

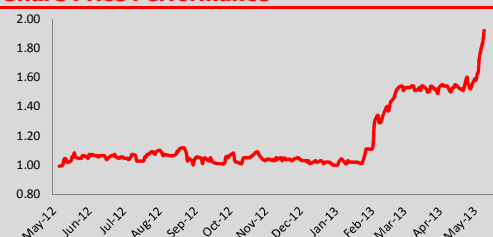
22 May 2013

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

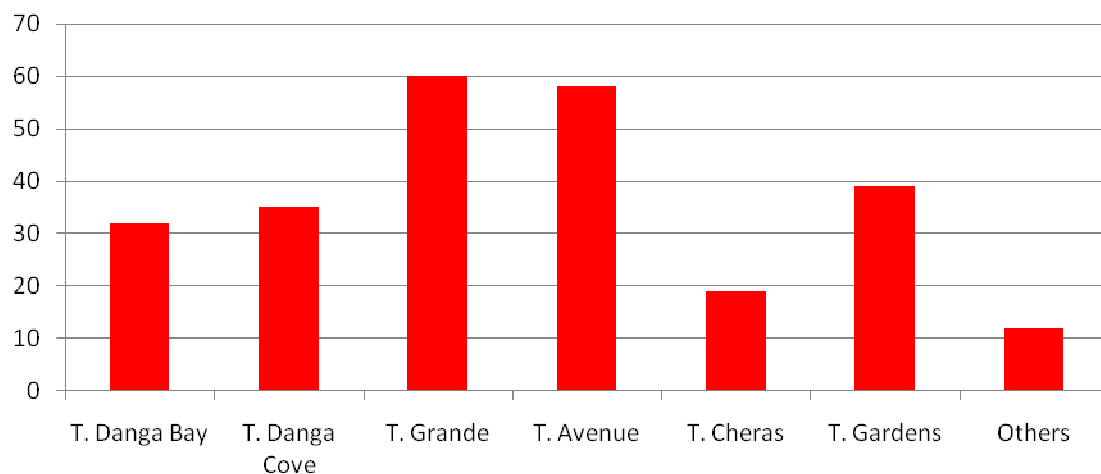
| | |
|--------------------|-------|
| CHEE SING TAN | 28.1% |
| GOLDEN DIVERSITY | 19.5% |
| IMPECCABLE ACE SDN | 19.1% |

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

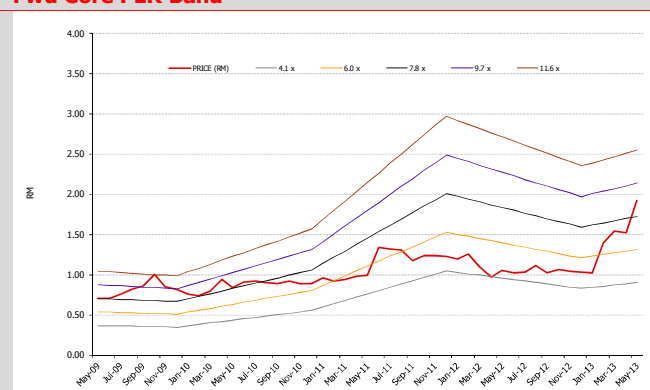
| | | | | | |
|---------------------|--------|------|------|------|------|
| Debt/Asset (x) | 0.14 | 0.39 | 0.41 | 0.32 | 0.26 |
| Debt/Equity (x) | 0.23 | 0.95 | 0.91 | 0.72 | 0.57 |
| Net Debt/(Cash) | (0.0) | 0.9 | 1.7 | 1.4 | 1.2 |
| Net Debt/Equity (x) | (0.10) | 0.74 | 0.77 | 0.62 | 0.52 |

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 |

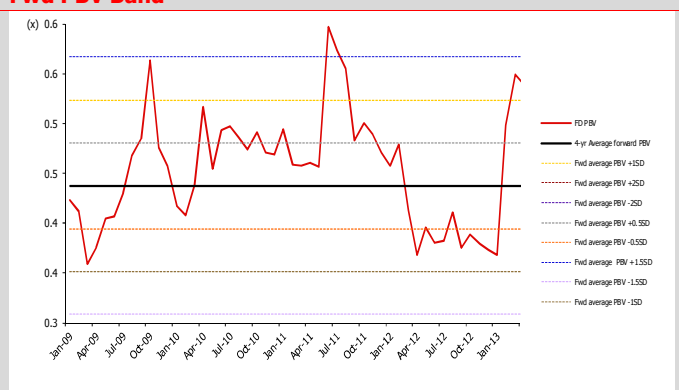
| | | | | | |
|--------------------|------|------|------|------|------|
| Dil. Core PER | 48.3 | 32.2 | 31.1 | 11.0 | 11.1 |
| Net Div. Yield (%) | 1.1% | 0.7% | 2.5% | 3.3% | 3.8% |
| PNTA (x) | 1.7 | 1.5 | 0.7 | 0.7 | 0.7 |
| EV/EBITDA (x) | 23.9 | 20.3 | 12.1 | 10.1 | 7.9 |

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