

Flash Note

Friday, 26 October 2018

Power Generation and Distribution Companies

The Hub Power Company Limited (HUBC)

Weak PKR lifts 1QFY19 EPS up by +24%YoY to PKR 2.56; No dividend announced

- The Hub Power Company Limited (HUBC) announced financial results for 1QFY19 with consolidated earnings clocking in at PKR 2.96bn (EPS PKR 2.56) up by +24%YoY compared to PKR 2.38bn (EPS PKR 2.06) in the same period last year. The company did not announced any cash dividend which comes as a surprise.
- We attribute this growth in earnings during 1QFY19 on the back of +17%YoY depreciation of PKR against USD.
- Net Revenues dropped by 34%YoY to PKR 17.95bn, likely on the back of lower generation from Hub plant.
- Finance costs leaped up by +30%YoY to PKR 1.32bn during 1QFY19 compared to PKR 1.02bn in the corresponding period last year likely owing to higher interest cost on inflated short term borrowings.
- Effective tax rate stood at 2.1% during 1QFY19 compared to 4.6% reported in the corresponding period last year.

Exhibit:

Financial Highlights (Consolidated)

PKR mn	1QFY19	1QFY18	YoY	4QFY18	QoQ
Turnover	17,946	27,340	-34%	26,213	-32%
Operating Costs	13,108	23,162	-43%	21,325	-39%
Gross Profit	4,838	4,178	16%	4,889	-1%
General & Admin expenses	314	438	-28%	412	-24%
Other Income	51	34	51%	98	-48%
Financing Cost	1,322	1,017	30%	1,185	12%
PBT	3,191	2,671	19%	3,246	-2%
PAT	3,124	2,549	23%	3,022	3%
PAT - Attributable to HUBC	2,960	2,384	24%	2,779	7%
EPS (PKR)	2.56	2.06		2.40	
DPS (PKR)	-	1.50		2.20	

Source: Company Financials & IGI Research

No of Shares: 1,157.15 mn

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