

Scientex 2Q net profit drops 16.48% to RM93.69m

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KUALA LUMPUR (March 16): Scientex Bhd's net profit for the second quarter ended Jan 31, 2022 (2QFY22) fell 16.48% to RM93.69 million from RM112.17 million a year prior, according to a bourse filing.

This was despite a 5.01% rise in its topline to RM952 million from RM906.55 million in 2QFY21, thanks to its packaging division, which saw revenue growth of 11.96% to RM692.8 million arising from stronger demand for its industrial and consumer packaging products from the export markets.

"The group's packaging business continues to face challenges from rising raw material prices and freight cost, resulting in lower operating profit of RM53.7 million compared to RM63 million recorded in the preceding year corresponding quarter," said Scientex in notes accompanying the results.

In contrast, its property segment saw revenue fall 9.9% to RM259.2 million from RM287.8 million a year prior, chiefly due to the deferment of the issuance of the Certificate of Completion & Compliance (CCC) for its projects in the southern region, owing to slower progress in the installation of power supply infrastructure caused by material shortages. Operating profit fell to RM72.2 million from RM86.2 million as a result.

Earnings per share (EPS) dipped to 6.04 sen in 2QFY22 from 7.23 sen in the corresponding quarter last year.

For the first half ended Jan 31, 2022 (1HFY22), net profit fell 3.98% to RM196.56 million from RM204.7 mil-

lion a year ago due to higher raw material prices and freight costs for its consumer packaging business.

EPS for 1HFY22 dipped to 12.67 sen from 13.21 sen a year prior.

Meanwhile, revenue rose 10.03% to RM1.88 billion from RM1.71 billion in 1HFY21, largely supported by its packaging division which contributed RM1.4 billion or 72.9% of overall revenue.

The group noted that demand for industrial and consumer packaging for the local and international markets for the period was firm.

In a separate statement, Scientex chief executive officer Lim Peng Jin said the reopening of businesses and improving economic activity here and abroad bode 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," he said.

At midday break, Scientex was up one sen or 0.25% at RM3.99, giving it a market capitalisation of RM6.19 billion.