

**SOUTHERN CABLE GROUP BERHAD**

201901011439 (1320767-M)

INCORPORATED IN MALAYSIA

**PRESS RELEASE**

## **Southern Cable 4Q23 net profit surges 172.0% to RM12.4 million**

- *4Q23 revenue grows 28.7% to RM306.6 million on higher sales volume of power cables and wires; margins improve on stable raw material costs*
- *FY2023 net profit doubles to RM29.4 million; achieves milestone revenue of RM1.0 billion*
- *Proposes final single-tier dividend of 0.75 sen per share in respect of FY2023; subject to shareholders' approval at forthcoming Annual General Meeting*

Kedah, Malaysia, 27 February 2024 - Cable and wire manufacturer Southern Cable Group Berhad (Southern Cable, the Group, 南方电缆集团, Bloomberg: SCGBHD MK) recorded a 172.0% surge in net profit to RM12.4 million in the fourth quarter ended 31 December 2023 (4Q23) from RM4.6 million in the previous corresponding quarter, driven by increased sales volume of cables and wires, in addition to improved margins resulting from lower raw material costs.

Group revenue rose 28.7% to RM306.6 million in 4Q23 from RM238.2 million previously, on improved sales volume and average selling prices. The power cables and wires segment remained the main revenue contributor at 86.2% of total group revenue. The segment recorded revenue growth of 27.6% to RM264.2 million from RM207.0 million previously on heightened sales to power utility companies, EPCC<sup>1</sup> contractors, and resellers.

Additionally, sales of communications, control, and instrumentation cables and wires, along with other related products and services, amounted to 13.8% of total group revenue. These segments collectively grew 35.8% to RM38.6 million from RM31.2 million previously, driven by increased demand for control and instrumentation cables and wires, aluminium rods, as well as supply of rectifier and battery systems to the telecommunications sector.

Note: <sup>1</sup> Engineering, Procurement, Construction, and Commissioning (EPCC)

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**HEAD OFFICE**

Lot 42, Jalan Merbau Pulas,  
Kawasan Perusahaan Kuala Ketil,  
09300 Kuala Ketil, Baling, Kedah.

**CONTACT**

**T** +6 04 4161 600  
**F** +6 04 4161 599  
**M** [sc@southerncable.com.my](mailto:sc@southerncable.com.my)





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“Southern Cable is benefiting from Malaysia’s growing infrastructure and industrial development, which is driving increasing demand for cables and wires across various sectors, including power transmission and distribution, construction, and oil and gas.

Our fully integrated in-house production with upstream activities such as furnace, casting, and plastic compounding ensures our efficiency and reliability. Additionally, stable raw material prices, particularly for plastic compounds, have helped strengthen our margins.

To meet growing demand, we are committed to continue expanding our capacity for cables, wires, and plastic compounds. Ongoing investments in new machinery and expansion of our existing facilities in Kedah will enhance our competitiveness and support sustained growth.”

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

In the financial year ended 31 December 2023 (FY2023), the Group invested RM6.3 million for the installation of new machinery, resulting in an increase in annual cable and wire production capacity by 21% from 33,780 kilometres (km) to 40,780 km.

Meanwhile, the Group is in the process of installing a new production line at its existing facility in Kuala Ketil, Kedah, which will contribute an additional 1,200 km of annual capacity. The new production line, designated for medium voltage power cables and wires, is expected to commence trial runs in March 2024, bringing the Group’s total annual production capacity to 41,980 km.

After a robust 4Q23 performance, Southern Cable’s net profit for FY2023 doubled to RM29.4 million from RM14.5 million in the previous year. The growth was supported by expanded production capacity and improved sales, enabling the Group to achieve a milestone revenue of RM1.0 billion in FY2023, representing a 20.2% climb from RM875.9 million previously.

As at 31 December 2023, the Group’s orders in hand stood at RM829.0 million, and are expected to be fulfilled by 2026. The orders include contracts for the supply of underground cables and conductors to Tenaga Nasional Berhad and Sarawak Energy Berhad, as well as the provision of rectifier and battery systems to Telekom Malaysia Berhad. Additionally, the orders in hand include purchase orders from EPCC contractors, resellers, and other clients.

Southern Cable proposed a final single-tier dividend of 0.75 sen per share in respect of FY2023, subject to shareholders’ approval at the forthcoming Annual General Meeting. The dividend payout is estimated at RM6.0 million or 20.4% of the Group’s FY2023 net profit.

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**T** +6 04 4161 600  
**F** +6 04 4161 599  
**M** [sc@southerncable.com.my](mailto:sc@southerncable.com.my)





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Tung concluded: “With our improved FY2023 performance, we propose a final dividend exceeding our policy of distributing at least 15% of annual net profit. We anticipate better growth in 2024, driven by increasing economic activity across various sectors.”

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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 a total annual production capacity of 36,000 tonnes of aluminium and copper rods, 40,780 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 Petroliaam 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**

**For media enquiries, please contact:**

Mr. Tee Wei Keat  
E: [weikeat@aquilas.com.my](mailto:weikeat@aquilas.com.my)  
T: 03-2711 1391

**For investor enquiries, please contact:**

Mr. Tay Tze Yi  
E: [tayty@aquilas.com.my](mailto:tayty@aquilas.com.my)  
T: 03-2711 1391

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