

## Scientex

### A Strong Start to FY26

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SCIENTX's 1QFY26 results met expectations. Core net profit grew 10% YoY on improving performance from higher progress billing and good take-up rates in the group's ongoing property launches alongside better packaging margins from a more favourable product mix. 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 keep our earnings forecasts, TP at RM3.60 (based on 8x FY26F PER for its plastic packaging business and a 50% discount to the RNAV for its property segment.) MARKET PERFORM call is maintained.

**Within expectations.** SCIENTX's 1QFY26 core net profit met expectations, making up 26% of our full-year forecast and 24% of consensus estimate. No dividend was declared as the group typically make bi-annual distributions.

**YoY,** 1QFY26 turnover was stronger by 4%, primarily attributable to higher property contribution on better sales and steady construction progress for ongoing projects. Turnover in the packaging segment was flattish, partially dampened by lower ASP following the dip in resin price by about 9% YoY. The group's overall core net profit grew 10% thanks to better property contribution and stronger margins in the packaging segment led by better product mix with part of the contribution likely coming from the increase in utilisation of its U.S. plant lately. Being located in the U.S., its sales are also shielded from Trump's tariffs. Furthermore, 1QFY25 was a relatively a low base, due the drastic strengthening of the MYR against USD.

**QoQ,** top-line was lower by 3% while its net profit remained flattish. This was largely because the growth in the packaging segment was offset by a softer contribution from the property segment that stemmed from a high base in 4QFY25. During the quarter, the group successfully launched RM645m GDV including its maiden project in Jawi, Penang and its first high-rise project at its Seremban township, Negeri Sembilan, both receiving encouraging market responses with ~45% average take-up rate.

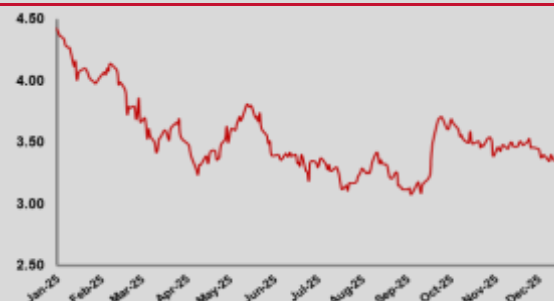
Meanwhile, its current property unbilled sales stood at RM2b while the utilisation rate for its packaging segment improved slightly to above 60% (from approximately 60% in 4QFY25)

**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% of its total packaging revenue. In addition to that, the 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.

## MARKET PERFORM ↔

Price: **RM3.42**  
Target Price: **RM3.60** ↔

### Share Price Performance



KLCI	1,641.44
YTD KLCI chg	-0.1%
YTD stock price chg	-23.0%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SCI MK EQUITY
Market Cap (RM m)	5,322.4
Shares Outstanding	1556.268391
52-week range (H)	4.57
52-week range (L)	3.06
3-mth avg. daily vol.	1,065,241
Free Float	41%
Beta	1.0

### Major Shareholders

Scientex Holdings SdnBhd	20.9%
Scientex Infinity SdnBhd	12.1%
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
<b>Net Profit (NP)</b>	<b>530.8</b>	<b>545.7</b>	<b>597.4</b>
<b>Core NP</b>	<b>523.9</b>	<b>545.7</b>	<b>596.4</b>
Consensus (NP)	-	580.2	627.2
Earnings Revision	-	-	-
Core EPS (sen)	33.8	35.2	38.4
Core EPS Growth (%)	-2.6	4.2	9.3
NDPS (sen)	12.0	11.6	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 (%)	3.5	3.4	3.6

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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 RM2b as of 1QFY26 (versus RM1.9b as of 4QFY25). 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. Having that said, SCIENTX is poised to capitalize on the ongoing progress of Johor-Singapore SEZ with its remaining 1,100 acres of land bank and new launches in southern Johor. At the same time, the group also guided a possible plan in exploring East Malaysia as part of its affordable housing footprint expansion, particularly Sarawak.

**Forecasts.** Unchanged.

**Valuations.** 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. Maintain **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, and (iii) elevated mortgage rates and a weak job market, hurting demand for its properties.

**Results Highlights**

FYE July (RM m)	1Q26	4Q25	QoQ Chg	1Q25	YoY Chg
Revenue	1155.1	1192.6	-3%	1109.4	4%
EBIT	203.1	200.3	1%	176.9	15%
Interest Income	4.1	4.3	-4%	3.5	19%
Finance Costs	-6.8	-6.6	3%	-4.8	39%
Exceptional Items	1.2	12.1	-90%	0.0	2673%
PBT	201.7	210.2	-4%	175.5	15%
Taxation	-47.8	-46.4	3%	-41.3	16%
Minority Interest	-11.0	-9.4	17%	-5.6	96%
<b>Net Profit</b>	<b>142.9</b>	<b>154.3</b>	<b>-7%</b>	<b>128.6</b>	<b>11%</b>
<b>Core Net Profit</b>	<b>141.7</b>	<b>142.2</b>	<b>0%</b>	<b>128.6</b>	<b>10%</b>
Effective Tax Rate (%)	23.7	22.1		23.5	
EBIT Margin (%)	17.6	16.8		15.9	
PBT Margin (%)	17.5	17.6		15.8	
CNP Margin (%)	12.3	11.9		11.6	

Source: Company, Kenanga Research

Segmental Breakdown					
FYE July (RM m)	1Q26	4Q25	QoQ Chg	1Q25	YoY Chg
<b>Turnover</b>					
Packaging	628.5	612.6	3%	625.7	0%
Property	526.6	580.1	-9%	483.7	9%
<b>Group Turnover</b>	<b>1155.1</b>	<b>1192.6</b>	<b>-3%</b>	<b>1109.4</b>	<b>4%</b>
<b>EBIT</b>					
Packaging	46.3	42.2	10%	31.0	50%
Property	158.0	170.2	-7%	145.9	8%
<b>Group EBIT</b>	<b>204.4</b>	<b>212.4</b>	<b>-4%</b>	<b>176.9</b>	<b>16%</b>
<b>EBIT Margin</b>					
Packaging	7.4%	6.9%		5.0%	
Property	30.0%	29.3%		30.2%	
<b>Group EBIT Margin</b>	<b>17.7%</b>	<b>17.8%</b>		<b>15.9%</b>	

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)
<b>Total</b>	<b>5,582</b>	
Paid-up Capital (m shares)	1,551	
<b>SoP per share / TP (RM)</b>	<b>3.60</b>	

Source: Kenanga Research

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<b>RNAV of SCIENTX's Property Development Projects</b>		
<b>Project</b>	<b>Outstanding GDV (RM m)</b>	<b>NPV of profit (RM m)</b>
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 Pulau	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 Pulau 4	2,543	391
*Scientex Paya Rumput Melaka	2,225	342
	<b>37,461</b>	<b>6,013</b>
<b>Unbilled Sales (as of July-25)</b>	<b>1,900</b>	<b>412</b>
Property Shareholders Fund		2,206
<b>Total RNAV (RM m)</b>		<b>8,632</b>
Discount to RNAV (%)		50%
<b>Discounted RNAV</b>		<b>4,316</b>

Source: Kenanga Research, Company

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div. Yld.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
ANCOM NYLEX BHD	OP	0.905	1.20	32.6%	971.2	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	1.45	1.72	18.6%	997.3	Y	03/2026	11.3	12.2	11.5%	7.5%	12.8	11.9	2.8	22.5%	1.8	1.2%
BP PLASTICS HOLDINGS BHD	MP	0.640	0.630	-1.6%	180.1	Y	12/2025	4.8	9.3	-48.1%	93.3%	13.3	6.9	0.7	5.0%	2.0	3.1%
HPP HOLDINGS BHD	MP	0.340	0.300	-11.8%	132.2	Y	05/2026	2.0	2.3	146.9%	12.7%	16.7	14.8	1.0	6.3%	2.0	5.9%
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.605	0.480	-20.7%	325.1	Y	12/2025	4.4	4.8	143.9%	8.4%	13.6	12.6	0.3	2.2%	2.0	3.3%
SCIENTEX BHD	MP	3.42	3.60	5.3%	5,322.4	Y	07/2026	31.5	33.4	-9.2%	6.0%	10.9	10.2	1.2	11.7%	11.0	3.2%
SLP RESOURCES BHD	MP	0.810	0.890	9.9%	256.7	Y	12/2025	3.5	4.6	-20.7%	31.5%	23.1	17.6	1.4	5.9%	4.0	4.9%
TECHBOND GROUP BHD	OP	0.305	0.470	54.1%	231.4	Y	06/2026	4.1	4.5	37.5%	9.1%	7.4	6.8	0.8	12.0%	1.0	3.3%
THONG GUAN INDUSTRIES BHD	OP	1.18	1.44	22.0%	466.5	Y	12/2025	17.4	20.2	3.9%	16.2%	6.8	5.8	0.5	7.1%	6.0	5.1%
<b>SECTOR AGGREGATE</b>					<b>8,883.0</b>							<b>11.2</b>	<b>10.2</b>	<b>1.1</b>	<b>9.6%</b>		<b>4.0%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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