

## OCK to post record earnings in fiscal year 2023, according to RHB Research

By S. Joan Santani - February 16, 2024 @ 11:59am



RHB research expects double-digit year-on-year (YoY) growth in revenue for OCK Group, with sustained core earnings expected in the fourth quarter of 2023 (4Q23).

KUALA LUMPUR: RHB research expects double-digit year-on-year (YoY) growth in revenue for OCK Group, with sustained core earnings expected in the fourth quarter of 2023 (4Q23).

The financial year 2023 is forecast to set new records for the company, according to the research house.

OCK is slated to announce its full-year results on February 27.

"We expect a sterling close, with double-digit QoQ and YoY growth in 4Q23 revenue and core profit after taxation and minority interest (Patami), supported by stronger project revenue recognition and the steady growth of the tower-leasing and site maintenance businesses.

"Full-year revenue and earnings should hit record highs, with the telco network services (TNS) unit (9M23: 86 per cent of revenue) contributing the bulk of growth," said the research house.

Given the improved showing, we do not rule out a nominal dividend (which has not been factored in by the consensus).

OCC last dished out dividends in FY21, totalling 5 sen per share.

RHB said growth continues to be fuelled by robust site contracting works and steady tower-leasing revenues, which are recurring in nature.

The stock is trading at a low valuation of less than 5 times its earnings before interest, taxes, depreciation, and amortisation (EBITDA) for the fiscal year 2024, it said.

"This is considered inexpensive. The tower business that the company operates holds potential value, especially with its connection to 5G infrastructure assets, which are expected to grow in importance.

"Additionally, the planned spin-off of its tower company could serve as a significant event that may positively impact the stock's performance," said the research house in a note today.