

## Earnings Preview 2QFY23

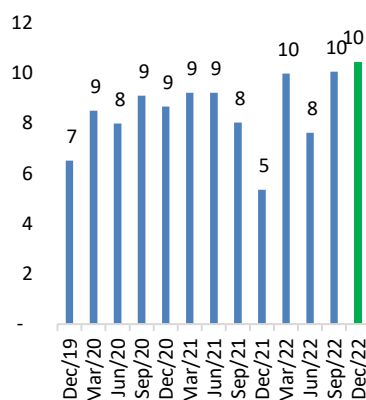
### EPS Estimate for 2QFY23

PKR	2Q23e	y/y	1H23e	y/y
HUBC	7.40	100%	14.41	53%
NCPL	2.29	53%	4.90	55%

### DPS Estimate for 2QFY23

PKR	2QFY23e	1HFY23
HUBC	-	15.5
NCPL	-	-

### Exhibit: IPP Sector Historical Earnings (PKRbn)



Source: Company accounts, IGI Research

## Power Generation & Distribution Companies

### Sector Earnings to improve by +95%y/y during 2QFY23 led by higher profit from HUBC

- IGI IPP universe earnings is expected to incline by +95%y/y in 2QFY23 to PKR 10.4bn compared to PKR 5.3bn in the same period last year. Earnings accretion is expected on the back of a) weaker PKR against greenback and, b) share of profit from China Power Hub Generation Company Limited (CPHGC) for HUBC.
- HUBC's board meeting is scheduled on 16th-Feb-23 to announce financial results for 2QFY23 where we expect Company to report earnings of PKR 9.6bn (EPS: PKR 7.40) up by +100%y/y compared to PKR 4.8bn (EPS: PKR 3.70) in the same period last year. On a quarterly basis earnings are expected to increase by +5%q/q on the back of higher profit from TEL.
- We expect Nishat Chunian Power Limited's (NCPL) to register earnings of PKR 0.84bn (EPS: PKR 2.29) up by +53%y/y compared to PKR 0.55bn (EPS: PKR 1.50) in the same period last year. On a quarterly basis, earnings are expected to drop by 12%q/q mainly on account of higher finance cost.

### IPP Sector: Earnings to increase by +95%y/y to PKR 10.4bn in 2QFY23

IGI IPP universe earnings is expected to incline by +95%y/y in 2QFY23 to PKR 10.4bn compared to PKR 5.3bn in the same period last year. Earnings accretion is expected on the back of a) weaker PKR against greenback and, b) share of profit from China Power Hub Generation Company Limited (CPHGC) for HUBC. However, growth in earnings is likely to be limited by higher finance cost and revised tariff under agreement with power purchaser. On sequential basis, earnings are expected to increase by +4%q/q mainly owing to higher profit from Thar Energy Limited (TEL) for HUBC.

### Exhibit: IPP sector result preview for 2qFY23

PKR per share							
Period end Jun	Dec/22	Sep/22	q/q	Dec/21	y/y	1HFY23	y/y
HUBC	7.40	7.01	5%	3.70	100%	14.41	53%
NCPL	2.29	2.61	-12%	1.50	53%	4.90	55%
<b>Total (in PKRbn)</b>	<b>10.4</b>	<b>10.1</b>	<b>4%</b>	<b>5.3</b>	<b>95%</b>	<b>20.5</b>	<b>53%</b>

Source: IGI Research, Company Accounts

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HUBC: Earnings to double during 2QFY23e to PKR 7.40/share

The Hub Power Company Limited's (HUBC) board meeting is scheduled on 16<sup>th</sup>-Feb-23 to announce financial results for 2QFY23 where we expect Company to report earnings of PKR 9.6bn (EPS: PKR 7.40) up by +100%/y compared to PKR 4.8bn (EPS: PKR 3.70) in the same period last year. On a quarterly basis earnings are expected to increase by +5%q/q on the back of higher profit from TEL which achieved COD in 1QFY23. We attribute the incline in the earnings on yearly basis during 2QFY23 to a) weaker PKR and b) share of profit from CPHGC which reported a loss owing to fire incident which led to non-availability of plant. However, higher finance cost and revised tariff is likely to limit earnings growth during 2QFY23. This will bring total 1HFY23 profitability to PKR 18.7bn (EPS PKR 14.41) up by +53%/y. We do not expect any cash dividend. To note, the Company already announced cash dividend of PKR 15.5/share during 1QFY23 for FY23.

#### NCPL: Earnings to appreciate by +53%/y to PKR 2.29/share during 2QFY23

We expect Nishat Chunian Power Limited's (NCPL) to register earnings of PKR 0.84bn (EPS: PKR 2.29) up by +53%/y compared to PKR 0.55bn (EPS: PKR 1.50) in the same period last year. On a quarterly basis, earnings are expected to drop by 12%q/q mainly on account of higher finance cost. We attribute the growth in the earnings during 2QFY23 on yearly basis to PKR depreciation. However, higher finance cost is likely to keep earnings growth restricted during 2QFY23. This bring total 1HFY23 earnings to PKR 1.8bn (EPS PKR 4.90), up by 55%/y, compared to PKR 1.16bn (EPS PKR 3.17) in the same period last year. We do not expect the Company to announce cash dividend.

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