



## CMS REGISTERS PATNCI OF RM77.8 MILLION FOR 1Q2021

Tuesday, 25 May 2021

**Kuching (Sarawak), Tuesday, 25 May 2021** – Cahya Mata Sarawak Berhad (“**CMS**” or “**the Group**”) announced its first quarter financial results for the three months ended 31 March 2021 (“**1Q2021**”) today, reporting profit after tax and non-controlling interests (“**PATNCI**”) of RM77.8 million. This was a vast improvement of 350% as compared to PATNCI of RM17.3 million in the similar quarter of the preceding financial year (“**1Q2020**”).

The Group posted revenue of RM202.1 million and a profit before tax (“**PBT**”) of RM82.6 million in comparison to 1Q2020’s revenue of RM189.4 million and PBT of RM18.1 million. Revenue increased due to higher contributions from the Cement, Trading and Property Development Divisions. Higher PBT was primarily driven by a gain in disposal of 46.60 million shares in Kenanga Investment Bank amounting to RM28.5 million, gain on disposal of land of RM12.7 million and improvements in associate’s performance. Associate companies’ contribution increased by 166% to RM30.3 million compared to RM11.4 million in 1Q2020.

Commenting on the Group’s 1Q2021 performance, CMS Group Managing Director, Dato Isaac Lugun said: “Our 1<sup>st</sup> quarter results were extremely commendable in light of the fact that traditionally the 1<sup>st</sup> quarter has always been the worst performing quarter for all the past years, and for this quarter it is also achieved against a challenging backdrop of new waves of the pandemic surfacing. I am heartened at the resilience of our people in turning things around despite the daunting challenges we faced. The team has been laser-focused in implementing catch-up strategies across the Group once we were allowed to resume operations after the MCO. Even after disregarding the various gains on disposal, our PBT improved by 128%.”

The CMS Group achieved the following results over the three months ended 31 March 2021:

The **Cement Division’s** 1Q2021 revenue improved by 7% to RM128.2 million as compared to RM120.2 million in 1Q2020. The increase in PBT of 17% outpaced increase in revenue. PBT grew from RM18.6 million in 1Q2020 to RM21.7 million in 1Q2021 mainly due to lower clinker purchase price and operating costs which led to lower cost of cement production.

**CMS REGISTERS PATNCI OF RM77.8 MILLION FOR 1Q2021****Tuesday, 25 May 2021**

The Cement Division is aiming to further improve its clinker production with its medium-term goal of achieving volumes of 700,000 metric tonnes (MT) and above annually, and to eventually operate at volumes of around 800,000 MT annually by 2023 and beyond. Despite the disruptions stemming from the various phases of the MCO we occupy a strong market position as Sarawak's sole cement manufacturer and expect to benefit from the implementation of construction packages throughout the State.

The **Construction Materials Division**, a 49% joint-venture under SEDC Resources Sdn Bhd ("**SEDCR**"), reported revenue of RM84.9 million in 1Q2021, an improvement of 49% compared to 1Q2020. It posted PBT of RM15.5 million, an increase by 163% in comparison to 1Q2020's PBT of RM5.9 million, mainly due to higher production volume and lower bitumen cost. The Division is expected to remain strong in year 2021 due to continuing demand for quarries and premix products. With current portfolio of 4 quarries with approximately 4 million MT/annum production, the Division is best positioned to support the State Government in realising its development plans. The management is also looking to increase its quarry assets by expanding their capacity and new sites across the State.

The **Trading Division** reported revenue of RM27.9 million in 1Q2021, an improvement of 32% compared to 1Q2020. This Division posted PBT of RM1.7 million, an increase of 108% in comparison to 1Q2020's PBT of RM0.8 million. The higher PBT in 1Q2021 was due to better margins from higher sales to water treatment project and profit recognised on a telecommunications tower project. The Division is on a strong footing to capture opportunities from the infrastructure developments in the State especially with several mega infrastructure projects underway or in the pipeline.

The **Construction Division**, a 49% joint-venture under PPES Works (Sarawak) Sdn Bhd ("**PPESW**"), reported revenue of RM99.5 million in 1Q2021, an improvement of 27% compared to 1Q2020. This Division posted PBT of RM2.3 million, lower by 17% in comparison to 1Q2020's PBT of RM2.8 million, due to lower gross profit margin and lower interest income earned. The Division has recently been awarded the data collection scope of works for the "Proposed Long Term Management and Maintenance of State Roads". PPESW is working

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alongside with the Road Maintenance Division on this project. The order book excluding road concessions was RM1.03 billion as at 31 March 2021. Together with SEDC, we are making every effort to bolster its competitive edge as it bids for new projects related to Sarawak's Coastal Road Network and the Second Trunk Road projects to grow the current construction order book.

The **Road Maintenance Division** reported a slightly lower revenue of RM26.7 million as compared to RM28.0 million in 1Q2020. Gross profit margin was mainly impacted by unexpected costs due to unfavourable on-site ground conditions in a project. Accordingly, this Division reported a lower PBT of RM1.7 million in 1Q2021, which was 48% lower than 1Q2020's PBT of RM3.2 million. Meanwhile, the Road Maintenance Division has managed to procure RM5.8 million worth of Instructed Works from JKR Sarawak. In addition, management is in active negotiations with JKR Sarawak to procure Design and Build contracts.

The **Property Development Division's** revenue increased by RM3.6 million to RM22.0 million mainly due to the higher number of properties sold in 1Q2021 especially in Bandar Samariang. The Property Division's PBT for 1Q2021 declined by 34% despite a 20% increase in revenue due to a recognition of gross profit amounted to RM4.4 million for land compensation received from the Sarawak Government in 1Q2020. The Property Division's focus for the immediate future is on developing affordable housing at Bandar Samariang. This Division aims to leverage on the current resilience of this market segment given the current lacklustre commercial property market.

For the 1Q2021, share of profits from its associates from the Group's **Strategic Investments** increased by 166% to RM30.3 million from RM11.4 million in 1Q2020 on the back of solid performances by all the Group's associate companies.



**CAHYA MATA SARAWAK**

Co. Registration No: 197401003655 (21076-T)

**Media Release**

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Commenting on CMS' outlook and prospects moving forward, Dato Isaac Lugun said: "With a clear growth strategy, strengthened leadership including at the Board level and closer collaboration with the State Government through SEDC, the Group is well positioned for sustainable long-term growth albeit the unprecedented threat posed by the COVID-19 pandemic which continues to linger."

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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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