

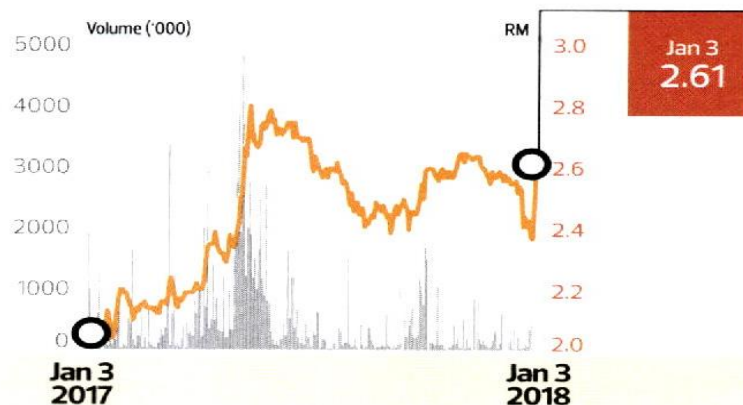


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Cypark Resources Bhd

Target price: **RM2.62** **OUTPERFORM**



PUBLICINVEST RESEARCH (JAN 2): Cypark reported a 4QFY17 net profit of RM18.2 million (+40.3% y-o-y), bringing its full-year FY17 net profit to RM57.6 million (+11.4% y-o-y). The reported numbers were above our and consensus expectations, accounting for 121% and 125% of the net profit estimates respectively. Earnings came in higher than our forecast due to lower-than-expected finance cost and higher-than-expected other income.

We expect Cypark's earnings under its renewable energy (RE) segment to improve from FY18 onwards, coming from additional biomass and biogas income following the completion of its Ladang Tanah Merah (LTM) project. Thus, we forecast FY18F earnings to expand by 26.3% y-o-y.

Cypark's earnings are expected to improve in FY18 from the sale of electricity through its 20MW biomass and 5MW biogas capacities upon the completion of the LTM project by end-2017. Moving forward, we also expect further improvement in the RE division from the recent acceptance of the 30MWac large-scale solar project, under a consortium with Revenue Vantage Sdn Bhd. This has yet to be accounted for, pending further clarity on project terms.