



## CAHYA MATA SARAWAK BERHAD REPORTS SIGNIFICANTLY IMPROVED EARNINGS FOR THE FIRST SIX MONTHS OF 2018

Friday, 24 August 2018

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Profit after tax and non-controlling interests up 57% to RM130.60 million

**Kuching (Sarawak), Friday, 24 August 2018** – Cahya Mata Sarawak Berhad (CMSB - 2852) is pleased to announce its financial performance for the first six months of 2018 (1H 2018). The Group reported a total revenue of RM750.27 million and a pre-tax profit (PBT) of RM175.94 million for 1H 2018, an increase by 15% and 32%, in comparison to the preceding year's corresponding period's (1H 2017) result of RM650.23 million and RM132.91 million respectively.

The Group's profit after tax and non-controlling interests (PATNCI) of RM130.60 million for 1H 2018 was 57% higher than 1H 2017's PATNCI of RM83.30 million. Earnings per share (EPS) also stood notably at 12.16 sen versus 7.75 sen reported for the corresponding six-month period of last year.

The significant improvement in the Group's financial performance was mainly due to increase in the share of results of associates namely: OM Materials (Sarawak) Sdn Bhd, SACOFA Sdn Bhd, KKB Engineering Berhad and Kenanga Investment Bank Berhad. Collectively, their PBT catapulted by 1101% to RM74.88 million during 1H 2018 from a loss of RM7.48 million in 1H 2017. The main contributor to this astounding performance is the strong turnaround at OM Materials (Sarawak) where a PATNCI of RM48.48 million was registered (for CMSB's 25% share) compared to a loss of RM26.21 million for the corresponding period in 2017. This strong performance by OM Materials (Sarawak) is expected to be sustained if ferrosilicon and manganese alloy prices and production outputs are maintained at their current levels. The Group also recorded a robust profit contribution from SACOFA where a PBT of RM21.11 million was recorded compared to RM18.88 million for the corresponding period in 2017.



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The Group's Cement Division, however, reported a lower PBT of RM39.19 million in 1H 2018 compared to 1H 2017's PBT of RM47.04 million despite an 8% increase in its revenue. The lower PBT was mainly due to repair costs from the planned plant maintenance shutdown 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 Group since it took over the plant in 2007. The Division's performance was further impacted by an increase in the price of imported clinker due to tight supply in the international market which management seeks to mitigate through alternative supply sources.

The Construction Materials & Trading Division reported a PBT of RM23.41 million for 1H 2018 which is 21% lower than 1H 2017's PBT of RM29.50 million despite a 10% increase in revenue. The lower PBT was mainly attributable to a sudden and acute shortage of raw materials supply: quarry aggregates and quarry sand, resulting from a steep spike in the demand for the materials from the Pan Borneo Highway project. Margin was also compressed by the recent increase in prices of bitumen and diesel. The Division is actively exploring for alternative supply sources to ensure its continuous production of premix.

The Construction & Road Maintenance Division registered a strong PBT of RM44.76 million, an increase by 24% in comparison to 1H 2017's profit of RM36.11 million. This was on the back of higher revenue from the construction of Pan Borneo Highway project, the Miri-Marudi road rehabilitation project and the Sarawak Museum project.

The Group reported a lower PBT of RM11.30 million from the Property Development Division compared to RM23.57 million for the corresponding period in 2017. This was mainly attributable to lower sales in an increasingly challenging property market.



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Commenting on the results, CMSB's Group Chief Executive Officer – Corporate, Dato Isaac Lugun, said: "The improvement in our financial performance for first six months of this year has mainly been due to the strong turnaround of our associate, OM Materials (Sarawak) Sdn Bhd and improved contributions from our other associate companies including SACOFA Sdn Bhd. 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."

"Meanwhile, we also expect improved performance from our traditional core businesses of Cement and Construction Materials despite the operational challenges being faced by the two Divisions including the recent overall downgrade of the construction sector by various research houses in Malaysia. This growth is expected to come from the Pan Borneo Highway, which is gradually gathering momentum, and is expected to drive the construction sector in the State for the next 2-3 years."

"We are confident that CMSB will continue to maintain its strong growth potential and will remain resilient in spite of expected continuing headwinds. With its healthy balance sheet, the Group is well positioned to benefit in all key growth areas in Sarawak: 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 and the State's rural transformation plan." added Dato Isaac Lugun.

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For Media Enquiries Cahaya Mata Sarawak Berhad	For Media Enquiries Core Pro PR
Shirly Ann Clarke Manager, Group Corporate Communications Tel : +60 82 238 888 <a href="mailto:shirlyac@hq.cmsb.com.my">shirlyac@hq.cmsb.com.my</a>	Neil Fraser Executive Director Tel : +60 16 206 4249 <a href="mailto:neil@corepro-pr.com">neil@corepro-pr.com</a>

**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.