



06 FEB, 2024

## OCK to gain from 5G roll-out momentum in Malaysia

Borneo Post (KK), Malaysia

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**KUCHING:** OCK Group Bhd (OCK) will likely benefit from the roll out of 5G network across Malaysia and potentially Indonesia, analysts observed.

"We expect OCK to continue to benefit from sustained deployment of the first 5G network in Malaysia.

"This would be via involvement in the roll-out of an additional estimated 2,500 5G sites in 2024.

"Moving forward, for Malaysia's upcoming second 5G network, we believe that OCK may also gain from co-location at its existing tower sites, and construction of new build-to-suit (BTS) towers.

"This is underpinned by OCK's track record and involvement in the successful roll-out of 5G sites for the first network.

"Furthermore, we believe that new BTS sites are required to expand Malaysia's 5G coverage footprint," said the research team at Kenanga Investment Bank Bhd (Kenanga Research) in a report.

In the near-to-medium term, it noted that OCK targets to secure additional telco towers in the following markets: 150 to 200 in Malaysia, and 500 in Vietnam.

"The group is on track to attain the latter, after having secured approval to acquire an additional 120 towers in Vietnam recently.

"Meanwhile, in terms of geographical expansion, OCK is mulling over the option to apply for a tower license in Laos. This may potentially be the next frontier for OCK following its previous ventures to Myanmar (2015) and Vietnam (2017)," the research team added.

OCK is also aiming for 15 to 20 per cent topline growth in Indonesia, largely driven by higher scope of works for network-managed services (NMS).

To a smaller extent, the group expects growth to be boosted by new fiberisation contracts.

It noted that in 3Q23, OCK's market share of NMS in Indonesia dwindled q-o-q to circa 29 per cent, based on coverage of 32,125 sites (2QFY23: 45 per cent; 49,200 sites).

This was partly due to consolidation and rationalization of tower sites by Indosat to avoid duplication.

This was after the latter's merger with Hutchison 3 to form the second largest telco operator in Indonesia.

"On the bright side, NMS contract values have increased due to wider job scopes that include enhanced comprehensive and active components.

"As such, this translates to margin expansion and hence higher profitability.

"Moving forward, OCK expects the award of higher value job orders to sustain, particularly if Indonesia ramps up the roll-out of 5G.

"At this juncture, according to OpenSignal, Indonesia's 5G network availability is one per cent, which implies significant room for expansion," Kenanga Research said.

Aside from that, it noted that OCK is aggressively bidding for new projects to replenish its order book, which amounts to circa RM278 million as at end-September 2023.

"Amongst others, this includes a large scale solar power plant in East Malaysia, and contracts to provide 5G solutions in Malaysia (such as installation of systems that apply artificial intelligence such as smart CCTV networks).

"Hence, these new contracts are expected to boost FY24 bottomline, alongside expected interest cost savings," it said.



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### SUMMARIES

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