



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

Wednesday, 28 November 2018

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Profit after tax and non-controlling interests up 42% to RM208.62 million

Kuching (Sarawak), Wednesday, 28 November 2018 – Cahya Mata Sarawak Berhad (CMSB - 2852) is pleased to announce its financial performance for the first nine months of 2018 (PE2018). The Group reported a total revenue of RM1.22 billion and a pre-tax profit (PBT) of RM289.25 million for PE2018, an increase by 21% and 26%, in comparison to the preceding year's corresponding period's (PE2017) revenue of RM1.01 billion and PBT of RM230.46 million.

The Group's profit after tax and non-controlling interests (PATNCI) of RM208.62 million was 42% higher than PE2017's PATNCI of RM146.50 million. Earnings per share (EPS) also stood notably higher at 19.45 sen versus 13.64 sen reported for the corresponding nine-month period of last year.

The significant improvement in the Group's financial performance was mainly due to the 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 685% to RM99.20 million in 2018 in comparison to PBT of RM12.63 million in PE2017. The main contributor to this astounding performance is the strong turnaround of OM Materials (Sarawak) this year as its plant has achieved full production coupled with improved commodity prices.

The Group's Cement Division, however, reported a lower PBT of RM70.37 million in PE2018 compared to PE2017's PBT of RM82.16 million – this despite 9% increase in its revenue. The lower PBT was mainly due to repair costs from the planned maintenance shutdown at its clinker plant during the first and third quarters of this year. The Division's performance was further impacted by an increase in the price of imported clinker, a major raw material, due to the spike in global demand, following the reduction of clinker production in China and continued high demand for clinker especially from Bangladesh and the Philippines.



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The Construction Materials & Trading Division reported a PBT of RM47.39 million for PE2018 which is 9% lower than PE2017's PBT of RM52.14 million despite a 15% increase in revenue. This was attributable to the lower gross profit margins from the premix and quarry operations as a result of increase in prices of bitumen and diesel and lower production as a result of State-wide shortage of quarry sand. The Division is taking all steps to position itself to capitalise on the big spike in the demand for construction materials in the State including to pursue strategic investments and expand its inventory.

The Construction & Road Maintenance Division registered a strong PBT of RM66.51 million, an increase by 21% in comparison to PE2017's profit of RM55.12 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 also reported a stronger PBT of RM29.04 million from the Property Development Division compared to RM28.72 million for the corresponding period in 2017. This was mainly attributable to higher profit recognised from construction activities.

Commenting on the results, CMSB's Group Chief Executive Officer – Corporate, Dato Isaac Lugun, said: "The improvement in our financial performance for the first nine months of this year has mainly been attributable 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."



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“Meanwhile, we also expect steady performance from our traditional core businesses of Cement and Construction Materials despite the operational challenges being faced by the two Divisions. This is expected to come on the back of the Pan Borneo Highway project, which has received full backing by the Federal government, and is expected to drive the construction sector in the State for the next 2-3 years. It will also be supported by the State government’s increased spending on infrastructure, as it recently announced a record budget of RM9.07 billion for development which in part will fund the implementation of a few major infrastructure projects including the Coastal Road, Second Link Road and the State’s Water Grid project. This ensures that the State will be a pocket of increased construction activity unlike in Peninsular Malaysia where the research houses have lowered their outlook for the construction sector.”

“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 and diverse portfolio of businesses, the Group is well positioned to benefit in all key growth areas in Sarawak. We expect this to be through: OM Materials (Sarawak) Sdn Bhd in the Sarawak Corridor for Renewable Energy (SCORE) initiative, SACOFA Sdn Bhd in the State’s push to fully embrace the digital economy and PPES Works (Sarawak) Sdn Bhd, a joint venture with the Sarawak Economic Development Corporation (SEDC), and our other construction materials supply companies in the roll-out of the Pan Borneo Highway project and other major infrastructure projects recently announced by the State government.” 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.