

Result Note

RM3.47 @ 13 March 2026

“Seeing signs of recovery in plastic segment”

Share price performance



	1M	3M	12M
Absolute (%)	-10.8	3.3	-1.7
Rel KLCI (%)	-8.7	-0.4	-12.6

	BUY	HOLD	SELL
Consensus	5	2	-

Source: Bloomberg

Stock Data

Sector	Plastics Packaging
Issued shares (m)	1,556.3
Mkt cap (RMm)/(US\$m)	5,322.4/1,300.5
Avg daily vol - 6mth (m)	0.9
52-wk range (RM)	3.06-4.59
Est free float	41.3%
Stock Beta	1.01
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)

BUY (maintain)

Up/Downside: +15.3%

Price Target: RM4.00

Previous Target (Rating): RM4.00

On the road to recovery

- **Scientex delivered another decent set of results with both segments growing steadily, especially the plastic segment, which has continued to show improvement over the past few quarters**
- **In relation to concerns over rising resin prices amid ongoing geopolitical tensions, we believe Scientex should be able to pass through higher costs to customers given its cost-plus pricing model. And customers appear more accepting of price adjustments as they are currently focused on securing enough supply rather than price levels**
- **Maintain BUY with an unchanged SOTP-based TP of RM4.00**

Decent set of results – both plastic and property were solid

Scientex released a steady set of 1HFY26 results with PATAMI rising +10% yoy, in line with expectations (49%/53% of AHIB/consensus full-year forecasts). In particular, the plastic segment has continued to show improvement over the past few quarters. In 2QFY26, despite a -0.6% yoy decline in plastic sales on weaker US\$, EBIT rose by +20% yoy as margins improved on better operating efficiency with higher sales volume as well as ongoing cost structure optimisation. On the other hand, the property segment continued to demonstrate steady growth, with EBIT increasing +7% yoy. Although GDV launches in 1HFY26 were relatively lower at RM890m versus its RM3.0bn full-year target, we believe the target remains achievable, as Scientex's property launches are typically back-end loaded towards the latter part of the financial year and the demand for affordable housing remains robust.

Plastics unlikely to be disrupted materially amid geopolitical tensions

Concerns have emerged over higher resin prices following the recent Middle East tensions. Management noted that supplier quotations are currently fluctuating on a daily basis amid heightened uncertainty. As Scientex operates on a cost-plus model, they will adjust selling prices accordingly based on the movements in raw material costs. As of now, customers appear more accepting of price adjustments as they are more focused on securing sufficient supply rather than higher prices, suggesting margins should remain manageable. This was similarly observed during the last oil price spike at the start of the Russia-Ukraine war, when elevated oil and resin prices did not materially impact margins. On the supply side, most of Scientex's resin procurement come from Southeast Asia and the US, with minimal exposure to the UAE. Scientex also has long-term supply contracts with these suppliers based on committed volumes, which should help mitigate potential supply disruption risks.

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	391.7	749.3	789.8	835.4
Net profit (RMm)	545.2	530.8	567.7	598.0	633.1
EPS (sen)	35.2	34.2	36.6	38.6	40.8
PER (x)	9.9	10.4	9.5	9.0	8.5
Core net profit (RMm)	549.2	530.8	567.7	598.0	633.1
Core EPS (sen)	35.2	34.2	36.6	38.6	40.8
Core EPS growth (%)	17.8	-2.8	9.4	5.3	5.9
Core PER (x)	9.8	10.4	9.5	9.0	8.5
Net DPS (sen)	12.0	13.0	15.0	17.0	17.0
Dividend Yield (%)	3.5	3.7	4.3	4.9	4.9
EV/EBITDA	6.9	7.0	6.4	5.8	5.4

Chg in EPS (%)

Affin/Consensus (x)

-

1.0

1.0

0.9

Source: Company, Affin Hwang estimates

Maintain BUY with an unchanged TP of RM4.00

We upgraded the stock in the previous quarter on the view that the plastic segment was bottoming and entering a recovery phase, and we believe this is now materialising. We maintain BUY on Scientex with a SOTP-based TP of RM4.00, implying a 11x forward PER (5-year mean PE) to our CY26E EPS. The stock is trading at close to 2SD below its 5-year mean PE, which we see it offers an attractive risk-reward profile with limited downside especially the plastic segment is recovering. Downside risks include higher-than-expected building material costs, and lower-than-expected sales across the packaging and property segments.

1: Results Comparison

FYE Jul (RMm)	2Q25	1Q26	2Q26	QoQ % chg	YoY % chg	6M25	6M26	YoY % chg	Comments
Revenue	1,105.1	1,155.1	1,135.9	(1.7)	2.8	2,214.6	2,291.0	3.5	6MFY26: Sales growth was mainly driven by the property segment. Plastic was down slightly as a result of weaker US\$ for export sales
Op costs	(895.4)	(915.8)	(908.3)	(0.8)	1.4	(1,794.2)	(1,824.1)	1.7	
EBITDA	209.7	239.4	227.6	(4.9)	8.5	420.3	466.9	11.1	6MFY26: Improvement driven mainly by the better margins in plastic segment
EBITDA margin (%)	19.0	20.7	20.0	-0.7 ppt	1.1 ppt	19.0	20.4	1.4 ppt	
Dep and amort	(34.5)	(35.0)	(34.9)	(0.2)	1.4	(68.2)	(70.0)	2.6	
EBIT	175.2	204.4	192.6	(5.7)	9.9	352.1	397.0	12.7	
EBIT margin (%)	15.9	17.7	17.0	-0.7 ppt	1.1 ppt	15.9	17.3	1.4 ppt	
Int expense	(4.8)	(6.8)	(6.9)	2.6	45.0	(9.6)	(13.7)	42.1	
Int and other inc	3.0	4.1	4.3	3.1	40.0	6.5	8.4	28.6	
Exceptional items	-	-	-	-	-	-	-	-	
Pretax profit	173.5	201.7	190.0	(5.8)	9.5	349.0	391.7	12.2	
Tax	(40.4)	(47.8)	(45.3)	(5.3)	12.0	(81.7)	(93.0)	13.9	
Tax rate (%)	23.3	23.7	23.8	0.1 ppt	0.5 ppt	23.4	23.8	0.3 ppt	
MI	(9.2)	(11.0)	(9.5)	(13.7)	3.9	(14.8)	(20.6)	39.0	
Net profit	123.9	142.9	135.2	(5.4)	9.1	252.6	278.1	10.1	
EPS (sen)	8.0	9.2	8.7	(5.3)	9.0	16.3	17.9	10.1	
Core net profit	123.9	142.9	135.2	(5.4)	9.1	252.6	278.1	10.1	Within our and consensus expectations

Source: Affin Hwang, Company

Fig 2: Segment comparison

FY July (RMm)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	qoq % chg	yoy % chg	6M25	6M26	yoy % chg
Revenue	1,109.4	1,105.1	1,110.5	1,192.6	1,155.1	1,135.9	(1.7)	2.8	2,214.6	2,291.0	3.5
Packaging	625.7	630.7	614.8	612.5	628.5	626.9	(0.3)	(0.6)	1,256.5	1,255.4	(0.1)
Property	483.7	474.4	495.8	580.1	526.6	509.0	(3.4)	7.3	958.1	1,035.6	8.1
EBIT	176.9	175.2	177.5	212.4	204.4	192.6	(5.7)	9.9	352.1	397.0	12.7
Packaging	31.0	42.1	34.5	42.2	46.3	50.4	8.7	19.6	73.1	96.7	32.3
Property	145.9	133.1	143.0	170.2	158.0	142.3	(10.0)	6.9	279.0	300.3	7.6
EBIT margin (%)	15.9	15.9	16.0	17.8	17.7	17.0	-0.7 ppt	1.1 ppt	15.9	17.3	1.4 ppt
Packaging (%)	5.0	6.7	5.6	6.9	7.4	8.0	0.7 ppt	1.4 ppt	5.8	7.7	1.9 ppt
Property (%)	30.2	28.1	28.9	29.3	30.0	28.0	-2.1 ppt	-0.1 ppt	29.1	29.0	-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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