

**Dhaka Electric Supply Company Limited (DSE: DESCO)**

Current Price (Feb. 06, 2014)	60.30
Total Number of Share (Mn)	344.22
Free Float (%)	25.00%
Forward PE* – DESCO	53.07x
Trailing PE* – DESCO	75.00x
Forward PE – Fuel & Power Sector	16.66x

\* Based on earnings of HY, 2014

Financials (BDT Mn)	2012	2013	HY, 2014** (Unaudited)
Revenue	16,252	22,242	12,431
Gross Profit	1,863	595	413
Operating Profit	985	(495)	(238)
Net Profit After Tax	839	805	192
Total Asset	32,610	33,858	33,302
Total Equity	10,554	10,766	10,958

\*\*Year ends on Jun. 30

YoY Growth (%)	2012	2013	HY, 2014 (Unaudited)
Sales Revenue	30%	37%	8%
Net Profit After Tax	-43%	-4%	-73%

Per Share (BDT)	2012	2013	HY, 2014 (Unaudited)
Restated EPS	2.44	2.34	0.56
Book Value Per Share	30.66	31.28	31.83

Others (%)	2012	2013	HY, 2014 (Unaudited)
Gross Profit Margin	11%	3%	3%
Operating Profit Margin	6%	-2%	-2%
Net Profit Margin	5%	4%	2%
ROA	3%	2%	1%
ROE	7%	8%	2%
Stock Dividend	15%	15%	-
Cash Dividend	10%	10%	-

Source: DSE; Quarterly & Annual Reports of MJLBD and Research, IDLC Investments Ltd.

**Terminologies**

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.  
 Forward PE: Based on Annualized Earnings of the latest declared quarter  
 Trailing PE: Based on Latest 12 Months Earnings

**Company Profile**

Dhaka Electric Supply Company Limited (DSE: DESCO) was incorporated in 1996, as country-wide Power Sector reforms by Government of Bangladesh (GOB) took place. In 1998, through taking over electric distribution system of Mirpur area from DESA, field level operational activities of the company started. Subsequently, electric distribution expanded to Gulshan and Tongi areas. The company was listed in exchanges at 2006 and presently, 75% of its market share is held by Govt.

As of June, 2013, the company has a consumer base of 5,73,356 under its 250 km covered area with a maximum load demand of 726 MW.

**Key Revenue Drivers & Company Insight**

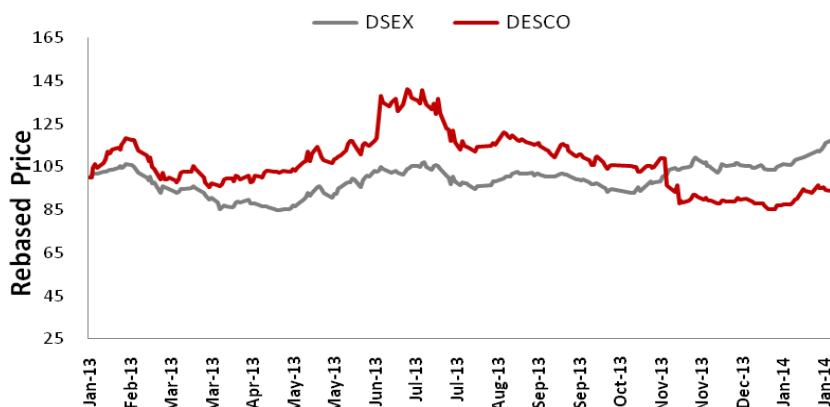
DESCO's revenue mainly stems from electricity supply to different consumers mix. As of June, 2013, Residential and Industrial consumers consumed around 87% of total electricity supply by the company. The company purchases electricity at Bulk Tariff and sells the same at Retail Tariff to its customers. Both of the Bulk and Retail Tariff of electricity is fixed by the Bangladesh Energy Regulatory Commission.

In FY2012-13, the company made some operational improvements regarding reduction of system loss to 8.44% against 8.54% in previous year. Resultantly, electricity sales in MkWh have increased by 9.67%. Moreover, bill collection and collection/import ratio improved at 100.93% and 92.41%, respectively from that of the 99.31% and 89.77% in previous year.

**Financial Performance**

Declining system loss alongside the increased electricity supply spurred the Revenue beyond BDT 22,000 mn mark. But, increased cost of energy purchase hit on Gross Profit Margin, drastically and made it decline to 3% in 2013 from that of 11% in prior year. Triggered by this and increased operating expenses by 24% turned operating profit negative at BDT 495.36 mn. However, support from amplified interest income by 35% and mild exchange gain managed Net Profit Margin to be at 4%, which was 5% in previous year.

**Recently, the company has reported net profit after tax of BDT 191.94 million with EPS of BDT 0.56 for the period of six months (Jul'13 to Dec'13) as against BDT 719.82 million and BDT 2.09 respectively for the same period of the previous year.**



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