

Power Generation: The Hub Power Company Limited

Result Review: Strong payout continues

2QFY26 earnings arrived at PKR 8.2/share; PKR 5/share dividend declared

REP-300

- The Hub Power Company Ltd (HUBC) reported a 2QFY26 net profit of PKR 10.6bn (EPS: PKR 8.2), up 152% YoY, driven by higher gross profit (+16% YoY), increased associate income (+7% YoY), and a 44% decline in finance costs. Earnings were further supported by lower other operating expenses, as a PKR 2.6bn NEL provision was booked in the SPLY.
- HUBC declared a 2QFY26 dividend of PKR 5/share, in line with the previous quarter. It recorded PKR 7.9bn (PKR 6.06/share) in dividend income, likely from CPHGC. Of the PKR 58.0bn dividend announced by CPHGC in Sep'25 (PKR 26.7bn stake-adjusted), PKR 8.1bn was routed via HPHL, with the remaining amount likely received this quarter, in our view. Additional support is expected from TEL dividends to be recognized next quarter.
- TEL and TNPTL achieved PCD on Oct 31, 2025. As per FFC's financials, a PKR 997mn dividend was declared in Dec'25, translating into an after-tax, stake-adjusted impact of PKR 0.35/share for HUBC. Moreover, TEL announced a PKR 5.1bn dividend in 2026, likely to be recognized in Mar'26 accounts, taking total dividend income from TEL to PKR 17.0bn and HUBC's cumulative after-tax benefit to an estimated PKR 5.9/share.
- HUBC's prepayments and other receivables fell to PKR 14.7bn from PKR 23.8bn, implying a positive impact of PKR 7/share, likely reflecting recovery of sales tax and/or WPPF receivables from CPPA-G (PKR 8.3bn and PKR 5.0bn as of Sep'25).
- Share of associates profit totaled PKR 10.5bn in 2QFY26 vs PKR 9.8bn in 1QFY26, slightly above our expectations. We await further clarity.
- Finance costs declined sequentially (-8% QoQ, -44% YoY), driven by continued loan repayments related to CPEC investments and the impact of lower interest rates.
- With TEL's dividend, we now expect DPS of PKR 17.0/17.0 for FY26/27. The launch of Atto 2 and Sealion 7 (priced at PKR 7.29mn and PKR 15.49mn) positions the project to support earnings and dividend sustainability. HUBC is trading at FY26e and FY27f P/E multiples of 6.2x and 5.8x, respectively.

Exhibit: Financial Highlights (Consolidated)

(PKR mn)	1HFY26	1HFY25	YoY	2QFY26	2QFY25	YoY	QoQ
Income statement							
Net Revenue	34,121	47,536	-28%	16,724	15,498	8%	-4%
Gross Profit	15,014	24,429	-39%	7,428	6,380	16%	-2%
Admin and Dist. Exp.	1,280	903	42%	657	466	41%	5%
Other Income	2,667	2,352	13%	1,348	1,306	3%	2%
Other Expense	228	3,617	-94%	108	3,620	-97%	-9%
Share of profit	21,287	20,163	6%	10,492	9,824	7%	-3%
Finance Cost	4,792	9,557	-50%	2,291	4,096	-44%	-8%
PBT	32,668	32,866	-1%	16,212	9,327	74%	-1%
Taxation	7,043	6,424	10%	3,866	3,444	12%	22%
PAT*	22,257	23,335	-5%	10,629	4,209	152%	-9%
EPS (PKR)	17.16	17.99		8.19	3.25		
DPS (PKR)	10.00	5.00		5.00	5.00		
Ratio Analysis							
Gross Margins	44.0%	51.4%		44.4%	41.2%		
Net Margins	75.1%	55.6%		73.8%	38.0%		
Effective Tax Rate	21.6%	19.5%		23.8%	36.9%		

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

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