

Scientex Berhad

A Great Start in FY26

TP: RM5.00 (+46.3%)

Last Traded: RM3.42

BUY (ESG: ★★★)

Liew Yi Jiet

Tel: +603-2167 9602

yjliew@ta.com.my

www.taonline.com.my

Review

- Scientex Berhad's (Scientex) IQFY26 core earnings of RM141.0mn came in within both our and consensus' full-year projections, accounting for 24% of estimates.
- IQFY26 core net profit rose 9.7% YoY, while revenue increased 4.1% YoY to RM1.2bn, driven by improvements across both the manufacturing and property segments.
- Manufacturing segment.** Quarterly EBIT jumped 49.6% YoY to RM46.3mn despite stable revenue of RM628.5mn (+0.4% YoY). The improved performance was mainly attributed to a more favourable sales mix and enhanced operational efficiencies, including reductions in wastage and staff costs, as well as technological advancements to streamline daily operations. This resulted in a higher EBIT margin of 7.4% in IQFY26 (+2.4pp YoY).
- Property segment.** IQFY26 EBIT rose 8.3% YoY to RM158.0mn, in tandem with an 8.9% YoY increase in revenue to RM526.6mn. The resilient performance was supported by a higher number of new launches across the Northern, Central and Southern regions, as well as steady construction progress on ongoing projects. Meanwhile, management received encouraging responses to its maiden project in Jawi (Penang) and its first high-rise development in its Seremban township.
- No dividend was declared for the quarter under review.

Impact

- We raised our FY26-28F earnings estimates by 1.5% after factoring in the completion of Scientex Packaging (Ayer Keroh) Bhd's (SciPack) selective capital reduction and repayment (SCR) exercise.

Outlook

- The proposed SCR exercise ([refer to our report dated 17 September for more information](#)) was approved by SciPack shareholders at the EGM held on 24 November 2025. We understand that the privatisation process remains on track for completion by March 2026.
- Property development is set to remain Scientex's primary earnings driver in FY26. Supported by encouraging take-up from recent launches, the group aims to achieve an average take-up rate of 70-80% across its projects in FY26, alongside targeted property launches worth RM3.0bn (vs. RM2.55bn in FY25). Currently, the group owns a sizeable landbank of ~11,000 acres, carrying a potential gross development value (GDV) of RM53.0bn.
- For its manufacturing division, we expect lower input costs and product reformulation efforts to help mitigate margin pressure arising from intense pricing competition from global peers. As a result, the segment's EBIT margin is expected to remain resilient at ~6.0% in FY26.

Share Information

Bloomberg Code	SCI MK
Stock Code	4731
Listing	Main Market
Share Cap (mn)	1,556.3
Market Cap (RMmn)	5,322.4
52-wk Hi/Lo (RM)	4.59/3.06
12-mth Avg Daily Vol ('000 shrs)	743.5
Estimated Free Float (%)	41.3
Beta	1.0
Major Shareholders (%)	
Scientex Holdings & Related	42.1

Forecast Revision

	FY26	FY27
Forecast Revision (%)	1.5	1.5
Net profit (RMmn)	596.2	637.4
Consensus	580.2	627.2
TA's / Consensus (%)	102.8	101.6
Previous Rating	Buy (Maintained)	
Consensus Target Price (RM)	3.96	

Financial Indicators

	FY26	FY27
Net debt/ equity (%)	40.8	34.2
ROE (%)	13.7	13.4
ROA (%)	7.2	7.2
NTA/Share (RM)	2.7	3.0
Price/ NTA (x)	1.2	1.1

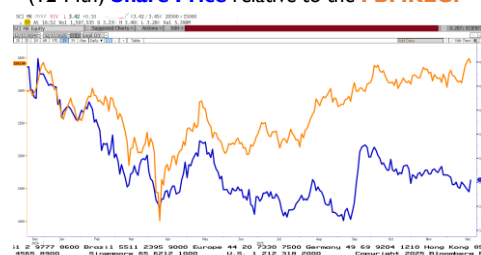
Scorecard

	% of FY	
vs TA	24	Within
vs Consensus	24	Within

Share Performance (%)

Price Change	SCIENTX	FBM KLCI
1 mth	(1.4)	0.9
3 mth	5.9	1.9
6 mth	2.7	8.7
12 mth	(24.0)	2.8

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Valuation

- Following the revisions, we arrive at a higher TP of **RM5.00/share** (previously RM4.97/share) based on sum-of-parts valuation shown below and maintain our **BUY** recommendation on the stock.

Table 1: Earnings Summary

FYE July (RM'mn)	FY24	FY25	FY26E	FY27F	FY28F
Revenue	4,475.6	4,517.7	4,995.7	5,292.9	5,444.1
Gross Profit	1,008.9	1,056.4	1,241.7	1,324.5	1,341.5
EBITDA	868.6	879.9	947.3	1,019.7	1,056.7
EBIT	736.5	742.1	829.4	885.2	928.5
Reported PBT	728.9	735.3	802.8	855.5	900.8
Adj. PBT	720.1	735.3	802.8	855.5	900.8
Reported Net Profit	545.2	530.8	596.2	637.4	664.9
Adj. Net profit	536.4	530.8	596.2	637.4	664.9
Basic/Diluted EPS (sen)	35.0	34.1	38.3	41.0	42.7
Adj. EPS (sen)	34.5	34.1	38.3	41.0	42.7
PER (x)	9.8	10.0	8.9	8.4	8.0
Net Dividend (sen)	12.0	12.0	13.0	15.5	15.5
Dividend Yield (%)	3.5	3.5	3.8	4.5	4.5

Table 2: IQFY26 Results Analysis

FYE July (RM 'mn)	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue	1,109.4	1,192.6	1,155.1	(3.1)	4.1
~ Manufacturing	625.7	612.5	628.5	2.6	0.4
~ Property	483.7	580.1	526.6	(9.2)	8.9
Interest Expense	(4.8)	(6.6)	(6.8)	(2.9)	(39.2)
Investing Results	3.5	4.3	4.1	(3.8)	18.6
Depreciation	(33.7)	(34.8)	(35.0)	(0.8)	(3.8)
EBITDA	210.6	247.2	239.4	(3.2)	13.6
Operating Profit	176.9	212.4	204.4	(3.8)	15.5
~ Manufacturing	31.0	42.2	46.3	9.9	49.6
~ Property	145.9	170.2	158.0	(7.2)	8.3
EI	0.0	9.1	1.9	(79.1)	>100
Reported PBT	175.5	210.2	201.7	(4.0)	14.9
Taxation	(41.3)	(46.4)	(47.8)	(3.0)	(15.7)
Minority Interest	(5.6)	(9.4)	(11.0)	(17.0)	(96.1)
Reported Profit	128.6	154.3	142.9	(7.4)	11.1
Adj. Net Profit	128.6	145.2	141.0	(2.9)	9.7
EPS (sen)	8.3	9.9	9.2	(7.4)	10.7
Adj EPS (sen)	8.3	9.3	9.1	(2.9)	9.3
DPS (sen)	0.0	6.0	0.0	nm	-
				%-pts	%-pts
EBIT Margin (%)	15.9	17.8	17.7	(0.1)	1.7
~ Manufacturing	5.0	6.9	7.4	0.5	2.4
~ Property	30.2	29.3	30.0	0.7	(0.2)
PBT Margin (%)	15.8	17.6	17.5	(0.2)	1.6
Core Net Margin (%)	11.6	12.2	12.2	0.0	0.6
Tax rate (%)	23.5	22.1	23.7	1.6	0.2

Table 3: Sum-of-Parts Valuation

Segment	Valuation Method	Equity Value (RM mn)
Manufacturing	CY26 EPS PER 14x	1,884.7
Property	CY26 EPS PER 12x	5,903.6
Equity value (RM mn)		7,788.2
Enlarged Share Cap (mn)		1,556.3
Fair value exc. ESG (RM/share)		5.00
+ ESG Premium		-
Fair Value/Share (RM)		5.00

Sector Recommendation Guideline

OVERWEIGHT: The total return of the sector, as per our coverage universe, exceeds 12%.

NEUTRAL: The total return of the sector, as per our coverage universe, is within the range of 7% to 12%.

UNDERWEIGHT: The total return of the sector, as per our coverage universe, is lower than 7%.

Stock Recommendation Guideline

BUY : Total return of the stock exceeds 12%.

HOLD : Total return of the stock is within the range of 7% to 12%.

SELL : Total return of the stock is lower than 7%.

Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★	★★★★	★★★	★★★
Remark	Visible efforts in tracking and managing alongside promoting recycling awareness. However, score is muted due to often association of plastic packaging towards environmental pollution.	Notable initiatives to spearhead innovation over sustainable packaging materials and developing affordable housing. Besides, community enrichments programmes and employees' trainings are performed regularly.	The board is represented by 50% independent directors yet only has 1 female director. Scientex has targeted dividend payout of 30%.	

★★★★★ (≥80%)	: Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.	+5% premium to target price
★★★★ (60-79%)	: Above adequate integration of ESG factors into most aspects of operations, management and future directions.	+3% premium to target price
★★★ (40-59%)	: Adequate integration of ESG factors into operations, management and future directions.	No changes to target price
★★ (20-39%)	: Have some integration of ESG factors in operations and management but are insufficient.	-3% discount to target price
★ (<20%)	: Minimal or no integration of ESG factors in operations and management.	-5% discount to target price

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As of Thursday, December 18, 2025, the analyst, Liew Yi Jiet, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

TA SECURITIES HOLDINGS BERHAD 197301001467 (14948-M)
A Participating Organisation of Bursa Malaysia Securities Berhad

Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048
www.ta.com.my