SOUTHERN CABLE

SOUTHERN CABLE GROUP BERHAD

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INCORPORATED IN MALAYSIA

PRESS RELEASE

Southern Cable 1Q24 net profit more than doubles to RM14.1 million

- ***Benefits from strong demand, lower raw material costs, and better product mix***
- ***1Q24 revenue grows 29.5% to RM312.0 million***
- ***Acquires industrial land & building adjacent to existing production facilities in Kuala Ketil, Kedah for capacity expansion to target US market***

Kedah, Malaysia, 28 May 2024 - Cable and wire manufacturer **Southern Cable Group Berhad** (Southern Cable, the Group, 南方电缆集团, Bloomberg: SCGBHD MK) reported a net profit of RM14.1 million in the first quarter ended 31 March 2024 (1Q24), more than doubling the RM5.1 million recorded in the corresponding quarter last year, marking its eighth consecutive quarter of earnings growth.

The robust performance was driven by a 29.5% surge in revenue to RM312.0 million in 1Q24, from RM240.9 million previously, on increased demand for power cables and wires across various industries, as well as higher average selling prices. Additionally, improved margins due to lower raw material costs and better product mix contributed to the strong results.

The Group's orders in hand as at 31 March 2024 amounted to RM903.0 million, an 8.9% increase from RM829.0 million as at 31 December 2023. These orders, expected to be fulfilled by 2026, include supplying underground cables and conductors to power utility companies, rectifier and battery systems to a major telecommunications company, and power cable and wire orders exceeding RM100 million for multiple data centre projects from Engineering, Procurement, Construction, and Commissioning (EPCC) contractors.

"The sustained momentum underscores the booming demand for cables and wires, mirroring the nation's rapid expansion. With our solid orders in hand, this ensures the Group's utilisation rate remains above 80%, preserving our revenue performance for 2024.

The country's ongoing infrastructure projects and the burgeoning demand for data centres present significant growth opportunities. Our extensive experience and established reputation for more than 30 years positions us favourably to benefit from these developments, ensuring we remain a key player in the market."

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

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QUALITY SYSTEM SIRIM UKAS QUALITY MANAGEMENT 074
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The Power cable and wires segment made up 89.1% of total group revenue in 1Q24. The segment recorded revenue growth of 29.0% to RM277.9 million, from RM207.8 million previously, driven by increased sales to various sectors including power transmission and distribution, construction, and infrastructure.

The remaining 10.9% of revenue was derived from the sales of communications, control, and instrumentation cables and wires, along with other related products and services, collectively grew 3.0% to RM34.1 million in 1Q24, from RM33.1 million previously primarily due to higher sales of aluminium rods.

To capitalise on growth opportunities, Southern Cable is expanding its production capacity. In May 2024, the Group acquired a 7.9-acre industrial land with an existing building adjacent to its current facilities in Kuala Ketil, Kedah, for RM14.0 million. The newly acquired property will enable the Group to scale up production and meet the increasing demand both domestically and in the United States (US).

Tung added: “In addition to strong domestic growth, we are seeing a significant increase in demand from the US. Trade tensions and shifting supply chains have created a need for alternative suppliers in Asia, and Southern Cable is well-positioned to meet this demand. Our new facility will be instrumental in expanding our production capacity and broadening our product portfolio to better serve our US customer.”

The Group plans to commence equipping and upgrading the new facility in 2025. The facility is expected to support its target to increase export sales, particularly to the U.S. market.

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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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