

Flash Note

Monday, February 27, 2023



Power Generation & Distribution

The Hub Power Company Limited

Earnings: The Hub Power Company Limited (HUBC) announced 2QFY23 result. The Company reported consolidated 2QFY23 earnings attributable to HUBC of PKR 13.3bn (EPS PKR 10.25), up by +2.8xy/y compared to PKR 4.80bn (EPS PKR 3.70) in the similar period last year. On quarterly basis, profitability is up by +46%q/q during 2QFY23. This brings total 1HFY23 profitability to PKR 22.40bn (EPS PKR 17.27), up by +83%y/y.

Dividend/Payout: The Company announced cash dividend of PKR 5.75/share along with the result bringing total cash payout for 1HFY23 to PKR 21.25/share.

Operating Performance: During the period under review, HUBC's revenue inclined by +26%/y/y during 2QFY23 on the back of substantial increase in FO prices despite lower generation. Moreover, commencement of operation of Thar Energy Limited (TEL) further let to growth in overall revenues. Company's gross profit improved by +61%/y/y likely due to PKR depreciation, likely higher penal income and commencement of operation of TEL. The Company booked share of profit from associate of PKR 9.99bn during 2QFY23 likely owing to higher income from China Power Hub Generation Company Limited (CPHGC). Finance cost increased by +2.8xy/y to PKR 4.79bn during 2QFY23 likely owing hike in interest rates and borrowings. Effective tax stood at 18% during 2QFY23 (1QFY23: 10%) bringing total effective tax rate for 1HFY23 to 15% against 4% in the same period last year.

Exhibit: HUBC Financial Highlights - Consolidated								
For the period 2QFY23								
PKRmn	2QFY23	2QFY22	y/y	1QFY23	q/q	1HFY23	1HFY22	y/y
Turnover	25,097	19,928	26%	29,590	-15%	54,687	46,267	18%
Gross Profit	12,863	8,009	61%	9,722	32%	22,585	15,808	43%
General & Admin expenses	351	233	51%	282	25%	633	457	38%
Other Income	495	264	87%	412	20%	907	481	89%
Other Expenses	410	24	16.8x	31	13.3x	441	47	9.3x
Profit from Operations	12,596	8,016	57%	9,822	28%	22,418	15,784	42%
Financing Cost	4,788	1,738	2.8x	2,336	2.1x	7,124	3,397	2.1x
Share of profit/(loss)	9,986	(1,462)	n/m	3,091	3.2x	13,077	831	15.7x
PBT	17,795	4,817	3.7x	10,577	68%	28,372	13,218	2.2x
PAT	14,680	5,020	2.9x	9,474	55%	24,154	12,716	90%
PAT - Attributable to HUBC	13,299	4,796	2.8x	9,099	46%	22,398	12,212	83%
EPS (PKR)	10.25	3.70		7.01		17.27	9.41	
DPS (PKR)	5.75	6.50		15.50		21.25	6.50	
Source: IGI Research, PSX						No of Shares: 1,297.15mn		

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