

**Highlights** Extended trade settlement of up to T+7. Check out the [M+ T+7 Contra](#) account. "Expand your profit opportunity." 0



## Kenanga Research & Investment

Author: [kiasutrader](#) | Latest post: Mon, 17 Feb 2020, 9:56 AM

[Blog Headlines \(by Date\)](#)

[Blog Index](#)

### PARTNER APP



**MQ Trader**

Earn MQ Points while trading with MQ Traders Group

## OCK Group Bhd - Increasing Solar Capabilities

Author: [kiasutrader](#) | Publish date: Thu, 13 Feb 2020, 9:33 AM

**OCK announced the acquisition of the entire equity interest in Solar System & Power Sdn Bhd for RM12.5m. We are positive with this development, in line with the initiative to grow its green energy segment, to be possibly funded by earlier fund raising. However, related earnings improvements would still be overshadowed by key towerco segment. Maintain MARKET PERFORM and DCF-driven TP of RM0.585 (WACC: 9.5%, TG: 1.5%).**

**Another solar-based acquisition.** Yesterday, OCK announced that the group has acquired 100% equity interest in Solar System & Power Sdn Bhd (SSP) for a purchase consideration of RM12.5m. SSP is principally involved in the research and development, production of solar and renewable energy. From what we have gathered, SSP is believed to own solar farms with 2MW capacity.

**Sticking with the plan.** We are positive with this development as it is the materialisation of OCK's plan to expand its Green Energy and Power segment. The group had raised RM52.3m via private placement to bolster its own portfolio of eleven solar farm with a total 5.9MW solar energy production capacity. In Dec 2019, RM31.6m went to the acquisition of Green Leadership Sdn Bhd which added 3.3MW capacity. The balance of the proceeds is likely to be used to fund this latest acquisition.

**But still mainly a towerco.** While these acquisitions should be earnings accretive, overall contribution to the group could be minimal as the Green Energy and Power segment only makes up less than 10% of revenue and PBT each. Nonetheless, this diversification is in line with management's plan to spin off its towerco operations (OCK SEA Towers) in the near future. That said, we opine the group could see steady momentum spilling over from the NFCP in the building of much needed infrastructure. On the flipside, the recent partnership with China Unicom could help the group develop a presence with the introduction of 5G applications in the country, with trial deployment runs in Penang currently.

**Maintain MARKET PERFORM and DCF-driven TP of RM0.585.** Our DCF assumptions are based on a WACC of 9.5% and TG of 1.5% while also leaving our earnings unchanged in this note. The group should continue to operate in a stable and sustainable operating environment, but its merits may already been priced in at current share price level. Excitement would probably emerge from more solid developments on the monetisation of OCK SEA Towers. In the meantime, the lack of dividend expectations may also leave investors wanting more.

**Risks to our call include:** (i) faster/slower-than-expected expansion of tower portfolios, and (ii) higher/lower-than-expected operating margins.

Source: [Kenanga Research](#) - 13 Feb 2020

Share this <https://klse.i3investor.com/blogs/kenangaresearch/2020-02-13-story-h1483792>

Labels: [OCK](#)

### Related Stocks

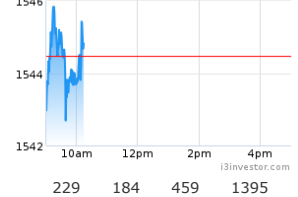
Chart	Stock Name	Last	Change	Volume
	<b>OCK</b>	0.63	0.00 (0.00%)	766,700

### Market Buzz

Show  entries

Date	Type	Subject
16-Feb-2020	Forum	<a href="#">3 New Comments</a>
14-Feb-2020	Blog	<a href="#">【行家论股/视频】OCK集团 新收购展望正面</a>
13-Feb-2020	Price Target	<a href="#">OCK Group Bhd - Increasing Solar Capabilities</a> Source : <b>KENANGA</b> , Price Call : <b>HOLD</b> , Price Target : <b>0.58</b> Last Price : <b>0.63</b> , Upside/Downside : <b>-0.05(7.94%)</b>

FBM KLCI: Feb 17, 2020



Active Gainers Losers

#### Top 10 Active Counters

Name	Last	Change
SMETRIC	0.15	0.00
PWRWELL	0.315	+0.02
ARMADA	0.405	+0.01
DGB	0.08	-0.01
SAPNRG	0.24	+0.005
FPGROUP	0.965	+0.045
XDL	0.15	-0.005
HSI-C7Q	0.30	+0.02
PERDANA	0.495	+0.025
ALAM	0.16	+0.01

### FEATURED POSTS

- [Leveraged & Inverse ETF](#) CMS
- [MQ Trader - Introduction to MQ Trader Affiliate Program](#) MQ Trader Announcement!

### TOP ARTICLES

- [\[SOLARVEST\] Part 2 - Another UWC and Greatech in the making?](#) 1
- [Jaks Resources - A More Accurate And Reliable Average Valuation](#) DK66
- [2020第七篇: 除了科技, 接下来可以部署什么板块?](#) 投资有理·于你
- [Ep8 【马来西亚股票】5G时代, 关注什么马来西亚股票?](#) Trader Seeds
- [风琴 Frontkn Q419季度业绩预测 - bluefun](#) bluefun的投资分享心得
- [WHO head praises China and Xi](#)