

Move to Main Market in 4Q a boost to OCK's profile

**OCK Group
(July 4, RM1.46)**

Initiating coverage with buy call and target price of RM1.65: We see strong growth opportunities for the group in the leasing of telecommunications sites which, along with its growing green energy business, offer steady recurring income. Management is also pursuing growth outside of Malaysia, both organically and inorganically.

OCK, currently listed on the ACE Market, could see a boost to its profile after it is transferred to the Main Market in the fourth quarter of financial year 2014 ending Dec 31 (4QFY14).

OCK is principally involved in the provision of telecommunications network services. The group has diversified its business into renewable energy, and intends to build up its recurring revenue base mainly from leasing telecommunications sites and selling solar energy.

Management sees plenty of growth opportunities as a telecommunications site owner. OCK now owns 240 telecommunica-

tions sites and is targeting 300 more sites by year-end. Going forward, we think Telekom Malaysia Bhd's entry into Packet One Networks (M) Sdn Bhd (P1) (TM intends to invest RM1 billion in P1 for long-term evolution rollout) is positive for OCK.

The group is also looking to capture a slice of the telecommunications site maintenance market that also offers recurring revenue. The proposed acquisition of PT Putra Mulia Telecommunication should give OCK exposure to the fast-growing telecommunications tower market in Indonesia.

We understand that OCK is eyeing a slice of the 1,000 telecommunications transmission towers announced by the government under the 2014 Budget. We expect bidding to be competitive but then OCK is a Tier-1 player in providing telecommunications network services, and has a solid track record.

It is also keenly looking out for more engineering, procurement and construction projects related to solar plants. — *RHB Research, July 4*