

Underground Storage of Hydrocarbons, Diversification for CYDSA

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"The underground storage of hydrocarbons in salt caverns represent interesting opportunities, but also relevant investments, which could help sustain growth," says a report from Análisis y Estrategia de Banorte.

Banco Multiva, for its part, wrote in its Twitter account that the company found "the gold nugget in underground hydrocarbon storage plants."

CYDSA has plans to continue investing in these types of projects, so it foresees disbursements in the next three years and, at the same time, it will seek to formalize long-term service contracts with potential clients.

Bursamétrica Casa de Bolsa estimated, through an analysis, that the company's sales will grow by 8% on average annually derived from its investments in the refrigerant gas and underground LP gas storage business.

The financial firm adjusted the target price of the company's stock to 39.16 pesos per unit from the previous 38.70 pesos, which would be equivalent to a potential increase of 42.4% for the year.

CYDSA is a company listed on the Mexican Stock Exchange (BMV). Their shares are exchanged at 29.50 pesos each. So far this year it has accumulated a decline of 1.65%, from the 30 pesos with which opened 2018.

The company reports that the business of storage of hydrocarbons in salt caverns began in November 2014. In that year it entered into a contract with Petróleos Mexicanos (Pemex) to develop the first system in Mexico and Latin America dedicated to storing liquefied petroleum gas (LP gas) in a salt cavern, with an operational storage capacity of more than 1.8 million barrels and to process, extract and transfer up to 120,000 barrels per day of the hydrocarbon.

On November 16, 2017, the underground gas storage and processing service for Pemex was started.

"The underground storage and processing of LP gas represents the first result of CYDSA's strategy aimed at the creation of sustainable industrial parks for the management of hydrocarbons and storage in salt caverns, in order to contribute to the clean, efficient and safe energy in Mexico," says the firm.

The company reported that this business "contributed significantly to the growth of sales during the first quarter of the year," which increased 12.2% compared to the same period of 2017, to reach 2,415 million pesos.

CYDSA, headquartered in Monterrey, Nuevo León, operates in three product and specialty chemical areas, electric power cogeneration and underground storage of hydrocarbons. It produces salt for domestic consumption and industrial applications; chlorine, caustic soda and refrigerant gases. Its products are exported to more than 15 countries. In addition, it cogenerates electricity and steam; and it processes and stores LP gas in salt caverns. It has more than 20 subsidiaries in nine locations in the Mexican Republic

<https://www.eleconomista.com.mx/mercados/Almacenamiento-subterraneo-de-hidrocarburos-beta-para-CYDSA---20180714-0026.html>