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Pakistan International Bulk Terminal: FY21 outlook is positive due to activity at port...

PIBTL FY21 outlook is positive due to activity at port...

FY20 developments in perspective...

PIBTL FY20 results were in line with our estimates i.e. Rs1.14bn (EPS: Re 0.64) vs loss of Rs2.37bn (LPS: Rs 1.56) reported in FY19. Slight variations came in estimations of vessels handling. Overall PIBTL reported handling of 8.6mn tons (out of 12mn stated handling capacity). This translates into activity of 157 ships - carrying coal as per our hunch. During 4Q we estimate handling of 38 vessels alone. PIBTL accumulated losses decreased as per balance sheet & shareholders equity increased up to Rs14bn from Rs12.8bn reported in FY19 - (FY20 book value Rs7.8/sh).

FY21 operations looks sanguine...

We see vessel handling activity is gaining momentum at *Bin Qasim* port where PIBTL berth is located. We calculated 23 vessels handling during September alone on *vessel schedule* (1Q handling would be higher given demand emanated from cement producers & coal fired power plants during this period). Yesterday, Hub Power (HUBC) announced financial close of ThalNova Power Thar (Pvt.) Ltd on Sept 30, 2020. Hence there are at least 4 coal fired CPEC related projects in near vicinity viz. *China Power Hub Generation Company* at Hub, *Thar Energy Ltd*, *ThalNova Power Thar* & *Sindh Engro Coal Mining Co* at Thar Coal block II wherein there is dependence on imported coal to run plants. We see PIBTL remain in business apart from usual supplies to cement producers.

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Ticker	PIBTL
Price	12.60
Avg. Volume	8.4mn
52 week hi	14.30
52 week lo	7.20
Paid up in Rs	17.86bn
Market cap Rs	22.5bn
Enterprise Value Rs	34.5bn
EV per share Rs	19.34/sh
Book Value Rs	7.8/sh
P/BV	1.6x
Beta	1.55

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PIBTL FY21 EPS to jump as per our assumptions...

In October, we see activity of 14 ships on vessel handling. Our yearly assumption is handling of ~180 ships carrying coal during ongoing FY21 i.e. 9.9mn tons.

We see jump in earnings outlook in FY21 given other factors viz. drop in interest rates against Rs14bn fixed loan (LCY and FCY loan). We expect PIBTL to set off ~Rs1.5bn during FY21.

PIBTL took FCY loans taken from OPEC Fund & also IFC which were 6M LIBOR based plus 5%. LIBOR rates are low and hence chances of exchange loss is virtually minimal during FY21 as against FY19. We don't expect global interest rates to spike in near future and hence our earnings outlook in PIBTL is positive for FY21 i.e. Rs1.53/sh.

Profit and Loss (Rs in 'ooo)	FY16	FY17	FY18	FY19	FY20E	FY21E
Turnover – net	-	-	1,960,607	8,004,395	9,459,196	11,044,688
Cost of services	-	-	2,777,388	5,747,427	6,409,714	6,611,350
Gross Profit	-	-	(816,781)	2,256,968	3,049,482	4,433,338
Admin expenses	55,924	80,521	315,486	414,818	489,494	270,944.30
EBIT	(55,924)	(80,521)	(1,132,267)	1,842,150	2,559,988	4,162,393
Other income	112,307	128,921	49,734	236,452	371,081	100,000
Finance cost			1,264,601	1,823,296	1,125,920	900,000
Exchange loss			866,401	2,748,637	159,486	-
(Loss) / PBT	56,383	48,400	(3,213,535)	(2,493,331)	1,645,663	3,362,393
Taxation	21,323	21,542	(578,965)	116,229	501,378	1,042,342
Net (loss) / NPAT	35,060	26,858	(2,634,570)	(2,377,102)	1,144,285	2,320,051
(Loss) / EPS	0.03	0.02	(1.73)	(1.56)	0.64	1.53

Source: SCS Research

PIBTL 1QFY21 – we may see improvement

We also estimate PIBTL may report Re 0.47 – Re 0.5/sh EPS during 1QFY21 given our estimations of 53 vessels handling (23 alone in Sept). We noticed activity as per vessel schedule of handling coal 48k tons – 60k tons per vessel (55k tons average).

Given decrease in interest rates in the country & also lower 6M LIBOR charge – we expect less financial charge of Rs250mn during 1QFY21 which will elaborate 1Q EPS.

Day's Range

Rs. 12.44 Rs. 12.73

1 Month Range

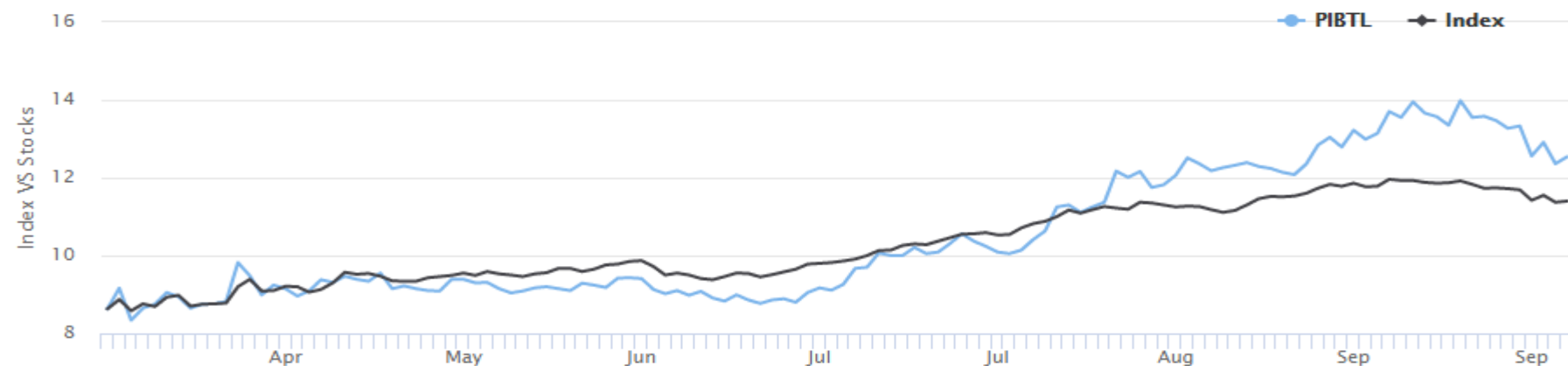
Rs. 12.36 Rs. 13.98

6 Month Range

Rs. 8.34 Rs. 13.98

52 Week's Range

Rs. 7.20 Rs. 14.30



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- (Target Price, if any/Current Price - 1) < -10% Negative*
- less than 10% (Target Price, if any/Current Price -1) Hold*

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Valuation method

Following research techniques adopted to calculate target price/recommendation

Price to earnings & Price to Book, EV-EBITDA multiple

Discounted Cash flows or Dividend Discount Model or Enterprise Value