



CAHYA MATA SARAWAK BERHAD'S FINANCIAL PERFORMANCE IN FY2019

Wednesday, 26 February 2020

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Profit before tax reported at RM251 million

Kuching (Sarawak), Wednesday, 26 February 2020 – Cahya Mata Sarawak Berhad (CMSB - 2852) is pleased to announce its financial performance for the financial year ended 31 December 2019 (FY2019).

The Group reported revenue of RM1.74 billion for FY2019, an improvement of 2% compared to RM1.71 billion in FY2018. However, its profit before tax profit (PBT) of RM251.05 million contracted 33% compared to RM372.32 million in the corresponding year. Softer performance in FY2019 was mainly due to significant decrease in aggregate contribution from associate companies. Lower operating profits from CMSB's traditional core business divisions namely Cement, Construction & Road Maintenance and Property Development Division also impacted FY2019 performance.

Cement Division. FY2019 revenue improved by 8% to RM601.62 million compared to RM557.85 million in FY2018. However, PBT declined 19% to RM73.11 million compared to RM90.14 million in FY2018, resulting from increased production costs mainly due to scheduled maintenance and higher raw material prices. Imported clinker prices have increased due to higher demand from regional market coupled with reduced supply from China. To address this issue, we are focusing to improve the clinker plant's operational efficiency to reduce reliance on imported clinker and hence reducing the plant's maintenance cost.

Construction Materials & Trading Division. FY2019 revenue improved by 7% to RM596.9 million while the PBT outpaced revenue growth, increasing by 30% to RM92.70 million. Excluding one-off reversal of provision of RM14.83 million in FY2019, this Division would have still registered a growth of 9% compared to corresponding year. Moving forward, we expect demand for crushed aggregates as well as premix materials to continue to augur well in the



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foreseeable future due to the ongoing Pan Borneo Highway and other road projects in the State.

Construction & Road Maintenance Division. FY2019 revenue decreased by 9% to RM502.45 million compared to RM554.21 million in FY2018 while PBT declined to RM42.26 million in FY2019 from RM90.38 million in FY2018, a reduction of 53%. The profitability of this business division was impacted mainly due to costs revision for the Pan Borneo Highway project and retrenchment compensation amounting to RM4.16 million. We are actively identifying opportunities to secure new road maintenance contracts as well as replenish our construction orderbook from the implementation of major infrastructure projects in the State.

Property Development Division. FY2019 revenue improved by 3% to RM136.26million compared to RM132.21million in FY2018. However, PBT dipped 40% to RM20.06million compared to RM33.59 million in FY2018. The Division's performance was affected by the soft property market and unrecovered interest costs for the land surrendered to the Government. Besides our on-going property projects, we are also looking into unlocking the value of our vast landbank in the capital city of Kuching and Samalaju Industrial Park which are still kept at nominal sum in our book.

Strategic Investment. The Group recorded share of profits from its associates of RM59.59 million in FY2019, lower by 43% compared to FY2018's bumper contribution of RM105.34 million. OM Materials (Sarawak) Sdn Bhd has been impacted due to weak commodity prices since beginning of 2019. That said, we remain confident of its longer-term prospects due to its position in the first quartile of the global production cost curve. Our 50%-owned associate ICT company, SACOFA Sdn Bhd, recorded higher contribution of RM43.00 million in FY2019, an increase of 8% in comparison to FY2018's contribution of RM39.67 million. Together with other associate companies, we expect our strategic investments to continue to deliver decent growth.



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Commenting on the results, CMSB Group Managing Director, Dato Isaac Lugun, said: "Despite the challenges we faced in 2019, we remain confident that we will be able to improve our financial performance moving forward, backed by various initiatives and new strategies throughout all our Divisions. The Group is well positioned to benefit from all key economic drivers in Sarawak, supported by healthy balance sheet and our three-pronged growth strategy. Specifically, this strategy calls for CMSB to; firstly, reposition and fortify all traditional core businesses, secondly, to fully implement and grow the strategic businesses and, lastly, to reposition and strengthen the CMS brand".

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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.