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Featured Stock: (DTL)

Derrimon Trading Company Limited (DTL);
Opening price — \$2.22 Price to book — 4.24 times;
P/E — 19.33 times

This week's stock pick is Derrimon Trading Company Limited (DTL), which distributes bulk household and food items inclusive of meat products, chilled and ambient beverages through the operation of a chain of outlets and supermarkets. The Company's subsidiaries are involved in manufacturing of flavours and fragrances along with wooden pallets.

Derrimon Trading Limited (DTL) reported trading income of \$3.32 billion (2019: \$3.15 billion) for the three months ended March 31, 2020. Cost of Sales for the period amounted to \$2.71 billion, resulting in a gross profit of \$612.71 million for the three months ended March 2020. Other Income for the period went up to total \$22.65 million (2019: \$4.92 million). Total operating expenses was \$473.38 million for the three months period, as administrative expenses totalled \$373.18 million, while selling and distribution expenses closed at \$100.21 million. Additionally, finance cost amounted to \$49.30 million resulting to a profit before tax of \$112.67 million (2019: \$84.57 million). DTL after incurring tax charges of \$13.85 million, the company booked net profit of \$98.82 million, a 34% growth when compared to net profit of \$74 million reported as at March 2019.

DTL indicated, "The distribution and retail arms of the business for the three (3) months recorded revenue of \$3.01 billion which was \$131.99 million or 4.58% above the \$2.88 billion reported for the corresponding period last year. An aggressive and focused approach was taken during this quarter with the emphasis on ensuring that the pillars of efficiency, product availability, service delivery and customer service remain central to the financial performance. Despite the initial impact of Covid-19, both segments of the business continue to execute on its business plan and the results presented are encouraging."

Additionally, DTL (as at Friday June 5, 2020) was trading at 4.24 times its book value with a P/E of 19.33 times.

Our weekly pick features a stock currently held in the Mayberry Managed Equity Portfolio (MMEP). For more information on the MMEP, please contact your investment advisor today.

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