

16 March 2026

# Scientex

## Dual Engines Powering Momentum

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SCIENTX's 1HFY26 results met expectations. Core net profit grew 10% YoY on improving performance from higher progress billing and steady take-up rates in the group's ongoing property launches compounded by better packaging margins from higher ASP driven by the recent surge in resin prices alongside cost efficiencies. SCIENTX has demonstrated greater resilience among its packaging peers locally, thanks to its advantage of having a plant in U.S. and partly its strength in diversified consumer packaging products. As we incorporate new GDV numbers for Scientex Jawi property development of RM3.4b into our RNAV valuation, we also anticipate a positive near-term outlook for its packaging segment on the back of the abovementioned higher resin prices. Hence, we raise our earnings forecasts for FY26-27 by 8-2%, respectively, lift our SoP-derived TP from RM3.60 to RM3.84 and upgrade it to **OUTPERFORM** from **MARKET PERFORM**, after its share price fell by 13% since Jan 2026.

**Within expectations.** SCIENTX's 1HFY26 core net profit met expectations, making up 51% of our full-year forecast and 48% of consensus estimate. No dividend was declared as the group typically announce dividend payments in 2H of its financial year.

**YoY,** 1HFY26 property segment's turnover and net profit both rose by 8%, primarily attributable to higher property contribution on strong sales and steady construction progress for ongoing projects. On the other hand, while sales volumes in the packaging segment grew c.7%, turnover was flattish weighed by the strengthening of the MYR, its operating profit was 32% higher thanks to the recent surge in oil & resin prices, benefiting the group from its existing cheaper inventory costs alongside cost efficiencies. All in, these contributed to the increase in the group's revenue by 3% and net profit by 10%.

**QoQ,** 2QFY26 top-line and bottom-line were lower by 2% and 4%, respectively, largely due to softer GDV launches for its property segment at RM890m. Having said that, the group remains confident to achieve RM3b GDV launches in FY26. The sales achieved in 1HFY26 was RM1b (versus RM900m YoY) on an encouraging market response with ~51% average take-up rate (in-line with its historical averages). Its maiden launch in Scientex Jawi saw an overwhelming response and is now nearing full take-up.

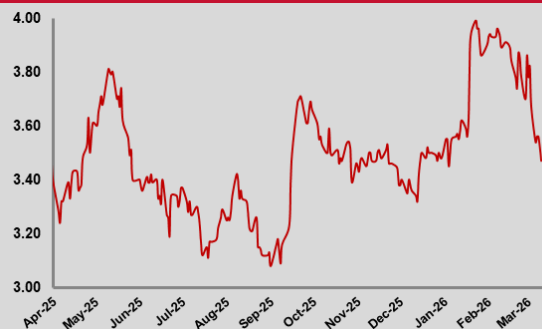
Meanwhile, its current utilisation rate for its packaging segment remained stable at 62%.

**Outlook.** We anticipate near-term improvements in the group's packaging segment on the back of higher resin prices that would enable higher ASP for its packaging products. The ongoing U.S. tariffs disruptions may also be partially cushioned by its plant in U.S. that is expected to see better margins in the near-term, albeit it makes up less than 10% of its total packaging revenue. In addition to that, 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.

**OUTPERFORM** ↑

Price: **RM3.47**  
Target Price: **RM3.84** ↑

### Share Price Performance



KLCI	1,698.85
YTD KLCI chg	1.1%
YTD stock price chg	-0.9%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SCI MK EQUITY
Market Cap (RM m)	5,400.3
Shares Outstanding (m)	1556.2
52-week range (H)	4.00
52-week range (L)	3.06
3-mth avg. daily vol.	745,069
Free Float	41%
Beta	1.0

### Major Shareholders

Scientex Holdings SdnBhd	20.9%
Scientex Infinity SdnBhd	12.1%
Scientex Leasing SdnBhd	9.1%

### Summary Earnings Table

FYE Jul (RM m)	2025A	2026F	2027F
Turnover	4517.7	5184.0	5408.9
EBIT	742.1	850.2	876.2
PBT	735.3	780.5	806.0
<b>Net Profit (NP)</b>	<b>530.8</b>	<b>587.5</b>	<b>606.6</b>
<b>Core NP</b>	<b>523.9</b>	<b>587.5</b>	<b>605.6</b>
Consensus (NP)		575.6	616.8
Earnings Revision		8%	2%
Core EPS (sen)	33.8	37.9	39.0
Core EPS Growth (%)	-2.6	12.1	3.1
NDPS (sen)	12.0	12.5	12.5
BVPS (RM)	2.7	2.9	3.2
Core PER (x)	10.3	9.2	8.9
PBV (x)	1.3	1.2	1.1
Net Gearing (x)	0.5	0.4	0.4
Net Div. Yield (%)	3.5	3.6	3.6

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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 RM2b as of 1QFY26 (versus RM1.9b as of 4QFY25). On that note, in the past one year, we observe continuous demand for affordable houses priced below the RM500k mark (accounts for 70% of its property projects) while we saw rising appetite for units in the range of RM500k – RM1m, signaling improving affordability. The group is targeting RM3b in GDV launches with multiple new developments lined up for FY26 such as Scientex Muar, Scientex Pulau 4, and Scientex Bestari Jaya. SCIENTX is also poised 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. In the previous quarter, the group also guided a possible plan in exploring East Malaysia as part of its affordable housing footprint expansion, particularly Sarawak.

**Forecasts.** Based on our hypothetical estimation, on a broad sectoral basis, every one percent rise in resin prices should translate into one percent increase in its packaging segment’s profitability. By taking a prudent approach as we continue to monitor the ongoing geopolitical tensions, we raise SCIENTX’s earnings forecasts for FY26-27 by 8-2%, respectively, to partially account for higher ASP driven by the surge in resin prices.

**Valuations.** We lift our TP from RM3.60 to RM3.78 as we incorporate new GDV numbers from SCIENTEX’s Jawi development of RM3.4b into our property RNAV table. We maintain our SoP-derived valuation on an unchanged 8x FY26F PER for its plastic packaging business, a discount to the SCIENTX’s 10-year historical average forward PER of 11x amidst soft global demand and persistent 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, notably in the Southern region. Upgrade to **OUTPERFORM** from **MARKET PERFORM**.

**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 raise competition.

Results Highlights								
FYE July (RM m)	2Q26	1Q26	QoQ Chg	2Q25	YoY Chg	1H26	1H25	YoY Chg
Revenue	1135.9	1155.1	-2%	1105.1	3%	2291.0	2214.6	3%
EBIT	193.3	203.1	-5%	175.1	10%	396.5	352.0	13%
Interest Income	4.3	4.1	3%	3.0	40%	8.4	6.5	29%
Finance Costs	-6.9	-6.8	3%	-4.8	45%	-13.7	-9.6	42%
Exceptional Items	-0.7	1.2	-158%	0.1	-613%	0.5	0.2	182%
PBT	190.0	201.7	-6%	173.5	9%	391.7	349.0	12%
Taxation	-45.3	-47.8	-5%	-40.4	12%	-93.0	-81.7	14%
Minority Interest	-9.5	-11.0	-14%	-9.2	4%	-20.6	-14.8	39%
<b>Net Profit</b>	<b>135.2</b>	<b>142.9</b>	<b>-5%</b>	<b>123.9</b>	<b>9%</b>	<b>278.1</b>	<b>252.6</b>	<b>10%</b>
<b>Core Net Profit</b>	<b>135.9</b>	<b>141.7</b>	<b>-4%</b>	<b>123.8</b>	<b>10%</b>	<b>277.6</b>	<b>252.4</b>	<b>10%</b>
Effective Tax Rate (%)	23.8	23.7		23.3		23.8	23.4	
EBIT Margin (%)	17.0	17.6		15.8		17.3	15.9	
PBT Margin (%)	16.7	17.5		15.7		17.1	15.8	
CNP Margin (%)	12.0	12.3		11.2		12.1	11.4	

Source: Company, Kenanga Research

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<b>Segmental Breakdown</b>								
<b>FYE July (RM m)</b>	<b>2Q26</b>	<b>1Q26</b>	<b>QoQ Chg</b>	<b>2Q25</b>	<b>YoY Chg</b>	<b>1H26</b>	<b>1H25</b>	<b>YoY Chg</b>
<b>Turnover</b>								
Packaging	626.9	628.5	0%	630.8	-1%	1255.4	1256.5	0%
Property	509.0	526.6	-3%	474.4	7%	1035.6	958.1	8%
<b>Group Turnover</b>	<b>1135.9</b>	<b>1155.1</b>	<b>-2%</b>	<b>1105.2</b>	<b>3%</b>	<b>2291.0</b>	<b>2214.6</b>	<b>3%</b>
<b>EBIT</b>								
Packaging	50.4	46.3	9%	42.1	20%	96.7	73.1	32%
Property	142.3	158.0	-10%	133.1	7%	300.3	279.0	8%
<b>Group EBIT</b>	<b>192.6</b>	<b>204.4</b>	<b>-6%</b>	<b>175.2</b>	<b>10%</b>	<b>397.0</b>	<b>352.1</b>	<b>13%</b>
<b>EBIT Margin</b>								
Packaging	8.0%	7.4%		6.7%		7.7%	5.8%	
Property	28.0%	30.0%		28.1%		29.0%	29.1%	
<b>Group EBIT Margin</b>	<b>17.0%</b>	<b>17.7%</b>		<b>15.9%</b>		<b>17.3%</b>	<b>15.9%</b>	

Source: Company, Kenanga Research

**SCIENTX's Sum-of-Parts Valuation**

<b>Segment</b>	<b>Valuation (RM m)</b>	<b>Valuation Basis</b>
Packaging	1,363	8x FY26 PER
Property	4,598	50% discount to RNAV (see the following table)
<b>Total</b>	<b>5,961</b>	
Paid-up Capital (m shares)	1,551	
<b>SoP per share / TP (RM)</b>	<b>3.84</b>	

Source: Kenanga Research

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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
<b>Sub-total</b>	<b>42,197</b>	<b>6,605</b>
<b>Unbilled Sales (as of Jul-24)</b>	<b>2,000</b>	<b>385</b>
Property Shareholders Fund		2,206
<b>Total RNAV (RM m)</b>		<b>9,196</b>
Discount to RNAV (%)		50%
<b>Discounted RNAV</b>		<b>4,598</b>

Source: Kenanga Research, Company

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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) 1-Yr. Fwd.	Net Div. Yld. 1-Yr. Fwd.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
<b>Stocks Under Coverage</b>																	
ANCOM NYLEX BHD	OP	0.895	1.20	34.1%	945.3	Y	05/2026	8.8	9.6	49.8%	11.5%	10.2	9.3	1.3	13.9%	5.0	5.6%
BM GREENTECH BHD	UP	1.21	1.72	42.1%	832.2	Y	03/2026	11.3	12.2	11.5%	7.5%	10.7	9.9	2.3	22.5%	1.8	1.5%
BP PLASTICS HOLDINGS BHD	MP	0.640	0.630	-1.6%	180.1	Y	12/2026	7.9	8.5	72.8%	8.2%	8.1	7.5	0.6	8.0%	4.3	6.6%
HPP HOLDINGS BHD	MP	0.300	0.300	0.0%	116.6	Y	05/2026	2.0	2.3	146.9%	12.7%	14.7	13.1	0.9	6.3%	2.0	6.7%
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.560	0.480	-14.3%	300.9	Y	12/2026	4.4	4.8	143.9%	8.4%	12.6	11.6	0.3	2.2%	2.0	3.6%
SCIENTEX BHD	OP	3.47	3.84	10.7%	5,400.3	Y	07/2026	37.9	39.0	12.1%	3.1%	9.2	8.9	1.1	12.9%	12.5	3.6%
SLP RESOURCES BHD	MP	0.780	0.810	3.8%	247.2	Y	12/2026	4.6	5.4	43.4%	17.4%	16.9	14.4	1.4	8.4%	5.0	6.4%
TECHBOND GROUP BHD	OP	0.285	0.470	64.9%	216.2	Y	06/2026	4.1	4.5	37.5%	9.1%	6.9	6.3	0.8	12.0%	1.0	3.5%
THONG GUAN INDUSTRIES BHD	OP	1.24	1.37	10.5%	487.7	Y	12/2026	18.4	19.1	2.7%	3.8%	6.7	6.5	0.5	7.7%	6.0	4.8%
<b>SECTOR AGGREGATE</b>					<b>8,726.6</b>					<b>29.4%</b>	<b>5.0%</b>	<b>9.6</b>	<b>9.1</b>	<b>1.0</b>	<b>10.5%</b>		<b>4.7%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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