

Result Review: PIBTL reported an EPS of Rs0.51 in 4QFY18 compared to loss of (Rs0.7/share) in 3QFY18. Improvement in earnings emanated from improved terminal utilization and tax reversal during 4QFY18 result detail of which are listed below:

- PIBTL posted topline growth of 1.3x QoQ in 4QFY18. This growth in revenue can be attributed to better terminal utilization, which stood at ~52% during 4QFY18. However, topline of the company fell short of our 4QFY18 sales estimate possibly due to lower tariff realization during the quarter
- Cost of services remained in line with sales growth in 4QFY18 and as a result gross loss of the company decreased by 65% QoQ to 816mn
- Gross margin of the company improved from -ve 49% to -ve 7.5% due to improved fixed cost absorption as a result of higher utilization from 21% to 52%
- Admin cost of the company increased by ~71% QoQ to Rs110mn in 4QFY18
- Finance cost of the company registered significant increase of 65% on QoQ basis to Rs429mn. We believe this increase in finance cost is in part due to impact of currency devaluation on its foreign currency loans and increase in KIBOR during the quarter. However, we would be in better position to comment on finance cost once we have the detailed financials
- Exchange loss during the quarter increased by 37% due to further devaluation of PKR by 5.2% on account of foreign currency loan
- Tax reversal of Rs1.87bn in the 4QFY18 helped company post PAT of Rs919mn. We would wait for detailed financials to comment on the tax reversal
- EBITDA of the company increased from -ve 88mn in 1QFY18 to +ve 124mn in 4QFY18. This increase in EBITDA of the company is a testament to company's increasing liquidity and profitability.
- Going forward we expect company's profitability to increase in light of increased terminal utilization and higher tariff realization, we maintain **BUY** stance on the scrip with a target price of Rs15.5/share

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Valuation Methodology

To arrive at period end target price, Abbasi Securities uses different valuation methodologies:

- Comparable Method (P/E, P/B etc.)
- Discounted Cash flow Method
- Sum of the parts {SOTP}
- Equity and Asset based valuation

Rating

- BUY Total return more than 20% from last closing of market price
- HOLD Total return is in between 10% and 20% from last closing of market price
- REDUCE Total return is less than 10% from last closing market price



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