



CMS POSTS 1H2020 PBT OF RM49.8 MILLION

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TRADITIONAL CORE BUSINESSES IMPACTED BY MCO

Kuching (Sarawak), Wednesday, 26 August 2020 – Cahya Mata Sarawak Berhad (“**CMS**” or “**the Group**”) announced today that it closed six months ended 30 June 2020 (“**1H2020**”) with profit before tax (“**PBT**”) of RM49.8 million as compared to RM128.1 million in the same period of the preceding year (“**1H2019**”). Most of its traditional core businesses were operating at less than optimum levels due to the Movement Control Order (“**MCO**”) lockdown experienced nationwide in 2Q2020.

For 2Q2020, the Group posted total revenue of RM206.8 million and a PBT of RM23.0 million – a 48% and 65% dip in revenue and PBT respectively in comparison to 2Q2019’s revenue of RM399.2 million and PBT of RM65.6 million. The softer performance in 2Q2020 stemmed from lower revenue and PBT contributions by all its traditional core businesses. This was partially cushioned by higher contributions from associates which increased by 66% to RM20.5 million compared to RM12.4 million in 2Q2019.

Commenting on the Group’s 2Q2020 performance, CMS Group Managing Director, Dato Isaac Lugun said: “Similar to many other businesses, CMS’ second quarter results was mainly impacted by MCO lockdown which resulted in shorter operating days for all our traditional core businesses. Lower revenue coupled with fixed costs, in particular overhead cost, resulted in softer 2Q2020 results”.

The CMS Group achieved the following results over the six months ended 30 June 2020:

The **Cement Division’s** 1H2020 revenue declined by 31% to RM195.3 million as compared to RM284.2 million in 1H2019. Consequently, the Division’s PBT dropped by 40% to RM18.9 million compared to RM31.7 million in the same period of the previous year. The softer performance was mainly due to lower contribution from both cement and concrete business due to fewer operational days in 2Q2020. Despite lower PBT, the Division’s effort to improve



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operational efficiency has resulted in lower repair and maintenance cost as well as lower costs associated with imported clinker cost and discharging cost. Since recommencing operations, the Division has been actively implementing catch-up strategies to improve its underlying performance for the coming quarters.

The **Construction Materials & Trading Division's** 1H2020 revenue declined by 47% to RM133.8 million while its PBT contracted by 76% to RM9.7 million compared to 1H2019. This Division recorded lower revenue from its quarry, premix, and trading sectors due to the lockdown. The year-on-year (YoY) drop in PBT was partially attributable to an impairment of trade receivables of RM1.5 million in 1H2020 and recognition of one-off provision reversal amounting to RM9.0 million in 1H2019. Moving forward, the Group remains optimistic on the future growth of this Division given that it is potentially one of the key beneficiaries from various mega infrastructure projects planned in Sarawak.

The **Construction & Road Maintenance Division's** 1H2020 revenue decreased by 37% to RM151.8 million as compared to RM240.6 million in 1H2019. This was due to lower contribution from both the construction and road maintenance activities. Road maintenance revenue and gross profit margin for 1Q2020 decreased as the road length maintained effective 1 January 2020 was almost half of that maintained previously. Meanwhile, the lower revenue from construction business was mainly due to minimal construction works in 2Q2020 arising from lockdown. The Division's PBT declined by 67% to RM11.3 million in 1H2020 from RM34.0 million in 1H2019. The Division's mid-term prospects, however, are well supported by its order book of RM1.23 billion.

The **Property Development Division's** 1H2020 revenue declined by 63% to RM29.0 million in comparison to RM77.8 million in 1H2019. This was mainly due to drop in the number of property sales and lower land value sold in 1H2020. Consequently, its PBT dropped by 73% YoY to RM5.6 million in 1H2020.



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Lower contribution from traditional core businesses was partially cushioned by higher contribution from its **Strategic Investments**. Share of profits from its associates increased to RM31.9 million in 1H2020, 24% higher compared to the RM25.7 million in 1H2019. The higher share of profit was mainly due to higher contributions from Kenanga Investment Bank, KKB Engineering and SACOFA.

Commenting on CMS' outlook and prospect moving forward, Dato Isaac Lugun said: "Despite temporary setback due to COVID-19 situation and the MCO, we are cautiously optimistic of better performance in the coming quarters, especially with all our traditional core businesses back in full swing to catch up with pending orders and works that were halted in 2Q2020. Meanwhile, we have also taken prudent steps to enhance our cost control initiatives including managing and rationalizing capital expenditures. Furthermore, we believe that the incoming mega infrastructure projects in Sarawak will bode well for our traditional core businesses especially the Cement, Construction Materials & Trading and Construction & Road Maintenance Divisions. We will continue to leverage on our local knowledge and experienced management team to maximise our participation in the Sarawak growth story."

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About Cahya Mata Sarawak Berhad

Cahya Mata Sarawak Berhad (CMS) 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. CMS 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, CMS' portfolio spans over 35 companies involved in the manufacturing and trading of cement and construction materials; construction; road maintenance; property and infrastructure development; financial services; education; steel and pipe fabrication plus installation; ferro silicon and manganese smelting; and telecommunication infrastructure.

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