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Cypark Resources Bhd

Target price: **RM1.80 ADD**



CIMB RESEARCH (DEC 18): Cypark's 1-for-2 bonus issue go ex today. Ex-bonus issue, our target price is adjusted to RM1.80. We believe the bonus issue will improve Cypark's trading liquidity and enhance the marketability of the company's shares, although it does not change the group's underlying fundamentals. Assuming the full exercise of the outstanding employee share option scheme (ESOS), the bonus issue will raise Cypark's share capital from 314.3 million shares to 471.5 million shares.

We believe Cypark is poised to benefit from a favourable industry outlook as the government aims to raise the nation's renewable energy (RE) capacity from 2% to 20% by 2025. Based on its projects in hand, Cypark expects its total RE capacity to jump four-fold to more than 120MW by 2020. Cypark's win in the recent large-scale solar auctions 2 (LSS 2) is also likely to enhance its credibility and strengthen its position in the industry, which should help it win future bids.

Maintain "add", with a SOP-based target price of RM1.80.