Company Visit Note

OKP Holdings Ltd

Key takeaways from company meeting

Background

- OKP Holdings Ltd (OKP) is a leading homegrown infrastructure and civil engineering company in the region specialising in the construction and maintenance of roads and road-related facilities, as well as building construction-related works.

Strong book order

- In 2010, OKP has secured projects totalling S$45.5m from the public sector, namely Jurong Town Corporation, Land Transport Authority and Public Utilities Board. As of 29 July, the orderbook based on secured contracts stood at about S$312m, extending all the way to 2013. This is pretty formidable for a company with S$126m market capitalisation.
- OKP announced in late-August that they have won a S$1.1m contract for foreshore land reclamation works on Jurong Island.

Revenue catalysts

- OKP has just been prequalified and has shown interest in securing rail construction contracts from the Land Transport Authority. According to management, the forthcoming Downtown Line stage 3 will be segmented into 10 portions with each portion worth about S$300m. In our view, this is another milestone for the company.
- OKP made its foray into Africa when it formed a 50:50 joint venture (JV), CIF-OKP Construction and Development Pte Ltd (CIF-OKP), with China Sonangol International (S) Pte Ltd (CSIS), a subsidiary of China Sonangol International Limited (CSIL). CSIL is a conglomerate in the resources investment, exploration and large-scale infrastructure construction businesses in Africa, particularly Angola. According to management, this JV will undertake the infrastructure project in Africa.

Valuation

- OKP is currently trading at a valuation of 7.8x FY10 and 6.6x FY11 consensus earnings.

Non Rated

Share Price  S$0.475
Fair Price  N.A
Upside  N.A

Stock data
GICS sector  Industrials
Bloomberg ticker:  OKP SP
Shares Issued (m):  264.8
Market Cap (S$m):  125.8
Market Cap (US$m):  95.6
3-mth avg t'over (US$m):  0.0

Price Performance (%)
52-w eek high/low  S$0.6325 / S$0.4166
1mth  5.6
3mth  5.5
6mth  -2.6
1yr  -10.5
YTD  7.5

Major Shareholders
Or Kim Peow Investments  52.6
China Sonangol Int S Pl  8.5

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