

Scientex looking to expand to regional markets

PETALING JAYA: Scientex Bhd is exploring opportunities to expand its property development business into new markets in the South-East Asian region, while witnessing robust demand for affordable homes in Malaysia.

Scientex chief executive officer Lim Peng Jin said its property division is seeing a strong take-up for the RM1.15bil worth of affordable homes launched across various states in Malaysia in the first half of its financial year 2023 (1H23).

Lim added the improved authority approval process, gradual easing of labour shortages and pause in interest rate hikes by Bank Negara support a better outlook for the property sector.

Lim added the group is exploring new opportunities in other South-East Asian markets, which can benefit from its building technology and experience in affordable homes, to meet the demands of the increasing population.

Lim said Scientex was committed to improving the cost competitiveness of its

packaging division through operating efficiency. He opined that the group's efforts towards cost efficiency was the success factor in the past.

He highlighted that in its financial year ended July 31, 2022 (FY22), Scientex commercialised 27 new innovations, including recyclable industrial packaging, as well as consumer packaging with post-industrial and post-consumer recycled content for food manufacturers.

Scientex's long-term plan for the packaging division includes prioritising sustainable innovations in collaboration with global customers to meet their sustainability goals with greener solutions.

For the second quarter ended Jan 31, 2023 (2Q23), the packaging manufacturer and property developer reported a net profit of RM106.3mil; a 13.5% growth compared to the RM93.7mil in the previous corresponding quarter, owing to a better product mix in consumer packaging as well as improved property sales and steady construction progress.

Revenue for the quarter increased by 2.8% year-on-year (y-o-y) to RM978.4mil on higher contribution from the property division, which also mitigated a slight dip from the packaging division in line with global sentiment.

Scientex's packaging division reported a revenue of RM655.1mil in 2Q23 compared to RM692.8mil in 2Q22, owing to lower industrial packaging sales. However, this was offset by firm demand for consumer packaging as well as an enhanced product mix.

Its property division recorded a 24.7% y-o-y higher revenue of RM323.3mil on the back of improving sales and healthy construction progress, as well as positive demand for new affordable home launches in Sungai Petani.

For 1H23, Scientex's revenue and net profit grew by 6.8% and 8.6% to RM2bil and RM213.5mil from RM1.9bil and RM196.6mil in 1H22, respectively. The improved results are associated with the stable sales in the packaging division, and higher contribution from the property development division.