



CAHYA MATA SARAWAK BERHAD REPORTS IMPROVED EARNINGS FOR THE FIRST SIX MONTHS OF 2017

CAHYA MATA SARAWAK BERHAD REPORTS IMPROVED EARNINGS FOR THE FIRST SIX MONTHS OF 2017 CMSB's pre-tax profit reported at RM135 million

Kuching (Sarawak), Friday, 25 August 2017 – 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 2017 (1H17). The Group reported a total revenue of RM670.57 million for 1H17, a 10% decrease to the preceding year's corresponding period's (1H16) revenue of RM745.72 million. This was mainly due to 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 RM135.44 million reported for 1H17, however, increased by 106% from 1H16's PBT of RM65.67 million. The profit after tax and non-controlling interests (PATNCI) also increased to RM87.39 million in 1H17 from RM8.95 million in 1H16. Earnings per share stood at 8.13 sen versus 0.83 sen from the corresponding six-month period of last year.

The main contributors towards the earnings for 1H17 were the Cement, Construction & Road Maintenance, Construction Materials & Trading and the Property Development Divisions. The Cement Division reported a PBT of RM47.04 million for 1H17, exceeding 1H16's PBT of RM41.69 million by 13% attributable to lower handling costs, cheaper imported clinker and lower clinker production cost due to stable production and lower coal prices. 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 & Road Maintenance Division recorded a PBT of RM36.11 million in 1H17 – a 6% decrease in comparison to 1H16's PBT of RM38.43 million – as a result of reduction in road length maintained due to the construction of the Proposed Pan Borneo Highway project. The Construction Materials & Trading Division reported a PBT of RM29.50 million for 1H17, 39% lower than the PBT of RM48.22 million reported during 1H16. This was mainly attributable to lower sales due to slower implementation of Government projects during the first half of the year.

The Property Development Division reported a PBT of RM26.10 million during 1H17, an increase by 271% in comparison to 1H16's PBT of RM7.03 million. This was mainly due to the revenue recognition of the Rivervale housing project and, additionally, improved sales of residential properties and the rental income from a hypermarket in Bandar Samariang.

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The Group also recorded a higher share of profit of RM20.55 million in 1H17 from the share of results of its joint-ventures in comparison to 1H16's profit contribution of RM2.34 million. The increase was mainly attributable to the excellent performances by CMS Opus Private Equity Sdn Bhd and two private equity funds.

Furthermore, CMSB recorded lower losses of RM7.48 million in 1H17 from the share of results of its associates, an 85% improvement in comparison to 1H16's losses of RM48.90 million. This is largely due to the Group's 25% associate, OM Materials (Sarawak) Sdn Bhd's improved performance. Its performance levels are expected to continue to improve as the plant is ramping up towards full production and the market sectors are beginning to observe demand growth and price improvements.

Commenting on the results, Dato' Richard Curtis, Group Managing Director of CMSB, said: "The first six-months of 2017 has been an important phase 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 Cement, Construction & Road Maintenance, Construction Materials & Trading and Property Development Divisions. Overall, the results for the first six-months of this year are viewed positively as they provide reassurance that the Group is on track towards achieving a very much-improved performance for its 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 gathering momentum. 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 its associate companies including SACOFA Sdn Bhd, and OM (Sarawak) Sdn Bhd are 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 long term."

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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.