



CAHYA MATA SARAWAK BERHAD REPORTS IMPROVED EARNINGS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

Tuesday, 15 May 2018

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Quarter-on-quarter profit after tax and non-controlling interests (PATNCI) up 51% to RM38.98 million

Kuching (Sarawak), Tuesday, 15 May 2018 – 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 2018 (1Q 2018). The Group reported a total revenue of RM354.99 million and a pre-tax profit (PBT) of RM56.96 million for 1Q 2018. Both Revenue and PBT increased by 15% and 27%, respectively, in comparison to the preceding year's corresponding quarter's (1Q 2017) result of RM307.68 million and RM44.85 million.

Quarter-on-Quarter, the Group's profit after tax and non-controlling interests (PATNCI) of RM38.98 million for 1Q 2018 was 51% higher than the RM25.86 million reported for 1Q 2017. Earnings per share (EPS) stood at 3.63 sen versus 2.41 sen from the corresponding three-month period of last year.

For 1Q 2018, the increase in the Group's revenue was mainly attributable to the Construction & Road Maintenance, Construction Materials & Trading and Cement Divisions. Meanwhile, the improvement recorded in the Group's PBT and PATNCI results was mainly due to an increase in the share of profits in associates and, in particular, due to profits recorded from OM Materials (Sarawak) Sdn Bhd, the Group's 25% associate.

The Group recorded a PBT of RM36.05 million in 1Q 2018 from the share of results of its associates, a significant improvement of 972% in comparison to 1Q 2017's loss of RM4.13 million. This was largely due to OM Materials (Sarawak) Sdn Bhd's turnaround, whose performance is expected to be sustained if ferrosilicon and manganese alloy prices and production outputs are maintained at their current levels. Furthermore, the Group also recorded improved profit contribution from its other associate companies including SACOFA Sdn Bhd.



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The Cement Division, however, reported a lower PBT of RM6.57 million in 1Q 2018 by 55% in comparison to 1Q 2017's PBT of RM14.46 million, despite a 7% increase in its revenue. The lower PBT was mainly due to repair costs from the planned maintenance shutdown exercise carried at its clinker plant during the months of January and February this year. This was the first extensive maintenance shutdown exercise carried out by the Management since it took over the plant in 2007. The shutdown allowed the Division to carry out the required repair works within the plant, which included replacing certain parts that were in use since the plant's inception in 1996. As the clinker plant is some 22 years old, it is critical to immediately attend to all necessary repair works as we have major infrastructure works ahead including the Pan Borneo Highway and the Baleh Dam.

The Construction & Road Maintenance Division maintained a healthy PBT level of RM18.13 million, an increase by 2% in comparison to 1Q 2017's profit of RM17.86 million. This was on the back of higher revenue from the construction of Pan Borneo Highway project and from the Miri-Marudi road rehabilitation project. There was also an increase of road length maintained (for State roads) during 1Q 2018.

The Construction Materials & Trading Division reported a PBT of RM9.19 million for 1Q 2018, 9% higher than 1Q 2017's PBT of RM8.47 million. This was mainly contributed by higher earnings from the Division's quarry and trading operations. However, during the reporting period, the premix operation was impacted due to inclement weather and higher bitumen and diesel prices.

In comparison to the preceding year's corresponding quarter, the Group reported lower PBT from the Property Development Division and from share of results of its joint-ventures. This was mainly attributable to the lower sales of properties and reduced contribution from the private equity management company, respectively.



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Commenting on the results, CMSB Group Chief Executive Officer – Corporate, Dato Isaac Lugun, said: "The improvement in our financial performance for 1Q 2018 has mainly been due to the strong turnaround of our associate, OM Materials (Sarawak) Sdn Bhd, which was buoyed by the improvement in commodity prices, and improved contributions from our other associate companies. We believe that our growth strategy for our strategic investments, to drive the next wave of growth for CMS Group, is beginning to come to fruition. The aim of this growth strategy is for our traditional core businesses and our strategic investments to equally contribute to double the Group's earnings in the next three to five years."

"For FY2018, we also expect to see upsides for quarry products and cement-based materials as the Pan Borneo Highway project gathers momentum, therefore boosting earnings from our traditional core businesses."

"We believe that CMSB continues to be the best proxy for Sarawak's economic growth. With its healthy balance sheet, the Group is well positioned to benefit in all key growth areas in the State: through OM Materials (Sarawak) Sdn Bhd in the Sarawak Corridor for Renewable Energy (SCORE) initiative, through SACOFA Sdn Bhd in the State's push to fully embrace the digital economy and through PPES Works (Sarawak) Sdn Bhd and our construction materials supply companies in the roll-out of the Pan Borneo Highway project, other infrastructure projects and the State's rural transformation plan." added Dato Isaac Lugun.

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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.