

TOMCL

9MFY22 Result Review: BUY Stance Maintained

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TOMCL has announced its 9MFY22 result where the company posted a profit after tax of Rs322mn (EPS: Rs2.62) as compared to a profit after tax of Rs208mn (EPS: Rs1.69) in the same period last year, up by 55% YoY.

The company has posted a revenue of Rs3.443bn against Rs2.693bn in SPLY, recording a growth of 28.1% YoY. We note that this growth is attributed to the increase in exports and higher retention prices.

The gross margin has decreased slightly to 15.8% as compared to 16.4% in SPLY due to higher input costs.

SG&A expenses have increased by 79.6% YoY to Rs260mn as compared to Rs145mn during SPLY. Lastly, the effective taxation has been decreased to 8.5% as compared to 11.4% during SPLY.

TOMCL is trading at a FY22E P/E of 9.27x. Further, the scrip is also trading at FY22E P/B of 1.70 which offers a discount of 31% relative to its historical 3-Year average of 2.23x. We have a **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs 35 which provides an upside potential of 50%.

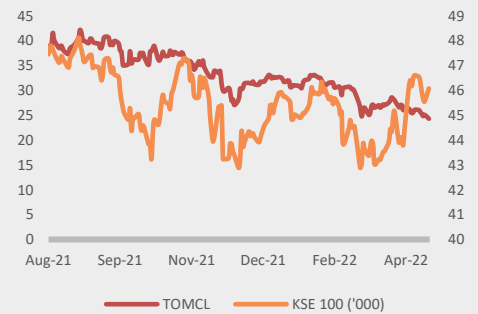
Rupees' millions	3QFY22	3QFY21	YoY	9MFY22	9MFY21	YoY
Net Sales	1,182	897	31.8% ▲	3,449	2,693	28.1% ▲
Cost of Sales	-1,019	-761	34.0% ▲	-2,902	-2,251	29.0% ▲
Gross Profit	163	136	19.5% ▲	547	442	23.7% ▲
SG&A Expenses	-109	-38	188.0% ▲	-260	-145	79.6% ▲
Other Expenses	-7	-2	288.9% ▲	-42	-5	728.0% ▲
Operating Profit	47	97	51.3% ▼	245	292	16.2% ▼
Other Income	54	-11	599.7% ▼	165	-15	1182.7% ▲
Finance Cost	-20	-15	29.5% ▲	-57	-42	35.8% ▲
Profit Before Taxation	82	70	16.0% ▲	352	234	50.1% ▲
Taxation	-12	-6	91.8% ▲	-30	-27	12.4% ▲
Profit After Taxation	70	64	8.8% ▲	322	208	55.0% ▲
		0				
Earnings Per Share	0.57	0.52	8.8% ▲	2.62	1.69	55.0% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus						
Gross Margin	13.8%	15.2%	1.4% ▼	15.8%	16.4%	0.6% ▼
SG&A Expenses to Sales	-9.2%	-4.2%	5.0% ▲	-7.5%	-5.4%	2.2% ▲
Other Income to Sales	4.6%	-1.2%	5.8% ▲	4.8%	-0.6%	5.3% ▲
Ex. Gain / (Loss) to Sales	-9.2%	-4.2%	5.0% ▲	-7.5%	-5.4%	2.2% ▲
Effective Taxation	-14.3%	-8.6%	5.6% ▲	-8.5%	-11.4%	2.9% ▼
Net Margin	5.9%	7.2%	1.2% ▼	9.3%	7.7%	1.6% ▲

Source: ACPL Research, Company Financials

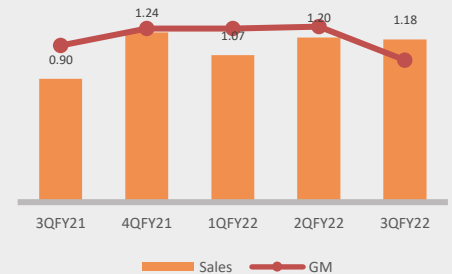
Key Statistics

Symbol	TOMCL
TP - Dec 22	35.00
LDCP	23.41
Upside (%)	50
Free Float ('mn)	55
Market Cap. (Rs.'mn)	2,879

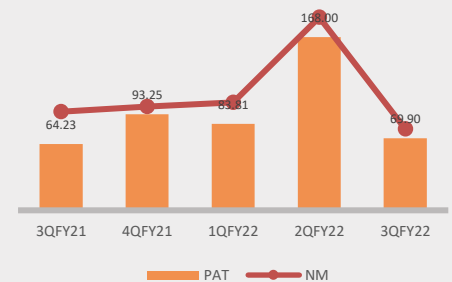
TOMCL vs KSE 100



Sales (Rs'mn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

Muhammad Ahmed

Phone: (+92) 42 38302028; Ext: 118

Email: mahmed@abbasiandcompany.com

Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Revenue	2,578	3,384	3,928	4,599	5,519	6,623	7,948
Cost of sales	- 2,170	- 2,754	- 3,278	- 3,868	- 4,642	- 5,570	- 6,684
Gross profit	408	630	650	731	878	1,053	1,264
Administrative expenses	- 54	- 67	- 59	- 97	- 116	- 139	- 167
Distribution cost	- 136	- 120	- 162	- 253	- 304	- 364	- 437
Profit from operations	218	442	429	382	458	550	660
Finance cost	- 71	- 90	- 89	- 81	- 76	- 71	- 67
Other (Expense)/income	119	1	14	218	262	315	378
Profit before income tax	265	283	340	519	644	793	971
Income tax expense	- 47	- 17	- 37	- 42	- 52	- 63	- 78
Profit for the year	218	266	303	478	593	730	893
EPS	1.77	2.17	2.47	3.88	4.82	5.93	7.26

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Revenue	25.6%	31.3%	16.1%	17.1%	20.0%	20.0%	20.0%
Cost of sales	27.7%	26.9%	19.0%	18.0%	20.0%	20.0%	20.0%
Gross profit	15.2%	54.5%	3.1%	12.6%	20.0%	20.0%	20.0%
Administrative expenses	21.0%	25.5%	-12.0%	63.3%	20.0%	20.0%	20.0%
Distribution cost	119.8%	-11.5%	34.1%	56.6%	20.0%	20.0%	20.0%
Profit from operations	-12.0%	102.9%	-3.0%	-11.0%	20.0%	20.0%	20.0%
Finance cost	24.3%	26.7%	-0.8%	-9.6%	-6.1%	-6.2%	-6.4%
Other income	-451.7%	-99.1%	1218.0%	1504.5%	20.0%	20.0%	20.0%
Profit before income tax	69.3%	6.8%	20.1%	52.5%	24.1%	23.1%	22.4%
Income tax expense	252.0%	-63.9%	116.2%	12.2%	24.1%	23.1%	22.4%
Profit for the year	52.1%	22.2%	13.9%	57.5%	24.1%	23.1%	22.4%
EPS	52.1%	22.2%	13.9%	57.5%	24.1%	23.1%	22.4%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20E	FY21A	FY22E	FY23E	FY24E	FY25E
GP Margin	%	15.82	18.61	16.54	15.90	15.90	15.90	15.90
NP Margin	%	8.46	7.87	7.73	10.39	10.74	11.02	11.23
OP Margin	%	8.46	13.07	10.92	8.30	8.30	8.30	8.30
ROE	%	21.20	19.74	13.37	18.38	19.47	20.31	20.95
ROCE	%	20.62	23.49	15.96	22.49	20.24	18.79	17.81
ROA	%	8.66	9.75	8.33	13.99	13.84	13.74	13.67
Liquidity Ratios		FY19A	FY20E	FY21A	FY22E	FY23E	FY24E	FY25E
Current	x	1.44	1.55	2.09	2.22	3.30	4.64	6.22
Quick	x	0.88	0.84	1.19	1.04	1.84	2.85	4.06
Activity Ratios		FY19A	FY20E	FY21A	FY22E	FY23E	FY24E	FY25E
Inventory Turnover	x	13.08	13.08	13.08	13.08	13.08	13.08	13.08
Inventory Days		27.90	27.90	27.90	27.90	27.90	27.90	27.90
Receivables Days		118.47	118.47	118.47	110.00	105.00	100.00	95.00
Payables Days		28.46	25.00	25.00	30.00	33.00	36.00	39.00
Operating Cycle		117.92	121.37	121.37	107.90	99.90	91.90	83.90
Investment Ratios		FY19A	FY20E	FY21A	FY22E	FY23E	FY24E	FY25E
DPS		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Div. Yield	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Cover	x	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Retention	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Payout	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
No. of Shares	('m)	123.00	123.00	123.00	123.00	123.00	123.00	123.00
EPS		1.77	2.17	2.47	3.88	4.82	5.93	7.26
BVPS		13.18	15.35	22.31	21.14	24.76	29.21	34.65
P/E	x	20.31	16.62	14.59	9.27	7.47	6.07	4.96
Sales per share		20.96	27.51	31.93	37.39	44.87	53.85	64.62
P/BV	x	2.73	2.35	1.61	1.70	1.45	1.23	1.04
P/S	x	1.72	1.31	1.13	0.96	0.80	0.67	0.56
Solvency Ratios		FY19A	FY20E	FY21A	FY22E	FY23E	FY24E	FY25E
Total Debt to Equity	x	0.44	0.36	0.27	0.23	0.18	0.14	0.11
L.T Debt to Equity	x	0.00	0.01	0.01	0.02	0.01	0.00	0.00
Total Debt to Assets	x	0.29	0.25	0.20	0.18	0.13	0.10	0.07
L.T Debt to Assets	x	0.00	0.00	0.01	0.01	0.01	0.00	0.00
Interest Cover	x	4.73	4.92	4.95	7.43	9.49	12.14	15.55

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

BRANCH OFFICE

42 - Mall Road, Lahore

Phone: (+92) 42 37320707

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com