



AmInvestment Bank

STOCK IDEA

Retail Research

Lew Chee Hao, CMT

lew.chee-hao@ambankgroup.com

+603-2036 2300

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SOUTHERN CABLE GROUP (SCGBHD | 0225)

Last Price: RM1.25 | Technical Call: **BUY** | Target Price: RM1.50

SOUTHERN CABLE GROUP BERHAD, D, KL
EMA (20, close, 0)
EMA (50, close, 0)
Volume (20)



Bursa Code: SCGBHD, 0225	Support 1: RM1.20	Entry: RM1.20–1.25
Sector: Industrial	Support 2: RM1.14	Target: RM1.40, RM1.50
Market Cap: RM1,176mil	Resistance 1: RM1.40	Exit: RM1.12
Shariah Compliant: Yes	Resistance 2: RM1.50	

Company Profile. Southern Cable Group (Southern Cable) manufactures cables & wires for power distribution, transmission, communications, and control applications in Malaysia. The group's annual production capacity includes 47,000 km of cables & wires, 20,400 mt of aluminium rods, 18,000 mt of copper rods, and 7,800 mt of plastic compounds. Its products serve sectors such as power, telecommunications, construction, infrastructure, manufacturing, oil & gas, and petrochemicals. Southern Cable is a registered supplier to Tenaga Nasional Berhad (TNB), Telekom Malaysia (TM), Sabah Electricity, PETRONAS, and Sarawak Energy.

Growth Strategies. (i) Capitalize on rising demand for cables & wires in Malaysia, supported by a strong track record and alignment with NETR objectives in powering key infrastructure and national connectivity projects. An order book of RM1.28bil ensures earnings visibility through 2026. (ii) Pursue capacity expansion, including a 15% increase achieved in 2024 and a new facility on a recently acquired 7.9-acre site, targeting an additional 5,000 km in annual output by 2H2025 to meet rising demand for low- and medium-voltage cables & wires. (iii) Expand the U.S. product portfolio by launching the newly secured UL-certified USE-2 aluminium building wire in 1H2025, alongside existing XHHW-2 products, and pursue additional UL certifications for building cables.

Financial Performance. In FY24, Southern Cable reported higher revenue of RM1.35bil (+28% YoY) with a PAT of RM72.3mil (+2.4x YoY). This was mainly attributed to higher sales volumes of power cables & wires, higher average selling prices, a better product mix, lower plastic compound costs, and improved profit margins from better economies of scale.

Valuation. Southern Cable is trading at an FY25F P/E of 14.4x, below the Bursa Industrial Production Index's 20x. In comparison, Supercomnet Technologies—which produces cables and wires for electronic devices, data control switches, and medical equipment—trades at a higher FY25F P/E of 16.3x.

Technical Analysis. We believe buying interest in Southern Cable may have returned after it broke above the 5-month downward channel two weeks ago. As the 20-day and 50-day EMAs have confirmed a bullish crossover since early May, additional upside strength may be present in the near term. A bullish bias may emerge above the RM1.20 level, with a stop-loss set at RM1.12, below the 50-day EMA. On the upside, near-term resistance is seen at RM1.40, followed by RM1.50.

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