

Earnings Preview 1QFY24

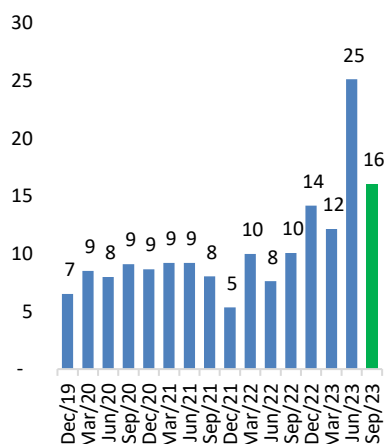
EPS Estimate for 1QFY24

PKR	1Q24e	y/y	4Q23	q/q
HUBC	11.4	62%	18.4	-38%
NCPL	3.4	32%	3.3	3%

DPS Estimate for 1QFY24

PKR	1QFY24e
HUBC	5.5
NCPL	-

Exhibit: IPP Sector Historical Earnings (PKRbn)



Power Generation & Distribution Companies

Sector Earnings to jump up by +60%/y during 1QFY24

- IGI IPP universe earnings is expected to incline by +60%/y in 1QFY24 to PKR 16.0bn compared to PKR 10.1bn 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 14.78bn (EPS: PKR 11.4) up by +62%/y compared to PKR 9.10bn (EPS: PKR 7.0) in the same period last year. On a quarterly basis earnings are expected to decline by 38%q/q on the back of absence of insurance proceeds for alternator for Narowal plant and lower share of profit from CPHGC owing to insurance proceeds received in preceding quarter.
- NCPL's board meeting is scheduled on 11th-Oct-2023 to announce financial result for 1QFY24 where we expect the Company to register earnings of PKR 1.26bn (EPS: PKR 3.44) up by +32%/y compared to PKR 0.96bn (EPS: PKR 2.61) in the same period last year. On a quarterly basis, earnings are expected to increase by +3%q/q.

IPP Sector: Earnings to increase by +60%/y to PKR 16.0bn in 1QFY24

IGI IPP universe earnings is expected to incline by +60%/y in 1QFY24 to PKR 16.0bn compared to PKR 10.1bn 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 36%q/q mainly owing to one off insurance proceeds received by HUBC and its associate.

Exhibit: IPP sector result preview for 1qFY24

PKR per share					
Period end = Jun	Sep/23	Jun/23	q/q	Sep/22	y/y
HUBC	11.4	18.4	-38%	7.0	62%
NCPL	3.4	3.3	3%	2.6	32%
Total (in PKRbn)	16.0	25.1	-36%	10.1	60%

Analyst

Abdullah Farhan
Abdullah.farhan@igi.com.pk

HUBC: Earnings to improve by +62%/y during 1QFY24e to PKR 11.4/share

We expect The Hub Power Company Limited (HUBC) to report earnings of PKR 14.78bn (EPS: PKR 11.4) up by +62%/y compared to PKR 9.10bn

(EPS: PKR 7.0) in the same period last year. On a quarterly basis earnings are expected to decline by 38%q/q on the back of absence of insurance proceeds for alternator for Narowal plant and lower share of profit from China Power Hub Generation Company Limited (CPHGC) owing to insurance proceeds received in preceding quarter. We attribute the incline in the earnings on yearly basis during 1QFY24 to a) weaker PKR, b) higher share of profit from CPHGC and, c) contribution of profits from Thar Energy Limited (TEL), Prime International and Thal Nova. However, higher finance cost and revised tariff is likely to limit earnings growth during 1QFY24. We expect the company to announce cash dividend of PKR 5.5/share along with the result.

NCPL: Earnings to appreciate by +32%/y/y to PKR 3.44/share during 1QFY24

Nishat Chunian Power Limited's (NCPL) board meeting is scheduled on 11th-Oct-2023 to announce financial result for 1QFY24 where we expect the Company to register earnings of PKR 1.26bn (EPS: PKR 3.44) up by +32%/y/y compared to PKR 0.96bn (EPS: PKR 2.61) in the same period last year. On a quarterly basis, earnings are expected to increase by +3%q/q. We attribute the growth in the earnings during 1QFY24 on yearly basis to PKR depreciation and substantial decline in finance cost owing to reduction in short term borrowing.

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)

Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2023 IGI Finex Securities Limited

Contact Details

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Deputy Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
-----------------	-------------------------	------------------------------------	----------------------------

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
 Fax: (+92-21) 35309169, 35301780

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
 Stock Exchange Road, Karachi.
 Tel: (+92-21) 32429613-4, 32462651-2
 Fax: (+92-21) 32429607

Lahore Office

Shop # G-009, Ground Floor,
 Packages Mall
 Tel: (+92-42) 38303560-69
 Fax: (+92-42) 38303559

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
 Regency International 949, The Mall
 Faisalabad
 Tel: (+92-41) 2540843-45

Multan Office

Mezzanine Floor, Abdali Tower,
 Abdali Road
 Tel: (92-61) 4512003, 4571183

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
 Block- B, Jinnah Avenue, Blue Area
 Tel: (+92-51) 2604861-2, 2604864, 2273439
 Fax: (+92-51) 2273861

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
 Model Town, Town Hall Road
 Tel: (+92-68) 5871652-3
 Fax: (+92-68) 5871651

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2023 IGI Finex Securities Limited