

DCR

1QFY22 Result Review: Stance Reiterated to BUY

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DCR has announced its 1QFY22 result where it posted a profit after tax of Rs 706mn as compared to profit after tax of Rs 554mn in the same period last year, up by 27.4% YoY.

The company has posted a revenue of Rs 810mn against Rs 620mn in SPLY, recording a surge of 30.7% YoY. We note that this growth is attributed to the withdrawal of waivers provided by the management to its tenants amid the Covid-19 crisis.

Administrative expenses have been decreased by 1.9% YoY to Rs 98mn. Other income has been declined by 59.8% YoY to Rs 22mn as compared to Rs 55mn during the same period last year on account of a lower rate of return on fixed-income securities. Lastly, the management fee has been increased by 37% YoY to Rs 21mn as compared to Rs 16mn during the same period last year.

According to the management, the annual increment of rent is currently kept on hold which would be increased once the economic activity has fully recovered.

DCR is currently trading at FY22E PE of 9.29x. Furthermore, the script is also trading at FY22E P/B of 0.42x which offers a discount of 16% relative to its historical 3-year average of 0.50. We have a **BUY** stance on the script with a DDM based Jun-22 TP of Rs 13 which provides an upside potential of 12%. Furthermore, it also offers an attractive dividend yield of 11% which makes the total return of 23%.

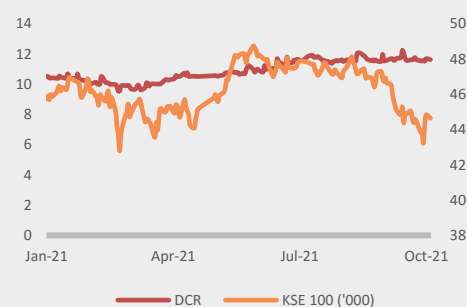
Rupees' millions	1QFY22	1QFY21	YoY	FY21	FY20	YoY
Rental Income	770	603	27.8% ▲	2,939	2,814	4.4% ▲
Marketing Income	40	17	134.2% ▲	147	151	2.6% ▼
Total Income	810	620	30.7% ▲	3,086	2,965	4.1% ▲
SG&A Expenses	-98	-100	1.9% ▼	-422	-396	6.4% ▲
Operating Profit	712	520	37.0% ▲	2,664	2,568	3.7% ▲
Other Income	22	55	59.8% ▼	130	192	32.1% ▼
Management Fee	-21	-16	37.0% ▲	-80	-77	3.7% ▲
Trustee Remn.	-4	-3	37.0% ▲	-13	-13	3.7% ▲
Profit Before Change in FV	706	554	27.4% ▲	2,689	2,659	1.1% ▲
Change in fair value	0	0	-	5,921	5,459	8.5% ▲
Profit Before Taxation	706	554	27.4% ▲	8,610	8,118	6.1% ▲
Taxation	0	0	-	0	0	-
Profit After Taxation	706	554	27.4% ▲	8,610	8,118	6.1% ▲
Distributable EPU	0.32	0.25	27.4% ▲	1.21	1.20	0.8% ▲
Dividend	0.33	0.25	32.0% ▲	1.24	1.24	-
Bonus	-	-	-	-	-	-
Closing Period: 01 Nov 2021 - 03 Nov 2021						
SG&A Expenses to T.Income	-12.1%	-16.2%	4.0% ▼	-13.7%	-13.4%	0.3% ▲
Other Income to T.Income	2.7%	8.9%	6.2% ▼	4.2%	6.5%	2.3% ▼
Mgmt. Fee to T.Income	-2.6%	-2.5%	0.1% ▲	-2.6%	-2.6%	0.0% ▼
Trustee Remn. to T.Income	-0.4%	-0.4%	0.0% ▲	-0.4%	-0.4%	0.0% ▼
Net Margin	87.1%	89.4%	2.3% ▼	87.1%	89.7%	2.5% ▼

Source: ACPL Research, Company Financials

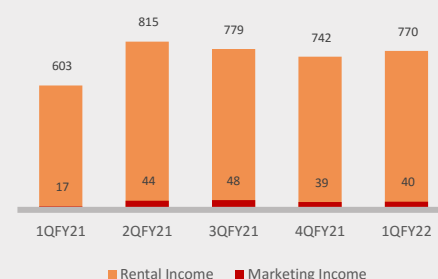
Key Statistics

Symbol	DCR
TP - Jun 22	13.00
LDPCP	11.61
Upside (%)	12
Free Float ('mn)	556
Market Cap. (Rs.'mn)	25,906

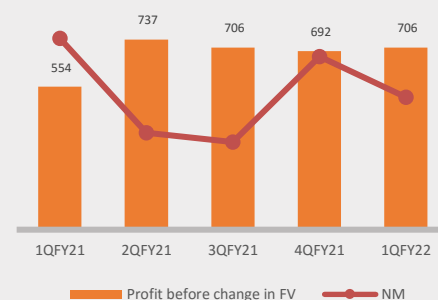
DCR vs KSE 100



Rental vs Marketing Income (Rs'mn)



PBCFV (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Rental Income	3,344	2,814	2,939	3,086	3,394	3,734	4,107
Marketing Income	183	151	147	155	170	187	206
Total Income	3,527	2,965	3,086	3,240	3,564	3,921	4,313
Administrative & Operating Expenses	-513	-396	-422	-447	-492	-541	-595
Net Operating Income	3,014	2,568	2,664	2,793	3,073	3,380	3,718
Other income	140	192	130	122	134	147	162
Management Fee	-90	-77	-80	-84	-92	-101	-112
Profit before taxation	6,870	8,118	8,610	6,794	7,474	8,221	8,561
Income tax expense	0	0	0	0	0	0	0
Profit for the year	6,870	8,118	8,610	6,794	7,474	8,221	8,561
EPU	3.09	3.65	3.87	3.06	3.36	3.70	3.85
Distributable EPU	1.36	1.20	1.21	1.26	1.39	1.53	1.68

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Rental Income	9.8%	-15.9%	4.4%	5.0%	10.0%	10.0%	10.0%
Marketing Income	-13.1%	-17.1%	-2.6%	5.0%	10.0%	10.0%	10.0%
Total Income	8.3%	-15.9%	4.1%	5.0%	10.0%	10.0%	10.0%
Administrative & Operating Expenses	6.0%	-22.8%	6.4%	6.0%	10.0%	10.0%	10.0%
Net Operating Income	8.7%	-14.8%	3.7%	4.8%	10.0%	10.0%	10.0%
Other income	23.7%	37.5%	-32.1%	-6.7%	10.0%	10.0%	10.0%
Management Fee	8.7%	-14.8%	3.7%	4.8%	10.0%	10.0%	10.0%
Profit before change in fair value of investment property	9.3%	-12.4%	1.1%	4.3%	10.0%	10.0%	10.0%
Change in fair value of investment property / unrealized gain	68.3%	42.3%	8.5%	-32.6%	10.0%	10.0%	0.0%
Profit before taxation	35.9%	18.2%	6.1%	-21.1%	10.0%	10.0%	4.1%
Income tax expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit for the year	35.9%	18.2%	6.1%	-21.1%	10.0%	10.0%	4.1%
EPU	35.9%	18.2%	6.1%	-21.1%	10.0%	10.0%	4.1%
Distributable EPU	9.3%	-12.4%	1.1%	4.3%	10.0%	10.0%	10.0%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20E	FY21A	FY22E	FY23E	FY24E	FY25E
OP Margin	%	85.45	86.63	86.34	86.20	86.20	86.20	86.20
ROE	%	14.86	15.83	15.07	11.13	11.43	11.73	11.44
ROCE	%	6.49	4.99	6.54	6.25	6.25	6.25	33.20
ROA	%	14.61	15.60	20.85	15.03	15.04	15.06	72.88
Liquidity Ratios		FY19A	FY20E	FY21A	FY22E	FY23E	FY24E	FY25E
Current	x	3.51	2.96	2.56	2.42	2.56	2.71	2.88
Quick	x	3.01	2.42	2.02	1.88	2.02	2.17	2.34
Activity Ratios		FY19A	FY20E	FY21A	FY22E	FY23E	FY24E	FY25E
Receivables Days		15.54	26.34	25.31	24.10	21.91	19.92	18.11
Payables Days		55.11	7.68	7.22	6.81	6.19	5.63	5.11
Investment Ratios		FY19A	FY20E	FY21A	FY22E	FY23E	FY24E	FY25E
DPS		1.32	1.25	1.24	1.29	1.42	1.56	1.72
Div. Yield	%	11.37	10.77	10.68	11.14	12.25	13.48	14.82
Dividend Cover	x	2.34	2.92	3.12	2.36	2.36	2.36	2.24
Retention	%	3.26	-4.54	-2.53	-2.53	-2.53	-2.53	-2.53
Payout	%	96.74	104.54	102.53	102.53	102.53	102.53	102.53
No. of Shares	('m)	2223.7	2223.7	2223.7	2223.7	2223.7	2223.7	2223.7
EPU		3.09	3.65	3.87	3.06	3.36	3.70	3.85
Distributable EPU		1.36	1.20	1.21	1.26	1.39	1.53	1.68
Un-Distributable EPU		1.72	2.45	2.66	1.79	1.97	2.17	2.17
BVPS		20.79	23.06	25.69	27.46	29.39	31.53	33.66
P/E	x	8.51	9.71	9.60	9.21	8.37	7.61	6.92
P/BV	x	0.56	0.50	0.45	0.42	0.39	0.37	0.34

Source: ACPL Research, Company Financials

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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- III. Relative Valuation Model
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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

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Market Weight	Neutral
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