



## CAHYA MATA SARAWAK BERHAD REPORTS RECORD PROFIT IN 2018

Tuesday, 26 February 2019

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**Profit after tax and non-controlling interests of RM266 million marks an all-time high result for the Group**

**Kuching (Sarawak), Tuesday, 26 February 2019** – Cahya Mata Sarawak Berhad (CMSB - 2852) is pleased to announce its performance for the financial year ended 31 December 2018 (FY2018). The Group reported a total revenue of RM1.71 billion and a pre-tax profit (PBT) of RM375.37 million for FY2018, an increase by 9% and 17%, in comparison to the preceding year's (FY2017) revenue of RM1.58 billion and PBT of RM321.29 million.

The Group's profit after tax and non-controlling interests (PATNCI) of RM265.74 million was 28% higher than FY2017's PATNCI of RM208.03 million. Earnings per share (EPS) also stood higher at 24.79 sen versus 19.36 sen for the previous year.

The significant improvement in the Group's financial performance was mainly due to the increase in the share of results of associates namely: OM Materials (Sarawak) Sdn Bhd, SACOFA Sdn Bhd, KKB Engineering Berhad and Kenanga Investment Bank Berhad. Collectively, their PBT catapulted by 166% to RM108.12 million in FY2018 in comparison to FY2017's PBT of RM40.64 million. The main contributor to this astounding performance is the strong turnaround of OM Materials (Sarawak) in 2018 as its plant achieved full production and commodity prices improved.

The Group's Cement Division, however, reported a lower PBT of RM90.14 million in FY2018 compared to FY2017's PBT of RM101.34 million – this despite 7% increase in its revenue. The lower PBT was mainly due to repair costs from the planned maintenance shutdown at its clinker plant during the first and third quarters of 2018. The Division's performance was further impacted by an increase in the price of imported clinker, a major raw material, due to the spike in global demand driven by the reduction of clinker production in China and strong regional demand for clinker especially from Bangladesh and the Philippines.



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The Construction Materials & Trading Division reported PBT of RM71.29 million for FY2018 which is 19% higher than FY2017's PBT of RM59.71 million. The financial result in 2017, however, included a (one-off) provision of RM20 million for remedial works, without which the Division's PBT for FY2018 would have been lower in comparison to FY2017. This is due to lower production rate as a result of State-wide shortage of quarry sand and lower gross profit margins from the premix and quarry operations as a result of increase in prices of bitumen and diesel. The Division is taking all steps to position itself to capitalise on the spike in the demand for construction materials in the State including to pursue strategic investments and expand its inventory. In line with this strategy, the Division had entered into a Share Sale and Purchase Agreement to acquire a 56% stake in Borneo Granite Sdn Bhd for RM 31 million, as announced on 29 November 2018. The quarry has a targeted annual production capacity of 1 million MT.

The Construction & Road Maintenance Division registered a strong PBT of RM90.38 million, comparable to FY2017's profit of RM90.20 million. This was on the back of strong revenue from the construction of Pan Borneo Highway project, the Miri-Marudi road rehabilitation project and the Sarawak Museum project.

The Group also reported a 3% stronger PBT of RM33.82 million from the Property Development Division compared to RM32.86 million reported for the preceding year. This was mainly attributable to higher profit recognised from construction activities.

Commenting on the results, CMSB's Group Chief Executive Officer – Corporate, Dato Isaac Lugun, said: "2018 was a most challenging year for CMSB. The Group was amongst a dozen of companies on Bursa Malaysia adversely affected by the result of the 14th General Election and against a backdrop of a softening construction market. Despite this, the Group showed its resilience and posted a record annual profit with a PATNCI of RM265.74 million for 2018 eclipsing the previous all-time high of RM248.15 million achieved in 2015. The strong performance was mainly attributable to the turnaround of our associate, OM Materials (Sarawak) Sdn Bhd and improved contributions from our other associate companies including



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SACOFSA Sdn Bhd. The financial performance in 2018 has clearly shown that CMSB's growth strategy for its strategic investments to drive the next wave of growth is coming to fruition. The aim of this growth strategy is for our traditional core businesses and our strategic investments to equally contribute to double the Group's earnings in the next five years."

"Going forward, we expect to see improved performance of our traditional core businesses of Cement, Construction Materials & Trading and Construction & Road Maintenance to be primarily driven by the Pan Borneo Highway project. It will also be supported by the State government's increased spending on infrastructure, as seen in its 2019 record budget of RM9.07 billion for development which in part will fund the implementation of major infrastructure projects including the Coastal Road, Second Link Road, Water Grid and Electricity projects. This ensures that the State will be a pocket of increased construction activity for next few years unlike in Peninsular Malaysia where the research houses have lowered their outlook for the construction sector."

"We are confident that CMSB will continue to maintain its strong growth potential and will remain resilient in spite of expected headwinds. With its healthy balance sheet and diverse portfolio of businesses, the Group is well positioned to benefit in all key growth areas in Sarawak. We expect this to be through: OM Materials (Sarawak) Sdn Bhd in the Sarawak Corridor for Renewable Energy (SCORE) initiative, SACOFSA Sdn Bhd in the State's push to fully embrace the digital economy and PPES Works (Sarawak) Sdn Bhd and our other construction materials supply companies in the roll-out of the Pan Borneo Highway project and other major infrastructure projects recently announced by the State government." added Dato Isaac Lugun.

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### About Cahya Mata Sarawak Berhad

Cahaya 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.