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## Southern Cable outlook bright amid robust demand

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KUALA LUMPUR: Hong Leong Investment Bank Bhd (HLIB) has kept a “buy” call on Southern Cable Group Bhd following the company’s better-than-expected first-quarter (1Q) results.

HLIB, which raised the target price (TP) to RM1.69 per share from RM1.55 previously, said the cable and wire manufacturer kicked off financial 2025 on a strong note, with 1Q core net profit of RM29.1 million, surpassing its expectation and accounting for 29 per cent of its initial full-year forecast.

The performance was driven by robust sales growth, fuelled by the faster-than-expected full commissioning of the additional 3,000km-per-year production capacity expansion.

“This decision (to issue a “buy” rating

with a higher TP) reflects the company’s good track record over the past two years under our non-rated coverage, coupled with increased institutional following and a bright earnings outlook,” the investment bank said in a research note.

Recently, Southern Cable announced a 95 per cent year-on-year surge in 1Q net profit to RM27.40 million on the back of a higher revenue of RM390.81 million, driven by robust domestic demand and capacity expansion.

“Looking ahead, management continues to guide for strong cable demand from Tenaga Nasional, data centres (DC), and solar (segment), while also indicating no disruption to the delivery schedule for its US client despite the announcement of reciprocal tariffs,” HLIB said.

It noted that Southern Cable’s current order book stands at RM1.32 billion, consisting of RM792 million in long-term contracts from utility companies and the remainder in purchase orders.

In terms of product mix, medium-voltage cables constitute over 20 per cent of the order book, driven by strong demand from Tenaga Nasional, DC, and the Sarawak market.

On the outlook, HLIB said supported by a robust RM1.32 billion order book and over RM1 billion in tenders, the buoyant cable utilisation rate is expected to persist.

As of 12.07 pm, Southern Global shares were two sen or 2.33 per cent better at RM1.31, with 7.81 million shares changing hands. –Bernama