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## Cypark Resources Bhd

Target price: **RM2.88 ADD**



**CGS CIMB RESEARCH (JULY 2):** Cypark's core net profit for 1HFY18 jumped 43% y-o-y, lifted by higher revenue and the absence of ESOS accounting expenses in the current period. PBT for 1HFY18 rose 35% y-o-y, mainly supported by 38% y-o-y PBT growth in the environmental engineering (EE) division.

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

We believe Cypark's earnings will continue to improve in FY18-FY19F as Phase 1 of its waste-to-energy (WTE) project will commence operations in 2HCY18. We expect the WTE plant to generate stable revenue of RM80 million per annum over the 25-year concession.