

Company Name : Cahya Mata Sarawak Berhad
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CMS Set For Busy Years Ahead, Says Analysts

KUCHING: Cahya Mata Sarawak Bhd (CMS) is set to see an array of activities which would keep it busy for years ahead.

These activities include the completion of Phase 1 of OM Materials Sarawak Sdn Bhd (OMS), the development of Malaysian Phosphate Additives Sdn Bhd (MPA), developments of properties in Samalaju, and kick-off of a new grinding plant.

Analysts also believed CMS will clock in another record year as the group has already recorded a commendable first nine months of 2014 (9M14) core profit.

According to RHB Research Sdn Bhd (RHB Research), CMS continues to benefit directly and indirectly from initiatives introduced under the Sarawak Corridor of Renewable Energy (SCORE).

Following a company briefing attended by analysts, the research firm explained, CMS' management said Phase I of a power-intensive smelter by 20 per cent-owned OMS is entering stage commissioning with full operations expected in the second quarter of 2015 (2Q15) while construction of Phase II may start as early as 1Q15.

"CMS' 40 per cent-owned MPA project is also progressing but target stage commissioning has been deferred by six months to 1Q17," it added.

The management also believed that the earnings drop at its workers' lodge may recover, as it expects an improved occupancy rate partly mitigated by earnings from its property developments in Samalaju, Sarawak.

"We expect the latter to reach a larger scale and be completed earlier than originally expected," RHB Research opined.

Aside from that, it noted CMS' new grinding plant is scheduled to kick-off by the second half of 2016 (2H16).

Overall, RHB Research said CMS' huge cash pile allows it to take on projects with attractive returns that may arise from SCORE or others.

“We understand that management is currently evaluating various investments and mergers and acquisition (M&A) potentials at this moment,” it said, noting that it therefore, retained its ‘buy’ call on the stock.