


OCK targets to declare dividends once a year



PETALING JAYA: OCK Group Bhd  has alluded to the possibility of formulating a new dividend policy in the near term and targets to declare dividends once every year.

This is underpinned by robust operating cash flow, a firm balance sheet and enhanced liquidity from its new sukuk programme.

For the same reasons, OCK does not plan to secure equity funding for expansion in the near-to-medium term, said Kenanga Research.

In recent years, OCK paid dividends sporadically, including in the financial year 2017 (FY17) (0.9 sen) and FY21 (0.5 sen).

It is on track to deliver robust earnings, mainly driven by businesses in Malaysia (sustained 5G roll-out), Vietnam (tower network expansion), Indonesia (higher value contracts for network management) and interest savings from debt restructuring.

With a formal dividend policy, Kenanga Research believes OCK may pay constant dividends.

Kenanga Research maintains its earnings forecast and has an “outperform” call on the stock with a target price of 74 sen a share.

The risks cited for its call include unfavourable regulatory changes, delayed roll-out of 5G infrastructure and country and political risks at frontier markets, where OCK has a presence.

OCK does not intend to slow down the expansion of its tower portfolio after having achieved its target of owning 5,300 towers across Malaysia, Myanmar and Vietnam.

Moving forward, in the near-to-medium term, OCK targets to secure additional telco towers in the Malaysian (150 to 200) and Vietnamese (500) market.

In terms of geographical expansion, OCK is mulling over the option to apply for a tower licence in Laos.

This may potentially be the next frontier for OCK following its previous ventures to Myanmar (2015) and Vietnam (2017).

It will continue to benefit from sustained deployment of the first 5G network in Malaysia, involving the roll-out of about 2,500 more 5G sites in 2024 from 5,000 last year.

OCK may also benefit from the upcoming second 5G network in the country from co-location at its existing tower sites, as well as construction of new build-to-suit towers.

OCK targets a 15% to 20% topline growth in Indonesia, largely driven by higher scope of work for network-managed services.

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

It is also aggressively bidding for new projects to replenish its order book, which amounts to about RM278mil as at end-September 2023.

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

These new contracts are expected to boost its this financial year's bottom line, alongside expected interest cost savings, it said.