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PETALING JAYA: RHB Research expects OCK Group Bhd to sustain its double-digit year-on-year (y-o-y) growth in revenue and core earnings in the fourth quarter of 2023 (4Q23), thus making financial year 2023 (FY23) a new record for it.

The growth will be fuelled by robust site contracting works and steady tower-leasing revenues which are recurring in nature, the research house said in a recent report on the company.

OCK Group is expected to file its results on Feb 27 and its telco network services unit is projected to account for the bulk of growth.

“We do not rule out a nominal dividend (which has not been factored in by the consensus).

“OCK last dished out dividends in FY21 totalling half a sen per share,” RHB Research predicted.

The research house noted OCK’s order-book amounted to RM250mil at the end of last December, comprising of RM105mil worth of contracts under the National Digital Network (Jendela) programme and the rest RM145mil from other projects.

“Upside would come from new Jendela Phase 2 awards, which are yet to be unveiled,” the research house added.

Another positive factor for OCK Group for FY24 is its financing cost is set to decline by RM14mil to RM15mil following the refinancing of its US dollar-denominated debt with the proceeds of its new RM700mil sukuk facility.

The sukuk also offers financing head-room for new renewable energy/solar-type projects it is pursuing.

It said the group’s tower-leasing unit (OCK SEA Towers) offers latent value and could be worth as much as RM600mil to RM1.3bil, implying a valuation uplift of 20-85 sen based on its estimates.

That is well above OCK Group’s market capitalisation of RM601mil currently.

RHB Research has thus kept a “buy” call on the company with a sum-of-parts target price of 65 sen a share.