



CMS REPORTS PBT OF RM81.7 MILLION IN 3Q2020

Kuching (Sarawak), Wednesday, 25 November 2020 – Cahya Mata Sarawak Berhad (“**CMS**” or “**the Group**”) announced its third quarter financial results for the three months ended 30 September 2020 (“**3Q2020**”) today, reporting profit before tax (“**PBT**”) of RM81.7 million which is a 255% improvement as compared to PBT of RM23.0 million in the preceding second quarter ended 30 June 2020 (“**2Q2020**”).

The Group registered significant improvement in both revenue and PBT in 3Q2020 compared to the previous quarter, as most of its businesses were back in full operation. The Group posted revenue of RM428.4 million and a PBT of RM81.7 million in comparison to 2Q2020’s revenue of RM206.8 million and PBT of RM23.0 million. All traditional core businesses registered improvement in both revenue and PBT contributions. However, associate companies’ contribution decreased by 38% to RM12.7 million compared to RM20.5 million in 2Q2020.

For the nine months ended 30 September 2020 (“**9M2020**”), the Group posted total revenue of RM917.7 million and a PBT of RM131.5 million which translates to a 29% and 43% dip respectively in comparison to 9M2019’s revenue of RM1.3 billion and PBT of RM230.9 million. This was a result of fewer operating days across our traditional core businesses during the MCO period earlier this year when operations were interrupted for about 2 months.

Commenting on the Group’s 3Q2020 performance, CMS Group Managing Director, Dato Isaac Lugun said: “Our revenue and profitability improved significantly this quarter as we moved towards full operations and recorded improvements across all traditional core business as compared to 2Q2020. We are pleased that our catch-up strategies have yielded results as reflected in our performance.

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The CMS Group achieved the following results over the nine months ended 30 September 2020:

The **Cement Division's** 9M2020 revenue declined by 25% to RM336.7 million as compared to RM448.5 million in 9M2019. Consequently, the Division's PBT dropped by 34% to RM42.9 million compared to RM65.5 million in the same period of the previous year. The softer performance was mainly due to lower contribution from both cement and concrete business as a result of fewer operational days in 9M2020. The Division implemented various measures to reduce cost which resulted in improve operational efficiency from lower repair and maintenance cost, discharging cost as well as lower costs associated with imported clinker. Furthermore, this Division is well positioned to capitalize on opportunities in the potential spike of major infrastructure projects in the State.

The **Construction Materials & Trading Division's** 9M2020 revenue declined by 25% to RM314.8 million while its PBT contracted by 26% to RM47.2 million compared to 9M2019. 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 recognition of a one-off provision reversal amounting to RM9.0 million in 9M2019. On 2 October 2020, we completed the 2% equity sale in CMS Resources Sdn Bhd ("CMSR"), the holding company for its quarry and premix business to Sarawak Economic Development Corporation ("SEDC"). Post completion, CMSB will hold a 49% joint venture stake in CMSR and will continue to manage CMSR's day-to-day operations. Given that SEDC, CMSB's joint venture ("JV") & long-standing strategic partner, has recently been entrusted with a more catalytic role in the State's economic development, this transaction will put CMSB on a stronger footing to capture opportunities from the infrastructure developments in the State especially with several mega infrastructure projects in the pipeline.

The **Construction & Road Maintenance Division's** 9M2020 revenue decreased by 28% to RM272.3 million as compared to RM378.6 million in 9M2019. This was due to lower contribution from both construction and road maintenance activities. Road maintenance revenue and gross profit margin decreased as the road length maintained effective 1 January 2020 was almost half of that maintained previously but the scope was more extensive under



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the new contract. 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 59% to RM21.9 million in 9M2020 from RM52.8 million in 9M2019. The Division's mid-term prospects, however, are well supported by its outstanding order book of RM1.11 billion as at 30 September 2020. The Division is well positioned to capitalize on opportunities to participate in major infrastructure projects in the State of Sarawak including the Coastal Road and Second Link Road Projects.

The **Property Development Division's** 9M2020 revenue declined by 51% to RM52.9 million in comparison to RM108.7 million in 9M2019. This was mainly due to drop in the number of properties sales and lower land value sold in 9M2020. Consequently, its PBT dropped by 74% YoY to RM6.9 million in 9M2020.

For the 9M2020, share of profits from its associates from the group's **Strategic Investments** decreased by 20% to RM44.6 million from RM55.8 million in 9M2020.

Commenting on CMS' outlook and prospects moving forward, Dato Isaac Lugun said: "We deem our performance this quarter to be satisfactory as all Divisions are focused on catching up with pending orders and works following the earlier lockdown closures. We will continue to build on this momentum for the remainder of the year while taking prudent steps to enhance our cost control initiatives including managing and rationalizing capital expenditures. We intend to continue extracting value from our traditional core businesses by bolstering their overall operations and optimising efficiencies. We are implementing the necessary measures and will continue to adapt and fine-tune our strategies to safeguard the sustainability of our business for the long-term."

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CAHYA MATA SARAWAK

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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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