

## Scientex Berhad (SCI MK)

Inline

HOLD

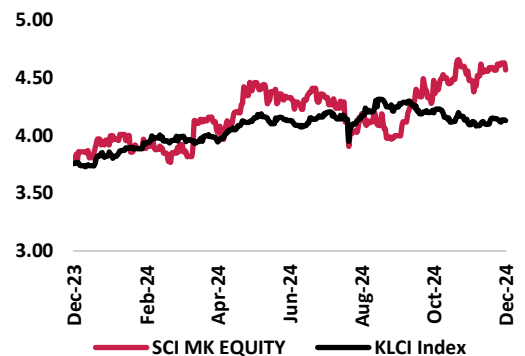
Share Price RM4.50  
Target Price RM4.50

0.0%

### 1QFY25: Within Expectation

- Maintain HOLD (TP: RM4.50).** Scientex's 1QFY25 core PATAMI of RM127.6mn was in line with both our in-house and market expectations, making up 21.9% and 21.2% of the full-year forecasts respectively. Despite the underperformance in Scientex's packaging division, we anticipate that the company's overall performance will remain resilient, driven by sustained and robust demand for its affordable housing segment. This demand is expected to offset the challenges faced in Packaging segment, providing a balanced growth outlook for the Group. We maintain a **HOLD** call on Scientex, with unchanged **TP of RM4.50**. Overall, we believe Scientex's business performance to be driven by:- i) organic expansion and M&A activities for potential long-term growth, ii) strong position as an affordable housing developer, and iii) high commitment to sustainability and the environment through its plastic product offerings.
- Key Highlight.** 1QFY25 revenue and operating profit (OP) decline -5% QoQ and -0.2% QoQ respectively, no thanks to slower revenue from both Packaging (-3.9% QoQ) and Property (-6.4% QoQ) segments. Also, OP was weighed down by slower earnings in Packaging segment (-31.5% QoQ) despite surged in Property segment (+10.5% QoQ). During this period, the Packaging segment experienced a slight decline, operating at 58% compared to 59% in the previous quarter. Additionally, the group highlighted the encouraging take-up rates for ongoing projects in Sungai Petani, Sungai Dua, Jenjarom, Pulai, and Bandar Jasin. The total unbilled sales as of October 2024 stand at RM1.7bn.
- Forecast.** Unchanged.
- Outlook.** The group continues to prioritize operational efficiency within its Packaging segment by focusing on cost management, quality control and timely customer delivery while reinforcing its commitment to sustainability. In the Property segment, Scientex plans to capitalize on the robust demand for affordable housing in Peninsular Malaysia, underpinned by planned developments and upcoming property launches. Overall, we are optimistic on Property segment outlook as earnings growth is expected to be driven by the expansion of the property portfolio and strategic land acquisitions. However, we advise caution on the Packaging segment where weaker demand may pose challenges to growth.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	0.7	12.5	20.4
vs FBM KLCI	1.0	16.8	7.3

#### Stock Data

ESG Rating	Good
Mkt Cap (RM mn)	7,003.2
Adjusted beta	0.8
Free float (%)	58.8
Issued shares (mn)	1556.3
52w H/L (RM)	4.68 / 3.7
3m avg daily volume	831,104

#### Major Shareholders (%)

Scientex Holdings Sdn Bhd	20.9
Scientex Infinity Sdn Bhd	11.2
Scientex Leasing Sdn Bhd	9.1

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Table 1: Quarterly Figures

Scientex Berhad FYE 31 July (RM mn)	Quarterly			Change (%)		Cumulative		YTD	BIMB	
	1QFY24	4QFY24	1QFY25	QoQ Chg	YoYChg	FY24	FY25	YTD Chg	BIMB	3M/F
Revenue	1106.5	1168.3	1109.4	-5.0%	0.3%	1106.5	1109.4	0.3%	4882.4	22.7%
EBITDA	222.0	211.9	208.3	-1.7%	-6.2%	222.0	208.3	-6.2%	939.3	22.2%
Pretax profit	184.7	177.0	175.5	-0.8%	-5.0%	184.7	175.5	-5.0%	802.2	21.9%
Taxation	-42.3	-33.8	-41.3	22.3%	-2.3%	-42.3	-41.3	-2.3%	-192.5	21.5%
<b>Core Net Profit</b>	<b>139.2</b>	<b>132.5</b>	<b>127.6</b>	<b>-3.7%</b>	<b>-8.3%</b>	<b>139.2</b>	<b>8.6</b>	<b>-93.8%</b>	<b>584.0</b>	<b>1.5%</b>
Core EPS (sen)	9.0	8.5	8.2	-3.7%	-8.3%	9.0	8.2	-8.3%	37.6	21.9%
				chg (ppts)				ppts		
EBITDA margin (%)	20.1%	18.1%	18.8%	0.6	-1.3	20.1%	18.8%	-1.3	19.2	
PBT margin (%)	16.7%	15.1%	15.8%	0.7	-0.9	16.7%	15.8%	-0.9	16.4	
Core Net profit margin (%)	12.6%	11.3%	11.5%	0.2	-1.1	12.6%	0.8%	-11.8	12.0	
Effective tax rate (%)	22.9%	19.1%	23.5%	4.4	0.6	22.9%	23.5%	0.6	24.0	

Source: BIMB Securities, Company

Table 2: Segmental Breakdown

Scientex Berhad FYE 31 July (RM mn)	Quarterly		Change (%)		Cumulative		YTD	
	1QFY24	4QFY24	1QFY25	QoQ Chg	YoYChg	FY23	FY24	YuD Chg
<b>Revenue</b>	<b>1106.6</b>	<b>1,168.3</b>	<b>1,109.4</b>	<b>-5.0%</b>	<b>0.3%</b>	<b>1,106.6</b>	<b>1,109.4</b>	<b>0.3%</b>
Packaging	650.4	651.3	625.7	-3.9%	-3.8%	650.4	625.7	-3.8%
Property	456.1	517.0	483.7	-6.4%	6.0%	456.1	483.7	6.0%
<b>Operating Profit</b>	<b>189.5</b>	<b>177.0</b>	<b>176.6</b>	<b>-0.2%</b>	<b>-6.8%</b>	<b>189.5</b>	<b>176.6</b>	<b>-6.8%</b>
Packaging	50.4	45.2	31.0	-31.5%	-38.6%	50.4	31.0	-38.6%
Property	138.0	132.0	145.9	10.5%	5.7%	138.0	145.9	5.7%
				<b>chg (ppts)</b>				<b>chg (ppts)</b>
<b>Operating Margin (%)</b>	<b>17.1%</b>	<b>15.1%</b>	<b>15.9%</b>	<b>0.8</b>	<b>-1.2</b>	<b>17.1%</b>	<b>15.9%</b>	<b>-1.2%</b>
Packaging (%)	7.8%	6.9%	5.0%	-2.0	-2.8	7.8%	5.0%	-2.8%
Property (%)	30.3%	25.5%	30.2%	4.6	-0.1	30.3%	30.2%	-0.1%

Source: BIMB Securities, Company

Table 3: Sum-of-Parts (SOP) Valuation

			Segment Value (RM mn)	Comment
Packaging	FY26F Operating Profit (RM mn)	Target PER (x)	<b>3,002.4</b>	Peer's weighted average PER
	250.2	12.0		
Property	RNAV	7,773	<b>4,663.7</b>	40% discount to Property RNAV
	(-) discount	(3,109)		
	<b>Sub-total</b>		7,666.1	
	<b>Net debts</b>		(680.7)	
	<b>Total Equity value</b>		6,985.4	
	<b>Share cap (mn)</b>		1,551.0	
	<b>Target Price (RM)</b>		<b>4.50</b>	
	<b>Implied FY24 PER</b>		<b>13.0</b>	

Source: Bloomberg, BIMB Securities

Table 4: Earnings Forecast

FYE July (RM mn)	FY23	FY24	FY25F	FY26F	FY27F
<b>Turnover</b>	<b>4,076.9</b>	<b>4,475.6</b>	<b>4,882.4</b>	<b>5,085.9</b>	<b>5,362.1</b>
EBITDA	714.5	868.6	939.3	1,048.3	1,113.9
Pretax Profit	568.7	728.9	802.2	911.3	970.9
<b>Core Net Profit</b>	<b>462.5</b>	<b>535.7</b>	<b>584.0</b>	<b>663.4</b>	<b>706.8</b>
Consensus NP			603.0	649.1	701.0
Core EPS (sen)	29.8	34.5	37.6	42.8	45.6
PER (x)	15.1	13.0	12.0	10.5	9.9
BVPS (sen)	2.3	2.6	2.9	3.2	3.5
P/B (x)	1.9	1.7	1.6	1.4	1.3
DPS (sen)	10.0	6.0	11.0	12.0	13.0
D. Yield (%)	2.2	1.3	2.4	2.7	2.9
		<b>Key Ratios (%)</b>			
ROE	13.6	14.2	14.0	14.3	13.7
EBITDA margin	17.5	19.4	19.2	20.6	20.8
Pretax margin	13.9	16.3	16.4	17.9	18.1
Core PATAMI margin	11.3	12.0	12.0	13.0	13.2

Source: Bloomberg, BIMB Securities

**DEFINITION OF RATINGS**

BIMB Securities uses the following rating system:

**STOCK RECOMMENDATION**

<b>BUY</b>	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
<b>TRADING BUY</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
<b>HOLD</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>TAKE PROFIT</b>	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
<b>TRADING SELL</b>	Share price may fall by more than 15% in the next 3 months.
<b>SELL</b>	Share price may fall by more than 10% over the next 12 months.
<b>NOT RATED</b>	Stock is not within regular research coverage.

**SECTOR RECOMMENDATION**

<b>OVERWEIGHT</b>	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
<b>NEUTRAL</b>	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
<b>UNDERWEIGHT</b>	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

**Applicability of ratings**

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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