

Scientex reaches record net profit of RM390.1 million in FY2020, proposes bonus shares and free warrants to reward shareholders

- *Resilient 4Q20 performance on stable manufacturing segment demand and property development operations resuming normalcy*
- *Further expanding manufacturing capacity and capabilities; developing more sustainable solutions to meet growing demand from multinational corporations*
- *Proposes final dividend of 13 sen per share in respect of FY2020*
- *Proposes 2-for-1 bonus issue of up to 1.03 billion new ordinary shares to be approved by shareholders at Extraordinary General Meeting to be held on a later date, and to issue up to 103.37 million free warrants on the basis of one warrant for every five existing shares held*

Shah Alam, Selangor, Malaysia, 18 September 2020 - Global packaging manufacturer and leading property developer **Scientex Berhad** (Scientex, 森德公司, Bloomberg: SCI MK; Reuters: STIK.KL) reached a record-high net profit of RM390.1 million in the financial year ended 31 July 2020 (FY2020) registering 16.9% bottomline growth from RM333.7 million a year ago.

The stronger performance was led by growth from the manufacturing and property development segments, which contributed to 8.3% higher revenue of RM3.5 billion in FY2020 from RM3.2 billion previously. 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.

Scientex's manufacturing segment contributed RM2.6 billion to FY2020 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 Daibochi Berhad (Daibochi), 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 31 July 2019 (FY2019).

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, supported by stronger manufacturing sales, as well as improved production efficiency and product mix.

In the property development segment, the Group's revenue expanded 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 Pulau, 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.

“In the manufacturing segment, our FPP products benefitted from supporting the essential food and beverages sectors in Malaysia and the region, and witnessed a pickup in domestic activities as businesses and households resumed normalcy from the Conditional Movement Control Order (CMCO) onwards.

In this regard, 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, 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.

At the same time, our property development segment remains committed to fulfilling resilient demand for affordable housing, with plans to launch 6,000 affordable homes worth RM1.6 billion in Gross Development Value 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.”

**Mr. Lim Peng Jin (林炳仁),
CEO, Scientex Berhad**

Scientex completed the acquisition of lands in Tasek Gelugor, Penang and Kundang, Selangor measuring 179.7 acres and 166.5 acres for a total of RM232.9 million in December 2019, with official first launches in both lands planned for the upcoming financial year. The Group also recently acquired parcels of land in Jasin, Melaka measuring 1,357.5 acres for RM260.2 million, with positive contributions from planned new launches expected from 2021 onwards.

In the fourth quarter ended 31 July 2020 (4Q20), Scientex’s revenue rose 1.7% to RM954.6 million from RM938.8 million in the corresponding period last year. Net profit expanded at a faster pace of 6.5% to RM142.1 million from RM133.4 million previously.

Segmentally, manufacturing revenue remained stable at RM621.4 million in 4Q20 compared to RM630.3 million a year ago. Nonetheless, operating profit improved 6.0% to RM71.1 million from RM67.1 million in the previous period on better product mix and efficiency.

The property development segment accounted for the balance RM333.2 million of 4Q20 revenue, rising 8.0% from RM308.5 million in the previous year on higher progress billings and contributions from newly launched projects in Pulau, Johor, and Durian Tunggal, Melaka. Operating profit remained stable at RM112.6 million in 4Q20 from RM112.1 million previously.

Scientex proposed a final dividend of 13 sen per share in respect of FY2020, which will be subject to shareholders’ approval in the Group’s upcoming Annual General Meeting. Together with an earlier paid interim dividend of 10 sen per share for FY2020, total dividend payout is estimated to be RM118.7 million or 30.4% of the Group’s net profit in FY2020.



Scientex also proposed today a bonus issue on the basis of two bonus share for every one existing Scientex share held, on an entitlement date to be determined at a later date. The free five-year warrants will be issued to the shareholders on the basis of one warrant for every five existing shares held on the same entitlement date.

The proposed bonus issue and free warrants, which will entail the issuance of up to 1.03 billion new bonus shares and up to 103.37 million free warrants, is to reward the existing shareholders for their continuous support; while at the same time broaden the Group's capital base; and potentially enhance the marketability and trading liquidity of Scientex shares. The proposed exercise is to be approved by shareholders at the forthcoming Extraordinary General Meeting to be held on a later date.

The proposed exercise, which is expected to be implemented by the first quarter of 2021, is not expected to have any material effect on the earnings of the Group for the financial year ending 31 July 2021. However, assuming that the earnings of the Group remain unchanged, there will be a corresponding dilution in the earnings per share of the Group as a result of the increase in the number of Scientex shares pursuant to the proposed exercise.

The actual number of bonus shares and free warrants to be issued will depend on the number of its issued shares (excluding treasury shares) as at the entitlement date. As of 18 September 2020, the Group has 515.88 million issued share capital, including 100 treasury shares.

The bonus shares will be issued as fully paid, at no consideration and without capitalisation of the reserves. The warrants will be issued at no cost to entitled shareholders and the exercise price will be determined and fixed by the Board at a later date after the receipt of all relevant approvals but before the announcement of the entitlement date. The proceeds raised from exercise of the warrants will be utilised for working capital and capital expenditure.



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

Scientex Berhad (Scientex) is a leading flexible plastic packaging manufacturer and a reputable property developer in Malaysia. Scientex is also the largest stretch film producer in Asia, and among the world's largest producers.

Established in 1968 as a PVC cloth and leather manufacturer, Scientex today produces flexible plastic packaging (FPP) products: stretch film, custom film (polyethylene (PE) film, biaxially oriented polypropylene (BOPP) film, cast polypropylene (CPP) film, agricultural film, PE flexitanks tubing), and specialty products (automotive interior, polypropylene (PP) strapping bands, raffia, solar encapsulant film). Scientex also expanded its portfolio and scope to include film converting, following the acquisition of Daibochi Berhad in April 2019, which now sees the Group supply high-value and high-performance FPP to leading multinational companies in the food and beverage (F&B) and fast moving consumer goods (FMCG) segments.

To date, Scientex has manufacturing facilities in Malaysia, Vietnam, Myanmar and the United States of America; as well as sales and marketing arms in Japan, Indonesia and Singapore. Approximately 70% of its manufacturing products are exported to over 60 countries worldwide.

Scientex's property arm has township development projects in Pasir Gudang, Kulai, Skudai, Senai, and Pulai, all in Johor, and in Ayer Keroh and Durian Tunggal, Melaka. Its township developments are the 1,100-acre Taman Scientex Pasir Gudang, the 250-acre Taman Scientex Kulai, the 48-acre Taman Scientex Kulai II, the 146-acre Taman Mutiara Mas, Skudai, the 250-acre Taman Scientex Senai, the 121-acre Taman Scientex Utama (Senai II), the 326-acre Taman Pulai Mutiara, the 336-acre Taman Pulai Mutiara 2, in Johor, the 137-acre Taman Muzaffar Heights in Ayer Keroh, the 197-acre Taman Scientex in Durian Tunggal 1, the 209-acre Taman Scientex in Durian Tunggal 2, in Alor Gajah, the 102-acre mixed development in Ipoh, and the 66-acre Taman Scientex in Rawang. The Group recently acquired a 86-acre land in Kota Tinggi, Johor, 166-acre land in Kundang Jaya, Rawang, 180-acre land in Tasek Gelugor, Penang, and is in the process of acquiring another 158-acre land in Jasin, Melaka, 108-acre land in Seremban, Negeri Sembilan, 139-acre land in Cheras, Selangor and another 1,357 acre land in Jasin, Melaka. To date, Scientex has delivered RM6.0 billion worth of properties and has projects-in-hand of RM1.8 billion.

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