

Wahdat Poultry Farm- IPO

PKR 12.00 Floor Price	PKR 18.00 Strike Price	53.1mn Shares Issue Size	15.84% Float	PKR ~637mn Gross Proceeds
70% Book Building	30% General Public	Public Subscription 27th—28th April	PKR 242mn FY25 PAT	PKR 0.97 EPS FY26E

Source: Company Prospectus, HMFS Research

Metric	FY26E (Floor / Pre-Expansion)	FY27E (post-expansion)
EPS (PKR)	0.97	1.30
Applied P/E Multiple	18.5x (at PKR 18)	20.0x (re-rating to peer)
Implied Price Target	PKR 18 (ceiling)	PKR 26
Upside to TP	—	+44% from IPO ceiling
Volume (Cartons)	304,616	455,410 (+49.5% y/y)
Revenue Estimation	PKR 3.0bn	PKR 4.2–4.5bn

Source: Company Prospectus, HMFS Research

EPS is based on post IPO Number of shares

Investment Thesis:

Earnings & Relative Valuation

At the strike price of PKR 18/share, Wahdat implies a FY26E P/E multiple of ~18.5x on our estimated EPS of ~PKR 0.97 — a modest discount to its peer, BFLAGRO's ~20x multiple. This entry point appears reasonable for a company with demonstrated earnings growth (PAT CAGR of ~39.8% over FY21–FY25), 100% capacity utilisation, and a structural first-mover advantage in the packaged and enriched (P&E) segment.

We estimate a FY27 target price on the multiple valuation, of PKR 26 premised on: (i) successful commissioning of the pasteurisation plant generating incremental B2B revenue, (ii) Working capital & Wahdat Quality Assured Procurement (WQAP) procurement model contributing ~23% of FY27 incremental supply, and (iii) multiple re-rating toward BFLAGRO's current ~20x as the market reappraises Wahdat's diversified, integrated earnings profile.

Company Overview:

Wahdat Poultry Farm Limited founded in 2006, is Pakistan's foremost vertically integrated layer-egg enterprise. Operating under the consumer brand Farm Fresh Eggs domestically and Wahda Eggs for export markets, the Company has been the principal architect of Pakistan's nascent packaged and enriched ("P&E") egg segment — a category it dominates with an estimated ~48.4% market share.

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Production Infrastructure:

Wahdat operates four fully automated layer houses across two sites in Sargodha district, equipped exclusively with European-origin systems — Big Dutchman (Germany) at Chak 24 (200,000 birds) and Tecno (Italy) at Chak 75 (230,000 birds). Combined installed capacity stands at 430,000 birds, with peak output reaching 400,000 eggs per day. All four facilities currently operate at 100% utilisation, underscoring the urgency — and the opportunity — behind the capital raise.

Product Portfolio & Differentiation

Wahdat's product range spans Classic Eggs, Omega-3 Enriched, Golden (Vitamin-Enriched), and Brown (Vitamin-Enriched) eggs. Key differentiators include:

- 100% vegetarian feed formulation — antibiotic-free, compliant with international food safety standards
- Certified supplier to McDonald's Pakistan and listed on McDonald's Global Vendor List, enabling exports to McDonald's Qatar
- Exports account for approximately 16% of total sales, with active markets in UAE and Qatar
- ERP-integrated operations enabling traceability, quality control, and scalability

The Company's in-house feed formulation, automated production, packaging, and distribution capabilities create a structurally low-cost operating model. A particularly notable advantage: over 70% of power requirements are met through solar energy, materially reducing reliance on the national grid and diesel generation — a meaningful structural cost edge in Pakistan's high-energy-cost environment.

Market Structure & Structural Under penetration

Pakistan's overall egg market is estimated at ~USD 2.7bn (2024), with the country ranking among the top 10 global producers by volume. However, the organised, branded, and nutritionally enriched sub-segment remains structurally underpenetrated — most of the egg consumption continues to occur through the informal, commodity channel with minimal quality standardisation or cold chain infrastructure. This dynamic presents a multi-year structural growth runway for P&E segment leaders such as Wahdat.

Secular demand drivers underpinning the P&E segment include:

- Rising health consciousness and nutrition awareness among urban consumers
- Expansion of modern retail trade (MT) and organised food service (HORECA)
- Increasing institutional demand from QSRs (Quick Service Restaurant), confectionery, and food processing industries

Growing export appetite from GCC markets for certified, value-added egg products

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IPO Structure & Use of Proceeds

The offering comprises 53.1bn ordinary shares (15.84% post-IPO float), structured as 50mn new shares (fresh capital injection of PKR 600mn) and 3.1mn shares offered for sale by founding sponsor Naved Ali Khan. The book-building mechanism (70% institutional / HNW, 30% retail) sets a floor of PKR 12/share with a 50% price band cap at PKR 18/share. The retail portion is fully underwritten.

Proceeds allocation:

- PKR 270mn (45%): Liquid egg pasteurisation plant — strategic diversification into B2B/HORECA
- PKR 180mn (30%): Capacity expansion — approximately 100,000 additional birds (+23% on installed base)
- PKR 150mn (25%): Working capital & Wahdat Quality Assured Procurement (WQAP) model rollout

Risks to Valuations:

- Increase in inflation could directly compresses PAT margins
- Dual expansion risk in same fiscal year
- Policy rate reversal (IMF slippage risk) raises discount rate, compresses implied valuation
- PKR depreciation inflates USD-linked input costs
- Chicken mortality risk

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Valuation Methodology

To arrive at our fair value estimates, HMFS uses different valuation methodologies including but not limited to:

- Discounted cash flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

HMFS RATING GUIDE

BUY	More than 15% Upside
HOLD	Between 15% Upside & 15% Downside
SELL	More than 15% Downside

Note: All fair value estimates are for a twelve month time horizon unless specified otherwise in the report
Upside/Downside represents the difference between the stated "Fair Value" & the prevailing "Market Price"
Total Return is based on both the Capital Gains return & the Dividend Yield & is exclusive of all applicable taxes