

# Flash Note

Wednesday, February 14, 2024



## Power Generation & Distribution

### The Hub Power Company Limited

**Earnings:** The Hub Power Company Limited (HUBC) announced 2QFY24 result. The Company reported consolidated 2QFY24 earnings attributable to HUBC of PKR 15.28bn (EPS PKR 11.78), up by +15%/y compared to PKR 13.30bn (EPS PKR 10.25) in the similar period last year. On quarterly basis, profitability is down by 11%q/q during 2QFY24. This brings total profitability for 1HFY24 to PKR 32.36bn (EPS PKR 24.95), up by +44%/y, compared to PKR 22.40bn (EPS PKR 17.27) in the similar period last year.

**Dividend/Payout:** The Company announced cash dividend of PKR 4.0/share along with the result bringing total cash payout for 1HFY24 to PKR 9.0/share.

**Operating Performance:** During the period under review, HUBC's revenue inclined by +19%/y during 2QFY24 on the back of revenue contribution from Thar Energy Limited (TEL). Company's gross profit improved by +30%/y likely due to PKR depreciation, likely higher penal income and commencement of operation of TEL. HUBC booked other income of PKR 0.90bn during 2QFY24. The Company booked share of profit from associate of PKR 10.57bn during 2QFY24 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 +46%/y to PKR 6.98bn during 2QFY24 likely owing to hike in interest rates and borrowings. Effective tax stood at 15.7% during 2QFY24 (1QFY24: 14.9%) compared to 17.5% in the similar period last year bringing total effective tax rate for 1HFY24 to 15.3% compared to 14.9% during 1HFY23..

Exhibit: HUBC Financial Highlights								
For the period 2QFY24								
PKRmn	2QFY24	2QFY23	y/y	1QFY24	q/q	1HFY24	1HFY23	y/y
Turnover	29,913	25,097	19%	33,730	-11%	63,643	54,687	16%
Gross Profit	16,751	12,863	30%	16,736	0%	33,488	22,585	48%
General & Admin expenses	692	351	97%	346	2.0x	1,038	633	64%
Other Income	900	495	82%	281	3.2x	1,181	907	30%
Other Expenses	162	410	-61%	150	8%	312	441	-29%
Profit from Operations	16,798	12,596	33%	16,521	2%	33,319	22,418	49%
Financing Cost	6,977	4,788	46%	7,069	-1%	14,046	7,124	97%
Share of profit/(loss) from associates	10,565	9,986	6%	12,035	-12%	22,600	13,077	73%
PBT	20,386	17,795	15%	21,525	-5%	41,911	28,372	48%
PAT	17,183	14,680	17%	18,318	-6%	35,501	24,154	47%
PAT - Attributable to HUBC	15,278	13,299	15%	17,082	-11%	32,360	22,398	44%
<b>EPS (PKR)</b>	<b>11.78</b>	<b>10.25</b>		<b>13.17</b>		<b>24.95</b>	<b>17.27</b>	
<b>DPS (PKR)</b>	<b>4.00</b>	<b>5.75</b>		<b>5.00</b>		<b>9.00</b>	<b>21.25</b>	

Source: IGI Research, PSX

No of Shares: 1,297.15mn

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