

# SOUTHERN CABLE GROUP BERHAD

201901011439 (1320767-M)

INCORPORATED IN MALAYSIA

**PRESS RELEASE**

## Southern Cable net profit rises to RM14.4 million in 2Q24 amid strong cable and wire demand

- *2Q24 revenue rises 36.0% to RM315.3 million on higher sales volume*
- *Annual Cable and Wire production capacity increases to 45,580km from 41,980km*
- *Current orders in hand stands at RM923.1 million to be recognised by 2026*

Kedah, Malaysia, 26 August 2024 - Cable and wire manufacturer Southern Cable Group Berhad (Southern Cable, the Group, 南方电缆集团, Bloomberg: SCGBHD MK) continued to deliver solid financial performance amid strong cable and wire demand, with its net profit rising to RM14.4 million in the second quarter ended 30 June 2024 (2Q24), more than doubling from RM5.3 million in the corresponding quarter last year.

The strong profit was driven by a 36.0% increase in revenue to RM315.3 million in 2Q24, up from RM231.8 million previously due to higher sales volume for power, control and instrumentation cables and wires. Additionally, the commendable result was a result of improved margins from lower plastic compound costs and a better product mix.

The increase in revenue was in line with the higher raw material prices (copper and aluminium) and was further supported by the larger production capacity following the commencement of a new production facility at the Group's headquarters in Kuala Ketil, Kedah. The new facility has an annual capacity of 5,000 km, producing low-voltage power cables and wires.

Operations are ramping up at the facility, increasing the Group's total annual cable and wire production capacity to 45,480 km from 41,980 km as at 31 March 2024. By the end of 2024, the full operation of the new facility is expected to raise the Group's annual capacity to 46,980 km, allowing the group to accommodate more orders and boost revenue.

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“Cables and wires are crucial for national development, and Malaysia is progressing rapidly, driven by the government’s infrastructure efforts and increased foreign direct investments in the manufacturing sector.

In response to the robust growth, we are investing in our production capacity to meet the growing demand for cables and wires. We continue to receive numerous enquiries from various industry players, including power transmission and distribution, construction, and infrastructure, as well as data centre builders.

With the increasing demand for power to support new developments, Southern Cable is poised to see new leap in the revenue base.”

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

The Group’s current orders in hand stood at RM923.1 million, which includes the recently secured RM99.6 million supply contract from Tenaga Nasional Berhad. These orders, expected to be fulfilled by 2026, involve supplying underground cables and conductors to power utility companies, rectifier and battery systems to a major telecommunications company, and purchasing orders from Engineering, Procurement, Construction, and Commissioning (EPCC) contractors.

Meanwhile, the Group’s revenue from overseas in 2Q24 rose 81.3% to RM13.0 million, from RM7.2 million previously, mainly due to higher sales to the United States (US). The Group aims to achieve RM50 million in overseas sales in 2024, with the majority expected from the US.

According to the US Census Bureau, total construction spending during the first half of 2024 has increased 8.6% to USD \$1,034.8 billion, up from USD \$952.5 billion in the same period last year. This growth in the US construction sector presents an opportunity for the Group to capitalise on the growing demand for cables and wires.

Mr. Tung added: “We are seeing an increase in orders from the US, in line with the rising construction activity there. Moving forward, we anticipate a gradual improvement in overseas revenue. We are also looking into expanding our product line to cater to the US market, aiming for long-term sustainable revenue growth that aligns with the country’s development and supports our growth.”

In the first half ended 30 June 2024 (1H24), the Group’s net profit grew 171.8% to RM28.5 million, from RM10.5 million in the same period last year, attributed to lower plastic compound costs and a better product mix. The rise was on the back of a 32.7% higher revenue of RM627.4 million, compared to RM472.8 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, and manufacturing of plastic compounds and wooden cable drums.

Through its factories in Kuala Ketil and Sungai Petani, Kedah, the Group has an annual production capacity of 20,400 tonnes and 18,000 tonnes for aluminium and copper rods, respectively, 41,980 km for cables and wires, and 7,800 tonnes for plastic 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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