

Corporate Presentation



CAHYA MATA SARAWAK

Fourth Quarter
FY2020 Results Briefing

March 2021

CMSB At A Glance



CAHYA MATA SARAWAK

Traditional Core Businesses



Cement
Clinker, cement & concrete products



Construction Materials & Trading
Quarrying, premix manufacturing, wire production & trading activities




Construction & Road Maintenance
Infrastructure construction & state roads maintenance




Property Development
Township development in Sarawak




Strategic Investments




25%
OM Materials (Sarawak)
Ferrosilicon & manganese alloys smelter




60%
Malaysian Phosphate Additives (Sarawak)
Integrated phosphate complex



50%
SACOFA
Information & Communication Technology



18.93%
Kenanga
Investment Banking
Listed on Bursa Malaysia

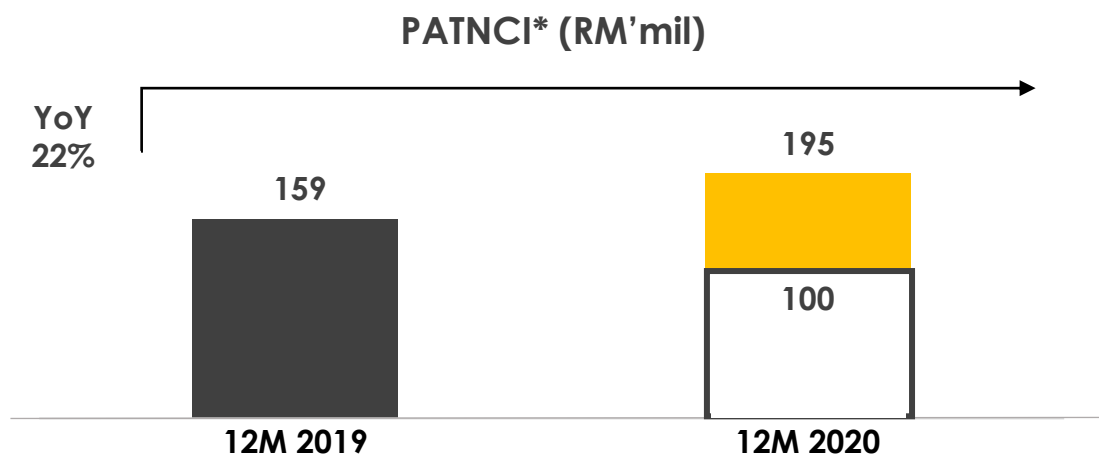
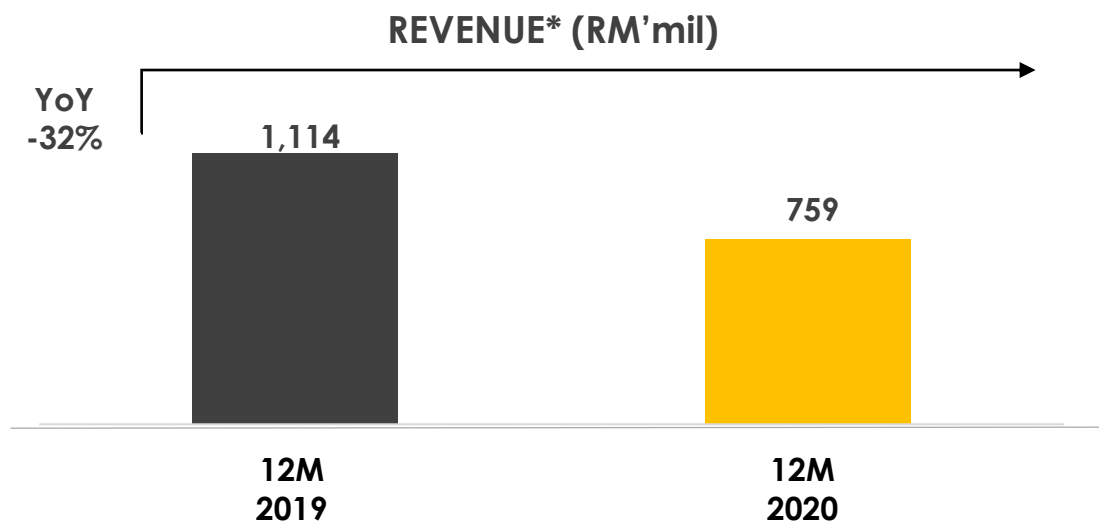


20%
KKB Engineering
Oil & Gas and Utilities Engineering
Listed on Bursa Malaysia

12M 2020 Results Highlight



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***Restated**

Core PATNCI

12M 2020 FINANCIAL RESULTS COMMENTARY

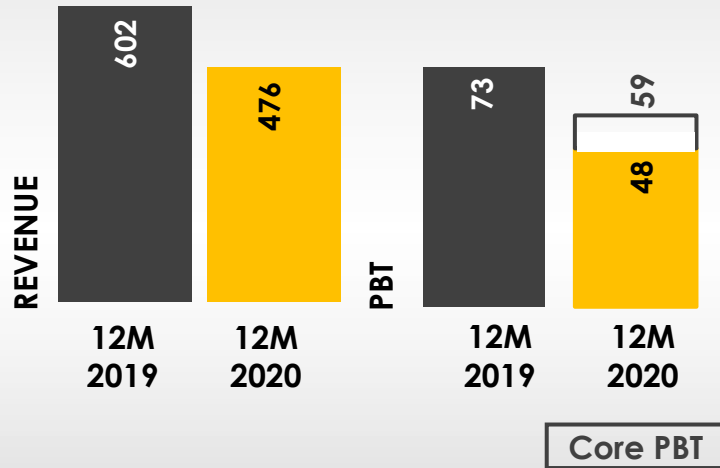
- Revenue dropped 32% YoY to RM758.5 million in 12M 2020 while PATNCI increased by 22% YoY to RM194.7 million in 12M 2020.
- The lower revenue was mainly due to lower contribution from its traditional core businesses as a result of Movement Control Order ("MCO") lockdown.
- However, CMS' 2020 PATNCI improvement was mainly due to recognition of remeasurement gain and gain on disposals amounting to RM162.95 million.
- Excluding the gain and various impairments made during the 4th quarter 2020, our core PATNCI stands at RM99.73 million

Traditional Core Businesses - Cement



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12M 2020 RESULTS (RM' mil)



- Revenue dropped 21% YoY to RM476.0 million in 12M 2020 mainly due to lower contribution from both cement and concrete businesses which was impacted by the on-going pandemic.
- The pandemic has impacted the number of operational days and soften the cement and concrete demand during the year .
- Consequently, the Division's PBT dropped by 34% to RM48.4 million in 12M 2020. However, excluding the one-off items, our PBT would have been RM58.6 million.
- Despite the lower PBT, the Division's GP margin has improved mainly due to various cost efficiency initiatives.

MOVING FORWARD

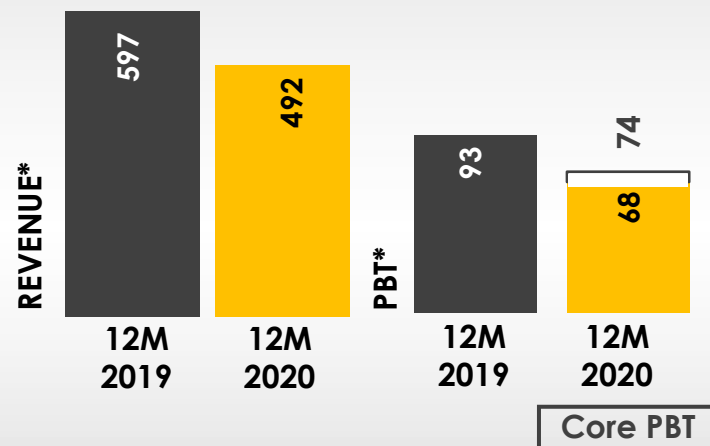
- Initiate catch-up strategies to mitigate the impact of closed operations.
- Clinker plant's operation to gradually increase production to 750k in 2021 and 800k in 2022.
- Supply 400k of cement for construction of the Baleh Hydro Dam over 3 years from 2020 to 2022.
- The Division is well positioned to capitalize on opportunities in the potential spike of major infrastructure projects in the State.

Traditional Core Businesses - Construction Materials & Trading



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12M 2020 RESULTS (RM' mil)



* Full consolidation of SEDCR figures for comparison purpose

- Revenue from the operations dropped 18% YoY to RM491.8 million in 12M 2020 owing to the pandemic which resulted in slower volume order.
- Consequently, this Division's PBT dropped by 26% YoY to RM68.3 million in 12M 2020. However, excluding the one-off items, our PBT would have been RM73.6 million.

MOVING FORWARD

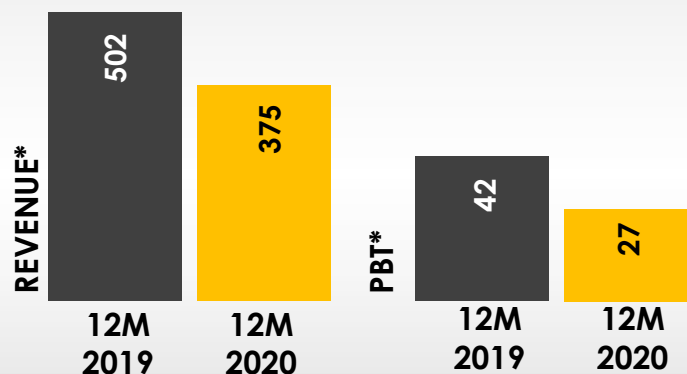
- Post the disposal of 2% stake of SEDC Resources Sdn. Bhd. (formerly known as CMS Resources Sdn. Bhd.) ("SEDCR"), SEDCR is now a 49% joint venture together with the Sarawak Economic Development Corporation ("SEDC").
- This transaction will put CMSB in a stronger footing to capture opportunities from the infrastructure developments in the State especially with several mega infrastructure projects are underway or in the pipeline.

Traditional Core Businesses - Construction & Road Maintenance



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12M 2020 RESULTS (RM' mil)



* Full consolidation of PPESW figures for comparison purpose

- Revenue decreased by 25% YoY to RM374.8 million in 12M 2020 due to lower contribution from both Construction and Road Maintenance business. Construction business contribution dropped mainly due to minimal operations arising from the lockdown in 12M 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 Division's PBT dropped by 36% YoY to RM26.9 million in 12M 2020.

MOVING FORWARD

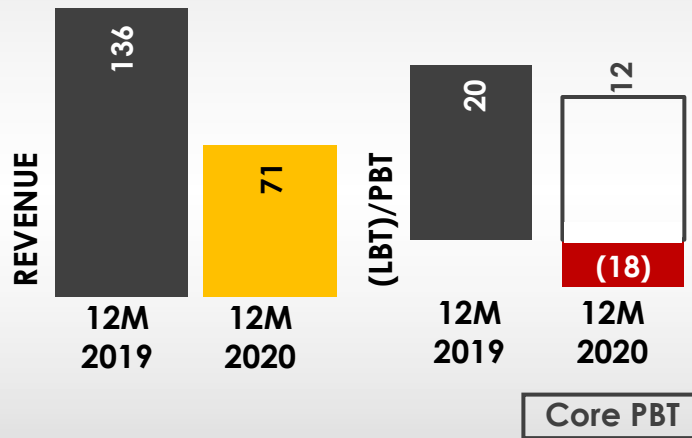
- Post the disposal of 2% stake of PPES Works (Sarawak) Sdn. Bhd. ("PPESW"), PPESW is now a 49% joint venture together with the Sarawak Economic Development Corporation ("SEDC").
- This transaction will put CMSB in a stronger footing to capture opportunities from the infrastructure developments in the State especially with several mega infrastructure projects are underway or in the pipeline.
- The contribution of PPESW to the Group will be captured under share of joint venture

Traditional Core Businesses - Property Development



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12M 2020 RESULTS (RM' mil)



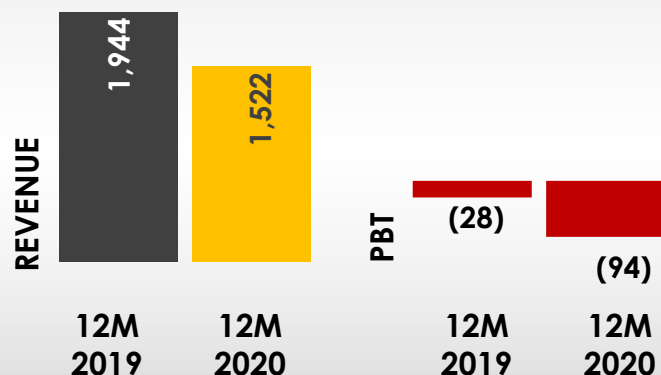
- Revenue decreased by 47% YoY to RM71.3 million in 12M 2020 mainly due to lower properties sales and lower land value sold.
- The Group recorded LBT of RM17.7 million which was mainly due to PPE impairments for Samalaju Hotel & project cost write offs for Samalaju Properties.
- Excluding these one- off items, our PBT would have been RM12.3 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 development value is higher; and
 - ✓ Potential landbank at market value of RM1.4 billion to be unlocked.

Strategic Investments - OM Materials (Sarawak)

12M 2020 RESULTS (RM' mil)



- Revenue and PBT dropped due to lower commodity prices and softer demand attributable to subdued global economy.
- The lockdown in Sarawak had also resulted in travel restriction for skilled workers from China, hence furnaces in operation is 6 Ferrosilicon and 6 Manganese alloys.
- OM Sarawak contributed loss of RM23.4 million to CMSB' share of associates in 2020

MOVING FORWARD

- Invested AUD20 million to install a sinter plant which will further lower manganese alloy production cost.
- Phase 2 planning in progress which involves:
 - I. Modification of 2 existing ferrosilicon furnaces to produce Silicomanganese; and
 - II. Modification of 2 existing ferrosilicon furnaces to produce Metallic Silicon is under review to better capitalize the present market situation ; and
 - III. Construction of up to 4 more manganese alloy furnaces targeted for completion by 2022.
- This will further add to economies of scale.



CAPACITY & CAPEX

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

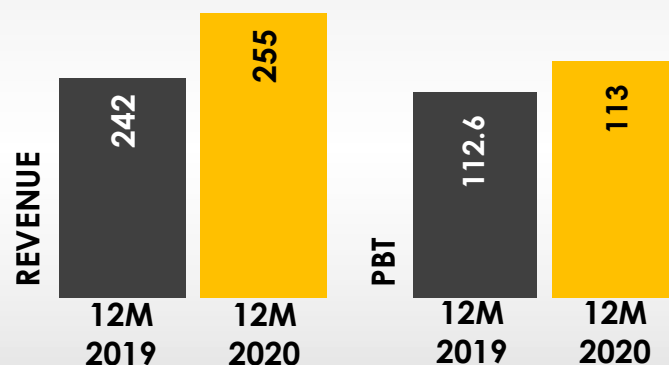
INVESTMENT RATIONALE

- 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.

Impaired RM51.75 million of PPE related to Phase II in 4Q 2020

Strategic Investments - SACOFA

12M 2020 RESULTS (RM' mil)



- 12M 2020 revenue and PBT increased mainly due to higher tower rental income.
- SACOFA contributed RM41.7 million to CMSB' 2020 share of associates
- New competitors emerged in 2019 but SACOFA will remain dominant by virtue of its first mover advantage.

MOVING FORWARD

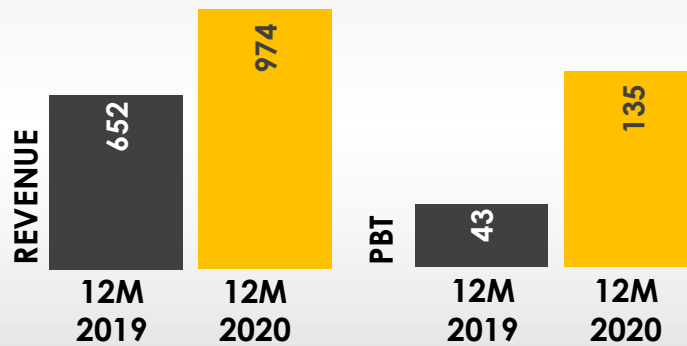
- Proactively expanding its fibre optic cable portfolio throughout the State, increasing broadband coverage which is essential for the expected deployment of 5G and proliferation of IoT in the State.
- In strong position to capitalize on the State's initiatives to invest RM1.15 billion for telecommunication infrastructure development.

Strategic Investments - Kenanga Investment Bank



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12M 2020 RESULTS (RM' mil)



- Kenanga's 12M 2020 revenue improved by 50% YoY to RM973.7 million mainly due to higher net interest income, net brokerage income, management fees income and higher contributions from its joint ventures company.
- Consequently, the Group's 12M 2020 PBT jumped by 214% YoY to RM134.7 million.
- Kenanga contributed RM26.8 million to CMSB' 12M 2020 share of associates compared to RM6.9 million in 12M 2019.

MOVING FORWARD

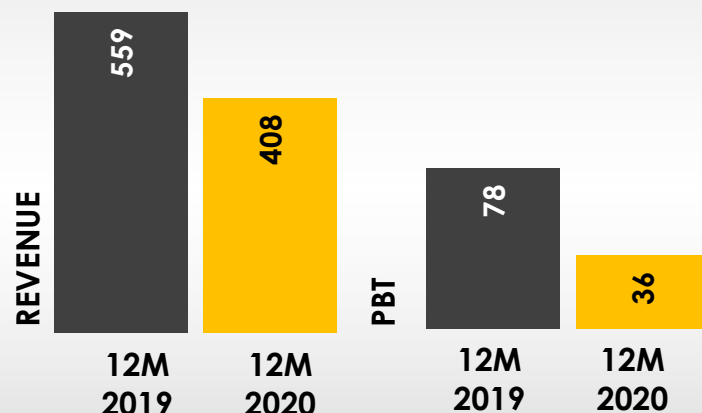
- Improved global economy coupled with continued expansionary fiscal and monetary measures are expected to lift Malaysia's GDP growth to ~6.1%.
- Continue with innovation & digitalization of its core products to diversify revenue streams, increase market share and capture new market segment while continues to increase its cost effectiveness.

Strategic Investments - KKB Engineering



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12M 2020 RESULTS (RM' mil)



- KKB Engineering's 12M 2020 revenue dropped by 27% YoY to RM407.9 million, while PBT dropped by 54% YoY to RM35.5 million
- The lower performance in 12M 2020 was mainly due to slower pace of site work activities of the on-going projects which was operating under stringent COVID-19 SOPs
- KKB Engineering contributed RM3.4 million to CMSB's 12M 2020 share of associates.

MOVING FORWARD

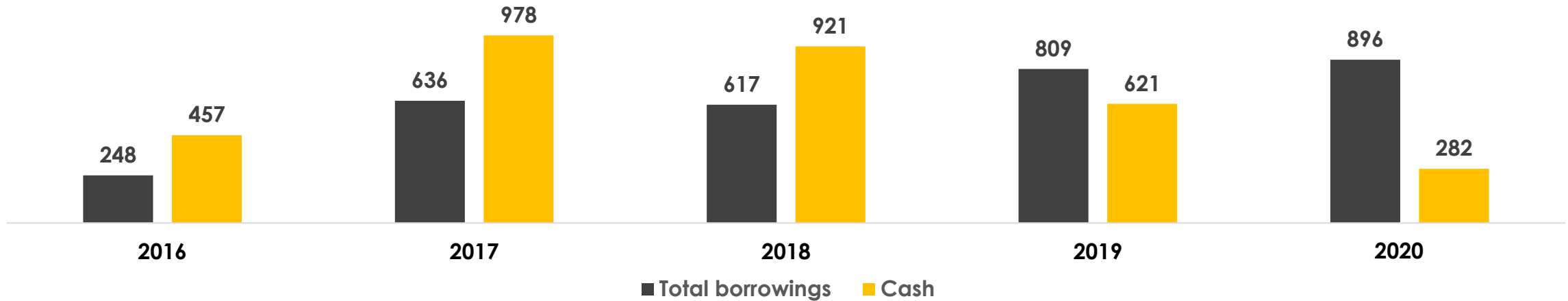
- Despite potentially lower capital expenditure by O&G industry this year, KKB is set to maintain its growth due to its strong order book which will keep KKB to be fully occupied for the next two years.
- KKB will continue to benefit from the major on-going and new infrastructure projects in Sarawak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

Financial Highlights - Balance Sheet

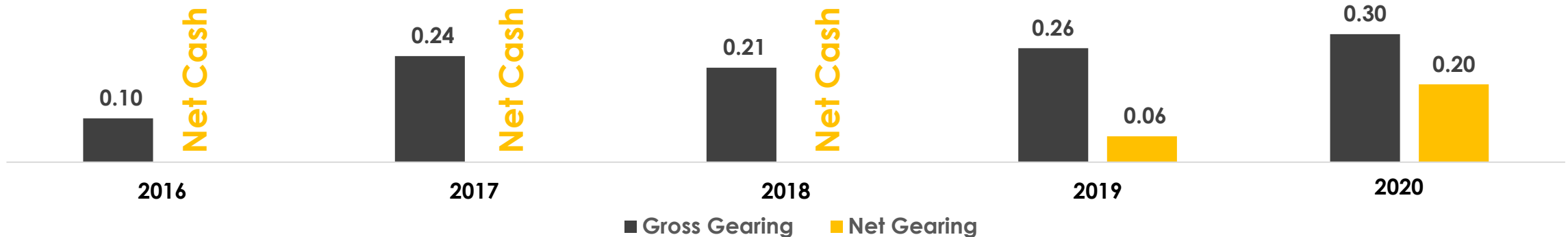


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Total Borrowings and Cash Balance (RM'mil)



Gross & Net Gearing (x)



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



SCORE – through OM Sarawak and MPA Sarawak.



Spike 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 billion)
- **Coastal Roads** (RM5 billion)
- **Sabah-Sarawak Link Road** (RM1.2 billion)
- **Sarawak-Kalimantan border security road** (RM24 billion)
- **Autonomous Rail Transit** (RM6 billion)



Infrastructure

- **Baleh Dam** (RM9 billion)
- **Water grid programmes** (RM2.8 billion)
- **Rural electrification projects** (RM2.4 billion)
- **State funded telecommunication towers** (RM2.0 billion)
- **37 Projects under URDA** (RM1.5 billion)
- **43 Projects under HDA** (RM1.5 billion)
- **165 Projects under NRDA** (RM1.5 billion)
- **Sarawak Petchem Methanol Plant Projects** (RM8 billion)

Sustainability & Governance Achievements



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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 Integrated Annual Report



34th ARC Awards International (New York)

Silver Award - Integrated AR & CSR: Non-Traditional Format sub-category under the Specialised Annual Reports Category

AWARDS & RECOGNITION



10th Malaysia Investor Relations Awards 2020

- Best CFO for Investor Relations (Mid Cap), Malaysia 2019 & 2020 - Syed Hizam Alsagoff
- Best IR Website (Mid Cap) 2020



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



12th Global CSR Summit & Awards and The Global Governance Awards

- CSR Leadership Award - Bronze
- Best CEO Award - Bronze
- Best CFO Award - Platinum
- Best Governed and Transparent Company Award - Silver
- Best Corporate Communication and Investor Relations Award - Gold



SHEDA Excellence Awards

Strata Development (High Rise) category - CMS Property Development

EMPLOYEE VOLUNTEERISM

2017: 48,428 man-hours

2018: 50,421 man-hours

2019: 43,894 man-hours

2020: 17,185 man-hours

Creating Future Value



CAHYA MATA SARAWAK

OUR 5-YEAR TARGETS

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

Be the most admired public-listed company in Sarawak

OUR THREE-PRONGED STRATEGY

1

Reposition & Fortify all Traditional Core Businesses

PATNCI ~RM250m in 5 years

2

Fully implement & Grow Strategic Businesses

PATNCI ~RM250m in 5 years

3

Reposition & Strengthen the CMSB Brand

Strengthen sustainability practices

KEY FOUNDATION STONES

- Embed **sustainability as a culture** in CMS 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**.

THANK YOU

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