



OCK to more than double Indonesian operation

To increase telecommunication sites to 20,000 within two years

BY GH0 CHEE YUAN

KUALA LUMPUR: OCK Group Bhd, a telecommunication network services provider, aims to more than double the size of its Indonesian operation by increasing the number of telecommunication sites it manages to 20,000 within the next two years.

OCK is soon to complete the purchase of an 85% stake in PT Putra Mulia Telecommunication (PMT), which currently provides telecom network and services management to 7,500 sites for various Indonesian cellular network service providers.

By increasing the number of sites PMT manages to 20,000, OCK group chief executive officer Sam Ooi Chin Khoo (*pic*) said this will translate into an additional RM20 million in recurring revenue per year to the group.

OCK reported a net profit of RM12.9 million in financial year of 2013 (FY13), on revenue of RM150.4 million. Of its total revenue in FY13, more than half (about RM88.6 million) came from local telecommunication site management business, which produced a segment net profit of RM12.1 million.

These numbers exclude those from PMT, which is yet to be a subsidiary.

OCK's other businesses include green energy and power solution (implementation of solar farm projects), trading and M&E engineering services.

"There is plenty of room for us to expand our footprint in Indonesia," said Ooi, as Indonesia has about 150,000 telecommunication towers or sites, while PMT is currently managing only about 5% of these.

"As such, we will continue to participate in tender process to get more manage and services contracts from Indonesian telcos," he said in a recent interview with *The Edge Financial Daily*.

OCK is proposing to acquire the 85% stake in PMT from Song Chin Yew and Lim Hui Seeh for RM21.25 million. The acquisition will be satisfied via RM10 million cash and the issuance of 10.23 million new OCK shares representing about 3% equity interests at RM1.10 each to the vendors.

The acquisition is expected to be completed within a month and should give OCK exposure to the fast-growing telecommunication tower market in Indonesia.

OCK is also planning to increase its business footprint in several emerging markets, such as Cambodia and Myanmar.

"We will [continually] participate in project tendering [in the telecommunication sector]," said Ooi, adding that the company was also looking at opportunities to outsource its expertise to mobile operators there.

"In addition, we also intend to own a licence to build telecommunication sites and further explore these emerging markets."

Meanwhile, Ooi said OCK had secured a fibre trenching work contract from Telecom Cambodia worth some RM20 million.

"Besides this, we were also awarded two contracts from Smart Axiata, a subsidiary of Axiata Group Bhd, to deploy telecom-

munication transmission towers in Cambodia," he said.

He said OCK also owns a subsidiary in Fuzhou, China, which serves as a platform for the company to outsource its manpower and prepare for opportunities arising from the telco infrastructure upgrading works there.

OCK's current order book stands at about RM70 million to RM80 million which is expected to keep the company busy throughout next year.

OCK, equipped with Network Facility Provider Individual Licence (NFP), plans to build or acquire more telecommunication sites locally to boost its recurring revenue by leasing back the sites to telcos.

Other than those that it manages for the telcos, OCK currently owns 240 telecommunication sites that it leased back to the telcos. It aims to increase the number of owned sites in the country to 300 by year-end.

"We are in talks with several small-site owners at the moment but nothing has been firmed up yet," Ooi said, adding that the company did not set a specific time frame as it is an ongoing process.

"Acquiring a telecommunication site is not an easy task. [The telecom site] has to get approval from the authorities before it can proceed," he said.

The funding for the acquisition of the sites, among others, will come from the RM150 million sukuk proceeds OCK raised last year, said Ooi, adding that the proceeds could fund its capital expenditure requirements over a three- to four-year period.

On a separate matter, OCK said it is eyeing to expand its green technology business, and looking at acquiring more solar farms.

"However, the number would depend on the quota set by the government under the feed-in-tariff," said Ooi.

OCK owns a solar farm in Kelantan and had entered into engineering procurement construction with another three solar farms.

Commenting on the Malaysian Communications and Multimedia Commission's (MCMC) plan to expand telecommunication coverage in rural areas, Ooi said he is still waiting for more information from MCMC which is expected by end of this month.

Responding to the speculations that OCK is the frontrunner for a lion's share of the projects to build more telecommunication towers in rural areas, Ooi said it is still early to say as every bidder has an equal chance.

MCMC is planning to build 1,000 telecommunication towers nationwide in stages to improve the broadband usage rate and the network coverage in underserved areas.

The first phase involves 400 towers while the second phase involves 300. The RM1.5 billion project is expected to be completed three years after its commencement.

OCK closed unchanged at RM1.44 last Friday, with a market capitalisation of RM499.1 million. The stock has gained 44% from around RM1.00 in mid-March.

RHB Research has a "buy" call on OCK, with a target price of RM1.65, according to a poll by *Bloomberg*.