

# Leader Universal to gain from cable sales boom

## Associate company UCS Holdings poised to get more contracts

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**PETALING JAYA:** The proposed second board listing of associate company UCS Holdings Sdn Bhd and potential boom in cable sales in Sarawak are expected to bode well for Bursa Malaysia-listed Leader Universal Holdings Bhd.

OSK Research said UCS Holdings could be at the forefront in securing more cable-laying contracts due to its strong alliance with Syarikat SESCO Bhd, a company involved in generation, transmission and distribution of electricity in Sarawak. This in turn could benefit Leader's cable and wire business.

"We do not discount Leader's role in Sarawak, given UCS Holdings' limited capacity. The shortage of under-sea cables may see Leader making

**Leader Universal**  
(RM)



greenfield investments with technical support from established foreign players," the brokerage said in a recent note.

In August, StarBiz reported that Leader had tendered for over

RM1.4bil worth of contracts to supply cable and wire products.

The company had invested RM23mil in capital expenditure this year to improve and upgrade its production capacity and expand its cable and wire product range.

Some of the projects Leader is hoping to undertake include Tenaga Nasional Bhd's electricity supply network improvement works, the Bakun submarine cable interconnection, the Northern Corridor Economic Region, the East Coast Economic Region and the Iskandar Development Region.

The brokerage, which is maintaining a "buy" call on Leader with 12-month target price of RM1.73, views the listing of UCS Holdings positively as the move is expected to increase the company's visibility.

"Sarawak is set to install 600km of

overhead or underground cables connecting Bakun to Kuching en route to Peninsular Malaysia," OSK said, adding that the state was in the midst of commissioning its independent power plant in Mukah and planning more hydropower projects.

On Tuesday, Leader entered into a conditional share sale agreement with SESCO and Central Paragon Sdn Bhd (CPSB) to dispose of the entire equity stake in Universal Cable Sarawak Sdn Bhd (UCS Sarawak) to UCS Holdings.

UCS Sarawak is involved in the manufacture of electrical wires and cables and the sub-contract of power and transmission-related works.

Leader and SESCO each have 35% equity and CPSB 30% in UCS Sarawak. Leader's stake is valued at RM18.3mil.