Corporate Update

Cahya Mata Sarawak Berhad

(2852 | CMSB MK) Main | Construction

2 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Revised Target Price **RM1.57**
(from RM1.49)

4QFY25 Results Review

Below Expectations, but Prospects Intact

Maintain BUY. We are maintaining our **BUY** recommendation on Cahya Mata Sarawak, with a revised target price of RM1.57, as we roll forward our valuation base year to FY27F. We expect the cement division to continue driving the group's bottom line but nearer term prospects will still be affected by the phosphates division, which is still in commissioning stage, expected to last until 3QFY26. Looking ahead, the anticipated rollout of major infrastructure and construction projects in Sarawak is expected to drive stronger job flows, placing CMSB in a favourable position to benefit given its role as the state's sole cement producer and primary supplier. The ongoing construction for Clinker Line 2 at Mambong will enhance production capacity and drive better cost efficiency, supporting margin growth over the longer term upon its expected completion in mid-2027.

Below expectations. Cahya Mata Sarawak Berhad's 4QFY25 core PATAMI grew +63.7%yoy to RM22.4m although revenue came in slightly weaker at RM311.0m (-8.8%yoy). For the cumulative 12 months of FY25, the group's revenue declined to RM1.11b (-7.3%) while its core PATAMI slid to RM108.0m (-17.8%). Other than the noticeable improvement in the cement segment, all other business segments posted declines in bottom lines, other than support services, which rebounded into the black, albeit a negligible portion of the earnings. The results were below expectations, making up 76.7% of our expectations and 78.3% of consensus. CMSB declared a dividend of 3 sen per share, which translates to a yield of 2.1%.

Cement division. Revenue from cement grew +2.3% to RM665.1m, delivering a stronger PBT of RM160.6m (+7.4%). This was mainly due to higher sales volume on top of a strategic price revision. PBT margins also improved to 13.2% from 11.7% a year ago, supported by lower production costs.

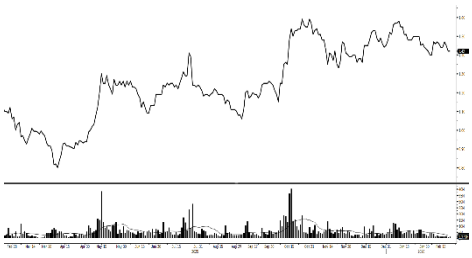
Road maintenance division. CMSB's road maintenance division was the second largest contributor. Despite a stronger revenue of RM152.5m (+12.6%) on the back of higher ongoing orders and work completions, PBT slid -34.4% to RM22.9m, mainly due to a reversal of cost provision in FY24.

Other divisions. The oiltools division reported a lower PBT of RM9.6m (-68.4%) due to reduced rig activities while the property development division saw a lower PBT of RM6.0m (-72.4%) mainly due to a land sale in FY24. We expect a gradual improvement in this segment as the development of the RM550m Borneo Convention Centre Kuching 2 accelerates in FY26.

Continued losses from phosphate division. Losses from the phosphates division deepened to -RM145.9m (-50.8%) due to higher costs incurred for the preparatory work for plant resumption, following the restoration of power supply, on top of the weakening of the US dollar against the ringgit. Management expects commissioning activities to last until 3QCY26.

RETURN STATISTICS	
Price @ 24th Feb 2026 (RM)	1.42
Expected share price return (%)	+10.6
Expected dividend yield (%)	+2.1
Expected total return (%)	+12.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.3	-7.2
3months	-2.1	-1.5
12 months	29.1	16.6

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	1,309	1,375	1,412
Operating Profit	98.2	123.7	127.4
Profit Before Tax	183.3	219.9	269.0
Core PATAMI	128.3	153.9	188.3
Core EPS (sen)	11.9	14.3	17.5
DPS (sen)	3.0	3.0	3.0
Dividend Yield	2.1%	2.1%	2.1%

KEY STATISTICS	
FBM KLCI	1,754.01
Issued shares (m)	1074.90
Estimated free float (%)	53.93
Market Capitalisation (RM'm)	1,527.25
52-wk price range	RM0.78 - RM1.63
3-mth average daily volume (m)	4.48
3-mth average daily value (RM'm)	6.62
Top Shareholders (%)	
Majaharta Sdn Bhd	12.53
Estate of Hajjah Lejla Taib	10.32
Lembaga Tabung Haji	6.66

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Earnings estimates and TP. In line with the weaker performance, we are slashing our earnings estimates slightly for FY26E/FY27F by -8.1%/-6.3%. We expect the cement division to continue driving the group's bottom line but nearer term prospects will still be dragged by the phosphates division, which is still in commissioning stage. We expect the earnings prospects to improve in FY27, with the expected completion of the Clinker 2 Line in Mambong by mid-2027. We revise our TP upwards to RM1.57 from RM1.49 previously, as we roll forward our valuation base year to FY27F, pegging the group's revised EPS of 14.3 sen to a PER of 11x, based on its five-year mean.

CAHYA MATA SARAWAK: 4QFY25 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**4Q25**	**3Q25**	**4Q24**	**QoQ**	**YoY**	**12MFY25**	**12MFY24**	**YoY**
Revenue	311.0	305.4	341.0	**1.8%**	**-8.8%**	1,109.4	1,196.3	**-7.3%**
Cost of sales	(222.6)	(217.0)	(236.3)	**-2.6%**	**5.8%**	(799.9)	(862.7)	**7.3%**
Gross profit	88.4	88.4	104.7	**0.0%**	**-15.5%**	309.5	333.6	**-7.2%**
Other income	10.7	3.3	70.4	**223.0%**	**-84.8%**	34.9	113.3	**-69.2%**
Administrative expenses	(50.2)	(38.7)	(47.0)	**-29.7%**	**-6.8%**	(158.6)	(139.9)	**-13.4%**
Selling and Marketing expenses	(8.0)	(7.1)	(9.8)	**-12.5%**	**17.9%**	(30.9)	(34.6)	**10.7%**
Other expenses	(27.5)	(14.7)	(40.3)	**-87.2%**	**31.7%**	(77.7)	(143.0)	**45.7%**
Operating Profit	13.4	31.2	78.0	**-56.9%**	**-82.8%**	77.1	129.4	**-40.4%**
Finance costs	(3.2)	(4.3)	(5.8)	**26.2%**	**44.9%**	(17.7)	(27.9)	**36.4%**
Assoc. and JV	24.9	19.7	33.7	**26.3%**	**-26.2%**	71.3	89.6	**-20.4%**
Profit Before Taxation	41.9	53.5	105.9	**-21.7%**	**-60.5%**	116.3	190.1	**-38.8%**
Income Tax Expenses	(25.3)	(18.2)	(27.5)	**-39.2%**	**8.1%**	(69.1)	(65.2)	**-6.0%**
Recorded Profit	14.3	30.0	78.4	**-52.1%**	**-81.7%**	39.7	124.9	**-68.2%**
PATAMI	19.6	32.1	65.8	**-39.1%**	**-70.3%**	65.7	128.2	**-48.8%**
Non-Controlling interest	(5.2)	(2.2)	12.6	**-141.0%**	**-141.5%**	(26.0)	(3.3)	**-694.5%**
Core PATAMI	22.4	33.9	13.7	**-33.8%**	**63.7%**	108.0	131.4	**-17.8%**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,196.3	1,109.4	1,309.1	1,374.5	1,415.8
Gross profit	333.0	309.5	366.5	398.6	410.6
Operating profit	121.9	77.1	98.2	123.7	127.4
Finance costs	(27.9)	(17.7)	(27.4)	(26.4)	(25.4)
Profit before tax	190.1	116.3	183.3	219.9	269.0
Tax	(65.2)	(69.1)	(55.0)	(66.0)	(80.7)
PATAMI	128.2	65.7	128.3	153.9	188.3
Core PATAMI	131.4	108.0	128.3	153.9	188.3
Core EPS (sen)	12.2	10.0	11.9	14.3	17.5
PER	11.7	14.2	11.9	9.9	8.1
DPS (sen)	3.0	3.0	3.0	3.0	3.0
Dividend Yield (%)	2.1	2.1	2.1	2.1	2.1

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	**190.1**	**116.3**	**183.3**	**219.9**	**269.0**
Depreciation & amortisation	84.8	65.4	67.4	69.4	71.5
Changes in working capital	-102.3	-5.8	-6.0	-6.2	-6.3
Operating cash flow	**54.9**	**144.9**	**146.7**	**148.5**	**150.4**
Capital expenditure	-35.3	-86.7	-89.3	-92.0	-94.7
Investing cash flow	**137.9**	**247.1**	**244.5**	**241.8**	**239.1**
Debt raised/(repaid)	-133.3	-	-	-	-
Dividends paid	-21.5	-23.5	-23.5	-23.5	-23.5
Financing cash flow	**-154.0**	**-30.0**	**-30.0**	**-30.0**	**-30.0**
Net cash flow	**38.8**	**362.0**	**361.2**	**360.4**	**359.5**
Beginning cash flow	**605.7**	**623.6**	**985.6**	**1346.8**	**1707.2**
Ending cash flow	**623.6**	**985.6**	**1346.8**	**1707.2**	**2066.7**

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Property, plant and equipment	1,402.2	1,551.7	1,536.2	1,689.8	1,672.9
Intangible assets	0.9	3.5	3.5	3.5	4.5
Non-current assets	**3,188.8**	**3,148.6**	**3,133.1**	**3,286.7**	**3,269.8**
Cash	647.5	822.7	1,007.2	1,007.2	1,007.2
Trade debtors	285.9	265.8	265.8	265.8	265.8
Current assets	**1,360.0**	**2,487.3**	**2,487.3**	**2,487.3**	**2,487.3**
Trade creditors	565.1	730.3	730.3	730.3	730.3
Short-term debt	117.4	286.2	286.2	286.2	286.2
Current liabilities	**713.3**	**1,216.2**	**1,216.2**	**1,216.2**	**1,216.2**
Long-term debt	95.4	255.8	255.8	255.8	255.8
Non-current liabilities	**198.8**	**397.6**	**397.6**	**397.6**	**397.6**
Share capital	868.7	867.9	867.9	867.9	867.9
Retained earnings	2,540.0	2,671.9	2,808.8	2,950.7	2,950.7
Equity	**3,636.6**	**3,768.5**	**3,905.4**	**4,047.3**	**4,047.3**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
Operating profit margin	27.8%	27.9%	28.0%	29.0%	29.0%
PBT margin	15.9%	10.5%	14.0%	16.0%	19.0%
PAT margin	10.7%	5.9%	9.8%	11.2%	13.3%
Core PAT margin	11.0%	9.7%	9.8%	11.2%	13.3%

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