

NPL | NCPL – Result Previews

NPL: Earnings to clock in at PKR 3.67/share in 2QFY24

Nishat Power Limited (NPL) is scheduled to announce its 2QFY24 financial result on 22nd Feb'24, where we expect the company to post a profit of PKR 1,300mn (EPS: PKR 3.67) during 2QFY24, depicting a rise of 18% YoY. This is expected to take 1HFY24 earnings to settle at PKR 2,757mn (EPS: PKR 7.79/share) in contrast to PKR 2,044 (EPS: PKR 5.77/share) in SPLY. In 2QFY24 topline is expected to rise slightly by 1% YoY, as compared to SPLY. On sequential basis, topline plunged by 77% on the back of lower dispatches (down 90% QoQ), amid winter season in tandem with decline in electricity demand in the country due to economic slowdown. We expect the company to pay a dividend of PKR 2.00/share in 2QFY24.

Exhibit: Financial Highlights

(PKR mn)	1HFY24e	1HFY23a	YoY	2QFY24e	2QFY23a	YoY	QoQ
Net Sales	12,044	13,690	-12%	2,256	2,242	1%	-77%
Cost of Sales	9,327	11,383	-18%	937	1,050	-11%	-89%
Gross Profit	2,717	2,307	18%	1,320	1,192	11%	-6%
Administrative Exp.	216	181	19%	109	89	22%	2%
Operating Profit	2,501	2,125	18%	1,210	1,103	10%	-6%
Finance Cost	3	60	-95%	1	30	-96%	-34%
PAT	2,757	2,044	35%	1,300	1,101	18%	-11%
EPS (PKR)	7.79	5.77		3.67	3.11		
DPS (PKR)	2.00	4.00		2.00	2.00		

Source (s): Company Financials, AHL Research

NCPL: Profitability expected to settle at PKR 1,155 mn in 2QFY24

Nishat Chunian Power Limited (NCPL) is set to unveil its financial results for the 2QFY24 soon, where it is anticipated that the company will report a profit after tax of PKR 1,155mn (EPS: PKR 3.14), reflecting a 32% YoY increase compared to the SPLY. This performance is expected to bring the earnings for the 1HFY24 to PKR 2,540mn (EPS: PKR 6.91/share), a significant rise from PKR 1,838mn (EPS: PKR 5.0/share) in 1HFY23. The topline is projected to experience a 17% YoY decline in 1HFY24, primarily due to reduced demand from Residual Fuel Oil (RFO) plants. For 2QFY24, net sales are forecasted to reach PKR 2,013mn, showing a marginal 2% increase compared to PKR 1,980 billion in 2QFY23. The finance cost is expected to decrease by 13% YoY, driven by a reduction in debt levels.

Exhibit: Financial Highlights

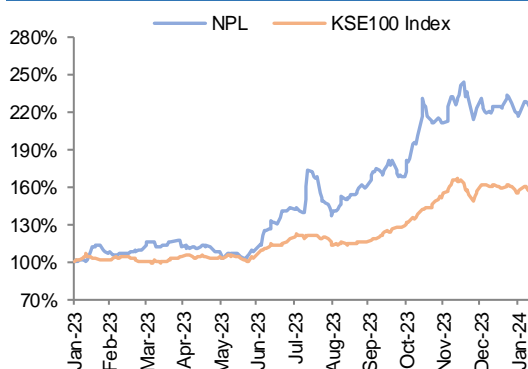
PKR mn	1HFY24e	1HFY23a	YoY	2QFY24e	2QFY23a	YoY	QoQ
Net Sales	8,819	10,567	-17%	2,013	1,980	2%	-70%
Cost of Sales	5,874	8,114	-28%	607	795	-24%	-88%
Gross Profit	2,945	2,453	20%	1,406	1,184	19%	-9%
Administrative Exp.	80	73	10%	40	35	14%	0%
Operating Profit	2,919	2,299	27%	1,393	1,152	21%	-9%
Finance Cost	379	463	-18%	238	274	-13%	69%
PAT	2,540	1,838	38%	1,155	878	32%	-17%
EPS (PKR)	6.91	5.00		3.14	2.39		

Sources: Company Financials, AHL Research

BUY

Target Price	35.75
Last Closing	30.63
Upside	16.7%
PSX Code	NPL
Bloomberg Code	NPL PA

Relative Performance

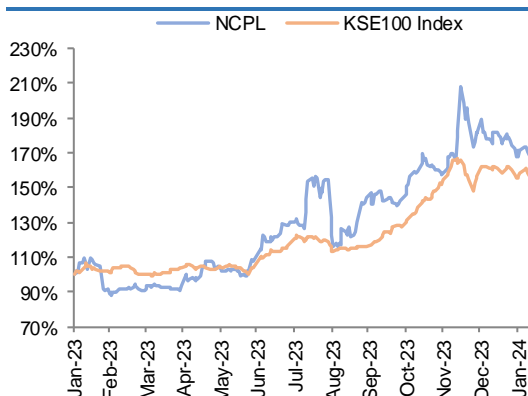


Source (s): PSX, AHL Research

BUY

Target Price	29.57
Last Closing	24.91
Upside	18.7%
PSX Code	NCPL
Bloomberg Code	NCPL PA

Relative Performance



Source (s): PSX, AHL Research

Muhammad Amad

muhammad.amad@arifhabibltd.com

UAN: +92 21 111 245 111, Ext: 255

www.arifhabibltd.com

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Arif Habib Limited (AHL) uses three rating categories, depending upon return from current market price, with Target period as Dec 2024 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -15% and +15% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -15% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- **Discounted Cash Flow (DCF)**
- **Dividend Discount Model (DDM)**
- **Sum of the Parts (SoTP)**
- **Justified Price to Book (JPTB)**
- **Reserved Base Valuation (RBV)**

Risks

The following risks may potentially impact our valuations of subject security (ies);

- **Market risk**
- **Interest Rate Risk**
- **Exchange Rate (Currency) Risk**

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