

SOUTHERN CABLE GROUP BERHAD

201901011439 (1320767-M)

INCORPORATED IN MALAYSIA

PRESS RELEASE**Southern Cable 4Q22 net profit up 59.1% to RM4.6 million**

- *To deliver RM578.4 million orders in hand as at 31 December 2022 in the next 24 months*
- *FY2022 net profit climbs 33.1% to RM14.5 million on 32.7% higher group revenue of RM875.9 million*
- *Proposes final dividend of 0.28 sen per share in respect of FY2022; subject to shareholders' approval at forthcoming Annual General Meeting*

Kedah, Malaysia, 28 February 2023 - Cable and wire manufacturer Southern Cable Group Berhad (Southern Cable, the Group, 南方电缆集团, Bloomberg: SCGBHD:MK) recorded 59.1% higher net profit of RM4.6 million in the fourth quarter ended 31 December 2022 (4Q22) from RM2.9 million in the previous year, on better product mix and adjusted selling prices in line with raw material prices.

The better net profit was also attributed to Group's 4Q22 revenue, which grew by 16.7% to RM238.2 million from RM204.0 million previously. This was backed by higher sales volume as the Group delivered on purchase orders to Tenaga Nasional Berhad and other customers.

“Southern Cable is gradually making our recovery, driven by the strong demand for cables and wires to support Malaysia's developments. Our utilization rate of 82% in FY2022 versus 73% previously is driven by growing orders, which not only demonstrates returning demand, but also points to improving long-term growth prospects.

The re-tabling of Budget 2023 recently will also positively impact the demand for cables and wires to support high impact projects worth RM99 billion under the development expenditure. These include the Mass Rapid Transit 3 Circle Link, Pan Borneo Expressway and Double Track Railway Gemas-Johor Bahru.

With our track record in supplying cables and wires for various sectors, including power distribution and transmission, construction, and telecommunications, Southern Cable is ready to play our part in the nation's development ambitions.”

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

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As a result of the better performance in 4Q22, Southern Cable's net profit for the financial year ended 31 December 2022 (FY2022) grew 33.3% to RM14.5 million versus RM10.9 million last year. This was backed by the Group's FY2022 revenue, which increased 32.7% to RM875.9 million on higher sales volume from RM659.9 million previously due to impact from the Movement Control Order.

Meanwhile, the Group's orders in hand as at 31 December 2022 stood at RM578.4 million, to be delivered in the next 24 months to customers such as Tenaga Nasional Berhad.

On the Group's export growth initiatives, Tung added: "Southern Cable is currently applying UL certificates for several new products to target the United States (US) market. The Group is also in the process of formalising an agreement with a US-based distributor to supply various power cables and wires. Moving forward, we will see better sales to the US, and are aiming to achieve our RM100 million target for the financial year ending 31 December 2023."

Southern Cable proposed a final single tier dividend of 0.28 sen per share in respect of FY2022, subject to shareholders' approval at the Group's upcoming Annual General Meeting. The dividend payout is estimated at RM2.2 million or 15.4% of the Group's FY2022 net profit.

Tung concluded: "Southern Cable has weathered many challenges for the past two years since the impact of the COVID-19 pandemic. Nevertheless, we have maintained profitability and grown our sales, providing our resilience in the market. We also continue to distribute at least 15% of our annual net profit to reward our shareholders and have them stay with us for the long term."

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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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