

# Scientex revenue grows 10.0% to RM1.9 billion in 1H22

- *Driven by firm demand for packaging and property developments*

Shah Alam, Selangor, Malaysia, 16 March 2022 - Global packaging manufacturer and leading property developer **Scientex Berhad** (Scientex, 森德公司, Bloomberg: SCI MK) benefited from resilient demand in the first half ended 31 January 2022 (1H22), as group revenue rose 10.0% to RM1.9 billion from RM1.7 billion in the previous period (1H21).

The packaging division contributed RM1.4 billion or 72.9% of 1H22 group revenue, increasing 14.0% from RM1.2 billion in 1H21, driven by firm demand for industrial and consumer packaging to the domestic and export markets. Meanwhile, the property development division contributed RM509.3 million or 27.1% of 1H22 group revenue, rising marginally from RM506.2 million in 1H21.

Despite the improved topline, net profit for 1H22 declined 4.0% to RM196.6 million from RM204.7 million previously mainly due to the impact of higher raw materials prices and freight costs for the Group's consumer packaging business.

“The global economy continues to be challenging, with multiple risks such as surging energy prices, supply chain disruptions and regional conflicts potentially derailing recovery.

While raw material prices and freight costs remain key issues for the packaging division, we strive to mitigate their impact through efficiency enhancements, and diversification of our product portfolio with more value-added and sustainable products to capture growth.

The property segment is facing higher raw material costs and materials shortages, as well as changes in certain regulatory application processes, which have temporarily affected our operating efficiencies. However, demand for affordable homes remains healthy, and we continue to expand to new locations with maiden launches of landed properties in Negeri Sembilan and Kedah, together with our first high rise in Klang Valley in the second half of FY22.”

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

In 1H22, the Group launched seven new projects across Penang, Johor, and Melaka, comprising 1,545 homes with total GDV of RM400.0 million. As at January 2022, the Group's ongoing development projects had total GDV of RM2.5 billion, consisting of mainly double-storey landed homes, which are priced at RM300,000 and below per home.

For the second quarter ended 31 January 2022 (2Q22), Scientex registered revenue of RM952.0 million, increasing 5.0% from RM906.5 million in the previous corresponding quarter.

Of total 2Q22 revenue, the packaging division contributed RM692.8 million, growing 12.0% from RM618.8 million previously, mainly from exports of industrial and consumer packaging. Meanwhile, the property development division posted revenue of RM259.2 million, 9.9% lower from RM287.8 million, resulting from deferred issuance of Certificate of Completion & Compliance (CCC) for its developments in the Southern region due to slower progress in installation of power supply infrastructure.



Net profit for 2Q22 declined to RM93.7 million as opposed to RM112.2 million a year ago, due to higher raw material and freight cost faced by the packaging division and deferment of CCC issuance in certain developments.

On prospects, Lim commented that the reopening of businesses and improving economic activity in Malaysia and internationally augurs well for the Group.

“We have seen stable demand for our packaging products and will continue to expand capacity in areas of competitive strengths, as well as pursue innovation across several categories to further reinforce our market position. This includes continued development of a wider range of sustainable packaging solutions to meet increasing demand especially among consumer brands.”

“As part of our long-term strategies, we are also enhancing our business continuity plans to reduce risks of operational disruptions, and secure the trust of our global customers who depend on our supply chain commitments.”

“Meantime, we look forward to meeting the vast requirements for affordable homes, on the back of a gradually recovering economy and high vaccination rates of the population. Our landbanking efforts in recent years have positioned us well to capitalise on post-pandemic economic rebound, while we are also leveraging the use of digital platforms to boost sales and marketing effectiveness.”

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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 139-acre land in Cheras (Selangor), 158-acre and 1,357-acre lands in Jasin (Melaka), 109-acre land in Seremban (Negeri Sembilan), 202-acre land in Pulai (Johor), 161-acre land in Sungai Petani (Kedah) and 343-acre land in North Seberang Perai (Penang). The Group is also in the process of acquiring 219-acre land in Ipoh, Perak, 251-acre land in Jenjarom, Selangor and 960-acre land in Tebrau (Johor). To date, Scientex has delivered RM7.3 billion worth of properties and has projects-in-hand of RM2.5 billion.

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

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