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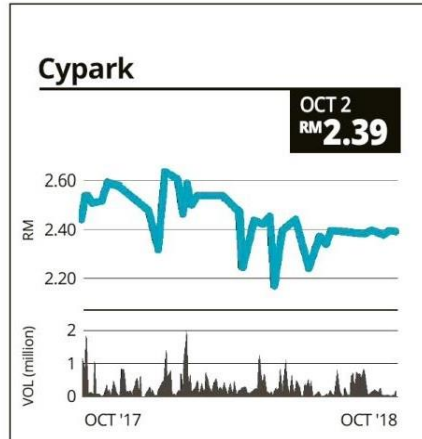
CYPARK RESOURCES BHD

By Public Investment Bank

Neutral

Target price: RM2.45

CYPARK Resources Bhd, an environmental assessment group, reported a 9% increase in



revenue year-on-year (y-o-y) for its nine-month period of financial year 2018 (FY18).

This is mainly driven by higher contribution from its environmental engineering (EE)-related segment to RM195.5mil due to progressive completion for the new large-scale solar (LSS) projects secured.

Meanwhile, its maintenance segment also reported higher revenue at RM5mil (versus RM2.5mil in the same period last year) mainly contributed by the specialist maintenance works performed on leachate treatment plants.

Its core net profit for the nine months of FY18 jumped 12% y-o-y to RM50.3mil mainly due to higher revenue from EE segment as well as lower finance cost of RM7.6mil due to green technology and renewable energy segment.

“Going forward, we expect higher contributions from its EE-related segment, with total engineering, procurement, construction and commissioning contracts for the LSS projects over the next two years valued at more than RM600mil,” Public Investment said.

Meanwhile, upon completion of the 30MWac of floating solar in Empangan Terip, Negri Sembilan, the research house also expected further contributions in the renewable energy segment from FY19 onwards from the sale of electricity to the national grid for the next 21 years.

This will be executed through a 40% stake in a special-purpose vehicle company with Revenue Vantage Bhd.

“However, this has yet to be accounted for in our earnings forecast,” the brokerage said.

Public Investment has maintained its “neutral” call on Cypark with an unchanged sum of parts-based target price of RM2.45.