

DCR

1QFY21 Result Review: Stance Downgraded to HOLD

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DCR has announced its 1QFY21 result where it posted profit after tax of Rs 554mn as compared to profit after tax of Rs 796mn in same period last year, down by 30.4% YoY.

The company has posted the revenue of Rs 603mn against Rs 847mn in SPLY, recording a decline of 28.9% YoY. We note that this negative growth is attributed to the waivers, the management had provided to its tenants amid Covid-19 crises.

Administrative expenses have been declined by 14.7% YoY to Rs 100mn as compared to Rs 117mn during SPLY.

Other income has slightly been increased by 1.3% YoY to Rs 55mn as compared to Rs 54mn during the same period last year on account of higher rate of return on fixed income securities.

Taking into consideration the challenging situation prevailed across the country, the management of DCR, had decided to waive 15% rentals of the tenants who does not provide essential services in September. Furthermore, the license fee for food outlets had also been reduced for the month of September.

DCR is currently trading at FY21E PE of 8.82x. We maintain our **HOLD** stance on the script with a DDM based Jun-21 TP of Rs 11.85 which provides an upside potential of 8%. Furthermore, it also offers an attractive dividend yield of 11% which makes the total return of 19%.

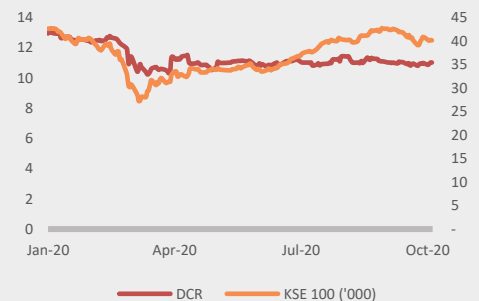
Rupees' millions	1QFY21	1QFY21	YoY	FY20	FY19	YoY
Rental Income	603	847	28.9% ▼	2,814	3,344	15.9% ▼
Marketing Income	17	42	59.9% ▼	151	183	17.1% ▼
Total Income	620	890	30.3% ▼	2,965	3,527	15.9% ▼
SG&A Expenses	-100	-117	14.7% ▼	-396	-513	22.8% ▼
Operating Profit	520	772	32.7% ▼	2,568	3,014	14.8% ▼
Other Income	55	54	1.3% ▲	192	140	37.5% ▲
Management Fee	-16	-23	32.7% ▼	-77	-90	14.8% ▼
Trustee Remn.	-3	-4	32.7% ▼	-13	-15	14.8% ▼
Profit Before Change in FV	554	796	30.4% ▼	2,659	3,034	12.4% ▼
Change in fair value	0	0	0	5,459	3,835	42.3% ▲
Profit Before Taxation	554	796	30.4% ▼	8,118	6,870	18.2% ▲
Taxation	0	0	-	0	0	-
Profit After Taxation	554	796	30.4% ▼	8,118	6,870	18.2% ▲
Distributable EPU	0.25	0.36	30.4% ▼	1.20	1.36	12.4% ▼
Dividend	0.25	0.35	28.6% ▼	1.25	1.32	5.3% ▼
Bonus	-	-	-	-	-	-
SG&A Expenses to T.Income	-16.2%	-13.2%	3.0% ▲	-13.4%	-14.6%	1.2% ▼
Other Income to T.Income	8.9%	6.1%	2.8% ▲	6.5%	4.0%	2.5% ▲
Mgmt. Fee to T.Income	-2.5%	-2.6%	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	89.4%	89.5%	0.1% ▼	89.7%	86.0%	3.6% ▲

Source: ACPL Research, Company Financials

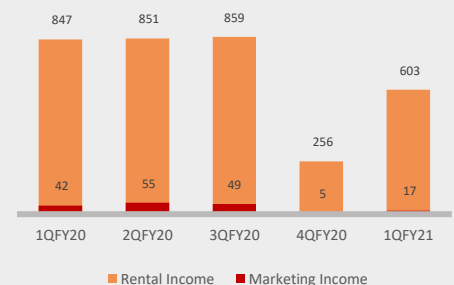
Key Statistics

Symbol	DCR
TP - Jun 21	11.85
LDGP	11.00
Upside (%)	7.71
Free Float ('mn)	556
Market Cap. (Rs.'mn)	24,461

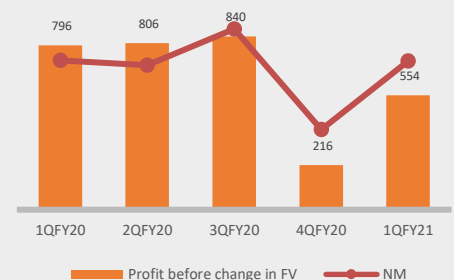
DCR vs KSE 100



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	FY16A	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Rental Income	2,527	2,842	3,047	3,344	2,814	2,954	3,250	3,575
Marketing Income	138	168	210	183	151	136	150	165
Total Income	2,664	3,010	3,257	3,527	2,965	3,090	3,400	3,740
Administrative & Operating Expenses	-345	-428	-484	-513	-396	-402	-442	-486
Net Operating Income	2,319	2,582	2,773	3,014	2,568	2,689	2,958	3,253
Other income	109	123	113	140	192	201	221	243
Management Fee	-70	-77	-83	-90	-77	-89	-98	-107
FED on Management Fee	-11	0	0	0	0	0	0	0
SST on Management Fee	-11	-10	-11	-12	-10	-12	-13	-14
Trustee Remuneration	-12	-13	-14	-15	-13	-13	-15	-16
SST on Trustee Remuneration	-2	-2	-2	-2	-2	-2	-2	-2
Reversal of provision for WWF	0	3	0	0	0	0	0	0
Charity Expense	-2	0	0	0	0	0	0	0
Profit before change in fair value of investment property	2,321	2,606	2,776	3,034	2,659	2,774	3,052	3,357
Change in fair value of investment property / unrealized gain	15,422	1,181	2,279	3,835	5,459	3,841	4,225	4,648
Profit before taxation	17,743	3,787	5,055	6,870	8,118	6,615	7,277	8,004
Income tax expense	0	0	0	0	0	0	0	0
Profit for the year	17,743	3,787	5,055	6,870	8,118	6,615	7,277	8,004
EPU	7.98	1.70	2.27	3.09	3.65	2.97	3.27	3.60
Distributable EPU	1.04	1.17	1.25	1.36	1.20	1.25	1.37	1.51

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY16A	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Rental Income		12.5%	7.2%	9.8%	-15.9%	5.0%	10.0%	10.0%
Marketing Income		21.9%	25.1%	-13.1%	-17.1%	-10.0%	10.0%	10.0%
Total Income		13.0%	8.2%	8.3%	-15.9%	4.2%	10.0%	10.0%
Administrative & Operating Expenses		23.8%	13.2%	6.0%	-22.8%	1.3%	10.0%	10.0%
Net Operating Income		11.3%	7.4%	8.7%	-14.8%	4.7%	10.0%	10.0%
Other income		13.0%	-8.3%	23.7%	37.5%	4.6%	10.0%	10.0%
Management Fee		11.3%	7.4%	8.7%	-14.8%	15.2%	10.0%	10.0%
FED on Management Fee		-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SST on Management Fee		-10.9%	7.4%	8.7%	-14.8%	15.2%	10.0%	10.0%
Trustee Remuneration		11.3%	7.4%	8.7%	-14.8%	4.7%	10.0%	10.0%
SST on Trustee Remuneration		3.4%	7.4%	8.7%	-14.8%	4.7%	10.0%	10.0%
Reversal of provision for WWF		0.0%	-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Charity Expense		-88.8%	-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit before change in fair value of investment property		12.3%	6.5%	9.3%	-12.4%	4.3%	10.0%	10.0%
Change in fair value of investment property / unrealized gain		-92.3%	93.0%	68.3%	42.3%	-29.6%	10.0%	10.0%
Profit before taxation		-78.7%	33.5%	35.9%	18.2%	-18.5%	10.0%	10.0%
Income tax expense		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit for the year		-78.7%	33.5%	35.9%	18.2%	-18.5%	10.0%	10.0%
EPU		-78.7%	33.5%	35.9%	18.2%	-18.5%	10.0%	10.0%
Distributable EPU		12.3%	6.5%	9.3%	-12.4%	4.3%	10.0%	10.0%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY16A	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E
OP Margin	%	87.04	85.79	85.13	85.45	86.63	87.00	87.00	87.00
ROE	%	44.07	9.07	11.97	14.86	15.74	11.92	12.16	12.39
ROCE	%	5.72	6.16	6.53	6.49	6.52	6.24	6.24	6.23
ROA	%	43.40	8.93	11.76	14.61	20.29	15.16	15.15	15.15
Liquidity Ratios		FY16A	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E
Current	x	9.86	7.56	3.41	3.51	2.72	2.37	2.62	2.89
Quick	x	8.90	6.96	2.92	3.01	2.21	1.86	2.11	2.38
Activity Ratios		FY16A	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E
Receivables Days		11.69	11.05	14.35	15.54	18.49	17.74	16.12	14.66
Payables Days		82.16	67.03	61.58	55.11	71.34	70.41	64.01	58.19
Investment Ratios		FY16A	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
DPS		1.04	1.15	1.20	1.32	1.25	1.21	1.33	1.46
Div. Yield	%	9.45	10.45	10.91	12.00	11.36	10.97	12.07	13.28
Dividend Cover	x	7.67	1.48	1.89	2.34	2.92	2.46	2.46	2.46
Retention	%	0.34	1.88	3.88	3.26	3.26	3.26	3.26	3.26
Payout	%	99.66	98.12	96.12	96.74	96.74	96.74	96.74	96.74
No. of Shares	('m)	2223.7	2223.7	2223.7	2223.7	2223.7	2223.7	2223.7	2223.7
EPU		7.98	1.70	2.27	3.09	3.65	2.97	3.27	3.60
Distributable EPU		1.04	1.17	1.25	1.36	1.20	1.25	1.37	1.51
Un-Distributable EPU		6.94	0.53	1.02	1.72	2.45	1.73	1.90	2.09
BVPS		18.11	18.77	18.99	20.79	23.19	24.96	26.90	29.04
P/E	x	10.54	9.39	8.81	8.06	9.20	8.82	8.02	7.29
P/BV	x	0.61	0.59	0.58	0.53	0.47	0.44	0.41	0.38

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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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

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Market Weight	Neutral
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