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PETALING JAYA: Integrated renewable energy (RE) outfit Cypark Resources Bhd will still need to generate RM600mil to RM700mil in annual engineering, procurement, construction and commissioning (EPCC) revenue to achieve break even despite the latest announcement of a project worth RM1.96bil last week, says BIMB Securities Research.

The company, together with Sunview Group Bhd, was awarded the project to develop a 595MWac floating solar photovoltaic plant with a battery energy storage

system by Tenaga Nasional Bhd in Lake Kenyir. Cypark Resources' share of the project comes to RM1.2bil based on its 60% stake in the partnership with Sunview Group, an RE solutions provider.

This lifts the company's EPCC order book to RM1.5bil and improves earnings visibility.

"The sizeable contract and multi-year construction timeline are expected to support near-term earnings recovery," the research house said.

However, BIMB Research said Cypark

Resources continues to face structural challenges, particularly its high leverage and elevated value of asset base, following past project cost overruns that saw it reporting an annual loss run rate of RM60mil to RM70mil from concession assets.

The research house opines that the company would need to sustain RM600mil to RM700mil in annual EPCC revenue, assuming a 10% margin, just to break even.

It maintained its "hold" call on the stock and revised the target price to 77 sen per share from 63 sen.