

Earning Review

NPL: 2QFY22 EPS clocked in at Rs2.1, DPS Rs2.0

Event

- Nishat Power Limited (NPL) profitability clocked in at Rs745mn (EPS Rs2.1) in 2QFY22, up 36% YoY, cumulating into 1HFY22 profitability of Rs1.7bn (EPS Rs4.7), up 13% YoY.
- Result is accompanied with cash payout of Rs2.0/sh.

Impact

- We attribute rise in profitability to (1) higher dollar indexation, and (2) higher variable O&M component.
- On January 6 2022, Nishat Power Limited received Rs5.7bn (Rs16.1/sh) from the power purchaser in the form of one-third cash, on-third Government Ijara Sukuk and one-third Pakistan Investment Bonds. This amount constitutes the first installment of 40% of receivables at the cut-off date of November 30,2020.
- During 2QFY22, dollar indexation went up by ~2.7% YoY for the company, as per NEPRA notification.
- In 2QFY22, plant dispatched 140GWh of electricity, up by 6x YoY. We attribute this increase in production to lower availability of RLNG and reduced water flows.
- Despite increase of 195bps YoY in 3M Kibor finance cost of the company increased by a mere 2% YoY.

Outlook

- We have an “Outperform” stance on the scrip with Dec’22 TP of Rs32.0 on the back of lower short term borrowing and trade payables.

Fig 1: 2QFY22 Financial Highlights

	2QFY22	2QFY21	YoY	QoQ	1HFY22	1HFY21	YoY
Revenue	4,142	1,290	221%	-28%	9,871	5,407	83%
Cost of Sales	3,231	591	446%	-32%	7,952	3,616	120%
Gross profit	911	699	30%	-10%	1,919	1,791	7%
Admin expense	81	71	14%	8%	155	138	13%
Other operating income	3	4	-32%	-92%	40	5	704%
Operating profit	827	624	33%	-8%	1,724	1,648	5%
Finance cost	88	86	2%	58%	144	191	-25%
PBT	745	546	36%	-19%	1,660	1,467	13%
PAT	745	546	36%	-19%	1,660	1,467	13%
EPS	2.1	1.5			4.7	4.1	

Source: PSX, Foundation Research, February 2022

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Recommendations definitions

If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.