

# Flash Note

Friday, 30 April 2021

Power Generation and Distribution Companies

## Nishat Chunian Power Limited (NCPL)

### Profitability drops to PKR 1.74/share during 3QFY21 in the absence of debt component in tariff

- Nishat Chunian Power Limited (NCPL) announced its financial results for 3QFY21 with earnings clocking in at PKR 0.64bn (EPS PKR 1.74) down by 51%y/y compared to PKR 1.30bn (EPS PKR 3.55) in the same period last year. This brings cumulative earnings for 9MFY21 to PKR 2.06bn (EPS PKR 5.62) down by 39%y/y compared to PKR 3.40bn (EPS PKR 9.26) in the corresponding period last year.
- We attribute this decline in earnings during 3QFY21 to removal of debt component in tariff.
- Revenues for 3QFY21 dropped by 8%y/y to PKR 2.59bn as compared to PKR 2.81bn in the similar period last year owing to removal of debt component from tariff, however, higher oil prices and load factor restricted further decline in revenue.
- Gross margins declined by 31pps to 34.6% during 3QFY21 as compared to 65.6% in the corresponding period last year likely in the absence of debt component and lower O&M savings in our view.
- Administrative expenses increased by +2%y/y to PKR 34.3mn against PKR 34.7mn in the similar period last year, whereas other income also inclined by +56%y/y to PKR 11mn during 3QFY21.
- Finance costs dropped by 54%y/y to PKR 0.24bn during 3QFY21 as compared to PKR 0.51bn in the corresponding period last year likely owing decline in mark-up cost amid substantial dip in interest rates and likely decrease in ST borrowings.

#### Exhibit: NCPL Financial Highlights

PKRmn	3QFY21	3QFY20	YoY	2QFY21	QoQ	9MFY21	9MFY20	YoY
Net Sales	2,590	2,807	-8%	1,380	88%	8,394	10,589	-21%
Cost of Sales	1,694	965	75%	641	164%	5,538	5,462	1%
Gross Profit	896	1,841	-51%	738	21%	2,856	5,127	-44%
Administrative Expense	34	34	2%	34	1%	98	110	-11%
Other Operating Expense	-	0	n/m	-	n/m	-	1	n/m
Other Operating Income	11	7	56%	3	250%	28	30	-7%
EBIT	873	1,814	-52%	707	23%	2,785	5,046	-45%
Finance Cost	235	510	-54%	241	-3%	722	1,644	-56%
PBT	638	1,304	-51%	466	37%	2,063	3,402	-39%
PAT	638	1,304	-51%	466	37%	2,063	3,402	-39%
EPS	1.74	3.55		1.27		5.62	9.26	
DPS	-	-		-		-	-	

Source: IGI Research, Company Financials

No of shares: 367.35mn

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