



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

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**Pre-tax profit reported at RM160 million**

**Kuching (Sarawak), Wednesday, 30 November 2016** – Cahya Mata Sarawak Berhad (CMSB - 2852), the State's leading infrastructure facilitator, is pleased to announce its financial performance for the first nine months of 2016 (PE2016). The Group reported a total revenue of RM1.10 billion and pre-tax profit (PBT) of RM160.41 million for PE2016. Revenue and PBT decreased by 14% and 40% in comparison to the preceding year's corresponding period's (PE2015) result of RM1.28 billion and RM266.28 million.

The Group's PBT for the third quarter ended 30 September 2016 (3Q16) of RM94.74 million improved by 122% in comparison to second quarter ended 30 June 2016's (2Q16) PBT of RM42.76 million and is comparable with the third quarter ended 30 September 2015's (3Q15) record PBT of RM104.56 million.

The Group's Cement Division recorded a PBT of RM76.98 million for its contribution towards the results for PE2016 which is 14% lower than PE2015's record PBT of RM89.23 million. This is attributable to lower sales volumes, costs linked to the new cement mill, unscheduled shutdown of the clinker plant due to prolonged maintenance work in January 2016 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 RM74.65 million for PE2016, a 3% increase in comparison with PE2015's PBT of RM72.79 million, due to improved margins partly from lower costs of bitumen and diesel. The Construction & Road Maintenance Division recorded a PBT of RM57.61 million (excluding the share of results of joint ventures), a decline in comparison to PE2015's profit of RM89.02 million by 35%. This was due to less construction works undertaken and higher costs for state road maintenance.



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The Group also recorded losses of RM40.49 million in PE2016 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 during the first half of this year. The results have since improved as CMSB recorded a profit of RM8.42 million from the share of results of its associates during the third quarter of 2016. This performance level, going forward, is expected to steadily improve. OM Materials (Sarawak) Sdn Bhd 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 nine months 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 1H16) 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 remain confident that CMSB will achieve an acceptable performance for the full year of 2016, which is evidenced by the strong recovery in profits in 3Q16 as against the 1Q16 and 2Q16 results. We expect this upturn to be sustained 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.



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"Our confidence in our 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 RM27 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.

"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.

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### About Cahya Mata Sarawak Berhad

Cahaya Mata Sarawak Berhad (CMSB) 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.

CMSB 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, CMSB's portfolio spans over 35 companies involved in the manufacturing & trading of cement and construction materials, construction, road maintenance, property & infrastructure development, financial services, education, steel & pipe fabrication & installation, ferro silicon & manganese smelting and telco infrastructure.