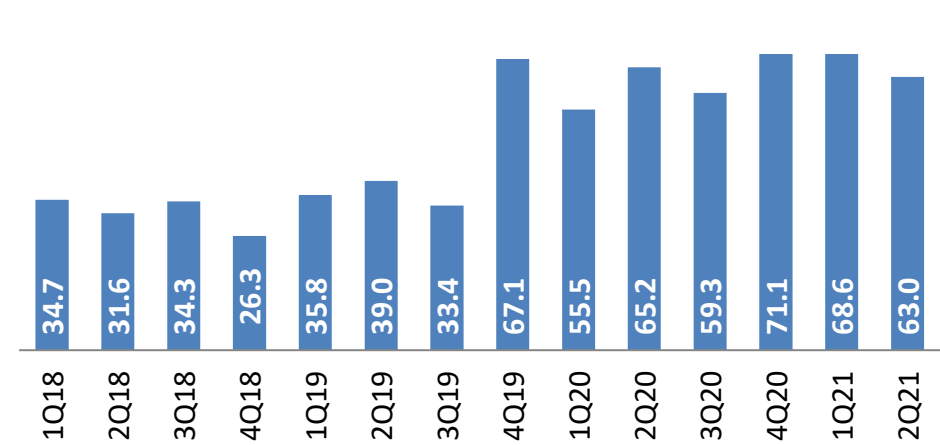
Segment Performance: Packaging

2Q21 revenue bounces back quarter-on-quarter... Overall demand for plastic packaging remains impacted by the challenging global economy

Revenue
(Quarterly)



Operating Profit
(Quarterly)



19 Manufacturing Plants

Malaysia

Perak, Sungai Siput – PE Film & Bag
 Perak, Chemor – FFS Bag
 Selangor, Pulau Indah – Stretch Film
 Selangor, Pulau Indah – BOPP Film
 Selangor, Rawang – PE Film & Bag
 Selangor, Klang – PE Shrink Film
 Selangor, Klang – Agricultural Film
 Selangor, Klang – Stretch Film

Air Keroh, Melaka (Daibochi) – Converting
 Teluk Emas, Melaka (MPP) – Converting
 Melaka, Tanjung Kling – CPP & MCPP Film
 Jasin, Melaka – CPP & MCPP
 Melaka, Tanjung Kling – PP Strapping Band
 Selangor, Shah Alam – Robotic Stretch Film Plant
 Selangor, Pulau Indah – PU Adhesives
 Melaka, Bukit Rambai – Solar Encapsulant

Vietnam

Ho Chi Minh, Vietnam – Woven Bag & Raffia

Myanmar

Yangon, Myanmar – Converting

USA

Phoenix, USA – Stretch Film

Growth Plans: Packaging

Strengthening and complementing our core expertise to engineer growth...

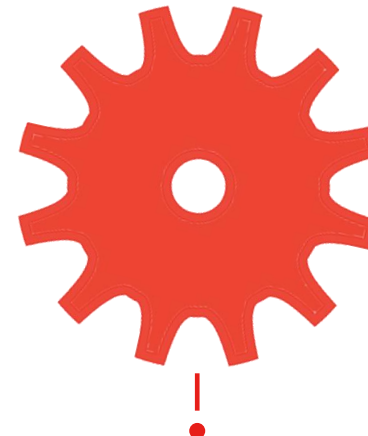
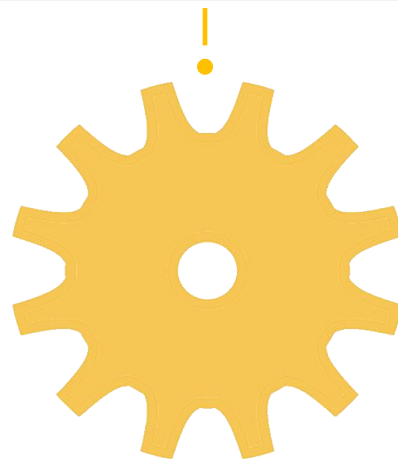


EXPANDING CAPACITY

- 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

Growth Plans: Packaging

Four pillars focused on synergistic production capabilities, continued innovation through R&D, increased utilisation rate and achieving sustainability goals

Growth supported by 19 manufacturing plants



- Forward **Capacity Planning and Expansion** to meet long term sustainable growth targets
- **Expanding Comprehensive** FPP solutions catering to wide range of market needs
- **Integrated manufacturing expertise** across FPP value chain
- **Increasing utilisation rate** of expanded capacity

Sustainability Drives Opportunity



- **Growing FPP demand** due to performance; cost advantage, lower carbon footprint and recyclability
- FPP offers **excellent barrier properties** for longer shelf life and reduces food waste
- Customizable to meet different functionalities for **sustainable packaging**
- Offering **fully recyclable** solution



Efficiency Driven Operations

- Shared **Capabilities** (Finance, Procurement, R&D, ERP system)
- **Optimisation** of plant layout
- High Output **Efficient** Production Lines
- Adoption of process **automation** to enhance efficiencies
- **JIT** (Just In Time)



Growing Through Innovation

- Continuous **R&D** into advanced FPP solutions to meet latest market needs
- Investing into **advanced machinery** with **cutting edge technologies**
- Continuous focus on **product innovation** for sustainable, recyclable structures
- **Collaboration** with customers to develop innovative products

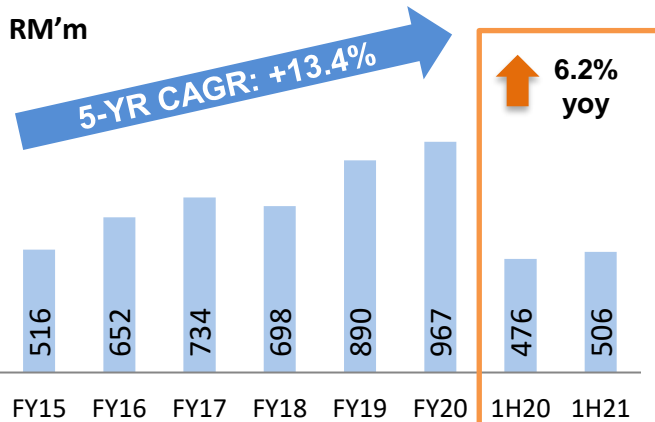
Growth Strategies: Packaging



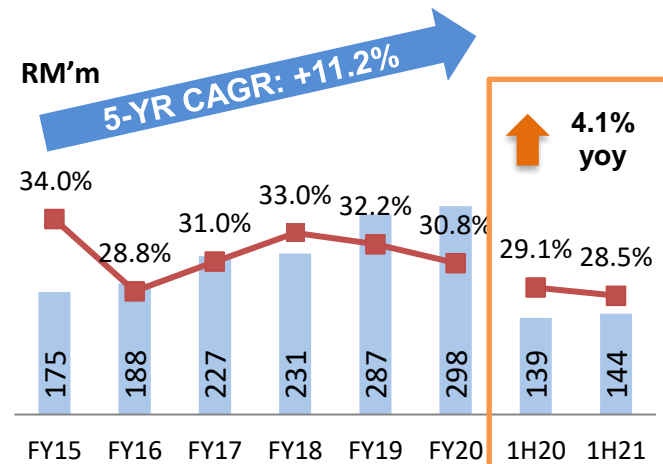
PROPERTY DEVELOPMENT REVIEW

Higher property sales and steady progress billings in 1H21 point towards sustained robust demand for affordable homes...

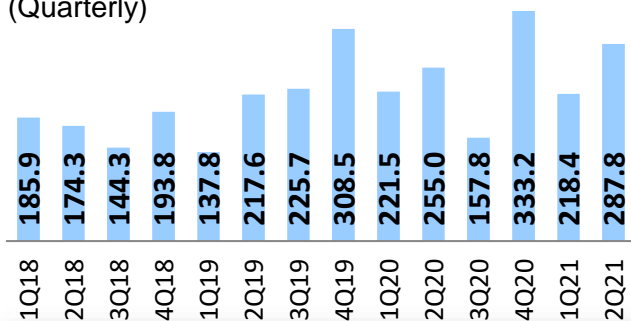
Revenue
(Annual)



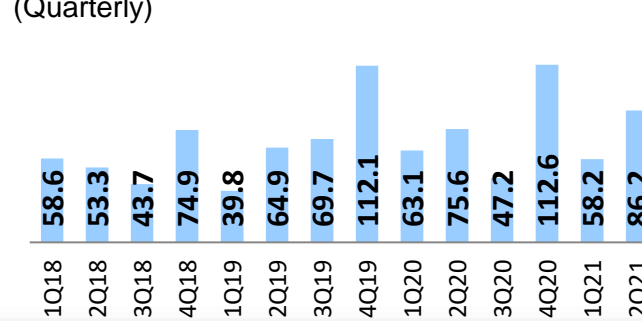
Operating Profit
(Annual)



Revenue
(Quarterly)



Operating Profit
(Quarterly)



RM775.5m GDV

launched in 1H21

- 2,992 units across 11 launches in Penang, Selangor, Melaka and Johor



Targeting

RM1.6b GDV

new property launches in FY21

- 6,000 units across 24 launches

Segment Performance: Property Development

Maiden launch in Tasek Gelugor... debuting the first-ever freehold landed 2-storey affordable homes in Penang

SCIENTEX[®]
TASEK GELUGOR, PENANG



2-storey terrace houses

Launched first Penang development in Tasek Gelugor

- Launched in October 2020
- 382 units 2-storey terrace houses
- GDV of RM86 million

Take-up rate >90%

Scientex Kundang Jaya... affordable freehold landed property within Klang Valley

SCIENTEX[®]
KUNDANG JAYA



2-storey terrace houses

Launched Kundang Jaya development, second in Selangor

- Launched in October 2020
- 393 units 2-storey terrace houses
- GDV of RM145 million

Take-up rate >90%

Scientex Kota Tinggi... a new addition to the strong foothold of Scientex's affordable homes in Johor



2-storey terrace houses

Launched Kota Tinggi development, Scientex's tenth in Johor

- Launched in January 2021
- 128 units 2-storey terrace houses
- GDV of RM37 million

Take-up rate 60%

Operations Review: New Property Launches

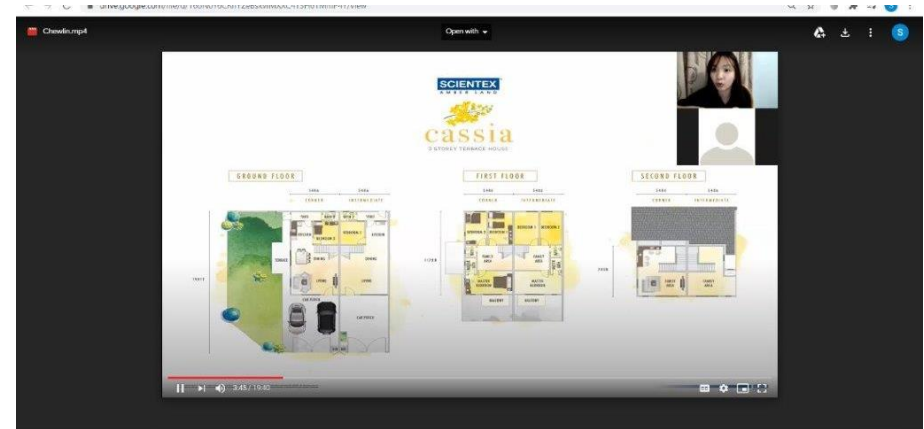
Virtual engagement with prospective customers extends reach to wider customer base amidst restrictions imposed on physical meetings...



Social media interaction



Virtual live presentation



Zoom engagement with customers



Virtual showroom on Scientex website

Operations Review: Adapting to COVID-19 New Norm

Continuing ambitious landbanking and cross-border growth strategy...

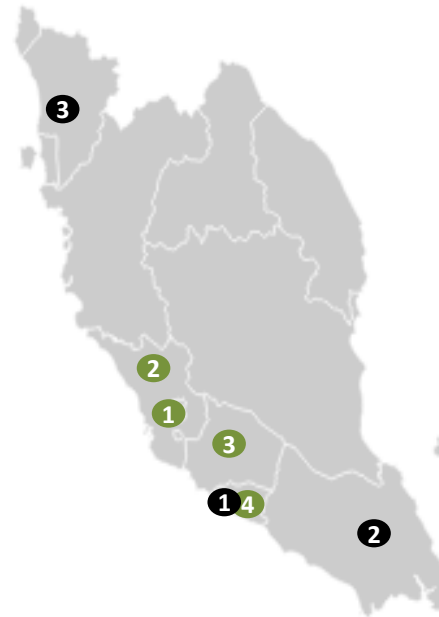
Completed in 1H FY2021

- 1 Cheras, Selangor: 138.6 acres, RM96.6 mil
- 2 Kundang Jaya 2, Selangor: 17.6 acres, RM13.0 mil
- 3 Seremban, Negeri Sembilan: 108.5 acres, RM66.2 mil
- 4 Jasin, Melaka: 1,357.5 acres, RM260.2 mil

Est. completion in 2H FY2021

- 1 Jasin, Melaka: 157.8 acres, RM75.6 mil
- 2 Pulai, Johor: 202.2 acres, RM185.0 mil
- 3 Sungai Petani, Kedah: 161.6 acres, RM35.9 mil

Peninsular Malaysia



As at
FY20*

23
developments

RM27.8B
GDV

5,504
acres

As at
2Q21*

25
developments

RM29.4B
GDV

5,870
acres

*Includes landbank pending completion.

Growth Plans: Property Development

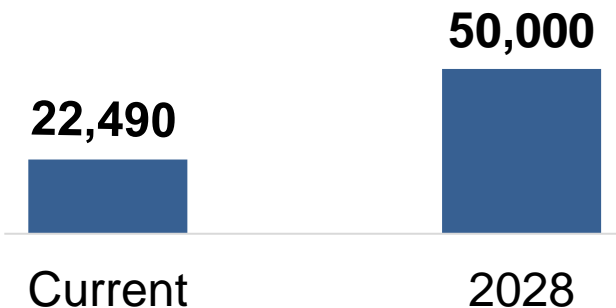
Aiming to provide high-quality, reasonably priced homes to meet Malaysia's growing need for affordable housing...



Vision 2028

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

Number of affordable homes built



Growth Strategies

- ❖ Implementing cost optimisation initiatives across value chain
- ❖ Prioritising three main pillars: Speed, Cost and Quality
- ❖ Continuously engaging in strategic landbank expansion
- ❖ Targeting RM1.6 billion new launches in FY2021
 - ❖ 6,000 units across 24 launches

Growth Strategies: Property Development



INVESTMENT MERITS

Twin growth engines with further potential to expand... 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 Daiboichi positions the Group as one of the very few FPP players that are capable of achieving circular chain of plastic economy and providing highly demanded sustainable packaging solutions

Property division continues expanding

- A leading developer of affordable homes in Malaysia
- Overwhelming take-up achieved from most projects within 6 months
- Expanded further across Peninsular Malaysia for affordable homes
- Ongoing & future GDV stands at RM23.1b

Growth-oriented management with global mindset

- Vast experience in executing strategic expansion plans across both domestic and international markets
- Successfully undertaken acquisitions of Great Wall Plastics, Seacera Polyfilms, Mondi Ipoh, KHPI and the major acquisition of Daiboichi over the years
- Presence in US, Vietnam, Malaysia, Myanmar, Australia, Japan, Indonesia and Singapore; exports to over 60 countries, and growing

Dividend Policy

- Consistently paid dividends since 2001
- 30% dividend payout policy effective 2011

Valuations @ 8 March 2021

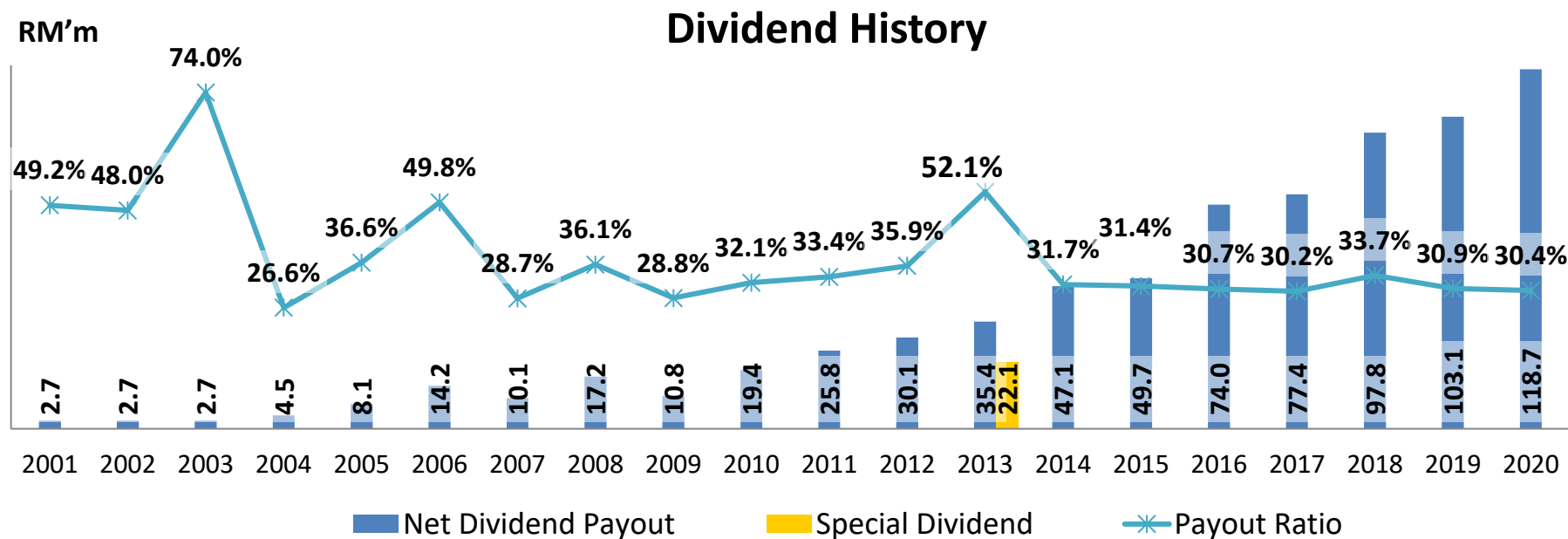
Share Price (RM)	4.01
Market Cap (RM 'mil)	6,217.9
Market Cap (USD 'mil)	1,498.3
PE (ttm)	14.9
EV/EBITDA (ttm)	10.6
FY20 Dividend Yield	1.9%

Share Price Performance (9 March 2020 to 8 March 2021)



Investment Merits

Paid final dividend of 13 sen per share in respect of FY2020...



□ **FY2019 Dividend:** Total Dividend of 20 sen

□ **FY2020 Dividend:** Total Dividend of 23 sen

- Paid interim dividend of 10 sen per share on 23 July 2020
- Paid final dividend of 13 sen per share on 13 January 2021

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

Dividend History



Question and Answer Session

Contacts:

- Ms. Choo Pooi Luen

plchoo@scientex.com.my

T: 03-5524 8888/03-5519 1325

- Ms. Julia Pong

julia@aquilas.com.my

T: 03-2711 1391