UOBKH Highlights

Dijaya Corp (DJC MK/ BUY/RM1.37/Target: RM1.70)

4Q12: An excellent set of results

Year to 31 Dec (RMm)	2012	yoy % chg	Remarks	Year	EPS (sen)	PE (x)
Revenue	**630.1**	**67.9**		2013F	6.0	22.8
Operating profit	**242.6**	**145.0**		2014F	9.0	15.2
Property development & resort operations	90.2	45.9		2015F	9.3	14.7
Property investment	147.4	418.1				
Investment holding and others	5.0	-43.1				
Pretax profit	**220.6**	**122.3**				
Net Profit	**169.2**	**119.7**				
PATAMI	**54.6**	**13.6**				
EBIT margin	15.9%	4.1				

Source: Dijaya, UOB Kay Hian

Results: 4Q12 results within expectation. Dijaya reported record-high revenue of RM630.1m for the year, and net profit of RM60.2m (+18.1% yoy) in 4Q12 and RM169.2m (+119.7% yoy) in 2012. Excluding the revaluation of investment properties (RM109.6m) and a RM5m net gain on disposal of land, net profit was RM54.6m (+4.1% yoy) for 2012, vs our forecast of RM55.1m. The increase in revenue and operating profit in its property development was mainly due to higher contributions from on-going projects and new projects launched in the Klang Valley and Johor Bahru.

Impact: In 2012, Dijaya Corp achieved record sales of RM967.3m, surpassing its RM765m target. The strong sales were driven by the recently unveiled projects such as Arnica Serviced Residence, as well as existing projects such as the Tropez Residences in Tropicana Danga Bay. These projects commanded take-up rates of 80-100% (excluding bumi lots). The group is also targeting RM2.9b worth of launches in 2013, which will continue to drive sales from its key developments. The key launches in 2013 are the W KL Hotel & Residences (GDV: RM580m), Tropicana Gardens (GDV: RM244m), Tropicana Metropark (GDV: RM314m), Tropicana Danga Bay (GDV: RM307m) and Penang World City (GDV: RM363m). We expect Dijaya to record turnover of RM967m and RM1.3b for 2013 and 2014 respectively. The group has introduced their 2013 sales target of RM2b while unbilled sales for the group stands at RM951m

Dijaya's strategy to monetise smaller parcels of land and concentrate on larger developments is still intact. In 2012, the group booked in RM26m in land sales and recorded a RM5m net gain on disposal of land. Ytd, Dijaya has sold 76 acres of land and pocketed gross proceeds of RM219m (about RM194m to be recognised in 2013). We expect Dijaya to stick to its asset monetisation strategy, especially in disposing off smaller land parcels. This is positive given: a) this is part of its operational expansion strategy to focus on larger developments, b) this creates an efficient avenue of asset monetisation and de-leveraging, and c) profitably selling small land parcels which is part of the amalgamation exercise. We maintain our earnings forecasts and introduce our 2015 net profit forecast of RM140.1m.

Maintain BUY with a higher target price of RM1.65 (from RM1.41) after narrowing the discount to RNAV from 40% to 30%. The discount of 30% to RNAV is in line with those of property developers in our coverage. It is also justified by the continuous effort by the group to monetise its assets. Our new target price implies 18x 2014F PE, deemed favourable given its sizeable prime landbanks and the stock is packed with re-rating catalysts.

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