Scientex Berhad (SCI MK)

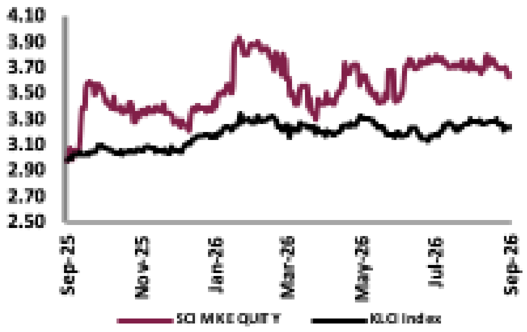
Inline **BUY**

Share Price	RM3.70	+10.8%
Target Price	RM4.10	

Packaging Powers a Record Finish

- **Results within expectations.** Scientex's 4QFY26 core profit rose 16.1% YoY and 33.8% QoQ to RM192.4m, bringing FY26 core earnings to RM611.6m (+15.5% YoY). This accounted for 103.7% of our full-year forecast and 99.8% of consensus. The stronger performance was driven by the continued recovery in Packaging profitability and a sharp rebound in Property contribution. A final dividend of 6.0 sen per share was declared, bringing FY26 DPS to 12.0 sen (versus FY25 of 12 sen), below our forecast of 13.0 sen.
- **Packaging accelerates into year-end.** Packaging revenue increased 18.4% YoY and 15.1% QoQ to RM725.3m in 4QFY26, supported by higher selling prices, steady sales volume and a more favourable product mix. Operating profit more than doubled YoY and increased 19.5% QoQ to RM87.5m, lifting the operating margin to 12.1% from 6.9% in 4QFY25 and 11.6% in 3QFY26. Management attributed the margin improvement to higher selling prices, a more favourable product mix, lower electricity intensity, reduced production wastage and improved operational efficiency.
- **Capacity available for further growth.** Packaging utilisation averaged 61% in FY26 versus 60% in FY25, while overall volume increased by approximately 2%. Management expects utilisation to improve towards 65%, subject to stronger demand and sales volumes. FY27 committed Packaging capex currently stands at approximately RM32mn but could approach RM100mn if the proposed new stretch-film line in Shah Alam proceeds.
- **Property rebounds on stronger launches.** Property revenue increased 17.0% YoY and 39.2% QoQ to RM678.9m in 4QFY26, while operating profit rose 14.2% YoY and 50.0% QoQ to RM194.3m. The segment's operating margin improved by 2.1ppts QoQ to 28.6% but remained 0.7ppt below 4QFY25. The stronger quarterly performance reflected steady construction progress, improved unit sales and encouraging take-up rates for new launches. FY26 property sales reached approximately RM2.4bn, supported by RM2.83bn of launches across seven states. Average take-up stood at approximately 60–65%, affected by the concentration of launches towards the end of FY26. Unbilled sales of approximately RM2.1bn provide healthy near-term revenue visibility, while completed unsold inventory remained below 2%.
- **Balance sheet strengthens.** Net borrowings declined to RM1.69bn from RM1.99bn, reducing net gearing to 0.38x from 0.48x. FY2026 operating cash flow remained healthy at RM843.9m despite higher receivables and inventories. The stronger balance sheet and internal cash generation should comfortably support planned Packaging capex, ongoing township development and selective land acquisitions or M&A opportunities.
- **Maintain BUY.** We reiterate our **BUY** call and raise our **SOP-derived TP to RM4.10 from RM3.91** after rolling forward our valuation to FY2027F earnings and reflecting the stronger Packaging earnings base. Packaging should remain the principal earnings-growth driver, supported by a more favourable product mix, operational improvements and potential utilisation gains. Property earnings visibility remains supported by RM2.1bn of unbilled sales, higher planned launches and the progressive ramp-up of six new townships.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	1.1	6.8	21.2
vs FBM KLCI	2.4	2.7	8.6

Stock Data	
ESG Rating	Good
Mkt Cap (RM mn)	5,804.9
Adjusted beta	0.8
Free float (%)	58.3
Issued shares (mn)	1556.3
52w H/L (RM)	4 / 3.06
3m avg daily volume	927,393

Major Shareholders (%)	
Scientex Holdings Sdn Bhd	20.9
Scientex Infinity Sdn Bhd	11.7
Scientex Leasing Sdn Bhd	9.1

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Company Update
Industrial
Equity

Table 1: Quarterly Review

Scientex Berhad	Quarterly			Change (%)		Cumulative		YTD	BIMB	
FYE 31 July (RM mn)	4QFY25	3QFY26	4QFY26	QoQ	YoYChg	FY25	FY26	YTD Chg	BIMB	12M/F
Revenue	**1,192.6**	**1,117.9**	**1,404.2**	**25.6%**	**17.7%**	**4,517.7**	**4,813.0**	**6.5%**	**4,698.4**	**102.4%**
EBITDA	213.4	234.5	322.7	**37.6%**	**51.2%**	872.0	1,018.1	**16.8%**	869.2	**117.1%**
Pretax profit	**210.2**	**199.2**	**274.0**	**37.6%**	**30.4%**	**735.3**	**864.8**	**17.6%**	**775.7**	**111.5%**
Taxation	(46.4)	(48.3)	(65.7)	**36.0%**	**41.7%**	(170.2)	(207.1)	**21.7%**	(186.2)	**111.3%**
Core Net Profit	**165.7**	**143.8**	**192.4**	**33.8%**	**16.1%**	**529.7**	**611.6**	**15.5%**	**589.5**	**103.7%**
Core EPS (sen)	10.6	9.2	12.4	**33.8%**	**16.1%**	34.1	39.3	**15.4%**	37.9	**103.7%**
Net gearing (x)	0.5	0.5	0.4			0.5	0.4			
				chg (ppts)				ppts		
EBITDA margin (%)	17.9%	21.0%	23.0%	2.0%	5.1%	19.3%	21.2%	1.9%	18.5%	
PBT margin (%)	17.6%	17.8%	19.5%	1.7%	1.9%	16.3%	18.0%	1.7%	16.5%	
Core Net profit margin (%)	13.9%	12.9%	13.7%	0.8%	-0.2%	11.7%	12.7%	1.0%	12.5%	
Effective tax rate (%)	22.1%	24.3%	24.0%	-0.3%	1.9%	23.1%	23.9%	0.8%	24.0%	

Source: Company, BIMB Securities

Table 2: Segmental Breakdown

Scientex Berhad	Quarterly			Change (%)		Cumulative		YTD
FYE 31 July (RM mn)	4QFY25	3QFY26	4QFY26	QoQ Chg	YoYChg	FY25	FY26	YTD Chg
Revenue	**1192.6**	**1119.0**	**1404.2**	**25.5%**	**17.7%**	**4517.7**	**4813.1**	**6.5%**
Packaging	612.5	634.6	725.3	14.3%	18.4%	2483.8	2610.7	5.1%
Property	580.1	484.4	678.9	40.2%	17.0%	2033.9	2202.3	8.3%
Operating Profit	**212.6**	**203.2**	**282.0**	**38.8%**	**32.6%**	**741.8**	**881.5**	**18.8%**
Packaging	42.2	73.2	87.5	19.6%	107.5%	149.8	257.4	71.9%
Property	170.2	129.5	194.3	50.0%	14.1%	592.3	624.1	5.4%
				chg (ppts)				chg (ppts)
Operating Margin (%)	**17.8%**	**18.2%**	**20.1%**	**1.9%**	**2.3%**	**16.4%**	**18.3%**	**1.9%**
Packaging (%)	6.9%	11.5%	12.1%	0.6%	5.3%	6.0%	9.9%	3.8%
Property (%)	29.3%	26.7%	28.5%	1.7%	-0.9%	29.1%	28.3%	-0.8%

Source: Company, BIMB Securities

Table 3: Earnings Forecasts

FYE July (RM mn)	FY25	FY26	FY27F	FY28F	FY29F
Turnover	4,517.7	4,813.0	4,933.3	5,170.1	5,418.3
EBITDA	872.0	1,018.1	976.8	1,023.7	1,072.8
Pretax Profit	735.3	864.8	876.3	904.8	937.4
Core Net Profit	529.7	611.6	666.0	687.6	715.2
Core EPS (sen)	34.1	39.3	42.8	44.2	46
EPS Growth (%)	-1.4%	15.5%	8.9%	3.2%	4.0%
PER (x)	10.9	9.4	8.6	8.4	8
DPS (sen)	12	12	14	15	16
D. Yield (%)	3.2%	3.2%	3.8%	4.1%	4.3%
		Key Ratios (%)			
ROE	12.8	14.2	14.1	13.3	12.8
EBITDA margin	19.3	21.2	19.8	19.8	19.8
Pretax margin	16.3	18.0	17.8	17.5	17.3
Core PATAMI margin	11.7	12.7	13.5	13.3	13.2

Source: Company, BIMB Securities

Table 4: SOP Table

Component	Valuation basis	RMm	RM/share
Packaging	FY27F NP × 12.0x PER	2,334	1.50
Property	RNAV less 50% discount	4,050	2.60
Total equity value		**6,384**	**4.10**
Shares outstanding	1,556.3m		
Target price			**RM4.10**

Source: Company, BIMB Securities

DEFINITION OF RATINGS
BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings
The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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