

Day Break

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Earnings Preview 2QFY24

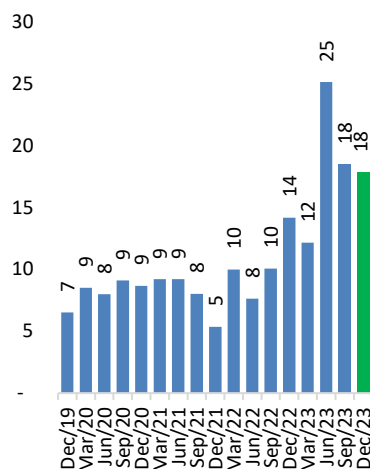
EPS Estimate for 2QFY24

PKR	2Q24e	y/y	1H'24e	y/y
HUBC	12.7	24%	25.9	50%
NCPL	3.4	44%	7.2	44%

DPS Estimate for 1QFY24

PKR	2QFY24e	1HFY24e
HUBC	5.5	10.5
NCPL	-	-

Exhibit: IPP Sector Historical Earnings (PKRbn)



Power Generation & Distribution Companies

Sector Earnings to jump up by +25%/y during 2QFY24

- IGI IPP universe earnings is expected to incline by +25%/y in 2QFY24 to PKR 17.8bn compared to PKR 18.5bn in the same period last year. Earnings accretion is expected on the back of a) weaker PKR against greenback and, b) higher share of profit for HUBC.
- We expect HUBC to report earnings of PKR 16.53bn (EPS: PKR 12.7) up by +24%/y compared to PKR 13.30bn (EPS: PKR 10.25) in the same period last year. On a quarterly basis earnings are expected to decline by 3%/q. We attribute the incline in the earnings on yearly basis during 2QFY24 to a) weaker PKR, b) higher share of profit from CPHGC and, c) contribution of profits from TEL, Prime International and Thal Nova.
- We expect Nishat Chunian Power Limited's (NCPL) to register earnings of PKR 1.26bn (EPS: PKR 3.44) up by +44%/y compared to PKR 0.88bn (EPS: PKR 2.39) in the same period last year. On a quarterly basis, earnings are expected to decline by 9%/q.

IPP Sector: Earnings to increase by +25%/y to PKR 17.8bn in 2QFY24

IGI IPP universe earnings is expected to incline by +25%/y in 2QFY24 to PKR 17.8bn compared to PKR 18.5bn in the same period last year. Earnings accretion is expected on the back of a) weaker PKR against greenback and, b) higher share of profit 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 4%/q. This brings total profitability for 1HFY24 to PKR 36.3bn, up by +50%/y compared to PKR 24.2bn during 1HFY23.

Exhibit: IPP sector profit after tax preview for 2QFY24

PKR bn	2Q'24e	1Q'24	q/q	2Q'23	y/y	1H'24e	1H23e	y/y
HUBC	12.7	13.2	-3%	10.3	24%	25.9	17.3	50%
NCPL	3.4	3.8	-9%	2.4	44%	7.2	5.0	44%
Total (PKRbn)	17.8	18.5	-4%	14.2	25%	36.3	24.2	50%

HUBC: Earnings to improve by +24%/y during 2QFY24e to PKR 12.7/share

We expect The Hub Power Company Limited's (HUBC) board meeting is scheduled on 14-Feb-24 to announce financial results for 2QFY24 where

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we expect the Company to report earnings of PKR 16.53bn (EPS: PKR 12.7) up by +24%/y/y compared to PKR 13.30bn (EPS: PKR 10.25) in the same period last year. On a quarterly basis earnings are expected to decline by 3%/q/q. We attribute the incline in the earnings on yearly basis during 2QFY24 to a) weaker PKR, b) higher share of profit from China Power Hub Generation Company Limited (CPHGC) and, c) contribution of profits from Thar Energy Limited (TEL), Prime International and Thal Nova. However, higher finance cost is likely to limit earnings growth during 2QFY24. This bring total profitability for 1HFY24 to PKR 33.61bn (EPS PKR 25.91) compared to PKR 22.40bn (EPS PKR 17.27) in the same period last year. We expect the company to announce cash dividend of PKR 5.5/share along with the result.

NCPL: Earnings to appreciate by +44%/y/y to PKR 3.44/share during 2QFY24

We expect Nishat Chunian Power Limited's (NCPL) to register earnings of PKR 1.26bn (EPS: PKR 3.44) up by +44%/y/y compared to PKR 0.88bn (EPS: PKR 2.39) in the same period last year. On a quarterly basis, earnings are expected to decline by 9%/q/q. We attribute the growth in the earnings during 2QFY24 on yearly basis to PKR depreciation and substantial decline in finance cost owing to reduction in short term borrowing. This bring total profitability for 1HFY24 to PKR 2.65bn (EPS PKR 7.21) compared to PKR 1.84bn (EPS PKR 5.0) in the corresponding period last year

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