

“Property division has been delivering consistently, but plastic was still a drag”

Share price performance



	1M	3M	12M
Absolute (%)	-3.0	-3.0	-19.3
Rel KLCI (%)	-4.9	-8.8	-16.4

	BUY	HOLD	SELL
Consensus	5	3	-

Source: Bloomberg

Stock Data

Sector	Plastics Packaging
Issued shares (m)	1,556.3
Mkt cap (RMm)/(US\$m)	5,026.7/1,200.3
Avg daily vol - 6mth (m)	0.7
52-wk range (RM)	3.06-4.68
Est free float	33.0%
Stock Beta	1.04
Net cash/(debt) (RMm)	(1,998.48)
ROE (CY26E)	14.0%
Derivatives	Nil
Shariah Compliant	Yes
FTSE4Good Constituent	Yes
FBM EMAS (Top 200)	Top 26-50%
ESG Risk Rating	18.4 (+0.0 yoy)

Key Shareholders

Scientex Holdings SB	20.9%
Scientex Leasing SB	11.7%
Scientex Infinity SB	9.1%

Source: Bloomberg, Affin Hwang, ESG Risk Rating
Powered by Sustainalytics, Bursa Malaysia

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Scientex (SCI MK)

HOLD (maintain)

Up/Downside: +8.4%

Price Target: RM3.50

Previous Target (Rating): RM3.50

Results within expectations

- **Scientex's 4QFY25 PATAMI rose +14% yoy to RM154m, driven again by its property segment – within expectations**
- **Despite a strong property performance, we believe investors' concern over Scientex remains the aggressive competition in the plastic segment from Chinese players that could continue to drive sector margin down**
- **As such, we do not expect a valuation rerating for now until there is a visible improvement. Maintain HOLD call with an unchanged TP of RM3.50**

Decent set of 4QFY25 earnings – driven by property segment again

Scientex's 4QFY25 PATAMI rose +14% yoy to RM154m, once again driven by the property segment while the plastic division remained soft. In the property division, the EBIT surged 29% yoy in 4QFY25 as affordable housing demand remained very strong, and Scientex had launched about RM1.1bn GDV in 4QFY25, nearly half of the full-year total of RM2.5bn, also exceeding management's target of RM2bn set last year. For FY26, management is targeting to surpass the RM2.5bn GDV launch recorded in FY25. On the other hand, the plastics segment continued to face a difficult industry backdrop, with another quarter of sales decline in Q4, dragged down by lower ASPs amid intense competition from Chinese producers, although volumes were steady with UTR holding at 60%.

Do not see a valuation rerating yet

Overall, FY25 was a challenging year for Scientex due to the challenging plastic industry even though the property division performed well. Looking at the plastic segment (EBIT down 30% yoy in FY25), we believe investors' main concern remains on the aggressive competition from Chinese players, that could continue to push ASPs lower to gain market share while still having spare capacity. This in turn could continue to compress the sector margins, a dynamic similar to what we have seen with the Malaysian glove players facing Chinese aggressiveness. While management had mentioned in the briefing that the plastic industry possibly is at the lower end of the downcycle now, a recovery is not expected soon. Given such concern, we do not expect a valuation rerating for the stock now until there is visible improvement in this segment. Our current SOTP-based TP of RM3.50 implies a 9.2x PE to its CY26E EPS, which is at 1-SD below its 5-year mean.

Maintain our HOLD with an unchanged TP of RM3.50

Overall, we maintain HOLD with an unchanged TP of RM3.50. Upside/downside risks include fluctuation in resin and building material costs, and higher/lower sales across the packaging and property segments.

Earnings & Valuation Summary

FYE 31 Jul	2024	2025	2026E	2027E	2028E
Revenue (RMm)	4,475.6	4,517.7	4,850.9	5,174.8	5,371.4
EBITDA (RMm)	876.3	883.1	950.0	1,012.9	1,070.5
Pretax profit (RMm)	728.9	735.3	749.3	789.8	835.4
Net profit (RMm)	545.2	530.8	567.7	598.0	633.1
EPS (sen)	35.2	34.1	36.6	38.6	40.8
PER (x)	9.0	9.3	8.6	8.2	7.7
Core net profit (RMm)	544.9	530.8	567.7	598.0	633.1
Core EPS (sen)	35.2	34.1	36.6	38.6	40.8
Core EPS growth (%)	17.8	-2.6	9.4	5.3	5.9
Core PER (x)	8.9	9.4	8.6	8.2	7.7
Net DPS (sen)	12.0	13.0	15.0	17.0	17.0
Dividend Yield (%)	3.8	4.1	4.7	5.4	5.4
EV/EBITDA	6.4	6.5	5.9	5.4	4.9

Chg in EPS (%)

Affin/Consensus (x)

Source: Company, Affin Hwang estimates

-

1.0

1.0

-

0.9

0.9

1: Results Comparison

FYE Jul (RMm)	4Q24	2Q25	4Q25	QoQ % chg	YoY % chg	FY24	FY25	YoY % chg	Comments
Revenue	1,168.3	1,110.5	1,192.6	7.4	2.1	4,475.6	4,517.7	0.9	Weaker plastic sales was offset by the solid property performance
Op costs	(955.5)	(895.0)	(945.4)	5.6	(1.1)	(3,599.3)	(3,634.6)	1.0	
EBITDA	212.9	215.6	247.2	14.7	16.1	876.3	883.1	0.8	
<i>EBITDA margin (%)</i>	18.2	19.4	20.7	1.3 ppt	2.5 ppt	19.6	19.5	-0.1 ppt	
Dep and amort	(32.3)	(34.9)	(34.8)	(0.5)	7.6	(130.3)	(137.9)	5.8	
EBIT	180.6	180.6	212.4	17.6	17.6	745.9	745.2	(0.1)	
<i>EBIT margin (%)</i>	15.5	16.3	17.8	1.5 ppt	2.4 ppt	16.7	16.5	-0.2 ppt	
Int expense	(5.6)	(6.3)	(6.6)	4.1	17.6	(22.6)	(22.5)	(0.5)	
Int and other inc	2.0	1.7	4.3	148.8	116.6	5.3	12.6	137.1	
Exceptional items	-	-	-	-	-	0.3	-	-	
Pretax profit	177.0	176.1	210.2	19.4	18.7	728.9	735.3	0.9	
Tax	(33.8)	(42.1)	(46.4)	10.3	37.3	(159.7)	(170.2)	6.5	
<i>Tax rate (%)</i>	19.1	23.9	22.1	-1.8 ppt	3 ppt	21.9	23.1	1.2 ppt	
MI	(7.3)	(10.1)	(9.4)	(6.9)	28.6	(24.0)	(34.4)	43.3	
Net profit	135.9	123.9	154.3	24.6	13.6	545.2	530.8	(2.7)	
EPS (sen)	8.8	8.0	9.9	24.5	13.2	35.2	34.1	(2.9)	
Core net profit	135.9	123.9	154.3	24.6	13.6	544.9	530.8	(2.6)	Within expectations

Source: Affin Hwang, Company

Fig 2: Segment comparison

FY July (RMm)	4QFY24	3QFY25	4QFY25	qoq % chg	yoy % chg	FY24	FY25	yoy % chg
Revenue	1,168.3	1,110.5	1,192.6	7.4	2.1	4,475.6	4,517.7	0.9
Packaging	651.3	614.8	612.5	(0.4)	(6.0)	2,594.5	2,483.8	(4.3)
Property	517.0	495.8	580.1	17.0	12.2	1,881.1	2,033.9	8.1
EBIT	177.2	177.5	212.4	19.7	19.9	736.5	742.1	0.8
Packaging	45.2	34.5	42.2	22.3	(6.7)	218.0	149.8	(31.3)
Property	132.0	143.0	170.2	19.0	29.0	518.5	592.3	14.2
<i>EBIT margin (%)</i>	15.2	16.0	17.8	1.8 ppt	2.6 ppt	17.3	15.9	-1.4 ppt
<i>Packaging (%)</i>	6.9	5.6	6.9	1.3 ppt	-0.1 ppt	8.9	5.8	-3.1 ppt
<i>Property (%)</i>	25.5	28.9	29.3	0.5 ppt	3.8 ppt	29.1	29.1	0.1 ppt

Source: Affin Hwang, Company

Important Disclosures and Disclaimer

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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