Flash Note

Wednesday, October 28, 2026

Power Generation & Distribution

The Hub Power Company Limited

Earnings: The Hub Power Company Limited (HUBC) announced 1QFY27 result. The Company reported consolidated 1QFY27 earnings attributable to HUBC of PKR 12.79bn (EPS PKR 9.86), up by +10%y/y compared to PKR 11.63bn (EPS PKR 8.96) in the similar period last year. On quarterly basis, profitability is down by 23%q/q during 1QFY27.

Dividend/Payout: The Company announced cash dividend of PKR 5/share along with the result compared to PKR 5/share announced in 1QFY26.

Operating Performance: HUBC's revenue increased by +10%y/y during 4QFY26 likely on the back of higher load factor and fuel prices. Company's gross profit declined by 4%y/y with gross margins decreasing by 5.6%y/y to 39.3% during 4QFY26 against 44.9% in the similar period last year. HUBC booked other income of PKR 0.76bn during 4QFY26, up by +16.6xy/y. Other charges increased to PKR 0.51bn against PKR 0.41bn in the same period last year. The Company booked share of profit from associate of PKR 13.0bn during 4QFY26 compared to PKR 10.95bn in the same period last year likely owing to contribution from Mega Motors. Finance cost declined by 18%y/y to PKR 2.27bn during 4QFY26 likely owing to substantial decline in interest rates and lower borrowings. Effective tax stood at 1.4% during 4QFY26 (3QFY26: 35.5%) compared to 15.7% in the same period last year bringing total effective tax rate for FY26 to 19.9% against 19.2% in FY25.

Recommendation: We have a "**BUY**' stance on HUBC with our Dec-26 Target Price of PKR 252/share offering 22% upside from last close of PKR 207/share. The Company is currently trading at FY27 P/E of 5.2x and offers healthy dividend yield of 9.6%.

Exhibit: HUBC Financial Highlights
For the period 1QFY27

PKRmn	1QFY27	1QFY26	y/y	4QFY26	q/q
Turnover	22,109	17,397	27%	20,551	8%
Gross Profit	8,002	7,586	5%	8,076	-1%
General & Admin expenses	436	456	-4%	457	-5%
Other Income	1,474	1,319	12%	758	0.9
Other Expenses	162	286	-44%	338	-52%
Profit from Operations	8,878	8,163	9%	8,040	10%
Financing Cost	2,174	2,501	-13%	2,271	-4%
Share of profit/(loss) from associates	12,724	10,794	18%	13,007	-2%
PBT	19,428	16,456	18%	18,775	3%
PAT	14,623	13,279	10%	18,507	-21%
PAT - Attributable to HUBC	12,786	11,628	10%	16,567	-23%
EPS (PKR)	**9.86**	**8.96**	0.10	**12.77**	
DPS (PKR)	5.00	5.00		5.00	
Source: IGI Research, PSX				No of Shares: 1,297.15mn	

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Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
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- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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