

## Scientex net profit grows 17.2% in FY2021

- *Record high revenue of RM3.7 billion on stable packaging demand, and higher sales of affordable homes in Malaysia; proposes final dividend of 5 sen per share*
- *Privatisation proposal of 61.88%-owned Daibochi Berhad (Daibochi) to enhance operations and growth of global F&B and FMCG packaging*
- *To launch RM2.0 billion new affordable homes in the financial year ending 31 July 2022 (FY2022)*

Shah Alam, Selangor, Malaysia, 29 September 2021 - Global packaging manufacturer and leading property developer **Scientex Berhad** (Scientex, 森德公司, Bloomberg: SCI MK) made new strides in its packaging and property development businesses in the financial year ended 31 July 2021 (FY2021), with net profit rising 17.2% to yet another record performance of RM457.2 million, on revenue growth of 3.9% to RM3.7 billion.

The Group's strong double-digit net profit growth surpasses its Compound Annual Growth Rate (CAGR) of 13.7% over the past five years.

Scientex's manufacturing segment contributed RM2.5 billion or 68.1% of group FY2021 revenue. Healthy sales for its industrial packaging products mitigated lower deliveries of consumer products to the Food and Beverage (F&B) and Fast Moving Consumer Goods (FMCG) sectors domestically.

In the property development segment, Scientex recorded higher sales and construction progress of affordable homes in Malaysia, with the segment exceeding the billion Ringgit mark to reach RM1.2 billion or 31.9% of group FY2021 revenue. This 20.4% growth year-on-year from RM976.8 million was on account of stable construction progress and strong take up rates for new launches in several states.

“Despite the challenging operating environment in FY2021, we strived to ensure optimal operational uptime across our 17 manufacturing facilities in Asia Pacific and the United States while keeping all our employees safe. This allowed us to maintain reliable fulfillment to global customers and deliver resilient financial performance.

We aim to continuously improve our capabilities and efficiency to reinforce our position as a leader in the Asia Pacific packaging market. The privatisation proposal of our converting unit, Daibochi, will allow us to optimize its operations and corporate structure, to achieve greater production assurance and business continuity planning to serve global F&B and FMCG brands.

Our property development segment has proven its strong customer appeal and inherent strength to register firm new sales and construction progress, supported by our in-house construction arm. We are poised to meet this long term demand for affordable homes in Malaysia, and intend to launch RM2.0 billion worth of homes in various states in FY2022, from RM1.5 billion in FY2021.”

**Mr. Lim Peng Jin (林炳仁),  
CEO, Scientex Berhad**

In its results for the fourth quarter ended 31 July 2021 (4Q21), group revenue rose 1.6% to RM970.4 million, while net profit inched 0.4% higher to RM142.7 million.

Segmentally, manufacturing revenue remained stable despite slight contraction to RM617.4 million from RM621.4 million previously, on firm demand for packaging solutions. However, the segment’s operating profit declined to RM57.4 million from RM71.1 million in the preceding year, attributed to higher operating and compliance costs. This was a result of affected production output and efficiency in 4Q21, due to restricted workforce capacity and mandated containment measures in line with Malaysia’s Covid-19 strategy.

Meanwhile, property development revenue rose 5.9% to RM352.9 million from RM333.2 million previously. The improved topline was contributed by progress billings from ongoing projects at Durian Tunggal in Melaka and Taman Pulai Mutiara in Johor, as well as overwhelming sales for newly launched projects in the states of Penang, Selangor, and Melaka. The segment’s operating profit grew to RM118.4 million from RM112.6 million previously.

In FY2021, Scientex acquired various development lands in the states of Selangor, Negeri Sembilan, Melaka, and Kedah amounting to 1,944 acres in total, to expand its affordable homes developments. This will enable the Group to meet the demand of affordable homes needed across Peninsular Malaysia.

On 13 September 2021, Scientex announced the proposal to acquire in cash all the remaining shares and warrants of Daibochi that it does not already own, at an Offer Price of RM2.70 per Daibochi share and RM0.32 per Daibochi warrant, amounting to total value of RM345.3 million.

The proposed exercise entails buying 124,784,759 Daibochi shares, representing 38.12% of the total issued shares of Daibochi excluding treasury shares, and 26,137,985 Daibochi warrants, representing 95.75% of the outstanding Daibochi warrants.

The proposed privatisation of Daibochi would provide Scientex with greater flexibility and autonomy to rationalise its business activities and to streamline the operations of both Daibochi and the enlarged Scientex group of companies, to achieve greater operational efficiencies to grow the flexible packaging business.

On the Group's outlook, Lim said: "Due to market uncertainties posed by the ongoing Covid-19 pandemic, the manufacturing sector faces challenges such as fluctuations in raw material prices, rising logistic costs, and heightened financial market volatility. We will continue to manage these challenges vigilantly, whilst expanding our business in strategic areas, as well as develop more innovative and sustainable packaging solutions."

"On the property development front, we have expedited progress after receiving approvals to commence works in line with the country's National Recovery Phase. We trust that our expansion plans thus far have positioned us well to capitalise on the expected increase in home purchases especially in the affordable price range."

Scientex proposed a final dividend of 5.0 sen per share in respect of FY2021, which will be subject to shareholders' approval in the Group's upcoming Annual General Meeting. Together with the 4.0 sen interim dividend paid on 23 July 2021, the estimated total dividend payout of RM139.6 million represents 30.5% of the Group's net profit in FY2021. The Group has a dividend policy to pay at least 30% of net profit since FY2011.

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**About Scientex Berhad (森德公司, [www.scientex.com.my](http://www.scientex.com.my))**

Scientex Berhad (Scientex) is a leading flexible plastic packaging manufacturer and a reputable property developer in Malaysia. Scientex is also the largest stretch film producer in Asia, and among the world's largest producers.

Established in 1968, Scientex today produces flexible plastic packaging (FPP) products: stretch film, custom film (polyethylene (PE) film, biaxially oriented polypropylene (BOPP) film, cast polypropylene (CPP) film, agricultural film, PE flexitanks tubing), and specialty products (polypropylene (PP) strapping bands, raffia, solar encapsulant film). Scientex also expanded its portfolio and scope to include film converting, following the acquisition of Daibochi Berhad in April 2019, which now sees the Group supply high-value and high-performance FPP to leading multinational companies in the food and beverage (F&B) and fast-moving consumer goods (FMCG) segments.

To date, Scientex has packaging facilities in Malaysia, Vietnam, Myanmar and the United States of America; as well as sales and marketing arms in Australia, Indonesia, Singapore, Thailand, Philippines, New Zealand and Japan. Approximately 70% of its packaging products are exported to over 60 countries worldwide.

Scientex's property arm has township development projects in Pasir Gudang, Kulai, Skudai, Senai, Pulai, and Kota Tinggi (all in Johor), Ayer Keroh and Durian Tunggal (both in Melaka), Rawang and Kundang Jaya (both in Selangor), Tasek Gelugor (Penang), as well as Ipoh (Perak). The Group recently acquired a 202-acre land in Pulai (Johor), 139-acre land in Cheras (Selangor), 109-acre land in Seremban (Negeri Sembilan), 158-acre and 1,357-acre lands in Jasin (Melaka), and 161-acre land in Sungai Petani (Kedah). The Group is also in the process of acquiring another 343-acre land in North Seberang Perai (Penang), 251-acre land in Jenjarom (Selangor), and 960-acre land in Tebrau (Johor). To date, Scientex has delivered RM7.2 billion worth of properties and has projects-in-hand of RM2.2 billion.

**Issued for and on behalf of SCIENTEX BERHAD by Aquilas Advisory (Malaysia) Sdn Bhd**

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