

Tan Sue Wen

(603) 7890 8888 (ext 2095)

suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 2.19
Previous Target Price:	RM 2.50
Target Price:	↑ RM 2.57
Capital Upside/ Downside:	17.4%
Dividend Yield (%):	1.1%
Total Upside/ Downside	18.4%

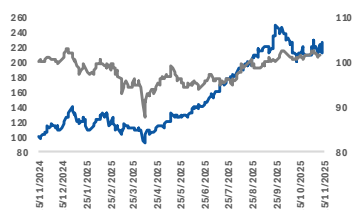
Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	0225 / SCGBHDMK
Syariah Compliant	Yes
ESG Rating	★ ★ ★
Shares issued (m)	1,126.6
Market Cap (RM' m)	2,467.2
52-Week Price Range (RM)	2.52-0.875
Beta (x)	1.4
Freefloat (%)	65.1
3M Average Volume (m)	5.9
3M Average Value (RM' m)	12.5

Top 3 Shareholders

(%)

Sino Shield Sdn. Bhd.	27.9
Semangat Handal Sdn. Bhd	3.6
Fil Ltd	2.1

Share Price Performance

	1M	3M	12M
Absolute (%)	6.3	15.3	122.3
Relative (%)	6.4	13.1	121.2

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM'm)	1347.0	1633.2	1896.2
PATAMI (RM'm)	72.3	127.7	167.6
CNP (RM'm)	71.9	127.7	167.6
EPS - core (sen)	5.5	9.8	12.9
P/E(x)	39.7	22.3	17.0

Southern Cable Group Berhad

Another Solid Quarter

- **SCGBHD's 3QFY25 core net profit came in at RM35.6m (+13.1% QoQ, +73.3% YoY), bringing 9MFY25 CNP to RM96.2m (+98.7% YoY). The results were within expectations, accounting for 75% of our full-year forecast and a slightly higher 78% of consensus estimates.**
- **Since February, the TNB 1+1 contract has already been ~90% called, reinforcing our view that additional call-ups are likely to be triggered in the near term, further supporting earnings momentum.**
- **Production capacity increased by an additional 3,000 km during the quarter, lifting annual installed capacity to 54,980 km, with utilisation remaining high at ~85% on a 24-hour basis.**
- **As of 30 September 2025, orders in hand stood at RM1.0bn, comprising >50% MV and HV, ~40% LV, with the balance from others, representing 0.7x FY24 revenue.**
- **Reiterate BUY with a higher TP of RM2.57 (from RM2.50), based on higher 20x FY26F EPS of 12.9 sen (from 18x), incorporating the recent private placement.**

Within expectations. After adjusting for the forex gain (-RM0.4m) and the fair value loss on derivative financial instruments (+RM0.3m), 3QFY25 core net profit came in at RM35.6m (+13.1% QoQ, +73.3% YoY), bringing 9MFY25 CNP to RM96.2m (+98.7% YoY). The results were within expectations, representing 75% of our full year forecast and a slightly higher 78% of consensus estimates.

QoQ. CNP grew 13.1% to RM35.6m, mainly supported by stronger contributions from the power cable segment (segmental gross profit +12.1%). This was driven by a more favourable product mix, with higher contributions from MV and HV cables, supported by increased sales volume amid the recently expanded production capacity (+5.8% to 54,980 km/year) with utilisation remaining high at 85%. Export sales also rose sharply (+40.1%), led by stronger demand from the United States, which likely supported the margin uplift as these products fetch better margins. Evidently, GP margin expanded by 0.9%-pts to 14.5%. Earnings were further supported by increased contributions from battery system installation services for Telekom Malaysia Berhad.

YoY. CNP surged 73.3% to RM35.6m, driven by higher sales volume and a more favourable product mix within the power cable segment, supported by the transition into the new 1+1 TNB contract cycle, which requires a higher proportion of MV cables compared to the previous cycle. This shift contributed to the +4.8%-pts expansion in segmental GP margin to 14.9%. Growth was further supported by a sharp rise in overseas sales (export revenue +103.6%), particularly to the United States, which fetch better margins. These factors, along with economies of scale from expanded capacity, lifted the core PATMI margin by +2.6%-pts to 8.0%.

Outlook. We expect SCGBHD to deliver stronger earnings in 4QFY25, supported by sustained demand from domestic infrastructure works and overseas markets. Since February, the **RM403.2m TNB 1+1 contract is already ~90% called**, reinforcing our view that additional call-ups are likely in the near term, supported by ongoing grid-upgrade works under RP4, which should sustain SCGB's earnings momentum. Export momentum is also expected to remain strong, particularly to the United States, with the upcoming UL-certified USE-2/RHW-2 (URD) aluminium cable likely to further support margins. Meanwhile, copper and aluminium prices have increased by more than 8% from August to November, which should lift SCGBHD's revenue but unlikely to affect the Group's profitability given its cost-pass-through mechanism. As one of Malaysia's leading cable manufacturers, SCGBHD is well positioned to benefit from rising grid-related demand, solar development, data centre expansion and strengthening export demand, with order book replenishment expected to remain healthy over the medium term.

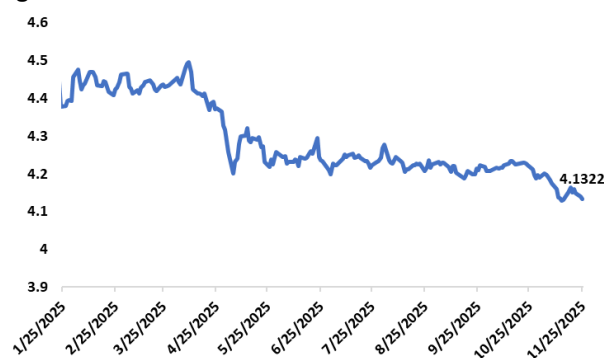
Total orders in hand. As of 30 Sept 2025, SCGBHD's orders in hand stood at RM1.0bn, comprising >50% MV and HV cables, ~40% LV, with the balance from other products, representing 0.7x FY24 revenue.

Earnings forecasts. No changes to our earnings forecasts. We have incorporated the recent corporate exercise, namely the private placement which raised RM203.7m, into our projections.

Valuation & Recommendation. We take this opportunity to raise our assigned PE multiple to 20x (from 18x) to reflect SCGBHD's robust growth outlook, supported by the ~90% call-out on the TNB 1+1 contract and strong demand from national infrastructure works, solar development and data centres. After factoring in the recent corporate exercise, our new TP of **RM2.57** (from RM2.50) is based on 20x FY26F EPS of 12.9 sen and incorporates a three-star ESG rating. Reiterate **BUY**. We continue to like SCGBHD for its (i) **role as a proxy for Malaysia's growing power demand**, (ii) **increasing demand for HV power cables**, and (iii) **position as one of the few vendors supplying US distributors**.

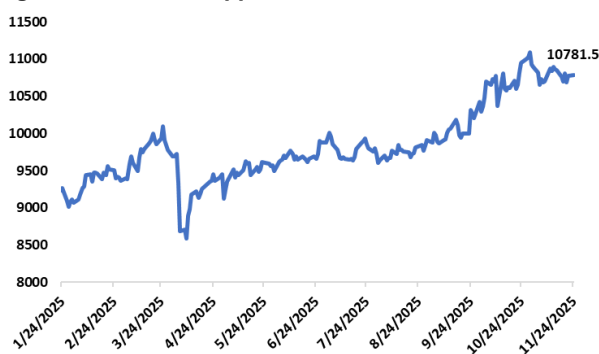
Risks. Policy Risks. Inability to secure new contracts. Spike in raw material costs such as copper and steel.

Figure 1: YTD USD/MYR Trend



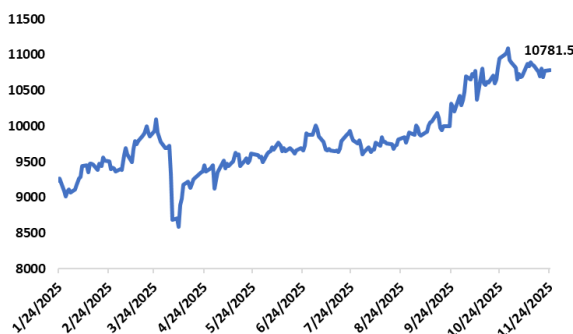
Source: Bloomberg, Apex Securities

Figure 2: YTD LME Copper Price Trend



Source: Bloomberg, Apex Securities

Figure 3: YTD LME Aluminium Price Trend



Source: Bloomberg, Apex Securities

Results Note

Wednesday, 26 Nov, 2025

Results Comparison

FYE Dec(RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Revenue	446.5	383.6	16.4	419.3	6.5	1,256.6	1,011.0	24.3	
COGS	(381.7)	(345.5)	10.5	(362.3)	5.4	(1,084.0)	(920.0)	17.8	
Gross profit	64.7	38.1	70.0	57.0	13.6	172.5	91.0	89.6	
Other income	1.0	0.4	132.0	0.7	36.1	3.3	2.7	22.0	
Distribution expenses	(11.4)	(6.6)	74.0	(8.9)	28.1	(29.0)	(15.4)	88.1	
Administrative expenses	(4.0)	(4.6)	(12.2)	(3.5)	16.0	(12.6)	(10.0)	26.4	
EBITDA	53.0	34.2	54.8	49.8	6.3	144.4	82.7	74.6	
Depreciation	(3.6)	(7.9)	(54.9)	(5.0)	(28.7)	(11.9)	(15.5)	(22.9)	
EBIT	49.4	26.3	87.9	44.8	10.3	132.5	67.2	97.1	
Net Finance Costs	(2.6)	(1.8)	45.1	(2.7)	(5.6)	(7.7)	(5.4)	43.2	
Pre-tax profit	46.8	24.5	91.0	42.1	11.3	124.8	61.8	101.8	
Taxation	(11.1)	(5.9)	87.0	(10.4)	6.5	(30.0)	(14.8)	103.3	
Profit-after tax	35.7	18.6	92.3	31.6	12.9	94.8	47.1	101.3	
(-) Minority interest	-	-	-	-	-	-	-	-	
PAT (-MI)	35.7	18.6	92.3	31.6	12.9	94.8	47.1	101.3	higher demand for MV and HV power cables
Core net profit	35.6	20.6	73.3	31.5	13.1	96.2	48.4	98.7	and stronger export orders
Core EPS (sen)	3.9	2.3		3.3		10.3	5.7		
DPS	-	0.8		1.2		1.2	0.8		
GP margin (%)	14.5	9.9		13.6		13.7	9.0		
EBITDA margin (%)	11.9	8.9		11.9		11.5	8.2		
PBT margin (%)	10.5	6.4		10.0		9.9	6.1		
Core PATMI margin (%)	8.0	5.4		7.5		7.7	4.8		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec(RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Revenue									
Power	404.8	349.8	15.7	388.3	4.3	1,159.9	913.2	27.0	
Communication	0.6	0.7	(20.8)	0.3	117.3	1.4	3.3	(55.7)	
Control and instrumentation	11.3	7.4	52.7	10.9	4.3	29.7	22.7	30.6	
Others	43.0	37.9	13.5	31.6	35.9	102.1	106.3	(3.9)	
Adjustment	(13.2)	(12.2)	7.6	(11.7)	12.6	(36.6)	(34.6)	6.0	
Total	446.5	383.6	16.4	419.3	6.5	1,256.6	1,011.0	24.3	
Gross Profit									
Power	60.2	35.2	71.0	53.7	12.1	162.4	82.6	96.6	favourable MV/HV mix and export strength.
Communication	0.1	0.2	(65.4)	0.1	(57.5)	0.3	0.7	(50.7)	
Control and instrumentation	2.3	1.3	76.5	2.1	9.1	5.9	4.1	43.1	
Others	2.2	1.2	84.3	1.2	85.7	4.0	3.2	24.1	
Adjustment	0.0	0.2	(89.5)	(0.1)	nm	(0.2)	0.3	nm	
Total	64.7	38.1	70.0	57.0	13.6	172.5	91.0	89.6	
GP margin (%)									
Power	14.9%	10.1%		13.8%		14.0%	9.0%		
Communication	9.3%	21.4%		47.7%		23.6%	21.2%		
Control and instrumentation	20.1%	17.4%		19.2%		19.8%	18.0%		
Others	5.1%	3.1%		3.7%		3.9%	3.1%		
Total	14.5%	9.9%		13.6%		13.7%	9.0%		

Source: Company, Apex Securities

Geographical Breakdown

FYE Dec(RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Local	380.5	351.2	8.3	372.2	2.2	1,112.4	961.3	15.7	
Export	66.0	32.4	103.6	47.1	40.1	144.2	49.6	190.4	stronger orders from the United States
Total	446.5	383.6	16.4	419.3	6.5	1256.6	1011.0	24.3	

Results Note

Wednesday, 26 Nov, 2025

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1053.1	1347.0	1633.2	1896.2	2225.3
Gross Profit	73.9	135.2	220.1	279.8	331.1
EBITDA	70.4	120.5	201.9	256.7	299.1
Depreciation & Amortisation	-22.6	-18.7	-21.7	-23.7	-25.3
EBIT	47.7	101.9	180.2	233.0	273.8
Net Finance Income/ (Cost)	-8.7	-9.6	-9.6	-9.0	-7.8
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	39.0	92.3	170.7	224.0	266.0
Tax	-9.6	-20.0	-43.0	-56.5	-67.1
Profit After Tax	29.4	72.3	127.7	167.6	199.0
(-) Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	29.4	72.3	127.7	167.6	199.0
(-) Exceptionals	0.0	0.5	0.0	0.0	0.0
Core Net Profit	29.4	71.9	127.7	167.6	199.0

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	2.3	5.5	9.8	12.9	15.3
P/E(x)	96.9	39.7	22.3	17.0	14.3
P/B(x)	9.1	7.1	4.0	3.3	2.8
EV/EBITDA(x)	42.0	24.8	13.5	10.4	8.8
DPS (sen)	0.8	1.6	2.0	2.4	2.8
Dividend Yield (%)	0.3%	0.7%	0.9%	1.1%	1.3%
EBITDA margin (%)	6.7%	8.9%	12.4%	13.5%	13.4%
EBIT margin (%)	4.5%	7.6%	11.0%	12.3%	12.3%
PBT margin (%)	3.7%	6.9%	10.4%	11.8%	12.0%
PAT margin (%)	2.8%	5.4%	7.8%	8.8%	8.9%
NP margin (%)	2.8%	5.4%	7.8%	8.8%	8.9%
CNP margin (%)	2.8%	5.3%	7.8%	8.8%	8.9%
ROE(%)	9.3%	17.9%	17.8%	19.4%	19.2%
ROA (%)	4.9%	10.0%	12.1%	14.1%	14.6%
Gearing (%)	62.1%	53.7%	26.7%	18.9%	12.5%
Net gearing (%)	31.7%	33.1%	Net Cash	Net Cash	Net Cash

Valuations	FY26F
Core EPS (RM)	0.129
P/E multiple (x)	20.0
Fair Value (RM)	2.57
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.57

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash and cash equivalents	96.0	82.7	323.3	334.6	353.5
Receivables	264.9	315.3	378.3	454.0	544.8
Inventories	144.1	183.7	220.5	264.6	317.5
Other current assets	1.0	1.2	1.2	1.2	1.2
Total Current Assets	506.0	582.9	923.3	1054.4	1217.0
Fixed Assets	54.6	81.9	77.5	86.0	92.8
Intangibles	44.4	55.8	53.5	51.3	49.2
Other non-current assets	0.5	0.5	0.5	0.5	0.5
Total Non-Current Assets	99.6	138.3	131.6	137.9	142.6
Short-term debt	186.1	209.5	181.6	154.6	122.9
Payables	82.8	89.8	134.2	153.6	180.0
Other current liabilities	4.3	4.1	4.1	4.1	4.1
Total Current Liabilities	273.1	303.4	320.0	312.3	307.0
Long-term debt	9.6	6.2	9.6	8.1	6.5
Other non-current liabilities	7.8	9.8	9.8	9.8	9.8
Total Non-Current Liabilities	17.4	16.0	19.4	18.0	16.3
Shareholder's equity	315.0	401.8	715.5	862.0	1036.3
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	315.0	401.8	715.5	862.0	1036.3

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	39.0	92.3	170.7	224.0	266.0
Depreciation & amortisation	22.6	18.7	21.7	23.7	25.3
Changes in working capital	65.0	-83.3	-55.3	-100.4	-117.3
Others	-3.6	-16.3	-33.5	-47.5	-59.3
Operating cash flow	123.0	11.3	103.6	99.8	114.7
Capex	-9.0	-49.2	-15.0	-30.0	-30.0
Others	0.3	0.0	0.0	0.0	0.0
Investing cash flow	-8.8	-49.2	-15.0	-30.0	-30.0
Dividends paid	-2.2	-13.1	-17.6	-21.1	-24.7
Others	-37.8	37.7	169.7	-37.4	-41.1
Financing cash flow	-40.1	24.6	152.1	-58.5	-65.8
Net cash flow	74.1	-13.3	240.6	11.3	18.9
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	21.8	96.0	82.7	323.3	334.6
Ending cash	96.0	82.7	323.3	334.6	353.5

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Reduced indirect annual carbon dioxide emissions by 29.2%, avoiding 155,822 tonnes through completed solar PV systems for customers.
Waste & Effluent	★★★★	Implemented the 3R (Reduce, Reuse, Recycle) initiative, using reusable containers and recyclable bags.
Energy	★★★★	Reduced energy consumption by 0.6% in FY23 through energy-saving measures like LED lighting and motion sensors.
Water	★★★★	Reduced water consumption by 67.18%, from 13,213 m ³ in the previous year to 4,337 m ³ .
Compliance	★★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★	Female representation at 29% in the workforce and 29.2% at the management level, slightly below the MCGG's recommended 30% female directors on the Board.
Human Rights	★★★★	Enforces strict policies against human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★★★	245 employees trained in 2023 to enhance workforce competence. No fatalities, with a reduction in the total recordable incident rate (TRIR) to 0, from 1 case last year.
Labour Practices	★★★★	Adheres to all relevant labor laws.

Governance

CSR Strategy	★★★★	Actively engaged with communities, contributing RM75,000 to various initiatives.
Management	★★★★	Among the board members, 33% (2 out of 6) were female, while 67% (4 out of 6) were independent directors.
Stakeholders	★★★★	Regularly organizes corporate events and holds an annual general meeting (AGM) for investors.

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Wednesday, 26 Nov, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.