

SOUTHERN CABLE GROUP BERHAD

201901011439 (1320767-M)

INCORPORATED IN MALAYSIA

PRESS RELEASE

Southern Cable 2Q23 net profit grows 48.2% to RM5.3 million

- *Poised to deliver more than RM1 billion current orders in hand including recent RM332.1 million TNB contract*
- *To expand coverage into RE segment with full range of power cables and wires*

Kedah, Malaysia, 24 August 2023 - Cable and wire manufacturer Southern Cable Group Berhad (Southern Cable, the Group, 南方电缆集团, Bloomberg: SCGBHD:MK) recorded 48.2% growth in net profit to RM5.3 million for its second quarter ended 30 June 2023 (2Q23), from RM3.6 million previously on strong sales of power cables and wires, and adjusted selling prices in line with raw material prices.

The improved bottom line was supported by 8.1% higher revenue of RM231.8 million in 2Q23, compared to RM214.6 million previously, driven by increased sales volume of power cables and wires.

Southern Cable is poised to deliver more than RM1.0 billion of orders in hand until 2026, which includes the recently secured RM332.1 million underground cable and conductor supply contract from Tenaga Nasional Berhad.

“Our recent sales performance reflects the positive demand for power cables and wires, in line with the accelerated infrastructure developments nationwide. The moderating cost pressures from raw materials have also supported our improving earnings, as prices of copper, aluminium, and plastic compounds have stabilised at a lower level compared to a year ago.

On top of delivering our orders in hand, we are aiming to capitalise on the growing demand for power cables and wires from the nation’s long-term energy security objectives. We expect robust demand as Malaysia pours in greater investment in renewable energy (RE) generation sources and strengthening of grid infrastructure, including enhancing transmission lines, en route to achieving 70% RE capacity mix by 2050.

To this end, Southern Cable has developed a full range of power cables and wires, including solar photovoltaic cables certified by TÜV SÜD. These products have been used by EPCC solar players for projects such as Large Scale Solar, placing the Group in good stead to tap into the RE market.”

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

*EPCC (Engineering, Procurement, Construction and Commissioning)

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On 27 July 2023, the Ministry of Economy of Malaysia unveiled 10 flagship projects under Phase 1 of the Energy Transition Roadmap, encompassing solar farms, hydrogen energy, and others, with anticipated investments of RM25 billion. A projected total investment of between RM435 billion to RM1.85 trillion until 2050 will be required to enable Malaysia to achieve its target of 70% RE capacity mix, which involves investment in RE generation sources, strengthening of grid infrastructure including transmission lines enhancement, and energy storage systems, among others.

The Group's current orders in hand include supply of underground cables and conductors to Tenaga Nasional Berhad and Sarawak Energy Berhad, supply of rectifier and battery systems to Telekom Malaysia Berhad, as well as purchase orders from EPCC contractors, resellers, and others.

In the first half ended 30 June 2023 (1H23), the Group's net profit grew 68.6% to RM10.5 million, from RM6.2 million in the same period last year on better product mix and adjusted selling prices in line with raw material prices. The rise was on the back of an 18.3% higher revenue of RM472.8 million versus RM399.7 million previously on increased sales volume of power cables and wires.

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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, 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, 38,780 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.

Additionally, the Group holds certifications for product compliance to local and international standards for its cables and wires. These certifications include Malaysian Standards (MS), IEC standards or British Standards, Energy Commissions of Malaysia, Fire and Rescue Department of Malaysia, SIRIM QAS International, TÜV SÜD, and UL Standards.

Southern Cable is the registered supplier of cables and wires to Tenaga Nasional Berhad, Telekom Malaysia Berhad, Sabah Electricity Sdn Bhd, and Petroliam Nasional Berhad, as well as supplies to Sarawak Energy Berhad.

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

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