

Headline	Opcom eyes role in Tenaga's broadband venture		
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Opcom eyes role in Tenaga's broadband venture

Fibre optic manufacturer keen to participate in NCP

BY EMIR ZAINUL

SHAH ALAM: Fibre optic cable company Opcom Holdings Bhd intends to take part in Tenaga Nasional Bhd's (TNB) venture into telecommunications high-speed broadband, as part of the government's National Connectivity Plan (NCP).

Its chairman and chief executive officer Tan Sri Mokhzani Mahathir said Opcom is an established fibre optic manufacturer in Malaysia.

As such, he thinks it could work well with the national electricity utility company's telecommunications agenda.

"What we are interested to follow up on is the recent announcement by TNB — which said they too are going into the fibre communications market. So we would like to hear more about [their plans, to see] where we can play a role in all of these things," he told reporters after Opcom's annual general meeting yesterday.

"Whatever they come up with, we are an established fibre optic manufacturer in Malaysia. We will try to participate in any request for proposals that come out from our clients," Mokhzani added.

His younger brother Datuk Seri Mukhriz Mahathir is the largest shareholder in Opcom with a direct stake of 23.28% as at April 12, while Mukhriz's wife Tok Puan Norzieta Zakaria indirectly owns 14.57%.

Last week, TNB announced it will start a pilot project in Jasin, Melaka, this month, to assess the



Mokhzani: Opcom is an established fibre optic manufacturer in Malaysia. Photo by Suhaimi Yusuf

technical, safety and commercial viability aspects of using its electrical infrastructure as telecommunication network for high-speed broadband, as part of the NCP.

Through this pilot project, TNB is exploring the potentials of using the available capacity of its telecommunication assets for NCP — which has been identified as an important catalyst to the digital economy — without compromising on safety, security and reliability of the electricity supply network.

Meanwhile, Opcom's current pipeline contracts are worth over RM100 million, which are expected to last the company another nine months, until the middle of next year.

On the outlook for the year, Mokhzani said the telecommunications industry is facing a challenging time due to margin compression as a result of increased prices of raw materials and fluctuations in the ringgit's exchange rate.

He noted that 60-70% of the raw materials for the company are imported and bought in US dollars. On average, he said the prices of raw materials that Opcom uses have risen by 20%.

"We cannot immediately pass any price increase to the consumers and we will try our best not to do that. But we need business volume to ensure we can get economies of scale to also allow our clients to price their products competitively," Mokhzani said.

To address rising costs, Mokhzani said Opcom has been focusing on improving its efficiency such as by continuously investing in research and development, having a zero tolerance policy on wastage and improving energy consumption efficiency. These has added up to 3% to its profit margin.

"It will be a challenging time going forward, but I think the main players will create more business opportunities for everyone as long as we can price ourselves competitively," Mokhzani added.

Opcom shares almost doubled from 60 sen on May 8 to RM1.10 after the May 9 general election, before parring gains. It settled at 76 sen yesterday, down 6.2% from Friday, giving it a market capitalisation of RM122.6 million.