

### IPO FACT SHEET

## Southern Cable Group Berhad

### ISSUE STATISTICS

**Offer Size:** Public issue of 209.3 new ordinary shares

- Malaysian public – 40.0m shares
- Eligible directors and employees – 22.0m shares
- Bumiputera investors approved by the MITI – 80.0m shares
- Private placement to selected investors – 67.3m shares

**Price:** RM0.34

**Net Asset Per Share (post-IPO):** RM0.32

**Historical PE:** 9.5x (FY19)

**Market Cap (post-IPO):** RM272.0 million

**Open:** 29 Sep 20

**Close:** 6 Oct 20

**Listing Date:** 16 Oct 20

**Adviser, Sponsor, Underwriter and Placement Agent:** MIDF Amanah Investment Bank Berhad

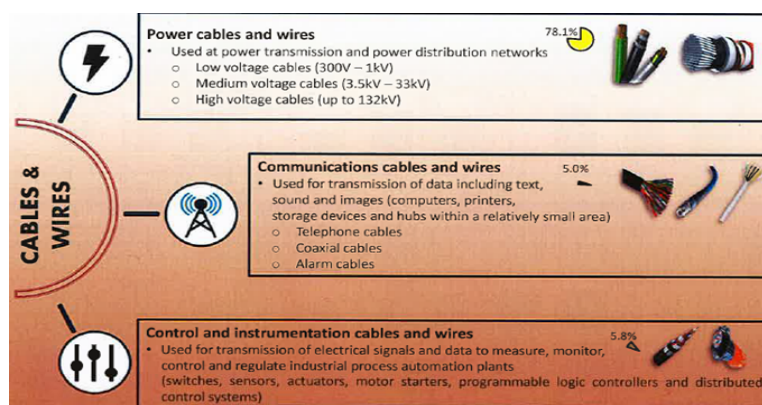
	FYE 31 Dec			
	FY16	FY17	FY18	FY19
Revenue (RMm)	470.7	595.7	683.2	656.7
Profit Before Tax (RMm)	20.2	25.1	33.1	39.3
Profit After Tax (RMm)	14.2	18.2	26.2	28.5
PBT Margin (%)	4.3	4.2	4.9	6.0
Profit After Tax Margin (%)	3.0	3.0	3.9	4.4

Source: Prospectus

### BACKGROUND

Southern Cable Group Berhad (Southern Cable) is an investment holding company, while its core subsidiary, namely Southern Cable Sdn Bhd 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 Group's key supporting activities for the cable and wire manufacturing operations include the manufacturing of plastic compounds as well as furnace and casting operations.

Its factories in Kuala Ketil and Sungai Petani, Kedah have an annual production capacity of 28,050 tonnes of Aluminium and copper rods, 31,080 km of cables and wires and 7,800 tonnes of polyvinyl chloride (PVC) compounds and 60,000 pieces of wooden cable drums manufacturing. The Group's cables and wires are used in numerous industry sectors including power distribution and transmission, telecommunications, building and construction, infrastructure, manufacturing and processing industries including oil and gas processing and petrochemical plants. Notable projects supplied to include RAPID in Pengerang, Johor, and MRT Sungai Buloh-Kajang (MRT1).



Source: Prospectus

### COMPETITIVE STRENGTHS

- Strong track record in the cable and wire manufacturing sector.
- Highly-qualified and experienced management backed by strong team.
- Key supporting activities allows Group to control quality of product to ensure timely availability of important input materials.
- Wide range of cables and wires to serve multiple industries.
- Proxy to energy and commercial space with notable clientele.
- Strong cash flow management signifying healthy financial position, dividend policy of at least 15% in place.

### BUSINESS STRATEGY AND FUTURE PLANS

- **Expansion of Cables and Wires Production Facilities:** Two new cables and wires production facilities with total annual capacity of approximately 6,350km to be constructed and commenced by 1H22.
- **Construction of Plastic Compound Manufacturing Plant:** New factory with annual capacity of approximately 4,200 tonnes of plastic compounds by 1H22.
- **Expansion of Product Range:** a) To begin commercialisation of high voltage thermal resistant aluminium conductor cables and industrial cables with synthetic rubber-based sheathing by 1H21; b) To start commercialisation of automotive and elevator cables and wires by 2H21; and c) To commence the manufacture of new range of plastic compounds namely polyolefin, polyethylene, and cross-linked polyethylene compounds by 2H22.

### KEY RISKS

- Fluctuations in the prices of copper and aluminium and foreign exchange rates.
- Growth and success depend on the supply of electricity and gas for furnace.
- Demand and performance of usage of main user-industries including power distribution and telecommunications sectors.

### DIVIDEND POLICY

- The group intends to recommend and distribute minimum dividends of 15% of their annual audited profit-after-tax (PAT) attributable to shareholders of the company.

### USE OF PROCEEDS

- The intended use of the expected gross proceeds from the proposed public issue is as follows:

	(RMm)	(%)	Expected Timeframe for Utilisation from the Date of Listing
Capital Expenditure	18.5	42.15	Within 36 months
Repayment of Borrowings	9.2	12.91	Within 6 months
Working Capital	27.5	38.62	Within 6 months
Estimated Listing Expenses	4.5	6.32	Within 3 months
<b>Total</b>	<b>71.2</b>	<b>100.0</b>	

Source: Prospectus, UOB Kay Hian

### PEER COMPARISON

Company	Ticker	Share Price 29 Sep 20 (RM)	Market Cap (RMm)	PE			P/BV			Dividend Yield (%)
				2019 (x)	2020F (x)	2021F (x)	2019 (x)	2020F (x)	2021F (x)	
Sarawak Cable	SRCB MK	0.21	66.58	(0.8)	n.a.	n.a.	0.5	n.a.	n.a.	n.a.
PIE Industrial	PIE MK	1.49	572.2	15.7	22.9	15.1	1.3	1.2	1.1	2.3
Opcom Holdings	OHB MK	0.36	58.1	(7.3)	n.a.	n.a.	0.7	n.a.	n.a.	n.a.

Note: If year end is before June, earnings are shown in the previous period.

Source: Respective companies, Bloomberg, UOB Kay Hian

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