

03 June 2025

OCK Group

Busy Submitting Tenders

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For Malaysia's second 5G network (NW2), OCK is in the final stages of finalizing agreements with U Mobile for In-Building Coverage (IBC) solutions, and with 5G technology vendors for infrastructure deployment services. The group is also preparing to tender for JENDELA Phase 2 projects, which are expected to open for bidding in Sept 2025. Backed by NW2 and recently secured government contracts, OCK remains optimistic on delivering stronger YoY earnings in FY26. While OCK's upbeat guidance is encouraging, we remain cautious - given its recent uneven track record in translating order book into earnings delivery. We keep our forecasts, TP of RM0.39 and MARKET PERFORM call.

We came away from OCK's post-results briefing feeling cautiously optimistic that its FY26F earnings could surpass FY25 - which has been a challenging year due to sluggish order book replenishment following the completion of major project (i.e. Malaysia's first 5G network (NW1) and JENDELA Phase 1). Key takeaways include:

Malaysia's Second 5G Network (NW2)

1. U Mobile has commenced the roll-out of NW2 - targeting the deployment of 4,000-4,500 sites over the next 12 months. OCK's participation in NW2 is expected to stem primarily from: (i) tower leasing services, (ii) IBC solutions, and (iii) network contracting works.
2. For NW2, U Mobile plans to implement IBC solutions across 400 buildings over the next 2-3 years. OCK is well-positioned to secure a significant share of this opportunity - as it is in the final stages of formalizing an IBC agreement with U Mobile. Under this potential agreement, OCK will be responsible for upgrading existing 4G IBC infrastructure to 5G.
3. To date, U Mobile has identified 160 towers within OCK's portfolio for infrastructure co-sharing. In addition, discussions are underway for the deployment of new build-to-suit (BTS) sites.
4. OCK is also in advanced negotiations with 5G technology vendors for potential collaboration in deploying 5G infrastructure for NW2. This includes towers, IBC systems, and associated contracting services - with prospective contract value exceeding RM500m.
5. Given U Mobile's aggressive roll-out strategy, OCK anticipates that the value of contracts from NW2 over the next two years could surpass the total value of works executed by OCK under NW1.

JENDELA Phase 2 and other Government Projects

6. Tenders for JENDELA Phase 2 are scheduled to be launched in September 2025 - with an estimated budget of RM4b over 2-3 years. The sizeable project value suggests that it may be much larger in scale compared to Phase 1.
7. OCK is currently laying the groundwork to participate in Phase 2 - with expected involvement across: (i) deployment of new BTS towers, (ii) provision of fiber and connectivity solutions, and (iii) partnerships with incumbent mobile network operators (MNOs) for the supply and installation of 5G infrastructure and equipment.

MARKET PERFORM ↔

Price: **RM0.40**
Target Price: **RM0.39** ↔

Share Price Performance



KLCI 1,508.35
YTD KLCI chg -8.2%
YTD stock price chg -17.5%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	OCK MK EQUITY
Market Cap (RM m)	420.4
Shares Outstanding	1,051.1
52-week range (H)	0.69
52-week range (L)	0.36
3-mth avg. daily vol.	1,738,038
Free Float	57%
Beta	1.0

Major Shareholders

Aliran Armada Sdn Bhd	32.1%
Kaf Investment Funds	4.9%
Norges Bank	2.9%

Summary Earnings Table

FYE Jun^ (RM m)	2024	2025F*	2026F
Revenue	722.8	955.7	631.3
EBITDA	206.2	276.2	191.9
EBIT	95.3	111.8	73.9
PBT	57.0	72.5	49.4
Net Profit (NP)	36.5	45.8	31.2
Core PATAMI	35.2	45.8	31.2
Consensus (NP)	-	41.1	42.6
Earnings Revision	-	-	-
Core EPS (sen)	3.6	4.3	2.9
Core EPS Growth (%)	3.2	18.4	-31.9
DPS (sen)	1.0	1.5	1.0
BVPS (RM)	0.7	0.7	0.7
PER (x)	11.1	9.4	13.7
PBV (x)	0.6	0.6	0.6
Net Gearing (x)	0.8	0.7	0.7
Div. Yield (%)	2.5	3.8	2.5

^FYE changed from Dec to Jun from FY24
*18-month period



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8. To date, OCK has secured approximately RM50m–RM60m worth of projects from the Malaysian Communications and Multimedia Commission (MCMC). These include: (i) broadband connectivity for public institutions of higher learning (RM35m) – OCK is currently executing Phase 2 following Phase 1’s successful completion, and has secured the upcoming Phase 3, and (ii) Fiber-to-the-home (FTTH) installations for various government agencies.
9. Looking ahead, OCK plans to participate in smart city projects in Johor Bahru – which we understand have received c. RM400m in funding from MCMC. The group’s digital segment is actively working with three state agencies in Johor to prepare the required technical proposals.

Other Business Segments

10. OCK is optimistic that FY26F earnings will improve YoY - supported by the projects outlined above (eg. NW2 and government projects).
11. Momentum in data center (DC) projects also remains strong. Notably, OCK recently secured contracts to deploy fiber connectivity for newbuild DCs in Malaysia owned by global hyperscalers.
12. OCK’s outstanding order book for contracting services stands at RM250m (Mar-25: RM274m), with telco network solutions (TNS) contracts making up the majority at RM155m. Meanwhile, its total tender pipeline amounts to RM1.5b (Mar-25: RM1.1b), where bids from the digital segment amount to c. RM420m - primarily driven by opportunities in the healthcare and transportation sectors.

Forecasts. Maintained, as we prefer to remain conservative by not factoring in NW2 and JENDELA Phase 2 contracts until actual workflows begin to materialize, given the prolonged delays.

Valuations. We also keep our TP of RM0.39 based on unchanged 5.7x FY26F EV/EBITDA. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 3).

Investment case. Besides NW2, notable avenues for OCK’s expansion and order book replenishment in the near-to-medium term include: (i) Universal Service Provision (USP) projects under MCMC, (ii) DC-related projects in Malaysia involving power solutions and fiber connectivity, (iii) new digital business (e.g. cloud solutions, smart city infrastructure, and managed connectivity services), (iv) 5G network roll-out in Laos, and (v) acquisition of brownfield towers in Vietnam. However, it remains uncertain at this stage whether these opportunities will materialize in time to replenish OCK’s order book to the levels that previously supported its record earnings in FY22–23 (which were likely driven by Malaysia’s first 5G network and JENDELA Phase 1 projects). Maintain **MARKET PERFORM**.

Risks to our call include: (i) unfavorable regulatory changes, (ii) absence or lower-than-expected returns on its redeemable preferential share (RPS) investment in a 116MW large-scale solar plant in Kedah, and (iii) country and political risks at frontier markets where OCK has presence.

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div. Yld.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
STOCKS UNDER COVERAGE																	
AXIATA GROUP BHD	MP	2.05	2.15	4.9%	18,830.2	Y	12/2025	5.2	5.5	-44.0%	5.6%	39.4	37.3	1.0	2.3%	11.0	5.4%
CELCOMDIGI BHD	OP	3.72	4.50	21.0%	43,641.2	Y	12/2025	16.1	17.9	5.4%	11.5%	23.1	20.7	2.7	11.6%	13.0	3.5%
MAXIS BHD	MP	3.53	3.80	7.6%	27,650.9	Y	12/2025	18.4	18.7	1.5%	1.5%	19.2	18.9	4.5	24.0%	16.0	4.5%
OCK GROUP BHD	MP	0.400	0.380	-5.0%	420.4	Y	06/2025	3.9	2.7	30.1%	-31.9%	10.2	15.0	0.6	6.4%	2.0	5.0%
TELEKOM MALAYSIA BHD	OP	6.53	8.15	24.8%	25,060.4	Y	12/2025	47.4	47.6	-11.8%	0.4%	13.8	13.7	2.3	17.3%	33.0	5.1%
TIME DOTCOM BHD	OP	5.24	5.91	12.8%	9,687.8	Y	12/2025	26.3	28.9	11.1%	10.0%	20.0	18.1	2.5	12.6%	32.0	6.1%
SECTOR AGGREGATE					125,291.0					-6.7%	5.0%	20.4	19.5	2.3	12.4%		4.9%

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Corporate Social Responsibility	★	★	★		
	Management/Workforce Diversity	★	★	☆		
	Accessibility & Transparency	★	★	★		
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★		
	SPECIFIC	Cyber Security	★	★	☆	
Employee Training		★	★	★		
Energy Efficiency		★	★	★		
Digital Transformation		★	★	☆		
Protection of Customer Data		★	★	☆		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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