

Wednesday, 03 June 2026

# OCK Group

Powered by EI Power

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**OCK's 9MFY26 results surpassed expectations, underpinned by strong earnings growth from EI Power Bhd (EIP), where its PBT more than tripled YoY. For JENDELA Phase 2, OCK expects to provide greater clarity on its tower site tenders by mid-June 2026. We raise our FY26F/27F earnings by 28%/19%, TP to RM0.50 (from RM0.47), and maintain our OUTPERFORM call.**

**Outperformed with sterling earnings growth.** 9MFY26 core net profit of RM27.6m (+42% YoY) soared above expectations, accounting for 96% of our full-year forecast and 90% of consensus estimates. The beat was primarily driven by stronger-than-expected contribution from power solutions.

**EI Power electrified topline.** 9MFY26 revenue expansion (+8.3% YoY) was mainly driven by the power solutions segment (>2x YoY) under EIP. This was underpinned by higher recognition from EIP's strong RM100m order book (as of March 2026), driven by the rapid build-out of hyperscale data centres in Malaysia.

To a small extent, the Telecommunication Network Services (TNS) segment (+2% YoY) contributed to 9MFY26 topline growth. This was primarily driven by higher tower leasing income supported by improved tenancy ratios in Malaysia.

**Robust earnings growth despite higher finance costs from debt drawdown.** 9MFY26 EBITDA rose 13% YoY, driven by stronger topline growth, cost efficiencies, and increased contribution from higher-margin Digital Solutions projects, (particularly AI-related deployments).

The surge in 9MFY26 core net profit (+41% YoY) was driven by the flow-through from stronger topline, and further boosted by lower depreciation charges. This more than offset higher finance costs following the drawdown of borrowings in Dec 2025 to fund OCK's investment in redeemable preference shares (RPS) in Solarpack Asia (SPA).

To recap, SPA holds a 49% stake in a 116MW large-scale solar (LSS) plant in Kedah. Under the RPS investment, OCK will be entitled to receive preferential dividends from the plant.

**Outlook.** Batch 1 of JENDELA Phase 2 (launch: end Mar 2026) focuses on 4G coverage expansion, selective 5G deployment, satellite-enabled Wi-Fi in remote areas, and implementation of the Neutral Host Platform (NHP). The NHP allows users to access Wi-Fi networks using their existing mobile data plans. While Phase 2 covers a total of 2,700 sites, Batch 1 comprises 1,000 sites nationwide (Peninsular: 31%, Sabah: 35%, Sarawak: 34%) – with works expected to commence from 3QCY26.

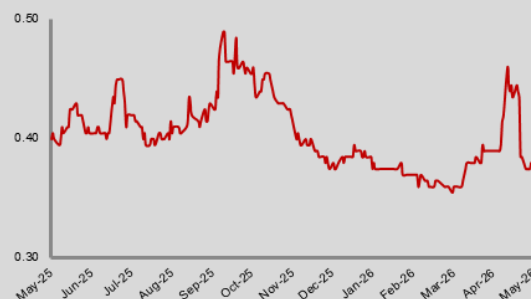
OCK expects to provide more details on its Batch 1 tender submission for tower sites by mid-June 2026. Should the group be awarded the contracts, earnings contributions would likely commence c. six months post-award, suggesting potential accretion from 1HCY27 onwards.

We believe OCK stands to benefit from contract awards related to the deployment and maintenance of shared rural connectivity infrastructure under the NHP model. This includes sites requiring Wi-Fi access points with satellite backhaul, compact telco structures, and edge connectivity solutions. We view OCK as a credible frontrunner given its established track record under JENDELA Phase 1 and

**OUTPERFORM** ↔

Price: **RM0.38**  
Target Price: **RM0.50** ↑

## Share Price Performance



KLCI	1,683.07
YTD KLCI chg	0.2%
YTD stock price chg	1.3%

## Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	OCK MK Equity
Market Cap (RM m)	391.9
Shares Outstanding	1,031.2
52-week range (H)	0.49
52-week range (L)	0.36
3-mth avg. daily vol.	2,109,972
Free Float	54%
Beta	0.95

## Major Shareholders

Aliran Armada Sdn Bhd	32.7%
Petroleum Nasional Bhd	2.7%
Phillip Capital	2.6%

## Summary Earnings Table

FYE Jun^ (RM m)	2025*	2026F	2027F
<b>Revenue</b>	970.6	684.3	698.5
EBITDA	280.6	205.3	206.1
EBIT	119.2	111.8	117.9
PBT	81.3	73.7	84.5
<b>Net Profit (NP)</b>	<b>42.5</b>	<b>37.7</b>	<b>39.1</b>
<b>Core PATAMI</b>	<b>34.0</b>	<b>37.9</b>	<b>39.1</b>
Consensus (NP)	-	31.6	37.6
Earnings Revision	-	28%	19%
Core EPS (sen)	3.2	3.5	3.6
Core EPS Growth (%)	-11.3	10.3	3.2
DPS (sen)	1.3	1.0	1.0
BVPS (RM)	0.6	0.6	0.7
Core PER (x)	11.9	10.8	10.4
PBV (x)	0.6	0.6	0.6
Net Gearing (x)	0.9	0.8	0.7
Div. Yield (%)	3.4	2.6	2.6

^FYE changed from Dec to Jun from FY24

\*18-month period



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extensive experience in executing various Universal Service Provision (USP) projects. As a start, we assume c.RM50m in new Phase 2 contracts for the TNS segment (to commence from 3QFY27 onwards), pending further details.

Key takeaways from OCK's 1QFY26 results briefing include:

- OCK's current order book of RM757m primarily consists of TNS contracts (RM372m) and Mechanical & Electrical (M&E) projects (RM201m) as well as contracts for fiberization and digital solutions projects. The latter mainly consists of mission-critical power solutions for Tier III and IV data centre projects secured by EIP. The sharp expansion in order book is also evident from the 74% YoY increase in 3QFY26 contract assets (recognized on OCK's balance sheet) to RM155m (3QFY25: RM89.2m).
- Traction in the rollout of 5G in-building coverage (IBC) solutions for U Mobile is gaining pace, supported by increasing site acceptances from building owners and operators. As a result, the approval process from building owners have accelerated to below six months. Notably, some building operators have even proactively requested for deployment of 5G IBC solutions at their premises.
- Looking ahead, OCK will recognise RPS dividends received from SPA as 'other income' from 4QFY26 onwards. Over the longer term, within two years, OCK is expected to consolidate SPA under its green energy solutions segment.

**Forecasts.** We raised our FY26F/27F earnings forecasts by 28%/19% as we raise our order book replenishment assumption for EIP to RM150m (from RM100m) in FY26.

**Valuation.** We raise our TP to RM0.50 (from RM0.47), reflecting a roll-forward of our valuation base year to FY27F and the earnings upgrade. Our TP is unchanged at 5.7x FY27F EV/EBITDA.

There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4)

**Investment case.** Our optimism on OCK is supported by: (i) potential contract awards from Batch 1 of JENDELA Phase 2 and Malaysia's second 5G network, (ii) order book expansion from EI Power, underpinned by the ongoing data centre construction boom in Malaysia and Thailand, (iii) its medium-term target to expand its tower portfolio from c.5,500 to 10,000 towers ahead of a planned RM1.5bn Towerco IPO, (iv) incremental recurring leasing income following completion of its dark fibre infrastructure project in collaboration with the Selangor state government (via Smartsel) in Cyberjaya, and (v) potential order book replenishment from its Business Alliance Framework partnership with Smartsel to roll out 5G in-building coverage as well as solutions for cybersecurity and smart state architecture in Selangor.

**Risks to our call include:** (i) additional asset impairments arising from operational challenges in Myanmar, particularly at tower sites located in conflict zones with restricted access which could lead to higher capex and impede maintenance, hence triggering service-level breaches and penalties, and (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 in frontier markets (i.e. Vietnam and Laos) where OCK has exposure.

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Results Highlights								
	3Q	2Q	QoQ	5Q	YoY	9M	9M	YoY
FYE Jun (RM m)	FY26	FY26	Chg	FY25*	Chg	FY26	FY25*	Chg
Revenue	174.7	167.6	4.2%	135.7	28.8%	499.9	461.7	8.3%
<b>EBITDA</b>	<b>52.1</b>	<b>53.1</b>	-1.8%	<b>45.8</b>	13.9%	<b>154.8</b>	<b>136.9</b>	13.0%
Depreciation	(21.8)	(23.5)	-7.4%	(27.3)	-20.4%	(71.8)	(80.9)	-11.3%
Net Finance Costs	(10.4)	(9.1)	14.4%	(6.4)	62.4%	(27.6)	(21.1)	31.0%
JV	0.0	0.0	nm	0.0	nm	0.0	0.0	nm
EI	0.8	(0.9)	>-100%	(1.1)	>-100%	(0.2)	1.1	>-100%
<b>Pretax Profit</b>	<b>20.8</b>	<b>19.6</b>	6.2%	<b>11.0</b>	89.6%	<b>55.1</b>	<b>36.1</b>	52.9%
Taxation	(4.9)	(4.8)	1.2%	(3.0)	65.0%	(13.6)	(9.3)	47.1%
Minority Interest	(4.7)	(4.7)	-0.6%	(2.5)	85.7%	(14.1)	(6.1)	>100%
<b>PATAMI</b>	<b>11.3</b>	<b>10.1</b>	11.8%	<b>5.5</b>	>100%	<b>27.4</b>	<b>20.6</b>	32.6%
<b>Core Net Profit</b>	<b>10.4</b>	<b>11.0</b>	-5.0%	<b>6.6</b>	58.2%	<b>27.6</b>	<b>19.5</b>	41.4%
Core EPS (sen)	1.0	1.0	-3.4%	0.6	60.6%	2.6	1.8	42.8%
DPS (sen)	0	0.5	->-100%	0	nm	0.5	0.5	0.0%
EBITDA margin	29.8%	31.7%		33.7%		31.0%	29.7%	
PBT Margin	11.9%	11.7%		8.1%		11.0%	7.8%	
Core Net margin	6.0%	6.5%		4.8%		5.5%	4.2%	
Effective Tax Rate	23.5%	24.6%		26.9%		24.8%	25.7%	

Source: Company, Kenanga Research

\* Comparison based on same period in previous CY

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Segmental Highlights								
FYE Jun (RM m)	3Q FY26	2Q FY26	QoQ Chg	5Q FY25*	YoY Chg	9M FY26	9M FY25*	YoY Chg
<b>Segmental Revenue</b>								
Telco Network Services	155.8	154.2	1.0%	130.7	19.2%	452.2	444.7	1.7%
Green Energy Solutions	5.8	5.9	-1.1%	3.7	57.2%	17.0	22.6	-24.9%
Trading	3.8	3.5	6.1%	6.9	-45.2%	9.2	16.4	-43.7%
Power Solutions	20.8	15.2	36.6%	13.3	56.5%	59.5	24.5	142.5%
Elimination	(11.4)	(11.2)	1.7%	(18.8)	-39.5%	(38.0)	(46.8)	-18.8%
<b>Total</b>	<b>174.7</b>	<b>167.6</b>	<b>4.2%</b>	<b>135.7</b>	<b>28.8%</b>	<b>499.9</b>	<b>461.4</b>	<b>8.3%</b>
<b>Segmental PBT</b>								
Telco Network Services	24.4	11.7	>100%	10.1	>100%	45.6	38.0	20.1%
Green Energy Solutions	0.7	0.2	>100%	(0.6)	>-100%	1.7	1.5	14.4%
Trading	2.8	0.3	>100%	1.2	>100%	3.7	3.8	-3.1%
Power Solutions	8.2	6.6	24.6%	4.0	>100%	22.4	6.1	>100%
Elimination	(15.4)	0.8	>-100%	(4.3)	>-100%	(18.3)	(13.8)	32.7%
<b>Total</b>	<b>20.8</b>	<b>19.6</b>	<b>6.2%</b>	<b>10.5</b>	<b>&gt;100%</b>	<b>55.1</b>	<b>35.6</b>	<b>55.0%</b>
<b>Segmental PBT Margin</b>								
Telco Network Services	15.7%	7.6%		7.7%		10.1%	8.5%	
Green Energy Solutions	12.9%	4.2%		-14.9%		9.9%	6.5%	
Trading	74.4%	7.7%		17.6%		39.9%	23.2%	
Power Solutions	39.7%	43.5%		30.2%		37.6%	24.8%	
Elimination	135.7%	-7.0%		22.9%		48.1%	29.4%	
<b>Total</b>	<b>11.9%</b>	<b>11.7%</b>		<b>7.7%</b>		<b>11.0%</b>	<b>7.7%</b>	

Source: Company, Kenanga Research

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### Peer Comparison

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.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>STOCKS UNDER COVERAGE</b>																	
AXIATA GROUP BHD	MP	2.00	2.70	35.0%	18,376.5	Y	12/2026	5.8	5.9	-37.7%	2.8%	34.6	33.7	1.0	0.5%	11.0	5.5%
CELCOMDIGI BHD	OP	3.05	4.27	40.0%	35,781.1	Y	12/2026	13.6	13.6	6.2%	0.6%	22.5	22.3	2.3	10.1%	16.0	5.2%
MAXIS BHD	MP	3.71	3.63	-2.2%	29,068.2	Y	12/2026	20.5	21.3	1.3%	3.9%	18.1	17.4	4.5	25.6%	18.0	4.9%
OCK GROUP BHD	OP	0.380	0.430	13.2%	391.9	Y	06/2026	2.5	2.8	-12.6%	10.8%	14.9	13.5	0.6	4.4%	1.0	2.6%
TELEKOM MALAYSIA BHD	OP	7.40	8.86	19.7%	28,399.3	Y	12/2026	47.7	47.9	3.1%	0.4%	15.5	15.4	2.5	16.6%	33.0	4.5%
TIME DOTCOM BHD	OP	6.03	6.60	9.5%	11,148.4	Y	12/2026	28.0	30.2	6.3%	7.8%	21.5	20.0	3.8	16.8%	42.0	7.0%
<b>SECTOR AGGREGATE</b>					<b>123,165.2</b>					<b>-2.0%</b>	<b>2.3%</b>	<b>20.3</b>	<b>19.8</b>	<b>2.5</b>	<b>12.3%</b>		<b>4.9%</b>

Source: Bloomberg, Kenanga Research

### Stock ESG Ratings:

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

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

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**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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