

Flash Note

Monday, August 26, 2024

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Power Generation & Distribution

The Hub Power Company Limited

Earnings: The Hub Power Company Limited (HUBC) announced 4QFY24 result. The Company reported consolidated 4QFY24 earnings attributable to HUBC of PKR 20.47bn (EPS PKR 15.78), down by 14%/y/y compared to PKR 23.91bn (EPS PKR 18.43) in the similar period last year. On quarterly basis, profitability is up by +19%q/q during 4QFY24. This brings total profitability for FY24 to PKR 70.02bn (EPS PKR 53.98), up by +22%/y/y, compared to PKR 57.55bn (EPS PKR 44.37) in the similar period last year.

Dividend/Payout: The Company announced cash dividend of PKR 8.5/share along with the result bringing total cash payout for FY24 to PKR 20.0/share.

Operating Performance: During the period under review, HUBC's revenue inclined by +8%/y/y during 4QFY24 on the back of higher penal income and generation from Thar Energy Limited (TEL) and Laraib. Company's gross profit improved by +8%/y/y likely due to higher contribution from TEL while gross margins remained relatively stable at 52.6%. HUBC booked other income of PKR 1.35bn during 4QFY24. The Company booked share of profit from associate of PKR 14.66bn during 4QFY24 likely owing to higher profit from China Power Hub Generation Company Limited (CPHGC) and Thal Nova (TNTPL). Finance cost declined by 18%/y/y to PKR 6.10bn during 4QFY24 likely owing to decline in interest rates and borrowings. Effective tax stood at 17.9% during 4QFY24 (3QFY24: 16.3%) compared to 7.9% in the similar period last year bringing total effective tax rate for FY24 to 16.3% compared to 11.9% during FY23.

Material Information: HUBC also announced that it has entered into a joint venture with Ark Metals Limited for exploration and development of mineral mines in Pakistan subject to necessary regulatory approvals. We await further clarity on this from the management.

Exhibit: HUBC Financial Highlights For the period 4QFY24								
PKRmn	4QFY24	4QFY23	y/y	3QFY24	q/q	FY24	FY23	y/y
Turnover	35,091	32,345	8%	31,791	10%	130,526	114,263	14%
Gross Profit	18,468	17,061	8%	16,390	13%	68,346	52,778	29%
General & Admin expenses	571	394	45%	574	-1%	2,183	1,368	60%
Other Income	1,346	2,519	-47%	778	73%	3,305	3,585	-8%
Other Expenses	2,090	(437)	n/m	50	41.9x	2,452	79	30.9x
Profit from Operations	17,153	19,623	-13%	16,544	4%	67,016	54,916	22%
Financing Cost	6,101	7,479	-18%	6,597	-8%	26,744	19,323	38%
Share of profit/(loss) from associates	14,657	14,763	-1%	12,104	21%	49,361	34,316	44%
PBT	25,969	27,417	-5%	22,074	18%	89,954	70,418	28%
PAT	21,328	25,257	-16%	18,468	15%	75,297	62,007	21%
PAT - Attributable to HUBC	20,472	23,907	-14%	17,186	19%	70,018	57,554	22%
EPS (PKR)	15.78	18.43		13.25		53.98	44.37	
DPS (PKR)	8.50	6.00		2.50		20.00	30.00	

Source: IGI Research, PSX No of Shares: 1,297.15mn

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