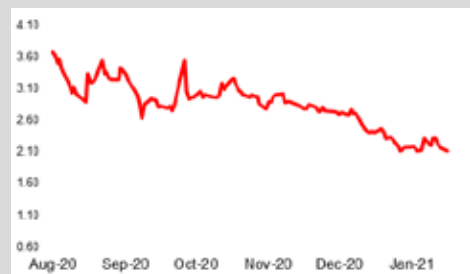


DESCRIPTION

Established since 1984 and is Malaysia's leading thermo-vacuum form plastic packaging manufacturer

12-Month Target Price RM3.84
 Current Price RM2.13
 Expected Return +81.1%

Market Main
 Sector Packaging
 Bursa Code 7247
 Bloomberg Ticker SCGM MK
 Shariah-compliant Yes

SHARE PRICE CHART


52 Week Range (RM) 0.76-3.95
 3-Month Average Vol ('000) 1,615.4

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	-10.0	-29.5	4.3
Relative Returns	-10.5	-38.0	0.5

KEY STOCK DATA

Market Capitalisation (RM m) 406.0
 No. of Shares (m) 192.8

MAJOR SHAREHOLDERS

	%
Lee Family	44.6
KWAP	4.1

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Minimal Impact

SCGM had received notification on 16th Jan 2021 that 2 production floor workers tested positive for COVID-19 during a routine test. All its workers have undergone health screening, with the affected workers now under quarantine. The Group had lowered its capacity production to 50% for the last two days until the collection of the Covid-19 screening results of all employees and site visit by the Kementerian Kesihatan Malaysia officials. We reiterate our **Outperform** call with an unchanged TP of RM3.84.

§ **Quick action taken.** Following the positive COVID-19 results, management put the affected workers under its newly set-up quarantine centre to mitigate the potential spread of the pandemic. It also enforced mass screening for all its 563 workers and started tracing the close contacts within its compound. Sanitisation across all premises including production floor, corporate office, cafeteria, hostel, guard house all common areas had been carried out.

§ **Activated Secondary Protocol Policy.** The Group has activated its business continuity plan under its Secondary Protocol Policy, by enabling support functions to work off-site to ensure continuity in its business operations.

§ **Production capacity back to normalized level.** Only die-cut packing machines are shut down for a 7-day period until 24th Jan 2021. The plastic packaging operation has resumed operation since yesterday at nearly pre-incident capacity. Other portions of the production operations including the automated processes are allowed to operate as usual in accordance with Covid-19 standard operating procedures.

§ **Minimal financial impact.** We think the impact is negligible as the disruption to the operations was only few days thanks to the Group's quick action in containing the spread.

KEY FINANCIAL SUMMARY

FYE Apr (RMm)	2019A	2020A	2021F	2022F	2023F	CAGR
Revenue	219.6	210.5	289.5	327.8	357.7	13.0%
Gross Profit	24.3	18.9	66.6	75.4	80.5	34.9%
Pre-tax Profit	-1.6	15.9	34.4	39.8	42.0	38.3%
Core Net Profit	-5.0	17.3	30.9	33.8	35.7	27.3%
EPS (Sen)	-2.6	8.9	16.0	17.5	18.5	27.5%
P/E (x)	-82.5	22.2	13.3	12.2	11.5	
DPS (Sen)	1.5	3.3	6.4	7.0	7.4	
Dividend Yield (%)	0.7	1.7	3.0	3.3	3.5	

Source: Company, PublicInvest Research estimates

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Apr (RM m)	2019A	2020A	2021F	2022F	2023F
Revenue	219.6	210.5	289.5	327.8	357.7
Gross Profit	24.3	18.9	66.6	75.4	80.5
EBITDA	18.5	34.3	71.2	80.6	88.0
Net Finance (costs)/income	-14.7	-13.6	-14.5	-14.6	-14.7
Other expenses	-5.6	-4.8	-5.4	-5.4	-5.4
Pre-tax Profit	-1.6	15.9	34.4	39.8	42.0
Income Tax	-3.4	1.4	-3.4	-6.0	-6.3
Effective Tax Rate (%)	-212.5	-	10.0	15.0	15.0
Core Net Profit	-5.0	17.3	30.9	33.8	35.7
Growth (%)					
Revenue	15.0	-4.1	37.5	13.2	9.1
Operating Profit	127.5	-21.9	66.0	13.2	6.7
Core Net Profit	14.7	>100	78.9	9.3	5.6

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Apr (RM m)	2019A	2020A	2021F	2022F	2023F
Fixed assets	213.4	193.2	191.5	178.9	166.2
Other long-term assets	1.5	10.7	0.0	0.0	0.0
Cash at bank	8.2	4.9	3.9	22.5	45.6
Other current assets	86.4	89.3	121.9	137.5	149.7
Total Assets	309.5	298.2	317.3	338.9	361.5
Short-term borrowings	53.5	42.7	42.8	42.8	42.8
Long-term borrowings	11.7	47.1	9.3	9.3	9.3
Payables	0.0	10.1	0.0	0.0	0.0
Other liabilities	87.4	28.2	76.5	77.9	79.0
Total Liabilities	152.6	128.1	128.6	130.0	131.1
Shareholder Equity	156.9	170.1	188.7	209.0	230.4
Total Equity and Liabilities	309.5	298.2	317.3	338.9	361.5

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Apr	2019A	2020A	2021F	2022F	2023F
Book Value Per Share (RM)	0.8	0.9	1.0	0.0	0.0
NTA Per Share (RM)	0.8	0.9	1.0	0.0	0.0
EPS (sen)	-2.6	8.9	16.0	17.5	18.5
DPS (sen)	1.5	3.3	6.4	7.0	7.4
Payout Ratio (%)	-58.1	36.5	40.0	40.0	40.0
ROA (%)	-1.6	5.8	9.8	10.0	9.9
ROE (%)	-3.2	10.1	16.4	16.2	15.5

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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