

DCR

9MFY23 Result Review: BUY Stance Maintained

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DCR has announced its 9MFY23 result where it posted a profit after tax of Rs3.41bn (EPU: Rs1.32) as compared to a profit after tax of Rs4.10bn (EPU: 1.06) in the same period last year, down by 16.8% YoY amid a decline in fair value.

The company has posted a revenue of Rs3.12bn against Rs2.58bn in SPLY, recording a growth of 21% YoY. Operating profit has increased by 21.5% to Rs2.88bn.

Furthermore, SG&A expenses have increased by 17.3% YoY to Rs433mn while other income has improved by 1.16x YoY to Rs162mn. Lastly, the management fee has been increased by 21.2% YoY to Rs86mn as compared to Rs71mn during the same period last year.

DCR is currently trading at FY23E PE of 7.85x. Furthermore, the scrip is also trading at FY23E P/B of 0.47x which offers a discount of 12% relative to its historical 3-year average of 0.54x. We have a **BUY** stance on the scrip with a DDM-based Dec-23 TP of Rs15 which provides an upside potential of 9%. Furthermore, it also offers an attractive dividend yield of 12% which makes the total return of around 21%.

Rupees' millions	3QFY23	3QFY22	YoY	9MFY23	9MFY22	YoY
Rental Income	1,069	922	16.0% ▲	3,124	2,581	21.0% ▲
Marketing Income	70	64	10.8% ▲	187	157	18.5% ▲
Total Income	1,139	985	15.6% ▲	3,311	2,739	20.9% ▲
SG&A Expenses	-142	-122	16.9% ▲	-433	-369	17.3% ▲
Operating Profit	997	863	15.5% ▲	2,878	2,369	21.5% ▲
Other Income	56	26	114.2% ▲	162	75	116.3% ▲
Management Fee	-30	-26	15.5% ▲	-86	-71	21.2% ▲
Trustee Remn.	-5	-4	15.5% ▲	-14	-12	21.2% ▲
Profit Before Change in FV	1,014	855	18.5% ▲	2,926	2,351	24.5% ▲
Change in fair value	0	0		488	1,751	72.1% ▼
Profit Before Taxation	1,014	855	18.5% ▲	3,414	4,102	16.8% ▼
Taxation	0	0	-	0	0	-
Profit After Taxation	1,014	855	18.5% ▲	3,414	4,102	16.8% ▼
Distributable EPU	0.46	0.38	18.5% ▲	1.32	1.06	24.5% ▲
Dividend	0.45	0.39	15.4% ▲	1.31	1.09	20.2% ▲
Bonus	-	-		0.00	-	

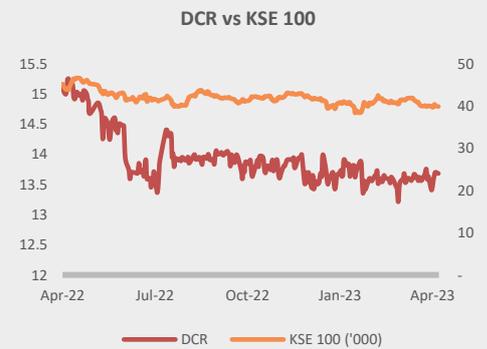
Closing Period: Apr 25, 2023 to Apr 27, 2023

	3QFY23	3QFY22	YoY	9MFY23	9MFY22	YoY
SG&A Expenses to T.Income	-12.5%	-12.3%	0.1% ▲	-13.1%	-13.5%	0.4% ▼
Other Income to T.Income	4.9%	2.7%	2.3% ▲	4.9%	2.7%	2.2% ▲
Mgmt. Fee to T.Income	-2.6%	-2.6%	0.0% ▼	-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	89.0%	86.9%	2.1% ▲	88.4%	85.8%	2.6% ▲

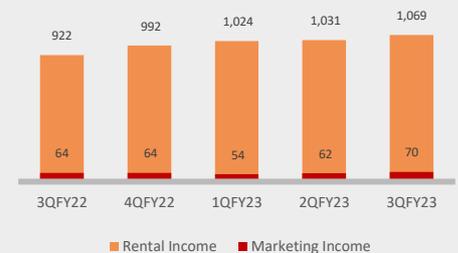
Source: ACPL Research, Company Financials

Key Statistics

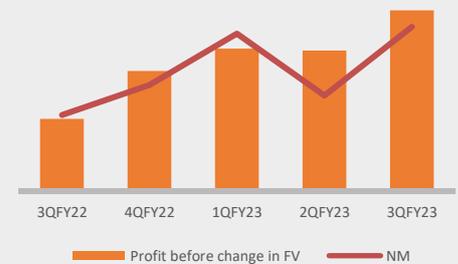
Symbol	DCR
TP - Dec 23	15.00
LDPCP	13.78
Upside (%)	9
Free Float ('mn)	556
Market Cap. (Rs.'mn)	30,643



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	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Rental Income	2,814	2,939	3,574	4,166	4,403	4,654	4,943
Marketing Income	151	147	222	249	279	319	371
Total Income	2,965	3,086	3,795	4,415	4,683	4,974	5,314
Administrative & Operating Expenses	-396	-422	-516	-578	-639	-679	-726
Net Operating Income	2,568	2,664	3,279	3,837	4,043	4,294	4,589
Other income	192	130	127	216	195	356	540
Management Fee	-77	-80	-98	-115	-121	-129	-138
Profit before taxation	8,118	8,610	9,763	4,579	6,069	6,471	6,938
Income tax expense	0	0	0	0	0	0	0
Profit for the year	8,118	8,610	9,763	4,579	6,069	6,471	6,938
EPU	3.65	3.87	4.39	2.06	2.73	2.91	3.12
Distributable EPU	1.20	1.21	1.47	1.75	1.83	2.01	2.22

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Rental Income	-15.9%	4.4%	21.6%	16.6%	5.7%	5.7%	6.2%
Marketing Income	-17.1%	-2.6%	50.3%	12.3%	12.3%	14.3%	16.3%
Total Income	-15.9%	4.1%	23.0%	16.3%	6.1%	6.2%	6.8%
Administrative & Operating Expenses	-22.8%	6.4%	22.5%	11.8%	10.7%	6.2%	6.8%
Net Operating Income	-14.8%	3.7%	23.1%	17.0%	5.4%	6.2%	6.8%
Other income	37.5%	-32.1%	-2.7%	70.7%	-10.1%	82.9%	51.7%
Management Fee	-14.8%	3.7%	23.1%	17.0%	5.4%	6.2%	6.8%
Profit before change in fair value of investment property	-12.4%	1.1%	21.8%	19.1%	4.5%	9.9%	10.4%
Change in fair value of investment property / unrealized gain	42.3%	8.5%	9.6%	-89.6%	194.1%	0.0%	0.0%
Profit before taxation	18.2%	6.1%	13.4%	-53.1%	32.5%	6.6%	7.2%
Income tax expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit for the year	18.2%	6.1%	13.4%	-53.1%	32.5%	6.6%	7.2%
EPU	18.2%	6.1%	13.4%	-53.1%	32.5%	6.6%	7.2%
Distributable EPU	-12.4%	1.1%	21.8%	19.1%	4.5%	9.9%	10.4%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
OP Margin	%	86.63	86.34	86.39	86.92	86.34	86.34	86.34
ROE	%	15.83	14.99	15.29	7.07	9.10	9.41	9.80
ROCE	%	4.99	4.62	4.84	5.58	5.70	8.89	3.53
ROA	%	15.60	14.82	14.33	6.62	8.50	13.28	5.31
Liquidity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Current	x	2.96	4.22	5.07	5.91	6.43	6.46	6.36
Quick	x	2.42	3.71	4.55	5.40	5.91	5.94	5.84
Activity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Receivables Days		26.34	19.03	15.48	13.30	12.54	11.81	11.05
Payables Days		7.68	21.74	17.75	15.87	14.33	13.50	12.63
Investment Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
DPS		1.25	1.24	1.50	1.65	1.85	2.00	2.20
Div. Yield	%	9.07	9.00	10.89	11.97	13.43	14.51	15.97
Dividend Cover	x	2.92	3.12	2.93	1.25	1.48	1.46	1.42
Retention	%	-4.54	-2.53	-1.82	5.00	0.00	0.00	0.00
Payout	%	104.54	102.53	101.82	95.00	100.00	100.00	100.00
No. of Shares	('m)	2223.7	2223.7	2223.7	2223.7	2223.7	2223.7	2223.7
EPU		3.65	3.87	4.39	2.06	2.73	2.91	3.12
Distributable EPU		1.20	1.21	1.47	1.75	1.83	2.01	2.22
Un-Distributable EPU		2.45	2.66	2.92	0.30	0.90	0.90	0.90
BVPS		23.06	25.82	28.71	29.12	30.00	30.91	31.83
P/E	x	11.52	11.39	9.35	7.85	7.51	6.84	6.19
P/BV	x	0.60	0.53	0.48	0.47	0.46	0.45	0.43

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
Underweight	Negative

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