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Cypark Resources: Expect earnings improvements in 2H25

The Malaysian Reserve, Malaysia



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RE and WTE revenues are QoQ higher in 2Q by 21% and 13%

► Recommendation: Hold
Target Price: 87 sen
by Maybank Investment Bank Bhd (Jan 2)

MAINTAIN 'Hold' with a higher SOP-TP of 87 sen. The second quarter of 2025 (2Q25) headline net profit of RM300,000 (excluding distribution to perpetual sukuk holders) brought 1H25 net loss to RM26 million. Excluding the reversal of provision, core loss was RM30 million for 2Q and RM55 million for 1H, exceeding our/consensus FY25

CYPARK RESOURCES BHD				
FYE APR	2024	2025E	2026E	2027E
REVENUE TEST (RM mil)	184	247	524	534
CORE NET PROFIT (RM mil)	(44)	(54)	28	30
CORE EPS (sen)	(5.3)	(6.5)	3.4	3.6
CORE P/E (x)	NM	NM	25.4	24.0

net loss forecast of RM26 million/RM34 million. The miss was due to de-recognition of deferred tax assets and higher financing costs. On revisiting our assumptions, we raise FY26/27E core net profit and our SOP TP to 87 sen (+14 sen). Maintain 'Hold'.

Cushioned by reversal of provision. Renewable energy (RE) and waste-to-energy (WTE) revenues were quarter-over-quarter (QoQ) higher in 2Q by 21% and 13% respectively, on higher contribution from a newly completed Large Scale Solar 3 (LSS3) project in Terengganu (for the RE ops; commercial operation date (COD) on June 9, 2024) and insurance compensation (for the WTE ops) for a fire

incident in end-April 2024. Profit-wise, RE ops recorded a pretax profit of RM24 million, mainly due to a RM30 million reversal of provision. WTE ops pretax loss narrowed to RM8 million due to the insurance compensation. Group tax was exceptionally high in 2Q due to one-off de-recognition of deferred tax assets of RM7 million.

Expect earnings improvements in 2HFY25. We expect its LSS2 projects in Kelantan to obtain COD in January/February 2025, which will enable scheduled and confirmed payments from Tenaga Nasional Bhd (TNB, 'Hold', CP: RM14.94, TP: RM14) for the sale of electricity. As for its WTE ops, the plant resumed operations on Oct 29, 2024, after a period of unsched-

uled downtime and upgrading works that began in April 2024.

Adjusting forecasts. We now forecast RM54 million core net loss in FY25E (previously -RM26 million) on adjusting for higher tax and financing costs. We however raise our engineering, procurement, construction and commissioning (EPCC) job win forecasts for FY26/27E to RM300 million pa (from RM150 million pa; none for FY25E) on better EPCC win prospects from the National Energy Transition Roadmap projects.

This leads to higher FY26/27E core net profit by +42%/+39%, respectively.

We expect a turnaround in FY26/27E due to optimal performance at WTE.