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**PETALING JAYA:** Southern Cable Group Bhd is expected to surpass its record second quarter of financial year 2026 (2Q26) performance in 3Q26.

This follows its RM200mil of newly secured data centre (DC) and 132-kilovolt (kV) cable orders won in 2Q26 entering peak delivery, says Hong Leong Investment Bank (HLIB) Research.

In a report, it noted that these orders have fully booked the group's medium voltage and high voltage capacity for the financial year 2026 (FY26), with 3Q26 revenue potentially reaching RM600mil.

Although higher plastic costs will squeeze margins on Tenaga Nasional Bhd's (TNB) orders, HLIB Research expects TNB's share of group sales to fall below 20%, down from the previous 25% to 30%.

The higher contribution from purchase orders should offset this pressure, keeping group margins broadly stable quarter-on-quarter, which allows stronger sales to translate into higher earnings, the research house added.

It also expects a limited moderation in 4Q26, supported by increasing DC and solar cable call-ups, alongside a full-quarter contribution from the additional 5,000km per year capacity.

All in, HLIB Research estimates a revenue of RM1.1bil to RM1.2bil for the second half of FY26 (2H26), versus RM960mil in 1H26, taking FY26 sales above RM2bil.

As for DCs, the research house expects the scope for the stronger order pace to continue. It noted that sustaining the pace of DC wins would therefore support a high-

er annual sales run rate.

"We see scope for quarterly wins of around RM200mil to become more regular from FY27, supported by the five-gigawatt Data Centre Task Force-approved DC capacity as projects progress towards energy and electricity supply agreements and construction," added HLIB Research.

Beyond the anticipated stronger DC call-ups, the research house said FY27 should see stronger activity from TNB and solar projects. Commentary from mechanical and electrical contractors and TNB's latest earnings call pointed to accelerating grid project call-ups in 2H26, with execution extending into FY27.

In addition, HLIB Research has raised the stock's target price to RM3.58 from RM2.95 previously.