

Scientex Berhad

TP: RM5.00 (+44.2%)

Margins and Take-Ups Fuel 1H Momentum

Last Traded: RM3.47

BUY (ESG: ★★★)

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Review

- Scientex Berhad's (Scientex) 2QFY26 results came in within expectations, with 1HFY26 core earnings of RM280.8mn accounting for 47% of our full-year projections and 49% of consensus estimates.
- 2QFY26 core profit rose 11.4% YoY to RM139.8mn, despite a modest 2.8% YoY growth in turnover to RM1.1bn. The stronger earnings performance was mainly supported by margin expansion in the manufacturing division, alongside continued resilience in the property segment.
- Manufacturing segment:** 2QFY26 revenue slipped marginally by 0.6% YoY to RM626.9mn, primarily due to the stronger ringgit against the USD, which offset an approximately 7% YoY increase in sales volume. Nevertheless, segmental EBIT surged 19.6% YoY to RM50.4mn, driven by a more favourable sales mix, effective cost optimisation, and improved operational efficiency. As a result, quarterly EBIT margin expanded by 1.3pp YoY to 8.0%. On a cumulative basis, 1HFY26 EBIT rose 32.3% YoY to RM96.7mn, while revenue remained stable at RM1.3bn.
- Property segment:** 2QFY26 performance remained encouraging, with quarterly EBIT rising 6.9% YoY to RM142.3mn, in line with revenue growth of 7.3% YoY to RM509.0mn. The improvement was largely attributable to steady construction progress across ongoing projects and favourable take-up for newly launched developments. Notably, the average take-up rate for its launches in 1HFY26 stood at 51% (vs. ~40% in 1HFY25). For 1HFY26, EBIT increased 7.6% YoY to RM300.3mn, while sales grew 8.1% YoY to RM1.0bn.
- No dividend was declared for the quarter under review.

Impact

- We maintained our FY26-28 earnings projections.

Outlook

- Manufacturing segment.** As of March, polyethylene prices rose by roughly 24% over a two-week period to CNY8,391 per tonne, largely driven by the surge in crude oil prices. Although the group does not engage in hedging activities, Scientex has secured long-term supply contracts with its existing resin suppliers. That said, pricing arrangements remain subject to revision should raw material prices continue to trend upward. Separately, we understand that raw materials (resin) account for approximately 60–70% of total costs, with the majority sourced from the United States and a smaller portion from the United Arab Emirates (UAE).
- Despite the absence of hedging activities, management intends to closely monitor input cost developments and manage margin pressure through its cost pass-through mechanisms. For instance, the group may adjust its

Share Information

Bloomberg Code	SCI MK
Stock Code	473 I
Listing	Main Market
Share Cap (mn)	1,556.3
Market Cap (RMmn)	5,400.3
52-wk Hi/Lo (RM)	4/3.06
12-mth Avg Daily Vol ('000 shrs)	800.6
Estimated Free Float (%)	41.3
Beta	1.0
Major Shareholders (%)	
Scientex Holdings & Related	42.1

Forecast Revision

	FY26	FY27
Forecast Revision (%)	-	-
Net profit (RMm)	596.2	637.4
Consensus	575.6	616.8
TA's / Consensus (%)	103.6	103.3
Previous Rating	Buy (Maintained)	
Consensus Target Price (RM)	4.04	

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)	1.3	1.2

Scorecard

	% of FY	
vs TA	47	Within
vs Consensus	49	Within

Share Performance (%)

Price Change	SCIENTX	FBM KLCI
1 mth	(10.8)	(2.3)
3 mth	3.3	3.7
6 mth	9.8	6.2
12 mth	(1.7)	12.5

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

quotation mechanism from a monthly to a daily basis to better reflect fluctuations in input costs. On the demand front, management has observed an uptick in orders from both existing and new customers amid the current pricing uncertainty. Given the prevailing supply-demand dynamics, the group plans to adopt a cautious approach in accepting new orders while prioritising commitments to existing customers.

- **Property segment.** As of 1HFY26, the group had launched 11 projects comprising 2,576 units across seven states in Peninsular Malaysia, with a combined GDV of RM890.0mn. Heading into 2HFY26, management remains confident of achieving its target launches of RM2.1bn in GDV (~6,400 units), supported by its existing and newly acquired landbank. This would bring total launches for FY26 to around RM3.0bn in GDV (vs. RM2.6bn in FY25). Meanwhile, management highlighted encouraging market reception for its recent launches, with the first phase of its Scientex Jawi township project achieving close to a full take-up rate.
- As a result, we expect the property segment to register double-digit sales growth of approximately 16.8% YoY in FY26, underpinned by steady construction progress and healthy unbilled sales of RM2.0bn.

Valuation

- Maintain **BUY** with an unchanged TP of **RM5.00/share**, based on SOP valuation.

Table 1: 2QFY26 Results Analysis

FYE July (RM'mn)	2QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)	1HFY25	1HFY26	YoY (%)
Revenue	1,105.1	1,155.1	1,135.9	(1.7)	2.8	2,214.6	2,291.0	3.5
~ Manufacturing	630.7	628.5	626.9	(0.3)	(0.6)	1,256.5	1,255.4	(0.1)
~ Property	474.4	526.6	509.0	(3.4)	7.3	958.1	1,035.6	8.1
Interest Expense	(4.8)	(6.8)	(6.9)	(2.6)	(45.0)	(9.6)	(13.7)	(42.1)
Investing Results	3.0	4.1	4.3	3.1	40.0	6.5	8.4	28.6
Depreciation	(34.5)	(35.0)	(34.9)	0.2	(1.4)	(68.2)	(70.0)	(2.6)
EBITDA	209.7	239.4	227.6	(4.9)	8.5	420.3	466.9	11.1
Operating Profit	175.2	204.4	192.6	(5.7)	9.9	352.1	397.0	12.7
~ Manufacturing	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
EI	(1.5)	1.9	(4.6)	nm	nm	(1.5)	(2.7)	(77.5)
Reported PBT	173.5	201.7	190.0	(5.8)	9.5	349.0	391.7	12.2
Taxation	(40.4)	(47.8)	(45.3)	5.3	(12.0)	(81.7)	(93.0)	(13.9)
Minority Interest	(9.2)	(11.0)	(9.5)	13.7	(3.9)	(14.8)	(20.6)	(39.0)
Reported Profit	123.9	142.9	135.2	(5.4)	9.1	252.6	278.1	10.1
Adj. Net Profit	125.5	141.0	139.8	(0.9)	11.4	254.1	280.8	10.5
EPS (sen)	8.0	9.2	8.7	(5.4)	9.0	16.3	17.9	9.9
Adj EPS (sen)	8.1	9.1	9.0	(0.9)	11.3	16.4	18.0	10.3
DPS (sen)	-	-	-	-	-	-	-	-
				%-pts	%-pts			%-pts
EBIT Margin (%)	15.9	17.7	17.0	(0.7)	1.1	15.9	17.3	1.4
~ Manufacturing	6.7	7.4	8.0	0.7	1.3	5.8	7.7	1.9
~ Property	28.1	30.0	28.0	(2.1)	(0.1)	29.1	29.0	(0.1)
PBT Margin (%)	15.7	17.5	16.7	(0.7)	1.0	15.8	17.1	1.3
Core Net Margin (%)	11.4	12.2	12.3	0.1	0.9	11.5	12.3	0.8
Tax rate (%)	23.3	23.7	23.8	0.1	0.5	23.4	23.8	0.3

Table 2: 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)	9.9	10.2	9.1	8.5	8.1
Net Dividend (sen)	12.0	12.0	13.0	15.5	15.5
Dividend Yield (%)	3.5	3.5	3.7	4.5	4.5

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
Total Equity value (RM'mn)		7,788.2
Enlarged Share Cap (mn)		1,556.3
+ ESG Premium:		-
Target Price (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 Monday, March 16, 2026, the analyst, Liew Yi Jiet, who prepared this report, has interest in the following securities covered in this report:
(a) nil

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