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## Cypark Resources Bhd

Target price: **RM2.88 ADD**



**CGS CIMB RESEARCH (APRIL 2):** Cypark's 1QFY10/18 core earnings were 15% of our and Bloomberg's consensus full-year estimates as 1Q is seasonally its weakest quarter. Net profit rose 5% y-o-y on higher revenue, mainly driven by higher sales in the environmental engineering (EE) division, and the maintenance division due to specialist maintenance works on leachate treatment plants secured since 3Q17.

Cypark's experience and expertise in providing EE solutions are expected to help it secure more projects in waste water treatment, sanitary landfills, waste management facilities and closure of dump sites. To date, its experienced team has successfully completed more than 600 acres of remediation and restoration work of contaminated ground spanning more than 20 landfills across the country. The EE division contributed 75% to FY17's revenue and 65% to operating profit.

We believe Cypark's earnings should continue to improve in FY18F as Phase 1 of its waste-to-energy (WTE) project should commence operations in 2HCY18. The WTE plant is expected to generate stable revenue of RM80 million per annum over a 25-year concession.