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PAKISTAN INTERNATIONAL BULK TERMINAL – BULLETS OBSERVATION BASED ON MODEL SENSITIVITY

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PIBTL bullets - Observations based on model sensitivity

- Management vide old notices at Pakistan Stock Exchange (PSX) gave projections of EPS Re1/Rs2 till 2021-22 in lieu of right issues
- Our model sensitivity delineate that for dirty coal unloading of 200 vessels annually - EPS could be ~ Re1.5/sh (given dilution coming in lieu of larger paid up)
- Tariff is US\$ denominated as per industry sources (which is bit low to attain propensity of earnings). We have assumed one vessel handles 55k tons of coal coming from *Richard Bay* South Africa. PIBTL has separate conveyor belt for coal imports & cement exports. Separate silos are their for any incidence of cement exports.
- Even Thar coal power plant is to be run on imported coal, as per our discussion with experts, if projects starts some where in 2019 as being given in Engro Corporation books. We remind readers that Thar coal itself is a lignite – a low quality material.
- Also its being reported in media that imported coal started arriving behind Hub Power (HUBC) impending 1320MW generation which is a project under *China Pakistan Economic Corridor* (CPEC).
- Recently, Chief Justice of Pakistan (CJP) disallowed dirty coal handling at Karachi Port Trust (KPT) given environmental concerns. Hence PIBTL is ideal to handle dirty coal from Port Qasim quite easily as its facility is ready since FY17 & project was inaugurated “officially” by former prime minister Mr. Shahid Khaqan.

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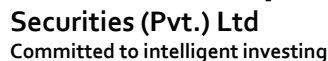


Beta	1.34
Paid up Capital (PKR)	14.86bn
Market Cap (PKR)	16.42bn

Source: SCS Research

For Fundamental Snapshot
http://www.scstrade.com/stockscreening/SS_CompanySnapShot.aspx?symbol=PIBTL

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- One of the biggest consumption of dirty coal should come from CPEC's most monumental coal fired Sahiwal plant where annual consumption could be 4mn tons as per our discussion with industry vibes. The project is key to end load-shedding in Central Punjab.
- As per books total capacity of PIBTL to handle dirty coal is around 12mn tons as against Pakistan's total last year consumption of 8mn tons.
- As per industry vibes, PIBTL is also handling coal for Bestway Cements and other market based trading groups which is supplying coal to cement plants in the country. Our analysis is that Lucky Cement which is the biggest cement plant in the country having production capacity of 10mn tons that can consume around 1.2mn tons of dirty coal (as per our assumptions). Hence in an ideal time of coal consumption, PIBTL would be in a better position to match demand of imported coal. However, LNG consumption in the industry alongside lignite supplies from Thar Coal may be a risk to this PIBTL supply – demand game.

	Quarter ended			2018	2017
	September 30, 2018	September 30, 2017		----- (Rupees in '000) -----	
Revenue – net	1,849,603	202,102	Turnover – net	19	1,960,607
Cost of services	(1,371,223)	(549,116)	Cost of services	20	(2,777,388)
Gross Profit /(loss)	478,380	(347,014)	Gross loss		(816,781)
Administrative expenses	(94,260)	(65,296)	Administrative and general expenses	21	(315,486)
Other income	6,612	23,562	Other income	22	49,734
Finance Cost	(299,267)	(297,078)	Finance cost		(1,264,601)
Other expense – exchange loss	(139,684)	-	Other expense – exchange loss		(866,401)
Loss before taxation	(48,219)	(685,826)	(Loss) / profit before taxation		(3,213,535)
Taxation	(56,790)	(472,990)	Taxation	23	578,965
Loss after taxation	(105,009)	(1,158,816)	Net (loss) / profit for the year		(2,634,570)
Earnings per ordinary share – basic and diluted	(Rs. 0.065)	(Rs. 0.716)	(Loss) / earnings per share – basic and diluted	24	(Rs. 1.733)

PIBTL shareholding pattern as per company books

- Apart from management holding of shares, International Finance Corp (IFC) is also one of the stakeholders – whose share offload in market is a risk to investors interest. IFC is currently holding around 169mn shares.
- PIBTL reported revenues in 1QFY19 which means its handling coal & vessel activity is being reported. We think based on sensitivity that for every 200 vessels annually, PIBTL could report EPS i.e.Rs1.5/sh which is on a conservative side. We have assumed slightly lower Dollar tariff for per tonnage coal handling in our sensitivity calculator.

Categories of Shareholders	Number of Shareholders	No. of Shares Held	Percentage %
Associated Companies, Undertaking And Related Parties	2	797,176,700	53.65
Directors, Chief Executive Officer and their Spouse and Minor Children	9	84,954,034	5.72
Public Sector Companies and Corporations	1	4,403,500	0.30
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful and Pension Funds	9	14,183,955	0.95
Mutual Funds and Modarabas	13	4,464,829	0.30
Foreign Entities	10	187,420,315	12.61
General Public / Individuals - Local	21,100	370,839,063	24.96
General Public / Individuals - Foreign	12	992,180	0.07
Others	315	21,561,324	1.45
	21,471	1,485,995,900	100.00

Shareholders holding 5% or more voting interest	Number of Shareholders	No. of Shares Held	Percentage %
Premier Mercantile Services (Private) Limited	1	643,401,062	43.30
Jahangir Siddiqui & Company Limited	1	153,775,638	10.35
International Finance Corporation	1	169,423,858	11.40
	3	966,600,558	65.05

PIBTL price pattern as per www.scstrade.com

Day's Range

Rs. 11.05 Rs. 11.45



1 Month Range

Rs. 8.16 Rs. 12.01



6 Month Range

Rs. 8.16 Rs. 16.80



52 Week's Range

Rs. 7.81 Rs. 19.52



Performance

1 Month

3 Month

6 Month

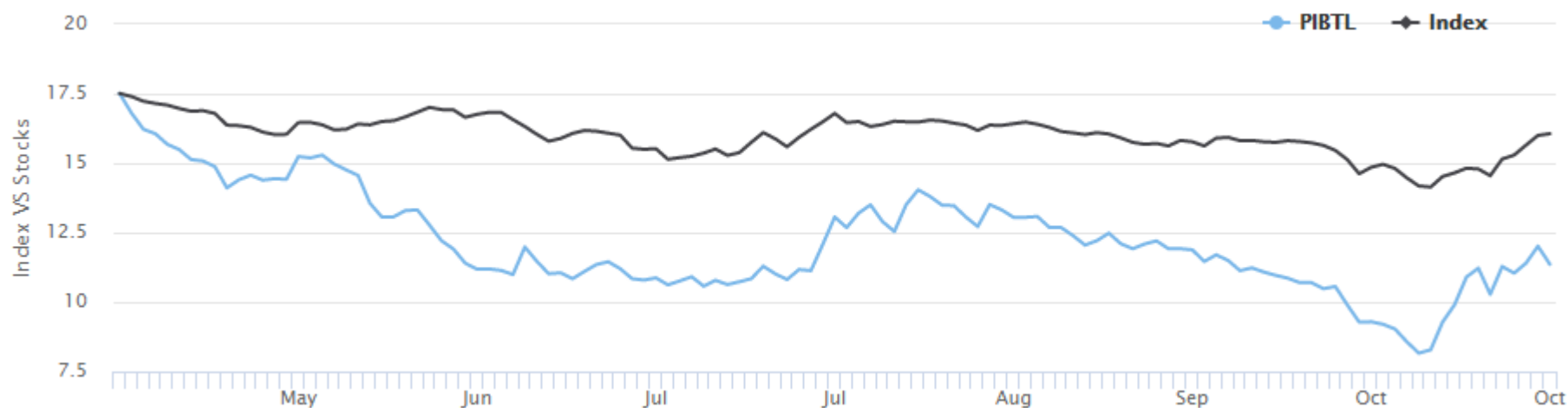
1 Year

6.17 %

-13.94 %

-29.96 %

-36.57 %



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 - (Target Price, if any/Current Price - 1) > 10% Positive
 - (Target Price, if any/Current Price - 1) < -10% Negative
 - less than 10% (Target Price, if any/Current Price -1) Hold
- The time duration is the financial reporting period of Subject Company.

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