

Hub Power: Re Visited | leading PE range 5.7x | PBV 0.94x | D/Y 10%

The Hub Power Company Limited (HUBC) is Pakistan's premier independent power producer, with a focus on thermal power under long-term PPAs. It has since broadened its scope beyond traditional generation into coal mining, electric vehicles, oil and gas exploration, and energy logistics.

- During 1HFY26, the company's finance cost has decreased from PKR 9.56bn to PKR 4.59bn, which is 50% decreased due to lower interest rates, debt repayments, or improved financing terms.
- Our thrust of coverage in HUBC is mainly due to the reduction of financial debt in the balance sheet.
- The total chunk of debt is reduced to PKR 74.69bn, which is a major development in HUBC's books.
- The HUBC is Pakistan's largest Independent Power Producer (IPP) company, and is exploring some game-changing projects at its Hub-based plant.
- The company's core assets include the Hub Plant (1,292 MW), Narowal Plant (225 MW), and investments in subsidiaries and associates such as CPHGC and LEL (hydropower).

HUBC Snapshot

Price	(PKR/sh)	200
Mkt Cap	(PKR)	267.08bn
Avg Vol	(12M)	6.8mn
Paid-up	(PKR)	12.97bn
Beta		1.14
Par Value	(PKR)	10
52 weeks Low		114.6
52 weeks high		249.99
Exp PE	(x)	5.76
Exp D/Y	(%)	10%
P/B	(x)	0.94

Source: SCS Research

Electric Vehicle Segment (BYD via Mega Motor Company)

HUBC has entered the electric vehicle (EV) market through a joint venture with BYD Company, which owns 50% stakes in Mega Motor Company. The imported EV units are already present in the local market, indicating initial operational activity. The company plans to establish a local assembly facility as per various analyst briefings (CBS), with expectations of producing between 25,000 and 50,000 units annually once the plant becomes operational. In parallel, HUBC is developing EV charging infrastructure across major transport corridors.

This segment represents a move into a growth-oriented and competitive market. While it aligns with global trends toward electrification, its success will depend on factors such as consumer adoption, pricing, regulatory incentives, and infrastructure development within Pakistan, as per our thinking.

Hub Power: Value investment...

Single Point Mooring (SPM) – Fuel Logistics

As per media reports, HUBC was evaluating the feasibility of developing a Single Point Mooring (SPM) facility to handle petroleum imports for Pakistan State Oil (PSO). The proposed project would allow offshore handling of fuel shipments and their transfer into inland pipeline networks. This initiative was intended to utilize HUBC's existing coastal location and storage capabilities on the Hub coast to import petroleum products for PSO, using existing storage tanks and the Asia Petroleum Pipeline (in which PSO holds 49%).

If implemented, the SPM project would position HUBC within the midstream segment of the energy value chain, generating fee-based revenues. However, the project is currently at a conceptual or feasibility stage, and its execution will depend on regulatory approvals, capital allocation, and coordination with existing infrastructure operators.

This should move the product up to Zulfiqarabad Terminal (ZOT) and then into the White Oil Pipeline (WOP). We see this as a major game-changer in HUBC. Soon, we will come up with a detailed outlook on this.

Upstream Segment – Prime International Oil & Gas

HUBC has also entered the upstream oil and gas sector through its involvement in Prime International Oil & Gas Company (POGCL). This segment focuses on exploration and production activities, with the company holding interests in multiple onshore exploration blocks. The upstream operations typically involve higher risk due to geological uncertainty and capital intensity, but they also offer potential for significant returns in the event of successful discoveries.

At present, this segment is in the early stages of development, and its financial contribution remains limited. Its long-term impact will depend on exploration outcomes and the broader regulatory and pricing environment for hydrocarbons in Pakistan.

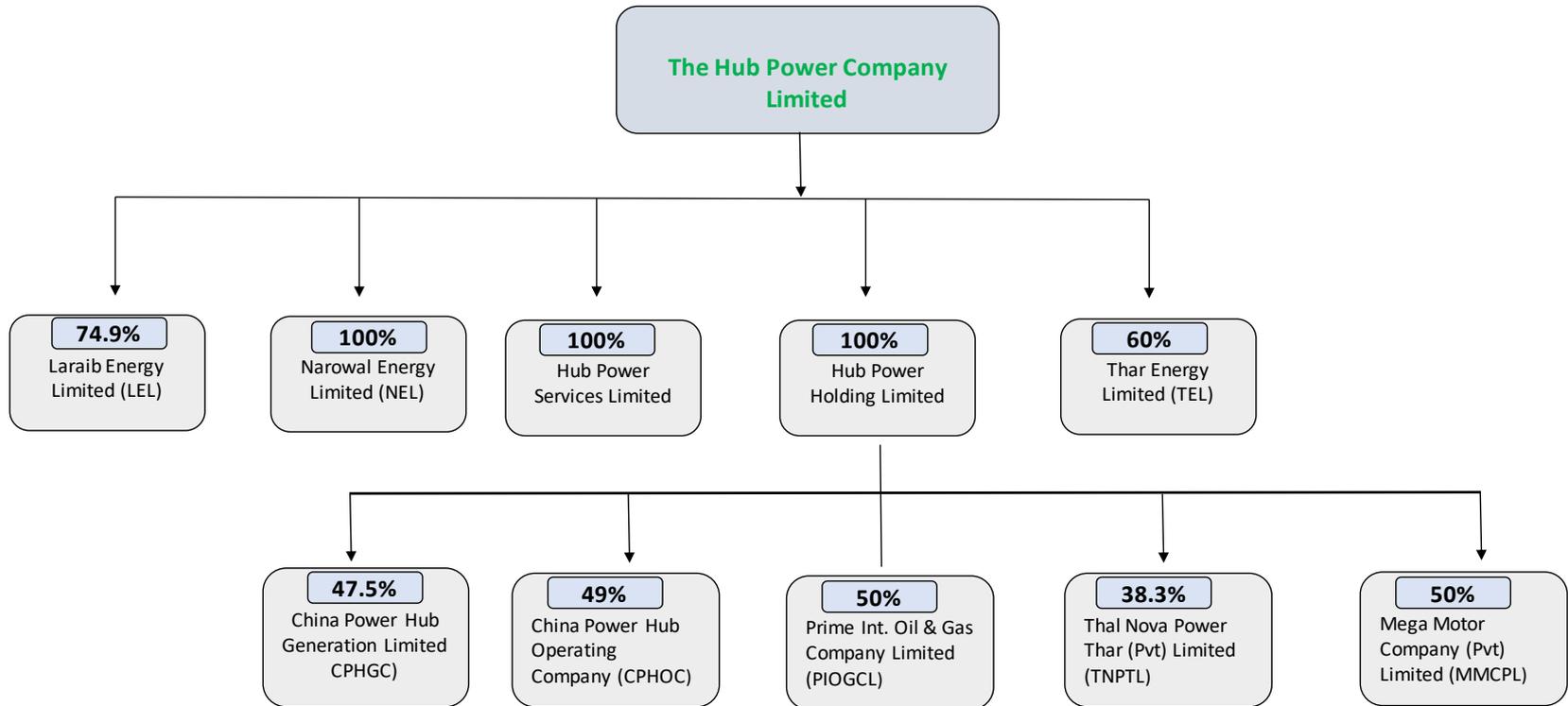
Subsidiaries	Holding
Laraib Energy Limited (LEL)	75.0%
Hub Power Holdings Limited (HPHL)	100.0%
Narowal Energy Limited (NEL)	100.0%
Thar Energy Limited (TEL)	60.0%
Associates	
China Power Hub Generation (CPHG)	47.5%
Thal Nova Power Thar (TNPTHL)	38.3%
Joint Ventures	
Prime International Oil & Gas Company	50.0%
Mega Motor Company (Private) Limited	50.0%

Source: SCS Research

Valuation...Leading PE range 5.7x | Maintains dividend-paying status

HUBC yields FY26 leading PE range of 5.7x. 'POSITIVE' as per our methodology. We are encouraged by HUBC's annual dividend payout of PKR 20/sh. This signals a dividend payout ratio of 55% - 60%. This also translates into a probable expected dividend yield status of 10%, which is better than the bank deposit rate.

HUBC Group Structure: Hub Power Holding owns 50% stakes in Mega Wednesday, 25 March 2026



Source: As per FY25 books, Legal Status

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- (Target Price, if any/Current Price - 1) < 10% Hold
- (Target Price, if any/Current Price - 1) < -10% Negative

The time duration is the financial reporting period of Subject Company

Valuation method

Following research techniques adopted to calculate target price/recommendation

- Price to earnings & Price to Book, EV-EBITDA multiple
- Discounted Cash flows or Dividend Discount Model or Enterprise Value