

## Scientex Berhad (SCI MK)

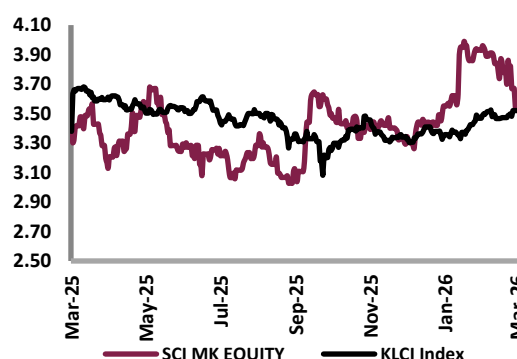
Inline

BUY

Share Price RM3.47  
Target Price RM3.91 +12.7%**Affordable Housing Demand Sustains Earnings**

- **Earnings within expectations.** Scientex delivered an in-line set of 2QFY26 results, with core profit rising +6.7% YoY to RM130.6mn, supported by margin recovery in the packaging segment, while the property division continued to provide stable earnings support. Cumulatively, 1HFY26 core profit rose 10.2% YoY to RM275.4mn. Overall, the results were broadly in line with expectations, accounting for 47% and 48% of our and consensus estimates.
- **Packaging margins recovering on efficiency improvements.** Segment-wise, in 2QFY26 packaging operating profit rose to RM50.4m (+19.6% YoY) despite broadly flat revenue, as operating margin expanded to 8.0% (2QFY25: 6.7%). Management highlighted that margin expansion was driven by better wastage control, improved sourcing, and enhanced operational efficiency through equipment upgrades and process improvements. Additionally, stronger sales of higher value-added products, particularly those requiring more complex processing and barrier specifications, contributed to the improved profitability.
- **Property division continues to anchor earnings.** In 2QFY26, property operating profit rose to RM142.3m (+6.9% YoY), supported by steady progressive revenue recognition from ongoing developments. During 1HFY26, Scientex launched 11 projects across seven states, with total GDV of approximately RM890m. Key launches included the maiden phase of Scientex Jawi in Penang, which achieved near-full take-up, and Scientex Pulau 4 in Johor, which recorded around 60% take-up. Management noted that launch activity was relatively modest in 1HFY26, as several newly acquired land parcels required zoning conversion and preliminary infrastructure works prior to development rollout.
- **Landbank Acquisitions Temporarily Lift Gearing.** As at January 2026, net gearing stood at 0.48x (2QFY25: 0.40x). The increase was mainly due to upfront expenditures related to landbank acquisitions completed in FY25, including land premiums, development charges and infrastructure works required prior to project launches. Management expects cash flow to improve over the next 6–12 months, as upcoming launches from these newly acquired developments begin translating into sales and progressive billings.
- **Outlook.** While packaging faces ongoing volatility from raw material prices, logistics disruptions and geopolitical tensions, improved operational efficiency and a broader supplier base should help mitigate these pressures. Meanwhile, demand for affordable housing remains resilient, supported by Scientex's sizeable 11,000-acre landbank (GDV >RM50bn). With its standardised township model and in-house contracting capabilities, the group expects to scale annual sales from ~6,000 units to 8,000–10,000 units over the next few years. Launch momentum is also expected to strengthen in 2HFY26, with FY26 launches targeted at RM3.0bn (FY25: RM2.5bn). This provides stronger progressive billings visibility into FY27F earnings.
- **Forecast.** We maintain our forecasts unchanged at this juncture.
- **Maintain BUY.** We reiterate our **BUY** call with an unchanged **TP of RM3.91**, based on our SOP framework. Scientex remains an attractive proxy to Malaysia's structural affordable housing demand and sustainable packaging solutions.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	(10.0)	6.0	2.7
vs FBM KLCI	(8.3)	(0.0)	(12.3)

**Stock Data**

ESG Rating	Good
Mkt Cap (RM mn)	5,447.0
Adjusted beta	1.0
Free float (%)	58.3
Issued shares (mn)	1556.3
52w H/L (RM)	4 / 3.06
3m avg daily volume	741,790

**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	BIMB	
	2QFY25	1QFY26	2QFY26	QoQ	YoYChg	1HFY25	1HFY26	YTD Chg	BIMB	1H/F
Revenue	1,105.1	1,155.1	1,135.9	-1.7%	2.8%	2,214.6	2,291.0	3.5%	4,947.7	46.3%
EBITDA	206.5	239.5	221.4	-7.5%	7.2%	414.8	460.9	11.1%	992.5	46.4%
Pretax profit	173.5	201.7	190.0	-5.8%	9.5%	349.0	391.7	12.2%	825.9	47.4%
Taxation	(40.4)	(47.8)	(45.3)	-5.3%	12.0%	(81.7)	(93.0)	13.9%	(198.2)	46.9%
<b>Core Net Profit</b>	<b>122.3</b>	<b>144.8</b>	<b>130.6</b>	<b>-9.8%</b>	<b>6.8%</b>	<b>250.0</b>	<b>275.4</b>	<b>10.2%</b>	<b>589.5</b>	<b>46.7%</b>
Core EPS (sen)	7.9	9.3	8.4	-9.8%	6.7%	16.1	17.7	10.0%	37.9	46.7%
				chg (ppts)				ppts		
EBITDA margin (%)	18.7%	20.7%	19.5%	-1.2%	0.8%	18.7%	20.1%	1.4%	20.1%	
PBT margin (%)	15.7%	17.5%	16.7%	-0.7%	1.0%	15.8%	17.1%	1.3%	16.7%	
Core Net profit margin (%)	11.1%	12.5%	11.5%	-1.0%	0.4%	11.3%	12.0%	0.7%	11.9%	
Effective tax rate (%)	23.3%	23.7%	23.8%	0.1%	0.5%	23.4%	23.8%	0.3%	24.0%	

Source: Company, BIMB Securities

Table 2: Segmental Breakdown

Scientex Berhad FYE 31 July (RM mn)	Quarterly			Change (%)		Cumulative		YTD	
	2QFY25	1QFY26	2QFY26	QoQ Chg	YoYChg	1HFY25	1HFY26	YTD Chg	
Revenue	1105.1	1155.2	1135.9	-1.7%	2.8%	2214.5	2291.0	3.5%	
Packaging	630.7	628.5	626.9	-0.3%	-0.6%	1256.5	1255.4	-0.1%	
Property	474.4	526.6	509.0	-3.4%	7.3%	958.1	1035.6	8.1%	
<b>Operating Profit</b>	<b>175.6</b>	<b>204.4</b>	<b>192.7</b>	<b>-5.7%</b>	<b>9.7%</b>	<b>351.8</b>	<b>397.3</b>	<b>12.9%</b>	
Packaging	42.1	46.3	50.4	8.7%	19.6%	73.1	96.7	32.3%	
Property	133.1	158.0	142.3	-10.0%	6.9%	279.0	300.3	7.6%	
				chg (ppts)				chg (ppts)	
Operating Margin (%)	15.9%	17.7%	17.0%	-0.7%	1.1%	15.9%	17.3%	1.5%	
Packaging (%)	6.7%	7.4%	8.0%	0.7%	1.4%	5.8%	7.7%	1.9%	
Property (%)	28.1%	30.0%	28.0%	-2.1%	-0.1%	29.1%	29.0%	-0.1%	

Source: Company, BIMB Securities

Table 3: Earnings Forecasts

FYE July (RM mn)	FY24	FY25	FY26F	FY27F	FY28F
Turnover	4,475.6	4,517.7	4,698.4	4,933.3	5,170.1
EBITDA	868.6	742.1	869.2	976.8	1,023.7
Pretax Profit	728.9	735.3	775.7	876.3	904.8
<b>Core Net Profit</b>	<b>535.7</b>	<b>529.7</b>	<b>589.5</b>	<b>666.0</b>	<b>687.6</b>
Consensus NP			575.6	616.8	639.8
Core EPS (sen)	34.5	34.1	37.9	42.8	44.2
EPS Growth (%)	15.8	-1.4	11.2	13.0	3.2
PER (x)	10.0	10.2	9.2	8.1	7.9
P/B (x)	1.3	1.2	1.4	1.3	1.3
DPS (sen)	6.0	12.0	13.0	14.0	15.0
D. Yield (%)	1.7%	3.5%	3.7%	4.0%	4.3%
			Key Ratios (%)		
ROE	14.2	12.8	14.9	16.2	16.1
EBITDA margin	19.4	16.4	18.5	19.8	19.8
Pretax margin	16.3	16.3	16.5	17.8	17.5
Core PATAMI margin	12.2	11.7	12.5	13.5	13.3

Source: Company, BIMB Securities

**DEFINITION OF RATINGS**

BIMB Securities uses the following rating system:

**STOCK RECOMMENDATION**

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

**SECTOR RECOMMENDATION**

<b>OVERWEIGHT</b>	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
<b>NEUTRAL</b>	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
<b>UNDERWEIGHT</b>	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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**Printed and published by**

**BIMB SECURITIES SDN BHD (290163-X)**

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