

22 May 2013

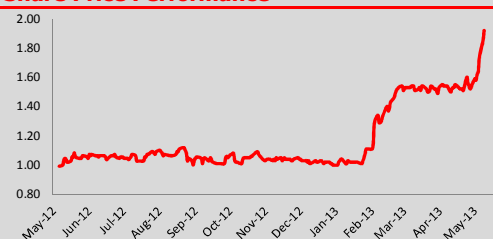
Dijaya Corporation Berhad

Within expectations

OUTPERFORM ↔

Price: RM1.92
Target Price: RM2.15 ↔

- | | |
|--------------------------------|--|
| Period | <ul style="list-style-type: none"> 1Q13 |
| Actual vs. Expectations | <ul style="list-style-type: none"> 1Q13 net profit of RM43.8m was within expectations, making up 27.5% and 26.3% of street and our FY13E earnings. |
| Dividends | <ul style="list-style-type: none"> No dividend was declared for the quarter. |
| Key Results Highlights | <ul style="list-style-type: none"> QoQ, 1Q13 core net profit fell by 9.4% despite a 30.4% growth in revenue as the quarter incurred higher interest expense (19.1% QoQ), as well as, higher tax bracket of 36.7% vs. a tax credit in 4Q12. YoY, 1Q13 earnings jumped substantially by 255.1% given RM125m land sales, billings from Tropicana Grande, Tropicana Avenue, Danga Bay@ Tropez Residences and improved yields from Tropicana City Mall and office tower. Without the land sales net gain of RM58.1m in 1Q13, PBT was RM8.7m (-85.9% YoY). The group has achieved RM254m property sales in 1Q13, which is 12.7% of its RM2.0b sales targets for FY13E and mainly driven by the projects that launched towards the end of last year namely Tropicana Danga Bay, Tropicana Danga Cove and Tropicana Avenue. In terms of land sales, the group has met 57% of our assumed land sales for the year. |
| Outlook | <ul style="list-style-type: none"> Dijaya's FY13E sales target of RM2.0b (ours: RM2.0b) will be mainly driven by Penang World City, Tropicana Danga Bay, Tropicana Danga Cove, Tropicana Gardens, etc. We believe RM2.0b sales target is achievable on the back of RM3.0b new launches that are planned for the year. |
| Change to Forecasts | <ul style="list-style-type: none"> No changes to our FY13-14E net profit of RM166m-RM194m. Unbilled sales of RM1.1b provides about 2 years visibility. |
| Rating | <p>Maintain OUTPERFORM</p> <ul style="list-style-type: none"> A sector driven call due to the exciting sector dynamics especially their huge land bank in Iskandar. |
| Valuation | <ul style="list-style-type: none"> Maintain TP of RM2.15 based on 40% discount to our FD SoP RNAV of RM3.58. |
| Risks | <ul style="list-style-type: none"> Unable to meet sales targets; this will be more impactful on developers with higher net gearing. Sector risks, including negative policies. |

Share Price Performance


KLCI	1,787.38
YTD KLCI chg	5.8%
YTD stock price chg	86.4%

Stock Information

Bloomberg Ticker	DJC MK Equity
Market Cap (RM m)	1,652.3
Issued shares	860.6
52-week range (H)	1.94
52-week range (L)	0.99
3-mth avg daily vol:	2,900,241
Free Float	33%
Beta	1.0

Major Shareholders

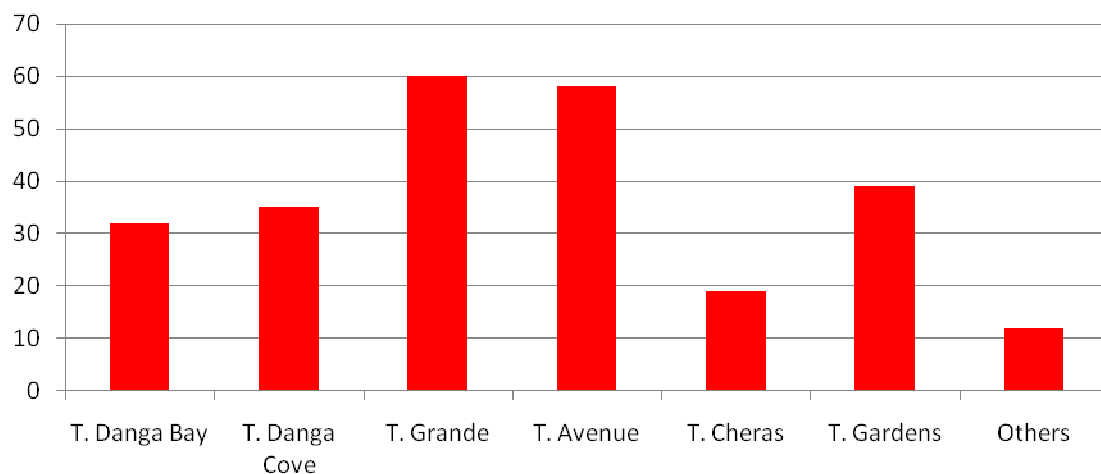
CHEE SING TAN	28.1%
GOLDEN DIVERSITY	19.5%
IMPECCABLE ACE SDN	19.1%

Summary Earnings Table

FYE Dec (RM'm)	2012A	2013E	2014E
Turnover	630.1	1274.1	1636.1
EBIT	246.1	265.4	323.6
PBT	219.9	238.8	300.9
Net Profit (NP)	168.6	166.3	193.5
Core NP	59.0	166.3	193.5
Consensus (NP)	N.A.	159	190
Earnings Revision		-	-
Core EPS (sen)	7.4	21.0	24.4
Core EPS growth (%)	2.8	183.8	16.2
NDPS (sen)	4.8	6.3	7.3
BV/Share (RM)	2.60	2.76	2.95
Core PER (x)	25.8	9.2	7.9
Price/BV (x)	0.7	0.70	0.65
Net Gearing (x)	0.77	0.62	0.52
Dividend Yield (%)	2.5%	3.3%	3.8%

The Research Team
research@kenanga.com.my
 +603 2713 2292

1Q13 Sales



Source: Company, Kenanga Research

Results Highlights

FYE 31 Dec (RM'm)	1Q13	4Q12	QoQ%	1Q12	YoY%	1Q13	1Q12	YtdYoY
Revenue	305.3	234.1	30.4	117.8	159.1	305.3	117.8	159.1
Op costs w/o depr/amort	-221.8	-189.3	17.2	-94.7	134.3	-221.8	-94.7	134.3
Other Op Income	1.9	33.5	-94.4	4.3	-56.2	1.9	4.3	-56.2
EBITDA	85.3	78.3	9.0	27.4	210.9	85.3	27.4	210.9
Interest income	1.1	1.1	-5.4	0.8	35.7	1.1	0.8	35.7
Interest expense	-16.5	-13.9	19.1	-4.6	259.7	-16.5	-4.6	259.7
Pretax profit	66.8	61.6	8.3	21.0	218.2	66.8	21.0	218.2
Taxation	-24.5	1.0	-2580.2	-4.6	428.5	-24.5	-4.6	428.5
Minority Interests	1.5	-1.6	-199.7	-4.0	-138.6	1.5	-4.0	-138.6
Net profit	43.8	61.1	-28.3	12.3	255.1	43.8	12.3	255.1
Core net profit	43.8	48.4	-9.4	12.3	255.1	43.8	12.3	255.1
EPS (sen)	5.5	7.7	-28.3	1.6	255.1	5.5	1.6	255.1
Diluted EPS (sen)	3.0	4.2	-28.3	0.9	255.1	3.0	0.9	255.1
NDPS (sen)	0.0	0		0		0.0	0.0	
NTA/share (RM)	0.0	2.58		1.21		0.0	1.2	
Net gearing/(cash) (x)	0.7	0.80		0.93		0.7	0.9	
EBITDA margin	28.0%	33.4%		23.3%		28.0%	23.3%	
Pretax margin	21.9%	26.3%		17.8%		21.9%	17.8%	
Effective tax rate	-36.7%	1.6%		-22.1%		-36.7%	-22.1%	

Source: Company, Kenanga Research

Income Statement

FY Dec (RM m)	2010A	2011A	2012A	2013E	2014E
Revenue	292.3	375.2	630.1	1274.1	1636.1
EBITDA	62.4	118.0	263.4	286.3	344.4
Depreciation	-14.6	-16.4	-17.3	-20.8	-20.8
EBIT	47.8	101.6	246.1	265.4	323.6
Interest Expense	-6.0	-11.4	-31.7	-26.7	-22.7
Investing	5.0	5.3	4.2	0.0	0.0
Associate/JCE	6.6	6.3	5.5	0.0	0.0
Exceptionals/FV	0.0	0.0	0.0	0.0	0.0
PBT	48.4	96.5	219.9	238.8	300.9
Taxation	-5.7	-14.6	-41.9	-59.7	-75.2
Minority Interest	-4.4	-7.6	-9.5	-12.8	-32.2
Net Profit	38.2	74.3	168.6	166.3	193.5
Core Net Profit	38.0	57.0	59.0	166.3	193.5

Balance Sheet

FY Dec (RM m)	2010A	2011A	2012A	2013E	2014E
Fixed Assets	840.9	1702.1	3423.5	3298.7	3277.9
Intangibles	3.3	4.8	16.6	16.6	16.6
Other FA	107.7	87.7	102.7	102.7	102.7
Inventories	33.2	19.8	20.3	41.1	63.9
Receivables	22.3	58.3	103.5	209.2	268.7
Other CA	292.3	544.7	638.0	1054.0	1262.7
Cash	240.6	120.1	213.7	208.2	128.8
Total Assets	1540.3	2537.6	4518.4	4930.6	5121.4
Payables	179.9	238.5	330.9	891.4	1165.6
ST Borrowings	2.6	145.7	223.9	134.2	2.6
Other ST Liability	29.3	6.6	8.5	13.1	14.4
LT Borrowings	207.8	845.6	1642.1	1437.9	1333.6
Other LT Liability	161.2	144.4	124.4	123.7	92.6
Minority Int.	60.8	118.0	127.6	140.4	172.6
Net Assets	898.8	1038	2061	2190	2339
Share Capital	455.0	458.1	793.1	793.1	793.1
Reserves	443.8	580.7	1268.0	1396.9	1546.8
Shareholders Equity	898.8	1038	2061	2190	2339

Cashflow Statement

FY Dec (RM m)	2010A	2011A	2012A	2013E	2014E
Operating CF	-265.0	-18.3	838.4	397.9	298.7
Investing CF	-0.2	-821.4	-1887.8	42.0	-61.5
Financing CF	421.7	698.5	1139.8	-370.4	-316.6
Net Change in Cash	156.6	-141.2	90.4	69.5	-79.4
Free Cash Flow	-272.5	-737.6	-14.3	543.6	340.3

Source: Kenanga Research

Financial Data & Ratios

FY Dec (RM m)	2010A	2011A	2012A	2013E	2014E
Growth (%)					
Revenue	-6.3	28.4	67.9	102.2	28.4
EBITDA	-29.4	89.2	123.2	8.7	20.3
EBIT	-37.5	112.6	142.2	7.9	21.9
Pre-tax Income	-32.7	99.5	127.9	8.6	26.0
Core Net Income	n.a.	50.0	3.5	181.9	16.3

Profitability (%)

EBITDA Margin	21.3	31.5	41.8	22.5	21.1
EBIT Margin	16.4	27.1	39.1	20.8	19.8
PBT Margin	16.6	25.7	34.9	18.7	18.4
Core Net Margin	13.0	15.2	9.4	13.1	11.8
Effective Tax Rate	-10.7	-14.7	-19.0	-25.0	-25.0
ROE	4.4	7.7	10.9	7.8	8.5
ROA	2.6	3.6	4.8	3.5	3.8

DuPont Analysis

Net margin (%)	13.1	19.8	26.8	13.1	11.8
Assets Turnover (x)	0.2	0.2	0.2	0.3	0.3
Leverage Factor (x)	1.7	2.1	2.3	2.2	2.2
ROE (%)	4.4	7.7	10.9	7.8	8.5

Leverage

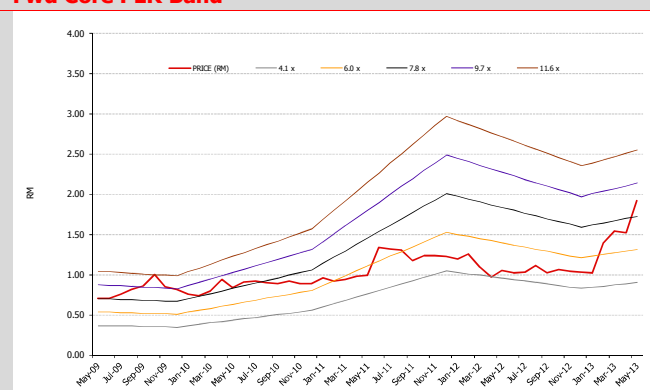
Debt/Asset (x)	0.14	0.39	0.41	0.32	0.26
Debt/Equity (x)	0.23	0.95	0.91	0.72	0.57
Net Debt/(Cash)	(0.0)	0.9	1.7	1.4	1.2
Net Debt/Equity (x)	(0.10)	0.74	0.77	0.62	0.52

Valuations

Core EPS (sen)	4.8	7.2	7.4	21.0	24.4
Dil. EPS	4.0	7.8	17.6	17.4	17.3
Dil. Core EPS	4.0	6.0	6.2	17.4	17.3
NDPS (sen)	2.2	1.3	4.8	6.3	7.3
NTA/share (RM)	1.13	1.30	2.58	2.74	2.93
Core PER (x)	40.1	26.7	25.8	9.2	7.9

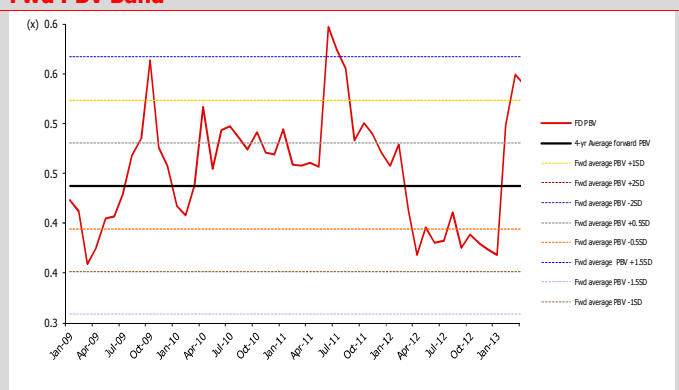
Dil. Core PER	48.3	32.2	31.1	11.0	11.1
Net Div. Yield (%)	1.1%	0.7%	2.5%	3.3%	3.8%
PNTA (x)	1.7	1.5	0.7	0.7	0.7
EV/EBITDA (x)	23.9	20.3	12.1	10.1	7.9

Fwd Core PER Band



Source: Kenanga Research

Fwd PBV Band



NAME	Price (21/5/13)	Mkt Cap	PER (x)			Est. NDiv. Yld.	Historical ROE	P/BV	Net Profit (RMm)			FY12/13 NP Growth (%)	FY13/14 NP Growth (%)	Target Price (RM)	Rating
	(RM)	(RMm)	FY12/13	FY13/14	FY14/15	(%)	(%)	(x)	FY12/13	FY13/14	FY14/15				
DEVELOPERS UNDER COVERAGE															
UEM Land	3.46	14,994	33.4	24.4	25.4	0.8%	8.8%	2.6	448.4	613.6	589.2	36.9%	-4.0%	3.60	OUTPERFORM
SP Setia	3.73	9,171	22.1	19.0	16.1	2.3%	10.5%	1.6	393.8	456.5	539.8	15.9%	18.3%	3.80	MARKET PERFORM
IJM Land	3.20	4,576	22.9	19.3	16.2	1.3%	9.1%	1.7	193.7	230.2	273.6	18.9%	18.9%	2.93	OUTPERFORM
UOA Development*	2.73	3,469	11.5	10.6	8.2	4.3%	15.5%	1.5	301.3	327.0	422.1	8.5%	29.1%	2.60	OUTPERFORM
Mah Sing Group	3.17	3,561	15.4	12.9	10.6	2.9%	16.9%	2.4	230.6	275.1	335.5	19.3%	22.0%	2.40**	OUTPERFORM
Dijaya Corporation*	1.92	1,652	25.8	9.2	7.9	3.3%	13.1%	0.7	59.0	166.3	193.5	181.9%	16.3%	2.15	OUTPERFORM
Crescendo	3.63	707	12.7	9.6	7.1	4.0%	9.7%	1.1	55.7	73.5	98.6	31.8%	34.2%	3.56	OUTPERFORM
Hua Yang	3.02	598	11.0	8.3	6.7	3.6%	22.3%	1.6	54.2	72.0	88.7	32.9%	23.1%	2.30	OUTPERFORM
Hunza Properties*	2.36	428	12.7	23.3	27.5	1.0%	20.3%	0.7	32.5	17.7	15.0	-45.6%	-15.3%	1.70	MARKET PERFORM
<i>* Core NP and Core PER</i>															
<i>** RM2.40 is a post bonus TP. Pre-bonus TP is RM2.76</i>															
CONSENSUS NUMBERS															
BERJAYA LAND BHD	0.87	4,329	57.6	174.0	87.0	1.1%	1.5%	0.8	75.1	24.9	49.8	-66.9%	100.0%	0.93	BUY
SUNWAY BHD	3.92	5,067	9.5	14.3	12.9	1.7%	16.3%	1.4	532.4	355.4	391.6	-33.2%	10.2%	3.54	BUY
IGB CORPORATION BHD	2.63	3,689	21.2	17.1	16.6	2.5%	4.8%	0.9	173.7	216.0	221.6	24.4%	2.6%	2.75	BUY
YNH PROPERTY BHD	2.25	948	18.7	11.3	7.9	3.6%	6.1%	1.1	50.8	84.3	120.1	66.0%	42.5%	1.82	SELL
YTL LAND & DEVELOPMENT BHD	1.27	1,053	52.5	84.7	66.8	N.A.	2.2%	1.1	20.1	12.4	15.8	-38.0%	26.7%	1.05	NEUTRAL
GLOMAC BHD	1.41	999	9.6	9.9	7.8	3.5%	13.1%	1.3	103.7	101.3	127.5	-2.3%	25.9%	1.13	BUY
KSL HOLDINGS BHD	2.25	869	6.6	6.4	5.8	1.5%	12.8%	0.8	131.6	135.2	149.9	2.8%	10.9%	2.20	NEUTRAL
PARAMOUNT CORP BHD	1.75	591	10.5	9.2	8.3	4.9%	8.2%	0.8	56.5	64.2	70.9	13.6%	10.5%	1.90	BUY
<i>Source: Kenanga Research</i>															

Stock Ratings are defined as follows:

Stock Recommendations

- OUTPERFORM : A particular stock's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
- MARKET PERFORM: A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
- UNDERPERFORM : A particular stock's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

Sector Recommendations***

- OVERWEIGHT : A particular stock's Expected Total Return is MORE than 10% (an approximation to the 5-year annualised Total Return of FBMKLCI of 10.2%).
- NEUTRAL : A particular stock's Expected Total Return is WITHIN the range of 3% to 10%.
- UNDERWEIGHT : A particular stock's Expected Total Return is LESS than 3% (an approximation to the 12-month Fixed Deposit Rate of 3.15% as a proxy to Risk-Free Rate).

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

8th Floor, Kenanga International, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Telephone: (603) 2166 6822 Facsimile: (603) 2166 6823 Website: www.kenangaresearch.com



Chan Ken Yew
Head of Research