Scientex

Record Packaging Profits

MARKET PERFORM ↓

Price:	**RM3.70**	
Target Price:	**RM3.91**	↔

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SCIENTX's FY26 results met expectations. Core net profit grew 19% YoY largely attributable to a stronger packaging performance led by higher ASPs from the recent raw material prices hike, cheaper inventory costs. Better market sentiment fuelled stronger performance from its property division on more launches and higher sales. We expect steady launches in the following year, but we anticipate partial normalization in its packaging division after cheaper inventories bought earlier were largely utilised. The near-term outlook is one of a softer albeit still-high quarterly ASPs ahead, while still supported by firm demand. We left our FY27 forecasts unchanged and introduced FY28F forecast with a YoY 4% growth in earnings. Maintain our SoP-derived TP at RM3.91 but adjusting our call from OUTPERFORM to MARKET PERFORM after price appreciation.

Within expectations. SCIENTX's FY26 core net profit of RM623.1m met expectations, making up 102% of our full-year forecast but beat the street's estimate by 6%. The group also declared a 6 sen dividend, adding up to a total of 12 sen, below our 13 sen DPU forecast for FY26.

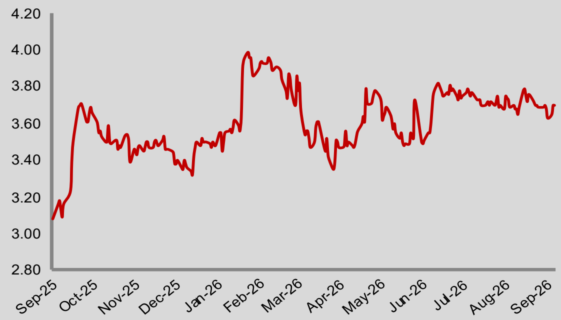
YoY, FY26 turnover grew 7% with net profit rising by a sharper 19%. This was contributed by (i) more project launches worth RM2.8b (FY26 sales target: RM3b) and higher sales achieved of RM2.4b in the property division alongside (ii) higher margins on higher ASP from its packaging division owing to a more favourable market condition following the surge in the raw material prices since the middle east conflict started in late Feb 2026. Take-up rate for its property launches during the period was softer at 65% (70% historical averages) but utilisation for its packaging plant edged up from 60% to 61% YoY as of 4QFY26.

QoQ, 4QFY26 topline and net profit both surged by 26% and 44%, respectively, primarily due to the more property launches and higher sale coupled with higher ASP for its packaging division which explained the stronger margins versus the preceding quarter. Meanwhile, the average USD-MYR exchange rate strengthened marginally by 2% during the quarter at RM4.04 (3QFY26: RM3.95), resulting in favourable forex translation for the group.

Outlook. Kenanga expects Brent oil prices per barrel to average at USD80 in CY26 and USD74 for CY27, viewing that oil prices are unlikely to fall to pre-conflict levels even if the Middle East conflicts de-escalate. Looking ahead, we anticipate the group's packaging segment to normalize from the high-base in ASPs for FY26, partially compensated by firm demand in the near term, explaining the slightly lower profits YoY. The completion of the installation of solar PV system at 10 manufacturing plants in Malaysia will reap cost savings of about RM10m per annum starting from FY26.

For its property division, sales of its affordable properties should continue to be resilient, given encouraging take-up rates from recent launches. The group's unbilled sales stood at RM2.1b as of 4QFY26 (versus RM1.9b as of 3QFY26). On that note, since 2025, we have observed continuous demand for affordable houses priced below the RM500k mark (accounting for 70% of its property projects) and improved appetite for units priced above RM500k.

Share Price Performance



KLCI	1,714.34
YTD KLCI chg	2.0%
YTD stock price chg	5.7%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SCI MK EQUITY
Market Cap (RM m)	5,758.2
Shares Outstanding (m)	1,556.3
52-week range (H)	4.00
52-week range (L)	3.06
3-mth avg. daily vol.	927,393
Free Float	33%
Beta	0.8

Major Shareholders

Scientex Holdings SdnBhd	20.9%
Scientex Infinity SdnBhd	12.5%
Scientex Leasing SdnBhd	9.1%

Summary Earnings Table

FYE Jul (RM m)	2026A	2027E	2028E
Turnover	4813.0	5010.2	5304.2
EBIT	881.5	870.3	901.7
PBT	864.8	812.4	843.2
Net Profit (NP)	**620.2**	**611.5**	**634.7**
Core NP	**623.1**	**610.5**	**632.7**
Consensus (NP)	590.2	637.5	667.6
Earnings Revision	-	0.0%	NEW
Core EPS (sen)	40.2	39.4	40.8
Core EPS Growth (%)	18.9	-2.0	3.6
GDPS (sen)	12.0	12.2	12.7
BVPS (RM)	2.9	3.2	3.5
Core PER (x)	8.6	8.8	8.5
PBV (x)	1.2	1.1	1.0
Net Gearing (x)	0.3	0.3	0.2
Net Div. Yield (%)	3.5	3.5	3.7

The group is targeting a similar level of project launches in FY27 of RM2.8b in GDV, with multiple new developments lined up for FY27 across the Southern, Central and the Northern regions in Malaysia. SCIENTX is well positioned to capitalize on the ongoing progress of Johor-Singapore SEZ with its remaining 1,100 acres of land bank and new launches in southern Johor. The group also guided to a possibility of exploring East Malaysia as part of its affordable housing footprint expansion, particularly Sarawak.

Forecasts. Maintain FY27F earnings and we introduce FY28F numbers that imply a 4% earnings growth.

Valuations. We maintain our SoP-derived valuation with a TP of RM3.91 on an unchanged 8x FY27F PER (within our sector average PER of 8x to 10x) for its plastic packaging business. 8x PER is also at a discount to SCIENTX's 10-year historical average forward PER of 11x in view of the global economic headwinds and regional competition. On the property development segment, we keep our discount to RNAV at 50% (in-line with the average of Kenanga's property coverage). There is no ESG-based adjustment to our TP given its 3-star rating as appraised by us (see Page 5).

Investment case. We like SCIENTX for its competitiveness in the global plastic packaging industry thanks to its scale advantage, low-cost structure (especially when compared to its overseas rivals), and continuous strong traction in the affordable housing segment across Malaysia, notably in the Southern region. Adjust to **MARKET PERFORM** from **OUTPERFORM** post-price appreciation.

Risks to our call include: (i) volatile resin prices, (ii) weak consumer demand for packaging materials due to prolonged global economic downturn, and (iii) aggressive roll-out of affordable housing schemes by the government which may intensify competition.

Results Highlights

FYE July (RM m)	4Q26	3Q26	QoQ Chg	4Q25	YoY Chg	FY26	FY25	YoY Chg
Revenue	1404.2	1117.9	26%	1192.6	18%	4813.0	4517.7	7%
EBIT	285.2	201.7	41%	208.2	37%	884.4	735.8	20%
Interest Income	-0.6	3.4	-118%	4.3	-115%	11.2	15.7	-29%
Finance Costs	-7.2	-7.0	2%	-6.6	10%	-27.9	-22.5	24%
Exceptional Items	-3.4	1.0	-429%	4.2	-181%	-2.9	6.2	-146%
PBT	274.0	199.2	38%	210.2	30%	864.8	735.3	18%
Taxation	-65.7	-48.3	36%	-46.4	42%	-207.1	-170.2	22%
Minority Interest	-8.3	-8.7	-4%	-9.4	-12%	-37.5	-34.4	9%
Net Profit	**199.9**	**142.2**	**41%**	**154.3**	**30%**	**620.2**	**530.8**	**17%**
Core Net Profit	**203.3**	**141.1**	**44%**	**150.1**	**35%**	**623.1**	**524.5**	**19%**
Effective Tax Rate (%)	24.0	24.3		22.1		23.9	23.1	
EBIT Margin (%)	20.3	18.0		17.5		18.4	16.3	
PBT Margin (%)	19.5	17.8		17.6		18.0	16.3	
CNP Margin (%)	14.5	12.6		12.6		12.9	11.6	

Source: Company, Kenanga Research

Segmental Breakdown								
FYE July (RM m)	**4Q26**	**3Q26**	**QoQ Chg**	**4Q25**	**YoY Chg**	**FY26**	**FY25**	**YoY Chg**
Turnover								
Packaging	725.3	630.0	15%	612.6	18%	2610.7	2483.8	5%
Property	678.9	487.8	39%	580.1	17%	2202.3	2033.9	8%
Group Turnover	**1404.2**	**1117.9**	**26%**	**1192.6**	**18%**	**3657.9**	**3408.3**	**7%**
EBIT								
Packaging	87.5	73.2	20%	42.2	107%	257.4	149.8	72%
Property	194.3	129.5	50%	170.2	14%	624.1	592.3	5%
Group EBIT	**281.8**	**202.8**	**39%**	**212.4**	**33%**	**677.2**	**565.2**	**20%**
EBIT Margin								
Packaging	12.1%	11.6%		6.9%		9.9%	6.0%	
Property	28.6%	26.6%		29.3%		28.3%	29.1%	
Group EBIT Margin	**20.1%**	**18.1%**		**17.8%**		**18.5%**	**16.6%**	

Source: Company, Kenanga Research

SCIENTX's Sum-of-Parts Valuation

Segment	Valuation (RM m)	Valuation Basis
Packaging	1,468	8x FY27 PER
Property	4,598	50% discount to RNAV (see the following table)
Total	**6,066**	
Paid-up Capital (m shares)	1,551	
SoP per share / TP (RM)	**3.91**	

Source: Kenanga Research

RNAV of SCIENTX's Property Development Projects		
Project	**Outstanding GDV (RM m)**	**NPV of profits (effective)**
Scientex Tasek Gelugor	154	29
Scientex Ipoh	932	165
Scientex Rawang	463	82
Scientex Kundang Jaya	1,055	187
Scientex Seremban	794	140
Taman Muzaffar Heights	701	124
Scientex Durian Tunggal	404	76
Scientex Jasin & Scientex Bandar Jasin	4,714	729
Taman Scientex Pasir Gudang	227	42
Taman Scientex Kulai	3,582	670
Taman Mutiara Mas	787	122
Taman Scientex Senai	1,536	237
Scientex Pulai	4,666	721
Scientex Kota Tinggi	62	12
Scientex Sg Petani	236	42
Scientex Sungai Dua	1,633	252
Scientex Jenjarom	1,800	278
Scientex Cheras	1,630	252
Scientex Jawi	3,400	371
Scientex Kulai	1,999	309
Scientex Muar	1,333	206
Scientex Bestari Jaya	2,238	346
Scientex Seberang Perai Selatan	3,083	477
Scientex Pulai 4	2,543	393
Scientex Paya Rumput Melaka	2,225	344
Sub-total	**42,197**	**6,605**
Unbilled Sales (as of FY26)	**2,100**	**393**
Property Shareholders Fund		2,206
Total RNAV (RM m)		**9,204**
Discount to RNAV (%)		50%
Discounted RNAV		**4,602**

Source: Kenanga Research, Company

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div. Yld.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
ANCOM NYLEX BHD	OP	0.870	1.50	72.4%	901.1	Y	05/2027	8.9	10.3	9.4%	15.8%	9.8	8.5	1.1	12.2%	2.5	2.9%
BM GREENTECH BHD	UP	1.70	1.72	1.2%	1,169.3	Y	03/2027	11.3	12.2	11.5%	7.5%	15.0	14.0	3.3	22.5%	1.8	1.1%
BP PLASTICS HOLDINGS BHD	OP	0.785	0.870	10.8%	220.9	Y	12/2026	10.7	8.7	134.9%	-18.6%	7.3	9.0	0.8	10.7%	5.0	6.4%
HPP HOLDINGS BHD	MP	0.295	0.300	1.7%	114.7	Y	05/2027	2.0	2.3	146.9%	12.7%	14.5	12.9	0.9	6.3%	2.0	6.8%
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.540	0.480	-11.1%	290.2	Y	12/2026	4.4	4.8	143.9%	8.4%	12.1	11.2	0.3	2.2%	2.0	3.7%
SCIENTEX BHD	MP	3.70	3.91	5.7%	5,758.2	Y	07/2027	39.4	40.8	-2.0%	3.6%	9.4	9.1	1.1	12.3%	12.2	3.3%
SOUTHERN CABLE GROUP BHD	OP	2.73	2.68	-1.8%	3,483.4	Y	12/2026	12.4	15.0	15.3%	21.7%	22.1	18.2	4.5	20.9%	3.5	1.3%
SLP RESOURCES BHD	OP	0.870	0.900	3.4%	275.8	Y	12/2026	6.0	6.5	11.7%	8.4%	14.4	13.3	1.2	9.1%	1.3	1.4%
TECHBOND GROUP BHD	OP	0.285	0.350	22.8%	216.2	N	06/2027	3.0	3.0	23.5%	0.0%	9.4	9.4	0.7	7.4%	1.3	4.6%
THONG GUAN INDUSTRIES BHD	OP	1.64	1.73	5.5%	637.9	Y	12/2026	28.2	22.9	60.0%	-18.6%	5.8	7.2	0.6	11.6%	7.0	4.3%
SECTOR AGGREGATE					**13,067.6**					**10.5%**	**4.7%**	**11.4**	**10.9**	**1.3**	**11.3%**		**3.6%**

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★	☆	
SPECIFIC	Product Quality & Safety	★	★	★		
	Digitalisation & Innovation	★	★	★	★	
	Effluent & Waste Management	★	★	★		
	Resource Management	★	★	★	★	
	Supply Chain Management	★	★	★		
	Energy Efficiency	★	★	★		
	OVERALL	★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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