

## TOMCL: FY24 Corporate Analyst Briefing

The Organic Meat Co Ltd (TOMCL) conducted its corporate briefing today to discuss FY24 results and outlook. To recall, TOMCL announced FY24 EPS of Rs3.35, reflecting a 31% YoY decline. The company did not announce any dividend during the year. We present the key takeaways from the briefing session.

- TOMCL reported a 31% YoY decline in net earnings during FY24, this primarily reflects absence of exchange gain (Rs616mn gain in FY23 vs. Rs67mn loss in FY24). While the company's EBITDA registered 177% YoY growth in FY24.
- TOMCL revenues grew by 85% YoY while the gross margins remained stable at 13%. During the year, company registered 68% YoY growth in Beef meat sales and 72% YoY growth in Offal sales volume.
- As the company moves towards higher value-added segments, contribution of Chilled meat has dropped from 75% in FY23 to 38% in FY24, wherein frozen meat contribution rose to 45% in FY24 from 13% in FY23.
- During the year, company's animal slaughter capacity was enhanced by ~60% to 240 heads. In Sep-2024, the company also completed second phase of its frozen cooked beef meat, adding 300 tons/month.
- The company successfully got repeat order of 1000 tons (US\$4mn) of beef meat to UAE in Apr-2024 after completion of the first order placed in Aug-2023, which is one of its kind for any meat processor/ exporter from Pakistan.
- In Sep-2024, the company secured supply contract of cooked beef meat worth US\$12mn in FY25.
- The management highlighted that the company has surpassed its own revenue target of US\$30mn in FY24, achieving US\$40mn+ levels. Also, the management is now targeting a revenue of US\$50mn for FY25.
- Since the company is operating in a highly competitive market (for exports), domestic inflationary pressure is likely to keep a check on margins, however the prices for animal/meat prices are now relatively

**Bloomberg Code:** TOMCL PA

**Market Price:** Rs36.3

**Market Cap:** Rs5bn, US\$19mn

**1-yr ADTO:** 3.5mn shares, Rs117mn, US\$0.4mn

**1-yr High / Low:** Rs46.29 / 18.92

**Estimated free float:** 74mn shares (50%)

### TOMCL: Key Statistics

Rs mn	FY22	FY23	FY24
<b>Sales</b>	<b>4,658</b>	<b>6,365</b>	<b>11,798</b>
Sales Growth	19%	37%	85%
Gross Margins	13%	13%	13%
<b>PAT (Rs mn)</b>	<b>411</b>	<b>722</b>	<b>497</b>
<b>EPS (Rs)</b>	<b>2.77</b>	<b>4.86</b>	<b>3.35</b>
EPS Growth	36%	76%	-31%
DPS (Rs)	0.00	0.00	0.00
P/E (x)	9.15	3.93	7.26
Debt/Assets (%)	21%	18%	14%

Source: Company accounts, JS Research

stable since the beginning of FY25, compared to a sharp increase witnessed last year.

- The management is looking forward to investment in 1) backward integration into the fattening farms to ensure sufficient availability of animals, 2) expansion of pet chews business, 3) expansion into fast food production segment, 4) expansion in sheep and beef casing market and red/white offal processing. These projects have an expected timeline of 14-24 months. The management also targets business expansion into newer markets like China, EU, Canada and CIS.
- The management also aims at completely deleveraging its balance sheet by 2026, while most of the Capex plans are likely to be funded by internally generated cashflows.
- Change in tax regime for exporters is likely to hurt company's profitability from FY25 onwards, while 1% advance turnover tax (refundable) will also impact company's working capital.

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