

Day Break

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Earnings Preview 3QFY23

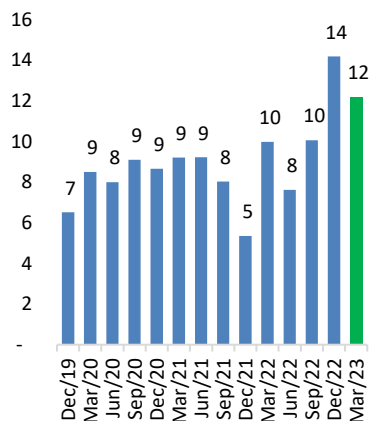
EPS Estimate for 3QFY23

PKR	3Q23e	y/y	9M23e	y/y
HUBC	8.66	22%	25.93	57%
NCPL	2.61	30%	7.62	47%

DPS Estimate for 2QFY23

PKR	3QFY23e	9MFY23e
HUBC	-	21.3
NCPL	-	-

Exhibit: IPP Sector Historical Earnings (PKRbn)



Power Generation & Distribution Companies

Sector Earnings to jump up by +22%/y during 3QFY23 led by higher profit from HUBC

- IGI IPP universe earnings is expected to incline by +22%/y in 3QFY23 to PKR 12.2bn compared to PKR 10.0bn in the same period last year. Earnings accretion is expected on the back of a) weaker PKR against greenback and, b) share of profit from China Power Hub Generation Company Limited (CPHGC) for HUBC.
- We expect The Hub Power Company Limited's (HUBC) to report earnings of PKR 11.2bn (EPS: PKR 8.66) up by +22%/y compared to PKR 9.2bn (EPS: PKR 7.12) in the same period last year. On a quarterly basis earnings are expected to decline by 16%/q on the back of lower share of profit from CPHGC despite higher profit from TEL.
- We expect Nishat Chunian Power Limited's (NCPL) to register earnings of PKR 0.96bn (EPS: PKR 2.61) up by +30%/y compared to PKR 0.74bn (EPS: PKR 2.02) in the same period last year. On a quarterly basis, earnings are expected to improve by +9%/q.

IPP Sector: Earnings to increase by +22%/y to PKR 12.2bn in 3QFY23

IGI IPP universe earnings is expected to incline by +22%/y in 3QFY23 to PKR 12.2bn compared to PKR 10.0bn in the same period last year. Earnings accretion is expected on the back of a) weaker PKR against greenback and, b) share of profit from China Power Hub Generation Company Limited (CPHGC) for HUBC. However, growth in earnings is likely to be limited by higher finance cost and revised tariff under agreement with power purchaser. On sequential basis, earnings are expected to decline by 14%/q mainly owing to lower profit from CPHGC despite higher earnings from Thar Energy Limited (TEL) for HUBC.

Exhibit: IPP sector result preview for 2qFY23

PKR per share							
Period end = Jun	Mar/23	Dec/22	q/q	Mar/22	y/y	9MFY23e	y/y
HUBC	8.7	10.3	-16%	7.1	22%	25.9	57%
NCPL	2.6	2.4	9%	2.0	30%	7.6	47%
Total (in PKRbn)	12.2	14.2	-14%	10.0	22%	36.4	56%

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HUBC: Earnings to improve by +22%/y during 3QFY23e to PKR 8.66/share

We expect The Hub Power Company Limited's (HUBC) to report earnings of PKR 11.2bn (EPS: PKR 8.66) up by +22%/y compared to PKR 9.2bn

(EPS: PKR 7.12) in the same period last year. On a quarterly basis earnings are expected to decline by 16%q/q on the back of lower share of profit from CPHGC despite higher profit from TEL which achieved COD in 1QFY23. We attribute the incline in the earnings on yearly basis during 3QFY23 to a) weaker PKR, b) higher share of profit from CPHGC and b) commencement of production from TEL. However, higher finance cost and revised tariff is likely to limit earnings growth during 3QFY23. This will bring total 9MFY23 profitability to PKR 33.6bn (EPS PKR 25.93) up by +57%y/y.

NCPL: Earnings to appreciate by +30%y/y to PKR 2.61/share during 3QFY23

We expect Nishat Chunian Power Limited's (NCPL) to register earnings of PKR 0.96bn (EPS: PKR 2.61) up by +30%y/y compared to PKR 0.74bn (EPS: PKR 2.02) in the same period last year. On a quarterly basis, earnings are expected to improve by +9%q/q. We attribute the growth in the earnings during 3QFY23 on yearly basis to PKR depreciation. However, higher finance cost is likely to keep earnings growth restricted during 3QFY23. This bring total 9MFY23 earnings to PKR 2.8bn (EPS PKR 7.62), up by +47%y/y, compared to PKR 1.9bn (EPS PKR 5.18) in the same period last year.

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