

Foundation Alert

PIBTL: FY22 Analyst Briefing Takeaways

Event

- Pakistan International Bulk Terminal Limited (PIBTL PA) held its Analyst briefing session yesterday to discuss its financial/operational performance for FY22 and future outlook of the company. Following are the key takeaways of the briefing.

Impact

- PIBTL has been set up for handling and delivering of coal to power, cement and other coal based plants by utilizing the rail, road and sea networks with built capacity of handling upto 12mn tons of coal and 4mn ton cement & clinker per year which can altogether be further enhanced upto 20mn tons/annum.
- PIBTL loss clocked in at Rs991mn (LPS of Rs0.56) in FY22 as compared to profit of Rs1.9bn in FY21 (EPS of Rs1.04). Management attributes decline in company's profitability to (1) lower volumes handled by the company, (2) exchange loss on translation of US\$ denominated debt, and (3) higher finance cost due to elevated interest rates.
- PIBTL revenue has decreased by 3% YoY in FY22. Management attributes this to 18% YoY reduction in cargo handling.
- PIBTL overall volume handling declined to 8.2mn ton in FY22 decreasing by 18% YoY against 10mn ton in FY21. Moreover, PIBTL's cargo handling decreased/increased by 21.4/5.6% YoY/QoQ in 1QFY23 to 2.1mn tons as compared to 2.8mn tons in 1QFY22.
- Volumetric decline is due to (1) lower imports by public and private sector given higher international coal prices, (2) slowdown of growth in manufacturing sector amid economic consolidation, and (3) greater reliance on Afghan/domestic coal by cement players.
- PIBTL capacity utilization clocked in at 69% in FY22 decreasing by 15% YoY. Furthermore, PIBTL capacity utilization decreased by 20ppt YoY to 73% in 1QFY23 as compared to 93% in 1QFY22.
- To highlight, PIBTL booked exchange loss of Rs1.6bn in FY22 against Rs479mn in FY21. This is mainly due to record rupee depreciation. Likewise, company also booked Rs775mn of exchange loss in 1QFY23.
- Management also disclosed that currently Power sector is the largest client of PIBTL that has contributed 44% in overall volumes handled in FY22. In addition to this, cement/traders/textile/chemical has accounted for 37/10/4/3% in volumes handled during FY22.
- PIBTL's finance cost inclined by 14% YoY in FY22. Management attributes this increase in finance cost to higher interest rates and rupee depreciation.
- PIBTL management told that they has no major expansion plan in near future and expecting YoY flat volumes handling in FY23.
- Furthermore, management is focusing on strategies to bring more efficiencies in cargo handling operations and on volumes consolidation.

Outlook

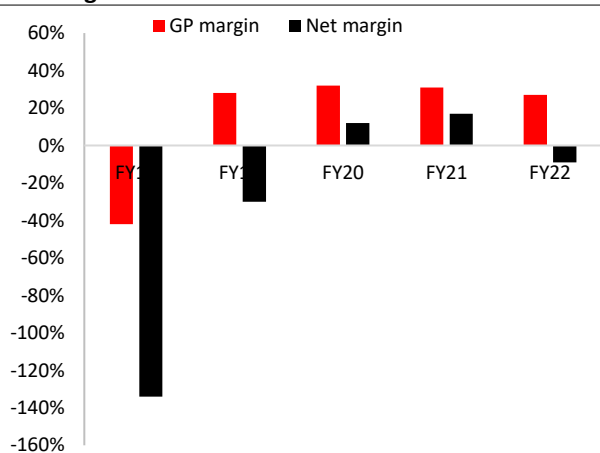
- The company is not under our formal coverage. However, we expect company to remain beneficiary of (1) overall economic recovery, (2) improved liquidity, and (3) higher utilization levels due to increase in usage of imported coal as international prices came down. Furthermore, we expect PIBTL to witness growth in volume handling during FY23 due to increased coal imports by 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, (2) increased reliance of local industry on imported Afghan coal and (3) rupee depreciation.

Table 1: Pakistan International Bulk Terminal - Financial Highlights

Rs mn	1QFY23	1QFY22	YOY	FY22	FY21	YOY
Revenue	3,462	3,139	10%	10,516	10,854	-3%
Cost of service	2,477	2,179	14%	7,693	7,488	3%
Gross of Profit	985	960	3%	2,823	3,366	-16%
Admin and General expenses	154	140	10%	580	512	13%
Other income	32	18	73%	221	89	148%
Finance cost	336	247	36%	1,109	976	14%
Exchange (loss)/Gain	(775)	(478)	62%	(1,649)	479	-444%
(Loss)/Profit before taxation	(249)	113	-320%	(294)	2,446	-112%
Taxation	189	208	-9%	696	587	19%
Loss/Profit for the period	(438)	(95)	363%	(991)	1,859	-153%
(LPS)/EPS	(0.25)	(0.05)		(0.55)	1.04	
Gross margins	28%	31%		27%	31%	
Net margins	-13%	-3%		-9%	17%	
Effective tax rate	-76%	184%		-237%	24%	

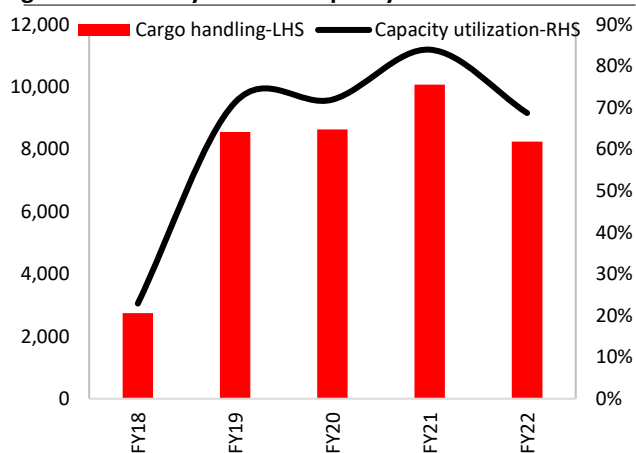
Source: Company Account, Foundation Research, November 2022

Fig 1: PKR devaluation and higher interest rates keep the margins under stress



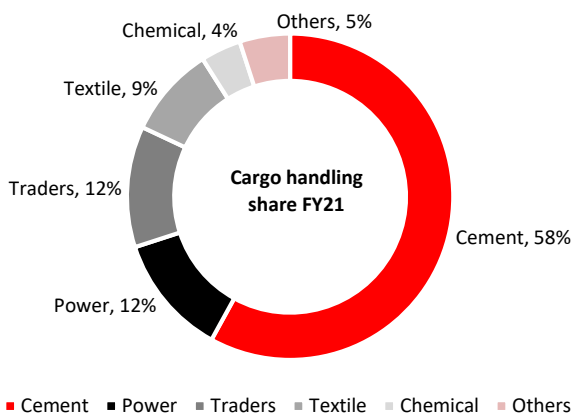
Source: Company accounts, Foundation research, Nov 2022

Fig 2: Decreased demand from cements/textile and general industry lowered capacity utilization



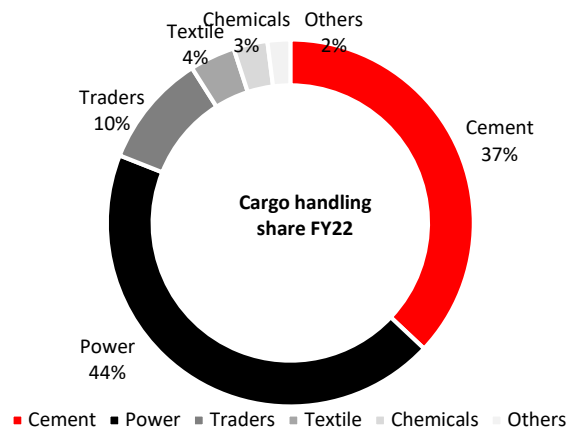
Source: Company accounts, Foundation research, Nov 2022

Fig 3: Cement/Power and general industry remained the major clients of PIBTL whereas share of...



Source: Company accounts, Foundation research, Nov 2022

Fig 4: ...power sector inclined in FY22 whereas that of cement declined due to higher Int'l coal prices



Source: Company accounts, Foundation research, Nov 2022

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.

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

.....
Marine Services (Pvt) Ltd
Shipping Agents for CSAV Norasia Lines
.....

.....
AMI Pakistan (Pvt) Ltd
Agents for AMI Middle East
.....

.....
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
.....

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

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

.....
Libaz Sourcing (Pvt) Ltd
Exporting Textile Goods
.....

Board of Directors and Key Management

Board of Directors

Captain Haleem Ahmed Siddiqui	Chairman
Sharique Azim Siddiqui	Chief Executive Officer
Mr. Nadeem Nisar	Director
Capt. Zafar Iqbal Awan	Director
Ali Raza Siddiqui	Director
Syed Nadir Shah	Director
Ms. Farah Agha	Director

Key Management

Sharique Azim Siddiqui	Chief Executive Officer
Arsalan Iftikhar Khan	Chief Financial Officer
Karim Bux	Company Secretary

Source: PIBT, Foundation Research, November 2022

Analyst

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Important disclosures:

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Recommendations definitions

If

Expected return >+10%

Expected return from -10% to +10%

Expected return <-10%

Outperform.

Neutral.

Underperform.