



CAHYA MATA SARAWAK



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RESULTS PRESENTATION FOR THE SECOND QUARTER OF 2017

28 AUGUST 2017



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Y D H Dato' Richard Alexander John Curtis
Group Managing Director

- ❑ Joined CMS in 2006 as GMD.
- ❑ Non executive directorship positions include K&N Kenanga Holdings Bhd, Kenanga Investment Bank Bhd.
- ❑ Bachelor of Law (LL.B.) Honours from Bristol University, UK, Sloan Fellow of London Business School, admitted and practised as a solicitor in England and Hong Kong.



Tuan Syed Hizam Alsagoff
Group Chief Financial Officer

- ❑ Joined CMS in 2005, appointed GM, Group Finance & Treasury at end 2005, Group CFO in September 2009.
- ❑ Non executive directorship positions include KKB Engineering Berhad.
- ❑ Bachelor of Science with Finance major and Economics minor, San José State University, California.



Section 1 Sarawak Overview

Section 2 CMS Overview

Section 3 Business Overview

Section 4 Financial Highlights

Section 5 Group Strategies & Going Forward



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Section 1

Sarawak Overview

Area and Population



Malaysia	Sarawak
<ul style="list-style-type: none">Area: 330,250 Sq.KmPopulation: 28.5 MillionCapital City: Kuala LumpurNumber Of State: 13	<ul style="list-style-type: none">Area: 124,449 Sq.KmPopulation: 2.5 MillionCapital City: KuchingNumber Of Division: 11



External factors are affecting Sarawak's growth levels

- Low commodity & oil prices
- Weak RM
- Bank lending constraints
- General sense of global uncertainty & instability
- Latest reports indicate that global economic recovery is gaining momentum albeit modestly – IMF projects growth of 3.5% in 2017 & 3.6% in 2018 (2016: 3.1%)
- Malaysian economy projected for recovery in 2017; BNM forecast for GDP growth of 4.3% - 4.8% during 2017 (2016: 4.2%)



Sarawak's medium to long term economic growth:

- Proposed 2017 State Budget: RM5.923b (73%) for development & RM2.21 (27%) for OPEX
- State to set up its own development bank to fund strategic projects, in line with its socio-economic transformation plans; proposal has been approved by BNM
- The exemption of the cabotage policy for East Malaysia & Labuan, which limited the shipment of goods to only Malaysian-flagged ships, started from June
- Samalaju Port commenced full operations in June 2017 with a total capacity of 18-million MT capacity of cargo per annum.
- State aims to migrate to a digital driven economy & invest RM1 billion towards telecommunication infrastructure, increasing from 1,200 to over 5,000 towers
- State looking into LRT to connect Kuching, Serian & Samarahan Divisions
- State to form its wholly-owned company Petros; primary objective is to participate in the upstream of O&G development, particularly in exploration and extraction, within Sarawak

State Credit Rating



**Standard
&
Poor's**

A-

Stable
Outlook

**Moody's
Investors
Services**

A3

Stable
Outlook

**Ram
Rating
Services**

AAA

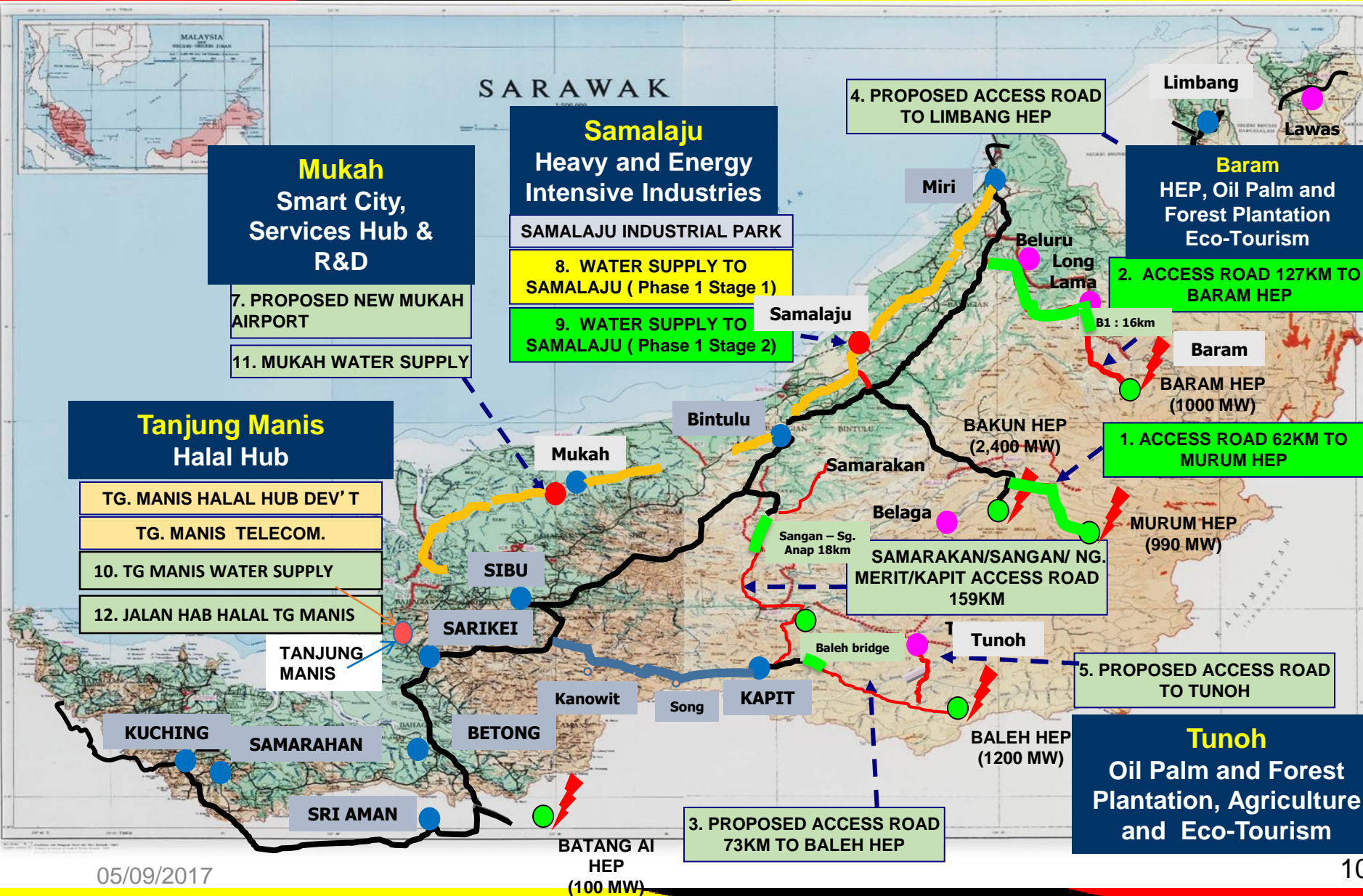
Strong
Outlook

**Malaysia
Rating
Corp.**

AAA

Strong
Outlook

5 Growth Nodes of SCORE





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Section 2

CMS Overview



STAKEHOLDERS

Shareholders, Staff, Customers & Community

VISION

To be the **PRIDE** of Sarawak & Beyond

MISSION

- P** Producing Quality, On Spec & On Time
- R** Respect & Integrity
- I** Improving, Innovating & Investing in People
- D** Delivering Sustainable Growth
- E** Environmentally Conscious, Safe & Conducive Workplace

Company Snapshot



Sarawak's largest company in infrastructure development

- ❑ One of Sarawak's largest listed company, with over 2,500 employees plus 1,691 in its 3 associate companies.
- ❑ Incorporated in 1974; Listed on KLSE in 1989.
- ❑ Formerly a construction conglomerate BUT TODAY, CMS has a sustainable and profitable portfolio of businesses focussing on Sarawak & SCORE.

Substantial shareholders (as of 10 August 2017)	Shareholding (‘000)	%
Majaharta Sdn Bhd	134,775	12.54
Employees Provident Fund	130,320	12.13
Lejla Taib	111,000	10.33
Lembaga Tabung Haji	90,129	8.39
Dato Sri Sulaiman AB Rahman Taib	88,395	8.23
Sarawak Economic Development Corporation	60,896	5.67

Key Statistics

Market metrics as at 14 Aug 2017

Issued Shares:	1074.38 mn
Share Price:	RM3.88
Market Cap:	RM4,168.6mn
Historical PER:	24.6 x
PBV ratio:	2.17 x

Income statement (FYE Dec 2016)

Revenue:	RM1,551mn
PBT:	RM302mn
Basic EPS:	15.75 sen
DPS:	6.3 sen

Balance Sheet (FYE Dec 2016)

Total assets:	RM3,451 mn
S/holders' funds:	RM2,213 mn
NA per share:	RM2.06
Net Cash per share (of RM0.50 each)	RM0.43

Key ratios (FYE Dec 2016)

ROE:	8.00%
ROA:	4.90%
Current ratio:	1.99x

Experienced Management with Proven Track Record



Centre



Datuk Syed Ahmad Alwee Alsree, Group Executive Director (13 years in CMS).



Dato' Richard Alexander John Curtis, Group Managing Director (11 years in CMS).



Tuan Syed Hizam Alsagoff, Group Chief Financial Officer (12 years in CMS).



Dato Isaac Lugun, Group Chief Corporate Officer (21 years in CMS).

Key Business Divisions



Goh Chii Bing, Group Chief Operating Officer (25 years in CMS)

Suhadi bin Sulaiman, Acting CEO of Cement Division (years in CMS)



Lim Jit Yaw, CEO of the Construction & Road Maintenance Division (11 years in CMS)



Chong Swee Sin, CEO of Construction Materials & Trading Division (26 years in CMS).



Vincent Kueh Hoi Chuang, ED/CEO of the Property Development Division (5 years in CMS)



Mohd Zaid Zaini, Head of ICT Division (3 years in CMS)



Goh Chii Yew, CEO of Samalaju Property Division (16 years in CMS).

Share Price Performance



	High	Low
2014	RM 4.72	RM 1.47
2015	RM 6.00	RM 3.87
2016	RM 5.36	RM 3.17
2017	RM 4.70	RM 3.56



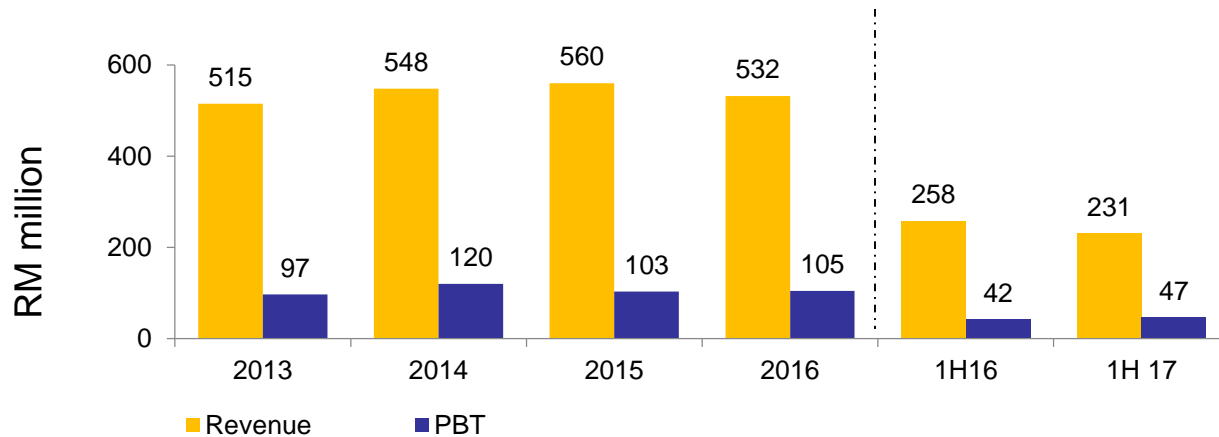
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Section 3

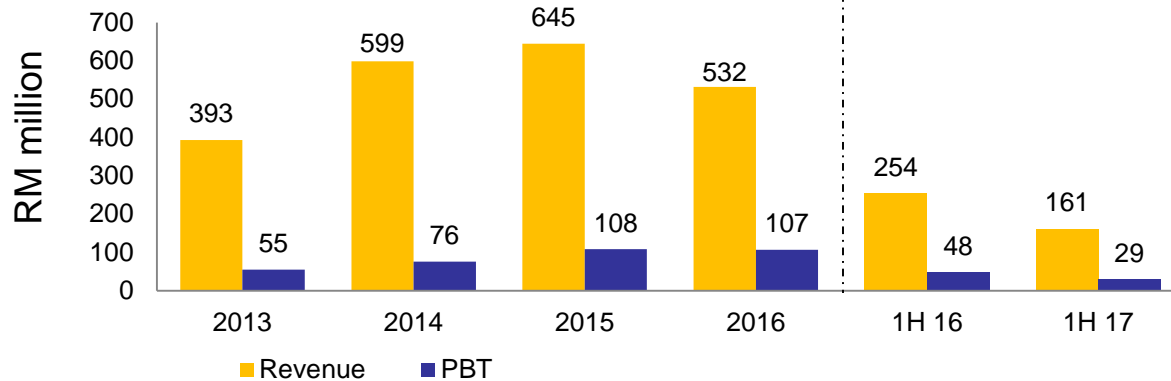
Business Overview



Cement Division

- 1H17's PBT is 12% higher than 1H16's PBT despite lower sales volume due to:
 - lower handling costs and cheaper imported clinker
 - cement sales no longer supported by imports
- Investment approved for a RM9.15 mil precast & ready-mix plant at Bintulu and a ready-mix plant in Sarikei
- Ready-mix sales expected to remain steady during 2017





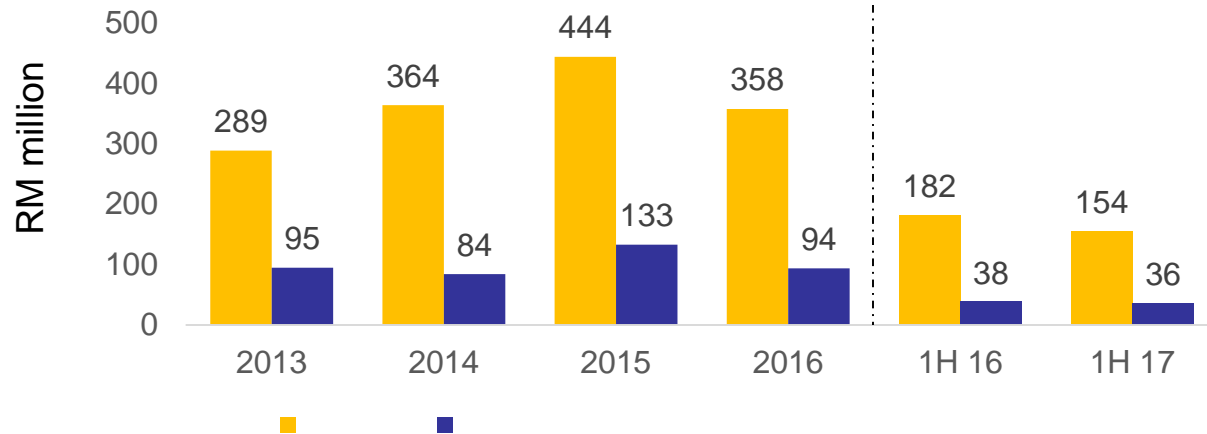
Construction Materials & Trading Division

- PBT for 1H17 reduced, 40% lower than PBT for 1H16, due to lower sales due to slower implementation of Government projects
- Plans to further increase Sibanyis quarry's capacity by 1.3m Mtpa by 2018 & to acquire 2 additional premix plants
- Supply of stone, premix & sand has commenced for LBU Packages 2, 5 & Kick-off package
- Supplies of materials to LBU contractors now being monitored by a special Management Committee
- Plans in hand to use recycled wastes as roads & construction materials

05/09/2017

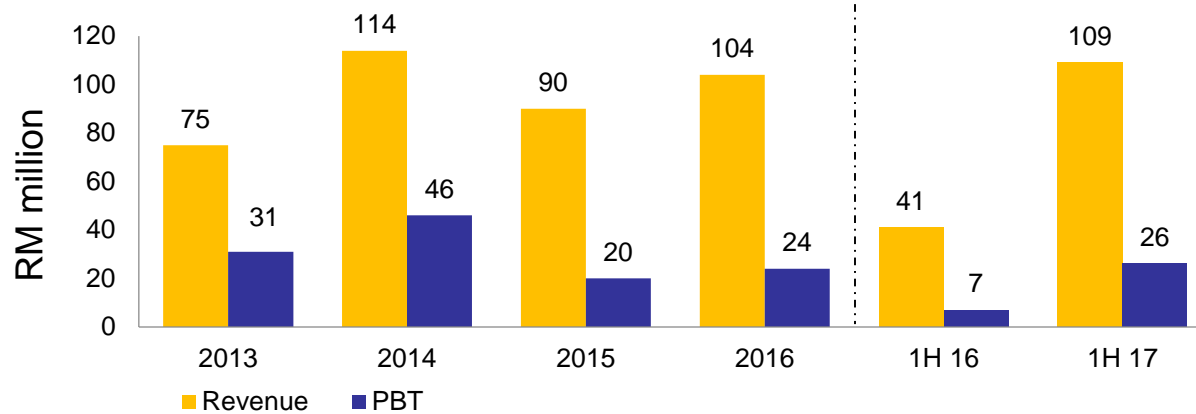


Construction & Road Maintenance Division



- PBT sustained as profit was recognised upon closing of certain completed projects.
- Revenue from federal road maintenance was lower in 1H17 as a result of reduction in road length maintained due to Pan Borneo project
- Contribution from Pan Borneo Highway is expected to be material, coming from the main construction package but mostly from materials supply & possible other sub-contract works
- Construction order book outside of road concession revenues is at approx. RM1.72 bil & cautiously optimistic to grow further





*Note: Samalaju Properties & Samalaju Hotel have been reclassified to this Division starting 1 Jan 2016

Property Development Division (Kuching)

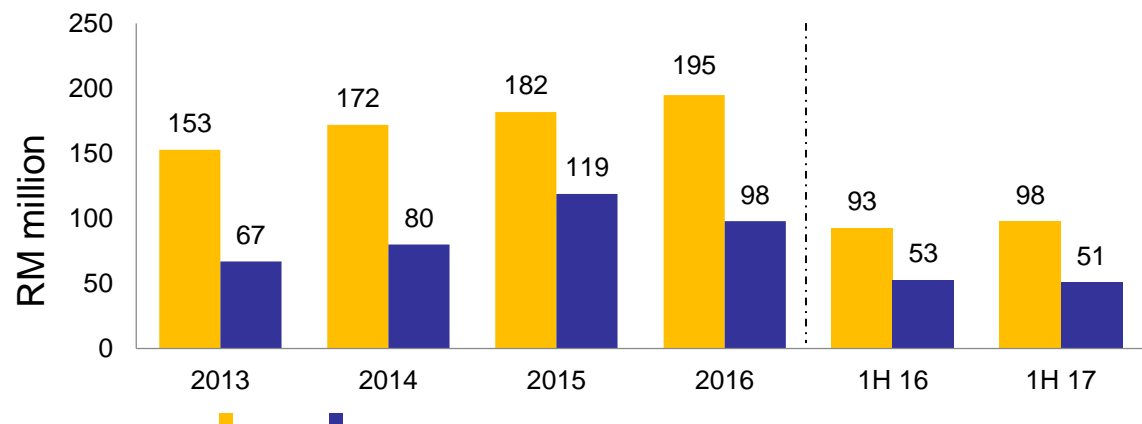


- 1H17's PBT is 271% higher than 1H16's PBT due to:
 - Revenue recognition of 60 units of Rivervale semi-d houses
 - Improved sales of residential properties & the rental income from a hypermarket in Bandar Samariang
- Mydin Samariang opened in Aug 2016 & Water Theme Park & Condotel in 1Q 2018
- The Isthmus gathering momentum with multiple projects underway
- Sales for Rivervale Devt. remain solid; represents first foray into the middle & upper middle range properties
- Divisional GDV projections till 2022 remain on track

Property Development Division (Samalaju)

- Lower commodity prices affected investor sentiment leading to output reductions & production start delays, thus affecting demand for the township properties & hotel
- Lodges, reconfigured for longer term stays, has tenants from industry owners & EPCC contractors
- Sarawak Govt. signed a Framework Cooperation Agreement with Hebei Xinwuan Steel Group & MCC Overseas Limited to set a USD3b steel plant in SIP
- Sewerage plant at Eco Park apartments complete
- First 16 blocks of apartments completed with retail deals; 7-9 blocks for sales and 6-8 block for renting facilities
- Samalaju Properties engaging with a Bintulu company to JV to develop light industrial buildings





ICT Division

- SACOFA is expecting organic revenue growth on the back of bandwidth growth, rolling out of LTE sites & increased fiberisation within the State
- No news on concession renewal expected yet
- PATNCI contribution to CMS for 2017 is expected to remain on a steady uptrend
- Indonesia Subsea cable issue being resolved





Strategic Investments

- Revenues & PBT on steady uptrend
- JV with Rakuten Securities for Malaysia's first fully-online platform expected to do well
- Deutsche Bank, as part of its strategic downtrend of noncore businesses, sold its stake in Kenanga Deutsche Futures
- Strategic alliances regionally with China/HK & Japan including online broking

0.625	0.570»	9776	0.605	0.610»	1930	0.610-0.005	84644	0.650
1.58	1.39»	615	1.46	1.47	70	1.47-0.070	34469	1.67
0.045	0.045	16450	0.045	0.050	59776	0.045-0.005	16600	0.050
2.51	2.44»	865	2.46	2.47»	809	2.46-0.010	15285	2.51
6.40	6.10»	2016	6.10	6.15»	1845	6.15-0.250	13627	6.50
0.355	0.330»	1877	0.335	0.340»	142	0.340-0.010	13606	0.345
3.08	3.02»	2082	3.04	3.06»	2577	3.04-0.020	12580	3.08
2.24	2.11»	92	2.11	2.12»	1907	2.11-0.120	12663	2.32
0.095	0.090	5000	0.085	0.090	750	0.090-0.015	10750	0.080
0.090	0.090	29014	0.085	0.090	4863	0.090-0.000	10747	0.095
0.350	0.330»	1706	0.335	0.340»	1630	0.335-0.000	9823	0.350
0.770	0.720»	480	0.730	0.735»	946	0.735-0.015	8696	0.790
5.15	4.96»	542	4.94	4.96»	130	4.96-0.140	7142	5.35
0.420	0.405	300	0.415	0.420»	150	0.420-0.005	7069	0.445
0.205	0.190	1570	0.195	0.200»	3184	0.200-0.005	6485	0.210
4.54	4.46»	493	4.44	4.46»	432	4.46-0.060	6320	4.60
0.615	0.580»	470	0.590	0.595»	810	0.590-0.010	6277	0.630
0.700	0.645»	100	0.660	0.670»	290	0.670-0.040	5859	0.740





KKB ENGINEERING

Strategic Investments

- PATNCI of (RM1.47m) for CMS in 1H17 due to steep fall in manufacturing business & increasing cost of raw materials
- Global economic slowdown & low O&G prices limit demand for fabrication
- Petronas fabrication license aided by current focus on Sarawak O&G development & use of local companies offer longer term potential
- KKB:WCT consortium awarded a RM1.29b Pan Borneo Highway package in July 2016





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CMS OPUS PRIVATE EQUITY

- CMS recorded profit of RM20.55 mil in 1H17 from the share of results of JVs (2016: RM2.34 mil) mainly due to CMS Opus & 2 private equity funds
- An investee company successfully undertook an IPO listing & was one of the largest Malaysian IPOs
- As at end-2016, CMS Opus had AUM totalling RM291.0 mil

Strategic Investments



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CMS OPUS PRIVATE EQUITY SDN BHD



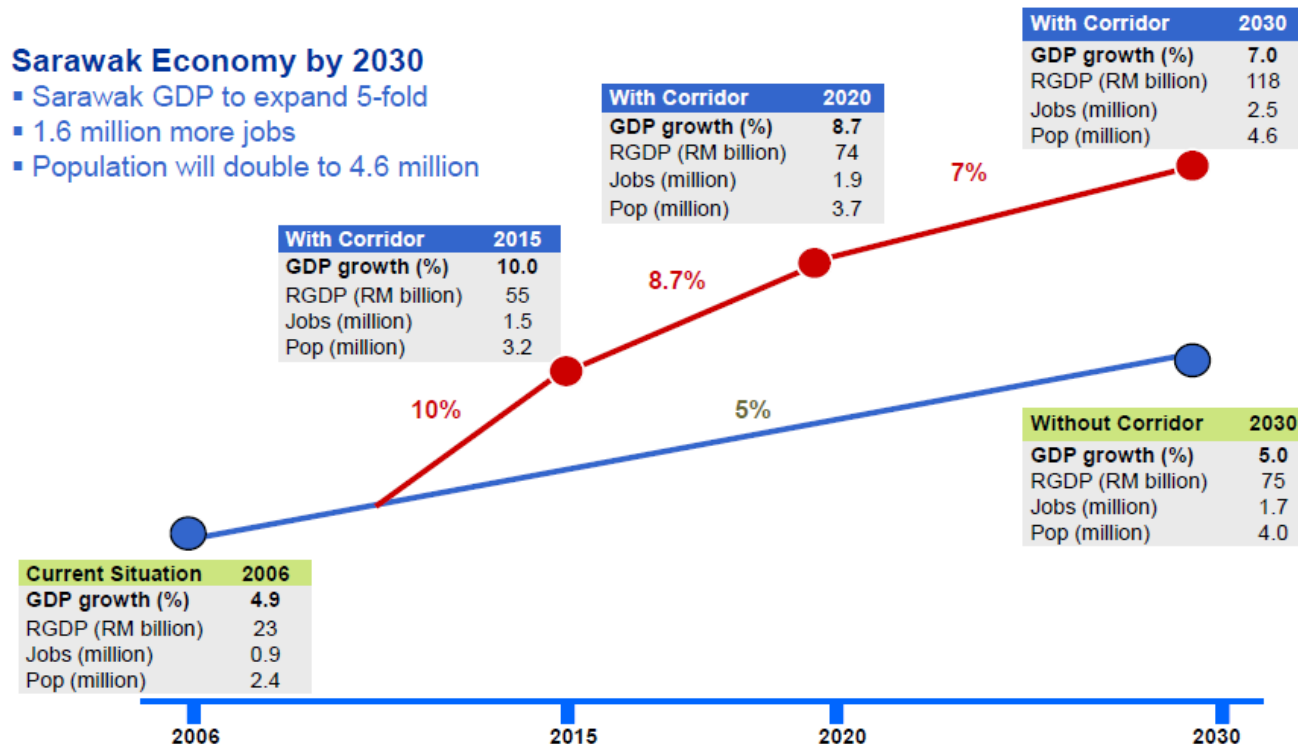
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- ❑ **One of the 5 development corridors** by the Federal and Sarawak State Government to turn Sarawak into a developed state.
- ❑ To **lift the Sarawak's economy** by increasing income per head and improve the quality of life for the people of Sarawak.
- ❑ Core ~ **energy resources**: Hydropower (28,000 MW), coal (1.46 billion MT) and natural gas (40.9 trillion sq cubic ft).

Sarawak Economy by 2030

- Sarawak GDP to expand 5-fold
- 1.6 million more jobs
- Population will double to 4.6 million



- ❑ Expected investment of **up to RM334 billion** (20% from govt. and 80% from private sector).
- ❑ CMS is set to be a **major local participant** of developments under SCORE.

Source: ADL Analysis, EPU Sarawak

Key Projects at Samalaju Industrial Park



Project	Product	Commencement of Operation	Annual Capacity	Investment Value (USD)	Status
Tokuyama	Polycrystalline Silicon	1 st Phase: Jun 2013 2 nd Phase: Apr 2014	1 st Phase: 6,200 MT 2 nd Phase: 13,800 MT	2.5 billion	Pending Sale to OCI Co Ltd (of S. Korea)
Press Metal	Aluminium	Sep 2012	1 st & 2 nd Phase: 440,000 MT Full Capacity: 760,000 MT	2 billion	In operation
AML (Pertama Ferroalloy)	Manganese Ferroalloy	2016	Full Capacity: 434,000 MT	325 million	Commissioned - June 2016
Asia Advanced Materials	Metallic Silicon	2017	Full Capacity: 100,000 MT	203 million	Earthwork completed
Sakura Ferroalloys	Ferro manganese & Silicon Manganese	2016	Ferro Manganese: 100, 000 MT Silicon Manganese: 60, 000 MT	328 million	Commissioned - May 2016
Cosmos Chemicals	High quality solar and electronics grade polysilicon	2017	25,000 MT	1.6 billion	Pre-earthwork stage
OM Materials (Sarawak)	Ferrosilicon Alloys & Manganese Alloys	Partially Commissioned: 2H 2014 Full production: 2H 2017	Ferrosilicon Alloys: 192,500 MT Manganese Alloys: 200,000 MT – 300,000 MT	458 million	(Next slides)
MPA (Sarawak)	Phosphate Products & Coke	Commission: 1H 2018 Full production: 2H 2018	Phosphate Products: 500,000 MT Ammonia: 100,000 MT Coke: 900,000 MT	545 million	(Next slides)



OM MATERIALS (SARAWAK)

Strategic Investments

- Recorded a loss in 1H 17 mainly due to unrealized forex loss and finance costs
- Plant is ramping up towards full production (14 out of 16 furnaces running) and market sectors are beginning to observe demand growth & price improvements
- In short term, commodity prices have stabilised and in the medium/long term, OMS' 3 key strengths will bring it to sustainable profitability. These strengths are 1st quartile production cost positioning, its large scale & its location
- CMS confident in OMS over the long term which is why it acquired an additional 5% stake & subscribed in 2016 to RM110.0 mil of CPS





MALAYSIAN PHOSPHATE ADDITIVES (SARAWAK)

Strategic Investments

- Complex to be operational by 1H 2019; fully commissioned by 2021
- Financial close unlikely now till 1Q 2018 due to probable new partners' entry into our JV partner, MPA
- Parties now working towards Financial Close in 1Q18
- Project's economics remain attractive



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Section 4

Financial Highlights

Group Financials



	2008	2009	2010	2011	2012	2013	2014	2015	2016	1H 2017
Revenue (RM'000)	893,033	874,600	943,476	1,012,609	1,203,565	1,416,841	1,693,898	1,788,008	1,551,319	670,570
PBT (RM'000)	150,570	98,526	118,796	178,715	226,906	294,894	341,452	388,596	302,139	135,443
PATNCI (RM'000)	95,770	40,989	65,781	120,023	135,735	175,072	221,335	248,149	169,177	87,394
S/holders' funds (RM'000)	1,248,825	1,277,970	1,312,667	1,416,025	1,480,923	1,654,117	1,811,732	2,017,501	2,212,836	2,221,278
ROE (%)	7.70 / 4.51	3.24	5.08	8.80	9.37	11.17	12.77	12.96	8.00	4.13
Borrowing (RM'000)	649,767	534,236	394,586	215,747	89,826	100,102	104,796	163,678	247,956	686,566
Gearings ratio (times)	0.52	0.42	0.30	0.15	0.06	0.06	0.06	0.08	0.11	0.31
EPS (sen)	29.07	12.44	19.97	36.43	41.39	52.56/ 17.46	21.42	23.31	15.75	8.13
Cash (company) (RM'000)	322,086	404,726	753,990	625,542	493,129	579,392	674,600	256,881	391,129	641,773

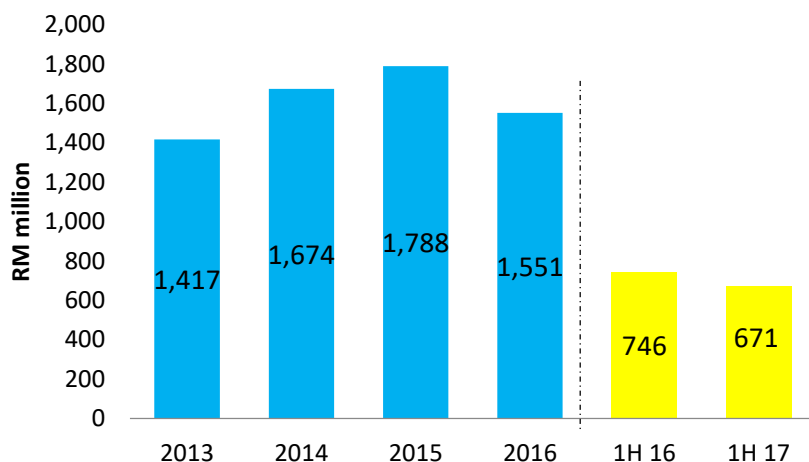
Group Key Financials 2013 – 1H 2017



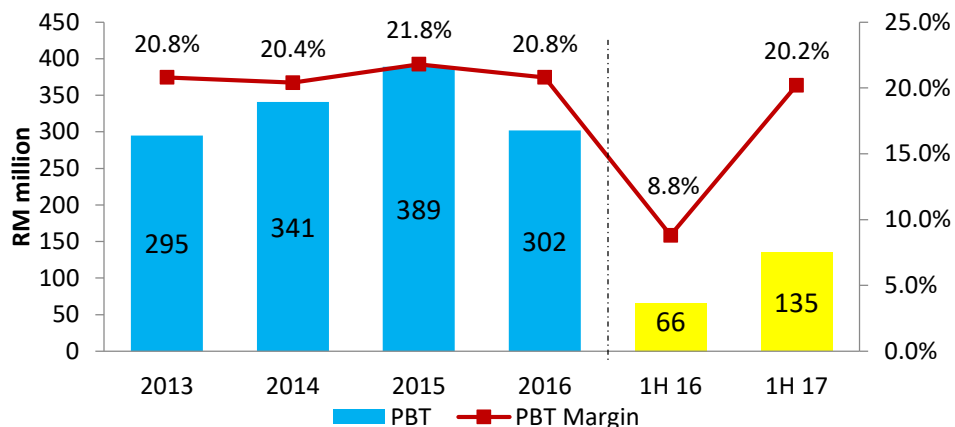
PBT (IN RM'000)	Q1	Q2	Q3	Q4
2013	54,813	68,813	62,526	108,742
2014	66,191	98,648	104,179	72,434
2015	95,010	66,707	104,564	122,315
2016	22,906	42,763	94,744	141,728
2017	38,542	96,901		

PATNCI (IN RM'000)	Q1	Q2	Q3	Q4
2013	28,727	40,014	40,992	65,339
2014	38,896	66,117	72,379	43,943
2015	57,423	40,661	65,480	84,585
2016	1,049	7,900	58,715	101,515
2017	22,657	64,737		

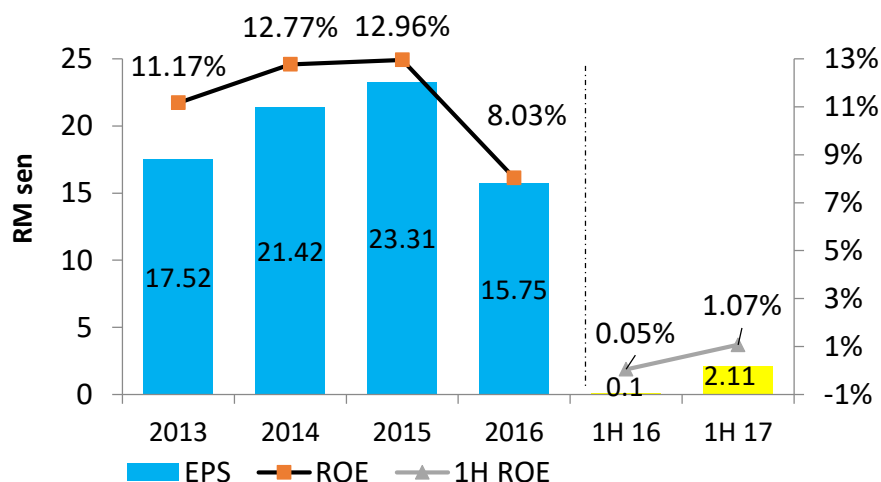
Group Key Financials 2013 – 1H 2017



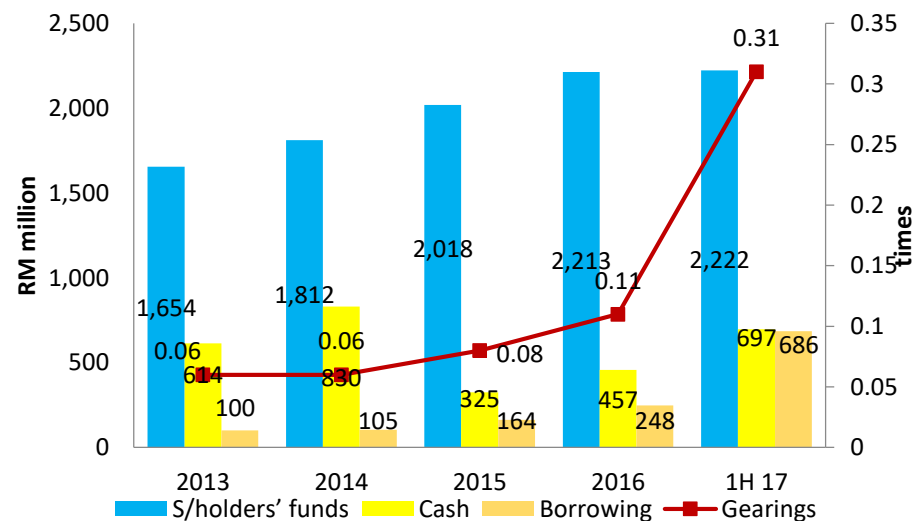
REVENUE



PBT & PBT MARGIN



EARNINGS PER SHARE

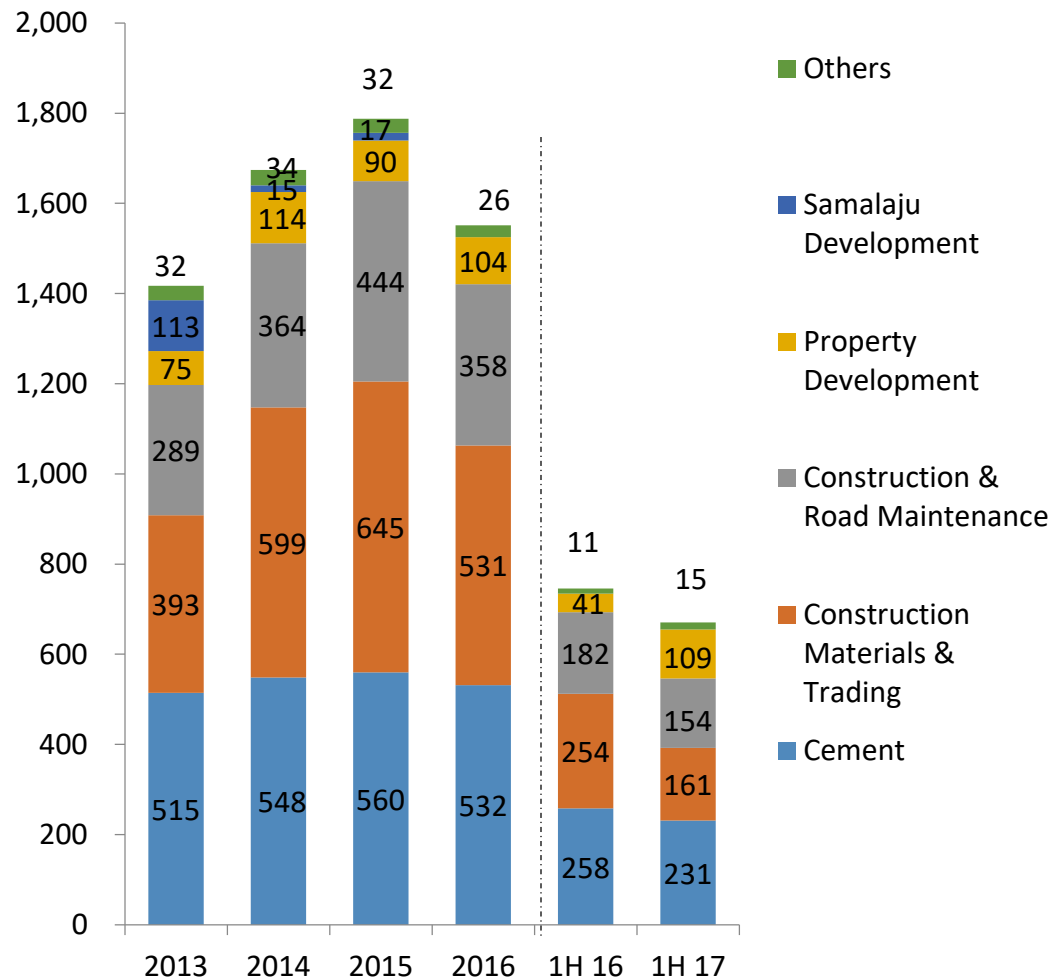


BALANCE SHEET

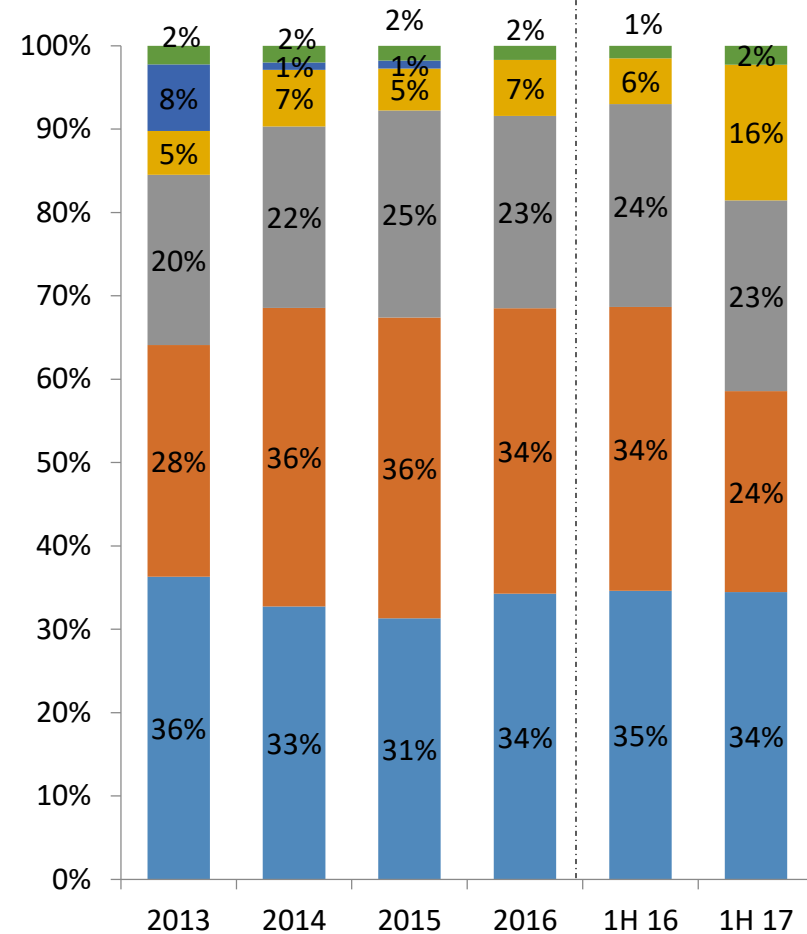
Revenue Breakdown 2013 – 1H 2017



Revenue by segment (RM'm)



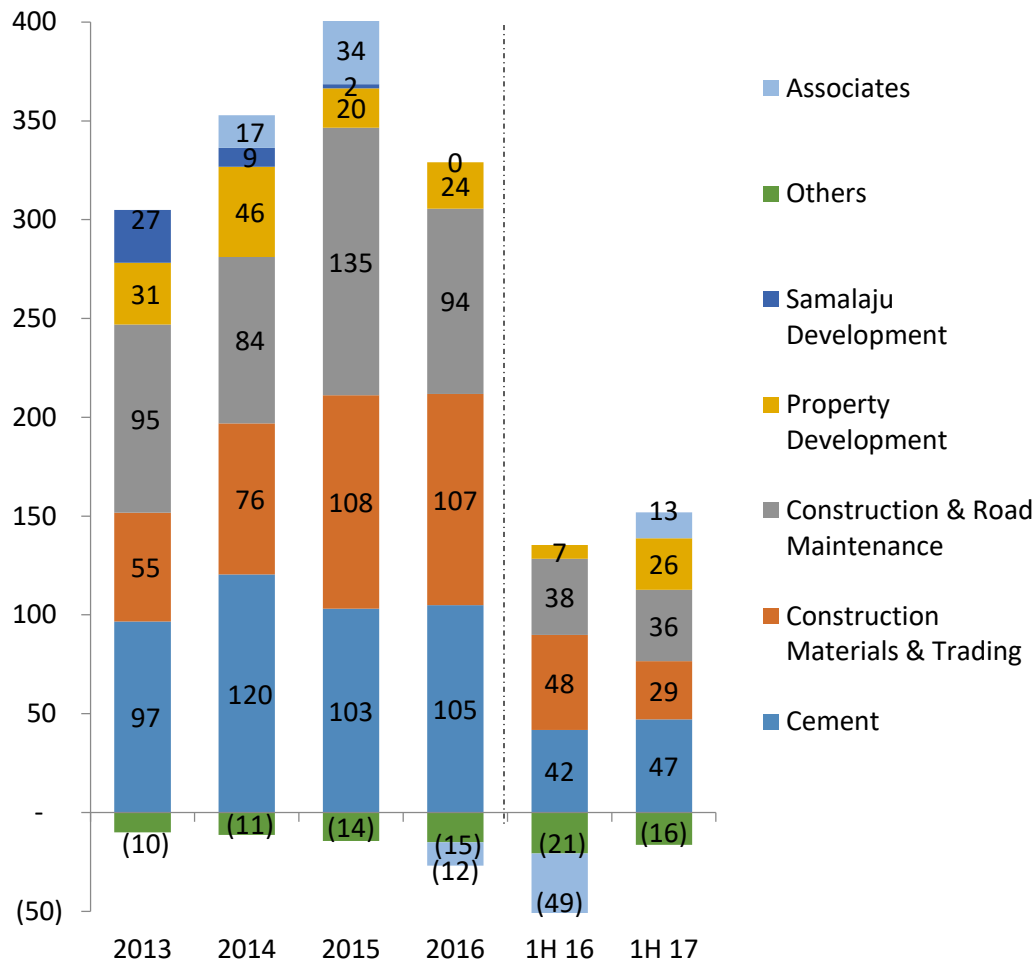
Revenue by segment (%)



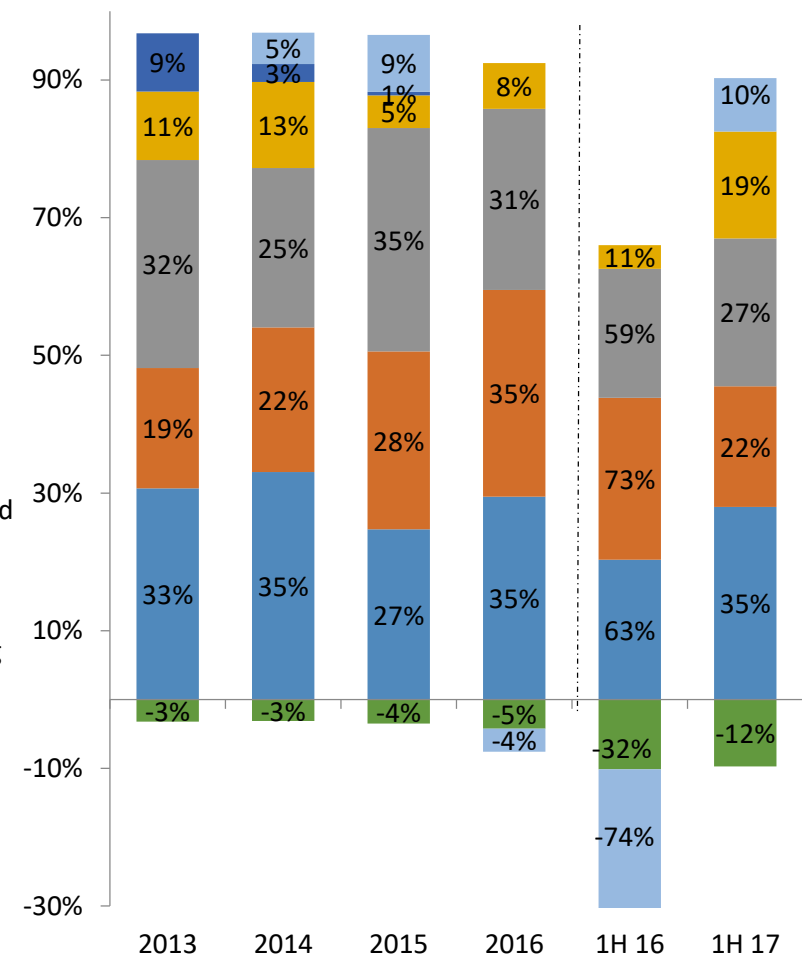
PBT Breakdown 2013 – 1H 2017



PBT by segment (RM'm)



PBT by segment (%)

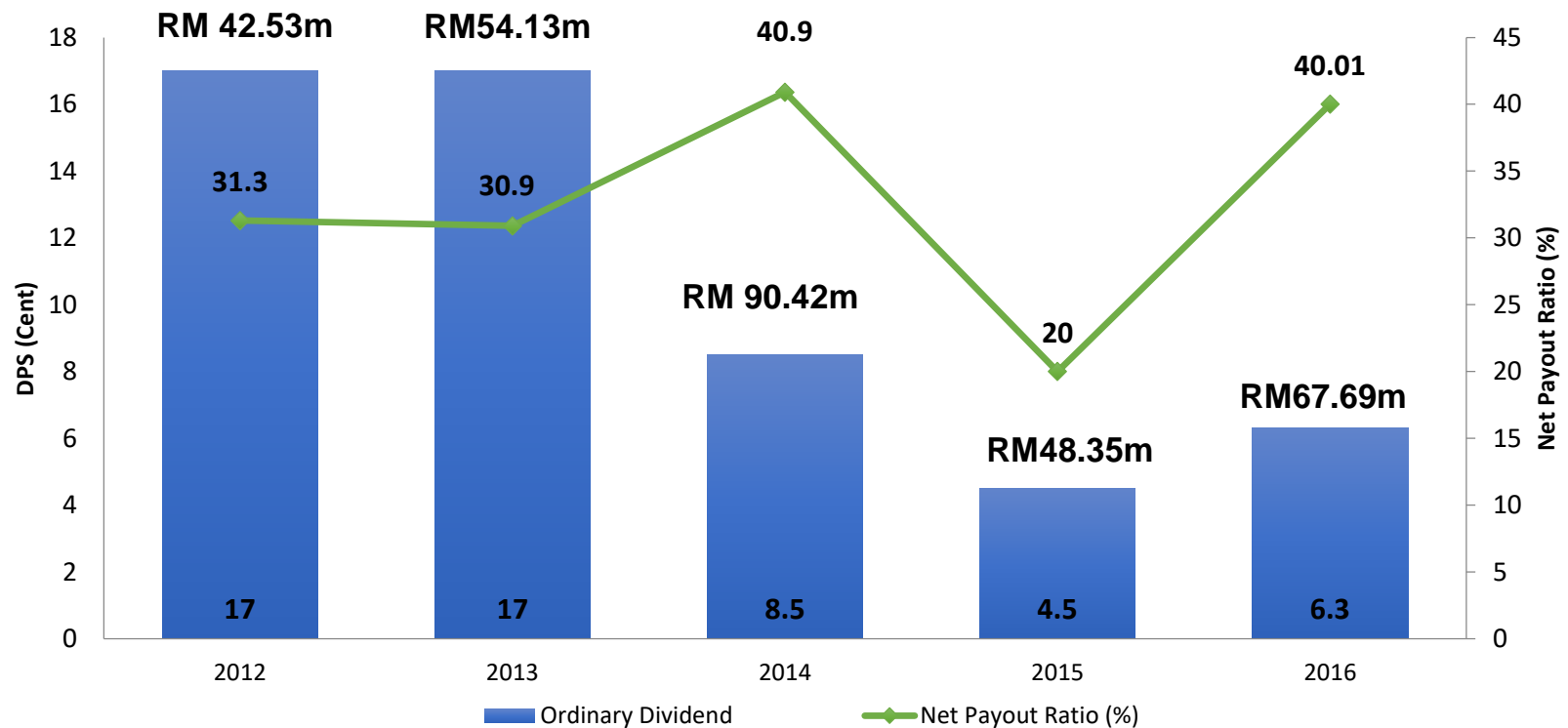


Dividend Policy



Dividend policy since November 2014 is a minimum of 40% PATNCl, subject to minimum of 2 sen per share and other considerations.

Gross DPS and Net Payout Ratio (%)



Net Payout Ratio = Percentage of PATNCl paid out in dividends to shareholders



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Section 5

Group Strategies & Going Forward

Group Strategies And Going Forward



OUR **9-POINT** SCORE CARD





Riding on the Sarawak Growth Story

- ❑ Malaysian GDP growth for 2017 projected to be 4.3% to 4.8% (2016: 4.2%) indicating strong trade activity & improved domestic growth
- ❑ Sarawak is more insulated from external downturns & turmoil due to the long term nature of its economic drivers in SCORE
- ❑ Sarawak's economic growth rate expected to remain strong at 3.5% - 4% in 2017

Be the best proxy investment for Sarawak's accelerating growth via:

- ❑ Energy intensive industry investments; and
- ❑ consequential infrastructure and related services required across the State.

Strategies

- ❑ Maximise our core business divisions & our Strategic Investments to take advantage of Sarawak's growth
- ❑ Adopt an 'Edging strategy' i.e. focus on business opportunities in our near field (or immediate periphery) to provide significant profits growth
- ❑ Investment criteria for projects:
 - Hurdle rate / IRR: At least 18%;
 - Scaleable / long term sustainability;
 - Quality partners / JVs;
 - Raw materials processing / manufacturing and/or infra / services focus.
- ❑ An indispensable ally to State development regardless of politics – thru professionalism and neutrality
- ❑ Be known for our Corporate Governance, Sustainability & Management Competency
- ❑ Acquire expertise / knowledge for regional expansion outside Sarawak later
- ❑ To maintain a moderate risk profile

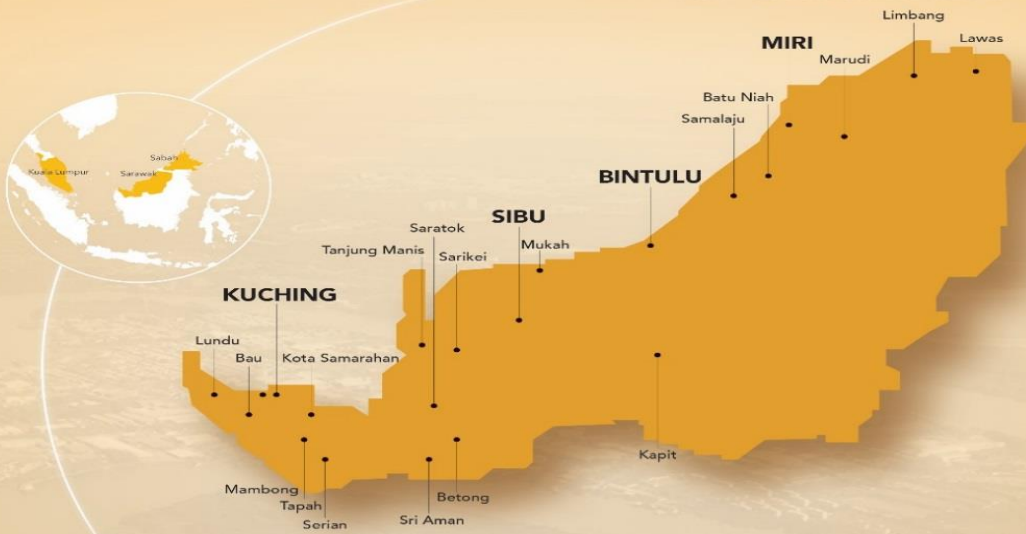


- Continued focus towards a development oriented State budget & focus towards 'digital economy' bodes well for CMS
- Typically 2H is our stronger period; 1H is slower due to sluggish market conditions
- With upcoming Pan Borneo contribution from materials' sales, strong performances from other Divisions & OMS turnaround, CMS confident on achieving a much-improved performance for 2017 financial results as against 2016



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Your **One Stop**
Gateway
to Sarawak



- Cement & Clinker
- Construction
- Construction Materials Trading & Agencies
- Education
- Ferrosilicon Alloys Smelting
- Financial Services
- Industrialised Building System (IBS) Components
- Precast Concrete Products
- Premix

- Project Management
- Road Maintenance
- Steel Fabrication & Engineering
- Steel Pipe Manufacturing & Laying
- Stone Aggregates
- Township & Property Development
- Wire Mesh
- Workers' Accommodation

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THANK YOU.

ANY QUESTIONS?