



ORYX PROPERTIES LIMITED

FY22 Initial Impression

September 2022



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Oryx Properties Limited

FY22 Initial Impression

Target Price (c)*	1228
Current Price (c)	1026

Year End 30 June	2020	2021	2022	F2022	F2023	Recommendation*	BUY
Revenue (N\$ m)	332.8	336.5	335.4	334.2	354.5	NSX Code	ORY
Vacancies (%)	5.4	5.9	5.4	5.9	5.5	Market Cap (N\$ m)	896.5
HEPU (c)	3.9	179.3	146.45	253.1	245.9	Shares in Issue (m)	87.4
HEPU growth (%)	-97.2	4,520.6	-18.2	41.1	-2.8	Free Float (%)	100
DPU (c)	69.75	99.75	101.75	109.8	104.5	52-Week High (c)	1144
DY (%)	4.0	8.7	9.9	10.8	10.2	52-Week Low (c)	825
P/E (x)	448.5	6.4	7.0	4.0	4.2	Expected Return (%)*	19.7
D/A (%)	39.1	38.2	36.5	37.4	38.1		

Source: Oryx Properties Limited, IJG Securities

FY22 Initial Impression

Oryx Properties Limited (Oryx) released results for the year ended 30 June 2022 (FY22). Earnings attributable to linked units (EPU) rose by 99.8% y/y to 222.31 cents per unit, while headline earnings attributable to linked units fell by 18.2% y/y to 146.8cpu. A final distribution of 57.75cpu was declared (FY21: 43.25cpu), bringing total distributions for the year to 101.75cpu, an increase of 2.0% y/y from the 99.75cpu declared in FY21. The 2021 interim and final distributions were however based on a payout ratio of 90% and 75%, respectively, whereas both the interim and final payout ratios for 2022 were 75%. Management noted in the results release that on a 100% payout ratio basis for both years, the increase would have come in at 12.6% y/y to 135.67cpu.

Net rental income grew by 6.5% y/y to N\$242.2 million, slightly ahead of our forecasts. Total revenue rose by 5.8% y/y to N\$355.9 million. Management notes in the results release that rental operating income however declined by 1.4% y/y, as tenants operating in the retail and tourism industry continue to struggle to recover from the effects of the pandemic. We expect rental income to remain under pressure going forward, given that Oryx continued to record negative rental reversions of 7.3% (FY21: 9.14%). Rental expenses were again well contained, increasing by 4.3%, slower than inflation of 6.0% over the same period. Oryx' cost-to-income ratio fell marginally from 32.4% to 31.9%.

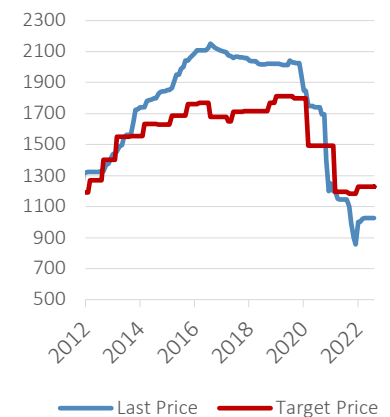
The company reported a profit after tax for the period of N\$105.1 million, an increase of 949.8% y/y compared to the N\$10.0 million recorded in FY21. The property portfolio was valued at N\$2.84 billion by an independent third party, up 0.3% from the FY21 valuation and in line with the directors' 1H22 valuation. The first positive fair value adjustment since 1H20 was reported for the period with N\$46.8 million passed through. The positive fair value adjustment was primarily ascribed to the industrial and office segments increasing by 2% and 4% in value, respectively. Capital expenditure for the year amounted to N\$32 million (FY21: N\$11 million). The Channel Life building was classified as an investment property held-for-sale, given the probability that it will be sold in the next 12 months.

Oryx' vacancy factor (as a % of lettable area) marginally improved from 5.9% at 1H22 to 5.4% at the end of FY22. Residential vacancies improved further from an average of 2.5% reported at 1H22 to 1.9% by the end of the year.

Interest bearing borrowings declined slightly to N\$1.20 billion at FY22 from N\$1.23 billion at 1H22. Oryx' gearing ratio fell from 38.1% at 1H22 to 36.5% at FY22, as proceeds from the sale of the investment in Tower Property Fund and dividends from the associate were transferred into debt facilities. The weighted average interest rate paid on the company's debt increased from 6.7% in FY21 to 7.3% in FY22. Total available unutilised facilities stood at €5.3 million and N\$173 million, excluding the medium-term note programme. Subsequent to year-end, Oryx refinanced an N\$85 million facility from Standard Bank, which expired in August, at 3-month Jibar plus 200bps for a two-year term, the same rate as before.

Overall, Oryx delivered satisfactory results, which were in line with our expectations for the most part. Pending further analysis of the FY22 results and management discussions, we maintain our **BUY** recommendation on ORY. Our target price and recommendation will be revised with our full review of the FY22 results, as will the forecasts in the table at the top of the page.

ORY Share Price vs Target Price (c)



Dividends

Oryx declared a final distribution of 57.75 cents per linked unit on 2 September 2022 for the year ended 30 June 2022.

- Last day to trade cum distribution: 16 September 2022
- First day to trade ex-distribution: 19 September 2022
- Record date: 23 September 2022
- Payment date: 07 October 2022

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