

Scientex 2Q16 net profit surges 79.2% to RM64.6 million

- *Benefitting from stronger consumer packaging sales and resilient demand for affordable properties*
- *Earmarks RM30 million CAPEX to increase SGW Ipoh capacity by 50%; to capture growth from F&B and FMCG sectors in Asia Pacific*
- *Proposes 1-for-1 bonus issue of up to 230.0 million new ordinary shares of RM0.50 par to be approved by shareholders at EGM*

Shah Alam, Selangor, Malaysia, 22 March 2016 - Global packaging manufacturer and leading property developer **Scientex Berhad** (Scientex, 森德公司, Bloomberg: SCIMK; Reuters: STIK.KL) saw net profit surge 79.2% to RM64.6 million in the second quarter ended 31 January 2016 (2Q16), on revenue growth of 17.8% to RM545.4 million from RM462.9 million previously.

The stronger performance was driven by higher contribution from the Group's consumer packaging operations and resilient demand for its affordable properties in Johor.

The Group also sustained its growth from the preceding quarter ended 31 October 2015 (1Q16), with net profit increasing 6.2% from RM60.9 million in 1Q16. 2Q16 revenue was marginally changed compared to RM550.6 million in 1Q16.

“Our aggressive focus on affordable property sales and continuous expansion of consumer packaging operations has enabled us to sustain the Group's earnings in 2Q16, amidst the ongoing challenges in the property and consumer sectors in the domestic and regional markets.

We aim to build upon this commendable performance in the second half of FY2016, in view of the recent commencement of our cast polypropylene (CPP) plant early this year, and ongoing success in enlarging our clientele in Asia Pacific.

Scientex is certainly on a higher growth plane to stamp our mark as a leading consumer packaging provider in the coming years.”

Mr. Lim Peng Jin (林炳仁)
Managing Director of Scientex Berhad

Of total 2Q16 revenue, the Group's manufacturing segment remained the larger contributor at RM402.0 million, rising 22.9% from RM327.0 million a year ago.

Growth in the manufacturing segment was led by higher consumer packaging sales, which leapt 47.4% to RM190.2 million from RM129.1 million earlier on incoming revenue contribution from its consumer packaging unit Scientex Great Wall (Ipoh) Sdn Bhd (SGW Ipoh) and larger orders from existing clientele. Industrial packaging sales grew 7.0% to RM211.8 million from RM197.9 million earlier.

Exports made up 46.4% of consumer packaging revenue in 2Q16, from 33.5% in 2Q15. In line with the larger exports, the Group also benefited from better product mix, and favourable exchange rates due the weaker Malaysian Ringgit.

Meanwhile, the Group's property segment contributed the remaining RM143.4 million of 2Q16 revenue, rising 5.6% from RM135.9 million previously. This was attributed to strong take-up rates for affordable properties and higher progress billings from the Group's projects in Johor.

Unbilled sales stood at RM630.2 million as at 31 January 2016, to be recognized until 2018.

For the first half ended 31 January 2016 (1H16), group net profit surged 89.2% to RM125.5 million from RM66.3 million a year ago, while revenue grew 22.6% to RM1.1 billion from RM893.9 million previously. This was due to all-round growth in the Group's consumer packaging and property segments.

On further expansion, Scientex has earmarked RM30 million in capital expenditure (CAPEX) to expand the production capacity of SGW Ipoh by 50% to 18,000 metric tonnes per annum (MT p.a.). The new machines are expected to be commissioned in end-2016.

SGW Ipoh, formerly known as Mondi Ipoh Sdn Bhd and acquired by Scientex in August 2015, manufactures specialty flexible consumer packaging for the food and beverage (F&B) and fast moving consumer goods (FMCG) sectors across Asia Pacific.

Apart from SGW Ipoh, Scientex's consumer packaging plants comprise a PE film plant in Rawang, a new CPP film plant in Melaka which commenced in January 2016, and an upcoming bi-axially oriented polypropylene plant in Pulau Indah commencing in mid-2016.

Together with the PE expansion at SGW Ipoh, the Group's consumer packaging production capacity would reach a total of 150,000 MT p.a. in end-2016, increasing five-fold from 30,000 MT p.a. in 2014.

Also, Scientex today proposed a 1-for-1 bonus issue which would entail the issuance of up to 230.0 million new shares of RM0.50 par, to be approved by shareholders at an upcoming Extraordinary General Meeting to be held on a later date. The bonus issue, expected to be completed in the third quarter of 2016, would increase the liquidity of the Group's shares, and also enlarge the Group's existing issued and paid up capital to reflect its current scale of operations.

Financial Summary (Unaudited Consolidated Results)						
RM'000	2Q16 to 31.01.16	2Q15 to 31.01.15	Change	1H16 to 31.01.16	1H15 to 31.01.15	Change
Revenue	545,429	462,865	17.8%	1,096,027	893,936	22.6%
Operating profit (EBIT)	78,553	48,016	63.6%	160,618	89,495	79.5%
Profit before tax	79,853	47,298	68.8%	160,633	87,461	83.7%
Net profit to shareholders	64,622	36,054	79.2%	125,475	66,321	89.2%
Basic EPS (sen)	28.58	15.98	78.8%	55.53	29.67	87.2%



About Scientex Berhad (森德公司, www.scientex.com.my)

Scientex Berhad (Scientex) is a leading industrial packaging manufacturer and a reputable property developer in South Malaysia. Scientex is also the largest stretch film producer in Asia and among the top three globally with a production output of 120,000 MT annually.

Established in 1968 as a PVC cloth and leather manufacturer, Scientex today produces stretch film, consumer packaging (blown film and BOPP film), PP strapping bands, form-fill-seal (FFS) bags, polypropylene (PP) and polyethylene (PE) woven and laminated bags, raffia tapes, flexible intermediate bulk containers (FIBC), polyurethane (PU) adhesives and polymer materials such as laminated products, TPO and PVC sheets for automotive interior parts and solar encapsulant films.

To date, Scientex has manufacturing facilities in Malaysia and Vietnam; as well as sales and marketing arms in Japan, Indonesia, and Singapore. Approximately 75% of its manufacturing products are exported to over 60 countries worldwide.

Scientex's property arm has township development projects in Pasir Gudang, Kulai, Skudai and Senai, all in Johor, and in Ayer Keroh, Melaka. Its township developments are the 1,100-acre Taman Scientex Pasir Gudang, the 250-acre Taman Scientex Kulai I, the 48.4 acre Taman Scientex Kulai II, the 150-acre Taman Mutiara Mas, Skudai; the 250-acre mixed development of Taman Scientex Senai in Johor and the 137-acre Taman Muzaffar Heights in Ayer Keroh. It has also recently acquired a 323-acre land in Pulai, Johor slated for mixed development. To date, Scientex has delivered more than RM2.3 billion worth of properties and has projects-in-hand of RM1.3 billion.

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