



## CAHYA MATA SARAWAK BERHAD REPORTS IMPROVED EARNINGS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

Wednesday, 15 May 2019

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Year-on-year pre-tax profit (PBT) up 10% to RM62.44 million

**Kuching (Sarawak), Wednesday, 15 May 2019** – Cahya Mata Sarawak Berhad (CMSB - 2852) is pleased to announce its financial performance for the first quarter ended 31 March 2019 (1Q 2019). The Group reported a total revenue of RM418.18 million and a pre-tax profit (PBT) of RM62.44 million for 1Q 2019. Both Revenue and PBT increased by 18% and 10%, respectively, in comparison to the preceding year's corresponding quarter's (1Q 2018) revenue of RM354.99 million and PBT of RM56.96 million.

Year-on-year, the Group's profit after tax and non-controlling interests (PATNCI) of RM40.76 million for 1Q 2019 was 5% higher than RM38.98 million reported for 1Q 2018. Earnings per share (EPS) stood at 3.80 sen versus 3.63 sen from the corresponding three-month period of last year.

The improvement in the Group's financial performance during this period was mainly due to the strong performance by its traditional core businesses, namely Cement Division, Construction Materials & Trading Division and Property Development Division.

The Group's Cement Division reported a PBT of RM11.00 million for 1Q 2019, an improvement by 67% in comparison to 1Q 2018's PBT of RM6.57 million. The improved performance was mainly due to higher revenue, as sales volume of both cement and concrete products increased by 9% and 70% respectively. During this period, the Division also sustained lower production cost for clinker due to its higher production volume as well as lower repair costs of its plant. In 1Q 2018, there was a major overhaul of the Division's ageing clinker plant which has since improved the plant's performance and reliability.

The Construction Materials & Trading Division also reported a strong PBT of RM20.98 million for 1Q 2019, 128% higher than the PBT of RM9.19 million for 1Q 2018. The higher PBT was attributable to 20% higher revenue, 2% higher gross profit margin and a reversal of a provision



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of RM9 million. Even without the reversal of provision, the Division's PBT for 1Q 2019 of RM11.98 million would have been 30% stronger than the corresponding three-month period of last year.

The Construction & Road Maintenance Division reported a PBT of RM15.33 million in 1Q 2019, 15% lower than 1Q 2018's PBT of RM18.13 million (excluding share of results of joint ventures), despite 17% higher revenue. This was mainly due to 4% lower overall gross profit margin as a result of cost revisions in project and higher road maintenance costs.

The Group's Property Development Division reported a PBT of RM15.08 million in 1Q 2019 in comparison to 1Q 2018's PBT of RM2.00 million, representing an increase by 654%. This was mainly attributable to a recognition of profit of RM10.90 million from a land sale, higher number of condominium units sold and higher rental income from unsold apartments.

For its share of profit from associates, the Group recorded a lower share of RM13.35 million for 1Q 2019 in comparison to 1Q 2018's share of RM36.05 million. This was due to lower contribution by most of the Group's associates.

Commenting on the results, CMSB's Group Chief Executive Officer – Corporate, Dato Isaac Lugun, said: "The strong performance for the first quarter of this year is in line with our projections and expectations of a full rebound once businesses and other economic factors had normalised post GE14. Our traditional core businesses, particularly our Cement Division lead the charge. Going forward, we expect the rebound to continue and to be driven by the ongoing Pan Borneo Highway project and the State government's increased spending on infrastructure. As seen in the State's record budget for 2019, RM9.07 billion is spent on development which in part will fund the implementation of major infrastructure projects including the Coastal Road and Second Link Road, tenders for which have started being awarded, the Water Grid and Electricity projects and the State government's push for rural development. This ensures that the State will be a pocket of increased construction activity in Malaysia for the next few years."



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“Going forward, we are also confident on our strategic investments and particularly OM Sarawak Sdn Bhd, the Group’s second largest PATNCI contributor in 2018, and Sacofa Sdn Bhd to continue to be significant contributors. Although OM Sarawak’s prospects in the immediate-term are challenging due to the trade war between China and the US and the expected slowdown of China’s economy, the Group remains confident on its longer-term prospects due to its strong underlying fundamentals. The Group also remains positive on Sacofa as it aims to capitalise on the State’s push to fully embrace the Digital Economy with an allocation of RM2 billion for telco-infrastructure. Both OM Sarawak and Sacofa, alongside our other strategic investments in Kenanga Investment Bank Berhad and KKB Engineering Berhad, are part of our growth strategy for our strategic investments to drive the next wave of growth. 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 five years.”

“CMSB will continue to maintain its strong growth potential and will remain resilient in spite of certain headwinds we foresee and are ready for. With its healthy balance sheet and diverse portfolio of businesses, the Group is well positioned to benefit in all key economic drivers 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 Cement Division, PPES Works (Sarawak) Sdn Bhd 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.

“Continually posting good and strong profits while staying true to our business ethics, transparency and absolute dedication to compliance, Cahya Mata Sarawak Berhad, is well on its way to becoming ‘Sarawak’s Most Admired Company’, the company you can trust,”  
concluded Dato Isaac Lugun.

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**About Cahya Mata Sarawak Berhad**

Cahya 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.