

# TOMCL

## FY22 Result Review: BUY Stance Maintained

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TOMCL has announced its FY22 result where the company posted a profit after tax of Rs411mn (EPS: Rs3.05) as compared to a profit after tax of Rs303mn (EPS: Rs2.25) in the same period last year, up by 35.6% YoY.

The company has posted a revenue of Rs4.66bn against Rs3.93bn in SPLY, recording a growth of 18.6% YoY. We note that this growth is attributed to the increase in exports and higher retention prices.

The gross margin has decreased to 13.1% as compared to 16.5% in SPLY due to higher input costs.

SG&A expenses have increased by 71.6% YoY to Rs379mn as compared to Rs221mn during SPLY. Lastly, the effective taxation has been decreased to 9.6% as compared to 10.9% during SPLY.

TOMCL is trading at a FY23E P/E of 13.12x. Further, the scrip is also trading at FY23E P/B of 1.72x which offers a discount of 21% relative to its historical 3-Year average of 2.08x. We have a **BUY** stance on the scrip with a bonus adjusted DCF based Jun-23 TP of Rs 24 which provides an upside potential of 26%.

Rupees' millions	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Net Sales	1,209	1,235	2.1% ▼	4,658	3,928	18.6% ▲
Cost of Sales	-1,146	-1,027	11.5% ▲	-4,048	-3,278	23.5% ▲
<b>Gross Profit</b>	<b>63</b>	<b>208</b>	<b>69.7% ▼</b>	<b>610</b>	<b>650</b>	<b>6.2% ▼</b>
SG&A Expenses	-118	-76	56.4% ▲	-379	-221	71.6% ▲
Other Expenses	10	-8	28.8% ▲	-32	-13	150.6% ▲
<b>Operating Profit</b>	<b>-46</b>	<b>125</b>	<b>136.5% ▼</b>	<b>199</b>	<b>416</b>	<b>52.2% ▼</b>
Other Income	180	29	525.6% ▲	345	14	2431.8% ▲
Finance Cost	-31	-47	34.2% ▼	-88	-89	1.1% ▼
Profit Before Taxation	104	106	2.4% ▼	455	340	33.7% ▲
Taxation	-14	-10	34.6% ▲	-44	-37	18.7% ▲
<b>Profit After Taxation</b>	<b>90</b>	<b>96</b>	<b>6.4% ▼</b>	<b>411</b>	<b>303</b>	<b>35.6% ▲</b>
Earnings Per Share	0.66	0.71	6.4% ▼	3.05	2.25	35.6% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus	9.75%	0.00		9.75%	0.00	

Closing Period: Oct 21, 2022 - Oct 28, 2022

	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Gross Margin	5.2%	16.8%	11.6% ▼	13.1%	16.5%	3.5% ▼
SG&A Expenses to Sales	-9.8%	-6.1%	3.7% ▲	-8.1%	-5.6%	2.5% ▲
Other Income to Sales	14.9%	2.3%	12.6% ▲	7.4%	0.3%	7.1% ▲
Ex. Gain / (Loss) to Sales	-9.8%	-6.1%	3.7% ▲	-8.1%	-5.6%	2.5% ▲
Effective Taxation	-13.5%	-9.8%	3.7% ▲	-9.6%	-10.9%	1.2% ▼
Net Margin	7.4%	7.8%	0.3% ▼	8.8%	7.7%	1.1% ▲

Source: ACPL Research, Company Financials

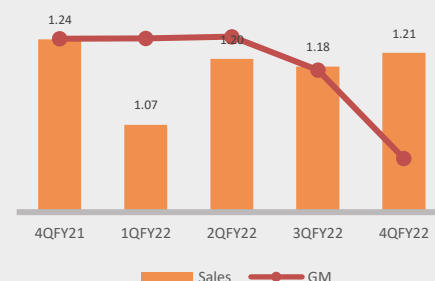
### Key Statistics

Symbol	TOMCL
TP - Jun 23	24.00
LDCP	20.85
Upside (%) ( Bonus Adjusted)	26
Free Float ('mn)	60
Market Cap. (Rs.'mn)	2,565

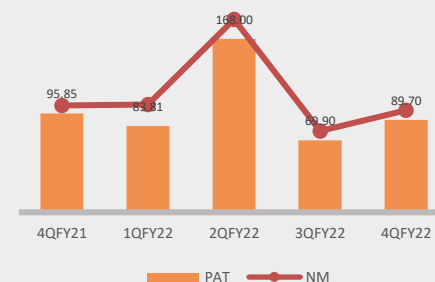
### TOMCL vs KSE 100



### 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	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	2,578	3,384	3,928	4,658	5,356	6,160	7,084
Cost of sales	- 2,170	- 2,754	- 3,278	- 4,048	- 4,563	- 5,247	- 6,035
<b>Gross profit</b>	<b>408</b>	<b>630</b>	<b>650</b>	<b>610</b>	<b>793</b>	<b>912</b>	<b>1,049</b>
Administrative expenses	- 54	- 67	- 59	- 86	- 99	- 114	- 131
Distribution cost	- 136	- 120	- 162	- 293	- 337	- 387	- 445
<b>Profit from operations</b>	<b>218</b>	<b>442</b>	<b>429</b>	<b>231</b>	<b>358</b>	<b>412</b>	<b>473</b>
Finance cost	- 71	- 90	- 89	- 88	- 114	- 116	- 117
Other (Expense)/income	119	1	14	345	166	191	219
<b>Profit before income tax</b>	<b>265</b>	<b>283</b>	<b>340</b>	<b>455</b>	<b>410</b>	<b>487</b>	<b>575</b>
Income tax expense	- 47	- 17	- 37	- 44	- 40	- 47	- 55
<b>Profit for the year</b>	<b>218</b>	<b>266</b>	<b>303</b>	<b>411</b>	<b>370</b>	<b>440</b>	<b>520</b>
<b>EPS</b>	<b>1.61</b>	<b>1.97</b>	<b>2.25</b>	<b>3.05</b>	<b>2.74</b>	<b>3.26</b>	<b>3.85</b>

Source: ACPL Research, Company Financials

## Horizontal Analysis

	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	25.6%	31.3%	16.1%	18.6%	15.0%	15.0%	15.0%
Cost of sales	27.7%	26.9%	19.0%	23.5%	12.7%	15.0%	15.0%
<b>Gross profit</b>	<b>15.2%</b>	<b>54.5%</b>	<b>3.1%</b>	<b>-6.2%</b>	<b>30.2%</b>	<b>15.0%</b>	<b>15.0%</b>
Administrative expenses	21.0%	25.5%	-12.0%	45.4%	15.0%	15.0%	15.0%
Distribution cost	119.8%	-11.5%	34.1%	81.2%	15.0%	15.0%	15.0%
<b>Profit from operations</b>	<b>-12.0%</b>	<b>102.9%</b>	<b>-3.0%</b>	<b>-46.2%</b>	<b>55.1%</b>	<b>15.0%</b>	<b>15.0%</b>
Finance cost	24.3%	26.7%	-0.8%	-1.1%	28.6%	1.7%	1.5%
Other income	-451.7%	-99.1%	1218.0%	2431.8%	-51.9%	15.0%	15.0%
<b>Profit before income tax</b>	<b>69.3%</b>	<b>6.8%</b>	<b>20.1%</b>	<b>33.7%</b>	<b>-10.0%</b>	<b>18.7%</b>	<b>18.2%</b>
Income tax expense	252.0%	-63.9%	116.2%	18.7%	-10.0%	18.7%	18.2%
<b>Profit for the year</b>	<b>52.1%</b>	<b>22.2%</b>	<b>13.9%</b>	<b>35.6%</b>	<b>-10.0%</b>	<b>18.7%</b>	<b>18.2%</b>
<b>EPS</b>	<b>52.1%</b>	<b>22.2%</b>	<b>13.9%</b>	<b>35.6%</b>	<b>-10.0%</b>	<b>18.7%</b>	<b>18.2%</b>

Source: ACPL Research, Company Financials

## Key Ratios

Profitability Ratios		FY19A	FY20E	FY21A	FY22A	FY23E	FY24E	FY25E
GP Margin	%	15.82	18.61	16.54	13.09	14.81	14.81	14.81
NP Margin	%	8.46	7.87	7.73	8.83	6.91	7.14	7.34
OP Margin	%	8.46	13.07	10.92	4.95	6.68	6.68	6.68
ROE	%	21.20	19.74	13.37	16.13	13.10	13.92	14.65
ROCE	%	20.62	23.49	15.96	22.09	16.05	15.06	14.35
ROA	%	8.66	9.75	8.33	12.25	8.98	8.91	8.88
Liquidity Ratios		FY19A	FY20E	FY21A	FY22A	FY23E	FY24E	FY25E
Current	x	1.44	1.55	2.09	2.13	2.59	3.12	3.63
Quick	x	0.88	0.84	1.19	0.94	1.40	1.85	2.30
Activity Ratios		FY19A	FY20E	FY21A	FY22A	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	FY22A	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)	134.99	134.99	134.99	134.99	134.99	134.99	134.99
EPS		1.61	1.97	2.25	3.05	2.74	3.26	3.85
BVPS		12.01	13.98	20.32	18.89	20.95	23.39	26.28
P/E	x	22.30	18.25	16.01	11.81	13.12	11.06	9.35
Sales per share		19.09	25.07	29.10	34.50	39.68	45.63	52.48
P/BV	x	3.00	2.57	1.77	1.91	1.72	1.54	1.37
P/S	x	1.89	1.44	1.24	1.04	0.91	0.79	0.69
Solvency Ratios		FY19A	FY20E	FY21A	FY22A	FY23E	FY24E	FY25E
Total Debt to Equity	x	0.44	0.36	0.27	0.24	0.25	0.24	0.23
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	0.17	0.15	0.14
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	6.51	4.61	5.21	5.90

Source: ACPL Research, Company Financials

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<b>TP</b>	Target Price	<b>CAGR</b>	Compound Annual Growth Rate	<b>FCF</b>	Free Cash Flows
<b>FCFE</b>	Free Cash Flows to Equity	<b>FCFF</b>	Free Cash Flows to Firm	<b>DCF</b>	Discounted Cash Flows
<b>PE</b>	Price to Earnings Ratio	<b>PB</b>	Price to Book Ratio	<b>BVPS</b>	Book Value Per Share
<b>EPS</b>	Earnings Per Share	<b>DPS</b>	Dividend Per Share	<b>ROE</b>	Return of Equity
<b>ROA</b>	Return on Assets	<b>SOTP</b>	Sum of the Parts	<b>LDCP</b>	Last Day Closing Price

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- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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BUY	Greater than 15%
HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
Overweight	Positive
Market Weight	Neutral
Underweight	Negative

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