



## CMS REPORTS PATNCI OF RM195 MILLION FOR FY2020

**Kuching (Sarawak), Thursday, 25 February 2021** – Cahya Mata Sarawak Berhad (“**CMS**” or “**the Group**”) announced its fourth quarter financial results for the three months ended 31 December 2020 (“**4Q2020**”) today, reporting full year profit after tax and non-controlling interests (“**PATNCI**”) of RM194.71 million for the financial year ended 31 December 2020 (“**FY2020**”). This was a 22% improvement as compared to PATNCI of RM159.46 million in the preceding financial year ended 31 December 2019 (“**FY2019**”).

In respect of 4Q2020, the Group registered a slight decline in revenue by 9% to RM206.72 million compared to RM226.10 million in 3Q2020 (*restated*). PATNCI for the quarter was RM114.01 million which is an increase of 2418% compared to 4Q2019. The increase was mainly attributable to a remeasurement gain from the disposals of interests in SEDC Resources Sdn Bhd (“**SEDCR**”) and PPES Works (Sarawak) Sdn Bhd (“**PPESW**”). Back in October 2020, we completed the 2% equity sale in **SEDCR** and **PPESW** for a total cash consideration of RM17.50 million to Sarawak Economic Development Corporation (“**SEDC**”), hence the revenue contribution has been deconsolidated since October 2020.

Commenting on the Group’s FY2020 performance, CMS Group Managing Director, Dato Isaac Lugun said: “The impact of the unprecedented COVID-19 pandemic on our financial performance for 2020 was significant. It was, however, cushioned by two factors: firstly, our strong cash position and low gearing – a discipline that we will maintain as we continue to navigate the ongoing challenges of the pandemic. Secondly, our diverse business portfolios have a positive counterbalancing impact where the poor performance of our cement, construction and property businesses were, to an extent, counterbalanced by the good performance of our associate companies. The core PATNCI for the Group was RM99.73 million for FY2020. However, there was a remeasurement gain and gain on disposals totalling RM162.95 million from the sell-down of 2% stake in PPESW and SEDCR to SEDC. In keeping with prudent practice, we had provided for impairments in relation to property, plant, equipment and trade receivables across our businesses particularly in our Property Development and Phosphate Divisions. This has resulted in a strong PATNCI of RM194.71 million reported for FY2020 for the Group.”



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The CMS Group achieved the following results for the financial year ended 31 December 2020:

The **Cement Division's** FY2020 revenue declined by 21% to RM476.03 million as compared to RM601.62 million in FY2019. Consequently, the Division's PBT dropped by 34% to RM48.44 million compared to RM73.11 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 FY2020. The Division implemented various measures which resulted in improved 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 completed the disposal of 2% of SEDCR to SEDC in 4Q2020.** Post completion, CMS held a 49% joint venture ("JV") stake in SEDCR and will continue to manage SEDCR's day-to-day operations. As such, results from SEDCR prior to the disposal were presented as discontinued operations. Post disposal, CMS only includes its share of PATNCI of SEDCR as share of results in JVs. For this Division, PBT was lower as compared in FY2020 due to softer performance from the trading and wire operations. As for the discontinued operations (SEDCR) PAT for FY2020 of RM34.25 million was lower than FY2019's RM65.58 million. Higher PAT in FY2019 was mainly due to a reversal of provision of RM14.83 million for the soil erosion remedial action.

Given that SEDC, CMS' JV and long-standing strategic partner, has recently been entrusted with a more catalytic role in the State's economic development, this transaction will put CMS on a stronger footing to capture opportunities from the infrastructure developments in the State especially with several mega infrastructure projects in the pipeline.



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The **Construction & Road Maintenance Division** completed the disposal of 2% of PPESW to SEDC in 4Q2020. For its continuing operations, revenue decreased by 47% to RM129.89 million as compared to RM244.67 million in FY2019. Accordingly, PBT (including the share of results of PPESW Group) declined by 60% to RM14.80 million. The road length maintained effective 1 January 2020 was almost half of that maintained previously but the scope was more extensive under the new contract. For the discontinued operations (PPESW) PAT of RM9.96 million was higher compared to RM4.29 million in the FY2019. The Division's mid-term prospects, however, are well supported by its outstanding order book of RM1.03 billion as at 31 December 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** FY2020 revenue declined by 47% to RM71.31 million in comparison to RM135.79 million in FY2019. This was mainly due to a drop in the number of property sales and lower land value sold in FY2020. Profitability was also impacted by an impairment and project cost written-off of RM11.26 million and RM5.19 million, respectively.

For the **Phosphate Division**, the integrated phosphate complex (Phase 1) is still under construction as at 31 December 2020. Losses for the year was due to an impairment on property, plant and equipment amounting to RM51.75 million in relation to the construction of Phase 2 of the phosphate complex.

For the FY2020, share of profits from its associates from the group's **Strategic Investments** decreased by 17% to RM48.59 million from RM58.40 million in FY2019. We are hopeful that our commodities businesses will perform better in 2021 amid higher commodity prices.



**CAHYA MATA SARAWAK**

Co. Registration No: 197401003655 (21076-T)

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**Thursday, 25 February 2021**

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Commenting on CMS' outlook and prospects moving forward, Dato Isaac Lugun said: "With our clear growth strategy, strengthened leadership, a closer collaboration with the State Government through the sell-down of 2% stake at PPES Works and SEDC Resources to SEDC, the Group is emerging stronger from the Covid19 pandemic and is well positioned to benefit from the State Government's strong infrastructure development agenda. We are cautiously optimistic that we will be able to deliver satisfactory performance in 2021. Despite a challenging year, we are committed to reward our shareholders and have proposed a final dividend of 2.0 sen per share in respect of FY2020."

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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.

#### **For Media Enquiries:**

Shirly Ann Clarke

Manager, Group Corporate Communications

Tel: +60 82 238 888

[shirlyac@cmsb.my](mailto:shirlyac@cmsb.my)