

Scientex posts record FY20 profit, pays higher final dividend of 13 sen

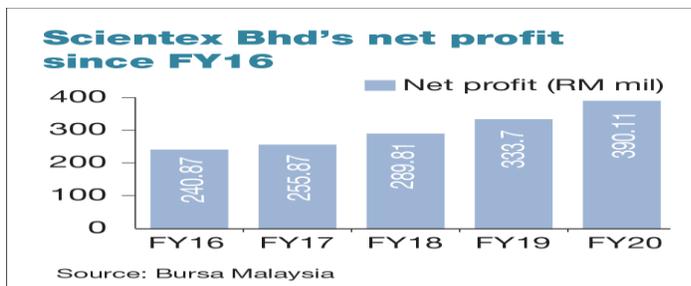
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**This story has been updated with information and quotes from the group's press statement*

KUALA LUMPUR (Sept 18): Flexible plastic packaging (FPP) manufacturer Scientex Bhd posted a record high annual profit for its financial year ended July 31, 2020 (FY20), led by growth from both its manufacturing and property development segments.

In a statement, the group said it enjoyed improved profit margins, resulting from enhanced product mix and improved manufacturing efficiency, which complemented higher sales and stable progress billings in its property development segment.

Consequently, net profit grew for FY20 grew 17% to RM390.11 million, up 17% from RM333.7 million for FY19, while revenue grew 8% year-on-year to RM3.52 billion from RM3.25 billion. Earnings per share (EPS) improved to 75.66 sen from 66.66 a year ago.



The group declared a final dividend of 13 sen per share, payable on Jan 13, 2021, three sen more than the 10 sen dividend it declared in the corresponding quarter a year ago. This raised its FY20 dividend payout to 23 sen, from FY19's 20 sen.

In particular, Scientex noted that its manufacturing segment contributed RM2.6 billion to FY20 revenue, up 8.2% from RM2.4 billion previously. The higher contribution was mainly due to full year contributions from its converting businesses. "This comprised the recently acquired Daiboichi Bhd, and subsequently Daiboichi's acquisition of Mega Printing & Packaging Sdn Bhd, both of which were completed in the second half of FY19," it said.

Scientex said the converting businesses not only strengthened Scientex's position as a leading integrated FPP manufacturer, but also generated significant synergies through enhanced product portfolio. Consequently, the group's manufacturing operating profit grew by 43.3% to RM251.0 million in FY2020, which was also supported by stronger sales.

Its property development segment, meanwhile, saw revenue expand 8.7% to RM967.5 million from RM889.6 million previously, backed by good take up rates and stable progress billings for its affordable residential project offerings in Johor, Melaka and the Central Region. "Contributions from newly launched projects in Pulai, Johor and Durian Tunggal, Melaka further contributed to the positive topline performance. Thus, the segment's operating profit rose 4.2% to RM298.4 million from RM286.5 million one year ago," it said.

The stronger annual income came after Scientex closed the year with a 6.5% rise in its fourth quarter net profit to RM142.05 million from RM133.4 million a year ago, as revenue climbed to RM954.63 million from RM938.77 million. EPS for the quarter rose to 27.54 sen from 25.89 sen.

The manufacturing segment posted an operating profit of RM71.1 million for the quarter, up 6% from RM67.1 million previously, while its property development segment's operating profit was stable at RM112.6 million, versus last year's RM112.1 million, following the resumption of construction activities.

Scientex chief executive officer Lim Peng Jin said the group's FPP products had benefitted from supporting the essential food and beverages sectors in Malaysia and the region, with a pickup in domestic activities seen as businesses and households resumed normalcy from the Conditional Movement Control Order (CMCO) onwards.

Going forward, he said the group will continue to further expand its manufacturing capacity and capabilities to develop more value-added FPP products, as well as derive greater efficiencies. "Moreover, recognizing the tremendous growth potential of sustainable FPP in line with global consumer trends, we are also developing more sustainable solutions to meet growing demand from multinational corporations and international brand owners," he said.

Meanwhile, the group plans to launch 6,000 affordable homes worth RM1.6 billion in gross development value in FY21, which is double the 3,034 units launched in FY20, said Lim, as the group anticipates firm demand. "On top of government incentives and campaigns to support this objective, we are continuing to expand our landbank across Peninsular Malaysia," he added.

At the time of writing, Scientex shares were trading 60 sen or 6.54% higher at RM9.77, giving it a market capitalisation of RM4.75 billion.