Corporate Update

Cahya Mata Sarawak Berhad

(2852 | CMSB MK) Main | Construction

2 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM1.49**

3QFY25 Results Review

Structural Catalysts Bearing Fruit

Structural catalysts showing early impact. This quarter, we observed encouraging signs of the company's structural catalysts beginning to materialize, reflected in revenue growth across key divisions. Revenues from the cement division posted a solid +24.0%qoq increase, while road maintenance surged +38.9%qoq, and property development delivered an uptick of +>100%qoq. Profitability also improved in tandem, with cement margins expanding to 25.8%, road maintenance margins rising to 15.0%, and property development margins strengthening to 10.1%. These positive trends reinforce our optimism in the company's long-term growth trajectory. We are maintaining our earnings estimates with the expectations of a stronger 4QFY25. We therefore maintain our **BUY** call on the stock with an unchanged target price of **RM1.49**, pegging its FY26F EPS of 14.2 sen to its two-year mean PER of 10.5x.

Below expectations. Cahya Mata Sarawak's cumulative 9MFY25 core PATAMI declined -30.8%yoy to RM81.4m, driven by a -6.6%yoy contraction in revenue to RM798.4m. The results were below expectations, making up 57.8% of ours and 56.3% of consensus' full-year estimates. On a brighter note, for this quarter specifically, its PBT returned to the black, supported by margin improvements in its key revenue-generating divisions —cement and road maintenance—which helped offset some of the topline weakness.

Cement division. Cement revenue climbed to RM181.2m from RM146.1m in the previous quarter, reflecting solid sequential quarter improvement. The division also enjoyed stronger profitability, with margins expanding to 25.8% and PBT +46.3%qoq to RM46.8m, driven by lower imported clinker costs and enhanced operational efficiencies. However, on a cumulative basis, 9MFY25 performance remained relatively muted, with PBT up only +6.4%yoy, indicating that sustained margin gains will be key to delivering stronger full-year growth.

Road Maintenance. The road maintenance segment emerged as the second-largest contributor for the quarter, with revenue climbing +38.9%qoq to RM47.2m. Margin improvements further bolstered profitability, resulting in PBT surging by +>100%qoq to RM7.0m. This strong performance was primarily driven by higher ongoing orders and accelerated work completions under Instructed Works, reinforcing the division's role as a key earnings driver.

Phosphate division. The division has yet to generate revenue as it remains below commercialisation stage and continued to post a loss before tax (LBT) of -RM23.7m in 3QFY25. However, losses narrowed significantly by -57.8%qoq from -RM56.2m in 2QFY25, mainly due to the weakening of the USD against MYR, which reduced unrealised foreign exchange losses, alongside lower fair value losses on investment securities. However, the reconnection of electricity supply to the plant enables the resumption of testing and commissioning activities.

RETURN STATISTICS	
Price @ 24th Nov 2025 (RM)	1.33
Expected share price return (%)	+12.0
Expected dividend yield (%)	+2.3
Expected total return (%)	+14.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-13.6	-13.9
3months	5.6	13.1
12 months	11.8	9.8

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	1,367.7	1,408.7	1,451.0
Operating Profit	116.3	126.8	130.6
Profit Before Tax	300.9	309.9	319.2
Core PATAMI	140.9	152.1	174.1
Core EPS (sen)	13.1	14.2	16.2
DPS (sen)	3.0	3.0	3.0
Dividend Yield	2.3%	2.3%	2.3%

KEY STATISTICS

FBM KLCI	1,618.78
Issued shares (m)	1074.17
Estimated free float (%)	53.77
Market Capitalisation (RM'm)	1,429.61
52-wk price range	RM0.78 - RM1.63
3-mth average daily volume (m)	7.80
3-mth average daily value (RM'm)	10.72
Top Shareholders (%)	
Majaharta Sdn Bhd	12.54
Estate of Hajjah Lejla Taib	10.33
Lembaga Tabung Haji	6.80

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CAHYA MATA SARAWAK: 3QFY25 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**3Q25**	**2Q25**	**3Q24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Revenue	305.4	246.9	299.9	**23.7%**	**1.8%**	798.4	855.3	**-6.6%**
Cost of sales	(217.0)	(182.1)	(229.3)	**-19.1%**	**5.4%**	(577.4)	(626.4)	**7.8%**
Gross profit	88.4	64.8	70.6	**36.4%**	**25.2%**	221.0	228.9	**-3.4%**
Other income	3.3	10.4	11.4	**-68.0%**	**-71.0%**	24.2	43.0	**-43.8%**
Administrative expenses	(38.7)	(38.6)	(31.5)	**-0.3%**	**-23.1%**	(108.4)	(92.9)	**-16.8%**
Selling and Marketing expenses	(7.1)	(8.2)	(8.7)	**13.0%**	**17.8%**	(22.9)	(24.9)	**7.9%**
Other expenses	(14.7)	(15.6)	(76.7)	**6.1%**	**80.8%**	(50.2)	(102.7)	**51.1%**
Operating Profit	31.2	12.8	(34.7)	**144.3%**	**189.8%**	63.7	51.4	**23.8%**
Finance costs	(4.3)	(5.0)	(6.7)	**13.5%**	**35.8%**	(14.6)	(22.1)	**34.1%**
Assoc. and JV	19.7	14.4	18.1	**37.2%**	**9.0%**	46.5	55.9	**-16.9%**
Profit Before Taxation	48.1	(5.9)	(23.4)	**921.2%**	**305.9%**	69.1	84.2	**-17.8%**
Income Tax Expenses	(18.2)	(17.5)	(0.9)	**-3.7%**	**>100%**	(43.8)	(37.6)	**-16.3%**
Recorded Profit	30.0	(23.4)	(24.2)	**228.0%**	**223.5%**	25.4	46.5	**-45.5%**
PATAMI	28.0	(11.3)	(9.2)	**347.2%**	**403.7%**	42.0	62.4	**-32.7%**
Non-Controlling interest	(3.2)	(12.1)	(15.0)	**73.4%**	**78.6%**	(21.8)	(15.9)	**-37.4%**
Core PATAMI	29.6	19.6	60.6	**51.0%**	**-51.2%**	81.4	117.7	**-30.9%**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	1,200.9	1,196.3	1,367.7	1,408.7	1,451.0
Gross profit	280.6	333.0	288.6	302.9	312.0
Operating profit	66.5	121.9	116.3	126.8	130.6
Finance costs	(35.2)	(27.9)	(27.4)	(27.4)	(26.4)
Profit before tax	128.2	190.1	300.9	309.9	319.2
Tax	(46.6)	(65.2)	(60.2)	(60.2)	(59.2)
PATAMI	114.4	128.2	140.9	152.1	174.1
Core PATAMI	97.8	131.4	140.9	152.1	174.1
Balance Sheet (RM'm)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
Property, plant and equipment	1,461.8	1,402.2	1,551.7	1,536.2	1,520.8
Intangible assets	12.5	0.9	3.5	3.5	3.5
Non-current assets	**3,044.2**	**3,188.8**	**3,148.6**	**3,133.1**	**3,117.7**
Cash	617.7	647.5	822.7	1,007.2	1,007.2
Trade debtors	272.3	285.9	265.8	265.8	265.8
Current assets	**1,631.4**	**1,360.0**	**2,487.3**	**2,487.3**	**2,487.3**
Trade creditors	643.1	565.1	730.3	730.3	730.3
Short-term debt	113.0	117.4	286.2	286.2	286.2
Current liabilities	**807.4**	**713.3**	**1,216.2**	**1,216.2**	**1,216.2**
Long-term debt	207.0	95.4	255.8	255.8	255.8
Non-current liabilities	**320.5**	**198.8**	**397.6**	**397.6**	**397.6**
Share capital	867.9	868.7	867.9	867.9	867.9
Retained earnings	2,432.0	2,540.0	2,671.9	2,808.8	2,950.7
Equity	**3,547.7**	**3,636.6**	**3,768.5**	**3,905.4**	**4,047.3**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	**128.2**	**190.1**	**300.9**	**309.9**	**319.2**
Depreciation & amortisation	89.5	84.8	65.4	67.4	69.4
Changes in working capital	-132.6	-102.3	-5.8	-6.0	-6.2
Operating cash flow	**-57.0**	**54.9**	**144.9**	**146.7**	**148.5**
Capital expenditure	-46.2	-35.3	-86.7	-89.3	-92.0
Investing cash flow	**-16.7**	**137.9**	**247.1**	**244.5**	**241.8**
Debt raised/(repaid)	-260.4	-133.3	-	-	-
Dividends paid	-36.1	-21.5	-23.5	-23.5	-23.5
Financing cash flow	**-294.7**	**-154.0**	**-30.0**	**-30.0**	**-30.0**
Net cash flow	**-368.5**	**38.8**	**362.0**	**361.2**	**360.4**
Beginning cash flow	**963.4**	**605.7**	**623.6**	**985.6**	**1346.8**
Ending cash flow	**605.7**	**623.6**	**985.6**	**1346.8**	**1707.2**
Profitability Ratios (%)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
Operating profit margin	23.4%	27.8%	21.1%	21.5%	21.5%
PBT margin	10.7%	15.9%	22.0%	22.0%	22.0%
PAT margin	9.5%	10.7%	10.3%	10.8%	12.0%
Core PAT margin	8.1%	11.0%	10.3%	10.8%	12.0%

Source: Bloomberg, MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology