

Result announcement 1QFY23

Power Generation & Distribution Companies

The Hub Power Company Limited

Earnings: The Hub Power Company Limited (HUBC) announced its 1QFY23 result. The Company reported consolidated 1QFY23 earnings attributable to HUBC of PKR 9.10bn (EPS PKR 7.01), up by +23%y/y compared to PKR 7.42bn (EPS PKR 5.72) in the similar period last year. On a quarterly basis, profitability is up by +30%q/q during 1QFY23.

Dividends/Payouts: The Company did not announce any final cash dividend during 1QFY23. However, earlier during the start of FY23 post full year result for FY22, HUBC announced a cash dividend of PKR 15.5/share for FY23.

Operating performance: During the period under review, HUBC revenue increased by +12%y/y during 1QFY23 on the back of a substantial increase in FO prices despite lower generation. Moreover, the commencement of operation of Thar Energy Limited (TEL) further led to growth in overall revenues. The Company's gross profit improved by +25%y/y, likely on account of PKR depreciation and the commencement of operation of TEL. However, growth was limited by a new tariff being applicable under MoU for Hub and Narowal, where dollar indexation has been removed. The Company booked its share of profit from an associate of PKR 3.09bn, up by +35%y/y, during 1QFY23, likely on account of higher income from China Power Hub Generation Company Limited (CPHGC). Finance cost increased by +41%y/y to PKR 2.34bn during 1QFY23, likely owing to a hike in interest rates. Effective tax stood at 10.4% during 1QFY23 (4QFY22: 34.3%) compared to 8.4% in the same period last year.

Exhibit: HUBC Financial Highlights - Consolidated For the period 1QFY23					
PKRmn	1QFY23	1QFY22	y/y	4QFY22	q/q
Turnover	29,590	26,340	12%	32,106	-8%
Operating Costs	19,868	18,541	7%	23,459	-15%
Gross Profit	9,722	7,798	25%	8,647	12%
General & Admin expenses	282	224	26%	260	8%
Other Income	412	217	90%	1,417	-71%
Other Expenses	31	23	34%	253	-88%
Profit from Operations	9,822	7,768	26%	9,551	3%
Financing Cost	2,336	1,660	41%	2,531	-8%
Share of profit/(loss) from associates	3,091	2,293	35%	4,236	-27%
PBT	10,577	8,401	26%	11,256	-6%
PAT	9,474	7,696	23%	7,399	28%
PAT - Attributable to HUBC	9,099	7,417	23%	7,019	30%
EPS (PKR)	7.01	5.72		5.41	
DPS (PKR)	-	-		-	
Source: IGI Research and Company Financials			No of Shares: 1,297.15mn		

Analyst

Abdullah Farhan

Abdullah.Farhan@igi.com.pk

Tel: +92 21 111 234 234 Ext: 912

Saad Khan

Saad.khan@igi.com.pk

Tel: +92 21 111 234 234 Ext: 810