



## CAHYA MATA SARAWAK BERHAD'S FINANCIAL PERFORMANCE FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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**CMSB's pre-tax profit reported at RM23 million**

**Kuching (Sarawak), Monday, 16 May 2016** – Cahya Mata Sarawak Berhad (CMSB - 2852), the State's leading infrastructure facilitator, is pleased to announce its financial performance for the first quarter ended 31 March 2016 (1Q16). The Group reported a total revenue of RM346.91 million and pre-tax profit (PBT) of RM22.91 million for 1Q16. Revenue and PBT decreased by 29% and 76% in comparison to the preceding year's corresponding quarter's (1Q15) exceptionally high result of RM95.01 million.

The Cement Division recorded a PBT of RM9.62 million for their contribution towards the Group's results for 1Q16. This was 67% lower than 1Q15's exceptional PBT of RM29.37 million and also 53% lower than 1Q14's RM20.44million. This is attributable to lower sales volumes, costs linked to the new cement mill's commissioning, plant shut downs and higher costs both in imported raw materials and cement due to the still weaker Ringgit. The Construction Materials & Trading Division reported a PBT of RM16.98 million for 1Q16, a 44% decline in comparison to 1Q15's exceptional PBT of RM30.32 million but still 37% higher than 1Q14's RM12.38million. The Construction & Road Maintenance Division recorded a PBT of RM19.38 million, a decline in comparison to 1Q15's exceptional profit of RM26.22 million by 26% but still 8% higher than 1Q14's RM17.87million.

All these Divisions' 1Q16 results have been impacted by exceptionally inclement weather during 1Q16 which hampered the progress of construction works and of quarry production volumes as well as by generally reduced demand for construction materials in the Sarawak market, reflecting the lack of both big new projects and of stringent bank financing, to drive demand in the State.

The Group also recorded losses of RM16.16 million in 1Q16 from the share of results of its associates, largely due to the losses reported by the Group's 25% associate, OM Materials (Sarawak), which operates a ferro silicon alloys smelter in Samalaju Industrial Park where commodity prices have been at record lows.

Commenting on the results, Dato' Richard Curtis, Group Managing Director of CMSB said: "Our very subdued performance during the first quarter of this year has been largely determined by challenging market conditions affecting both the global and the Sarawak economies. There was no single factor but rather multiple ones that all came together in 1Q16 without any relief either from an outperforming Division or a one off profit recognition. These macro factors included both low selling commodity prices and higher costs of raw materials



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and of imported cement resulting from the strong U.S. dollar in the Cement Division. Internally within Sarawak in 2015, there were exceptionally high sales reflecting both strong local demand as well as sales being booked before the advent of GST in 2Q15. Demand for construction materials in 2015 then normalised, before being dragged down thanks to both severe wet weather conditions during the early months of this year and sluggish private and public sector demand attributable to bank lending restraints and the lack of any new big projects.

Despite challenges to produce a strong performance for 2016, we continue to remain confident that CMSB will achieve an acceptable performance for the full year of 2016 with performance levels rising again in 2017 when it is expected that the market sectors CMSB are involved in are likely to see some demand growth and price improvement. Local demand growth is expected to rise again following the recent State election landslide, and with Federal elections due by 2018, for this demand growth to be further primed by government. At a macro level we remain positive on a steady albeit modest recovery in oil and commodity prices to levels that enable CMSB's businesses to grow positively.

Our confidence in our future prospects is supported by our healthy balance sheet, our experienced management team and our focused portfolio of core business Divisions plus our high growth potential Strategic Investments such as Sacofa Sdn Bhd. These will enable us to sustain ourselves in the face of current headwinds and to return us to our long term growth trajectory."

We believe that CMSB continues to be one of the best proxy listed investments for Sarawak's accelerating economic growth. This is consistent with the State's promotion of energy intensive industries under the Sarawak Corridor for Renewable Energy (SCORE) initiative and the infrastructure and related services required across the State. These two drivers are set to propel the State's economy and CMSB to new heights in the medium and long term", said Dato' Curtis.

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**FOR MEDIA ENQUIRIES**

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**About Cahya Mata Sarawak Berhad**

Cahaya Mata Sarawak Berhad is a leading corporation listed on the Main Market of the Malaysian stock exchange, Bursa Malaysia, and is a major private-sector player in Sarawak, the largest state in Malaysia.

Cahaya Mata Sarawak Berhad has evolved from a single product manufacturer of cement beginning in 1974 to become a corporation focused on its Vision "To Become the Pride of Sarawak & Beyond".

Today, our portfolio spans over 35 companies involved in cement manufacturing, construction materials, trading, construction, road maintenance, property development, financial services, smelting, education and other services.

**CAHYA MATA SARAWAK BERHAD**

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