

# Flash Note

Wednesday, October 25, 2023



## Power Generation & Distribution

### The Hub Power Company Limited

**Earnings:** The Hub Power Company Limited (HUBC) announced 1QFY24 result. The Company reported consolidated 1QFY24 earnings attributable to HUBC of PKR 17.08bn (EPS PKR 13.17), up by +88%/y/y compared to PKR 9.10bn (EPS PKR 7.01) in the similar period last year. On quarterly basis, profitability is down by 29%q/q during 1QFY24.

**Dividend/Payout:** The Company announced cash dividend of PKR 5.0/share along with the result.

**Operating Performance:** During the period under review, HUBC's revenue inclined by +14%/y/y during 1QFY24 on the back of revenue contribution from Thar Energy Limited (TEL) despite lower generation from Hub and Narowal. Company's gross profit improved by +72%/y/y likely due to PKR depreciation, likely higher penal income and commencement of operation of TEL. HUBC booked other income of PKR 0.28bn. The Company booked share of profit from associate of PKR 12.04bn during 1QFY24 likely owing to higher profit from China Power Hub Generation Company Limited (CPHGC), profit contribution from Prime International and Thal Nova (TNTPL). Finance cost increased by +3.0x/y/y to PKR 7.07bn during 1QFY24 likely owing to hike in interest rates and borrowings. Effective tax stood at 15% during 1QFY24 (4QFY23: 8%) compared to 10% in the similar period last year likely owing to higher share of profit from associates.

Exhibit: HUBC Financial Highlights For the period 1QFY24					
PKRmn	1QFY24	1QFY23	y/y	4QFY23	q/q
Turnover	33,730	29,590	14%	32,345	4%
Gross Profit	16,736	9,722	72%	17,061	-2%
General & Admin expenses	346	282	23%	394	-12%
Other Income	281	412	-32%	2,519	-89%
Other Expenses	150	31	4.9x	(437)	n/m
Profit from Operations	16,521	9,822	68%	19,623	-16%
Financing Cost	7,069	2,336	3.0x	7,479	-5%
Share of profit/(loss) from associates	12,035	3,091	3.9x	14,763	-18%
PBT	21,525	10,577	2.0x	27,417	-21%
PAT	18,318	9,474	93%	25,257	-27%
PAT - Attributable to HUBC	17,082	9,099	88%	23,907	-29%
<b>EPS (PKR)</b>	<b>13.17</b>	<b>7.01</b>		<b>18.43</b>	
<b>DPS (PKR)</b>	<b>5.00</b>	<b>15.50</b>		<b>6.00</b>	
Source: IGI Research, PSX			No of Shares: 1,297.15mn		

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