



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

29th November 2017

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CMSB's pre-tax profit reported at RM231 million

Kuching (Sarawak), Wednesday, 29 November 2017 – 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 2017 (PE2017). The Group reported a pre-tax profit (PBT) of RM231.02 million for PE2017, exceeding the preceding year's corresponding period's (PE2016) PBT of RM160.41 million by 44%. This was largely attributable to increased efficiencies and productivity within the Cement Division, reflecting the Group's unrelenting focus towards its operations, and to improved sales within the Property Development Division. The increase in the Group's PBT was despite an 8% decrease in its revenue of RM1.02 billion for PE2017, in comparison to PE2016's revenue of RM1.10 billion. The decline was mainly due to lower sales volumes in the Construction Materials & Trading and Cement Divisions. 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.

Furthermore, the Group's profit after tax and non-controlling interests (PATNCI) also increased by 121% to RM149.43 million in PE2017, from RM67.66 million in PE2016. Earnings per share stood at 13.91 sen versus 6.30 sen from the corresponding nine-month period of last year.

The main contributors towards the earnings for PE2017 were the Cement, Construction & Road Maintenance, Construction Materials & Trading and the Property Development Divisions. The Cement Division reported a PBT of RM82.16 million for PE2017, exceeding PE2016's PBT of RM76.98 million by 7% attributable to lower handling costs, cheaper imported clinker and lower clinker production costs due to both 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 RM55.12 million in PE2017 – a 4% decrease in comparison to PE2016's PBT of RM57.61 million – as a result of a



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reduction in the road length maintained due to the construction of the Pan Borneo Highway project. The Construction Materials & Trading Division reported a PBT of RM52.14 million for PE2017, 30% lower than the PBT of RM74.65 million reported during PE2016. 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 RM29.28 million during PE2017, an increase of 190% in comparison to PE2016's PBT of RM10.11 million. This was mainly due to the revenue recognition of the Rivervale housing project and, additionally, improved sales of residential properties generally and the rental income from a hypermarket in Bandar Samariang.

The Group also recorded a higher share of profit of RM25.85 million in PE2017 from the share of results of its joint-ventures in comparison to PE2016's profit contribution of RM8.04 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 profit of RM12.63 million in PE2017 from the share of results of its associates, a significant improvement by 131% in comparison to PE2016's losses of RM40.49 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 its market sectors are observing demand growth and price improvements.

Commenting on the results, Dato' Richard Curtis, Group Managing Director of CMSB, said: "The first nine-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. These macro factors were 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,

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29th November 2017

the results for the first nine-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.

“This confidence in our prospects is supported by our healthy balance sheet, our focussed portfolio of core business Divisions and our prudent succession planning as CMSB ushers into a new era of leadership. We strongly view that we 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 2017-2018 growth projections for the Malaysian economy and the continued focus on infrastructure related projects and services in Sarawak in both the Federal and the State budgets, 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,” added Dato’ Richard Curtis.

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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.

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