



## CAHYA MATA SARAWAK BERHAD'S FINANCIAL PERFORMANCE FOR THE FIRST SIX MONTHS OF 2016

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**CMSB's pre-tax profit reported at RM66 million**

**Kuching (Sarawak), Tuesday, 30 August 2016** – Cahya Mata Sarawak Berhad (CMSB - 2852), the State's leading infrastructure facilitator, is pleased to announce its financial performance for the first six months of 2016 (1H16). The Group reported a total revenue of RM745.72 million and pre-tax profit (PBT) of RM65.67 million for 1H16. Revenue and PBT decreased by 14% and 59% in comparison to the preceding year's corresponding period's (1H15) result of RM867.84 million and RM161.72 million.

The Group's Revenue and PBT for the second quarter ended 30 June 2016 (2Q16) of RM398.82 million and RM42.76 million, however, improved by 15% and 87% in comparison to first quarter ended 31 March 2016's (1Q16) results.

The Group's Cement Division recorded a PBT of RM41.69 million for its contribution towards the results for 1H16 which is 24% lower than 1H15's record PBT of RM54.59 million. This is attributable to lower sales volumes, costs linked to the new cement mill's commissioning, unscheduled shutdown of the clinker plant due to prolonged maintenance work and higher costs both in imported raw materials and cement due to the still weaker Ringgit. Despite lower revenues, the Construction Materials & Trading Division reported a PBT of RM48.22 million for 1H16, on par with 1H15's PBT of RM48.34 million, due to improved margins from operational efficiencies. The Construction & Road Maintenance Division recorded a PBT of RM40.67 million (including the share of results of joint ventures), a decline in comparison to 1H15's profit of RM46.89 million by 13%.



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The Group also recorded losses of RM48.90 million in 1H16 from the share of results of its associates. This is largely due to the losses reported by the Group's 25% associate, OM Materials (Sarawak) Sdn Bhd, 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 performance during the first half of this year has been affected by challenging market and operational conditions. These macro factors included low commodity selling prices, higher costs of raw materials and of imported cement (in 1Q16) resulting from the strong U.S. dollar in the Cement Division, and generally the sluggish private and public sector demand attributable to bank lending restraints and the lack of any new big projects.

Our Group's core businesses, however, remain resilient even during this period, and have continued to report stable earnings. We also 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. 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. Within Sarawak, the continued focus towards a development oriented State budget bodes well for our core businesses.

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 which are well positioned to benefit from the State's ever growing infrastructure needs including the RM16 billion Pan Borneo Highway project which is now kicking off. Looking further to the future, CMSB's potential high growth investments in Sacofa Sdn Bhd, MPA (Sarawak) Sdn Bhd and OM (Sarawak) Sdn Bhd are confidently expected to materially transform our longer term profits growth."

**CAHYA MATA SARAWAK BERHAD**



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"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, which reflect CMSB's two business focusses, are set to propel the State's economy and CMSB to new heights in the medium and long term", said Dato' Curtis.

CMSB's dividend policy is subject to the level of available cash and cash equivalents, return on equity and retained earnings, projected levels of capital expenditure and other investment plans. In light of these factors and of the modest financial performance for the first half of 2016, CMSB is not declaring an interim dividend to its shareholders in respect of the financial year ending 31 December 2016.

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### About Cahya Mata Sarawak Berhad

Cahya 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.

Cahya 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.