

SOUTHERN CABLE GROUP BERHAD

201901011439 (1320767-M)

INCORPORATED IN MALAYSIA

PRESS RELEASE

Southern Cable sets sights on better FY2022

- *To fulfil RM675.0 million orders in hand over two years*
- *4Q21 net profit grows 107.6% q-o-q to RM2.9 million from RM1.4 million in 3Q21 on increasing demand*
- *Proposes final dividend of 0.21 sen per share in respect of FY2021; subject to shareholders' approval at upcoming Annual General Meeting*

Kedah, Malaysia, 24 February 2022 - Cable and wire manufacturer Southern Cable Group Berhad (Southern Cable, the Group, 南方电缆集团, Bloomberg: SCGBHD:MK) is setting its sights on better performance for the financial year ending 31 December 2022, as it intends to meet increasing demand from utility and EPCC (Engineering, Procurement, Construction and Commissioning) customers riding the nation's recovering economic activity.

The Group has sizable orders in hand of RM675.0 million as at 31 December 2021, which are expected to be recognised in the next two years.

The orders in hand comprise unbilled purchase orders of RM403.9 million to be fulfilled in the short-term, as well as order book of RM271.1 million from long-term contracts. Amongst others, Southern Cable had secured in 2021 an RM30.4 million contract from Telekom Malaysia Berhad to supply rectifier systems and an RM18.5 million contract from Tenaga Nasional Berhad to supply underground cable and conductors.

“We have seen growing sales since October 2021, in addition to improving supply chain conditions as the nation’s economy starts to recover. This has significantly enhanced our orders in hand, which will support our performance going forward.

With our entrenched track record, we intend to ride the anticipated uptrend in orders from key sectors such as power, renewable energy, telecommunication, construction and infrastructure, as well as oil and gas processing and petrochemical plants.

Meanwhile, we are monitoring the rising commodity prices for metals and plastics to tender competitively. At the same time, we are enhancing our in-house supporting activities such as furnace and continuous casting to manage our manufacturing costs effectively. This will translate into continued competitive prices for our customers in support of their requirements.”

Mr. Tung Eng Hai (“陈永海”),
Managing Director of Southern Cable Group Berhad

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In the fourth quarter ended 31 December 2021 (4Q21), group net profit grew 107.6% quarter-on-quarter to RM2.9 million from RM1.4 million in the third quarter ended 31 October 2021 (3Q21). This is attributed to increased sales of low and medium voltage power cables and wires, improved manufacturing activity and favourable product mix, which drove 4Q21 revenue 60.4% higher to RM204.0 million from RM127.2 million in 3Q21.

Meanwhile, compared to the fourth quarter ended 31 December 2020 (4Q20), group revenue rose 20.0% year-on-year from RM170.1 million on improved sales volume, and increased average selling price of cables and wires due to higher metal-based material costs. However, 4Q21 net profit decreased 39.9% million from RM4.8 million in 4Q20, due to higher cost of metal-based materials, plastic, sawn timber and transportation cost.

For the financial year ended 31 December 2021 (FY2021), the Group's revenue rose 17.3% to RM659.9 million from RM562.7 million in the previous year on increased sales volume, as well as improved average selling price of cables and wires to account for higher metal-based material costs for ongoing contracts.

However, FY2021 net profit declined 48.6% to RM10.9 million from RM21.3 million previously due to the higher cost of metal-based materials, plastic, sawn timber and impact on operational workforce availability during the various Movement Control Orders from May to August 2021, as well as supply chain disruptions.

Southern Cable proposed a final single tier dividend of 0.21 sen per share in respect of FY2021, subject to shareholders' approval at the Group's upcoming Annual General Meeting. The dividend payout is estimated to be RM1.7 million or 15.4% of the Group's net profit in FY2021. Southern Cable has a dividend policy to distributed at least 15% of its annual net profit to its shareholders.

Mr. Tung concluded, "Despite the challenges posed by the COVID-19 pandemic, we remained resilient as we supply cables and wires to wide range of industries, while also equipped with efficient manufacturing processes. We are thus able to propose continued dividend payments to our valued shareholders, as appreciation for their continued support."

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About Southern Cable Group Berhad (南方电缆集团)

Founded in 1993, Southern Cable is principally a manufacturer of cables and wires that are used for power distribution and transmission, communications as well as control and instrumentation applications. The key supporting activities for the cable and wire manufacturing operations include furnace and casting operations, as well as manufacturing of plastic compounds and wooden cable drums.

Through its factories in Kuala Ketil and Sungai Petani, Kedah, the Group has a total annual production capacity of 26,400 tonnes of aluminium and copper rods, 33,780 km of cables and wires and 7,800 tonnes of polyvinyl chloride (PVC) compounds.

The Group's cables and wires are used in various industry sectors including power distribution and transmission, telecommunications, building and construction, infrastructure, manufacturing and processing industries including oil and gas processing and petrochemical plants. The Group has also obtained TÜV SÜD certification for power cables and wires used in solar photovoltaic systems.

Southern Cable is the registered supplier of cables and wires with Tenaga Nasional Berhad, Telekom Malaysia Berhad, Sabah Electricity Sdn Bhd and Petroliam Nasional Berhad.

Issued for and on behalf of SOUTHERN CABLE GROUP BERHAD by Aquilas Advisory (Malaysia) Sdn Bhd

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