

Malaysia's Scientex eyes 'affordable homes' in Indonesia and Thailand

Company's core business is in flexible packaging, but CEO Lim Peng Jin sees tremendous potential in its property division

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Kuala Lumpur
BURSA-LISTED Scientex, which made its name on the global manufacturing stage for its flexible packaging, is taking a bolder step to expand its property division to different parts of South-east Asia.

Last month, the 55-year-old company announced that its wholly-owned subsidiary Scientex Quatari had entered into a joint venture with Japan's Creed Property and Indonesia's Mustika Land for its maiden foray into Indonesia.

This marked Scientex's property division's second venture into the regional property market. Last year, it took a minority stake in a separate JV with Creed Group and Thailand's Altitude Development to develop a project in Bangkok.

Scientex's chief executive officer Lim Peng Jin told *The Business Times* that the regional expansion is part of a "cross-border strategy" that first saw the company start with property projects in its home base of Johor Bahru before spreading its wings to other Malaysian states such as Melaka, Selangor, Perak and Penang.

"Going overseas raises this benchmark by a few notches, but the principles and replicability remain the same," he said in a recent interview in Kuala Lumpur.

The 54-year-old chieftain made the news recently when he was named by Forbes as one of Malaysia's 50 richest people in 2022. Together with his brother Lim Peng Cheong, they have a combined net worth of some US\$790 million.

Scientex, which has a market

capitalisation of RM5.3 billion (S\$1.6 billion) as at Mar 31 this year, is the largest stretch film producer in Asia and in the top three worldwide. Its packaging solutions are exported to more than 60 countries.

The company started its diversification into property development back in 1995 and sped up the expansion 10 years ago, having delivered about 28,000 affordable homes in various states in Malaysia.

In Malaysia, Scientex has a total landbank of 6,700 acres, with about 65 per cent still undeveloped. Lim said this could support the property division's business for the next 10 years or so.

While Scientex's core business of flexible packaging accounted for two-thirds of revenue (or RM1.4 billion) in the first six months of the

2023 financial year (FY), it is the property division where Lim sees tremendous potential.

The division's revenue exceeded RM1 billion in FY 2021 and 2022, from just RM150 million a decade ago, he said.

"This double-digit growth rate of 18 per cent on a compounded annual basis within this timeframe corresponds with our aggressive expansion strategy, especially when we began to expand into other states in Peninsular Malaysia," he said.

Lim explained more about the move to grow the property business in Indonesia. The plan is for the JV to develop a township in Greater Jakarta with the first phase involving 400 landed homes and an estimated gross development value of US\$19 million.



By venturing overseas, Scientex will be able to scale the growth of its property development business, says its CEO Lim Peng Jin.

PHOTO: SCIENTEX

Each of these so-called "affordable homes" is priced at around 500 million rupiah (S\$44,300). Construction will begin later this year and the aim is to complete the first phase development by 2025.

Lim said that there is much potential for growth in Indonesia, with South-east Asia's largest economy reportedly having a shortage of more than 12 million affordable homes in 2020.

"By going overseas, especially to Indonesia where the size of the population is eight times larger than Malaysia's, we can scale the growth of our property develop-

ment business," he said.

"We are taking our regional expansion one step at a time. We are entering (into JVs) together with property development partners that already have the experience and commitment."

For its second quarter ended Jan 31, 2023, Scientex posted a net profit of RM106.29 million, an increase from RM93.7 million in the same period the previous year. Earnings per share rose to 6.85 sen, from 6.04 sen. Scientex reported second-quarter revenue of RM978.4 million, a slight increase from RM952 million in the same quarter in 2022.