

Company Name : OCK Group Berhad
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RHB Top 30 Small Caps BAUTO, Inari, OCK Among “Jewels”

KUALA LUMPUR (May 20): Berjaya Auto Bhd, Inari Amertron Bhd, OCK Group Bhd, SBC Corporation Bhd and Press Metal Bhd have been picked as the top five companies among RHB Research Institute's "Top 30 Small Cap Jewels".

The research house said in a publication that the stock selection process was limited to companies with a market capitalisation of not more than RM3 billion, without a lower limit.

It said that there were no liquidity requirements as it expects liquidity concerns to "gradually diminish as the companies grow".

"As in previous years, other than spread and size considerations, key screening variables include management credibility, industry fundamentals, earnings growth potential and track record.

"Our effort to provide a broad selection of stocks has also been successful with 15 sectors represented compared to 13 last year and 12 the year before," said RHB Research.

The research house has a target price (TP) of RM2.55 for Berjaya Auto, and said that the company has a strong product pipeline and is a potential beneficiary of the 2014 National Automotive Policy (NAP), which offers incentives for energy-efficient vehicles (EEV).

"Berjaya Auto could be a beneficiary of the new NAP as its key growth drivers, i.e. the CX-5, 3 and 6, all qualify as EEVs," said the research house.

For Inari Amertron, RHB Research has maintained a TP of RM3.72, saying that the company has strong growth prospects, right product diversity and a robust balance sheet.

"We opine that Inari is still undervalued despite its significant share price rally over the last one year," the research house said.

The research house has set a TP of RM1.72 for OCK Group, highlighting that it is well-positioned to benefit from the rollout of broadband new towers in Sabah and Sarawak while its diversification into renewable energy provides extra income.

“We see several similarities between the solar energy and tower businesses. While both require significant capex upfront, the operational and maintenance costs are fairly low, and both provide a good stream of steady recurring income,” said RHB.

Meanwhile, the research house has a TP of RM2.98 for SBC Corporation, saying that its Jesselton Quay project with estimated gross development value (GDV) of RM1.8 billion will sustain its earnings growth over the next five to eight years.

The company’s recent launches of Kiara East will also support its performance, as it strengthens SBC’s position in the Klang Valley.

RHB Research has kept a TP of RM5.47 for Press Metal, saying that it stands to benefit from an imminent supply deficit of aluminium in the market.

“With its Mukah and Samalaju smelters back in action since April 2014, the group is all ready to ride on the market upturn,” the research house said.

On sectors, RHB said the key “overweight” sectors include banking, oil & gas (O&G), property, plantations and construction.

For non-bank financial institutions, the research house has picked Syarikat Takaful Malaysia Bhd (TP:RM15.00) and Tune Ins Holdings Bhd (TP:RM2.70) as its favoured stocks.

In the O&G segment, selected stocks include Barakah Offshore Petroleum Bhd (TP:RM1.90), Perisai Petroleum Bhd (TP:RM2.05) and Yinson Holdings Bhd (TP:10.90).

The research house has singled out LBS Bina Bhd (TP:RM3.39), SBC Corporation Bhd (TP:RM2.98) and Tambun Indah Land Bhd (TP:RM2.50) for the property segment.

Meanwhile, Pintaras Jaya Bhd (TP:RM4.61), Gadang Holdings Bhd (TP:RM1.79) and EITA Resources Bhd (TP:RM1.58) are the top picks of the construction segment, while Ta Ann Holdings Bhd (TP:RM5.00) is the sole representative of the plantations/timber segment.

Other segments represented by the 30 companies include the automotive, basic materials, consumer, education, healthcare, media, rubber gloves, technology, and telecommunications segments.