



## CAHYA MATA SARAWAK BERHAD REPORTS STABLE EARNINGS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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CMSB's pre-tax profit reported at RM39 million

**Kuching (Sarawak), Monday, 15 May 2017** – 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 2017 (1Q17). The Group reported a total revenue of RM282.30 million for 1Q17, a 19% decrease from preceding year's corresponding quarter's (1Q16) revenue of RM346.91 million. This was mainly due to a lower sales volume in the Construction Materials & Trading and Cement Divisions. Furthermore, the Construction & Road Maintenance Division also reported lower revenue due to reduced federal road maintenance work and due to the completion of major projects in 2016.

The Group's pre-tax profit (PBT) of RM38.54 million reported for 1Q17, however, increased by 68% from 1Q16's PBT of RM22.91 million. The profit after tax and non-controlling interests (PATNCI) also increased to RM22.66 million in 1Q17 from RM1.05 million in 1Q16. Earnings per share stood at 2.11 sen versus 0.10 sen from the corresponding three-month period of last year.

The main contributors towards the earnings for 1Q17 were the Construction & Road Maintenance, Cement and Construction Materials & Trading Divisions. The Construction & Road Maintenance Division recorded a PBT of RM17.86 million in 1Q17 – a 2% increase in comparison to 1Q16's PBT of RM17.58 million – mainly due to profits being recognised upon closing of certain completed projects. The Cement Division reported a PBT of RM14.46 million for 1Q17, exceeding 1Q16's PBT of RM9.62 million by 50% attributable to lower handling costs and cheaper imported clinker. Moreover, with the commissioning of the Integrated Cement plant in Mambong, the Group's cement sales are no longer required to be supported by imports. The Construction Materials & Trading Division reported a PBT of RM8.47 million for 1Q17, 50% lower than the PBT of RM16.98 million reported during 1Q16. This was mainly attributable to a lower sales volume and a lower gross profit margin.

The Group also recorded a higher share of profit of RM11.44 million in 1Q17 from the share of results of its joint-ventures in comparison to 1Q16's profit contribution of RM1.64 million. The increase was mainly attributable to the excellent performances by a private equity management company and two private equity funds.

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Furthermore, CMSB recorded lower losses of RM4.13 million in 1Q17 from the share of results of its associates, which is 74% lower in comparison to 1Q16's losses of RM16.16 million, largely due to the Group's 25% associate, OM Materials (Sarawak) Sdn Bhd's better performance. This upturn is expected to sustain with performance levels rising further during the second half of 2017 to 2018 when the market sectors are likely to see demand growth and price improvements.

Commenting on the results, Dato' Richard Curtis, Group Managing Director of CMSB, said: "This has been an important quarter in terms of meeting performance against targets, despite the challenging market and operational conditions faced by our Group. The macro factors include low commodity selling prices and generally the sluggish regional private and public sectors resulting in reduced demand for construction materials and related services. Despite the challenges, the Group recorded significant achievements namely by its Construction & Road Maintenance and Cement Divisions. Overall, the results for 1Q17 are viewed positively as they reassure that the Group is on track towards a much-improved performance for our FY2017 financial results as against FY2016.

"Our confidence in our prospects is supported by our healthy balance sheet, our experienced management team and our focussed 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. Furthermore, the projected improvements in both the global and the Malaysian economies for 2017 and 2018 also bodes well for our businesses. Looking further to the future, CMSB's potential high growth investments in SACOFA Sdn Bhd, Malaysian Phosphate Additives (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 economic growth. This is consistent with the State's promotion of energy-intensive industries under the Sarawak Corridor for Renewable Energy (SCORE) initiative, its rural transformation plans, its focus towards establishing a digital economy and the infrastructure and related services that will therefore be required across the State. These various drivers, which reflect CMSB's business focusses, are set to propel the State's economy and CMSB to new heights in the medium and long term."

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CAHYA MATA SARAWAK BERHAD

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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.

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