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Renewed vigour for OCK

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THE stars appear to be aligning for telecommunications network services provider OCK Group Bhd, which is expanding its tentacles into a number of other segments. Delving into its prospects in the third quarter 2024 (3Q24) results filing with Bursa Malaysia, the group acknowledges its portfolio expansion into renewable energy (RE), data centres and digital solutions, which it says is a forward-thinking approach.

OCK Group emphasises the potential for these segments, bolstered by the fact that Malaysia is aiming to become a regional digital powerhouse.

It is also focused on empowering the people with digital skills, enabling digitally powered businesses and driving digital investments.

However, it would appear as if the positivity surrounding the company has not been translated into its share price, which for the record, closed at 46 sen yesterday.

Group managing director Datuk Wira Sam Ooi Chin Khoo – whose initials constitute the company's name – attributes the share price performance, to some extent, to uncertainty that has enveloped the telecommunications industry over the past couple of years.

It has since seen much clarity emerging, underscoring his optimism for 2025 and beyond.

In an interview with *StarBiz* 7, Ooi recounts: "If you recall, we had ambiguity surrounding the 5G network deployment initially on whether there will be one or two networks, and subsequently on the entity that will be developing the second network."

"These issues had probably weighed on our share price. But we are confident 2025 will be more promising."

It is telling that the group

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■ OCK expanding into renewable energy, data centres and digital solutions

■ Group MD confident that 2025 will be more promising

■ It operates 29 solar energy generation assets in the country

had pointed out the lower revenue contribution from its TNS segment as a reason for quarterly and cumulative net profit for 3Q24, but with the impending rollout of the second 5G network, Ooi believes TNS jobs will increase substantially.

This is coupled with an anticipated commencing of phase two of the National Digital Network Plan or Jendela sometime in 2025.

Announcing that 88% of OCK's turnover stems from the TNS segment, he is feeling upbeat about the company's foray into the RE sector, exemplified by its RM350mil investment in a large-scale solar photovoltaic power plant in Malaysia through Solarpack Suria Sungai Petani Sdn Bhd (3SP).

Ooi says the investment is part of the group's plans to fortify its asset holdings to improve recurring income, pointing out that once the approval from the relevant energy authorities and agencies is obtained, OCK would be able to recognise revenue contribution from the plant.

The plant, which began commercial operations in March 2022, is backed by a 21-year power purchase agreement with Tenaga Nasional Bhd (TNB).

OCK operates 29 solar energy generation assets in the country.

"The investment into this large-scale solar farm industry through 3SP, with its capacity exceeding 100MW will position us as one of the aggressive solar farm developers as there are not many large scale solar farms in the country," he says.

For context, the five largest solar farms in Malaysia are the ENGIE TTL Kerian Solar PV (photovoltaic) Park in Perak with a capacity of 136MW, the Suria Sungai Petani Solar PV Park that OCK Group is investing into, Ib Vogt Coara Marang Solar PV Park in Terengganu, the TNB Sepang Solar PV Park and the Merchang Quantum Solar PV Park.

It is interesting to note that Ooi expects the upcoming subsidy rationalisation initiatives and energy tariff hikes to be a double-edged sword for the group.

In light of the targeted diesel subsidies that are already in effect and impending targeted

subsidy of RON95 later this year, he recognises that operation costs would increase in tandem.

"On one hand, the lifting of subsidies will allow the government to channel more funds productively elsewhere, and it is likely to call for more developments, infrastructure and projects, which will be beneficial to us," he says.

In view of the power tariff increase announced by TNB last month, Ooi points out that the reduction in subsidies for electricity would also mean that entities that are involved in third party power supply under the Corporate Renewable Energy Supply Scheme will have relevance and "meaning" to their business.

Notably, he says OCK Group has incorporated a 51%-owned company known as Max Roda Group Sdn Bhd in September that sells and leases electric trucks, taking advantage of the RE agenda being planned by the government for government-linked companies (GLCs).

Ooi says the group has received orders of about RM3mil for its electric trucks.

OCK Group group chief executive Datuk David Low reveals that the group is talking to certain GLCs about the possibility of constructing charging stations for the vehicles.

With so much going for the group, how do the business ventures and prospects translate into its share price performance?

"The firming up of the 5G deployment project will certainly help."

"It will erase doubts about the immediate future of the telecommunications industry."

"Furthermore, analysts who cover us are also keeping to their 'buy' calls, showing their recognition of our positive outlook for this year and in 2026," he says.

RHB Research and Phillip Capital are two securities firms that provide coverage of OCK Group, and both are placing "buy" recommendations, with respective target prices of 70 sen and 85 sen.

