

Flash Note

Tuesday, September 12, 2023

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Power Generation & Distribution

The Hub Power Company Limited

Earnings: The Hub Power Company Limited (HUBC) announced 4QFY23 result. The Company reported consolidated 4QFY23 earnings attributable to HUBC of PKR 23.91bn (EPS PKR 18.43), up by +2.4xy/y compared to PKR 7.02bn (EPS PKR 5.41) in the similar period last year. On quarterly basis, profitability is up by +2.1xq/q during 4QFY23. This brings total FY23 profitability to PKR 57.55bn (EPS PKR 44.37), up by +102%/y.

Dividend/Payout: The Company announced cash dividend of PKR 6.0/share along with the result bringing total cash payout for FY23 to PKR 30.0/share.

Operating Performance: During the period under review, HUBC's revenue inclined by +1%/y during 4QFY23 on the back of revenue contribution from Thar Energy Limited (TEL) despite lower generation. Company's gross profit improved by +97%/y likely due to PKR depreciation, likely higher penal income and commencement of operation of TEL. HUBC booked other income of PKR 2.52bn and insurance claim of PKR 0.5bn during 4QFY23. The Company booked share of profit from associate of PKR 14.76bn during 4QFY23 likely owing to higher profit from China Power Hub Generation Company Limited (CPHGC) and commencement of production from Thal Nova (TNTPL). Finance cost increased by +3.0xy/y to PKR 7.48bn during 4QFY23 likely owing hike in interest rates and borrowings. Effective tax stood at 8% during 4QFY23 (3QFY23: 14%) bringing total effective tax rate for FY23 to 12% against 16% in the same period last year.

Exhibit: HUBC Financial Highlights								
For the period 4QFY23								
PKRmn	4QFY23	4QFY22	y/y	3QFY23	q/q	FY23	FY22	y/y
Turnover	32,345	32,106	1%	27,231	19%	114,263	97,158	18%
Gross Profit	17,061	8,647	97%	13,133	30%	52,778	33,103	59%
General & Admin expenses	394	260	51%	342	15%	1,368	1,029	33%
Other Income	2,519	1,417	78%	159	15.8x	3,585	2,124	69%
Other Expenses	(437)	253	n/m	75	n/m	79	398	-80%
Profit from Operations	19,623	9,551	105%	12,875	52%	54,916	33,800	62%
Financing Cost	7,479	2,531	3.0x	4,721	58%	19,323	7,928	144%
Share of profit/(loss)	14,763	4,236	2.5x	6,476	128%	34,316	9,232	3.7x
PBT	27,417	11,256	144%	14,630	87%	70,418	35,105	101%
PAT	25,257	7,399	2.4x	12,596	101%	62,007	29,579	110%
PAT - Attributable to HUBC	23,907	7,019	2.4x	11,249	113%	57,554	28,472	102%
EPS (PKR)	18.43	5.41		8.67		44.37	21.95	
DPS (PKR)	6.00	0.00		2.75		30.00	6.50	

Source: IGI Research, PSX

No of Shares: 1,297.15mn

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