

Thursday, 14 Dec, 2023

Southern Cable Group Berhad Cabling Up For The Power Sector

- **Consistent earnings improvement for over the past 6 quarters and expected to gain traction going forward.**
- **Strong orderbook of c.RM900m with improving production capacity and efficiency, coupled with strong demand drivers from government renewable energy initiatives would bode well for the Group.**
- **Technically, we expect SCGBHD to breakout above RM0.375, targeting RM0.395-0.40, with a LT target at RM0.45. Support is located around RM0.35-0.355, and cut loss is set around RM0.34.**

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Company profile

Southern Cable is mainly involved in the manufacturing of cables and wires, and production and/or trading of other related products and services.

SOUTHERN CABLE GROUP BHD

Last Price (RM)	0.375
5 Day Change (%)	1.4
1 Day Range Percentile (%)	100.0
5 Day Range Percentile (%)	100.0
52Week Range Percentile (%)	78.3
Volatility 30D	27.1
EMA9, EMA20, EMA60 Trend	Uptrend
Price vs. EMA20 (%)	1.4
DMI DI+	12.3
DMI DI-	17.9
ADX	13.4
RSI 14D	46.9
RSI OB/OS	Negative
Price vs. Bollinger Band (%)	78.4

Bloomberg

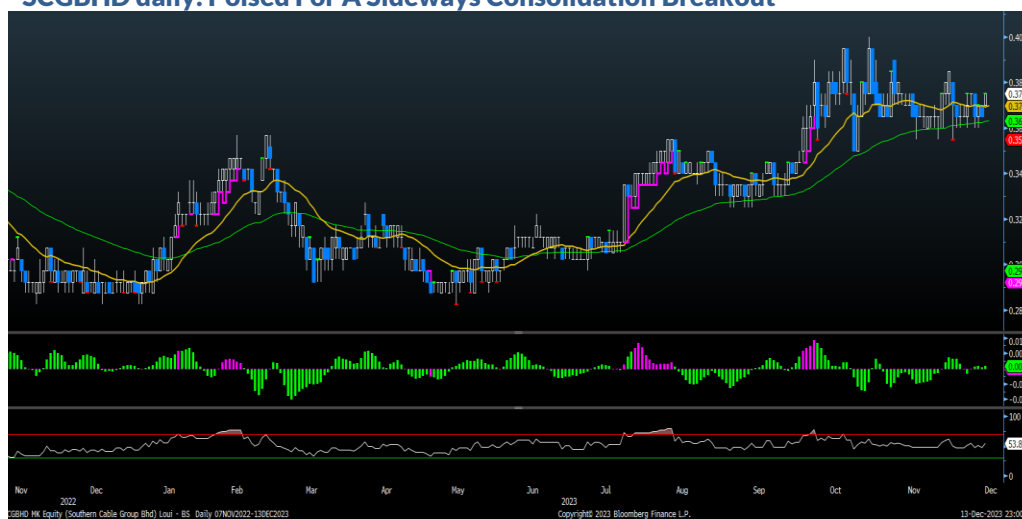
Financial snapshot

FYE Dec	FY21	FY22	LTM
Revenue (RM m)	659.9	875.9	941.5
Net profit (RM m)	10.9	14.5	21.8
Shares (m)	800.1	800.1	800.1
EPS (sen)	1.4	1.8	2.7
DPS (sen)	0.2	0.3	0.3
P/E (x)	27.5	20.6	13.8
DY (%)	0.6	0.7	0.8

Bloomberg

LTM is the trailing 12 months earnings.

SCGBHD daily: Poised For A Sideways Consolidation Breakout



Bloomberg

Trading Catalyst

- **SCGBHD earnings continued to improve for the 6th quarter.** In 3Q23, revenue grew 18.1% QoQ to RM273.7m supported by the (i) higher sales volume, and (ii) increase in the sale of aluminium rods. Meanwhile, net profit added 22.1% QoQ to RM6.5m on the back of higher sales, a better product mix and lower finance costs.
- **SCGBHD has a strong orderbook value near RM900m** as of 3Q23. Besides that, the expansion of the new manufacturing facility that will be commissioning next year will increase production capacity, which may help SCGBHD to better fulfil upcoming orders, and should translate to revenue and net profit growth in the coming quarters.
- **Rising demand for cables on the back of government initiatives in renewable energy.** The government's NETR initiative sets out to transition Malaysia towards greater adoption of renewable energy by investing multi-billion ringgits of capex in infrastructure. Therefore, the developments in areas such as EPCC, electric grids will drive up the demand for cable infrastructure with SCGBHD positioning itself to supply and capture the increase in demand.



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Technical Outlook

- Share price has been consolidating sideways over the past two months and could be due for a breakout above RM0.375. Monitor for a follow-through buying interest to be seen in the near term, targeting the RM0.395-0.40, with a LT target at RM0.45. Support is set around RM0.35-0.355, with a cut loss set around RM0.34.

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As of **Thursday, 14 Dec, 2023**, the analyst(s), Loui Low Ley Yee, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.

Glossary

Last Price (RM)	Last closing price
5 Day Change (%)	Percent change in price over the last five days. The formula is: [(Last Trade - Closing Price Five Days Ago) / Closing Price Five Days Ago] x 100.
1 Day Range Percentile (%)	Calculates the percentile value within the 1-day range
5 Day Range Percentile (%)	Calculates the percentile value within the 5-day range
52 Week Range Percentile (%)	Calculates the percentile value within the 52-week range
Volatility 30D	A measure of the risk of price moves for a security calculated from the standard deviation of day-to-day logarithmic historical price changes. The 30-day price volatility equals the annualised standard deviation of the relative price change for the 30 most recent trading days closing price, expressed as a percentage.
EMA9, EMA20, EMA60 Trend	If EMA9 is greater than EMA20 and EMA20 is greater than EMA60 it will be stated as Uptrend. If the EMA9 is lesser than EMA20 and the EMA20 is lesser than EMA60, it will be stated as Downtrend, otherwise Consolidation.
Price vs. EMA20 (%)	Position of the price away from the EMA20 level
DMI DI+	Positive directional movement.
DMI DI-	Negative directional movement.
ADX	ADX is a moving average of the directional movement index.
Price Skew	If the average of 20 days closing price is greater than 20 days Median price, it will be stated Up. If the average of 20 days closing price is lower than 20 days Median price, it will be stated Down.
RSI 14D	RSI measures the momentum of a security to determine whether it is in an overbought or oversold condition. If RSI 14 days is greater or equal to 70, it will be stated Overbought.
RSI OB/OS	If the RSI 14 days is greater or equal to 50, but lower than 70, it will be stated Positive. If the RSI 14 days is greater than 30, but lower than 50, it will be stated Negative. If the RSI 14 days is lower or equal to 30, it will be stated Oversold.
Price vs. Bollinger Band (%)	Position of the price compare to the Bollinger band in percentage



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