

Scientex Berhad (SCI MK)**Above****BUY**Share Price **RM3.23**
Target Price **RM3.91** **+21.1%****Property Anchors Growth**

• **Key Highlight.** Scientex FY25 core PATAMI of RM529.7mn was above our in-house expectation (106.1%) but within market expectation (100%). The higher-than-expected result was due to better margin arising from lower material cost from packaging segment. 4QFY25 core net profit rose sharply to RM165.7mn (+42.7% QoQ, +25.0% YoY), driven by stronger property contributions and margin recovery in packaging. Revenue grew to RM1.19bn (+7.4% QoQ, +2.1% YoY). The 4QFY25 packaging revenue slightly down by 0.4% QoQ due to intense Chinese competition and weaker export demand. Margins however improved 22.3% QoQ in 4QFY25 on lower raw material costs and efficiency gains. Meanwhile, the property division continued to anchor growth, delivering RM580mn revenue (+17% QoQ) and RM170.2mn operating profit (+19% YoY), with margins sustained at 28.1%. Take-up rates remain healthy at 70–80% and unbilled sales stood at RM2bn.

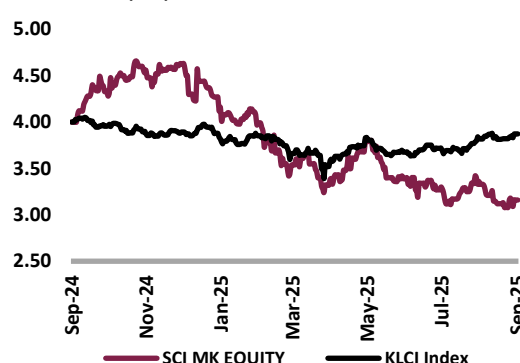
• **Dividend.** A final DPS of 6 sen was declared, bringing FY25 dividend to 12 sen. This translates into 35.1% payout and a yield of 3.7% at current price.

• **Forecast.** We revise up FY26F/27F earnings by +5.8%/+5.6% to RM589.5mn/RM666mn to reflect stronger-than-expected property margins and improving cost optimisation in packaging.

• **Outlook.** The packaging division is likely to stay soft near term as Chinese competition exerts pricing pressure, though margin recovery is emerging on lower raw material costs, product innovation and efficiency upgrades. The property segment remains the key growth anchor, underpinned by resilient demand for affordable housing across Peninsular Malaysia Demand is particularly strong in Johor, benefitting from catalysts like the RTS link, JS-S projects and government housing policies. Scientex is also building a recurring income base via affordable hotels in Osaka through a 50% JV, where five hotels have been acquired with plans to expand to ten. With ~98% occupancy and 40–50% operating margins, this venture provides a steady new earnings stream.

• **Maintain BUY (TP: RM3.91).** Maintain a **BUY call** with a higher **TP of RM3.91** (from RM3.81) following earnings upgrade and roll-over valuation to CY27F, applying SOP methodology. Scientex remains a compelling proxy to (i) Malaysia's affordable housing theme, and (ii) sustainable packaging solutions, with additional upside from recurring income via affordable hospitality.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	(3.0)	(1.3)	(16.6)
vs FBM KLCI	(4.6)	(9.0)	(16.8)

Stock Data

ESG Rating	Good
Mkt Cap (RM mn)	5,026.7
Adjusted beta	1.0
Free float (%)	58.3
Issued shares (mn)	1556.3
52w H/L (RM)	4.68 / 3.06
3m avg daily volume	714,553

Major Shareholders (%)

Scientex Holdings Sdn Bhd	20.9
Scientex Infinity Sdn Bhd	11.7
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 YTD Chg	BIMB	
	4QFY24	3QFY25	4QFY25	QoQ Chg	YoYChg	FY24	FY25		BIMB	BIMB 12M/F
Revenue	1168.3	1110.5	1192.6	7.4%	2.1%	4475.6	4517.7	0.9%	4882.4	92.5%
EBITDA	211.9	202.9	213.4	5.2%	0.7%	853.6	872.0	2.2%	823.0	106.0%
Pretax profit	177.0	176.1	210.2	19.4%	18.7%	728.9	735.3	0.9%	686.0	107.2%
Taxation	-33.8	-42.1	-46.4	10.3%	37.3%	-159.7	-170.2	6.5%	-164.6	103.3%
Core Net Profit	132.5	116.1	165.7	42.7%	25.0%	535.7	529.7	-1.1%	499.4	106.1%
Core EPS (sen)	8.5	7.5	10.6	42.7%	24.6%	34.5	34.1	-1.4%	32.2	105.8%
				chg (ppts)				ppts		
EBITDA margin (%)	18.1%	18.3%	17.9%	-0.4	-0.2	19.1%	19.3%	0.2	16.9%	
PBT margin (%)	15.1%	15.9%	17.6%	1.8	2.5	16.3%	16.3%	0.0	14.1%	
Core Net profit margin (%)	11.3%	10.5%	13.9%	3.4	2.5	12.0%	11.7%	-0.2	10.2%	
Effective tax rate (%)	19.1%	23.9%	22.1%	-1.8	3.0	21.9%	23.1%	1.2	24.0%	

Source: BIMB Securities, Company

Table 2: Segmental Breakdown

Scientex Berhad FYE 31 July (RM mn)	Quarterly		Change (%)		Cumulative		YTD	
	4QFY24	3QFY25	4QFY25	QoQ Chg	YoYChg	FY24	FY25	YTD Chg
Revenue	1168.3	1110.5	1192.6	7.4%	2.1%	4,475.6	4517.7	0.9%
Packaging	651.3	614.8	612.5	-0.4%	-6.0%	2,594.5	2483.8	-4.3%
Property	517.0	495.8	580.1	17.0%	12.2%	1,881.1	2033.9	8.1%
Operating Profit	177.0	177.3	212.6	19.9%	20.1%	736.7	741.8	0.7%
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%
				chg (ppts)				chg (ppts)
Operating Margin (%)	17.5%	15.9%	15.9%	0.0	-1.6	17.3%	15.9%	-1.4
Packaging (%)	10.1%	5.0%	6.7%	1.7	-3.4	8.9%	5.8%	-3.1
Property (%)	27.9%	30.2%	28.1%	-2.1	0.2	29.1%	29.1%	0.1

Source: BIMB Securities, Company

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

			Segment Value (RM mn)	Comment
Packaging	CY27F Operating Profit (RM'mn)	Target PER (x)	1,994.2	Peer's 1-years forward average PER
	162.1	12.3		
Property	RNAV	7,590	6,072.2	20% discount to Property RNAV
	(-) discount	(1,518)		
	Sub-total		8,066.4	
	Net debts		(1,994.6)	
	Total Equity value		6,071.8	
	Share cap (mn)		1,551.0	
	Target Price (RM)		3.91	
	Implied FY26F PER		10.3	

Source: Bloomberg, BIMB Securities

Table 4: Earnings Forecast

FYE July (RM mn)	FY23	FY24	FY25	FY26F	FY27F
Turnover	4,076.9	4,475.6	4,517.7	4,947.7	5,273.8
EBITDA	714.5	868.6	742.1	992.5	1,104.9
Pretax Profit	568.7	728.9	735.3	825.9	933.1
Core Net Profit	462.5	535.7	529.7	589.5	666.0
Consensus NP				587	628
Core EPS (sen)	29.8	34.5	34.1	37.9	42.8
PER (x)	10.8	9.4	9.5	8.5	7.5
BVPS (sen)	2.3	2.6	2.8	3.1	3.4
P/B (x)	1.4	1.2	1.1	1.0	0.9
DPS (sen)	10.0	6.0	12.0	11.0	12.0
D. Yield (%)	2.7	1.6	3.1	2.8	3.1
		Key Ratios (%)			
ROE	13.6	14.2	12.8	13.0	13.3
EBITDA margin	17.5	19.4	16.4	20.1	21.0
Pretax margin	13.9	16.3	16.3	16.7	17.7
Core PATAMI margin	11.3	12.0	11.7	11.9	12.6

Source: Bloomberg, BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

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

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	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
UNDERWEIGHT	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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