

# Flash Note

Monday, 19 February 2018

## Power Generation & Distribution

### HUBC: EPS reported at PKR 2.52 in 2QFY18, amid lower maintenance cost

- The Hub Power Company Limited (HUBC) announced financial result for 2QFY18 with consolidated earnings (attributable to HUBC) clocking in at PKR 2.91bn (EPS PKR 2.52) up by +12%YoY compared to PKR 2.61bn (EPS PKR 2.25) in the same period last year. This brings cumulative earnings for 1HFY18 to PKR 54.29bn (EPS PKR 4.58) up by +5%YoY compared to PKR 5.07bn (EPS PKR 4.38) in the corresponding period last year.
- The company announced cash dividend of PKR 1.50/share along with the result, taking total cash dividend for 1HFY18 to PKR 3.00/share.
- Revenues for 2QFY18 increased by +11%YoY to PKR 26.95bn as compared to PKR 24.35bn in the corresponding period last year owing to +36%YoY rise in FO prices despite lower load factor from all three plants and 2%YoY PKR depreciation.
- Gross margins declined by 17bps to 17.0% during 2QFY18 as compared to 16.9% in the corresponding period last year likely owing to lower repairs and maintenance cost and PKR depreciation of 2%.
- General and admin expenses leaped up by +21%YoY to PKR 351mn during 2QFY18 compared to PKR 290mn in the same period last year.
- Finance costs inched up by +8%YoY to PKR 1.14bn during 2QFY18 as compared to PKR 1.05bn in the corresponding period last year likely owing to heavy reliance on short term borrowings leading to higher interest cost.

Exhibit:

#### Financial Highlights (Consolidated)

PKR mn	2QFY18	2QFY17	YoY	1HFY18	1HFY17	YoY
Turnover	26,951	24,353	11%	54,291	48,227	13%
Operating Costs	22,363	20,247	10%	45,525	40,061	14%
Gross Profit	4,589	4,106	12%	9,730	8,167	19%
General & Admin expenses	351	290	21%	788	640	23%
Other Income	49	78	-38%	83	113	-27%
Financing Cost	1,139	1,054	8%	2,156	2,062	5%
EBT	3,085	2,784	11%	5,756	5,480	5%
PAT	3,013	2,718	11%	5,562	5,370	4%
PAT - Attributable to HUBC	2,914	2,605	12%	5,298	5,069	5%
EPS (PKR)	2.52	2.25		4.58	4.38	
DPS (PKR)	1.50	1.50		3.00	3.00	

Source: Company Financials & IGI Research

No of Shares: 1,157.15 mn

#### Analyst

**Abdullah Farhan**

[abdullah.farhan@igi.com.pk](mailto:abdullah.farhan@igi.com.pk)

Tel: (+92-21) 111-234-234 Ext.: 912

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IGI Finex Securities Limited

**Research Analyst(s)**

Research Identity Number: BRP009

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## Contact Details

### Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Syed Daniyal Adil	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 973	daniyal.adil@igi.com.pk
Suleman Ashraf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	suleman.ashraf@igi.com.pk
Muhammad Saad	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 816	muhammad.saad@igi.com.pk
Tanweer Kabbeer	Research/Fund Select	Tel: (+92-21) 111-234-234 Ext: 966	tanweer.kabbeer@igi.com.pk
Umesh Solanki	Database Manager	Tel: (+92-21) 111-234-234 Ext: 974	umesh.solanki@igi.com.pk

### Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 35777863-70	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Ejaz Rana	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	ejaz.rana@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mehtab.ali@igi.com.pk
Zeeshan Kayani	Branch Manager (Abbottabad)	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk
Ihsan Mohammad	Branch Manager (Peshawar)	Tel: (92-91) 5253035	ihsan.mohammad@igi.com.pk

### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of  
Pakistan Stock Exchange Limited |  
Corporate member of Pakistan Mercantile Exchange Limited

#### Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,  
Khayaban-e-Jami Block-09, Clifton, Karachi-75600  
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234  
Fax: (+92-21) 35309169, 35301780

Website: [www.igisecurities.com.pk](http://www.igisecurities.com.pk)

#### Stock Exchange Office

Room # 719, 7th Floor, PSX Building, Stock Exchange Road, Karachi.  
Tel: (+92-21) 32429613-4, 32462651-2, Fax: (+92-21) 32429607

#### Lahore Office

5-F.C.C. Ground Floor, Syed Maratib Ali Road,  
Gulberg II, Lahore  
Tel: (+92-42) 35777863-70, 35876075-76  
Fax: (+92-42) 35763542

#### Faisalabad Office

Room #: 515-516, 5th Floor, State Life  
Building, 2- Liaqat Road, Faisalabad  
Tel: (+92-41) 2540843-45  
Fax: (+92-41) 2540815

#### Multan Office

Mezzanine Floor, Abdali Tower,  
Abdali Road, Multan  
Tel: (92-992) 408243 - 44

#### Peshawar Office

2nd Floor, The Mall Tower,  
35 The Mall Peshawar Cantt.  
Tel: (92-91) 5253035, 5278448

#### Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,  
Block- B, Jinnah Avenue, Blue Area, Islamabad  
Tel: (+92-51) 2604861-2, 2604864, 2273439  
Fax: (+92-51) 2273861

#### Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,  
Model Town, Town Hall Road, Rahim Yar Khan  
Tel: (+92-68) 5871653-6, 5871652  
Fax: (+92-68) 5871651

#### Abbottabad Office

Ground Floor, Al Fatah Shopping Center, Opp. Rad  
Station, Mansehra Road, Abbottabad  
Tel: (+92-99) 2408243 - 44

#### Sialkot Office

Suite No. 10 & 11, 1st Floor, Soni Square,  
Mubarak Pura, Sialkot.  
Tel: (+92-52) 3258437, 3258762