

HUBC | LCI

HUBC's profitability to jump by 16% YoY in FY24 to record at PKR 51.6/share

The Hub Power Company Limited (HUBC) is scheduled to announce its FY24 financial result soon, where we expect the company to post consolidated earnings of PKR 66,891mn (EPS: PKR 51.6), an increase of 16% YoY as compared to SPLY. On quarterly basis, we forecast the company to post a consolidated profit after tax of PKR 17,345mn (EPS: PKR 13.4) during 4QFY24, a fall of 27% YoY, amid elevated share of profit from associate and joint ventures in 4QFY23, on the back of claim for property damage and business interruption amounting to USD 65mn. Topline is expected to fall by 11% YoY in 4QFY24 amid lower dispatches from its narrow plant. The gross profit is anticipated to arrive at PKR 16,144 mn vis-à-vis PKR 17,061mn, a decline of 5% YoY. In 4QFY24 finance cost is projected to settle at PKR 6,281mn (-16% YoY), as a result of decline in long term loan during the period. We expect the company to distribute a dividend of PKR 4.0/share in 4QFY24, taking total dividend in FY24 to PKR 15.5/share.

Exhibit: Financial Highlights (Consolidated)

(PKR mn)	FY24e	FY23a	YoY	4QFY24e	4QFY23a	YoY	QoQ
Net Sales	124,295	114,263	9%	28,861	32,345	-11%	-4%
Cost of Sales	58,273	61,485	-5%	12,717	15,284	-17%	-3%
Gross Profit	66,022	52,778	25%	16,144	17,061	-5%	-4%
Admin Exp.	2,037	1,368	49%	425	394	8%	-39%
Other Income	2,142	4,095	-48%	145	3,347	-96%	-84%
Finance Cost	26,924	19,323	39%	6,281	7,479	-16%	-10%
Share of Profit	46,632	34,316	36%	11,928	14,763	-19%	13%
PAT*	66,891	57,554	16%	17,345	23,907	-27%	14%
EPS (PKR)	51.6	44.4		13.4	18.4		
DPS (PKR)	15.5	30.0		4.0	6.0		

Source (s): Company Financials, AHL Research, *Attributable to owners of the Holding Company

LCI: Company to post earnings of PKR 112.7/share during FY24

Lucky Core Industries Limited (LCI) is scheduled to announce its FY24 financial result on 5th Aug'24, with earnings projected at PKR 10,412mn (EPS: PKR 112.7), down by 41% YoY. During 4QFY24, we expect the company to post earnings of PKR 2,475mn (EPS: PKR 26.8), compared to loss of PKR 4,311mn (LPS: PKR 46.7) in SPLY amid one time tax charged on the sale of shares and re-measurement of NutriCo Morinaga (Pvt) Ltd shareholding in SPLY. Sales in 4QFY24 are expected to increase by 5% YoY to PKR 30.4bn due to higher sales from Soda Ash. Finance cost is expected to decline by 28% YoY | 1% QoQ on the back of lower levels of short-term borrowings (PKR 8.48bn as of Mar'24). We expect the company to distribute a dividend of PKR 20.0/share in 4QFY24, taking total dividend in FY24 to PKR 47.0/share.

Exhibit: Financial Highlights (Consolidated)

(PKR mn)	FY24e	FY23a	YoY	4QFY24e	4QFY23a	YoY	QoQ
Net Sales	121,532	109,544	11%	30,439	29,115	5%	-2%
Gross profit	26,599	22,451	18%	6,697	6,334	6%	-5%
Gross Margins	20.4%	20.3%		23.0%	21.8%		
SGA	9,309	7,684	21%	2,085	2,077	0%	-16%
Operating Profit	17,290	14,767	17%	4,612	4,257	8%	2%
Other Income	3,438	1,762	95%	746	1,028	-27%	-15%
Finance Cost	3,473	2,880	21%	740	1,026	-28%	-1%
PBT	16,458	21,697	-24%	4,402	(3,377)	nm	-1%
PAT / LAT*	10,412	17,647	-41%	2,475	(4,311)	nm	-15%
EPS / LPS (PKR)	112.7	191.1		26.8	(46.7)		
DPS (PKR)	47.0	43.0		20.0	33.0		

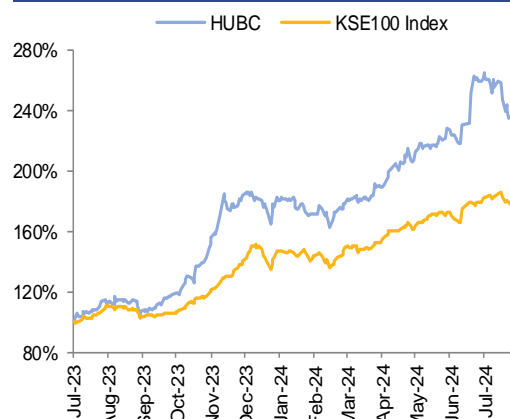
Source (s): Company Financials, AHL Research, *Attributable to owners of the Holding Company

HUBC

BUY

Target Price	212.59
Last Closing	146.47
Upside	45.1%
PSX Code	HUBC
Bloomberg Code	HUBC PA

Relative Performance



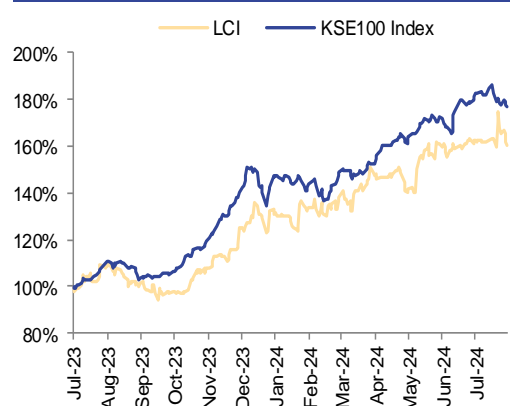
Source (s): PSX, AHL Research

LCI

BUY

Target Price	1,115
Last Closing	910
Upside	22.5%
PSX Code	LCI
Bloomberg Code	LCI PA

Relative Performance



Source (s): PSX, AHL Research

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Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Jun 2025 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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