

Scientex registers 15.1% higher net profit of RM112.2 million in 2Q21

- *Robust growth in property development segment on higher sales of affordable housing*
- *Commendable performance from packaging segment despite headwinds in global demand*
- *Intensifying collaborations with customers to offer more fully-recyclable, sustainable products*

Shah Alam, Selangor, Malaysia, 9 March 2021 - Global packaging manufacturer and leading property developer **Scientex Berhad** (Scientex, 森德公司, Bloomberg: SCI MK; Reuters: STIK.KL) registered 15.1% higher net profit of RM112.2 million in the second quarter ended 31 January 2021 (2Q21), compared to RM97.5 million a year ago on robust property sales and construction progress, as well as stable packaging segment contributions.

Meanwhile, the Group's revenue decreased slightly to RM906.5 million in 2Q21 from RM914.4 million in the previous year's corresponding quarter.

The property development segment reported 12.9% higher revenue of RM287.8 million, from RM255.0 million previously. This was achieved through steady construction progress of the Taman Pulai Mutiara 2 and Scientex Durian Tunggal townships, higher sales from seven new launches across Johor, Melaka, Selangor and Penang, as well as maiden contributions from Taman Scientex Kota Tinggi.

Operating profit from property development improved 14.0% to RM86.2 million in 2Q21 from RM75.6 million a year ago in tandem with the segment's higher revenue and better sales mix.

Meanwhile, the packaging segment remained resilient despite global headwinds, where revenue dipped 6.2% to RM618.8 million from RM659.4 million a year ago on lower sales tonnage of packaging products. The segment faced a hike in raw material costs and sudden surge of freight costs due to global shortage of shipping containers, which resulted in 2Q21 operating profit to RM63.0 million from RM65.2 million previously.

“While we were not spared the vagaries of the weaker global economy, our competitive position and high-efficiency practices allowed property development to post positive trajectory while packaging achieved commendable results.

The plastic packaging sector has been facing several challenges amidst the ongoing pandemic, including shortages in raw materials and shipping containers. Despite the resulting hike in resin price and surge in freight costs, we will embrace these challenges by focusing on improving operational efficiency and executing effective growth strategies.

We are strengthening our position in supporting consumer-centric flexible plastic packaging for essential products, and expect demand to remain stable. Additionally, we are forging ahead in the area of sustainable packaging and are intensifying our collaborations with customers to expand our range of fully-recyclable, sustainable and value-added products.

Simultaneously, our property segment continues to trudge forward in line with higher sales recorded compared to the previous year. This signifies the effectiveness of our strategy to continuously expand across Peninsular Malaysia and cross new boundaries, with recent maiden launches in Tasek Gelugor, Kundang Jaya and Kota Tinggi already contributing positively to our earnings.”

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

Scientex launched seven property development projects in 2Q21 across Scientex Tasek Gelugor in Penang, Scientex Kundang Jaya in Selangor, Scientex Durian Tunggal in Melaka, as well as Scientex Kota Tinggi and Scientex Pulai in Johor.

These seven new launches feature close to 2,000 units of affordable two and three-storey homes, with a combined Gross Development Value of RM427 million.

In 2Q21, the Group completed the acquisitions of a 109-acre land in Seremban, Negeri Sembilan and a 1,365-acre land in Jasin, Melaka. Following this, the Group expects to launch its first development on the Jasin land in the fourth quarter of the current financial year 2021 while the Seremban land is expected to be launched in early 2022, marking the Group’s maiden entry into Negeri Sembilan.

Altogether, the Group’s total landbank would increase to more than 5,800 acres across Johor, Melaka, Negeri Sembilan, Selangor, Perak, Penang and Kedah, which is sufficient for more than 10 years of development activities.



In the first half ended 31 January 2021 (1H21), Scientex’s revenue moderated 4.6% to RM1.7 billion from RM1.8 billion previously due to lower sales tonnage from the packaging division. On the other hand, net profit climbed 14.7% to RM204.7 million from RM178.4 million in the previous year driven by higher sales and steady progress billings from the property development segment.

Lim concluded: “Our latest ambitious landbank expansion initiatives would go a long way in helping us meet our goal of building 50,000 affordable homes by 2028, with more than 22,000 already built to date.”

“We are cautiously optimistic that the global packaging market would post a gradual but firm recovery on the back of improving economies and with global vaccination efforts underway. Meanwhile, we would also focus on improving production efficiency to drive down operational costs as we look to rebound strongly from this uncertain period.”



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, 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 packaging facilities in Malaysia, Vietnam, Myanmar and the United States of America; as well as sales and marketing arms in Australia, Indonesia, Singapore, Thailand, Philippines and Japan. Approximately 70% of its packaging products are exported to over 60 countries worldwide.

Scientex’s property arm has township development projects in Pasir Gudang, Kulai, Skudai, Senai, Pulai, and Kota Tinggi (all in Johor), Ayer Keroh and Durian Tunggal (both in Melaka), Rawang and Kundang Jaya (both in Selangor), Tasek Gelugor (Penang), as well as Ipoh (Perak). The Group recently acquired a 139 acre land in Cheras (Selangor), 158-acre and 1,357-acre lands in Jasin (Melaka), 109-acre land in Seremban (Negeri Sembilan), and is in the process of acquiring another 202-acre land in Pulai (Johor) and 161-acre land in Sungai Petani (Kedah). To date, Scientex has delivered RM6.3 billion worth of properties and has projects-in-hand of RM2.3 billion.

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