VM Wealth Management Limited

IPO Analysis: OMNI Industries Limited (OMNI)

VMWM Research | May 16,2024

876-960-5000 vmwmclientservices@myvmgroup.com vmwealth.myvmgroup.com 53 Knutsford Boulevard, Kingston 5

OMNI INDUSTRIES LTD.
Manufacturer of *Thermoplastic* Products

- IPO Recommendation: **PARTICIPATE**
- Price Target: **$1.47**
- Offer Price: **$1.00**

- Shares on Offer: 500,000,000 units
- Shares Outstanding: 20,090,0000 units (pre-listing)
- Shares Outstanding: 2,500,000,000 units (post-listing)
- Financial Year End: December 31

ABOUT THE COMPANY

OMNI Industries Limited began nearly 50 years ago, on September 25, 1974, as a private limited liability company founded by a young German entrepreneur in Jamaica. Initially manufacturing a limited range of PVC products, the company started on Retirement Crescent in Kingston. Over the years, OMNI expanded its operations, applying high standards of German engineering to become a trusted and profitable manufacturer of thermoplastics in Jamaica. Today, OMNI is the largest manufacturer of industrial packaging products in Jamaica, producing items like plastic buckets, crates, garden hoses, plastic houseware, and Aluzinc roofing. They also lead in distributing water distribution products, including PVC pipes and fittings.

OMNI's growth strategy involved product-based diversification and acquisition. In 2001, they acquired Thermo-Plastics Limited, significantly boosting production capacity and market reach. Currently, OMNI operates out of a vast facility in Twickenham Park, Spanish Town, Saint Catherine, serving over 1,800 customers locally and internationally. The company is dedicated to exceeding customer and stakeholder expectations through high standards of performance, flexibility, and reliability, contributing significantly to Jamaica's development.

FINANCIAL PERFORMANCE SUMMARY

J$'000	FY 2022	FY 2023	Q1 2023	Q1 2024
Revenue	2,086,237	2,039,437.420	599,804.2	606,007.09
Gross Profit	566,913.854	600,653.895	192,266.54	233,440.28
Operating Profit	282,782.632	234,322.796	123,495.24	112,447.48
Net Profit	147,415.311	150,907.78	81,460.36	77,205.13
Total Assets	1,814,161.16	1,474,965.72	1,890,554.78	1,536,625.38
Total Equity	469,086.243	574,422.44	577,700.06	651,627.57
Total Liabilities	1,345,074.91	900,543.28	1,312,854.72	884,997.81

Dividend Policy

If the Company is admitted to the Junior Market of the Jamaica Stock Exchange, the Directors plan to implement an annual dividend policy of up to 25% of net profits available for distribution, while also considering the need for occasional reinvestment in the Company.

Use of Proceeds

The Company intends to use the proceeds of the equity raise to:

1. To upgrade existing machines that the company uses in its operations.
2. To purchase additional new machines for expansion.
3. Inject working capital into the company.
4. Payment of fees associated with IPO ($15 million)

Outlook

With the launch of new product lines, higher production capacity from investments in new machinery, and the construction industry's notable expansion, OMNI Industries Limited expects an exciting future. Notwithstanding possible obstacles from rivalry and fluctuating interest rates, the company intends to grow into regional markets in Central and South America. OMNI is well-positioned to produce substantial revenue growth and take advantage of new business prospects with a strategy focus on improving efficiency, increasing retail sales via an e-commerce platform, and exploiting stable macroeconomic conditions.

Projections and Valuation

Using the Discounted Free Cash Flow to Firm (FCFF) valuation and the Comparable valuation, we arrived at our target price. The projected earnings for the company for the next five years were discounted using the weighted average cost of capital, which was determined using the WACC of 12.03%. As a result, each share's intrinsic value was $1.52. We arrived at a relative value of $1.42 by multiplying our 2025 EPS forecast, $0.43, by an applied Market P/E of 14.00x. The target price was determined to be $1.47 by averaging both.

Risks to Price Target

OMNI may not make the anticipated target price if it operates inefficiently, has fierce competition, is unable to carry out its strategy as intended, or if Jamaica's economic circumstances have a detrimental impact on its earnings.

ABRIDGED OFFER DETAILS

ISSUER	OMNI Industries Limited
LEAD ARRANGER	NCB Capital Markets Limited
LEAD BROKER	NCB Capital Markets Limited
ISSUE	Total of 500,000,000 Ordinary Shares: • General Public - 120,931,383 units • Reserve Pool Shares for Key Partners - 234,000,000 units. • Lead Broker Reserve Shares - 125,068,617 units. • Employees Reserve Pool Shares - 20,000,000 units
OFFER PRICE	$1.00 per share
MINIMUM APPLICATION	1,000 shares with increments of 100 shares thereafter
MINIMUM AMOUNT TO BE RAISED	$500,000,000 (as per Rule 501(2)(b) of the Junior Market rules) as a result of the Invitation made in the Prospectus and (ii) meet the criteria for admission set out in the Junior Market Rules). If the company does not raise at the minimum amount, then the application for the shares to be submitted to the Junior Market will not be made and all applications will be returned.
KEY DATES	Opening Date: May 17th, 2024, at 9 a.m. Closing Date: May 31st, 2024, at 4 p.m.
USE OF PROCEEDS	The proceeds will be used for: 1. Upgrading existing machinery 2. Purchasing new machinery for expansion 3. Injecting additional working capital 4. IPO related costs (Not expected to exceed $15,000,000.00, including tax)

Table 1. Abridged Offer Details

CORPORATE GOVERNANCE

Three (3) executive directors and seven (7) executive directors, of whom four (4) are independent, make up OMNI Industries Limited's board of directors. The company has benefited from the depth of expertise and experience that each director brings to their respective fields, and this has been and will continue to be exploited to further the company's growth. The Audit Committee and the Remuneration Committee are two new committees that the board has established. Non-executive directors who are independent make up these committees. The directors set the compensation, but it needs to be approved by the shareholders at the company's annual meeting. In addition, directors are entitled to reimbursement for reasonable travel and lodging costs incurred in the course of performing their directorial responsibilities, such as attending meetings of boards, committees, and general assembly.

NAME	POSITION
Von White	Chairman
Patrick Kumst	Managing Director
Vincent Clarke	Director
Justine Collins	Independent Non-executive Director
Claire Patricia Hayle	Independent Non-executive Director
Sterling Soares	Independent Non-executive Director
Lainsworth Walker	Independent Non-executive Director

Table 2. Corporate Governance

SHAREHOLDINGS

The Reserved and Non-Reserved application pools will each get 500,000,000 freshly formed ordinary shares on offer. Of the total number of shares outstanding, approximately 120,931,383 will be made accessible to the public (4.84%). The remaining 379,068,617 units are reserved for Team Members and Key Strategic Partners.

Shareholders	Shareholding (Pre-IPO and stock split)	Issued Capital (%)	Shareholding (Post IPO and stock split)	Issued Capital (%)
Von White	8,551,000	42.56%	957,677,949	38.31%
Patrick Kumst	3,405,100	16.95%	381,357,641	15.25%
Sahlia Kumst	1,280,100	6.37%	143,366,103	5.73%
Samantha Kumst	1,280,100	6.37%	143,366,103	5.73%
Liliane Weynand-Kumst	1,280,100	6.37%	143,366,103	5.73%
Yanina Saunders	1,280,100	6.37%	143,366,103	5.73%
NCB Capital Markets Limited	1,506,750	7.50%	87,500,000	3.50%
MF&G Asset Management Limited as Trustee of NCB Capital Markets Limited (JMD Caribbean Equity Portfolio)	247,389	1.23%	0	0.00%
MF&G Asset Management Limited as Trustee of NCB Capital Markets Limited Non-Diversified Unit Trust Scheme (JMD High Yield Asset and Loan Portfolio)	1,259,361	6.27%	0	0.00%
Key Partner Reserve Pool	0	0.00%	234,000,000	9.36%
Lead Broker Reserve Pool	0	0.00%	125,068,517	5.00%
Employee Reserve Pool	0	0.00%	20,000,000	0.80%
General Public	0	0.00%	120,931,383	4.84%
Total	20,090,000	100.00%	2,500,000,000	100.00%

Table 3. Capital Structure and Shareholding Pre- and Post-IPO Breakdown

INDUSTRY OVERVIEW

The growth of the Manufacturing, Construction, and Real Estate sectors significantly affects OMNI's operations. Local manufacturing and construction sectors have persevered in their strength in spite of the difficulties brought about by the high interest rate environment. However, due to a decrease in building construction, the construction industry saw a year-over-year (YoY) decline of 3.80% in Q42023, according to the Statistical Institute of Jamaica (STATIN). This drop came after a significant gain of 0.70% the previous quarter. Conversely, the manufacturing sector had growth in Q4 2023 of 0.30%, after growing by 1.70% in the previous quarter. Sales for OMNI Industries are largely dependent on local and international manufacturers and construction companies (CARICOM and Central America). Construction, Industrial Packaging, and Plastic Housewares are OMNI's three primary business segments. Specifically, construction accounts for 51% of OMNI's sales, industrial packaging for 38%, and houseware for 11%. Starting in November 2022, the Bank of Jamaica (BOJ) has maintained its policy rate at 7.0%. Nevertheless, in 2023, the real estate industry proved strong, defying predictions of a downturn. This was emphasized by Spectrum Holding Capital CEO Roger Williams, who stated at a March 25 Monday exchange at the Jamaica Observer that investor faith in Jamaica's political stability was the driving force behind foreign purchasers' keen interest in Jamaican real estate. On the residential side, however, there has been a noticeable drop in housing starts from the National Housing Trust (NHT) and in mortgage disbursements by 27.80%, as reported by the Planning Institute of Jamaica in its February 2024 economic update.

The decline showcases the negative impact that high policy rates have had on the residential side of the real estate and construction sectors. High policy rates have made mortgages more expensive and have therefore reduced demand. OMNI's main products are PVC pipes and fittings. The demand for these products is closely tied to housing and building construction. The current local economic environment has not been conducive to the growth of residential housing starts, and therefore, the environment has also not been the most ideal for OMNI.

The Manufacturing industry has remained resilient and has recorded YoY growth in all quarters in 2023, according to STATIN. This robust performance and demand for manufacturing products may be in alignment with the record low unemployment rate of 4.20% recorded in October 2023, the commendable performance of the Jamaican economy holistically, and the resilience of the US economy, which is a major exporting country for Jamaican manufacturers. The continuous resilience of this industry bodes well for OMNI, with 38% of its sales being derived from industrial packaging.

According to the IMF's April 2024 regional economic outlook, Latin America and the Caribbean region has shown remarkable resilience in the face of recent global challenges, rebounding more strongly than expected from the pandemic. IMF went on to state that growth is now moderating, from 2.3% in 2023 to 2.0% in 2024, as most economies are operating at potential. This moderation is also due to a weaker external environment and the ongoing impact of tight policies aimed at curbing inflation. The anticipated continuation of the economic resilience, bolstered by the expectation of lower inflation in the region in 2024, should also bode well for OMNI. A strong regional economy has positive implications for the manufacturing and construction industries which therefore may see a steady demand for OMNI's products throughout the year.

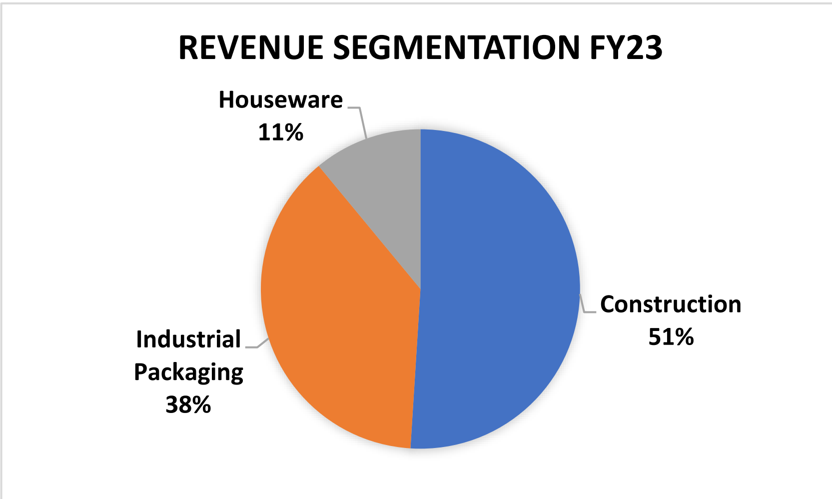
The local Construction industry is anticipated to perform better in late 2024 heading into 2025 as the main impediment of high interest rates is expected to be alleviated. The surge in tourist arrivals, reaching a record one million arrivals in the first two months of 2024, also bodes well for further growth in hotel rooms and hotel developments. The projected addition of 2000 rooms to the hotel industry this year should see the demand for major products produced by OMNI increasing. The $10 billion allocation for road work in all sixty-three constituencies by the Government of Jamaica (GOJ) will also support increased economic activity in the construction industry throughout 2024.

FINANCIAL PERFORMANCE

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenue	1,587,847,865	1,527,704,714	2,030,264,972	2,086,237,004	2,039,437,420
Gross Profit	385,913,796	375,658,480	475,896,866	566,913,854	600,653,895
Operating Profit	140,859,057	139,586,105	223,261,624	282,782,632	234,322,796
Pre-Tax Profit	56,326,648	78,895,290	130,125,070	173,599,779	179,548,515
Profit After Tax	47,784,165	69,238,919	121,215,599	147,415,311	150,907,778
COGS Margin	75.70%	75.41%	76.56%	72.83%	70.55%
Gross Margin	24.30%	24.59%	23.44%	27.17%	29.45%
Net Profit Margin	3.01%	4.53%	5.97%	7.07%	7.40%
Admin Expense Ratio	10.81%	10.69%	8.63%	9.81%	13.05%
Return on Average Equity	34.90%	39.69%	46.43%	37.28%	28.92%
Return on Average Assets	3.67%	5.00%	7.85%	8.39%	9.18%
Current Ratio (x)	1.52x	1.51x	1.51x	1.55x	1.70x
Debt to Equity (x)	4.65x	3.16x	1.94x	1.23x	0.62x

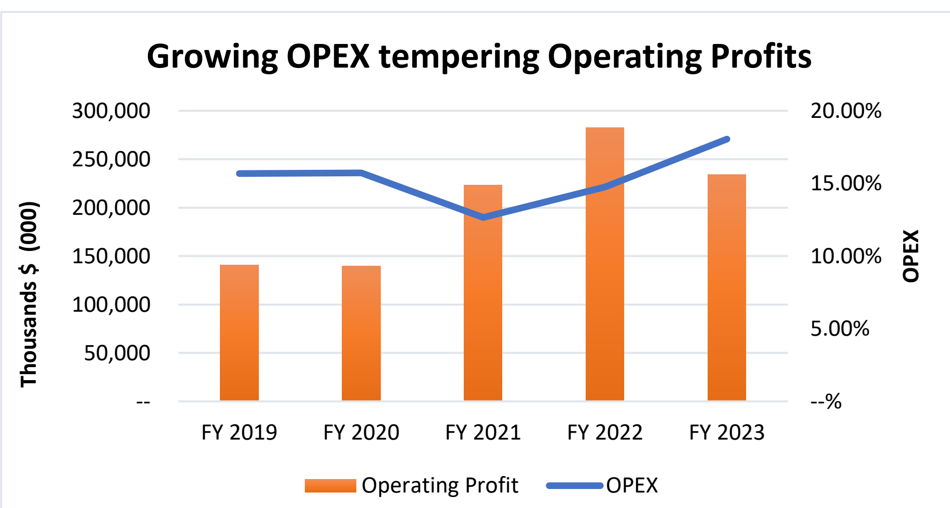
Table 4. Financial Performance

HISTORICAL FIVE-YEAR PERFORMANCE (FY 2019 – FY 2023)



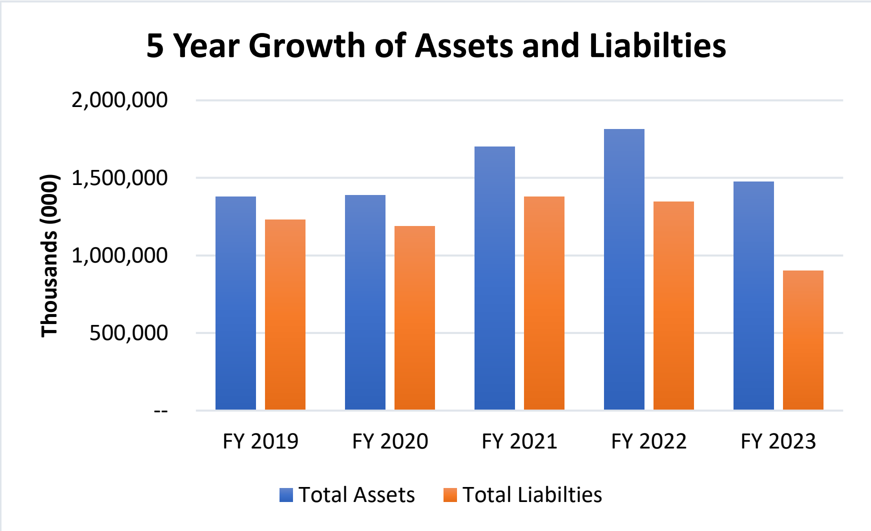
From FY 2019 to FY 2023, OMNI achieved a Compound Annual Growth Rate (CAGR) of 5.13% in revenue, growing from $1.59 billion in FY 2019 to $2.04 billion in FY 2023. The steady growth rate of the company's revenue can be accredited to the company's strong business relationships with various contractors such as Kemtek, Asthrom and NHT. The business has also been able to grow revenues despite the pandemic due to the strong rebound in the manufacturing and construction industries. As provided in the diagram, OMNI generates majority of their revenue from the construction industry and the rest from the industrial packaging and houseware segments. The company's revenue growth in the construction arm of the business is only challenged by the performance of two competitors: Tankwell and FosRich which also provide PVC products locally and regionally. The Industrial Packaging segment of business faces the least competition as OMNI remains the only manufacturer for the beverage and food industry locally while the houseware line of business main competitor is the importation of many houseware products for the domestic retail market.

Cost of Sales increased from $1.20 billion in FY 2019 to $1.44 billion in FY 2023, representing a CAGR of 3.66%. This growth rate is accounted for through the company's dedication to maintaining efficiency as it recycles thermoplastics into raw materials for new products. This prudent maintenance of the COGS resulted in Gross Profits having experienced a CAGR of 9.25% during the stipulated period, progressing from $385.91 million in FY 2019 to $600.65 million in FY 2023, as a result the Gross Profit margin improved over the 5-year period from 24.30% in 2019 to 29.45% in 2023. Additionally, the company saw 5.95% year-over-year growth in gross profit against a 5.30% decline in COGS, this further reinforces the company's cost-efficient strategies.



Operating Expenses rose from $248.90 million in FY 2019 to $368.13 million in FY 2023, reflecting a CAGR of 8.14%. This was chiefly a result of rising administration expenses, which includes utilities and staff costs. Consequentially, the Operating Expense ratio increased from 15.68% in FY 2019 to 18.05% in FY23.The company has however outlined its strategy to curtail these rising costs through their solar farm which has invested in 300kwh of solar energy that was able to reduce the company's light bill by as much as 60%. In FY 2023, Operating Profit reached $234.32 million, marking a surge from the $140.86 million recorded in FY 2019 and a CAGR of 10.71%. However, y.o.y the operating profit was dampened as it experienced a 17.14% decline due to operating expense growth of 19.60% outpacing the year-over-year growth in gross profit. The growth in operating expenses year over year stemmed from the 30.03% expansion in administrative expenses.

Despite the lower operating profit in FY23, the company was still able to achieve improvement in its Profit before Taxation (PBT), rising from $56.33 million in FY 2019 to $179.55 million in FY 2023, yielding a CAGR of 26.09%. This represented a year-over-year gain of 3.43% which was achieved against a 49.83% decrease in finance costs. Similarly, Net Profit realized a CAGR of 25.86% from $47.78 million in FY19 to $150.91 million in FY23. The upward trend in Net Profits also continued year-over-year with a 2.37% improvement. The positive movement in Net Profits is synonymous with the company's improvement in revenues partnered with its cost containment.



Total assets experienced a CAGR of 1.34% spanning from FY 2019 ($1.38 billion) to FY 2023 ($1.47 billion). This marginal growth in the asset base arose from slow overall growth in the company's fixed assets as well as cash and cash equivalents. This is supported by non-current assets only representing 30.56% of the company's total asset base as at FY23 in addition to an 18.70% downturn in its total asset base between FY22 and FY23. The reduction in total assets was led by a 16.37% downturn in inventories, which represents 37.88% of the company's total assets, as well as a decrease in dues from related parties. However, the reductions were tempered in FY23 by increases in property plant and equipment, receivables and cash and cash equivalents.

Between FY 2019 and FY 2023, total liabilities decreased from $1.23 billion to $900.54 million, a negative CAGR of 6.07%, which indicates the company has become less leveraged over a 5-year period. For FY23, total liabilities fell by 33.05%, this was observed to be resulting from decreases in taxation, current portion of long-term loans, and payables. On the other hand, growth only occurred in loans, due to related parties and shareholder dividends by 4.03% ,5.07% and 28.48% respectively. The 5-year lowering of the companies' liabilities also bode well for its debt metrics as OMNI's total debt decreased by 38.40% in FY23 when compared to FY22. This translated into a reduction in the debt to equity from 1.23x in FY22 to 0.62x in FY23 and its interest coverage ratio improved from 2.59x in FY22 to 4.28x in FY23.

Total shareholder's equity has grown from $148.42 million in FY19 to $574.42 million in FY23. This represents a CAGR of 31.08% and is solely a result of the growth in the business's retained earnings. The company's retained earnings saw year-over-year growth between FY22 and FY23 of 47.53% from $221.62 million to $326.96 million. This improvement in equity, however, lowered the Return on Average Equity (R.O.A.E) from 37.28% in FY22 to 28.92% in FY23 as net profit growth was slower than the equity increase.

FIRST QUARTER ENDING MARCH 31, 2024 (Q1)

In the first three months of 2024, OMNI Industries Ltd, achieved a revenue of $606.01 million, displaying a 1.03% marginal increase compared to the same period of 2023. This shows that the company managed to maintain stability in its revenue streams within the first quarter which primarily stem from its sale of PVC Pipes and Fittings, followed by Food distribution and industrial material packaging, such as crates and buckets, and lastly plastic houseware.

Cost of Goods Sold for the first quarter of 2024 fell by 8.58% to $372.57 million in comparison to the 2023 Cost of Goods Sold of $407.54 million. This fall in the cost of sales was attributed to prudent inventory and logistics management. As such OMNI's Gross Profit has significantly increased by 21.41%, from $192.27 million to $233.44 million, due to the marginal increase in revenue and decrease in cost of sales. A similar increase has also been observed in regard to the Gross Profit Margin that saw a 20.17% increase from 32% to 39%. This increase in gross profit margin directly reflects OMNI's ability to reduce its operating costs relative to the revenue it generates.

Operating profit for Q1 2024 saw an 8.95% reduction from $123.50 million to $112.45 million. This reduction on operating profits was primarily due to a 68.74% increase in total operating expenses, amounting to $121.63 million. This increase in operating expenses was driven by a 98.46% increase in selling expenses, from $22.21 million to $44.08 million, and 55.51% increase in administrative expenses, from $49.87 million to $77.55 million. The company states this increase was a result of higher export expenses as the company expanded into overseas territories such as Panama and one-off expenses related to preparation of the IPO, such as professional fees.

Net finance costs reduced for OMNI Industries Limited by 36.11%, from $14.88 million to $9.51 million, primarily due to OMNI debt reduction initiatives to optimize its capital structure for future growth initiatives. Despite this positive effect on the company's performance, a decrease in OMNI's profit before tax was still observed as it fell by 5.22%, from $108.61 million to $102.94 million. The net profit amounted to $77.21 million, a 5.22% fall from $81.46 million.

The total assets at the end of March 2024 reached $1.54 billion decreasing by 18.72% from March 2023. This reduction in assets occurred due to a 26.29% decrease in current assets, namely a 16.29% reduction in inventories. This was countered by a 6.18% growth of non-current was solely due to a 9.12% increase in property, plant, and equipment, amounting to $425.65 million.

Total Liabilities from March 2023 to March 2024 saw a 32.59% fall, ending at a value of $885 million. This fall was the result of an 26.30% fall in current liabilities with an ending value of $551.95 million and decline in long term loans by 40.94%.to $333.05 million. The reduction of current liabilities was primarily based on a reduction in payables by $76.93 million.

OUTLOOK

OMNI Industries Limited is one of the leading manufacturers and suppliers of industrial packaging serving both local and international clients a suite of products including plastic buckets, crates, and an array of other items such as garden hoses, plastic houseware products, and Aluzinc roofing. While operating under three main business segments: construction, plastic housewares, and industrial packaging, production capacity is expected to grow exceedingly underpinned by investments in new machinery. As it stands, the existing equipment restricts earning potential resulting from inefficiencies and high maintenance costs. However, replacing them with new, more efficient ones, including three injection machines, is expected to be more cost-effective, increasing production capacity two-folds. This will allow OMNI to meet the demands of its growing customer base and capitalize on new product lines and business contracts formed through expansion projects.

OMNI business model leans more into the commercial sphere where currently only 5% of sales are driven by retail customers. Its customer base is largely formed through business contracts with wholesale, hardware stores and businesses that package their goods using the product. Establishing long-term contracts may result in predictable, recurring revenue streams that provide stable cashflow which is beneficial in business operations. As part of its strategic plan, OMNI hopes to tap into the secondary market, anchored on onboarding an ecommerce platform, optimizing its digital framework to enhance customer experience, increase brand visibility with the expectation of growing retail sales by 20%.

The construction industry accounts for 51% of OMNI's sales, industrial packaging 38%, and houseware 11%. Despite a 3.80% reduction in the local construction industry year over year in Q4 2023 as reported by the Statistical Institute of Jamaica (STATIN), there are still opportunities for robust growth. The construction segment of the company mostly consists of products related to PVC pipes and fittings which are predominately utilized in irrigation and water distribution systems, as well as in plumbing and electrical construction. Direct distribution of these goods is made to government agencies including the National Water Commission and building contractors such as Kemtek Development. Against the backdrop of an expected rebound in the construction industry evidenced by an increase in real estate, renting and business activities which rose 1.3% to mark a second-straight quarter of growth according to STATIN, OMNI's revenue is expected to improve significantly. Furthermore, the government intends to commence a $10 billion road improvement project across Jamaica along with an increase in the number of private and commercial real estate developments is expected to bolster earnings for the company.

As OMNI seeks to expand into regional territories and in Central and South America, revenues are expected to be exposed to competition, and susceptible to interest rate volatility as countries rely on tight monetary policy as a measure to quell stubborn inflation. Though economic indicators show inflation cooling in the short term, there may be a delay in the uptick in business activities which may drag on earnings. Additionally, the company is reliant on the importation of raw materials for operations, considering the sensitivity surrounding geopolitical conflicts and the effect it could have on shipment and demurrage costs leaves OMNI exposed to such risks. Notwithstanding, the outlook remains optimistic, underscored by anticipated growth in the construction sector, new product lines, increase production capacity and the macroeconomic expectation of stable interest rate and inflation data for the short to medium term.

INVESTMENTS POSITIVES

- **Market leader:** Holds the majority market share in the manufacturing of industrial packaging plastics products among others and therefore benefits from economies of scale, bargaining power and brand recognition.
- **Recurring Revenue:** Establishing long-term contracts with clients may result in predictable revenue streams and more stable cash flow, making financial planning and growth strategies easier.
- **Construction Industry rebound:** A rebound in the local construction industry is expected to bode well for earnings as it accounts for 51% of sales.
- **Product & Regional Diversification**: The array of business lines offered such as crates, plastic houseware and buckets may foster strong business relationships. This can lead to long-term collaborations like the entry into the Panama market and increase brand loyalty.

INVESTMENTS NEGATIVES

- **Reliance on Contracts:** Majority of sales are through contracts which could inflate receivables and drag on cashflows or and can be terminated at any moment affecting sale projections.
- **Government Regulatory risk:** Government waivers of customs duties on applicable materials may become susceptible to regulatory changes which may negatively impact operational cost.
- **Economic volatility:** The market remains information dependent as central banks continue their streak of maintaining a high interest rate environment in a bid to quell inflation. This could directly affect the construction sector and business investment which could dampen earning margins.
- **Geopolitical conflict:** the company depends significantly on imported raw materials thereby increasing its exposure to shipment disruption and volatile demurrage costs associated with geopolitical conflicts.

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CONCLUSION

Jamaica's economy has remained resilient despite the high inflation, high interest rate environment. This has been underscored by the commendable performance of the manufacturing sector which grew in all quarters of 2023 YoY. However, the construction sector has shown a notable decline in the last quarter of 2023 YoY, highlighting the challenges the industry still faces in the current economic environment. OMNI Industries is strategically positioning itself for growth amidst these challenges. Investments in new machinery aim to boost production, while long term contract, regional expansions and retail market expansion targets stable revenue streams and sales growth. Despite a recent decline in the construction industry. OMNI sees opportunities in the rebounding of the construction industry along with the $10 billion dollar government project slated for this year. These strategic moves and anticipated increase in economic activity are expected to fortify the company's capacity to enhance profitability in the near and medium term.

We have established a price target of $1.47, which is 47.0% higher than the stock's current offer price of $1.00, based on our evaluation of the company's current position and what is projected for the immediate future. In light of this, we continue to pay keen attention to the potential risks faced by OMNI, stemming from the increased competition and susceptibility to interest rate volatility as they seek to expand. We advise investors to TAKE PART IN THIS OFFER since the company has considerable growth potential in the short and medium term.

SOURCES

OMNI Industries IPO Prospectus, Omni Investor Briefing, Jamaica Stock Exchange (JSE), The Gleaner Company, The Jamaica Observer, and the Financial Services Commission (FSC), BOJ, STATIN

DISCLAIMER

DEFINITIONS

- **OVERWEIGHT** - Security is deemed to be undervalued and is expected to outperform compared to the average market return and/or return of comparable securities in the same sector or industry.

- **MARKETWEIGHT** – Security is expected to provide similar returns compared to the market in general or at the same pace as comparable companies; neither strongly positive nor negative.

- **UNDERWEIGHT** – Security is deemed to be overvalued and is expected to underperform compared to the average market return and/or return of comparable securities in the same sector or industry.

- **ZEROWEIGHT** – This security is substantially distressed or at risk of a shock which may significantly impair its value.