

TOMCL

9MFY23 Result Review: BUY Stance Maintained

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TOMCL has announced its 9MFY23 result where the company posted a profit after tax of Rs658mn (EPS: Rs4.88) as compared to a profit after tax of Rs322mn (EPS: Rs2.38) in the same period last year, up by 1.05x YoY amid an increase in exports and other income.

The company has posted a revenue of Rs4.17bn against Rs3.45bn in SPLY, recording a growth of 21% YoY. The gross margin has decreased to 14.9% as compared to 15.8% in SPLY mainly due to increased fuel and power consumption charges.

SG&A expenses have increased by 38.5% YoY to Rs361mn as compared to Rs260mn during SPLY amid increased freight cost.. Finance cost has surged by 1.09x to Rs120mn as compared to Rs57mn SPLY amid higher policy rate. A surge in other income by 2.47x to Rs571mn supported the bottom line.

Lastly, effective taxation has been decreased to 6.0% as compared to 8.5% during SPLY.

TOMCL is trading at a FY23E P/E of 6.20x. Further, the scrip is also trading at FY23E P/B of 1.50. We have a **BUY** stance on the scrip with a DCF based Dec-23 TP of Rs28 which provides an upside potential of 24%.

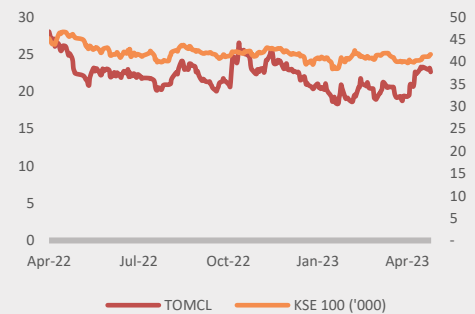
Rupees' millions	3QFY23	3QFY22	YoY	9MFY23	9MFY22	YoY
Net Sales	1,629	1,182	37.8% ▲	4,172	3,449	21.0% ▲
Cost of Sales	-1,400	-1,019	37.4% ▲	-3,553	-2,902	22.4% ▲
Gross Profit	229	163	40.4% ▲	620	547	13.4% ▲
SG&A Expenses	-129	-109	18.2% ▲	-361	-260	38.5% ▲
Other Expenses	-5	-7	173.8% ▼	-10	-42	76.0% ▼
Operating Profit	95	47	100.9% ▲	249	245	1.9% ▲
Other Income	426	54	681.6% ▲	571	165	247.2% ▲
Finance Cost	-51	-20	153.0% ▲	-120	-57	108.6% ▲
Profit Before Taxation	470	82	476.0% ▲	701	352	99.2% ▲
Taxation	-15	-12	31.4% ▲	-42	-30	41.2% ▲
Profit After Taxation	454	70	550.1% ▲	658	322	104.6% ▲
Earnings Per Share	3.37	0.52	550.1% ▲	4.88	2.38	104.6% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus	0.00	0.00		0.00	0.00	
Gross Margin	14.0%	13.8%	0.3% ▲	14.9%	15.8%	1.0% ▼
SG&A Expenses to Sales	-7.9%	-9.2%	1.3% ▼	-8.6%	-7.5%	1.1% ▲
Other Income to Sales	26.1%	4.6%	21.5% ▲	13.7%	4.8%	8.9% ▲
Ex. Gain / (Loss) to Sales	-7.9%	-9.2%	1.3% ▼	-8.6%	-7.5%	1.1% ▲
Effective Taxation	-3.3%	-14.3%	11.0% ▼	-6.0%	-8.5%	2.5% ▼
Net Margin	27.9%	5.9%	22.0% ▲	15.8%	9.3%	6.5% ▲

Source: ACPL Research, Company Financials

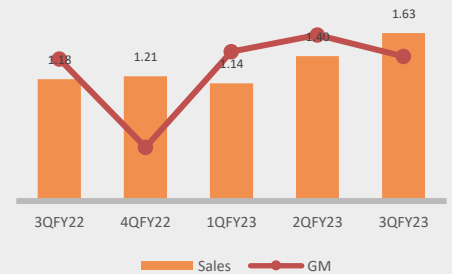
Key Statistics

Symbol	TOMCL
TP - Dec 23	28.00
LDPC	22.59
Upside (%)	24
Free Float ('mn)	61
Market Cap. (Rs.'mn)	3,049

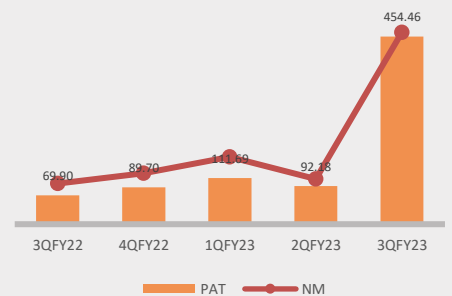
TOMCL vs KSE 100



Sales (Rs'mn) vs Gross Margin



PAT (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
Revenue	3,384	3,928	4,658	5,563	6,644	7,935	9,477
Cost of sales	- 2,754	- 3,278	- 4,048	- 4,737	- 5,657	- 6,757	- 8,069
Gross profit	630	650	610	826	987	1,178	1,407
Administrative expenses	- 67	- 59	- 86	- 114	- 136	- 163	- 195
Distribution cost	- 120	- 162	- 293	- 366	- 343	- 410	- 490
Profit from operations	442	429	231	345	507	606	723
Finance cost	- 90	- 89	- 88	- 160	- 161	- 157	- 154
Other (Expense)/income	1	14	345	695	664	714	758
Profit before income tax	283	340	455	881	1,011	1,163	1,328
Income tax expense	- 17	- 37	- 44	- 98	- 112	- 129	- 148
Profit for the year	266	303	411	783	898	1,033	1,180
EPS	1.97	2.25	3.05	5.80	6.66	7.66	8.74

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Revenue	31.3%	16.1%	18.6%	19.4%	19.4%	19.4%	19.4%
Cost of sales	26.9%	19.0%	23.5%	17.0%	19.4%	19.4%	19.4%
Gross profit	54.5%	3.1%	-6.2%	35.5%	19.4%	19.4%	19.4%
Administrative expenses	25.5%	-12.0%	45.4%	32.9%	19.4%	19.4%	19.4%
Distribution cost	-11.5%	34.1%	81.2%	25.2%	-6.3%	19.4%	19.4%
Profit from operations	102.9%	-3.0%	-46.2%	49.7%	46.8%	19.4%	19.4%
Finance cost	26.7%	-0.8%	-1.1%	80.6%	0.6%	-2.2%	-2.3%
Other income	-99.1%	1218.0%	2431.8%	101.7%	-4.5%	7.5%	6.2%
Profit before income tax	6.8%	20.1%	33.7%	93.5%	14.7%	15.0%	14.2%
Income tax expense	-63.9%	116.2%	18.7%	122.8%	14.7%	15.0%	14.2%
Profit for the year	22.2%	13.9%	35.6%	90.4%	14.7%	15.0%	14.2%
EPS	22.2%	13.9%	35.6%	90.4%	14.7%	15.0%	14.2%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY20E	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
GP Margin	%	18.61	16.54	13.09	14.85	14.85	14.85	14.85
NP Margin	%	7.87	7.73	8.83	14.08	13.52	13.02	12.45
OP Margin	%	13.07	10.92	4.95	6.21	7.63	7.63	7.63
ROE	%	19.74	13.37	14.99	24.10	22.90	21.99	21.14
ROCE	%	23.49	15.96	17.76	28.34	23.53	20.54	18.45
ROA	%	9.75	8.33	9.64	17.28	15.19	13.86	12.88
Liquidity Ratios		FY20E	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Current	x	1.55	2.09	2.34	2.87	3.83	4.75	5.61
Quick	x	0.84	1.19	1.69	1.96	2.84	3.67	4.44
Activity Ratios		FY20E	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
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	110.00	105.00	100.00	95.00	90.00
Payables Days		25.00	25.00	30.00	33.00	36.00	39.00	42.00
Operating Cycle		121.37	121.37	107.90	99.90	91.90	83.90	75.90
Investment Ratios		FY20E	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
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)	134.99	134.99	134.99	134.99	134.99	134.99	134.99
EPS		1.97	2.25	3.05	5.80	6.66	7.66	8.74
BVPS		13.98	20.32	23.37	24.07	29.07	34.81	41.37
P/E	x	18.25	16.01	11.81	6.20	5.41	4.70	4.12
Sales per share		25.07	29.10	34.50	41.21	49.22	58.78	70.20
P/BV	x	2.57	1.77	1.54	1.50	1.24	1.03	0.87
P/S	x	1.44	1.24	1.04	0.87	0.73	0.61	0.51
Solvency Ratios		FY20E	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Total Debt to Equity	x	0.36	0.27	0.28	0.21	0.18	0.16	0.14
L.T Debt to Equity	x	0.01	0.01	0.04	0.03	0.02	0.01	0.01
Total Debt to Assets	x	0.25	0.20	0.21	0.15	0.12	0.10	0.09
L.T Debt to Assets	x	0.00	0.01	0.03	0.02	0.01	0.01	0.00
Interest Cover	x	4.92	4.95	6.51	6.52	7.29	8.40	9.65

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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- III. Relative Valuation Model
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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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