

Research Team

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Recommendation:	BUY
Current Price:	RM2.06
Previous Target Price:	RM2.57
Target Price:	↑ RM2.97
Capital Upside/ Downside:	44.2%
Dividend Yield (%):	0.0%
Total Upside/ Downside	44.2%

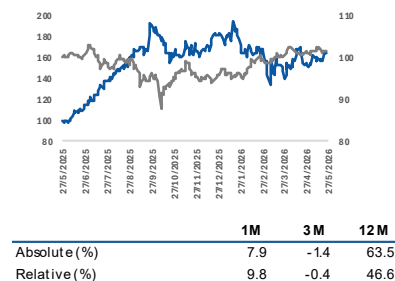
Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	0225 / SCGBHDMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,139.4
Market Cap (RM' m)	2,347.3
52-Week Price Range (RM)	2.52-1.17
Beta (x)	1.3
Free float (%)	65.5
3M Average Volume (m)	6.1
3M Average Value (RM' m)	11.8

Top 3 Shareholders

	(%)
Sino Shield Sdn. Bhd.	27.6
Employees Provident Fund Board	8.7
Manulife Financial Corp	5.1

Share Price Performance



Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	1759.7	1896.2	2225.3
PATAMI (RM'm)	131.4	163.1	194.0
CNP (RM'm)	129.2	163.1	194.0
EPS - core (sen)	9.9	12.5	14.9
P/E(x)	20.8	16.5	13.8

Southern Cable Group Berhad

Capacity Expansion Intact

- SCGBHD's 1QFY26 core net profit came in at RM33.2m (+0.7% QoQ, +14.0% YoY), bringing 3MFY26 CNP to RM33.2m (+14.0% YoY). The results were within expectations, accounting for 20% of our full-year forecast and 22% of consensus estimates.
- Ongoing capacity expansion remains a key growth catalyst, with cable and wire capacity expected to increase to 60,000 km by end-2026 and 65,000 km by end of 2027, from the current 54,980 km.
- As of 31 March 2026, orders in hand stood at RM924.9m, comprising >50% LV cables, ~35% MV cables, ~6% HV cables, with the balance from control cables and other products, representing 0.5x FY25 revenue.
- Maintain BUY recommendation with a higher TP of RM2.97 (from RM2.57), based on an unchanged 20x P/E applied to our rolled forward FY27F EPS of 14.9sen.

Within expectations. 1QFY26 core net profit came in at RM33.2m (+0.7% QoQ, +14.0% YoY), bringing 3MFY26 CNP to RM33.2m (+14.0% YoY). The results were within expectations, representing 20% of our full year forecast and 22% of consensus estimates supported by stronger export contribution and lower administrative expenses.

QoQ. SCGBHD's 1QFY26 revenue declined 14.0% to RM432.7m, mainly due to fewer operating days during the Chinese New Year and Hari Raya festive holidays, which moderated production and delivery activities. In addition, earnings were affected by a shift in product mix. Consequently, core net profit increased marginally by 0.7% QoQ to RM33.2m, supported by lower administrative expenses and improved other income, partially cushioning the impact from weaker revenue. CNP margin improved to 7.7% (vs. 6.5% in 4QFY25).

YoY. SCGBHD's 1QFY26 revenue increased 10.7% to RM432.7m, mainly driven by the power cables and wires segment, which grew 6.6% YoY to RM391.0m on the back of higher sales volume and ASP adjustments in line with raw material trends. Meanwhile, the control and instrumentation segment recorded a strong 78.5% YoY growth to RM13.4m, supported by higher sales of control and instrumentation cables and aluminium rods. Geographically, export revenue surged 117.1% YoY to RM67.5m, driven by higher exports to the US and project fulfilment for a regional entity operating in Malaysia. Consequently, core net profit rose 14.0% YoY to RM33.2m, while CNP margin improved to 7.7% from 7.4% in 1QFY25, supported by lower administrative expenses and higher other income.

Outlook. We remain positive on SCGBHD's outlook, supported by resilient demand for power cables and wires driven by grid enhancement works, renewable energy initiatives under NETR, and ongoing data centre developments in Malaysia. Meanwhile, overseas demand particularly from the US market, continues to gain traction, supported by rising infrastructure activities and ongoing product certifications. The Group's outstanding orderbook of RM924.9m as at end of March 2026 provides healthy earnings visibility through FY27, underpinned by orders from utility companies, EPCC contractors and resellers, including the RM121.1m TNB variation order secured in Feb 2026. Operationally, SCGBHD's ongoing capacity expansion remains a key growth catalyst, with cable and wire capacity expected to increase to 60,000 km by end of 2026 and 65,000 km by end of 2027, from the current 54,980 km. Additionally, the newly completed aluminium furnace and upcoming plastic compound facility should strengthen vertical integration and support margin sustainability going forward.

Total orders in hand. As of 31 March 2026, SCGBHD's orders in hand stood at RM924.9m, comprising >50% LV cables, ~35% MV cables, ~6% HV cables, with the balance from control cables and other products, representing 0.5x FY25 revenue.

Earnings forecasts. We revise downward our FY26F and FY27F earnings forecasts by -2.67% and -2.5% to RM163.1m and RM194.0m respectively following updated assumptions after the latest quarterly results.

Valuation & Recommendation. We maintain our **BUY** recommendation on SCGBHD with a higher **TP of RM2.97**, based on an unchanged 20x PE applied to rolled over to FY27F EPS of 14.9sen, alongside a three-star ESG rating. We continue to like SCGBHD for its (i) strong earnings visibility backed by its RM924.9m orderbook, (ii) exposure to Malaysia's rising power infrastructure and data centre developments, and (iii) growing export presence, particularly within the US market. Additionally, ongoing capacity expansion and improving vertical integration initiatives are expected to further support the Group's long-term growth trajectory and margin sustainability.

Risks. Volatile raw material prices, slower-than-expected orderbook replenishment and weaker export demand may pose downside risks to earnings.

Results Note

Thursday, 28 May, 2026

Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue	432.7	390.8	10.7	503.1	(14.0)	432.7	390.8	10.7
COGS	(375.5)	(340.0)	10.4	(424.4)	(11.5)	(375.5)	(340.0)	10.4
Gross profit	57.2	50.8	12.6	78.7	(27.3)	57.2	50.8	12.6
Other income	2.2	1.6	39.4	0.5	320.3	2.2	1.6	39.4
Distribution expenses	(9.5)	(8.7)	9.6	(11.0)	(13.6)	(9.5)	(8.7)	9.6
Administrative expenses	(4.0)	(5.1)	(21.6)	(10.2)	(61.2)	(4.0)	(5.1)	(21.6)
EBITDA	49.3	41.6	18.6	58.8	(16.2)	49.3	41.6	18.6
Depreciation	(4.0)	(3.3)	20.6	(4.0)	0.8	(4.0)	(3.3)	20.6
EBIT	45.3	38.3	18.4	54.9	(17.4)	45.3	38.3	18.4
Net Finance Costs	(2.3)	(2.4)	(5.5)	(2.4)	(5.2)	(2.3)	(2.4)	(5.5)
Pre-tax profit	43.0	35.9	20.0	52.5	(18.0)	43.0	35.9	20.0
Taxation	(9.9)	(8.5)	16.7	(15.8)	(37.5)	(9.9)	(8.5)	16.7
Profit-after tax	33.2	27.4	21.0	36.7	(9.6)	33.2	27.4	21.0
(-) Minority interest	-	-	-	-	-	-	-	-
PAT (-MI)	33.2	27.4	21.0	36.7	(9.6)	33.2	27.4	21.0
Core net profit	33.2	29.1	14.0	32.9	0.7	33.2	29.1	14.0
Core EPS (sen)	2.9	3.2		3.1		2.9	3.2	
DPS	-	-		-		-	-	
GP margin (%)	13.2	13.0		15.6		13.2	13.0	
EBITDA margin (%)	11.4	10.6		11.7		11.4	10.6	
PBT margin (%)	9.9	9.2		10.4		9.9	9.2	
Core PATMI margin (%)	7.7	7.4		6.5		7.7	7.4	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue								
Power	391.0	366.9	6.6	459.9	(15.0)	391.0	366.9	6.6
Communication	1.2	0.6	98.3	1.1	11.5	1.2	0.6	98.3
Control and instrumentation	13.4	7.5	78.5	13.5	(0.8)	13.4	7.5	78.5
Others	38.5	27.5	39.8	41.4	(6.9)	38.5	27.5	39.8
Adjustment	(11.4)	(11.8)	(2.9)	(12.7)	(10.2)	(11.4)	(11.8)	(2.9)
Total	432.7	390.8	10.7	503.1	(14.0)	432.7	390.8	10.7
Gross Profit								
Power	53.4	48.5	10.1	73.8	(27.6)	53.4	48.5	10.1
Communication	0.2	0.2	34.0	0.1	110.9	0.2	0.2	34.0
Control and instrumentation	2.5	1.5	67.4	2.7	(5.9)	2.5	1.5	67.4
Others	0.6	0.7	(2.6)	2.7	(76.1)	0.6	0.7	(2.6)
Adjustment	0.4	(0.1)	nm	(0.7)	nm	0.4	(0.1)	nm
Total	57.2	50.8	12.6	78.7	(27.3)	57.2	50.8	12.6
GP margin (%)								
Power	13.7%	13.2%		16.1%		13.7%	13.2%	
Communication	17.9%	26.5%		9.5%		17.9%	26.5%	
Control and instrumentation	18.9%	20.1%		19.9%		18.9%	20.1%	
Others	1.7%	2.4%		6.5%		1.7%	2.4%	
Total	13.2%	13.0%		15.6%		13.2%	13.0%	

Source: Company, Apex Securities

Geographical Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Local	365.1	359.7	1.5	414.1	(11.8)	365.1	359.7	1.5
Export	67.5	31.1	117.1	89.0	(24.1)	67.5	31.1	117.1
Total	432.7	390.8	10.7	503.1	(14.0)	432.7	390.8	10.7

Source: Company, Apex Securities

Results Note

Thursday, 28 May, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	1053.1	1347.0	1759.7	1896.2	2225.3
Gross Profit	73.9	135.2	251.2	279.8	331.1
EBITDA	70.4	120.5	205.8	264.9	305.3
Depreciation & Amortisation	-22.6	-18.7	-15.9	-33.6	-33.3
EBIT	47.7	101.9	189.9	231.3	272.0
Net Finance Income/ (Cost)	-8.7	-9.6	-12.7	-11.4	-10.4
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	39.0	92.3	177.2	219.9	261.6
Tax	-9.6	-20.0	-45.8	-56.8	-67.6
Profit After Tax	29.4	72.3	131.4	163.1	194.0
(-) Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	29.4	72.3	131.4	163.1	194.0
(-) Exceptionals	0.0	0.5	2.3	0.0	0.0
Core Net Profit	29.4	71.9	129.2	163.1	194.0

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	2.3	5.5	9.9	12.5	14.9
P/E (x)	91.1	37.3	20.8	16.5	13.8
P/B (x)	8.5	6.7	3.6	3.1	2.6
EV/EBITDA (x)	39.5	23.4	12.9	10.0	8.7
DPS (sen)	0.8	1.6	2.0	2.4	2.8
Dividend Yield (%)	0.4%	0.8%	1.0%	1.2%	1.4%
EBITDA margin (%)	6.7%	8.9%	11.7%	14.0%	13.7%
EBIT margin (%)	4.5%	7.6%	10.8%	12.2%	12.2%
PBT margin (%)	3.7%	6.9%	10.1%	11.6%	11.8%
PAT margin (%)	2.8%	5.4%	7.5%	8.6%	8.7%
NP margin (%)	2.8%	5.4%	7.5%	8.6%	8.7%
CNP margin (%)	2.8%	5.3%	7.3%	8.6%	8.7%
ROE (%)	9.3%	17.9%	17.2%	18.7%	19.0%
ROA (%)	4.9%	10.0%	11.2%	12.8%	13.7%
Gearing (%)	62.1%	53.7%	31.4%	23.7%	17.1%
Net gearing (%)	31.7%	33.1%	Net Cash	Net Cash	Net Cash

Valuations

	FY27F
Core EPS (RM)	0.149
P/E multiple (x)	20.0
Fair Value (RM)	2.97
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.97

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash and cash equivalents	96.0	82.7	254.0	239.0	210.5
Receivables	264.9	315.3	498.7	598.5	718.1
Inventories	144.1	183.7	210.8	253.0	303.5
Other current assets	1.0	1.2	0.9	0.9	0.9
Total Current Assets	506.0	582.9	964.4	1091.3	1233.1
Fixed Assets	54.6	81.9	126.5	125.2	124.2
Intangibles	44.4	55.8	61.3	59.0	56.8
Other non-current assets	0.5	0.5	0.5	0.5	0.5
Total Non-Current Assets	99.6	138.3	188.3	184.7	181.5
Short-term debt	186.1	209.5	216.8	196.9	165.1
Payables	82.8	89.8	124.2	153.6	180.0
Other current liabilities	4.3	4.1	30.4	30.4	30.4
Total Current Liabilities	273.1	303.4	371.3	380.8	375.5
Long-term debt	9.6	6.2	18.9	10.4	8.7
Other non-current liabilities	7.8	9.8	11.6	11.6	11.6
Total Non-Current Liabilities	17.4	16.0	30.4	21.9	20.2
Shareholder's equity	315.0	401.8	751.0	873.3	1018.9
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	315.0	401.8	751.0	873.3	1018.9

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	39.0	92.3	177.2	219.9	261.6
Depreciation & amortisation	22.6	18.7	15.9	33.6	33.3
Changes in working capital	65.0	-83.3	-166.7	-112.5	-143.9
Others	-3.6	-16.3	-16.3	-45.4	-57.2
Operating cash flow	123.0	11.3	10.1	95.6	93.8
Capex	-9.0	-49.2	-62.6	-30.0	-30.0
Others	0.3	0.0	-129.7	0.0	0.0
Investing cash flow	-8.8	-49.2	-192.3	-30.0	-30.0
Dividends paid	-2.2	-13.1	-20.4	-40.8	-48.5
Others	-37.8	37.7	245.0	-39.8	-43.8
Financing cash flow	-40.1	24.6	224.6	-80.6	-92.3
Net cash flow	74.1	-13.3	42.4	-15.0	-28.5
Forex	0.0	0.0	-1.4	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	21.8	96.0	82.7	123.7	108.7
Ending cash	96.0	82.7	123.7	108.7	80.2

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Transitioning from TCFD to IFRS S1 & S2 reporting standards while supporting cleaner energy adoption such as natural gas and solar.
Waste & Effluent	★★★	Practices recycling and material recovery, with a large portion of waste diverted from disposal.
Energy	★★★	Focuses on renewable energy and production efficiency; energy intensity improved in FYE2025.
Water	★★★	Uses a water recycling system for cable extrusion processes to improve water reuse efficiency.
Compliance	★★★★	Maintained zero environmental fines or penalties for three consecutive years.

Social

Diversity	★★★	Merit-based hiring with strong female representation in senior management and the Board.
Human Rights	★★★	Reported zero human rights violation complaints for the third consecutive year.
Occupational Safety and Health	★★★★	Strong "Safety First" culture with zero work-related fatalities and continuous safety training investment.
Labour Practices	★★★	Prioritises local hiring and complies with Malaysian employment regulations.

Governance

CSR Strategy	★★★	Sustainability framework aligned with ESG principles and guided by identified material sustainability issues.
Management	★★★★	Structured sustainability governance supported by dedicated ESG committees and full anti-corruption training participation.
Stakeholders	★★★	Actively engages stakeholders through surveys, audits, and community initiatives, alongside community contributions.

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

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As of **Thursday, 28 May, 2026**, 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.