



## Company report

# SCIENTEX

(SCI MK EQUITY, STIK.KL)

17 Sep 2020

*The packaging giant that keeps growing*

## BUY

(Initiation)

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**Rationale for report: Initiation**

Price	RM9.05
Fair Value	RM10.74
52-week High/Low	RM9.87/RM5.96

### Key Changes

Fair value	Initiation
EPS	Initiation

YE to Sep	FY19	FY20F	FY21F	FY22F
Revenue (RM mil)	3,247.4	3,641.5	4,369.8	4,905.3
Core net profit (RM mil)	333.7	384.6	467.7	529.5
FD Core EPS (sen)	66.7	74.5	90.7	102.7
FD Core EPS growth (%)	11.9	15.3	21.6	13.2
Consensus Net Profit (RM mil)	-	363.7	409.1	454.8
DPS (sen)	20.1	22.4	27.2	30.8
PE (x)	13.5	12.1	9.9	8.8
EV/EBITDA (x)	9.8	8.0	6.8	6.0
Div yield (%)	2.2	2.5	3.0	3.4
ROE (%)	16.8	16.3	17.6	17.6
Net Gearing (%)	32.2	26.3	20.6	14.7

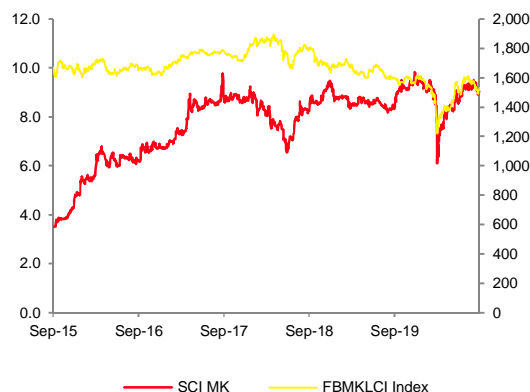
### Stock and Financial Data

Shares Outstanding (million)	515.9
Market Cap (RM mil)	4,642.9
Book Value (RM/share)	5.55
P/BV (x)	1.6
ROE (%)	16.8
Net Gearing (%)	32.2

Major Shareholders	Scientex Holdings Sdn Bhd (21.1%)
	Scientex Leasing Sdn Bhd (9.2%)
	Scientex Infinity Sdn Bhd (8.1%)

Free Float	-
Avg Daily Value (RM mil)	2.4

Price performance	3mth	6mth	12mth
Absolute (%)	4.9	14.6	8.5
Relative (%)	3.9	(4.2)	13.5



### Investment Highlights

- We initiate coverage on Scientex with a BUY call and a fair value of RM10.74 based on sum-of-parts (SOP) valuation. This pegs its manufacturing segment to an FY22F P/E of 15x, at a premium compared to its peer stretch film makers' average forward PE of 12.5x, to reflect its higher EPS growth rates of 21.6% and 13.2% in FY21–22F (vs. a weighted average of about 10% annually for its global peers).
- Scientex is an integrated flexible plastic packaging (FPP) maker which supplies to diverse sectors such as industrials and consumer-based products in the food & beverage (F&B) and fast-moving consumer goods (FMCG) sectors. It is one of the top three producers of industrial stretch film in the world (with an estimated global market share of about 5%) and a significant player in the FPP market in Asia-Pacific (with an estimated market share of 2% in the region). It is also a property developer focusing on affordable housing in Malaysia with an outstanding GDV of RM12.8bil.
- Scientex's earnings growth will be underpinned by its FPP manufacturing (which will in turn be driven by growth in key markets such as F&B, FMCG) and new property launches.
- The key investment merits of Scientex are:
  - The bright prospects of the global FMCG packaging sector with a CAGR projected at 4.1% from 2017 to 2024 to US\$623.6bil by Market Watch (an investing and financial website), underpinned by: (1) global consumer spending projected at a CAGR of 4.8% in 2017–2024 according to the International Omni Retailing Markets Association (IORMA); and (2) a shift in consumer preferences to on-the-go food and beverages due to a hectic lifestyle and higher food safety standards.
  - Scientex has proven its ability to grow significantly faster than the industry and shall continue to do so (i.e. at a CAGR of 20% in 2017–2024), having put in place the following: (1) extensive R&D in developing reliable, high-quality and thinner stretch film without compromising on tensile strength; (2) cost efficiency stemming from economies of scale; and (3) a merger and acquisition (M&A) pipeline, having taken over smaller peers such as GW Plastics and Daibochi Bhd in the past.
- At about 10.5x forward earnings in its entirety, we believe this home-grown regional/global plastic packaging player is a compelling investment case given its strong foothold in a consumer-fuelled sector.

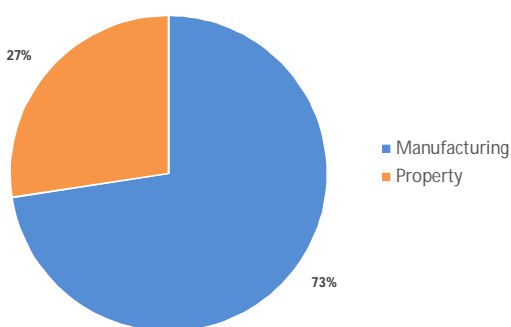
**COMPANY BACKGROUND**

Scientex Bhd was established in 1968 and is currently one of the world’s top three producers of industrial stretch film with an estimated global market share of 5%. It is also known as a major flexible plastic packaging (FPP) supplier in the Asia-Pacific region, with an estimated market share of 2% in the region. Scientex has 19 production facilities spread across Malaysia, Vietnam, Myanmar and United States (Exhibit 1) with a total estimated capacity of 185K MT for stretch film, 230K MT for custom film (includes PE, BOPP, CPP) and 50K MT for specialty film (e.g. adhesives, PP strapping, raffia, etc.). As for its converting business under Daibochi, we estimate its production capacity to be about 12.7K MT/year.

Scientex has two main business segments, namely integrated FPP manufacturing and low-cost affordable housing in the property sector. In FY19, the revenue split was 73% FPP and 27% property while the EBIT split was 38% and 62% respectively (shown in Exhibits 1 and 2).

**EXHIBIT 1: REVENUE BREAKDOWN**

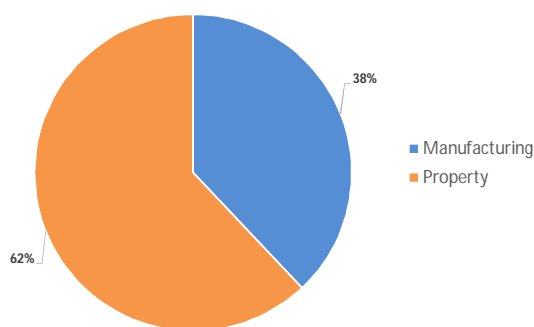
Revenue Breakdown by Segment



Source: AmInvestment Bank Bhd

**EXHIBIT 2: EBIT BREAKDOWN**

EBIT Breakdown by Segment



Source: AmInvestment Bank Bhd

**EXHIBIT 3: SCIENTEX'S 19 MANUFACTURING FACILITIES**

19 Manufacturing Plants

Stretch Film	Custom Film	Specialty Products	Converting
USA, Phoenix	Perak, Sungai Siput - PE Film & Bag	Vietnam, Ho Chi Minh - Woven Bag & Raffia	Myanmar, Yangon
Selangor, Klang	Perak, Chemor - FFS Bag	Selangor, Shah Alam - Automotive Interior	Melaka, Air Keroh
Selangor, Pulau Indah	Selangor, Rawang - PE Film and Bag	Selangor, Pulau Indah - PU Adhesives	Melaka, Teluk Emas - MPP
	Selangor, Klang - PE Shrink Film	Melaka, Bukit Rambai - Solar Encapsulant	
	Selangor, Klang - Agricultural Film	Melaka, Tanjung Kling - PP Strapping Band	
	Selangor, Pulau Indah - BOPP Film		
	Melaka, Tanjung Kling - CPP & MCPP Film		
	Melaka, Jasin - CPP & MCPP		

Source: AmInvestment Bank Bhd

## MANAGEMENT

### Managing director Lim Peng Jin

Lim Peng Jin is currently the managing director of the company. He was appointed to the board on 20 January 1995 as the group executive director and was redesignated as managing director on 6 November 2001. He is also a member of the board's risk management committee. Lim graduated with a Bachelor of Science (Honours) in Chemical Engineering from the University of Tokyo, Japan in 1990. He began his career in the chemical industry in Japan before joining Scientex in 1991. He had also completed the Management Development Program (MDP) at Harvard University, USA in 1998.

Having garnered local and international working experience in the fields of polymer and chemicals during the early years of his career. Lim has adopted a hands-on approach in the Scientex Group of Companies involving packaging, property, polymer and chemicals industries. The success of the group owes much to his extensive involvement in its operations and management. Lim's brother, Lim Peng Cheong, is a director and major shareholder of Scientex Bhd.

## KEY INVESTMENT MERITS

### □ *Rising growth in the global FMCG market*

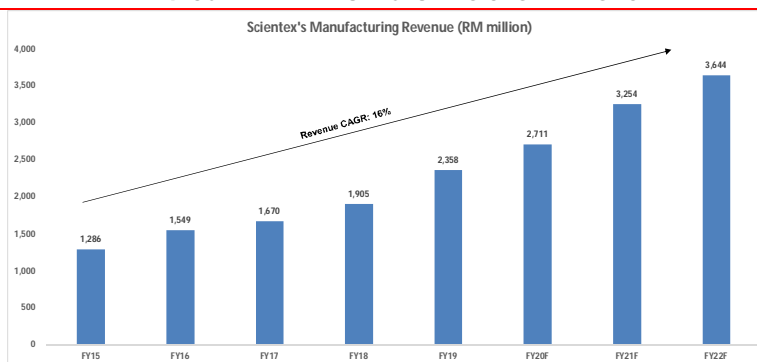
The global FMCG packaging sector is expected to grow at a CAGR of 4.12% from 2017 to 2024, and is expected to reach US\$623.6bil according to Market Watch, underpinned by: (1) a CAGR of 4.8% in global consumer spending in 2017–2024 and is expected to reach US\$45.0tril according to International Omni Retailing Markets Association (IORMA); and (2) a shift of consumer preferences to on-the-go food and beverages due to busier lifestyles (particularly ready-to-drink coffees and other energy drinks) and heightened awareness for food safety (leading to more extensive use of packaging to keep contaminants away and preserve freshness and shelf stability, particularly, rigid plastics for fresh food and bottled beverages).

### □ *Scientex's ability to gain market share*

We project Scientex's manufacturing segment to grow at a CAGR of 16% for the period 2017–2024, about four times faster than the global FMCG packaging sector underpinned by:

1. Extensive and superior R&D in developing reliable, high-quality and thinner stretch film without compromising on tensile strength. For instance, Scientex is able to deliver superior quality ultra-thin 6-micron film under its own *Nano 6* brand name to the global marketplace.
2. Ability to supply its products at competitive prices as Scientex is able to achieve economies of scale due to its highly integrated production efficiency in its manufacturing division.
3. Potential future M&A of its smaller peers to venture into new packaging business segments. For example, Scientex recently acquired Daibochi Bhd to venture into the converting and consumer FPP business. The group guided that it will continue to grow both organically via increasing manufacturing lines and also acquisitions (see Exhibit 5 for Scientex's M&A activities since 2012).

### EXHIBIT 4: SCIENTEX MANUFACTURING SEGMENT GROWTH



Source: AmInvestment Bank Bhd

**EXHIBIT 5: SCIENTEX M&A ACTIVITIES SINCE 2012**

Acquired	Date	Purchase Price (RM mil)	PER(x)	Product
Daibochi Berhad	Nov-18	5.5 Daibochi for 1 Scientex share	20.0	FPP
Klang Hock Plastics Industries Sdn bhd	Feb-18	190.0	12.9	FPP
Mondi Consumer Packaging International	Aug-15	58.0	20.4	Consumer and industrial
Seacera Polyfilms Sdn Bhd	Nov-13	40.0	14.0	BOPP film
GW Plastic Holdings Berhad	Oct-12	283.2	14.4	PE film

Source: AmlInvestment Bank Bhd

**SEGMENTAL BREAKDOWN**

▣ **Flexible plastic packaging (FPP)**

• **Stretch film**

Scientex is the No.1 stretch film producer in the Asia-Pacific region and ranks among the world's top three leading manufacturers of stretch film which is widely used for pallet wrapping in various industries. Stretch film is a highly stretchable plastic film made of polyethylene (PE) and is used to unitize pallet loads for efficient transit and storage. Scientex has a purpose-built factory located in Pulau Indah Industrial Park, Selangor. This plant lays claim as the world's largest facility in a single location for the manufacture of multi-layered stretch film products. The proximity of the plant to the international gateway of Westport, Port Klang gives the group logistical benefits to facilitate quick turnaround time for exporting stretch film products to the world market.

The group's stretch film, known as *Nano 6* is reputed to be the world's thinnest cast stretch film, capable of superior performance coupled with competitive pricing. As of today, Scientex exports more than 90% of its stretch film products to over 60 countries spread across Asia (mainly Japan), Australasia, Europe, Africa and America.

**EXHIBIT 6: SCIENTEX STRETCH FILM PRODUCTS**



**Manual Wrap Film**  
Standard & Thin Series



**Manual Wrap Film**  
Thin WFE & Pre-Stretched



**Machine Wrap Film**  
Super Power & HP, Thin Series & WFE



**Machine Wrap Film**  
Enveloping Series

Source: AmlInvestment Bank Bhd, Company

**EXHIBIT 7: SCIENTEX STRETCH FILM MANUFACTURING FACILITIES**



**Stretch Film – Selangor, Pulau Indah**



**Stretch Film – USA, Phoenix – Arizona**

Source: AmlInvestment Bank Bhd, Company

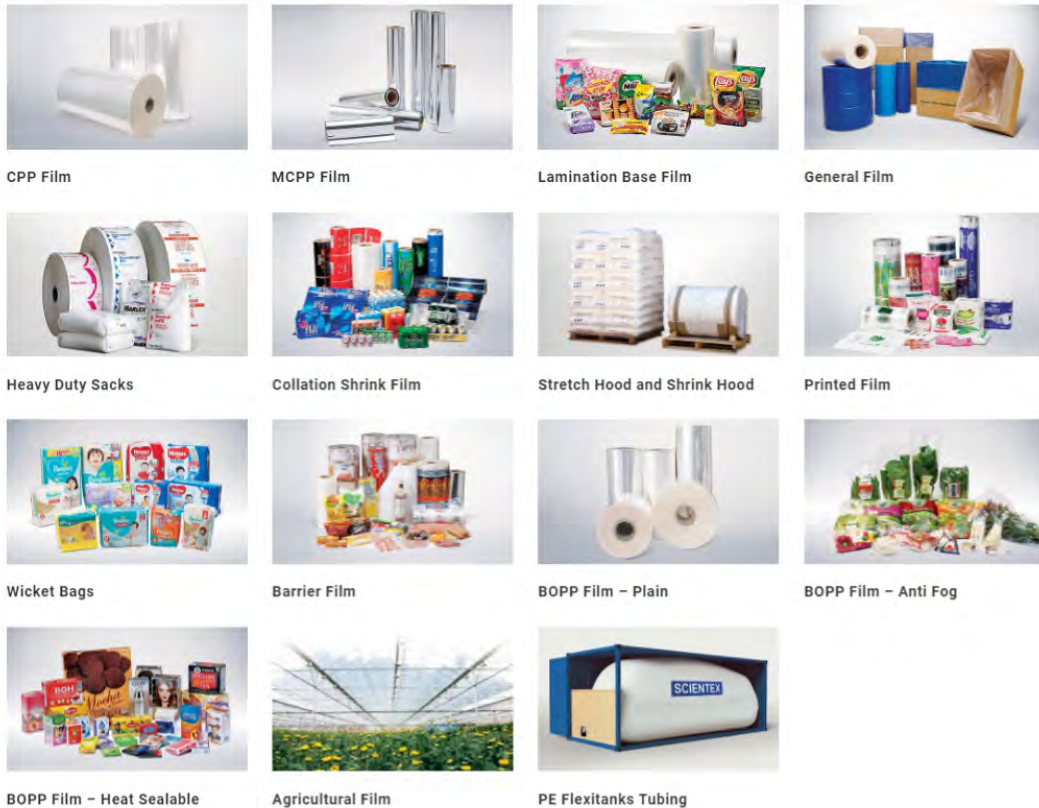
- **Consumer packaging**

Scientex made its foray into the consumer packaging space via the acquisition of Great Wall (GW) Companies in 2013, and subsequently Seacera Polyfilms Sdn Bhd in 2014. These acquisitions kick-started the group’s next growth spurt, tapping into the burgeoning demand in the regional consumer food & beverage (F&B) and fast-moving consumer good (FMCG) sectors. These acquisitions were immediately followed by the implementation of a three-year expansion programme for the consumer packaging operations, with new investments to build up new capacity and complementary product lines. In 2015, Scientex acquired Mondi Ipoh Sdn Bhd, giving the group access to new customers and markets in the consumer packaging space.

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**EXHIBIT 8: CONSUMER PACKAGING FILM PRODUCTS**

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Source: AmInvestment Bank Bhd, Company

- **Plastic converting**

Scientex gained exposure in the plastic converting business via its 61.9% acquisition of Daibochi Bhd in November 2018. Daibochi is a leading manufacturer and converter of flexible packaging in Asean, with its manufacturing operations located in Malaysia and Myanmar. Daibochi provides packaging solutions (including high-barrier, laminated and multilayer variants) across a wide range of applications such as in F&B, FMCG, pharmaceutical and industrial uses. Daibochi was established in 1972, and has been listed on Bursa Malaysia since 1990.

On July 2019, Daibochi fully-acquired peer Mega Printing & Packaging Sdn Bhd (MPP). Similar to Daibochi, MPP provides converting solutions to enhance end-use applications via lamination.

Daibochi has established key customers such as Nestle in Southeast Asia and Oceania, Modelez International, Dutch Lady, Hershey’s, Ajinomoto, Mamee and Power Root.

## Property development

The group also has business exposures in the local affordable property sector, where it is focused on affordable housing developments. It currently has 21 projects across Johor, Selangor, Melaka, Ipoh and Penang. The group has a completed projects with a total GDV of RM5.0bil and a remaining GDV of RM12.8bil over the next 10 years (see Exhibit 9).

The group recently acquired a 209-acre land in Durian Tunggal, Melaka, a 22-acre land in Tasek Gelugor, Penang, and is in the process of acquiring another 158-acre land in Jasin, Melaka, and a 108-acre land in Seremban, Negeri Sembilan. To date, Scientex has delivered RM5.1bil worth of properties and has projects in hand worth RM2.4bil.

Despite the property market downturn, the group has managed to maintain an EBIT margin of higher than 30% since FY14 (except FY16 at 29%). For FY21F, Scientex plans to launch projects with at least RM1.1bil in GDV in FY21F.

### EXHIBIT 9: SCIENTEX CURRENT AND FUTURE PROPERTY PROJECTS

Project	Total GDV RM	Completed GDV RM (mil)	Current GDV RM (mil)	Current & Future GDV RM (mil)	Future GDV GDV RM (mil)
Taman Scientex Pasir Gudang	2.1 bil (1.1K acres)	1,572	84.4	528	444
Taman Scientex Kulai	1.0 bil (298 acres)	540	84.4	460	376
Taman Mutiara Mas (Skudai)	2.5 bil (146 acres)	1165	0.0	1285	1,285
Taman Scientex Senai	2.8 bil (371 acres)	628	482.0	2172	1,690
Taman Pulau Mutiara	5.3 bil (661 acres)	543	964.0	4757	3,793
Taman Heights (Ayer Keroh)	1.1 bil (137 acres)	449	409.7	621	211
Scientex Durian Tunggal	1.4 bil (411 acres)	0	0.0	1400	1,400
Scientex Klebang & Scientex Meru (Ipoh)	840 mil (102 acres)	126	265.1	714	449
Scientex Rawang	860 mil (66 acres)	0	120.5	860	740
<b>TOTAL</b>	<b>17.8 bil (3,293 acres)</b>	<b>5,023</b>	<b>2,410.1</b>	<b>12,797.0</b>	<b>10,386.9</b>

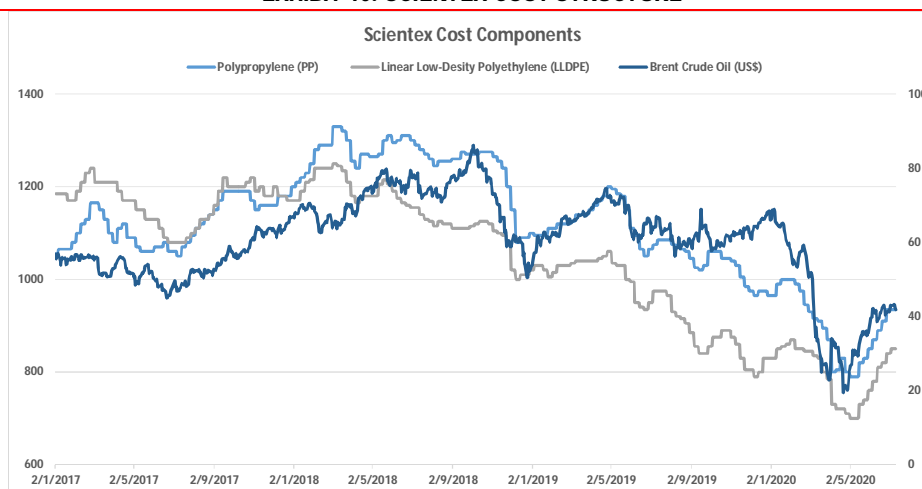
Source: AmInvestment Bank Bhd, Company

## COST STRUCTURE

Scientex has a cost-pass through business model, where the group is able to almost completely transfer the fluctuations of resin prices for both its stretch film and consumer packaging products, albeit a time lag of 2–3 months for the latter. This has been proven consistently with a c.20–22% gross profit margin since FY15.

We gathered from the group that 80% of the group's cost are in resin raw materials, namely resins – mainly polyethylene (PE) and linear low density polyethylene (LLDPE). From our analysis, we understand that resin prices move in tandem with Brent crude prices – with a 92% and 72% correlation for PE and LLDPE respectively. Shown below are the resin prices movements since CY2017. Scientex gets its supplies of resins from Exxon Mobil, Dow Chemical and SABIC Asia Pacific from Singapore.

### EXHIBIT 10: SCIENTEX COST STRUCTURE

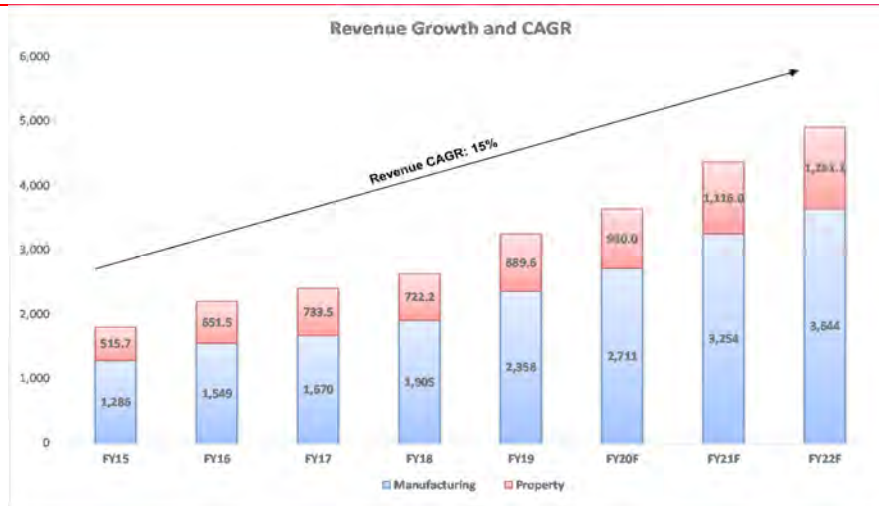


Source: Bloomberg, AmInvestment Bank Bhd.

**FINANCIAL PERFORMANCE**

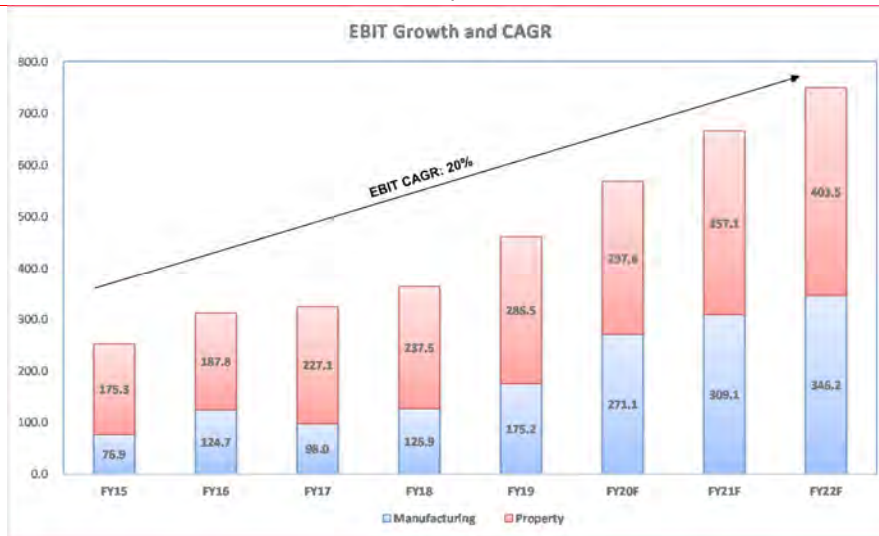
We expect Scientex to show outstanding growth in both revenue and EBIT, with FY15–22 CAGR rates of 15% and 20% respectively.

**EXHIBIT 11: REVENUE GROWTH, CAGR AND PROJECTION**



Source: AmInvestment Bank Bhd, Scientex

**EXHIBIT 12: EBIT GROWTH, CAGR AND PROJECTION**



Source: AmInvestment Bank Bhd, Scientex

We are projecting Scientex FY20–22F net profit to grow by 15%, 22% and 13% respectively, driven by the growth in FMCG. Scientex expects a weaker 4QFY20 impacted by the Covid-19 outbreak as its property division was not allowed to operate due to the movement control order (MCO). However, we expect a V-shaped recovery in subsequent quarters for the division due to pent-up demand for affordable housing in the local property sector. On the other hand, the group's FPP manufacturing continued to operate during the MCO as the business was classified under “essential services”.

Based on our analysis, we believe that Scientex will be able to maintain its gross profit margins as the group operates on a cost-pass through business model for most of their large clients. This is a common business practice in the plastics and packaging industry in both the industrial stretch film and consumer packaging sectors. With that, we are not too concerned about the movement of resin prices as we do not expect fluctuations to impact the group's profitability.

## VALUATION

We like Scientex due to its growth prospects supported by demand for more plastic and packaging materials with the bright outlooks for both the e-commerce and the F&B sectors. We initiate coverage on Scientex Bhd with a BUY call and an SOP-derived fair value of RM10.74/share. This pegs its manufacturing segment to a FY22F PE of 15x, which is at a premium compared to its peer stretch film makers' average forward PE of 12.5x. However, we believe that the valuation is justified as we are expecting Scientex to grow faster than its peers, with an FY21–22F growth of 21.6%–13.2% respectively (vs. a weighted average of 10.2%–10.2% for its global peers).

## EXHIBIT 13: PEER COMPARISON TABLE

	Recomm.	Price	FV	Upside	Mkt Cap	FYE	EPS (sen)		EPS growth (%)		P/E (x)		NDPS*	Div Yield*
		(RM)	(RM)	(%)	(RMmil)		FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	(sen)	(%)
Scientex Berhad	BUY	9.02	10.5	16.4	4,653.2	Jul	69.4	86.4	4.1	24.5	13.0	10.4	25.9	2.9
<b>Consensus Estimates</b>														
Thong Guan	N.A.	4.8	N.A.	N.A.	908.0	Dec	38.0	41.0	13.2	7.0	12.6	11.7	11.5	2.4
Berry Global (USD)	N.A.	220.0	N.A.	N.A.	6,995.0	Sep	1818.1	2072.5	12.4	8.0	12.1	10.6	0.0	0.0
Intertape Polymer (CAD)	N.A.	48.8	N.A.	N.A.	908.8	Dec	334.8	367.7	19.6	9.8	14.6	13.3	1.9	0.0
Smurfit Kappa (GBP)	N.A.	15223.7	N.A.	N.A.	7,429.0	Dec	1383.9	1562.4	14.6	12.9	11.0	9.7	6.0	0.0
Ancor PLC (USD)	N.A.	45.9	N.A.	N.A.	17,270.0	Jun	289.8	307.7	8.3	6.2	15.8	14.9	2.0	0.0
<b>Weighted Average</b>									<b>10.2</b>	<b>10.2</b>	<b>13.8</b>	<b>12.5</b>		

Source: Bloomberg, AmlInvestment Bank Bhd.

## EXHIBIT 14: SUM-OF-PARTS VALUATION

## Sum-of-Parts (SOP) Valuations

<b>Manufacturing Division</b>	FY22F PAT	PE multiple	
	255.1	15	3826.4
<b>Property Division</b>	Outstanding GDV	NPV @ 10%	
<b>Developments</b>	RM (mil)		
Taman Scientex Pasir Gudang	528.0	87.4	
Taman Scientex Kulai	460.0	76.1	
Taman Scientex Senai	2172.0	359.4	
Taman Pulai Mutiara	4757.0	787.2	
Taman Heights (Ayer Keroh)	621.0	102.8	
Scientex Klebang & Scientex Meru (Ipoh)	860.0	142.3	
Scientex Rawang	860.0	142.3	
Taman Mutiara Mas (Skudai)	1285.0	212.7	
Scientex Durian Tunggal	1400.0	231.7	
	<b>12943.0</b>	<b>2141.9</b>	
(-) Property Division Net Debt (estimate)		<b>-234.6</b>	
<b>RNAV</b>		<b>1907.4</b>	
(-) 10% Discount to Property RNAV		<b>-190.7</b>	
<b>Property Division Sub-Total</b>			<b>1716.6</b>
<b>Total</b>			<b>5543.0</b>
Outstanding Shares			515.9
<b>Fair Value/share (RM)</b>			<b>10.74</b>

Source: Bloomberg, AmlInvestment Bank Bhd.



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**EXHIBIT 15: KEY MILESTONES & ACHIEVEMENTS**


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1968

- Scientific Textile Industries Sdn. Bhd. was established on June 25 in Johor Bahru to manufacture PVC leather and sheeting. Company began operations with 40 staff from a rented factory lot.

1970

- Scientex became a public company and changed name to Scientex Industries Berhad (SIB).
- SIB acquired 3 acres of industrial land in Shah Alam for Phase 1 factory expansion.

1977

- Scientex diversified into plantation business by investing into Scientex Quatari Sdn Bhd, which owns 1,004 acres of plantation land near Pasir Gudang, Johor. This would turn out to be the stepping stone in Scientex's foray as a premier property developer in Malaysia.

1990

- SIB signed a JV agreement with Mitsui & Co., Ltd. and Yamato Chemical Ind. Co., Ltd. to set up Yamatex (Malaysia) Sdn. Bhd. to produce and market tufted carpet mats for automobiles in its Shah Alam plant.
- SIB's subsidiary, Woventex Sdn. Bhd.'s new plant in Melaka commenced operations.
- Listing transferred to the Main Board of Bursa Malaysia.

1993

- SIB signed a license and technical agreement with Yamato Chemical Ind. Co., Ltd. to manufacture PVC/PP foamed sheets for automotive interior.

1997

- Scientex ventured into the stretch film business through its subsidiary Scientex Packaging Film Sdn. Bhd. which commissioned its first stretch film production line (Line 21). This line had a capacity of 8,000 MT. This was the start of Scientex's meteoric rise in the stretch film industry.
- Scientex stature as a reputable property developer was enhanced when Johor's then Menteri Besar officiated a ground breaking ceremony in Taman Scientex.
- Scientex venturing into the PP strapping band business when Woventex Corporation Berhad entered into a joint venture with Tsukasa Chemical Industry Co., Ltd.

2005

- Scientex expanded its landbank in Pasir Gudang by acquiring 95 acres of freehold land next to its Taman Scientex.
- Scientex expanded its PP & PE woven bags, and FIBC bulk bags operations by setting up its second manufacturing plant in Vietnam.

2008

- In a rebranding exercise, Scientex changed its name to "Scientex Berhad" to better reflect its diversified operations. At the same time, a new corporate logo and tagline of "healthy, friendly & happy" was introduced.
- Scientex ventured into the tying tape (raffia) industry, when it joint ventured with Tsukasa Chemical Industry Co., Ltd. of Japan to manufacture HDPE raffia tape in the Vietnam plant.
- Scientex Foundation, a charitable trust was set up to fund and support corporate responsibility activities relating to health and healthcare related services and community projects which aim to protect and preserve the nature and environment.

2013

- Scientex ventured into the food packaging segment by acquiring Great Wall Plastic Industries Berhad and GW Packaging Sdn. Bhd.
- Scientex further expanded its landbank in Johor when it purchased 250 acres of land in Senai. This land is in close proximity to Senai International Airport making it ideal for an industrial hub.
- In November, Scientex executed conditional share sale agreement to acquire Seacera Polyfilms Sdn Bhd (Seacera Polyfilms), one of the country's major producers of bi-axially-oriented polypropylene (BOPP) films.
- Scientex commemorated 45 years of excellence and celebrated the Group's milestone achievements – Billion Ringgit Company!
- Scientex achieved a monumental milestone for the first time in its history, a revenue of RM1.2 billion and a net profit of RM110 mil.

2016

- In March, Scientex's brand new CPP plant which is located in Melaka officially commenced operations.
- Scientex announced the formation of the wholly owned subsidiary of Scientex Packaging Film Sdn Bhd known as Scientex Phoenix, LLC which will manufacture quality stretch film for the North, Central and South America markets. The plant will be located in Phoenix, Arizona, USA.

2018

- In January, Scientex commencement of first stretch film plant in Phoenix, Arizona, USA.
- In May, Scientex Packaging Film Sdn Bhd ("SPFSB") completed the acquisition of Klang Hock Plastic Industries Sdn Bhd ("KHPI").
- In August, Scientex acquired 209 acres of land opposite the existing Scientex Durian Tunggal development for RM68.2 million.
- In November 14, Scientex expanded flexible packaging business with proposed acquisition of 42% stake in Daibochi.
- Scientex 50th Anniversary Dinner Celebration.

2019

- Scientex unveiled first township in Klang Valley – Taman Scientex Park, Rawang.
  - Scientex's subsidiary, Daibochi Berhad acquired Mega Printing & Packaging Sdn Bhd.
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Source: AmInvestment Bank Bhd, Company

## EXHIBIT 16: FINANCIAL DATA

Income Statement (RMmil, YE 30 Sep)	FY18	FY19	FY20F	FY21F	FY22F
Revenue	2,626.8	3,247.4	3,641.5	4,369.8	4,905.3
EBITDA	430.8	546.6	662.0	773.0	856.5
Depreciation/Amortisation	(71.7)	(92.3)	(106.8)	(106.8)	(106.8)
Operating income (EBIT)	359.0	454.3	555.2	666.2	749.7
Other income & associates	8.0	(16.9)	(35.9)	(23.9)	(27.4)
Net interest	2.6	(3.7)	(25.1)	(23.1)	(21.1)
<b>Exceptional items</b>	-	-	-	-	-
Pretax profit	361.7	450.6	530.1	643.1	728.6
Taxation	(67.6)	(104.7)	(127.2)	(154.4)	(174.9)
<b>Minorities/pref dividends</b>	<b>4.2</b>	<b>12.2</b>	<b>18.3</b>	<b>21.1</b>	<b>24.2</b>
Net profit	289.8	333.7	384.6	467.7	529.5
Core net profit	289.8	333.7	384.6	467.7	529.5
<b>Balance Sheet (RMmil, YE 30 Sep)</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20F</b>	<b>FY21F</b>	<b>FY22F</b>
Fixed assets	1,150.6	1,247.8	1,441.0	1,634.2	1,827.4
Intangible assets	930.1	1,043.2	1,047.7	1,052.5	1,057.5
<b>Other long-term assets</b>	<b>92.3</b>	<b>118.1</b>	<b>118.1</b>	<b>118.1</b>	<b>118.1</b>
Total non-current assets	2,173.1	2,409.0	2,606.8	2,804.8	3,003.0
Cash & equivalent	172.3	257.6	267.0	293.7	354.7
Stock	263.6	321.2	360.1	432.2	485.1
Trade debtors	482.7	595.8	668.1	801.7	899.9
<b>Other current assets</b>	<b>293.7</b>	<b>523.9</b>	<b>523.9</b>	<b>523.9</b>	<b>523.9</b>
Total current assets	1,212.2	1,698.5	1,819.1	2,051.5	2,263.6
Trade creditors	380.7	438.2	491.4	589.7	662.0
Short-term borrowings	610.4	704.0	679.0	654.0	629.0
<b>Other current liabilities</b>	<b>168.9</b>	<b>187.5</b>	<b>184.9</b>	<b>212.7</b>	<b>208.0</b>
Total current liabilities	1,160.0	1,329.7	1,355.3	1,456.4	1,498.9
Long-term borrowings	323.9	269.8	244.8	219.8	194.8
<b>Other long-term liabilities</b>	<b>81.8</b>	<b>109.0</b>	<b>109.0</b>	<b>109.0</b>	<b>109.0</b>
<b>Total long-term liabilities</b>	<b>405.7</b>	<b>378.8</b>	<b>353.8</b>	<b>328.8</b>	<b>303.8</b>
Shareholders' funds	1,749.6	2,225.0	2,494.2	2,821.6	3,192.3
Minority interests	70.0	173.9	192.3	213.3	237.5
BV/share (RM)	4.58	5.55	5.95	6.59	7.30
<b>Cash Flow (RMmil, YE 30 Sep)</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20F</b>	<b>FY21F</b>	<b>FY22F</b>
Pretax profit	361.7	450.6	530.1	643.1	728.6
Depreciation/Amortisation	71.7	92.3	106.8	106.8	106.8
Net change in working capital	38.4	86.4	(52.9)	(97.5)	(109.5)
<b>Others</b>	<b>(80.8)</b>	<b>(72.0)</b>	<b>(83.0)</b>	<b>(112.3)</b>	<b>(135.1)</b>
Cash flow from operations	390.9	557.4	501.0	540.1	590.9
Capital expenditure	-	-	-	-	-
Net investments & sale of fixed assets	(710.2)	(306.0)	(300.0)	(300.0)	(300.0)
<b>Others</b>	<b>7.3</b>	<b>7.4</b>	<b>11.9</b>	<b>11.9</b>	<b>11.9</b>
Cash flow from investing	(702.8)	(298.6)	(288.1)	(288.1)	(288.1)
Debt raised/(repaid)	201.4	(19.4)	-	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(58.5)	(106.7)	(115.4)	(140.3)	(158.9)
<b>Others</b>	<b>148.0</b>	<b>(46.9)</b>	<b>(87.0)</b>	<b>(85.0)</b>	<b>(83.0)</b>
<b>Cash flow from financing</b>	<b>290.8</b>	<b>(173.0)</b>	<b>(202.3)</b>	<b>(225.3)</b>	<b>(241.8)</b>
<b>Net cash flow</b>	<b>(21.1)</b>	<b>85.7</b>	<b>10.5</b>	<b>26.7</b>	<b>60.9</b>
<b>Net cash/(debt) b/f</b>	<b>191.9</b>	<b>170.8</b>	<b>256.5</b>	<b>267.0</b>	<b>293.7</b>
Net cash/(debt) c/f	170.8	256.5	267.0	293.7	354.7
<b>Key Ratios (YE 30 Sep)</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20F</b>	<b>FY21F</b>	<b>FY22F</b>
Revenue growth (%)	9.3	23.6	12.1	20.0	12.3
EBITDA growth (%)	10.9	26.9	21.1	16.8	10.8
Pretax margin (%)	13.8	13.9	14.6	14.7	14.9
Net profit margin (%)	11.0	10.3	10.6	10.7	10.8
Interest cover (x)	nm	123.5	22.1	28.8	35.5
Effective tax rate (%)	18.7	23.2	24.0	24.0	24.0
Dividend payout (%)	19.5	30.1	30.0	30.0	30.0
Debtors turnover (days)	60	61	63	61	63
Stock turnover (days)	30	33	34	33	34
Creditors turnover (days)	48	46	47	45	47

Source: Company, AmInvestment Bank Bhd estimates

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