

DCR

FY22 Result Review: Stance Upgraded to BUY

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DCR has announced its FY22 result where it posted a profit after tax of Rs 9.76bn as compared to a profit after tax of Rs 8.61bn in the same period last year, up by 13.4% YoY amid a substantial reduction in rent waivers and coming in of new tenants.

The company has posted a revenue of Rs 3.57bn against Rs 2.94bn in SPLY, recording a surge of 21.6% YoY. Operating profit has increased by 23.1% to Rs 3.28bn.

Furthermore, SG&A expenses have increased by 22.5% YoY to Rs 516mn while other income has declined by 2.7% YoY to Rs 127mn. Lastly, the management fee has been increased by 23.1% YoY to Rs 98mn as compared to Rs 80mn during the same period last year.

DCR is currently trading at FY23E PE of 8.38x. Furthermore, the scrip is also trading at FY23E P/B of 0.43x which offers a discount of 19% relative to its historical 3-year average of 0.53. We have a **BUY** stance on the scrip with a DDM-based Jun-23 TP of Rs 15 which provides an upside potential of 11%. Furthermore, it also offers an attractive dividend yield of 13% which makes the total return of 24%.

Rupees' millions	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Rental Income	992	742	33.8% ▲	3,574	2,939	21.6% ▲
Marketing Income	64	39	66.4% ▲	222	147	50.3% ▲
Total Income	1,056	780	35.4% ▲	3,795	3,086	23.0% ▲
SG&A Expenses	-147	-89	64.7% ▲	-516	-422	22.5% ▲
Operating Profit	909	691	31.6% ▲	3,279	2,664	23.1% ▲
Other Income	52	28	81.9% ▲	127	130	2.7% ▼
Management Fee	-27	-21	31.6% ▲	-98	-80	23.1% ▲
Trustee Remn.	-5	-3	31.6% ▲	-16	-13	23.1% ▲
Profit Before Change in FV	925	692	33.7% ▲	3,276	2,689	21.8% ▲
Change in fair value	4,736	3,793		6,487	5,921	9.6% ▲
Profit Before Taxation	5,661	4,485	26.2% ▲	9,763	8,610	13.4% ▲
Taxation	0	0	-	0	0	-
Profit After Taxation	5,661	4,485	26.2% ▲	9,763	8,610	13.4% ▲
Distributable EPU	0.42	0.31	33.7% ▲	1.47	1.21	21.8% ▲
Dividend	0.41	0.33	24.2% ▲	1.50	1.24	21.0% ▲
Bonus	-	-	-	-	-	-

Closing Period: July 21, 2022 to July 23, 2022

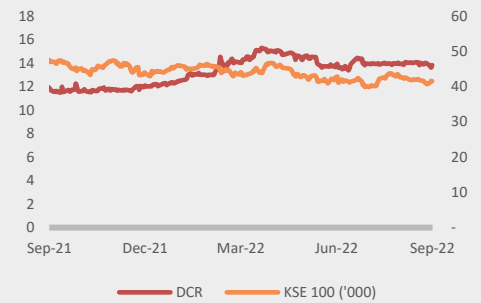
	4QFY22	4QFY21	YoY	FY22	FY21	YoY
SG&A Expenses to T.Income	-13.9%	-11.4%	2.5% ▲	-13.6%	-13.7%	0.1% ▼
Other Income to T.Income	4.9%	3.6%	1.3% ▲	3.3%	4.2%	0.9% ▼
Mgmt. Fee to T.Income	-2.6%	-2.7%	0.1% ▼	-2.6%	-2.6%	0.0% ▲
Trustee Remn. to T.Income	-0.4%	-0.4%	0.0% ▼	-0.4%	-0.4%	0.0% ▲
Net Margin	87.6%	88.7%	1.1% ▼	86.3%	87.1%	0.8% ▼

Source: ACPL Research, Company Financials

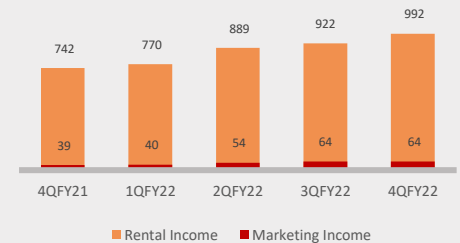
Key Statistics

Symbol	DCR
TP - Jun 23	15.00
LDCP	13.70
Upside (%)	11
Free Float ('mn)	555
Market Cap. (Rs.'mn)	30,464

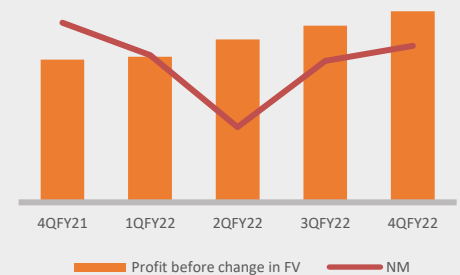
DCR vs KSE 100



Rental vs Marketing Income (Rs'mn)



PBCFV (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

Muhammad Salman

Phone: (+92) 42 38302028; Ext: 116
Email: salman@abbasiandcompany.com

Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Rental Income	3,344	2,814	2,939	3,574	3,970	4,409	4,898
Marketing Income	183	151	147	222	257	297	344
Total Income	3,527	2,965	3,086	3,795	4,226	4,707	5,242
Administrative & Operating Expenses	-513	-396	-422	-516	-588	-655	-730
Net Operating Income	3,014	2,568	2,664	3,279	3,638	4,051	4,512
Other income	140	192	130	127	141	157	175
Management Fee	-90	-77	-80	-98	-109	-122	-135
Profit before taxation	6,870	8,118	8,610	9,763	10,752	11,982	12,443
Income tax expense	0	0	0	0	0	0	0
Profit for the year	6,870	8,118	8,610	9,763	10,752	11,982	12,443
EPU	3.09	3.65	3.87	4.39	4.84	5.39	5.60
Distributable EPU	1.36	1.20	1.21	1.47	1.63	1.82	2.03

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Rental Income	9.8%	-15.9%	4.4%	21.6%	11.1%	11.1%	11.1%
Marketing Income	-13.1%	-17.1%	-2.6%	50.3%	15.8%	15.8%	15.8%
Total Income	8.3%	-15.9%	4.1%	23.0%	11.4%	11.4%	11.4%
Administrative & Operating Expenses	6.0%	-22.8%	6.4%	22.5%	13.9%	11.4%	11.4%
Net Operating Income	8.7%	-14.8%	3.7%	23.1%	11.0%	11.4%	11.4%
Other income	23.7%	37.5%	-32.1%	-2.7%	11.4%	11.4%	11.4%
Management Fee	8.7%	-14.8%	3.7%	23.1%	11.0%	11.4%	11.4%
Profit before change in fair value of investment property	9.3%	-12.4%	1.1%	21.8%	11.0%	11.4%	11.4%
Change in fair value of investment property / unrealized gain	68.3%	42.3%	8.5%	9.6%	9.7%	11.5%	0.0%
Profit before taxation	35.9%	18.2%	6.1%	13.4%	10.1%	11.4%	3.8%
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%	13.4%	10.1%	11.4%	3.8%
EPU	35.9%	18.2%	6.1%	13.4%	10.1%	11.4%	3.8%
Distributable EPU	9.3%	-12.4%	1.1%	21.8%	11.0%	11.4%	11.4%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
OP Margin	%	85.45	86.63	86.34	86.39	86.08	86.08	86.08
ROE	%	14.86	15.83	14.99	15.29	15.21	15.21	14.34
ROCE	%	6.49	4.99	4.62	5.10	5.08	5.10	25.15
ROA	%	14.61	15.60	14.82	15.09	14.94	14.99	67.79
Liquidity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Current	x	3.51	2.96	4.22	5.07	5.45	5.45	6.52
Quick	x	3.01	2.42	3.71	4.55	4.93	4.93	6.00
Activity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Receivables Days		15.54	26.34	19.03	15.48	13.90	12.48	11.20
Payables Days		55.11	7.68	21.74	17.75	15.58	13.99	12.56
Investment Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
DPS		1.32	1.25	1.24	1.50	1.75	1.75	2.00
Div. Yield	%	9.64	9.12	9.05	10.95	12.77	12.77	14.60
Dividend Cover	x	2.34	2.92	3.12	2.93	2.76	3.08	2.80
Retention	%	3.26	-4.54	-2.53	-1.82	-1.82	-1.82	-1.82
Payout	%	96.74	104.54	102.53	101.82	101.82	101.82	101.82
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	4.39	4.84	5.39	5.60
Distributable EPU		1.36	1.20	1.21	1.47	1.63	1.82	2.03
Un-Distributable EPU		1.72	2.45	2.66	2.92	3.20	3.57	3.57
BVPS		20.79	23.06	25.82	28.71	31.80	35.44	39.03
P/E	x	10.04	11.46	11.33	9.30	8.38	7.53	6.76
P/BV	x	0.66	0.59	0.53	0.48	0.43	0.39	0.35

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

Sector Rating	Sector Outlook
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Market Weight	Neutral
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RESEARCH DEPARTMENT

6 - Shadman, Lahore

Phone: (+92) 42 38302028; Ext 116, 117

Email: research@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com