

The Hub Power Company Limited

Result Review: Strong payout of PKR 5/share

REP-300

1QFY26 earnings arrived at PKR 8.9/share; PKR 5/share dividend declared

- The Hub Power Company Ltd (HUBC) reported a net profit of PKR 11.6bn (EPS: PKR 8.9/share) for 1QFY26, down 39% YoY, mainly stems from the absence of base plant contribution, tariff reduction for NEL.
- On a QoQ basis, earnings declined by 2%, primarily driven by a 10% decline in gross profit due to a lower Period Weighting Factor (PWF) for LEL and reduced contribution from associates' profits.
- HUBC announced a strong payout of PKR 5/share for 1QFY26, following PKR 10/share payout in the previous quarter. The company recorded PKR 8.1bn in dividend income, supported by an expected robust dividend from CPHGC. For the BYD project, approximately USD 10mn has been utilized so far, with major outflows anticipated over the next 4–5 months. Despite this, HUBC announced a strong dividend, while maintaining a cash balance of PKR 1.7bn on a standalone basis.
- Sales in 1QFY26 declined by 46% YoY, primarily due to the aforementioned factors and lower utilization of HUBC's power plants.
- Share of associates profit totaled PKR 10.8bn in 1QFY26 vs PKR 10.9bn in 4QFY25, slightly above our expectations. We await further clarity.
- Finance costs declined sequentially (-10% QoQ, -54% YoY), driven by continued loan repayments related to CPEC investments and the impact of lower interest rates.
- HUBC's earnings and dividends are now primarily driven by its CPEC IPPs, LEL, and the BYD project. With TEL and TNPTL nearing PCD, annual payouts are expected to exceed ROE, supported by strong cash reserves. The BYD project's early traction also positions it to further boost earnings and dividends, with estimated DPS of PKR 15.0/17.0 for FY26/27.

Exhibit: Financial Highlights (Consolidated)

| (PKR mn) | 1QFY26 | 1QFY25 | YoY | 4QFY25 | QoQ |
|-------------------------|--------|--------|------|--------|-------|
| Income statement | | | | | |
| Net Revenue | 17,397 | 32,038 | -46% | 18,755 | -7% |
| Gross Profit | 7,586 | 18,049 | -58% | 8,417 | -10% |
| Admin and Dist. Exp. | 623 | 437 | 43% | 377 | 65% |
| Other Income | 1,319 | 1,049 | 26% | 46 | 17.1x |
| Other Expense | 119 | - | nm | 240 | -50% |
| Share of profit | 10,794 | 10,338 | 4% | 10,953 | -1% |
| Finance Cost | 2,501 | 5,461 | -54% | 2,778 | -10% |
| PBT | 16,456 | 23,539 | -30% | 16,020 | 3% |
| Taxation | 3,177 | 2,981 | 7% | 2,923 | 9% |
| PAT* | 11,628 | 19,125 | -39% | 11,883 | -2% |
| EPS (PKR) | 8.96 | 14.74 | | 9.16 | |
| DPS (PKR) | 5.00 | - | | 10.00 | |
| Ratio Analysis | | | | | |
| Gross Margins | 43.6% | 56.3% | | 44.9% | |
| Net Margins | 76.3% | 64.2% | | 69.8% | |
| Effective Tax Rate | 19.3% | 12.7% | | 18.2% | |

Source (s): Company Financials, AHL Research, *Profit attributable to Hubco

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