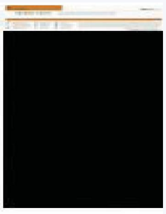


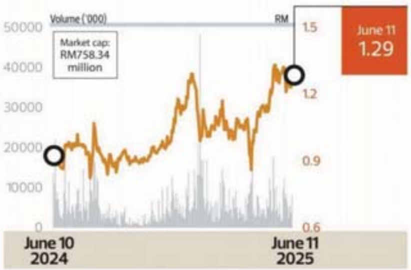
16 JUN, 2025

Local equities

The Edge, Malaysia

MN Holdings Bhd

Target price: **RM1.72** **BUY**



PHILLIP CAPITAL RESEARCH (JUNE 10): MN (KL:MNHLDG) has secured RM1.2 billion new contracts won in YTD FY25, largely contributed by new job wins from data centre projects and Tenaga Nasional Bhd. This brings its outstanding order book to RM1.1 billion, providing strong revenue visibility until FY27. The current order book mainly comprises orders from data centres, Tenaga, solar and water sewerage [companies] and others.

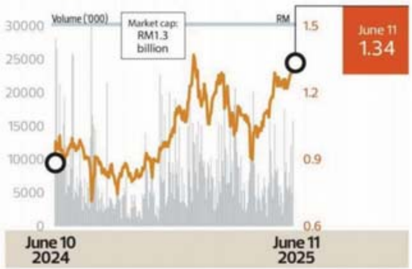
MN remains upbeat on its order replenishment prospects, underpinned by a robust RM1.9 billion tender book, primarily fuelled by data centre infrastructure works, which account for 45% of the total. We gather that the group is bidding for four data centre projects worth RM844 million, most of which involve new clients. The tender outcomes are expected in 2HCY25.

MN continues to benefit from Tenaga's increased investments in grid infrastructure upgrades, with Tenaga-related tenders comprising 36% of its tender book. We continue to view MN as a prime beneficiary of the higher allowable capex of RM42.8 billion under the RP4 (Tenaga's Regulatory Period 4 under the Incentive Based Regulation framework in Peninsular Malaysia, spanning from January 2025 to December 2027) for 2025-27E. Management also expects tenders related to LSS5 projects to be rolled out in CY26 as interconnection works for large-scale solar farms typically commence in the second year of EPCC construction.

We continue to like MN as a proxy for Malaysia's expanding power infrastructure and strategic exposure in the rapidly growing DC and solar sectors.

Southern Cable Group Bhd

Target price: **RM1.72** **BUY**



APEX SECURITIES (JUNE 11): SCGB (KL:SCGBHD) anticipates a sustained expansion in its profit margin in the coming quarters, driven by more favourable pricing from the transition to the new Tenaga 1+1 contract cycle, increased production capacity to 52,000 km/year from 50,000 km/year, driving economies of scale, strong demand from the higher-margin US market, with UL certification for USE-2 / RHW-2 (URD) aluminium cables and wires targeted by 4QFY25 and the cost efficiencies from the new plastic compound factory commissioning in 2HFY25.

In 1QFY25, export revenue surged six-fold y-o-y to RM31.1 million, driven by robust demand from the US market, primarily fuelled by heightened construction activity and infrastructure development in the region. The performance underscores SCGB's growing role as a trusted supplier in the US, supported by its ability to meet stringent quality requirements. Despite a delay in UL certification for its USE-2 / RHW-2 (URD) aluminium cables, now targeted for 4QFY25 from an earlier 2QFY25 timeline due to extended testing protocols, management remains confident in achieving the RM100 million US revenue target for FY25.

As at March 31, 2025, SCGB's total orders on hand stood at RM1.3 billion, providing visibility for up to a year. The forthcoming rollout of LSS5, LSS5+ and new electricity supply agreements signed by Tenaga for data centre projects underscores the resilient demand for medium voltage and high voltage power cables and wires over the near to medium term, as they are key components used in connectivity systems.