Scientex

More Property Launches in FY26 while Packaging Shows Stabilization.

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SCIENTX's FY25 results met expectations. Core net profit dipped by 2% YoY on packaging margins compression, impacted by increasingly competitive pricing and unfavourable forex movements. Property segment saw improving performance from higher progress billing and good take-up rates in the group's ongoing launches. SCIENTX has demonstrated greater resilience among its packaging peers locally, thanks to its advantage of having a plant in USA and partly its strength in consumer packaging products. Meanwhile, the group is also targeting RM3b GDV launches in FY26 (versus RM2.5b launches in FY25). We raise our earnings forecasts for FY26 by 4%, introduce FY27F numbers as we roll over our valuation base year. We keep our TP at RM3.60 but upgrade to OUTPERFORM from MARKET PERFORM call after a ~31% share price correction from its peak in Dec 2024 (of RM4.68). It currently trades at 9x forward PER versus its 10-year historical forward PER of 11x.

Within expectations. SCIENTX's FY25 full-year core net profit met expectations, making up 100% of our full-year forecast and 101% of consensus estimate.The group also declared a dividend of 6 sen, bringing YTD total to 12 sen (in line with our FY25F dividend of 11.4 sen)

YoY, FY25 turnover was flattish with only 1% increase as higher property contribution offset softer packaging orders due to economic uncertainty post Turmp's "Liberation Day", heightened regional competition and unfavourable forex movement (i.e. a stronger MYR which led to lower sales proceeds after forex translation). Packaging margins suffered further compression from higher minimum wages, leading to core net profit dipping by 2% as stronger contribution from property segment largely cushioned the tighter packaging margins.

QoQ, 4QFY25 top-line and net profit increased by 7% and 11%, respectively, primarily attributable to stronger contribution from the property segment. Meanwhile, its packaging segment's operating profit in 4QFY25 was also 22% higher than the preceding quarter, we believe this was likely due to the group's advantage of having a manufacturing plant in Phoenix, USA, which was not subject to the U.S tariffs and has seen improved performance as U.S. customers shift to domestic production to avoid tariffs charges. Notably, in 4QFY25, its packaging performance in other markets have also shown to be more insulated as compared to its peers in Malaysia, likely thanks to its strength in value-added consumer packaging. Utilisation rate currently stood at ~60%. Meanwhile, resin prices were largely unchanged.

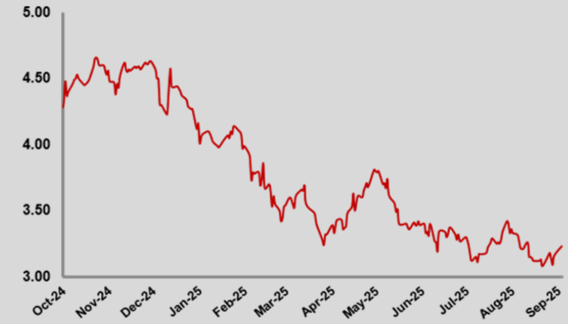
Updates: On 14 Sep 2025, SCIENTX has proposed to privatise its subsidiary (SCIPACK) with the intention to acquire the remaining 28% minority shares. We are neutral on this proposal as the offering price of RM1.50/share though appear adequate but is not enticing. The exercise could lead to a potential of 1%-2% earnings increment to its net profit. Pending SCIPACK's acceptance and shareholders' approval, we are not imputing the changes to our forecast at the moment.

Outlook. Management continues to see a challenging outlook for its plastic packaging segment given global economic and tariffs uncertainties, and aggressive competition in the market. This is partially cushioned by its plant in U.S. that is expected to see better margins in the near-term on the above-mentioned reason, albeit it makes up less than 10%v of its total packaging revenue. In addition to that, the

OUTPERFORM ↑

Price:	**RM3.23**
Target Price:	**RM3.60** ↔

Share Price Performance



KLCI	1,611.70
YTD KLCI chg	-1.9%
YTD stock price chg	-27.3%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SCI MK EQUITY
Market Cap (RM m)	5,026.7
Shares Outstanding	1556.3
52-week range (H)	4.68
52-week range (L)	3.06
3-mth avg. daily vol.	714,553
Free Float	33%
Beta	1.0

Major Shareholders

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

Summary Earnings Table

FYE Jul (RM m)	2025A	2026F	2027F
Turnover	4517.7	5061.9	5468.0
EBIT	742.1	794.7	863.9
PBT	735.3	725.0	793.7
Net Profit (NP)	**530.8**	**545.7**	**597.4**
Core NP	**523.9**	**545.7**	**596.4**
Consensus (NP)	-	564.9	613.8
Earnings Revision	-	+4%	-
Core EPS (sen)	33.8	35.2	38.4
Core EPS Growth (%)	-2.6	4.2	9.3
NDPS (sen)	11.4	11.3	12.3
BVPS (RM)	2.7	2.9	3.2
Core PER (x)	10.2	9.8	8.9
PBV (x)	1.3	1.2	1.1
Net Gearing (x)	0.5	0.5	0.4
Net Div. Yield (%)	3.3	3.3	3.6

installation of solar PV system has been completed at 10 manufacturing plants in Malaysia which will offer cost savings of about RM10m per annum starting from FY26.

For its property division, sales of its affordable properties should continue to be resilient, given encouraging take-up rates from recent launches. The group's unbilled sales stood at RM1.9b as of 4QFY25 (versus RM1.7b as of 2QFY25). On that note, in the past one year, we observe continuous demand for affordable houses priced below the RM500k mark (accounts for 70% of its property projects) while we saw rising appetite for housing in the range of RM500k – RM1m, signaling improving affordability. The group is targeting RM3b in GDV launches with multiple new developments lined up for FY26 such as Scientex Muar, Scientex Pulai 4 and Scientex Bestari Jaya. On that note, the ongoing progress of Johor-Singapore SEZ should augur well for SCIENTX's remaining 1,100 acres of land bank and new launches in southern Johor.

SCIENTX's share price has seen a ~31% correction from its peak in Dec 2024 (of RM4.68). We believe the downside risks of its manufacturing segment have been largely priced in given that its manufacturing segment has demonstrated greater resilience in 4QFY25 among its peers and only accounts for less than 25% of its total operating profits now.

Forecasts. We raise our earnings forecast for FY26 by 4% on higher GDV launching target at RM3b while introducing new FY27F numbers as we conclude FY25.

Valuations. We roll forward our valuation base year from FY25F to FY26F. We maintain our TP of RM3.60 at a valuation of 8x FY25F PER of its plastic packaging business, a discount to the SCIENTX's 10-year historical average forward PER of 11x amidst tariffs uncertainties and management's latest guidance of a continuous challenging outlook for the segment. On the property business, we maintain our discount to RNAV at 50% (in-line with the average of Kenanga's property coverage). There is no ESG-based adjustment to our TP given its 3-star rating as appraised by us (see Page 5).

Investment case. We like SCIENTX for its competitiveness in the global plastic packaging industry thanks to its scale advantage, low-cost structure (especially, when compared to its overseas rivals), and continuous strong traction in the affordable housing segment, notably in the Southern region. The company is now trading at 9x forward PER versus its 10-year forward PER of 11x. Upgrade to **OUTPERFORM** from **MARKET PERFORM** call.

Risks to our call include: (i) volatile resin prices, (ii) weak consumer demand for packaging materials due to prolonged global economic downturn, (iii) elevated mortgage rates and a weak job market, hurting demand for its properties.

Results Highlights

FYE July (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Revenue	1192.6	1110.5	7%	1168.3	2%	4517.7	4475.6	1%
EBIT	200.3	182.2	10%	180.7	11%	735.9	729.3	1%
Interest Income	4.3	4.9	-11%	5.3	-20%	15.7	14.9	5%
Finance Costs	-6.6	-6.3	4%	-5.6	18%	-22.5	-22.6	0%
Exceptional Items	12.1	-4.7	-358%	-3.5	-444%	6.1	7.2	-15%
PBT	210.2	176.1	19%	177.0	19%	735.3	728.9	1%
Taxation	-46.4	-42.1	10%	-33.8	37%	-170.2	-159.7	7%
Minority Interest	-9.4	-10.1	-7%	-7.3	29%	-34.4	-24.0	43%
Net Profit	**154.3**	**123.9**	**25%**	**135.9**	**14%**	**530.8**	**545.2**	**-3%**
Core Net Profit	**142.2**	**128.6**	**11%**	**139.4**	**2%**	**524.6**	**538.0**	**-2%**
Effective Tax Rate (%)	22.1	23.9		19.1		23.1	21.9	
EBIT Margin (%)	16.8	16.4		15.5		16.3	16.3	
PBT Margin (%)	17.6	15.9		15.1		16.3	16.3	
CNP Margin (%)	11.9	11.6		11.9		11.6	12.0	

Source: Company, Kenanga Research

Segmental Breakdown

FYE July (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Turnover								
Packaging	612.6	614.7	0%	651.3	-6%	2483.8	2594.5	-4%
Property	580.1	495.8	17%	517.0	12%	2033.9	1881.1	8%
Group Turnover	**1192.6**	**1110.5**	**7%**	**1168.3**	**2%**	**3408.3**	**4475.6**	**-24%**
EBIT								
Packaging	42.2	34.5	22%	45.2	-7%	149.8	218.0	-31%
Property	170.2	143.1	19%	132.0	29%	592.3	518.5	14%
Group EBIT	**212.4**	**177.6**	**20%**	**177.2**	**20%**	**565.2**	**736.5**	**-23%**
EBIT Margin								
Packaging	6.9%	5.6%		6.9%		6.0%	8.4%	
Property	29.3%	28.9%		25.5%		29.1%	27.6%	
Group EBIT Margin	**17.8%**	**16.0%**		**15.2%**		**16.6%**	**16.5%**	

Source: Company, Kenanga Research

SCIENTX's Sum-of-Parts Valuation

Segment	Valuation (RM m)	Valuation Basis
Packaging	1,266	8x FY26 PER
Property	4,316	50% discount to RNAV (see the following table)
Total	**5,582**	
Paid-up Capital (m shares)	1,551	
SoP per share / TP (RM)	**3.60**	

Source: Kenanga Research

RNAV of SCIENTX's Property Development Projects		
Project	**Outstanding GDV (RM m)**	**NPV of profit (RM m)**
Scientex Tasek Gelugor	306	63
Scientex Ipoh	914	173
Scientex Rawang	691	131
Scientex Kundang Jaya	1,450	275
Scientex Seremban	857	162
Taman Muzaffar Heights	701	133
Scientex Durian Tunggal	416	86
Scientex Jasin &Scientex Bandar Jasin	5,051	776
Taman ScientexPasir Gudang	227	47
Taman Scientex Kulai	282	58
Taman Mutiara Mas	1,166	179
Taman Scientex Senai	1,935	297
Scientex Pulai	3,177	488
Scientex Kota Tinggi	167	35
Scientex Sg Petani	500	95
Scientex Sungai Dua	1,700	261
ScientexJenjarom	1,600	246
Scientex Cheras	2,900	445
Scientex Kulai	1,999	307
*Scientex Muar	1,333	205
*Scientex Bestari Jaya	2,238	344
*ScientexJawi	3,083	474
*Scientex Pulai 4	2,543	391
*Scientex Paya Rumput Melaka	2,225	342
	37,461	**6,013**
Unbilled Sales (as of July-25)	**1,900**	**412**
Property Shareholders Fund		2,206
Total RNAV (RM m)		**8,632**
Discount to RNAV (%)		50%
Discounted RNAV		**4,316**

Source: Kenanga Research, Company

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen) 1-Yr. Fwd.	Core EPS (sen) 2-Yr. Fwd.	Core EPS Growth 1-Yr. Fwd.	Core EPS Growth 2-Yr. Fwd.	PER (x) - Core Earnings 1-Yr. Fwd.	PER (x) - Core Earnings 2-Yr. Fwd.	PBV (x) 1-Yr. Fwd.	ROE 1-Yr. Fwd.	Net Div. (sen) 1-Yr. Fwd.	Net Div. Yld. 1-Yr. Fwd.
Stocks Under Coverage																	
ANCOM NYLEX BHD	OP	0.905	1.20	32.6%	983.3	Y	05/2026	8.8	9.6	49.8%	11.5%	10.3	9.4	1.3	13.9%	5.0	5.5%
BM GREENTECH BHD	UP	1.59	1.72	8.2%	1,093.6	Y	03/2026	11.3	12.2	11.5%	7.5%	14.0	13.1	3.1	22.5%	1.8	1.1%
BP PLASTICS HOLDINGS BHD	MP	0.695	0.740	6.5%	195.6	Y	12/2025	4.8	9.3	-48.1%	93.3%	14.5	7.5	0.7	5.0%	2.0	2.9%
HPP HOLDINGS BHD	MP	0.305	0.300	-1.6%	118.5	Y	05/2026	2.0	2.3	146.9%	12.7%	15.0	13.3	0.9	6.3%	1.5	4.9%
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.595	0.480	-19.3%	319.7	Y	12/2025	4.4	4.8	143.9%	8.4%	13.4	12.3	0.3	2.2%	2.0	3.4%
SCIENTEX BHD	OP	3.23	3.60	11.5%	5,026.7	Y	07/2026	33.8	35.2	-2.6%	4.2%	9.6	9.2	1.1	12.6%	11.4	3.5%
SLP RESOURCES BHD	MP	0.850	0.887	4.4%	269.4	Y	12/2025	3.5	4.6	-20.5%	31.2%	24.2	18.4	1.4	6.0%	4.3	5.0%
TECHBOND GROUP BHD	OP	0.295	0.470	59.3%	223.8	Y	06/2026	4.1	4.5	37.5%	9.1%	7.2	6.6	0.8	12.0%	1.3	4.2%
THONG GUAN INDUSTRIES BHD	OP	1.11	1.44	29.7%	444.2	Y	12/2025	17.4	20.2	3.9%	16.2%	6.4	5.5	0.4	7.1%	6.0	5.4%
SECTOR AGGREGATE					**8,675.0**					**13.8%**	**8.4%**	**10.5**	**9.7**	**1.0**	**10.0%**		**4.0%**

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★	☆	
SPECIFIC	Product Quality & Safety	★	★	★		
	Digitalisation & Innovation	★	★	★	★	
	Effluent & Waste Management	★	★	★		
	Resource Management	★	★	★	★	
	Supply Chain Management	★	★	★		
	Energy Efficiency	★	★	★		
	OVERALL	★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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