

SOUTHERN CABLE GROUP BERHAD

201901011439 (1320767-M)

INCORPORATED IN MALAYSIA

PRESS RELEASE

Southern Cable 3Q22 net profit buoyed by economic rebound

- *Malaysia's economic recovery spurs cable and wire sales; RM752.9 million current orders in hand to be fulfilled until 2024*

Kedah, Malaysia, 29 November 2022 - Cable and wire manufacturer Southern Cable Group Berhad (Southern Cable, the Group, 南方电缆集团, Bloomberg: SCGBHD:MK) posted a 171.1% net profit leap to RM3.8 million in the third quarter ended 30 September 2022 (3Q22) from RM1.4 million previously, buoyed by Malaysia's economic recovery, contained operating expenses, and increased other income from foreign exchange gain.

Domestic sales of cables and wires grew 90.6% to RM232.3 from RM121.9 million a year ago, boosting group 3Q22 revenue by 87.1% to RM238.0 million versus RM127.2 million previously.

Power cables and wires sales, mainly to the power utility companies, led the topline expansion by growing 93.5% to RM205.1 million from RM106.0 million. Additionally, sales of other related products increased 55.1% to RM32.9 million from RM21.2 million previously.

“Malaysia's economic reopening has restarted many projects in various sectors, and we have seen more orders for cables and wires across the board, especially from the power utility sector. Our recent contract wins will substantially improve our future earnings, and we are also participating in more new tenders for power infrastructure projects in the country.

Additionally, we are seeing a normalization of key raw material prices for copper, aluminium, and plastics, which will improve our margins. Our strong sales growth outlook will also mitigate the impact of higher interest rates. Overall, we are optimistic of our performance in the coming quarters, which will be supported by the firm pace of economic recovery.”

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

Southern Cable has RM752.9 million current orders in hand, which include the RM293.8 million and RM83.2 million power cables and conductors supply contracts from Tenaga Nasional Berhad and Sarawak Energy Berhad secured in the second half of 2022. The wins from the utility providers are expected to improve group earnings for the financial years ending 31 December 2022 until 2024.

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Separately, the Group is targeting RM100 million worth of new sales to the United States in 2023, as it pursues a distributorship agreement from its US-based customer to formalize orders.

In the nine months ended 30 September 2022 (9M22), the Group's net profit rose 23.8% to RM10.0 million from RM8.1 million in the previous period.

The improved profitability was driven by 39.9% higher 9M22 revenue of RM637.7 million in comparison to RM455.9 million previously, attributed to higher sales volume, and gradual improvement in average selling prices of cables and wires in line with increased prices of materials such as copper, aluminium, plastic and sawn timber.

Of total 9M22 revenue, the domestic market made up the majority 97.2% or RM619.6 million, growing 40.2% from RM442.1 million a year ago. Sales of power cables and wires, - still the largest revenue contributor - rose 36.1% to RM542.0 million from RM398.4 million with higher contribution from sales to the EPCC (Engineering, procurement, construction and commissioning) and other contractors, and power utility companies.

Meanwhile, the balance RM95.7 million was derived from communication, control and instrumentation cables and wires, and others. Overall, revenue from these segments rose by 66.3% from RM57.6 million in the previous year.

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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 36,000 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, Sarawak Energy 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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