



HUBC FY25 Result Review — surprises with higher payout during final quarter



AKD Securities Limited

Hub Power Company Ltd (HUBC) announced its 4QFY25 results earlier today, where-in the company reported consolidated NPAT of PkR11.8bn (EPS: PkR9.07), down by 43%YoY — in line with expectations. For FY25, consolidated PAT amounted to PkR46bn (EPS: PkR35.56), while the company announced a final cash dividend of PkR10/sh, bringing total payout for the year to PkR15/sh, down 25%YoY.

- Consolidated revenue for the quarter clocked in at PkR18.8bn, down by 47% YoY vs. PkR35.1bn in SPLY. The contraction was primarily driven by the termination of the base plant's PPA, effective Oct 1st, 2024. Resultantly, company's gross margins stood at 45%, compared to 53% in SPLY.
- The annual decline in profitability was due to i) lower topline following the termination/renegotiation of the PPA of base plant and NEL, and ii) decline in share of profits during the period.
- Share-of-profit from associates clocked in at PkR11.0bn, down 25%YoY, with the spike last year mainly attributable to revelation of fair-value of Prime Oil & Gas's assets, which resulted in prospective adjustment in accounts during SPLY.
- Finance cost for the quarter stood at PkR2.8bn, down by 54%YoY. The decline was led due to falling interest rates and significant retirement of outstanding liabilities during the outgoing period.
- Effective tax rate for the quarter amounted to 18% vs. 18%/20% in 4QFY24/3QFY25.
- With regards to stand-alone accounts, unconsolidated NPAT stood at PkR513mn (EPS: PkR0.40) during the final quarter, down 96%YoY, taking full-year earnings to PkR19.1bn (EPS: PkR14.71). Dividend and other income for the final quarter stood at PkR1.1bn (down 84%YoY), taking amount for the full year to PkR15.5bn (down 7%YoY).
- The scrip is currently under review.

HUBC: Income Statement

| (PKRmn) | 4QFY25 | 4QFY24 | YoY | 3QFY25 | QoQ | FY25 | FY24 | YoY |
|-----------------|--------|--------|------|--------|------|--------|---------|------|
| Net Sales | 18,755 | 35,091 | -47% | 17,060 | 10% | 83,351 | 130,526 | -36% |
| Gross Profit | 8,417 | 18,468 | -54% | 6,979 | 21% | 39,824 | 68,346 | -42% |
| Opex | 152 | 571 | -73% | 275 | -45% | 1,961 | 2,183 | -10% |
| Finance Cost | 2,778 | 6,101 | -54% | 2,895 | -4% | 15,231 | 26,744 | -43% |
| Share of Profit | 10,953 | 14,657 | -25% | 10,195 | 7% | 41,310 | 49,361 | -16% |
| PAT less NCI | 11,765 | 20,472 | -43% | 11,032 | 7% | 46,131 | 70,018 | -34% |
| EPS - Consol. | 9.07 | 15.78 | -43% | 8.50 | 7% | 35.56 | 53.98 | -34% |
| EPS - Unconsol. | 0.40 | 9.19 | -96% | 3.83 | -90% | 14.71 | 26.12 | -44% |
| DPS | 10.0 | 8.5 | 18% | - | | 15.0 | 20.0 | -25% |

Source: PSX & AKD Research

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To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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- Buy > 15% expected total return
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