

## Foundation Alert

### PIBTL: FY21 Analyst Briefing Takeaways

#### Event

- Pakistan International Bulk Terminal Limited (PIBTL PA) held its Analyst briefing session today to discuss its financial/operational performance for FY21 and future outlook of the company. Following are the key takeaways of the briefing.

#### Impact

- PIBTL profitability clocked in at Rs1.9bn (EPS of Rs1.04/sh) in FY21 as compared to profit of Rs1.1bn in FY20 (EPS of Rs0.64/sh). Management attributes company's profitability to (1) higher volumes handled by the company, (2) exchange gain on translation of foreign currency denominated debt, and (3) lower finance cost due to decline in interest rates.
- PIBTL revenue has increased by 15% YoY in FY20. Management attributes increase in revenue to 17% YoY increase in cargo handling in FY21. To highlight, further growth in revenue remained restricted in FY21 due to avg 1.8% YoY rupee appreciation in FY21.
- Management also shared details of sectors relying on PIBTL for coal handling. Cement sector is the largest client of PIBTL that has contributed 58% in overall volumes handled in FY21 followed by power/traders/textile/chemical/others contributing 12/12/9/4/5% in volumes handled during FY21.
- PIBTL management has also discussed reversal booked in other expenses and shared that this is related to exchange gain booked on translation of foreign currency denominated debt at reporting date.
- Moreover, PIBTL finance cost declined by 13% YoY in FY21. Management attributes decline in finance cost to lower interest rates on both domestic and international debts facilities availed by the company.
- Furthermore, management also disclosed details of its debt profile. PIBTL current foreign currency denominated debt stands at ~US\$37mn, while its local currency long term debt stands at Rs6.1bn at the end of FY20. To highlight, PIBTL has a step-up debt repayment schedule.
- On debt restructuring front PIBTL management has said that domestic debt restructuring will be finalized in 2QFY22 while refinancing of foreign currency debt with local debt will take some time.
- PIBTL management also discussed company plans to increase capacity upto 16mn tons with capex of ~US\$60-70mn and disclosed that for that purpose majority of the capex would be incurred on conveyor belt and crane and it will take 1.5-2 years to complete that project.

#### Outlook

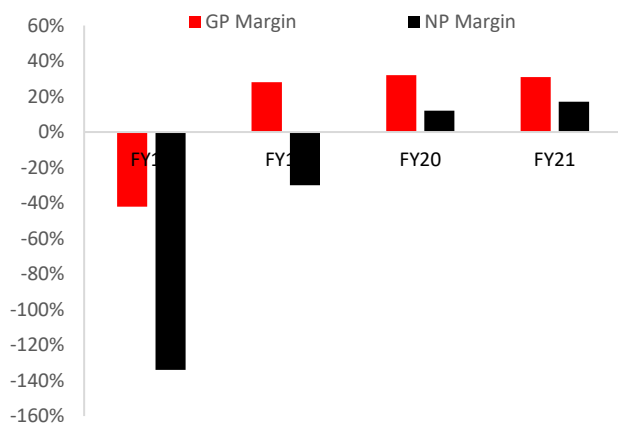
- The company is not under our formal coverage. However, we expect company to remain beneficiary of (1) robust economic recovery, (2) attractive dividend yield post repayment of long term debt, and (3) higher utilization levels as increased demand from cement and power sectors would require company to increase its capacity to 16mn tons by incurring CAPEX. In the short run, lower interest rates on both domestic and international borrowing post COVID would enhance company's profitability. Furthermore, we expect PIBTL to witness growth in volume handling during FY22/23 due to increased coal imports by cement/textile sector, general industry and COD of Lucky Electric Power Company.
- However, company remains exposed to inherent risks of (1) resumption of coal handling by KPT which is currently suspended on Supreme Court directives and (2) delay in expansion.

**Fig 1: PIBTL FY21 key Financial highlights (Rs mn)**

Rs (mn)	4QFY21	4QFY20	YoY	QoQ	FY21	FY20	YoY
Revenue	3,055	2,317	32%	51%	10,854	9,459	15%
Cost of services	2,024	1,516	34%	26%	7,488	6,445	16%
<b>Gross profit</b>	<b>1,030</b>	<b>801</b>	<b>29%</b>	<b>148%</b>	<b>3,366</b>	<b>3,014</b>	<b>12%</b>
Administrative and general expenses	135	131	3%	18%	512	454	13%
Other income	24	35	-32%	21%	89	371	-76%
Other expense-exchange loss/(gain)	160	19	741%	-154%	(479)	159	-400%
Finance cost	220	69	220%	-10%	976	1,126	-13%
<b>PBT</b>	<b>539</b>	<b>617</b>	<b>-13%</b>	<b>44%</b>	<b>2,446</b>	<b>1,646</b>	<b>49%</b>
Tax	302	149	102%	1286%	587	501	17%
PAT	237	468	-49%	-33%	1,859	1,144	62%
EPS @1,786mn sh	0.13	0.26	-49%	-33%	1.04	0.64	
<b>GP Margin</b>	<b>34%</b>	<b>35%</b>			<b>31%</b>	<b>32%</b>	
<b>EBITDA Margin</b>	<b>40%</b>	<b>43%</b>			<b>46%</b>	<b>43%</b>	
<b>NP Margin</b>	<b>8%</b>	<b>20%</b>			<b>17%</b>	<b>12%</b>	

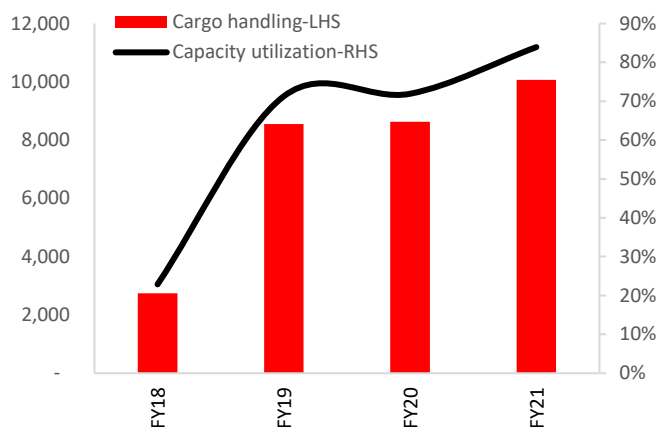
Source: Company Accounts, Foundation Research, October 2021

**Fig 2: Further PKR devaluation to uplift margins in future as revenue is US\$ denominated**



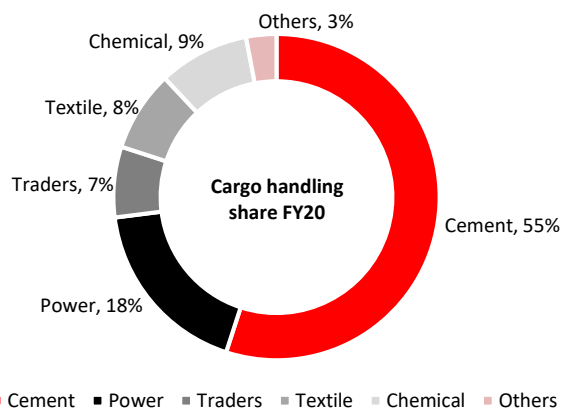
Source: Company accounts, Foundation research, Oct 2021

**Fig 3: Increased demand from cements/power/textile and general industry to uplift capacity utilization**



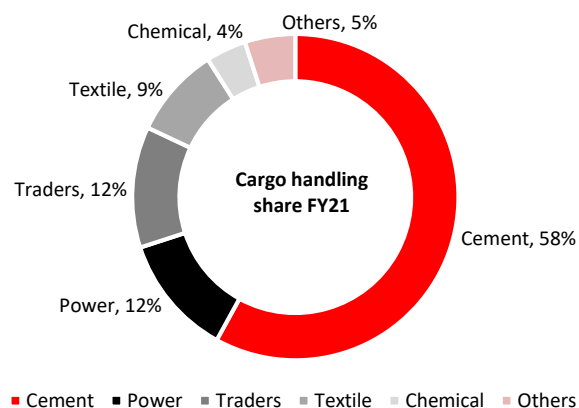
Source: Company accounts, Foundation research, Oct 2021

**Fig 4: Cement/textile and general industry remained the major clients of PIBTL whereas share of...**



Source: Company accounts, Foundation research, Oct 2021

**Fig 5: ...power sector declined in FY21 due to handling of more than 50K tons ship at power plant**



Source: Company accounts, Foundation research, Oct 2021

**About the company**

Pakistan International Bulk Terminal Limited (PIBTL PA) had entered into a Build Operate Transfer (BOT) contract with Port Qasim Authority (PQA) on November 06, 2010 for the construction, development, operations and management of a coal and clinker/cement terminal at Port Muhammad Bin Qasim for a period of thirty years starting from July 2017.

PIBTL coal/clinker handling current capacity stands at 12/4mn tons annually and company also have 15MW power plant used for energy requirement.

Auditors: EY Ford Rhodes Chartered Accountants

**The Marine Group has following companies.**

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Premier Mercantile Services (Pvt) Ltd  
*Stevedores since 1964*  
.....

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Marine Services (Pvt) Ltd  
*Shipping Agents for CSAV Norasia Lines*  
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AMI Pakistan (Pvt) Ltd  
*Agents for AMI Middle East*  
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Pakistan International Container Terminal Ltd  
*Container Terminal Operator*  
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.....  
Pegasus Consultancy (Pvt) Ltd  
*Exhibition and Event Managers*  
.....

.....  
Premier Software (Pvt) Ltd  
*Software Development*  
.....

.....  
Cargo Link (Pvt) Ltd  
*Air Cargo Shipping Company*  
.....

.....  
Exhibition Services (Pvt) Ltd  
*Providing Flexible Solutions for Business*  
.....

.....  
Marine International Container Terminal (Pvt) Ltd  
*Dry Port Terminal at Lahore*  
.....

.....  
Pakistan International Bulk Terminal Ltd  
*Bulk Terminal Operator*  
.....

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PACIAT  
*A Web based E-commerce Division*  
.....

.....  
Marine Services (Pvt.) Ltd  
*Trading Division*  
.....

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Global Sourcing (Pvt.) Ltd  
*Indenters & Technical services*  
.....

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Pollux & Castor  
*Providing Port to Port Transportation Services*  
.....

.....  
Libaz Sourcing (Pvt) Ltd  
*Exporting Texile Goods*  
.....

**Board of Directors and Key Management**

**Board of Directors**

Captain Haleem Ahmed Siddiqui  
Sharique Azim Siddiqui  
M. Masood A. Usmani  
Capt. Zafar Iqbal Awan  
Ali Raza Siddiqui  
Syed Nadir Shah  
Ms. Farah Agha

Chairman  
Chief Executive Officer  
Director  
Director  
Director  
Director  
Director

**Key Management**

Sharique Azim Siddiqui  
Arsalan Iftikhar Khan  
Karim Bux

Chief Executive Officer  
Chief Financial Officer  
Company Secretary

Source: PIBT, Foundation Research, Oct 2021

**Analyst**

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**Important disclosures:**

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**Recommendations definitions**

Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.