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Cypark to bid for RM1b worth of projects in FY17

BY SULHI AZMAN

PETALING JAYA: Cypark Resources Bhd expects to tender for RM1 billion worth of projects in environmental engineering, waste management, green technology and renewable energy in Malaysia and Singapore during its current financial year.

Chief executive officer Datuk Daud Ahmad said this would bring the green and clean technology solutions provider's total tender book to around RM3 billion for the financial year ending Oct 31, 2017 (FY17) against RM2 billion in FY16.

"We are proposing various renewable and green technology projects in Malaysia," he said, noting that the Energy Commission has opened up new opportunities in the renewable energy space, especially in large-scale solar power projects.

Speaking to reporters after the company's annual general meeting yesterday, Daud said Cypark may also submit unsolicited proposals to the

government, especially in building a waste-to-energy plant.

"We have been doing that successfully in the past, and we will continue to do so where we see good opportunities," he said, noting that the renewable energy cost drops, on average, by 10% to 20% yearly.

Daud said the cost to build a solar plant with a capacity of 1MW would amount to less than RM7 million. "For higher capacity of the solar plant, the cost to build it in 1MW terms could be less than RM6 million," he said.

For FY17, Cypark expects income to grow between 10% and 20%, driven by its three divisions — environmental engineering, green technology and renewable energy — which contributed 86% of its revenue in FY16.

"We are transforming Cypark to be more focused on a concession business. It is recession-proof, and it will generate recurring income for the company," Daud said, adding that this will insulate the company

from being heavily impacted by external fluctuations and economic uncertainties.

Daud said when Cypark's waste-to-energy plant in Ladang Tanah Merah, Negeri Sembilan commences operations in the first quarter of 2018, its revenue is expected to be boosted by RM80 million per year.

Cypark, he said, has forked out around RM300 million to build the plant that has a capacity to incinerate 1,000 tonnes of solid waste per day, and generate some 25MW of electricity that could power some 170,000 households.

On gearing, Daud said Cypark is prudent to ensure that its debt burden would not exceed 50%. As at end-2016, Cypark's net debt increased to RM329.71 million or 42.8% from RM216.96 million or 35.5% in 2015.

"Our gearing level tracks the upward movement of the gearing by power industry leader Tenaga Nasional Bhd. We incur borrowing to

fund cash-yielding assets," he said.

Going forward, Daud said Cypark is not ruling out expanding its business into other Asean countries.

"We assess our expansion move to a new market by four criteria: foreign currency exposure, sovereign and political risk, legal framework and bankability," said Daud, a former accountant. "Once these are all ticked, then we are set to sail to the new market."

Cypark is currently partnering a Singapore company and a leading German technology firm to bid for a project to develop up to 70MW of solar rooftop project for buildings managed by the Singapore government, which include more than 600 flats.

"We are among the three short-listed companies," said Daud, who is also Cypark's second-largest shareholder with a 16.02% stake.

Cypark shares closed unchanged at RM2.40 yesterday, giving it a market capitalisation of RM607.05 million.