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Scientex STIK.KL SCI MK

Global Markets Research
9 September 2026

EQUITY: MATERIALS

FY26 ends on a high on the back of better packaging margins

Quick Note

Rating Remains	Buy
Target price Remains	MYR 4.40
Closing price 9 September 2026	MYR 3.70

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Record FY26 capped by a strong 4QFY26; packaging margins lift group profitability

Scientex's 4QFY26 core net profit was at MYR192.0mn (+34% q-q, +35% y-y; *Fig. 1*), driven by a strong step-up in both the divisions' operating profit. Packaging segment operating profit rose to MYR87.5mn (+20% q-q, +107% y-y) and Property segment operating profit to MYR194.3mn (+50% q-q, +14% y-y), in 4QFY26. Group 4QFY26 revenue rose to MYR1.40bn (+26% q-q, +18% y-y), a record quarterly revenue, operating profit and net profit for the group.

For FY26, core net profit rose to MYR616.5mn (+17% y-y), which was 100%/104% of our/consensus FY26F estimates (considered in-line by us). FY26 revenue rose to MYR4.81bn (+6.5% y-y), with Packaging contributing 54% and Property 46% of revenue. Group FY26 operating profit rose to MYR881.5mn (+18.8% y-y), outstripping revenue growth on higher packaging margins. Operating profit's packaging contribution rose from 20% to 29%, with the balance 71% from property.

Dividend: For FY26, Scientex paid a single tier interim dividend of 6 sen per ordinary share on 17 July 2026 (declared on 10 June 2026), and recommended a single tier final dividend of 6 sen per ordinary share. The dividend will be payable on 21 January 2027, subject to shareholders' approval at the forthcoming annual general meeting of the company. This will bring total dividend for FY26 to be 12 sen per ordinary share. We forecast total dividend to be paid for FY27F to be 14 sen per ordinary share (FY27F dividend yield of 3.8%), which is 17% higher than FY26.

Business segment highlights

Packaging segment:

- **Revenue and margin step-up:** FY26 packaging revenue reached MYR2.61bn (+5.1% y-y), with the increase driven by higher volume from both industrial and consumer packaging products. Packaging operating margin expanded to 9.9% in FY26 (from 6.0%), a 3.8pp improvement y-y. FY26 packaging EBITDA rose 36.3% y-y to MYR404mn, with EBITDA margin improving from 11.9% to 15.5%.
- **Drivers of profitability:** The OP and EBITDA increase was contributed by both industrial and consumer packaging, primarily due to prevailing market conditions, a more favorable sales mix, and improved operational efficiency. Management clarified there were no outright cost savings this year (overheads rose on higher salaries/incentives given strong performance), but noted improved wastage percentages and a lower electricity cost achieved through in-factory planning.
- **Better product mix:** A shift towards higher value-added products that go through more processing cycles (smaller bags, pet food, specialty pouches and better-barrier products).
- **Domestic vs export split:** FY26 export sales were at MYR1.64bn (vs MYR1.59bn y-y), at 63% of total revenue (vs 64% y-y), with major export markets remaining Southeast Asia, East Asia and the US; domestic sales rose to MYR969mn (from MYR897mn in FY25 y-y), driven mainly by consumer packaging.
- **Consumer/industrial mix:** Management noted a roughly 50-50 revenue split (FY26: consumer 51%, industrial 49%), guiding to a continued ~50-50 mix. Overall FY26 volume growth was ~2% y-y.
- **Utilization:** FY26 utilization was 61% (vs 60% in FY25), broadly stable q-q, and about

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60-plus% this quarter vs. 60% in the same quarter last year. Management guided FY27 utilization higher than FY26, subject to market conditions, and noted moving to 65% would require higher sales volume.

- **Margin outlook:** Management guided the packaging EBITDA margin range at 12-15%, noting FY26's 15.5% reflected a good year, and reiterated 12-15% for the coming quarter.
- **ASPs and raw materials:** Management noted ASPs were slightly higher in FY26, especially in recent months amid the ongoing conflict, but declined to guide FY27 ASPs given raw-material price and supply uncertainty. Scientex uses a short-term, market-based pass-through pricing model with minimal long-term contracts and only a slight timing lag. On supply, management stated it was stable, supported by long-term contracts with major suppliers, with no tightness despite Middle East escalation.
- **Competition from China:** Management stated Chinese packaging products have limited impact, citing product innovation, testing, quality, supply ability and customer trust as differentiators, particularly on the consumer side; management noted it has itself increased purchases of raw materials from China to capture lower cost/certain grades. Management observed smaller players exiting the market, but declined to quantify market share gains.
- **Capex and expansion:** Management noted FY27 committed capex of ~MYR32mn as of September 2026, but also guided that it might rise to ~MYR100mn, including new stretch-film machine capacity in Shah Alam. Management guided further capacity in Melaka consumer-packaging plants (extrusion, lamination, printing and bagging) plus facility/warehouse upgrades, and reiterated a continued focus on strategic M&As across Southeast Asia, East Asia and the US to access new markets, capabilities, talent and technologies.
- **ERP:** The SAP S/4HANA ERP implementation was successfully completed in 4QFY26, with the company expecting benefits in faster real-time material pricing, customer quoting, supply and production.

Property segment:

- **Revenue and margin:** FY26 property revenue rose to MYR2.20bn (+8.3% y-y), with FY26 operating profit up 5.4% y-y to MYR624mn and property operating margin of 28.3% (-0.8pp y-y). 4QFY26 property revenue rose 17% y-y to MYR679mn. The growth was driven by new launches and steady progress across the four regions (Northern, Central, Melaka and Southern).
- **Launches and take-up:** Management noted FY26 launches of MYR2.83bn GDV, comprising more than 8,300 units across 33 launches in seven states, with take-up of ~60% at launch rising to ~65% to date. Management flagged 4QFY26 launches of MYR1.6bn (vs MYR830mn in 4QFY25) as the reason for the slightly lower take-up, as new-land launches concentrated in the final quarter.
- **New township launches:** The company highlighted new launches at Scientex Muar, Johor (1,094-acre township, 196 units, GDV MYR52.6mn, May 2026); Scientex Melaka Cheng (528-acre, 279 units, ~MYR95mn, June 2026, plus a subsequent 288-unit phase in July); Scientex SP Astana, Kedah (336 units, GDV MYR95mn); and Bestari Jaya, Selangor (826-acre, first two phases simultaneously, 620 units, combined GDV MYR181mn).
- **Portfolio and unbilled sales:** Management noted the property division now has a portfolio of 36 developments across ~11,000 acres with potential GDV of MYR55bn, and current unbilled sales of ~MYR2.1bn. FY26 new sales were at ~MYR2.4bn.
- **Affordable-homes milestone:** Management stated that it has completed 47,846 units of affordable homes across Peninsular Malaysia, approaching the 50,000 target (expected by ~November) under Vision 2028; management indicated the next vision would likely be to double the target.
- **Margin outlook:** Management guided a PBT margin range of ~25-28% for FY27E, depending on product mix, expecting property margins to remain broadly stable in FY27E. Management clarified the FY26 property cash outflow related to land

infrastructure/authority payments was a one-off for cash flow (capitalized in land cost), not a P&L charge.

- **Cost outlook:** Construction is largely outsourced to subcontractors, with limited overall cost impact; diesel was the main sensitivity but assessed at less than ~5% of construction cost (in response to Kenanga). Management noted it would raise selling prices modestly (MYR3,000-5,000) for FY27E where needed, while keeping pricing competitive via bulk purchasing and established contractors.
- **Land banking:** Management noted no land acquisition in FY26 (after completing six land parcels in 2025), with FY27E focus on developing existing new land; further strategic land banking would continue selectively, subject to cash flows.
- **FY27 launch plan:** Management guided a more balanced, spread-out FY27E schedule (vs FY26's 4Q-concentrated launches), targeting 8,000-10,000 units split across four regions (~2,000-2,500 per region), and launches above FY26's MYR2.8bn, subject to market absorption and land approvals. ~4,000 units are already launched.
- **Demand and challenges:** Management stated the demand for its landed affordable homes remains firm (unsold inventory＜2% of the balance sheet), with the key challenge being buyer bank-loan approvals as volumes scale, requiring quick buyer replacement. Management dismissed NAPIC overhang concerns as pertaining to non-landed/lower-cost flats, not its product. Management noted the e-SPA implementation caused only an initial and temporary slowdown in sales conversion. Management ruled out data-centre monetization of its land bank, preferring to focus on its core business.

Reiterate Buy at a TP of MYR4.40

We reiterate our Buy recommendation at a TP of MYR4.40 (implying FY26F P/E of 21.4x, assuming a WACC of 10% for the Packaging division and a 30% discount to its RNAV). The stock currently trades at a FY27F P/E of 8.1x (2027F EPS of MYR0.46), lower than its historical average (of 10.5x). We forecast FY27F/FY28F core earnings of MYR711mn/MYR754mn which is 15%/22% higher than FY26 actual core earnings. Key downside risks include: (1) raw-material (resin) volatility intensifying; (2) slower-than-expected take-up of property launches; and (3) construction-cost inflation weighing on margins.

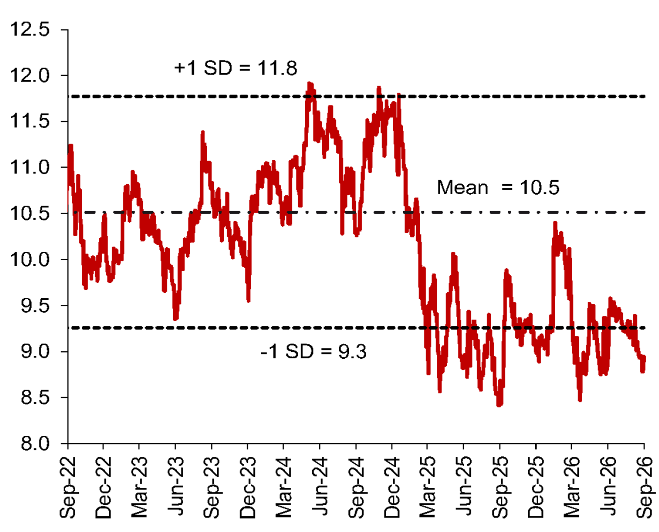
Fig. 1: SCI: 4QFY26 results review

(MYRmn)

	4Q25	3Q26	4Q26	%chg y-y q-q	y-y	FY25	FY26	% chg y-y	FY26F	FY26 as % of FY26F
P&L statement										
Packaging	613	630	725	15%	18%	2,484	2,611	5%	2,609	100%
Property	580	488	679	39%	17%	2,034	2,202	8%	2,187	101%
Revenue	**1,193**	**1,118**	**1,404**	**26%**	**18%**	**4,518**	**4,813**	**7%**	**4,797**	**100%**
Costs	(960)	(880)	(1,097)	25%	14%	(3,646)	(3,802)	4%	(3,790)	100%
EBITDA	**233**	**238**	**307**	**29%**	**32%**	**871**	**1,011**	**16%**	**1,006**	**101%**
Depreciation	(35)	(35)	(36)	1%	3%	(138)	(141)	2%	(148)	95%
EBIT	**198**	**202**	**272**	**34%**	**37%**	**733**	**870**	**19%**	**858**	**101%**
Finance income	2	2	2	15%	7%	7	7	13%	13	58%
Finance costs	(7)	(7)	(7)	2%	10%	(22)	(28)	24%	(34)	83%
Share of results of associates and joint venture	4	3	(1)	-118%	-115%	16	11	-29%	16	68%
PBT	**198**	**201**	**266**	**33%**	**34%**	**733**	**861**	**17%**	**854**	**101%**
Tax	(46)	(48)	(66)	36%	42%	(170)	(207)	22%	(198)	105%
MI	(9)	(9)	(8)	-4%	-12%	(34)	(38)	9%	(39)	95%
Core PATAMI	**142**	**144**	**192**	**34%**	**35%**	**529**	**617**	**17%**	**617**	**100%**
EI	12	(2)	8	-599%	-35%	2	4	86%	-	nm
Reported PATAMI	154	142	200	41%	30%	531	620	17%	617	101%
Margins (%)										
Core PATAMI	11.9%	12.9%	13.7%	0.8pp	1.8pp	11.7%	12.8%	1.1pp	12.9%	99.6%
EBIT	16.6%	18.1%	19.3%	1.2pp	2.7pp	16.2%	18.1%	1.8pp	17.9%	101.1%
EBITDA	19.5%	21.3%	21.9%	0.6pp	2.4pp	19.3%	21.0%	1.7pp	21.0%	100.2%
Effective tax rate	23.4%	24.1%	24.7%	0.6pp	1.3pp	23.2%	24.0%	0.8pp	23.1%	103.9%
Reported Segment Operating Profit										
Packaging	42	73	87	20%	107%	150	257	72%	242	106%
Property	170	130	194	50%	14%	592	624	5%	605	103%
Total	**212**	**203**	**282**	**39%**	**33%**	**742**	**882**	**19%**	**847**	104%
Packaging margin	6.9%	11.6%	12.1%	0.4pp	5.2pp	6.0%	9.9%	3.8pp	9.3%	106.3%
Property margin	29.3%	26.6%	28.6%	2.1pp	-0.7pp	29.1%	28.3%	-0.8pp	27.7%	102.5%
Total	**17.8%**	**18.1%**	**20.1%**	**1.9pp**	**2.3pp**	**16.4%**	**18.3%**	**1.9pp**	**17.7%**	**103.7%**

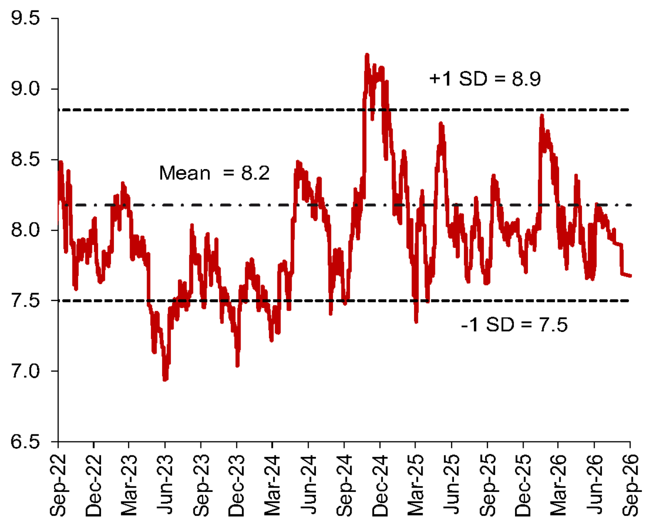
Source: Company data, Nomura estimates

Fig. 2: Forward P/E trend



Source: Bloomberg Finance L.P. Nomura research

Fig. 3: Forward EV/EBITDA trend



Source: Bloomberg Finance L.P., Nomura research

Appendix A-1

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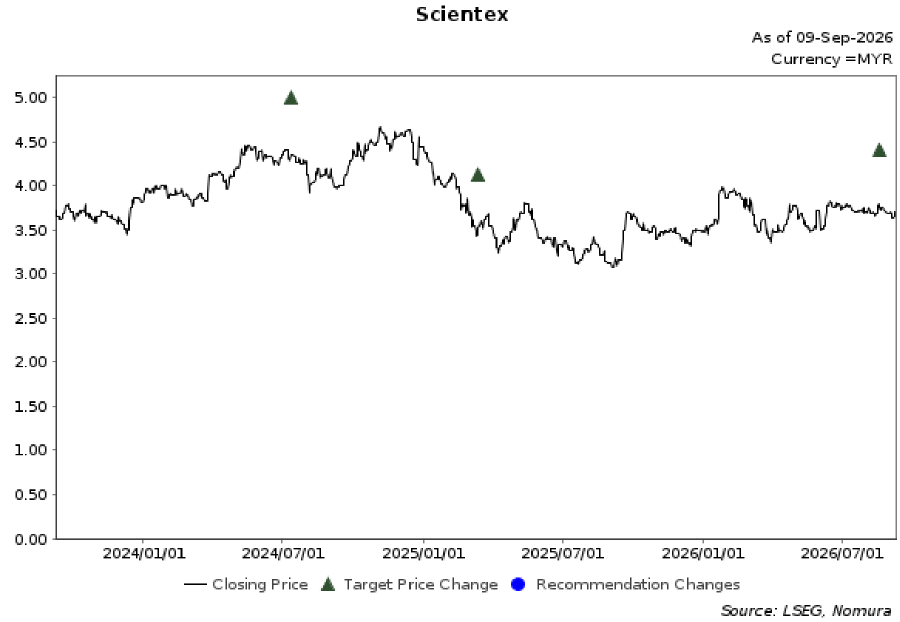
Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Scientex	SCI MK	MYR 3.70	09-Sep-2026	Buy	N/A	

Scientex (SCI MK) **MYR 3.70 (09-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
19-Aug-26		4.40	3.75
13-Mar-25		4.13	3.53
12-Jul-24		5.00	4.36

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We value Scientex on an SOTP basis. The Packaging division is valued on a DCF basis, discounting free cash flows to the firm by a 10.0% WACC and incorporating a long term growth rate of 0.0%. We value the Property division at a 30% discount to RNAV. This derives a target price of MYR4.40. The benchmark index for this stock is the FBMKLCI index.
Risks that may impede the achievement of the target price Downside risks to our target price: 1) frail recovery in demand for packaging, 2) slow take up in property sales and 3) rising cost pressure.

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