Company Name : OCK Group Berhad Date : 19 March 2014

Source : The Edge Financial Daily

OCK Soars 15% On Potential MCMC Telecommunication Tower Job

KUALA LUMPUR (Mar 19): OCK Group Bhd soared as much as 15% on news that the company was seen as the front runner for the Malaysian Communications and Multimedia Commission's (MCMC) telecommunication tower projects.

MCMC is soliciting bids to build telecommunication towers across underserved areas in Malaysia.

At 3:03pm, OCK rose 12 sen or 11.4% to RM1.17 with 5.8 million shares traded. The stock changed hands at RM1.14 at 3.46pm.

OCK had earlier risen as much as 16 sen or 15% to RM1.21.

News reports indicated that MCMC's proposed project involved the construction of 1,000 telecommunication towers in underserved areas.

A dealer told theedgemalaysia.com that OCK shares also rose on news that Lembaga Tabung Angkatan Tentera (LTAT) bought shares in the company.

"Investors followed in shortly after LTAT came in," he said.

Kenanga Investment Bank Bhd wrote in a note today that OCK's share price's immediate support and resistance are seen at 91 sen and RM1.05 respectively.

New income source in solar farms

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LTE market as operators are seeking fibre cables for the stations," Ooi points out.

According to OCK, the local telecommunications market's capital expenditure for this year is about RM4.5 billion and the market is expected to grow 10% to 15%.

At the moment, OCK has between

60 and 70 stations for cellular service providers and plans to increase this to about 150 to 160 stations by the end of the year. It hopes to have 300 stations for leasing by the end of 2014.

Ooi estimates that the 150 stations will bring in rental income of about RM600,000 a month this year. This will rise to RM1.2 million per tenant per month next year if OCK meets its target of 300 stations.

Assuming a profit margin of 25%, this will result in an additional profit of about RM3.6 million from 2014 onwards.

At present, OCK is the contractor and energy provider for a 10mw solar farm on Malaysia Airports Holdings Bhd's premises in Sepang. This project is expected to be completed by the end of this year.

By buying Milab, OCK will be in possession of a development order for a 1mw solar farm project in Kelantan.



Solar ventures

Last Wednesday, OCK announced the purchase of Milab Marketing Sdn Bhd for RM232,215 and plans to leverage the company to grow its green energy and power solutions division.

"Milab owns a licence to operate solar farms. Being a technology provider, this will allow us to venture into the ownership and development of solar farms," Ooi explains. "Milab is expected to commence operations there by the end of 3Q2013," it said in an announcement to Bursa.

The group is in the process of bidding for another 2MW project on the same plot in Kelantan and is looking for other small power plants.

"This will create steady recurring income for the group. Our five-year plan is to have 30mw by 2018,"
Ooi says.