



(Company No.: 7867-P)

# **Corporate Presentation**

## **1H23 Corporate Update & Financial Results**

### **15 March 2023**

IR Adviser



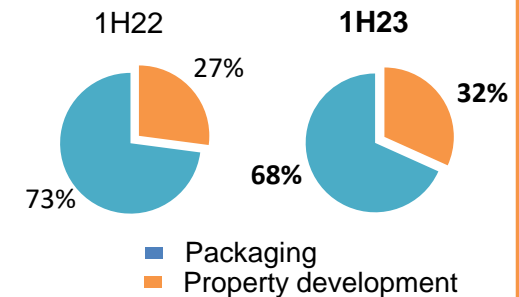


# FINANCIAL PERFORMANCE

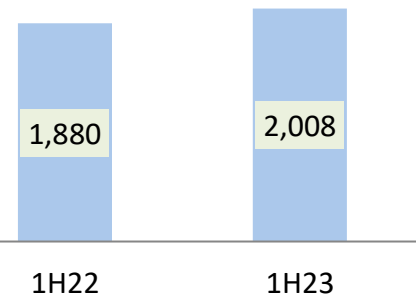
# Packaging sales benefiting from stable consumer packaging demand regionally... property development seeing higher sales and healthy construction progress

- ❖ Packaging revenue maintained stable in 1H23 supported by higher consumer packaging sales, which mitigated lower industrial packaging sales on cautious sentiment by global buyers
- ❖ Property development revenue rose 25.1% on higher sales and healthy construction progress of Group's affordable property developments, as well as strong demand for new launches

## Revenue by segment

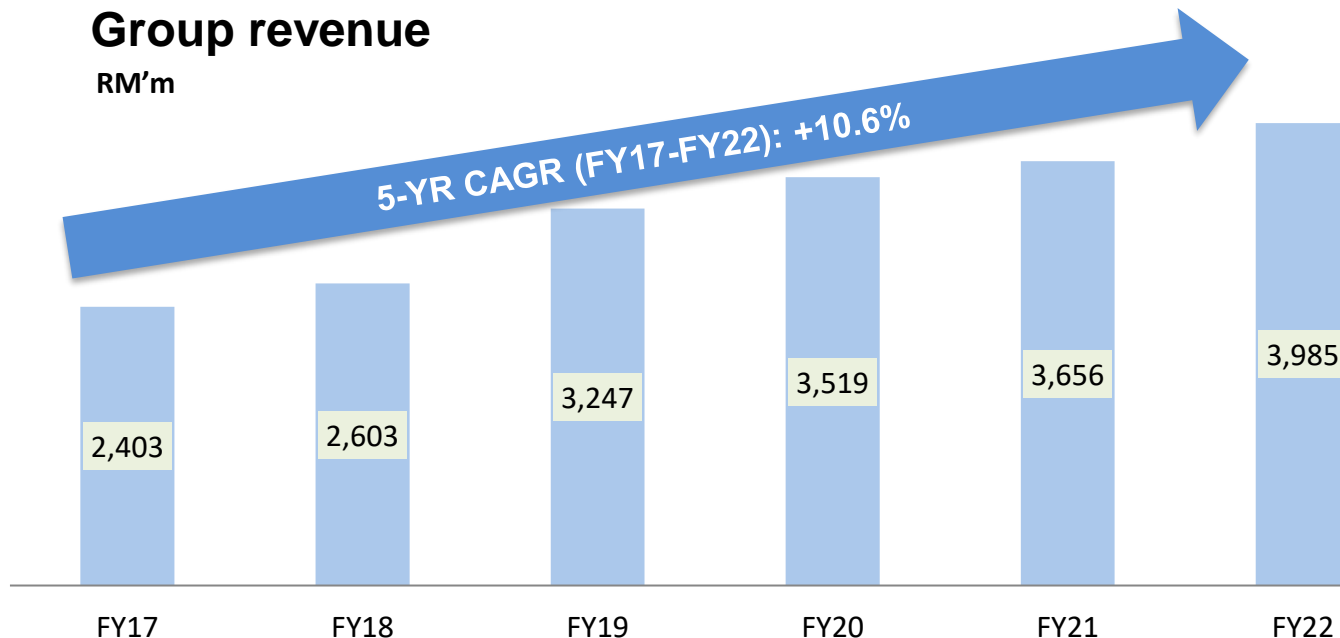


↑ 1H23 Revenue  
+6.8% yoy



## Group revenue

RM'm

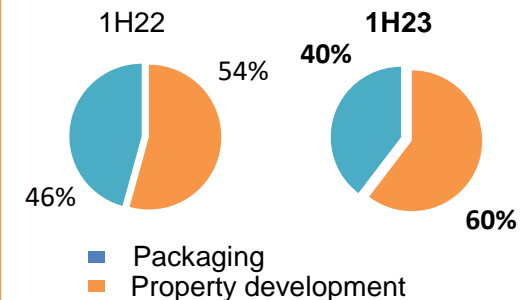


## Revenue Performance

# Property development contributed to operating profit growth in 1H23 while packaging traced market trends...

❖ 1H23 operating profit improved 12.3% yoy mainly contributed by healthy performance of property development division, mitigating a marginal decrease from the packaging division

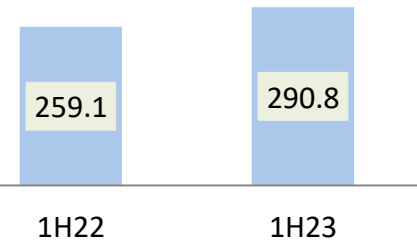
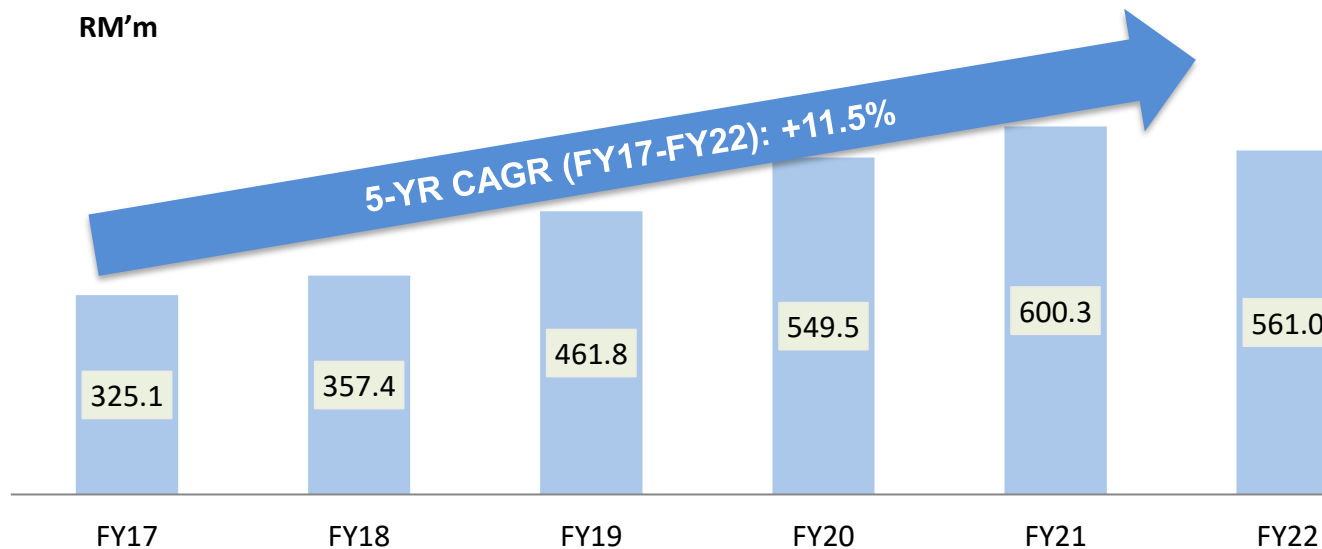
## Operating profit by segment



↑ 1H23 Op. Profit  
+12.3% yoy

## Group operating profit

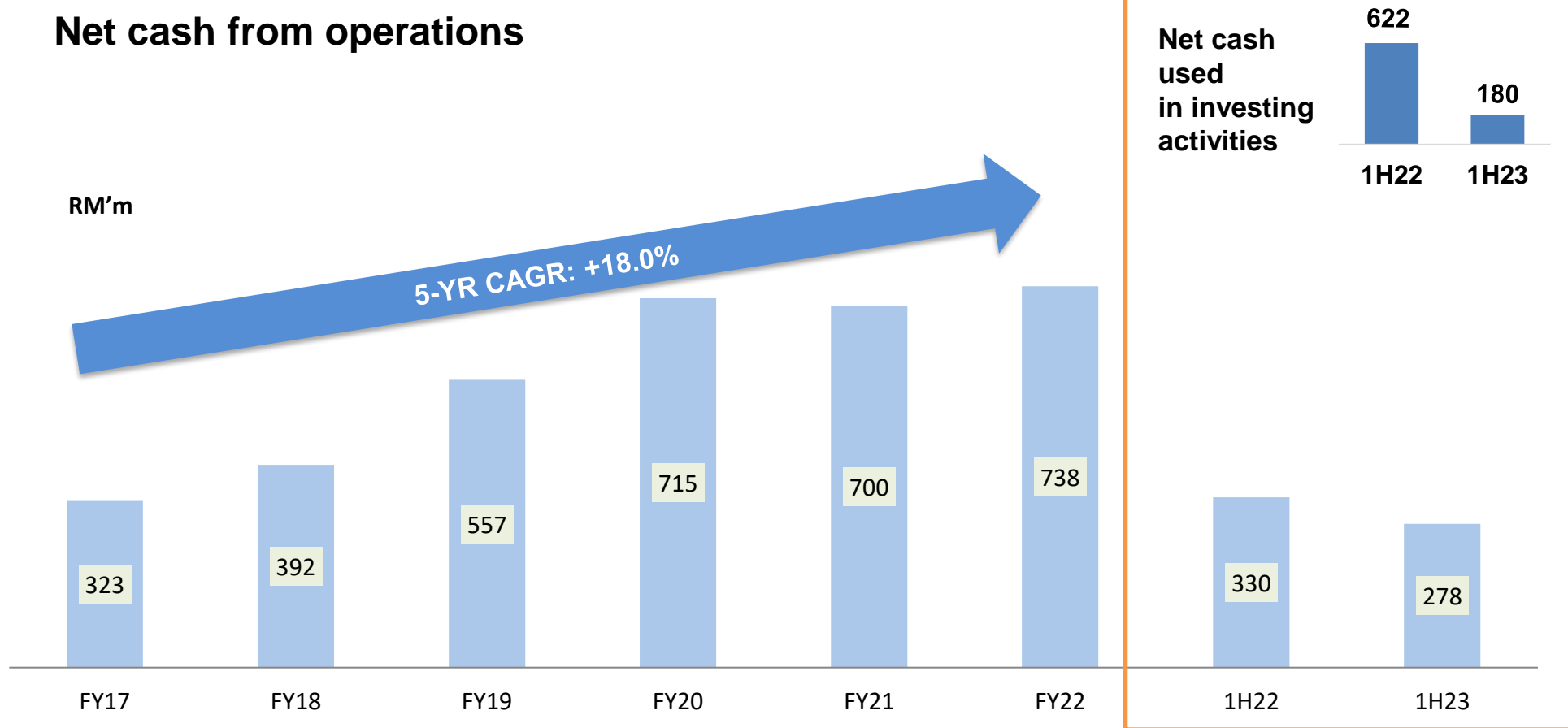
RM'm



## Profit Performance

# Operating cashflow healthy on resilient contribution from packaging and property development businesses... continued investments for expansion

## Net cash from operations



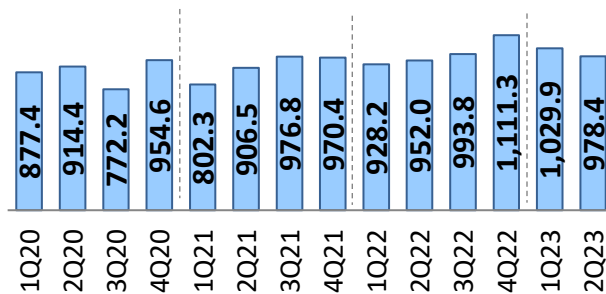
## Cash Flow

# Recorded double-digit net profit growth in 2Q23...

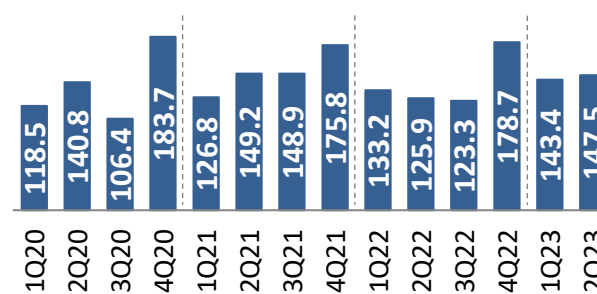
2Q23	2Q22	Change	RM'mil	1H23	1H22	Change	Remarks
978.4	952.0	2.8%	<b>Revenue</b>	2,008.3	1,880.2	6.8%	• 1H23 revenue reflected higher contribution from property development, while packaging contribution tracked global sentiment
147.5	125.9	17.2%	<b>Operating Profit</b>	290.8	259.1	12.3%	
182.2	157.6	15.5%	<b>EBITDA</b>	357.3	321.1	11.3%	• 1H23 profitability improved mainly on increased contribution from improved sales and steady construction progress of property division, while packaging division contribution maintained from better product mix
141.5	124.1	14.0%	<b>PBT</b>	278.2	254.5	9.3%	
106.3	93.7	13.5%	<b>PATMI</b>	213.5	196.6	8.6%	
6.85	6.04	13.4%	<b>Basic EPS (sen)</b>	13.76	12.67	8.6%	
15.1%	13.2%	1.9 pt	<b>OP margin</b>	14.5%	13.8%	0.7 pt	
18.6%	16.6%	2.1 pt	<b>EBITDA margin</b>	17.8%	17.1%	0.7 pt	
14.5%	13.0%	1.4 pt	<b>PBT margin</b>	13.9%	13.5%	0.3 pt	
10.9%	9.8%	1.0 pt	<b>Net margin</b>	10.6%	10.5%	0.2 pt	

\*percentages presented might not reflect absolute figures due to rounding

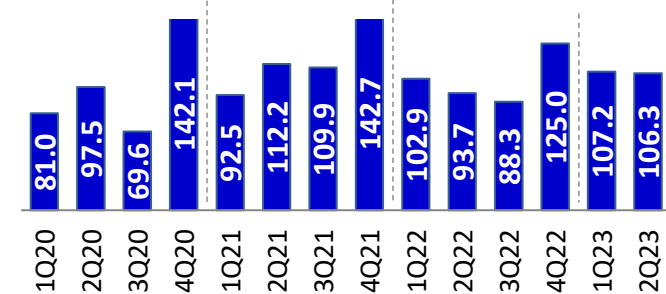
Quarterly Revenue (RM'm)



Quarterly Operating Profit (RM'm)



Quarterly PATMI (RM'm)



## Income Statement Summary

## Gearing maintained at comfortable level...

Balance Sheet (RM '000)	As at 31.01.2023	As at 31.07.2022	Remarks
Property, Plant & Equipment	1,542,981	1,463,755	Increase in machineries for packaging segment
Investment Property & Other Investments	22,682	22,634	
Right-of-use Assets	5,504	4,917	
Land Held & Property Development Costs	1,985,409	2,030,331	In line with development pace
Investment in Jointly Controlled Entity & Associated Company	105,546	102,822	
Inventories	296,221	449,350	
Trade & Other Receivables	946,897	871,867	
Cash & Bank Balances	116,261	191,177	
Deferred Tax Assets	9,282	7,279	
Intangible Assets	326,517	330,423	
<b>TOTAL ASSETS</b>	<b>5,357,300</b>	<b>5,474,555</b>	
Trade & Other Payables	605,471	820,319	
Borrowings (ST + LT)	1,114,445	1,171,475	In line with recent landbanking expansions
Tax & Deferred Tax	131,904	123,290	
Lease Liabilities	6,994	5,870	
Shareholders' Equity	3,233,394	3,109,596	Higher retained earnings
Retirement Benefits Obligations	46,893	45,943	
Minority Interest	217,599	198,062	
Net Tangible Assets / Share (RM)	1.87	1.79	
Net Borrowings	998,184	980,298	
Net Gearing	0.31x	0.32x	
<b>TOTAL LIABILITIES</b>	<b>1,905,707</b>	<b>2,166,897</b>	

## Balance Sheet (Highlights)



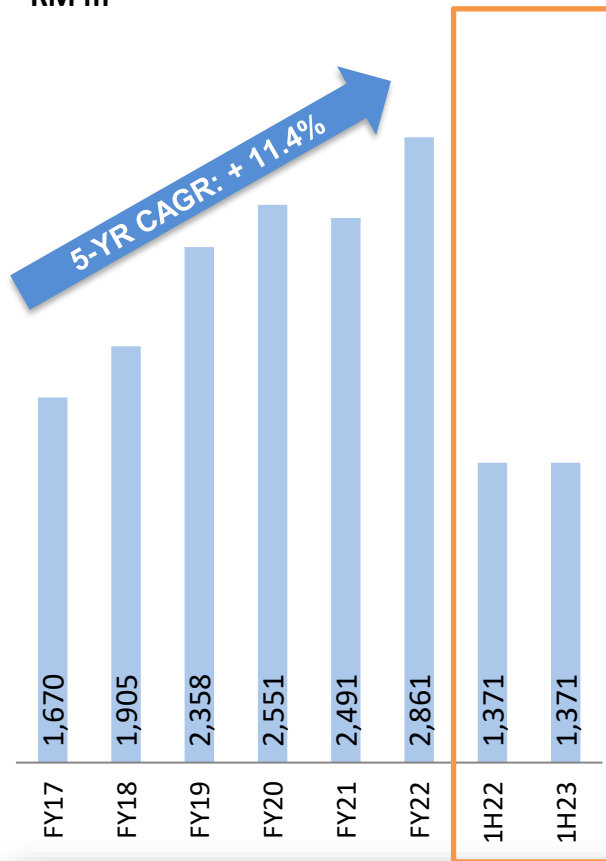
# PACKAGING REVIEW



**Packaging performance largely maintained in 1H23... better product mix with consumer packaging helped mitigate lower industrial packaging sales**

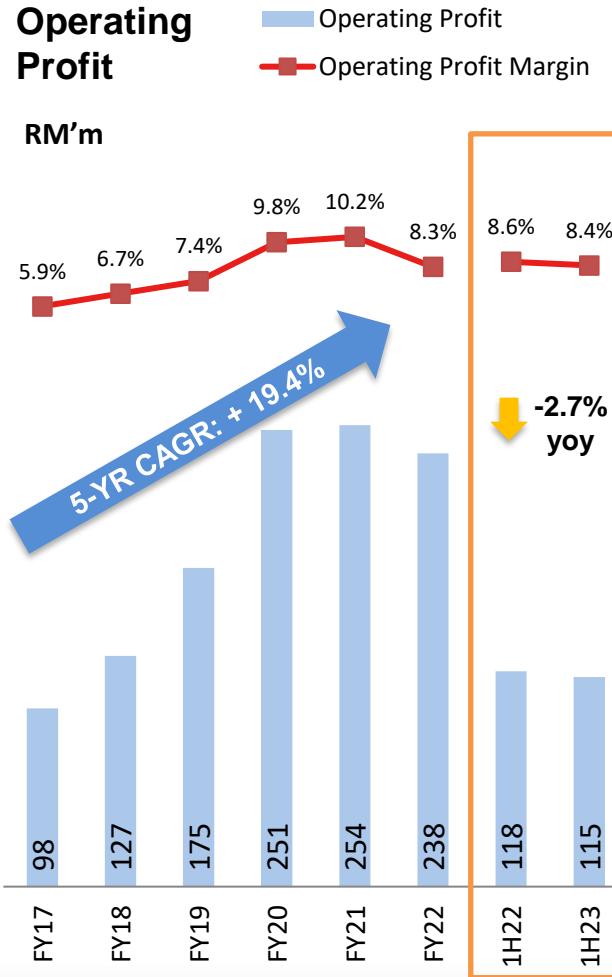
## Revenue

RM'm



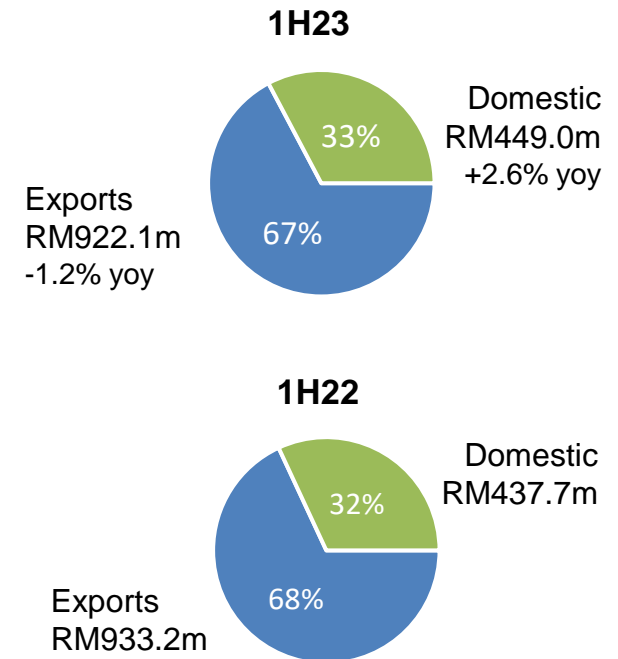
## Operating Profit

RM'm



## Revenue (by geography)

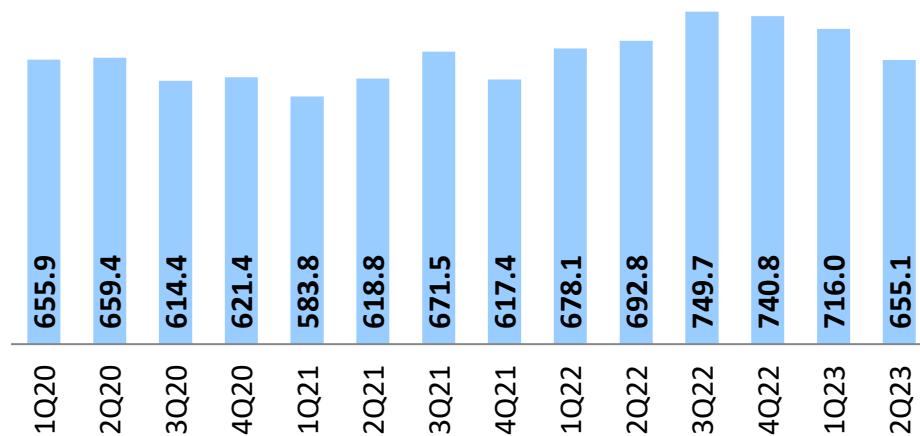
Overseas  
Malaysia



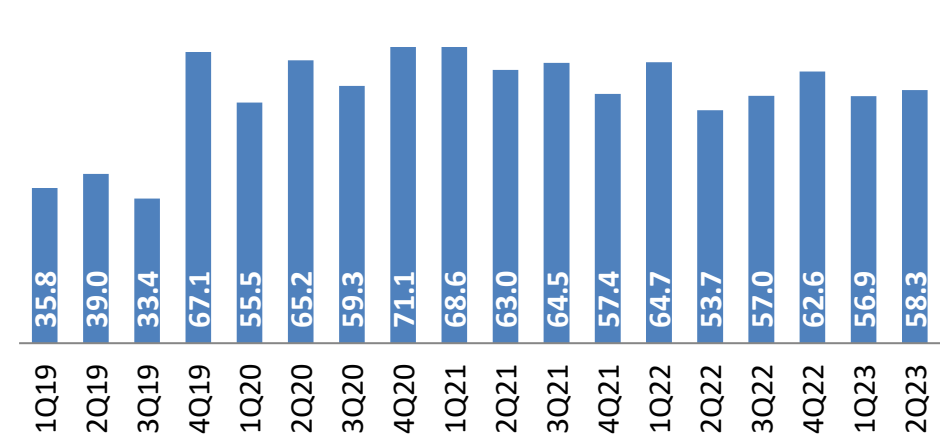
# Segment Performance: Packaging

# Resilient revenue and operating profit reflecting stable packaging demand...

**Revenue**  
(Quarterly)



**Operating Profit**  
(Quarterly)



## 18 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, Shah Alam – Robotic Stretch Film Plant  
 Selangor, Pulau Indah – PU Adhesives

Selangor, Kajang – Converting  
 Melaka, Ayer Keroh – Converting  
 Melaka, Teluk Emas – Converting  
 Melaka, Tanjung Kling – CPP & MCPP Film  
 Melaka, Jasin – CPP & MCPP  
 Melaka, Tanjung Kling – PP Strapping Band  
 Melaka, Bukit Rambai – Solar Encapsulant

### Vietnam

Ho Chi Minh, Vietnam – Woven Bag & Raffia

### Myanmar

Yangon, Myanmar – Converting

### USA

Phoenix, USA – Stretch Film

# Operations Review: Packaging

## *New robotics stretch film plant commenced operations in 2Q23...*



Scientex Robotic Stretch Film Plant

New robotic stretch film plant commenced production in 2Q23, with initial two cast stretch film lines and total capacity of 18,000MT/annum

Fully automated and integrated plant from material infeed to palletizing:

- Increased productivity & efficiency
- Reduced human error
- Improved safety
- Conducive working environment

## ***Completed acquisition of F&B and FMCG flexible packaging provider Taisei Lamick Malaysia in 1Q23... enhances Group's value-added packaging solutions offerings***



Scientex Packaging (Kajang) Sdn Bhd

- Scientex completed the acquisition of 80.2% stake in Taisei Lamick Malaysia Sdn Bhd (TLM) for RM63.8 million in 1Q23
- TLM renamed to Scientex Packaging (Kajang) Sdn Bhd
- Provides liquid and paste packaging for F&B and FMCG sectors, and customised healthcare and hygiene-related packaging

## *Scientex a leader in innovative packaging solutions... enabling customers' sustainability goals and competitive edge*



- **Leadership position** in innovation and development of flexible plastic packaging (FPP) solutions
- Solutions are customer-centric, recyclable, and support customers' **sustainability goals**; continuous product innovations to bring **enhanced competitive edge** for customers
- **Integrated operations** offer advantage of **rapid development, flexibility, cost**; recognizing synergies from strategic acquisitions of various plants
- Embedding sustainable practices across entire manufacturing process to **boost circular economy** and play role as **responsible FPP manufacturer**
- Collaboration with MNCs leading to opportunities for market expansion into other regions

## Growth Strategies: Packaging



***Completed first solar PV project to mitigate rising energy cost and reduce carbon footprint... continue to invest in solar energy at other plants***



**Completed installation of maiden solar photovoltaic (PV) project  
at Scientex Chemor plant**

**Growth Strategies: Packaging**

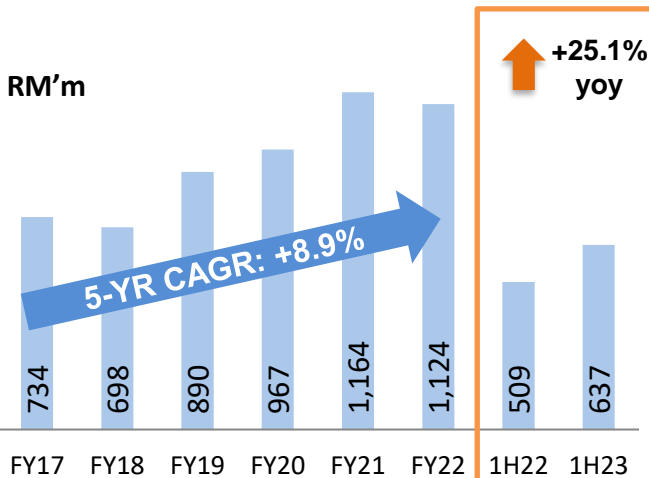


# PROPERTY DEVELOPMENT REVIEW

# Property development seeing improvements on strong demand and steady construction progress...

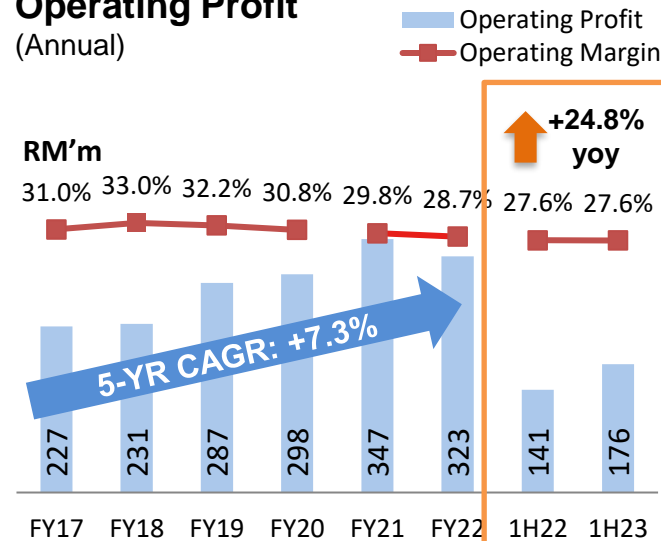
**Revenue**  
(Annual)

RM'm

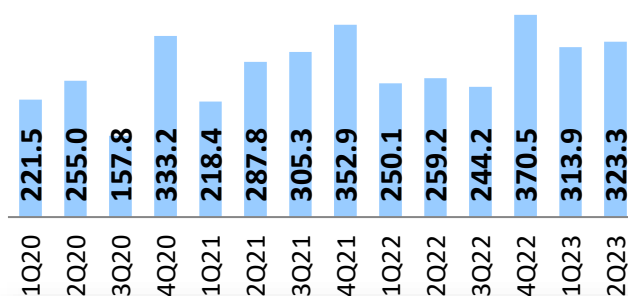


**Operating Profit**  
(Annual)

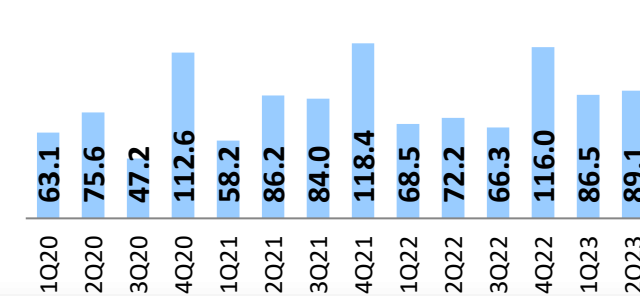
RM'm



**Revenue**  
(Quarterly)



**Operating Profit**  
(Quarterly)



## RM1.15b GDV

launched in 1H23

- 3,899 units across 14 launches in Kedah, Penang, Selangor, Melaka, and Johor



## Segment Performance: Property Development



## Launched maiden project in Sungai Petani, Kedah...

**SCIENTEX**  
SUNGAI PETANI



ALPINIA



### Launched development in Sungai Petani, Kedah (162-acre)

- Launched first phase in November 2022, comprising 322 units 2-storey terrace house (GDV: RM76.2 million)
- Launched second phase in January 2023, comprising 291 units 2-storey terrace house (GDV: RM66.8 million)

## Operations Review: New Property Launches

## Expanding affordable homes developments into the region...



### Expanded into Bangkok, Thailand

- Entered into joint venture with Altitude and Creed Group for a stake in an affordable housing development project in Bangkok
- Expected construction: end-2023
- Development size: approx. 10 acres
- 334 units Premium Affordable Town Home
- GDV: approx. USD40 million

## Operations Review: New Property Launches

## Continuing to expand landbank via cross-border growth strategy...

### Completed in FY2022 (567 acres)

- 1 Kundang Jaya, Selangor: 22 acres, RM17.4 mil
- 2 Pulai, Johor: 202 acres, RM184.7 mil
- 3 Northern Seberang Perai: 343 acres, RM246.7 mil

### Completed in 1H23 (219 acres)

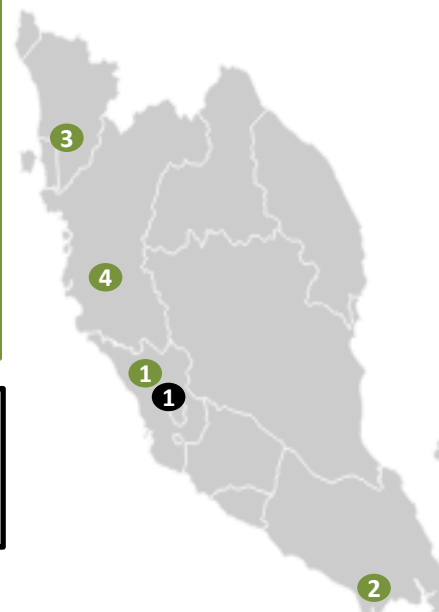
- 4 Klebang, Ipoh: 219 acres, RM66.9 mil

### Pending Completion (251 acres)

- 1 Jenjarom, Selangor 251 acres, RM207.6 mil

Note: Proposed acquisition of 960-acre land at Tebrau, Johor for RM518.1 mil terminated on 6 March 2023

Peninsular Malaysia



As at  
FY22\*

28  
developments

RM32.9B  
Potential GDV

6,705  
acres

As at  
1H23\*

29  
developments

RM32.9B  
Potential GDV

6,705  
acres

\*Includes landbank pending completion; potential GDV and acres do not include JV development in Thailand

## Growth Strategies: Property Development

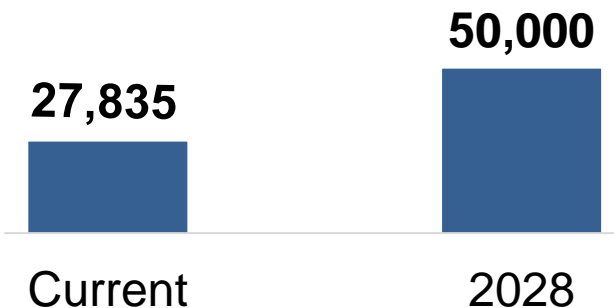
*Aiming to provide high-quality, reasonably priced homes to meet Malaysia's growing need for affordable housing...*



## 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

**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
- Among the very few FPP players 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, as well as other Southeast Asia countries
- Ongoing & future GDV stands at RM25.0b

## 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, SPAK (formerly Daibochi), and Taisei Lamick Malaysia
- 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 @ 13 March 2023

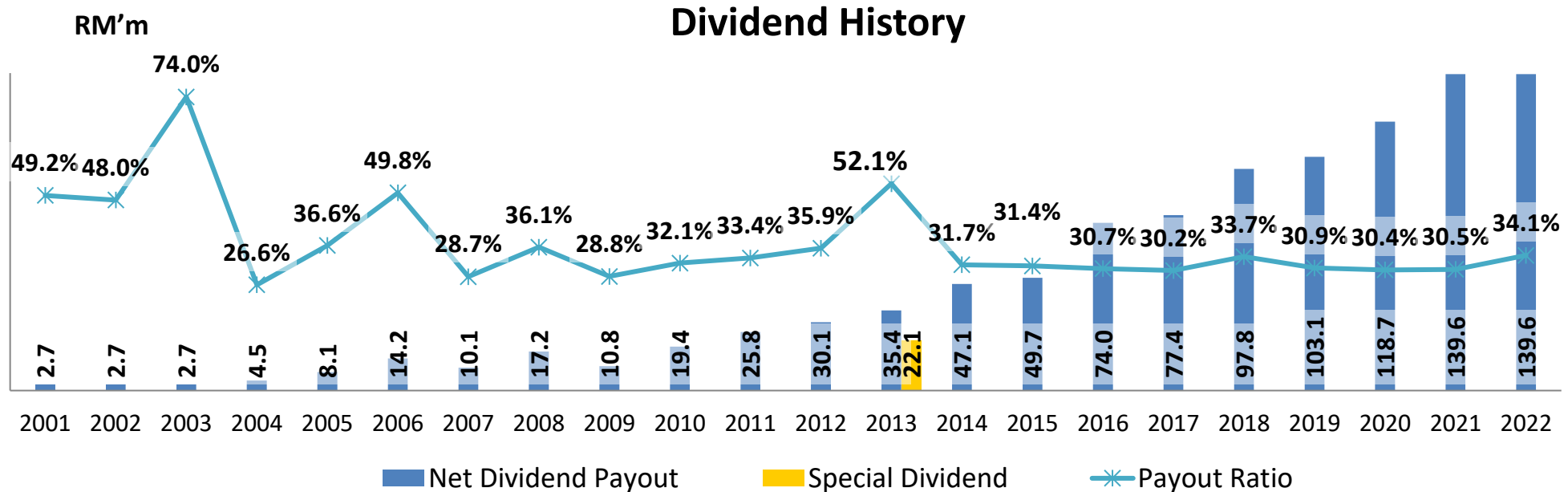
Share Price (RM)	3.62
Market Cap (RM 'mil)	5,614.9
Market Cap (USD 'mil)	1,247.7
PE (ttm)	13.2
EV/EBITDA (ttm)	9.5
FY22 Dividend Yield	2.5%

### Share Price Performance (14 Mar 2022 to 13 Mar 2023)



## Investment Merits

**Kept dividend policies even in high-growth model... total dividends of 9 sen in respect of FY2022**



**FY2021 Dividend: Total Dividend of 9 sen**

- Paid interim dividend of 4 sen per share on 23 July 2021
- Paid final dividend of 5 sen per share on 13 January 2022

**FY2022 Dividend: Total Dividend of 9 sen**

- Paid interim dividend of 4 sen per share on 22 July 2022
- Paid final dividend of 5 sen per share on 9 January 2023

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

# Dividend History



# Thank You

## Contacts:

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