

Creating Future Value



CAHYA MATA SARAWAK

Sukukholders' Meeting

October 2020

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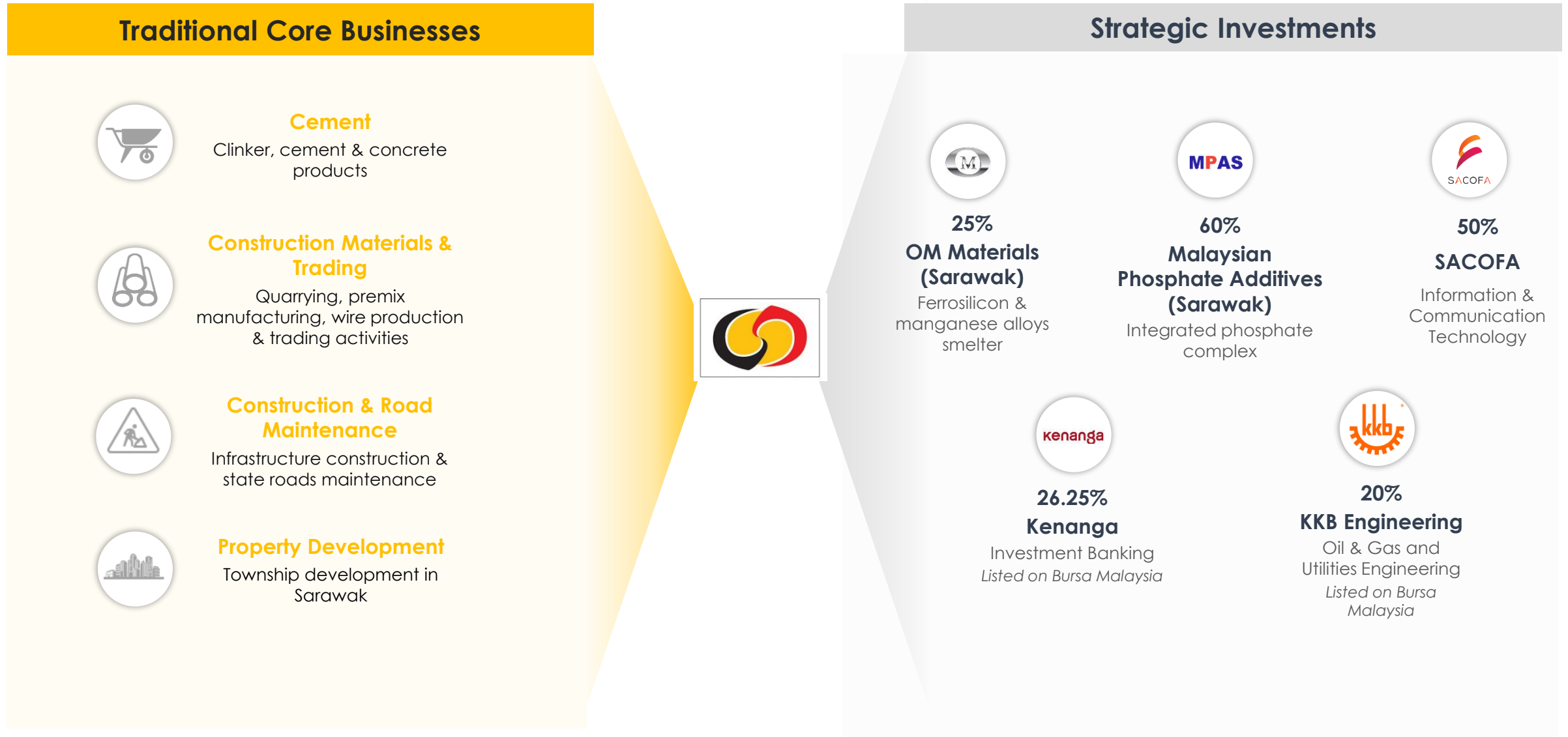
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CMSB At A Glance

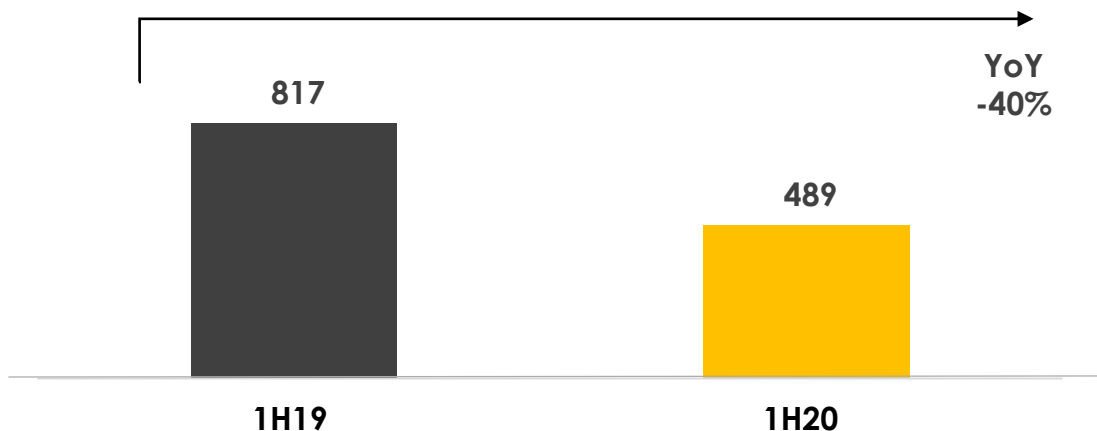


1H 2020 Results Highlight

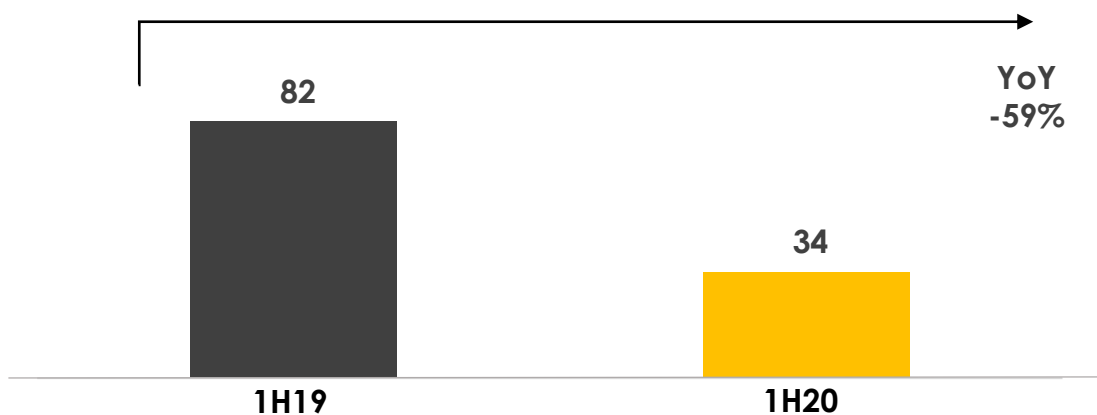


CAHYA MATA SARAWAK

REVENUE (RM'mil)



PATNCI (RM'mil)



1H 2020 FINANCIAL RESULTS COMMENTARY

- Revenue dropped by 40% year-on-year ("YoY") to RM489.3 million in 1H 2020 while PATNCI dropped by 59% YoY to RM34.0 million in 1H 2020.
- The softer performance was mainly due to lower contribution from its traditional core businesses as a result of Movement Control Order ("MCO") lockdown in particularly 2Q 2020.
- Nevertheless, CMSB has initiated catch up strategies to mitigate and buffer the impact from the temporary suspension of operations due to the MCO. CMSB is also well positioned to capitalize on more opportunities from the expected roll-out of major infrastructure projects in the State of Sarawak ("State").
- The Group's Net Assets as at 30 June 2020: RM2.93 billion.
- Segmental revenue and PBT contribution for 1H2020 is as follows:

Segment	Revenue (%)	PBT (%)
Cement	39%	25%
Construction Materials & Trading	24%	13%
Construction & Road Maintenance	31%	15%
Property Development	6%	7%
Share of associates & JV	N.A.	40%

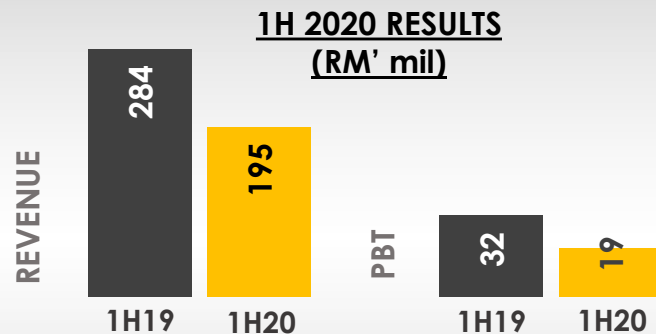


Our Business Segments



OVERVIEW- CEMENT DIVISION

- **Clinker & Cement.** Sole clinker and cement producer in Sarawak with cement production capacity of 2.75 million metric tonnes ("MT") per annum ("MTpa") and clinker production capacity of 840,000 MTpa.
- **Concrete.** 70,000 MTpa facility to produce a full range of IBS components, including precast wall panels and slabs.



- Revenue dropped 31% YoY to RM195.0 million mainly due to shorter operating days for both cement and concrete segments due to MCO lockdowns.
- The division's effort to improve cost efficiency coupled with lower imported clinker cost and discharging cost, resulted in cost savings in the current period.

DIVISION NET ASSET VALUE @ 30 June 2020: RM823.4 million

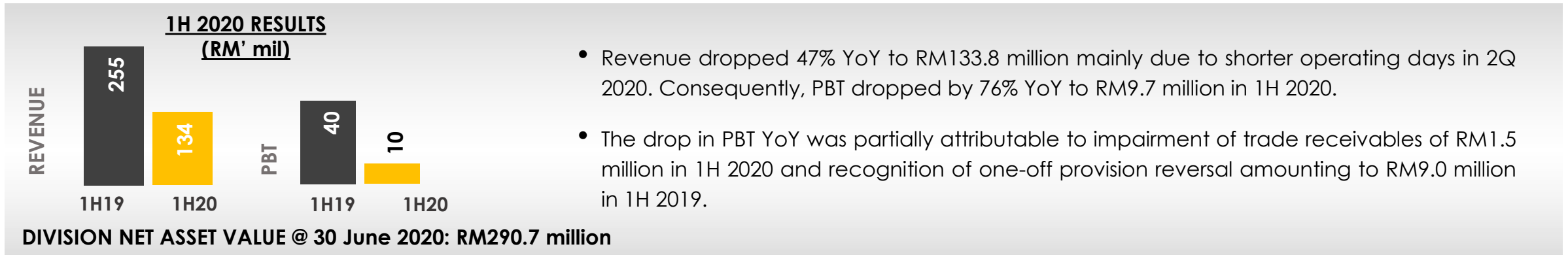
MOVING FORWARD

- Initiate catch-up strategies to mitigate the impact of closed operations due to MCO from 18 March 2020 to 27 May 2020.
- Stabilise clinker plant's operation to gradually increase production to 750,000 MTpa in 2021 and 800,000 MTpa in 2022.
- Supply 400,000 MT of cement for construction of the Baleh Hydro Dam over 3 years from 2020 to 2022.
- The division is well positioned to capitalize on opportunities in the expected roll-out of major infrastructure projects in the State.



OVERVIEW- CONSTRUCTION MATERIALS & TRADING DIVISION

- **Quarries.** Owns 5 quarries with combined capacity of 4 million MTpa producing aggregates of granite, microtonalite and limestone.
- **Premix.** Operates 12 asphalt plants with combined capacity of 1,870 MT per hour of asphalt and one 10 MT per hour bitumen emulsion plant. Serves up to 50% of market in the State.
- **Wires.** Operates 5.5 MTpa plant to produce steel drawn wires and wire mesh. Serves up to 25% of market in the State.
- **Trading.** Distribution of water management products, mechanical, electrical, construction and telecommunication materials.



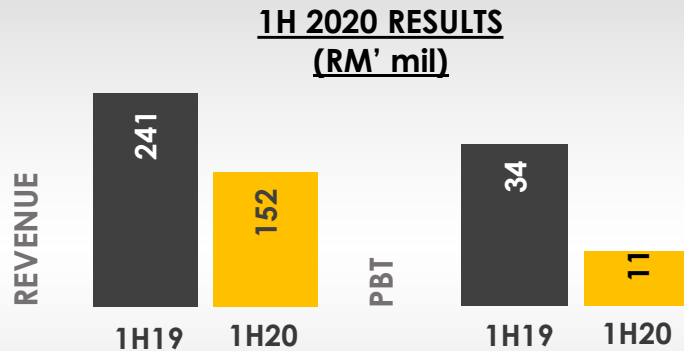
MOVING FORWARD

- Initiate catch up strategies to mitigate the impact of closure of operations due to MCO from 18 March 2020 to 27 May 2020.
- On 28th August 2020, CMSB undertook a 2% equity sale in CMS Resources Sdn Bhd ("CMSR"), the holding company for its quarry and premix business to Sarawak Economic Development Corporation ("SEDC"). Post completion, CMSB will hold a 49% joint venture stake in CMSR and will continue to manage CMSR's day-to-day operations.
- Given that SEDC, CMSB's joint venture ("JV") & long-standing strategic partner, has recently been entrusted with a more catalytic role in the State's economic development, this transaction will put CMSB on a stronger footing to capture opportunities from the infrastructure developments in the State especially with several mega infrastructure projects underway or in the pipeline.



OVERVIEW- CONSTRUCTION & ROAD MAINTENANCE DIVISION

- **Construction.** Construction of infrastructure, government and commercial buildings in the State.
- **Road Maintenance.** Maintenance of approximately 3,343 km of State roads throughout the State.



- Revenue decreased by 37% YoY to RM151.7 million in 1H 2020 due to lower contribution from both construction and road maintenance.
- 1H 2020 construction business revenue dropped mainly due to minimal operations during 2Q 2020.
- Road maintenance business revenue dropped due to shorter State road maintenance of 3,300km under the new 10- year State Road Management and Maintenance contract compared to 6,262km previously.
- Consequently, the PBT dropped by 67% YoY to RM11.3 million in 1H 2020.

DIVISION NET ASSET VALUE @ 30 June 2020: RM380.1 million

MOVING FORWARD

- On 28th August 2020, CMSB undertook a 2% equity sale in PPES Works (Sarawak) Sdn Bhd (“PPESW”), the holding company for its construction arm to SEDC. Post completion, PPESW will be a 49% JV where CMSB will continue to manage PPESW day-to-day operations.
- Mid-term prospects supported by strong orderbook of RM1.23 billion as at 30 June 2020.
- Among the notable recent contracts include a RM466.68 million contract for the construction of the Bintulu-Jepak Bridge.
- The Construction and Road Maintenance 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.

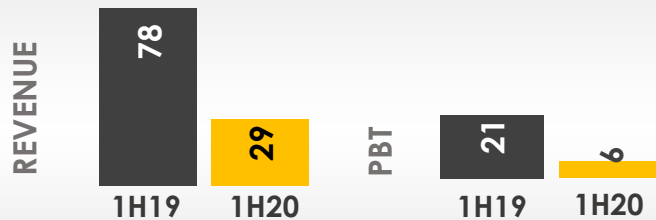
Traditional Core Businesses - Property Development



OVERVIEW- PROPERTY DEVELOPMENT DIVISION

- Owns landbanks in prime location in and around Kuching, 3,597 acres in Bandar Samariang and 179 acres in The Isthmus.
- Developer for townships in Bandar Samariang and The Isthmus.
- Oversees property development activities around Samalaju Industrial Park via 51% owned joint venture Samalaju Industries.

1H 2020 RESULTS (RM' mil)



- Revenue decreased by 63% YoY to RM28.9 million in 1H 2020 mainly due to lower properties sales and lower land value sold in 1H2020.
- Consequently, the PBT dropped by 73% YoY to RM5.6 million in 1H 2020.

DIVISION NET ASSET VALUE @ 30 June 2020: RM343.1 million

MOVING FORWARD

- Embarking on the following strategies to counter subdued property market outlook:
 - ✓ Focus on affordable housing projects;
 - ✓ Pursue development in Southern Kuching where the development value is higher; and
 - ✓ Potential landbank with a market value of RM1.4 billion to be unlocked.

Strategic Investments - OM Materials (Sarawak)



CAHYA MATA SARAWAK



OVERVIEW- OM MATERIALS (SARAWAK) (“OM Sarawak”) (25% STAKE)

- A ferrosilicon and manganese alloys smelter in the Samalaju Industrial Park (SIP).
- Production capacity 170-210k MTpa of ferrosilicon with 10 furnaces and 250-300k MTpa of manganese alloy with 6 furnaces.
- Operates at 1st quartile of global production cost curve backed by competitive energy costs, 10-year tax holiday with no import/export duties, and strategic location.

1H 2020 RESULTS (RM' mil)



CARRYING AMOUNT @ 30 June 2020: RM289.0 million

- Revenue and PAT dropped due to lower commodity prices due to subdued global economy.
- The lockdown in the State had also resulted in travel restrictions for skilled workers from China, hence only 7 Ferrosilicon and 6 Manganese alloys furnaces were in operation during the lockdown period.
- OM Sarawak contributed RM2.2 million to CMSB's share of associates in 1H 2020 compared to a profit of RM5.4 million in 1H 2019.

MOVING FORWARD

- The COVID-19 pandemic has impacted both consumer demand and supply of steel produces. However, steel mills in China have restarted operations and other economies in the region are gradually recommencing.
- Invested AUD20 million to install a sinter plant which will lower manganese alloy production cost.
- To further the economies of scale, proceeding with Phase 2 which involves:
 - I. Modification of 2 existing ferrosilicon furnaces to produce Metallic Silicon and Silicomanganese; and
 - II. Construction of up to 4 more manganese alloy furnaces targeted for completion by 2022.



CAPACITY & CAPEX

- **Project is implemented in 2 phases**
- **Phase One** - 3 manufacturing plants
- **Products & Capacity-**
 - 48,000 MT of Yellow Phosphorous
 - 75,000 MT of Technical Grade Phosphoric Acid
 - 60,000 MT of Food Grade Phosphoric Acid
- **Targeted commissioning** - 1Q 2021
- **Investment cost** - ~RM898 million
- **Carrying Net asset value** – RM299.5 million

INVESTMENT RATIONALE

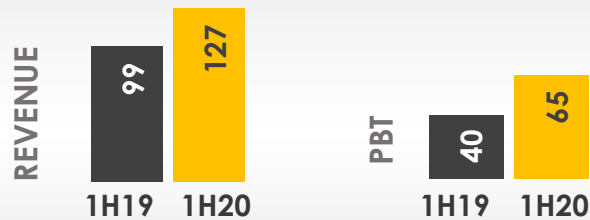
- New growth opportunity leveraging on competitive electricity rates and strategic location in Samalaju.
- Project is scalable to develop downstream manufacturing of industrial chemicals and semi-conductor products.



OVERVIEW- SACOFA (50% STAKE)

- Leading telecommunication infrastructure provider in the State.
- Maintains and operates over 1,600 towers and more than 11,100 km of fibre optic cable.
- Provides Bandwidth, Tower and ISP services in the State.

1H 2020 RESULTS (RM' mil)



CARRYING AMOUNT @ 30 June 2020: RM387.9 million

- 1H 2020 revenue and PBT increased mainly due to higher tower rental income.
- PBT grew by 63% YoY to RM65.2 million in 1H 2020 backed by strong margin of 51%.
- SACOFA contributed RM24.5 million to CMSB's 1H 2020 share of associates, 60% higher compared to 1H 2019 of RM15.3 million.
- New competitors emerged in 2019 but SACOFA will remain dominant by virtue of its first mover advantage.

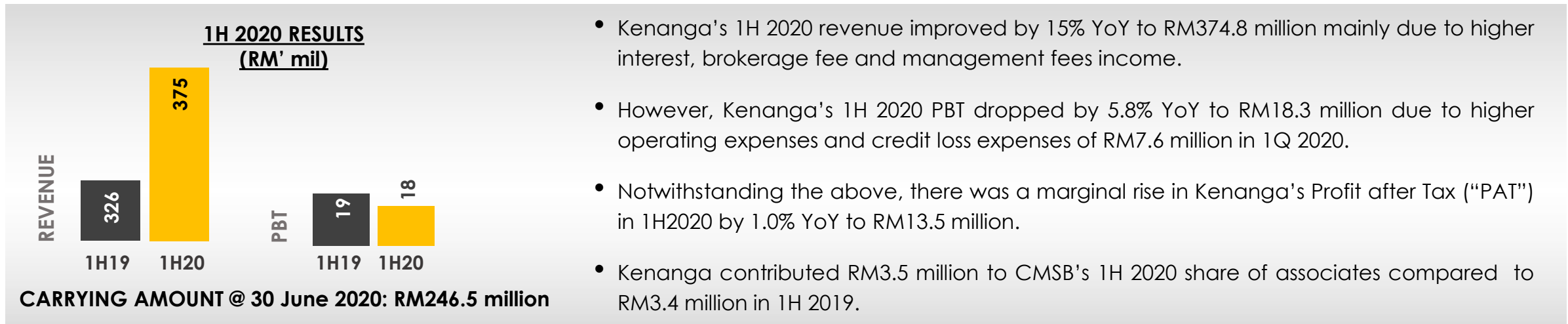
MOVING FORWARD

- Proactive expansion of its fibre optic cable portfolio throughout the State in order to increase broadband coverage which is essential for the expected deployment of the 5G network and proliferation of Internet of Things ("IoT") in the State.
- In a strong position to capitalize on the State's initiatives to invest RM1.15 billion for telecommunication infrastructure development.



OVERVIEW- KENANGA INVESTMENT BANK (26.25% STAKE)

- One of Malaysia's largest independent investment bank and listed on the Main Market of Bursa Malaysia.
- Top three largest brokerage houses in Malaysia with one of the largest pools of remisiers in the country.
- Full suite of investment banking products from equity broking, advisory, treasury, wealth management and trade financing.
- JV with Japan-based Rakuten Securities, Rakuten Trade offers innovative and fully digital equities trading solution for retailers.



MOVING FORWARD

- Growth outlook remains uncertain given the impact of the COVID-19 pandemic and oil price volatility on Malaysia's economic growth.
- Continue with innovation & digitalization of its core products to diversify revenue streams and capture new market segment while increasing cost effectiveness.

Strategic Investments - KKB Engineering



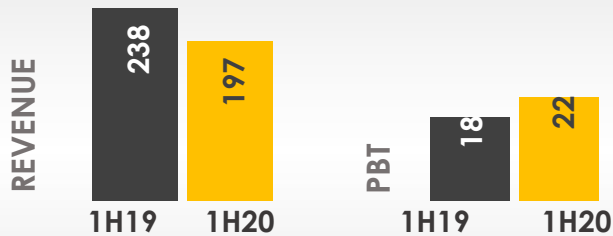
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OVERVIEW- KKB ENGINEERING BERHAD (“KKB”) (20% STAKE)

- Listed on the Main Market of Bursa Malaysia. Operates in two core sectors, Engineering and Manufacturing.
- Engineering sector: Steel Fabrication, Civil Construction and Hot Dip Galvanizing.
Manufacturing sector: Manufacturing LP Gas Cylinders and Steel Pipes.

1H 2020 RESULTS (RM' mil)



- 1H 2020 revenue dropped by 17% YoY to RM197.4 million mainly due to impact of COVID-19 and MCO.
- The implementation of MCO has resulted in minimal operational activities and slower progress billings for the on-going contracts hence lower revenue recognition.
- Despite lower revenue, PBT rose by 25% YoY to RM22.3 million due to better margins from its Engineering sector.
- KKB Engineering contributed RM2.1 million to CMSB's 1H 2020 share of associates.

CARRYING AMOUNT @ 30 June 2020: RM74.6 million

MOVING FORWARD

- Despite the potentially lower capital expenditure by the O&G industry this year, KKB is set to maintain its growth due to its strong order book of RM880 million which will keep KKB fully occupied for the next two years.
- KKB will continue to benefit from the major on-going infrastructure projects in the State such as the Pan Borneo Highway and the Water Supply Grid Programme.



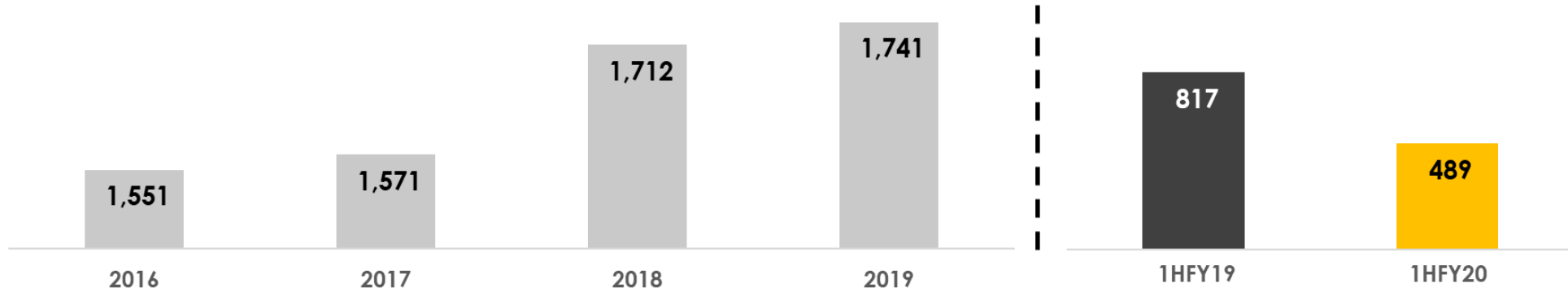
Financial Highlights

Financial Highlights - Income Statement

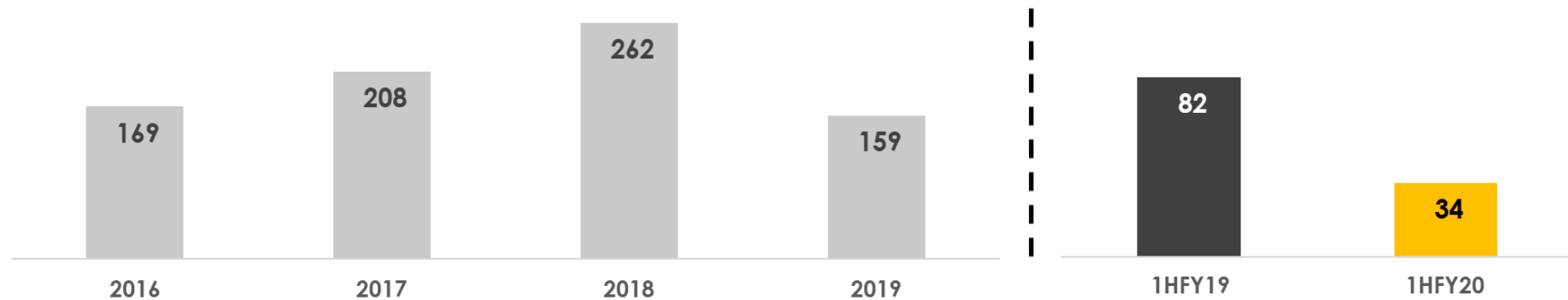


CAHYA MATA SARAWAK

REVENUE (RM'mil)



PATNCI (RM'mil)



EBITDA Margin

24.2%

24.6%

25.9%

20.2%

34.9%

19.4%

PBT Margin

19.5%

20.5%

21.7%

14.2%

15.7%

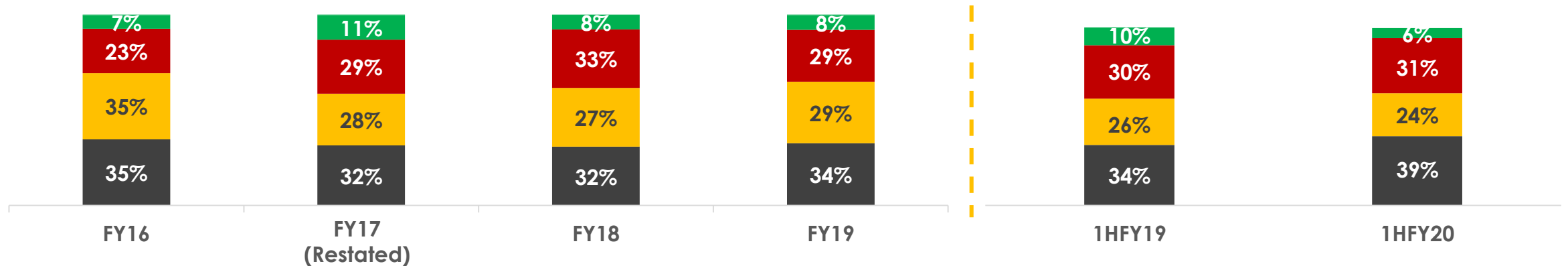
10.0%

Financial Highlights - Segmental Performance

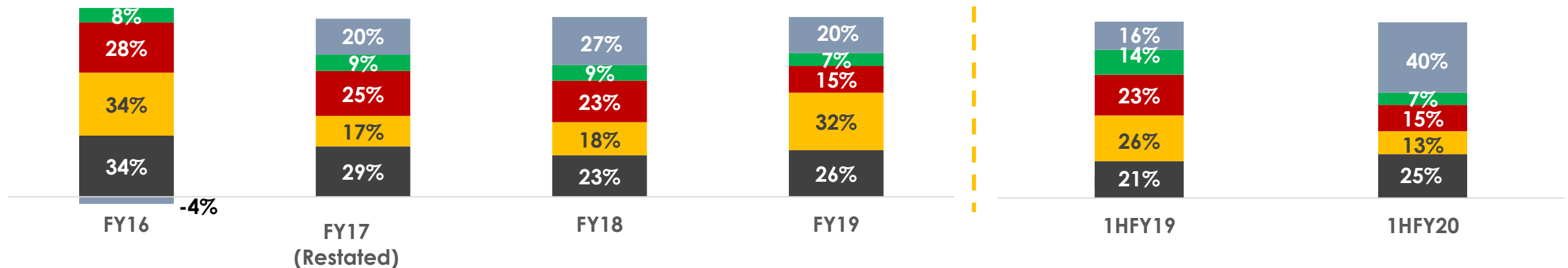


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Revenue Contribution by Segment* (%)



PBT Contribution by Segment* (%)



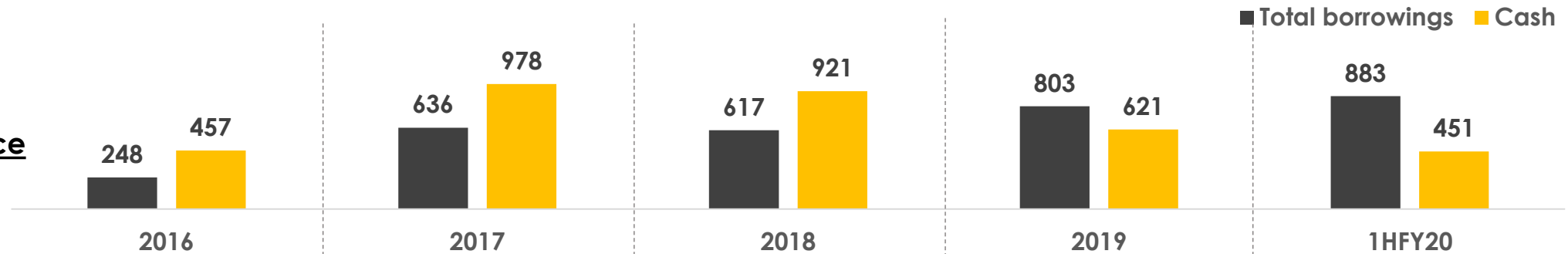
Cement
 Construction Materials & Trading
 Construction & Road Maintenance
 Property Development
 Share of Associates & JVs

Financial Highlights - Balance Sheet

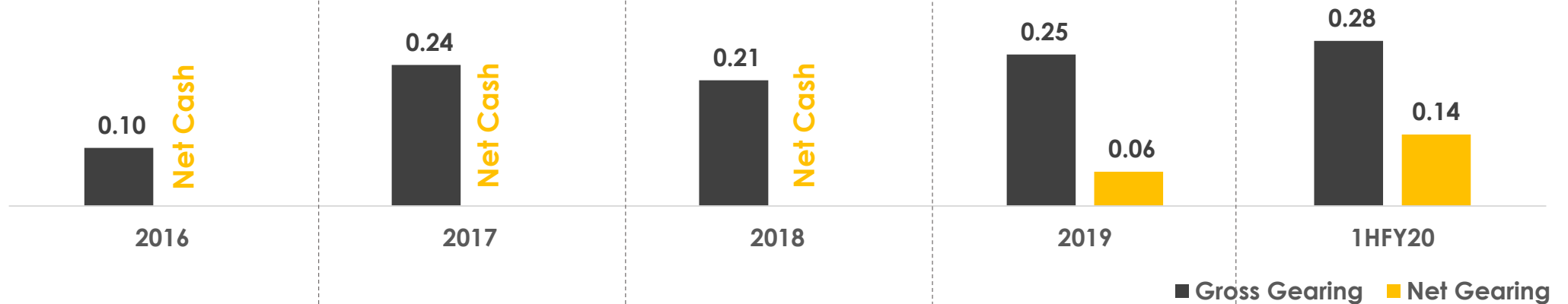


CAHYA MATA SARAWAK

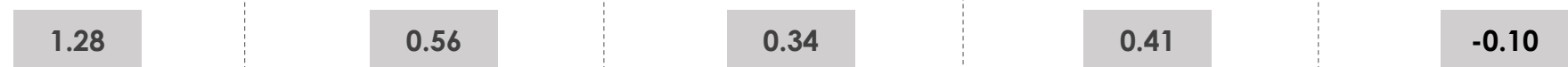
Total Borrowings and Cash Balance (RM'mil)



Gross & Net Gearing (x)



Funds from operations to debt ratio (x)





Our Sustainable Growth Outlook and Key Credit Highlights

PROTECTING OUR BUSINESS & PEOPLE WHILE PRESERVING VALUE



1. PRESERVING STAKEHOLDERS' VALUE

- Response plans & protocols devised during lockdown led to swift ability to re-commence operations in mid-May during the Conditional MCO period.
- Focused on ensuring sustainable long-term growth.

2. PROTECTING OUR WORKFORCE

- Protective measures and working practices adopted for workplace health & safety.
- Employee welfare prioritised – full remuneration delivered on schedule.

3. ENSURING FINANCIAL RESILIENCE

- Implementing catch-up strategies.
- Enhancing operational efficiency to attain cost savings.
- Cost control efforts including rationalizing capex. Non-essential capex minimized while essential capex implemented in stages.
- Preserving cash for business operations.

CMSB IS WELL POSITIONED TO CAPTURE OPPORTUNITIES IN THE 3 MAJOR GROWTH AREAS FOR SARAWAK:



SCORE – through OM Sarawak and MPA Sarawak.



Roll-out in Infrastructure Development in the State – through Cement, Construction Materials & Trading and Construction & Road Maintenance Divisions.



Telco-Infrastructure Development – through SACOFA.



Highways

- Pan Borneo Highway (RM16.5 billion)
- Second Trunk Road (RM6.0 billion)
- Coastal Roads (RM5.0 billion)
- Sabah-Sarawak Link Road (RM1.2 billion)



Infrastructure

- Baleh Dam (RM9.0 billion)
- Water grid programmes (RM2.8 billion)
- Rural electrification projects (RM2.4 billion)
- Telecommunication towers (RM1.0 billion)

Sustainability & Governance Achievements



CAHYA MATA SARAWAK

SUSTAINABILITY & GOVERNANCE



FTSE4Good

The only company from Sarawak to be made a constituent of the **FTSE4Good index** and one out of 69 companies in Malaysia. Score improved by 21% in FY2019.



The only company from Sarawak to qualify as member of **Bursa Malaysia's Green Lane Policy** due to our good track record of public disclosure



Australasian Reporting Agency

Finalist for 'Report of the Year Award' & Gold Award for 2018 Integrated Annual Report



2019 ASEAN Corporate Governance Scorecard Awards by the Minority Shareholders' Watchdog Group (MSWG).



Winner of **Silver Award for 2019 Integrated Report** at the 34th ARC Awards International event in New York.

AWARDS & RECOGNITION



International Road Federation 2019 Global Road Achievement Award

Long-term Management and Maintenance of State Roads in Sarawak



Awarded "**BrandLaureate - Conglomerate Award 2019**" at the BrandLaureate World Best Brands Awards 2019



Syed Hizam Alsagoff - **Best CFO for Investor Relations (Mid Cap)**

Dato Isaac Lugun and Mr Sahil Singh Dev were nominated as **Best CEO and Best IR Professional** respectively



Ranked as **Top 4 employer in Sarawak** by JobStreet



CSR Leadership Bronze Award

Global CSR Awards, September 2020

EMPLOYEE VOLUNTEERISM

2016: 45,534 man-hours

2017: 48,428 man-hours

2018: 50,421 man-hours

2019: 43,894 man-hours

OUR 5-YEAR TARGETS

Grow the Group's profit after tax and non-controlling interests (PATNCI) to RM500.0 million

Be the most admired public-listed company in Sarawak

OUR THREE-PRONGED STRATEGY

1

Reposition & Fortify all Traditional Core Businesses

PATNCI ~RM250.0 million in 5 years

2

Fully Implement & Grow Strategic Businesses

PATNCI ~ RM250.0 million in 5 years

3

Reposition & Strengthen the CMSB Brand

Strengthen sustainability practices

KEY FOUNDATION STONES

- Embed **sustainability as a culture** in CMSB emphasizing care for the customers, environment, employees and the community.
- Ensure a streamlined, visionary, unified and **engaging leadership**.
- Introduce **transformational efficiencies** into all businesses focusing on innovation, quality, cost and delivery through the employment of digital technology.
- Inculcate the values of **integrity, passion, grit, teamwork and accountability**.

Key Credit Highlights



CAHYA MATA SARAWAK

Dominant Position in Sarawak's Cement Industry



- ✓ **Only cement and clinker manufacturer in Sarawak**, and owns the first integrated cement plant in East Malaysia.
- ✓ Total manufacturing capacity of 2.75m MTpa, sufficient to cater to the entire demand of the State.
- ✓ **Established distribution network across the State** with manufacturing plants in Kuching, Bintulu and Mambong, cement terminals in Sibul and Miri, depot in Lawas and multiple concrete batching facilities.

Integrated Construction Player



- ✓ Balanced contributions from three core business segments, namely the cement, construction materials & trading and construction & road maintenance segments.
- ✓ **Construction order book of RM1.23bil** as at June 2020, sufficient for 2-3 years of work, excluding road maintenance contracts.
- ✓ Maintains over 3,300km of state roads in the State, providing **stable recurring income**.

Direct Beneficiary on Construction Spending in the State



- ✓ Sarawak construction sector remains supported by SCORE, the State's industrialisation plan and Pan Borneo Highway Project.
- ✓ **Key beneficiary of circa RM11.0 billion worth of major infrastructure projects in the State.**
- ✓ Announced projects by the State include Coastal Road, Second Trunk Road and 11 mega bridges to be rolled out by 2021.

Robust Financial Profile with Strong Liquidity



- ✓ **Conservative gearing profile with robust cash flows.**
- ✓ Decent Debt/Tangible Net Worth ("TNW") ratio which stood at 0.42x with TNW at RM3.2bil as at June 2020.
- ✓ Proforma gearing is expected to rise to 0.32x, **substantially below RAM's downgrade trigger of 0.60x.**
- ✓ Healthy liquidity position with RM713.7m of cash and equivalents.
- ✓ Diversified portfolio through strategic associate and JV stakes in non-construction related activities, e.g. engineering, financial services and telecommunications as earnings cushion to counter the Covid-19 disruption to the construction segment.



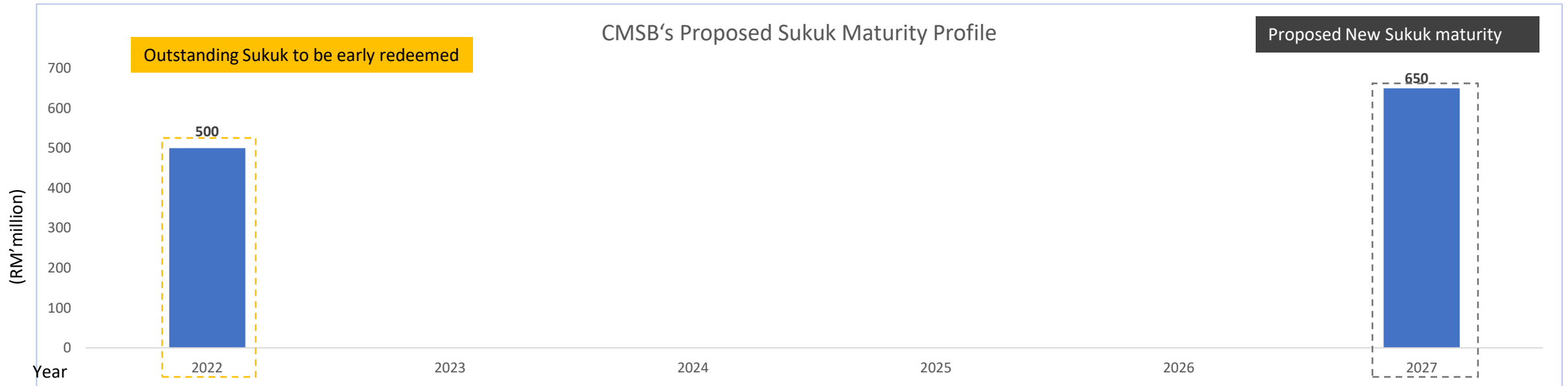
Proposed Buyback and Issuance of Sukuk

Buyback of Outstanding Sukuk and Issuance of New Sukuk



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CMSB intends to issue a new Sukuk of RM650.0 million under its existing Sukuk Programme of up to RM2.0 billion in nominal value (“**Sukuk Programme**”) (“**New Sukuk**”). The proceeds of the New Sukuk will be used to early redeem its outstanding Sukuk of RM500.0 million in nominal value which will be maturing on 5 May 2022 (“**Outstanding Sukuk**”) and for its general corporate purposes.



- ✓ The proposed issuance of New Sukuk will allow holders of the Outstanding Sukuk an opportunity to extend the duration of their investment with CMSB.
- ✓ **Participation in the New Sukuk will give potential Sukukholders an opportunity to invest in CMSB's sustainable growth as the only cement and clinker manufacturer in the State of Sarawak in addition to CMSB's diversified business segments.**

Offering Summary



CAHYA MATA SARAWAK

Issuer	CMSB
Facility	Sukuk programme of up to RM2.0 billion in nominal value
Offering Size	Up to RM650.0 million in nominal value
Offering Tenure	7 years or such other tenor to be decided by CMSB
Credit Rating	AA3 (stable) by RAM Rating Services Berhad
Purpose	To early redeem CMSB's outstanding Sukuk of RM500.0 million in nominal value which will be maturing on 5 May 2022 and for the Issuer's general corporate purposes, all of which shall be Shariah-compliant.
Status	Senior, unsecured
Shariah Principles	Ijarah and/or Murabahah (via a Tawarruq arrangement)
Governing Law	Malaysian Law
Joint Principal Advisers/ Joint Lead Arrangers/ Joint Lead Managers	CIMB Investment Bank Berhad and Kenanga Investment Bank Berhad
Shariah Adviser	CIMB Islamic Bank Berhad

Buyback of Outstanding Sukuk and Issuance of New Sukuk

Indicative Timeline

Indicative Week	Milestone
Week of 5 - 12 October	Sukuk Trustee to send out notice/resolution for Extraordinary General Meeting (“EGM”)
Week of 26 October - 2 November	EGM on buyback of Outstanding Sukuk
Week of 2 - 9 November	Pricing of New Sukuk issuance of RM650.0 million
Week of 9 - 16 November	Issuance of New Sukuk and early redemption of Outstanding Sukuk

THANK YOU

Stock Code: 2852
www.cmsb.my

For investor relations enquiries, please contact:



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