

Scientex posts record net profit of RM390m for FY20

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KUALA LUMPUR: [Scientex Bhd](#)  posted a record high net profit of RM390.11mil in the financial year ended July 31, 2020 underpinned by strong growth in its packaging manufacturing and property development segments.

It announced on Friday the net profit was an increase of 16.9% from the RM333.69mil in FY19. Its revenue increased by 8.3% to RM3.52bil from RM3.24bil.

“The group also noted improved profit margins, resulting from enhanced product mix and improved manufacturing efficiency, which complemented higher sales and stable progress billings in the property development segment,” it said.

Scientex’s manufacturing segment contributed RM2.6bil to FY2020 revenue, up 8.2% from RM2.4bil a year ago.

The higher contribution was mainly due to full year contributions from its converting businesses. This comprised the recently acquired [Daibochi Bhd](#)  and subsequently Daibochi’s acquisition of Mega Printing & Packaging Sdn Bhd, both of which were completed in the second half of the financial year ended July 31, 2019.

Scientex said its manufacturing operating profit increased by 43.3% to RM251mil in FY2020, underpinned by stronger manufacturing sales and improved production efficiency and product mix.

As for its property development segment, revenue rose by 8.7% to RM967.5mil from RM889.6mil. It attributed the stronger performance due to good take-up rates and stable progress billings for its affordable residential project offerings in Johor, Melaka and the central region.

Fourth quarter

Scientex said in the fourth quarter, its net profit increased by 6.5% to RM142.05mil from RM133.40mil a year ago. Its revenue rose by 1.7% to RM954.63mil from RM938.76mil. Earnings per share were 27.54 sen compared with 25.89 sen.

It proposed a dividend of 13 sen per share compared with 10 sen a year ago.

It said that its manufacturing revenue was lower at RM621.4mil in 4Q20 compared with RM630.3mil a year ago.

Nonetheless, operating profit improved by 6% to RM71.1mil from RM67.1mil a year ago on better product mix and efficiency.

As for its property development business, it recorded an 8% increase RM333.2mil from RM308.5mil on higher progress billings and contributions from newly launched projects in Pulau, Johor, and Durian Tunggal, Melaka.

Operating profit remained stable at RM112.6mil in 4Q20 from RM112.1mil.

Scientex also proposed a two-for-one bonus issue and free five-year warrants on the basis of one warrant for every five existing shares.

Its CEO Lim Peng Jin said in the manufacturing segment, its flexible plastic packaging products (FPP) benefitted from supporting the essential food and beverages sectors in Malaysia and the region.

He said there was an increase in domestic activities as businesses and households resumed normalcy from the Conditional Movement Control Order (CMCO) onwards.

"We will continue to further expand our manufacturing capacity and capabilities to develop more value-added FPP products, as well as derive greater efficiencies.

"Moreover, recognising 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.

As for its property development segment, Lim said Scientex would continue to focus on the resilient demand for affordable housing.

Lim said Scientex plans to launch 6,000 affordable homes with a gross development value RM1.6bil in the new financial year.

"This is double the 3,034 units launched in FY2020 as we anticipate firm demand. On top of Government incentives and campaigns to support this objective, we are continuing to expand our landbank across Peninsular Malaysia," he said.