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RM1.72 TARGET PRICE

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KUALA LUMPUR: Southern Cable Group Bhd is poised to clinch a major share of the next wave of power cable contracts linked to at least 10 electricity supply agreements (ESAs) for data centre projects, said an analyst.

This follows Tenaga Nasional Bhd's (TNB) recent announcement of five signed ESAs for data centres totalling 666MW in the first quarter of this year, with another 10 contracts expected to be signed by year end.

Apex Securities analyst Tan Sue Wen said the surge in demand for medium- and high-voltage (MV and HV) power cables was expected to benefit Southern Cable, which operates in a segment with limited competition.

Besides its role in domestic infrastructure, Tan said Southern Cable was seen as a beneficiary of United States-bound exports, being one of the few domestic cable suppliers with distribution access to the American market.

Apex Securities has raised its earnings forecast for Southern Cable by 21 per cent across financial years 2025 to 2027, citing robust margin expansion and resilient demand for power cables.

The group's power segment,



Southern Cable Group Bhd's factory in Kedah. The group's power segment accounts for the bulk of its revenue. PIC FROM PR AGENCY

which accounts for the bulk of its revenue, recorded gross profit more than double year-on-year in the first quarter ended March 31, 2025, as demand for MV and HV cables surged.

These products made up over 30 per cent of the segment's revenue during the quarter, according to the research firm.

Excluding a one-off foreign exchange loss, core net profit rose 113.7 per cent to RM29.1 million in the quarter, accounting for 28 per

cent of the full-year forecast, exceeding expectations.

"We expect stronger performance in the remaining quarters of the financial year. The outperformance was largely due to stronger-than-anticipated margins of power cables and wires in the power segment."

In line with the revised earnings outlook, Apex Securities raised its target price for the group to RM1.72 from RM1.42 and reiterated a "buy" call.