

Flash Note

Tuesday, 30 April 2019

Power Generation and Distribution Companies

The Hub Power Company Limited (HUBC)

EPS improve marginally by +6%YoY to PKR 2.73 on account of weaker PKR but marred by higher finance cost

- The Hub Power Company Limited (HUBC) announced financial results for 3QFY19 with earnings clocking in at PKR 3.16bn (EPS PKR 2.73) up by +6%YoY compared to PKR 2.98bn (EPS PKR 2.58) in the same period last year. On sequential basis, earnings are up by +29%QoQ during 3QFY19. This brings total profitability to PKR 8.58bn (EPS PKR 7.41) for 9MFY19, up by +4%YoY, compared to PKR 8.28bn (EPS PKR 7.15) in the corresponding period last year.
- We attribute this growth in earnings during 3QFY19 primarily on the back of PKR depreciation against greenback of 25%YoY (4%QoQ) and lower maintenance cost.
- Load factor stood at 7% and 28% during 3QFY19 against 26% and 66% in the same period last year for Hub and Narowal respectively.
- Net Revenues dropped by 31%YoY to PKR 13.40bn during 3QFY19, likely on the back of lower generation from Hub and Narowal plants.
- Finance cost increased by +83%YoY to PKR 2.0bn during 3QFY19 likely owing to rise in mark up on overdue payments amid rise in interest rates and short term borrowings. Similarly, on sequential basis finance cost is up by +24QoQ likely due to rise in interest rates and new loans drawn for new projects.
- Effective tax stood at 4.1% during 3QFY19 compared to 2.2% (2QFY19: 3.0%) reported in the corresponding period last year.

Exhibit:

HUBC Financial Highlights (Consolidated)

PKR mn	3QFY19	3QFY18	YoY	2QFY19	QoQ	9MFY19	9MFY18	YoY
Turnover	13,398	19,495	-31%	12,996	3%	44,340	73,786	-40%
Operating Costs	7,409	14,871	-50%	8,423	-12%	28,940	60,396	-52%
Gross Profit	5,989	4,624	30%	4,573	31%	15,400	13,390	15%
General & Admin expenses	405	325	25%	362	12%	1,080	1,113	-3%
Other Income	54	38	42%	179	-70%	285	121	135%
Financing Cost	1,998	1,091	83%	1,613	24%	4,934	3,247	52%
PBT	3,469	3,149	10%	2,635	32%	9,295	8,905	4%
PAT	3,329	3,081	8%	2,557	30%	9,009	8,642	4%
PAT - Attributable to HUBC	3,161	2,981	6%	2,447	29%	8,578	8,279	4%
EPS (PKR)	2.73	2.58		2.11		7.41	7.15	
DPS (PKR)	-	1.60		-		-	4.60	

Source: Company Financials & IGI Research

No of Shares: 1,157.15 mn

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