

Scientex aims for RM1.1b worth of new launches in FY20

BY WONG SWEE MAY

KUALA LUMPUR: Scientex Bhd, whose first-quarter net profit jumped 50.9% year-on-year (y-o-y), aims to launch RM1.1 billion worth of new properties in the current financial year ending July 31, 2020 (FY20).

“The property development segment is headed for steady growth backed by our continuous land-banking, most recently new land bank in Tasek Gelugor, Penang, Kundang, Selangor and Kota Tinggi, Johor, bringing our total land bank in Peninsular Malaysia to almost 4,000 acres, thus lasting for more than 10 years,” Scientex managing director Lim Peng Jin said in a statement yesterday.

The group has land bank in Johor, Melaka, Selangor, Perak and Penang. Scientex specialises in building affordable homes; to date, it has built more than 18,500 of its targeted 50,000 units to be completed by 2028.

Scientex said it expects demand for this housing segment to remain relatively strong for FY20.

“Our goal is to build businesses adaptable to users’ demands, thus imbuing a greater resilience

for Scientex. We have laid a solid platform for growth and strive for the next catalyst to [reach] new heights,” said Lim.

The packaging materials maker and property developer announced yesterday that it is buying 18 leasehold agricultural parcels in Kota Tinggi, Johor from Fiamma Holdings Bhd to be developed into a mixed property development. Scientex will pay RM39.21 million for the parcels totalling 85.73 acres.

“However, it is currently preliminary to ascertain the exact total gross development value, development cost, the expected commencement and completion dates of the development as well as profits to be derived from the development of the tracts,” said Scientex in a filing with Bursa Malaysia.

It added that its indirect wholly-owned subsidiary Amber Land Bhd yesterday entered into an agreement of sale with Oaksville Sdn Bhd, wholly owned by Fiamma, for the proposed acquisition.

Scientex said the parcels’ development prospects would allow the group to create greater economic value, increase its earnings potential and obtain a better foothold in the property market.

“The land bank expansion is also in line with Scientex Group’s vision to build more affordable homes, in particular 50,000 affordably priced quality homes throughout the nation by 2028.

“The parcels are expected to provide a steady and sustainable property development model as Scientex Group continues to focus on affordably priced landed properties where demand has remained firm and resilient,” it added.

It will fund the proposed acquisition — slated for completion in the first half of 2020 — using internal funds and bank borrowings.

For the first financial quarter ended Oct 31, 2019 (1QFY20), Scientex’s net profit was higher at RM80.96 million from RM53.67 million a year ago, mainly due to a better sales performance in the manufacturing and property divisions.

This resulted in higher earnings per share of 15.71 sen for 1QFY20 compared with 10.98 sen for 1QFY19. Its revenue for the quarter grew 22.9% to RM877.37 million, from RM713.64 million a year ago.

Lim said the 1QFY20 growth gave Scientex a firm foundation to sustain its performance in FY20.