

DCR

FY20 Result Review: BUY stance maintained

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DCR has announced its annual result where it posted profit after tax of Rs 8.1bn in FY20 as compared to profit after tax of Rs 6.9bn in same period last year, up by 18.2% YoY. We attribute this growth in PAT to the increase in the change in fair value by 42.3% YoY as compared to last year.

The company has posted the revenue of Rs 2.9bn against Rs 3.3bn in SPLY, recording a decline of 15.9% 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 22.8% YoY to Rs 396mn as compared to Rs 513mn during SPLY. Other income has been increased by 37.5% YoY to Rs 192mn in FY20 as compared to Rs 140mn 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, has decided to waive 15% rentals of the tenants who does not provide essential services in September. Furthermore, the license fee for food outlets has also been reduced for the month of September.

DCR is currently trading at FY21E PE of 8.46x. We maintain our **BUY** stance on the script with a DDM based Jun-21 TP of Rs.12.35 which provides an upside potential of 12%. Furthermore, it also offers an attractive dividend yield of 11% which makes the total return of 23%.

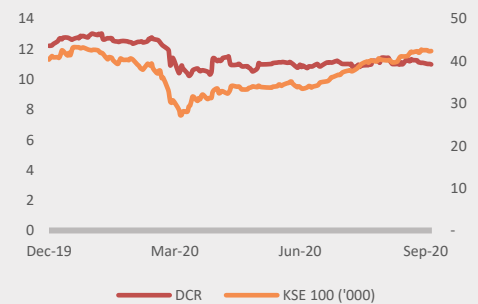
Rupees' millions	4QFY20	4QFY19	YoY	FY20	FY19	YoY
Rental Income	256	867	70.5% ▼	2,814	3,344	15.9% ▼
Marketing Income	5	54	90.8% ▼	151	183	17.1% ▼
Total Income	261	921	71.7% ▼	2,965	3,527	15.9% ▼
SG&A Expenses	-65	-170	61.8% ▼	-396	-513	22.8% ▼
Operating Profit	196	751	73.9% ▼	2,568	3,014	14.8% ▼
Other Income	28	44	37.2% ▼	192	140	37.5% ▲
Management Fee	-6	-23	73.9% ▼	-77	-90	14.8% ▼
Trustee Remn.	-1	-4	73.9% ▼	-13	-15	14.8% ▼
Profit Before Change in FV	216	766	71.8% ▼	2,659	3,034	12.4% ▼
Change in fair value	3,041	963	215.7% ▲	5,459	3,835	42.3% ▲
Profit Before Taxation	3,257	1,729	88.4% ▲	8,118	6,870	18.2% ▲
Taxation	0	0	-	0	0	-
Profit After Taxation	3,257	1,729	88.4% ▲	8,118	6,870	18.2% ▲
Distributable EPU	0.10	0.34	71.8% ▼	1.20	1.36	12.4% ▼
Dividend	0.00	0.00	-	0.00	0.00	-
Bonus	-	-	-	-	-	-
SG&A Expenses to T.Income	-24.9%	-18.5%	6.4% ▲	-13.4%	-14.6%	1.2% ▼
Other Income to T.Income	10.6%	4.8%	5.8% ▲	6.5%	4.0%	2.5% ▲
Mgmt. Fee to T.Income	-2.3%	-2.4%	0.2% ▼	-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	82.8%	83.1%	0.3% ▼	89.7%	86.0%	3.6% ▲

Source: ACPL Research, Company Financials

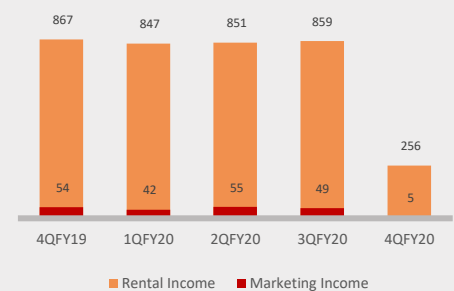
Key Statistics

Symbol	DCR
TP - Jun 21	12.35
LDCP	11.00
Upside (%)	12.28
Free Float ('mn)	556
Market Cap. (Rs.'mn)	24,461

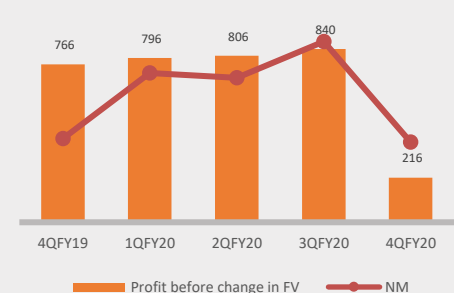
DCR vs KSE 100



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	FY20E	FY21E	FY22E	FY23E
Rental Income	2,527	2,842	3,047	3,344	2,814	3,095	3,404	3,745
Marketing Income	138	168	210	183	151	167	183	202
Total Income	2,664	3,010	3,257	3,527	2,965	3,261	3,588	3,946
Administrative & Operating Expenses	-345	-428	-484	-513	-396	-461	-508	-558
Net Operating Income	2,319	2,582	2,773	3,014	2,568	2,800	3,080	3,388
Other income	109	123	113	140	192	212	233	257
Management Fee	-70	-77	-83	-90	-77	-92	-102	-112
FED on Management Fee	-11	0	0	0	0	0	0	0
SST on Management Fee	-11	-10	-11	-12	-10	-12	-13	-15
Trustee Remuneration	-12	-13	-14	-15	-13	-14	-15	-17
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	2,892	3,181	3,499
Change in fair value of investment property / unrealized gain	15,422	1,181	2,279	3,835	5,459	4,000	4,400	4,840
Profit before taxation	17,743	3,787	5,055	6,870	8,118	6,892	7,581	8,339
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	6,892	7,581	8,339
EPU	7.98	1.70	2.27	3.09	3.65	3.10	3.41	3.75
Distributable EPU	1.04	1.17	1.25	1.36	1.20	1.30	1.43	1.57

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY16A	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E
Rental Income		12.5%	7.2%	9.8%	-15.9%	10.0%	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%	10.0%	10.0%	10.0%
Administrative & Operating Expenses		23.8%	13.2%	6.0%	-22.8%	16.4%	10.0%	10.0%
Net Operating Income		11.3%	7.4%	8.7%	-14.8%	9.0%	10.0%	10.0%
Other income		13.0%	-8.3%	23.7%	37.5%	10.4%	10.0%	10.0%
Management Fee		11.3%	7.4%	8.7%	-14.8%	19.9%	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%	19.9%	10.0%	10.0%
Trustee Remuneration		11.3%	7.4%	8.7%	-14.8%	9.0%	10.0%	10.0%
SST on Trustee Remuneration		3.4%	7.4%	8.7%	-14.8%	9.0%	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%	8.8%	10.0%	10.0%
Change in fair value of investment property / unrealized gain		-92.3%	93.0%	68.3%	42.3%	-26.7%	10.0%	10.0%
Profit before taxation		-78.7%	33.5%	35.9%	18.2%	-15.1%	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%	-15.1%	10.0%	10.0%
EPU		-78.7%	33.5%	35.9%	18.2%	-15.1%	10.0%	10.0%
Distributable EPU		12.3%	6.5%	9.3%	-12.4%	8.8%	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	85.85	85.85	85.85
ROE	%	44.07	9.07	11.97	14.86	15.74	12.38	12.60	12.81
ROCE	%	5.72	6.16	6.53	6.49	6.26	6.23	6.23	6.22
ROA	%	43.40	8.93	11.76	14.61	19.51	15.15	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	2.55	2.80	3.08
Quick	x	8.90	6.96	2.92	3.01	2.21	2.04	2.30	2.58
Activity Ratios		FY16A	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E
Receivables Days		11.69	11.05	14.35	15.54	18.49	16.81	15.28	13.89
Payables Days		82.16	67.03	61.58	55.11	71.34	61.31	55.74	50.67
Investment Ratios		FY16A	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E
DPS		1.04	1.15	1.20	1.32	1.25	1.26	1.38	1.52
Div. Yield	%	9.45	10.45	10.91	12.00	11.36	11.44	12.58	13.84
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	3.10	3.41	3.75
Distributable EPU		1.04	1.17	1.25	1.36	1.20	1.30	1.43	1.57
Un-Distributable EPU		6.94	0.53	1.02	1.72	2.45	1.80	1.98	2.18
BVPS		18.11	18.77	18.99	20.79	23.19	25.03	27.06	29.29
P/E	x	10.54	9.39	8.81	8.06	9.20	8.46	7.69	6.99
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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