Flash Note

Thursday, August 27, 2026

IGI Securities
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Power Generation & Distribution

The Hub Power Company Limited

Earnings: The Hub Power Company Limited (HUBC) announced 4QFY26 result. The Company reported consolidated 4QFY26 earnings attributable to HUBC of PKR 16.57bn (EPS PKR 12.77), up by +41%y/y compared to PKR 11.77bn (EPS PKR 9.07) in the similar period last year. On quarterly basis, profitability is up by +53%q/q during 4QFY26. This brings total profitability for FY26 to PKR 49.63bn (EPS PKR 38.26), up by +8%y/y, compared to PKR 46.13bn (EPS PKR 35.56) in the same period last year.

Dividend/Payout: The Company announced cash dividend of PKR 5/share along with the result bringing total cash payout for FY26 to PKR 20/share compared to PKR 15/share in FY25.

Operating Performance: HUBC's revenue increased by +10%y/y during 4QFY26 likely on the back of higher load factor and fuel prices. Company's gross profit declined by 4%y/y with gross margins decreasing by 5.6%y/y to 39.3% during 4QFY26 against 44.9% in the similar period last year. HUBC booked other income of PKR 0.76bn during 4QFY26, up by +16.6xy/y. Other charges increased to PKR 0.51bn against PKR 0.41bn in the same period last year. The Company booked share of profit from associate of PKR 13.0bn during 4QFY26 compared to PKR 10.95bn in the same period last year likely owing to contribution from Mega Motors. Finance cost declined by 18%y/y to PKR 2.27bn during 4QFY26 likely owing to substantial decline in interest rates and lower borrowings. Effective tax stood at 1.4% during 4QFY26 (3QFY26: 35.5%) compared to 15.7% in the same period last year bringing total effective tax rate for FY26 to 19.9% against 19.2% in FY25.

Recommendation: We have a "**BUY**" stance on HUBC with our Dec-26 Target Price of PKR 252/share offering 22% upside from last close of PKR 207/share. The Company is currently trading at FY27 P/E of 5.2x and offers healthy dividend yield of 9.6%.

Exhibit: HUBC Financial Highlights
For the period 4QFY26

PKRmn	4QFY26	4QFY25	y/y	3QFY26	q/q	FY26	FY25	y/y
Turnover	20,551	18,755	10%	16,454	25%	71,126	83,351	-15%
Gross Profit	8,076	8,417	-4%	6,598	22%	29,688	39,824	-25%
General & Admin expenses	290	205	41%	437	-34%	2,006	1,459	38%
Other Income	758	46	1562%	3,959	-81%	7,384	4,021	84%
Other Expenses	505	412	23%	265	91%	997	4,020	-75%
Profit from Operations	8,040	7,845	2%	9,855	-18%	34,068	38,366	-11%
Finance Cost	2,271	2,778	-18%	2,072	10%	9,136	15,231	-40%
Share of profit/(loss) from associates	13,007	10,953	19%	11,023	18%	45,316	41,310	10%
PBT	18,775	16,020	17%	18,805	0%	70,248	64,115	10%
PAT	18,507	13,508	37%	12,125	53%	56,257	51,775	9%
PAT - Attributable to HUBC	16,567	11,765	41%	10,806	53%	49,631	46,131	8%
EPS (PKR)	**12.77**	**9.07**		**8.33**		**38.26**	**35.56**	
DPS (PKR)	5.00	10.00		5.00		20.00	15.00	

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

Analyst
Abdullah Farhan
Abdullah.Farhan@igi.com.pk

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- Residual Income (RI)
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IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Saher Hussain	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	saher.hussain@igi.com.pk
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@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
Website: www.igisecurities.com.pk

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
Fax: (+92-21) 35309169, 35301780

Lahore Office
Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69

LSE Plaza
Office No.1A at North Mezzanine Floor of the LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.
Tel: (+92-42) 38303565

Islamabad Office
3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Faisalabad Office
Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad
Tel: (+92-41) 2540843-45

Rahim Yar Khan Office
Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Multan Office
Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009