

## NCPL: FY24 EPS clocks in at PKR 13.37, up 24% YoY

### Nishat Chunian Power Limited

PSX: NCPL | Bloomberg: NCPL PA | Reuters: NCPL.PSX

- NCPL announced its FY24 results today where the IPP posted an EPS of PKR 13.37, up 24% YoY. The company's earnings growth was mainly driven by 1) a decline in financial charges, 2) 4x YoY growth in other income coming from accumulated cash balances, and 3) a fall in other operating expenses.
- NCPL's revenue for 4QFY24 clocked in at PKR 2.7bn, down by 37% YoY, due to lower utilization as demonstrated by a load factor of 6% for 4QFY24 compared to 26% for SPLY.
- The company's gross profit declined by 36% YoY for 4QFY24 possibly due to lower O&M savings for the period.
- The IPP's finance cost for FY24 plummeted by 74% and sharply decreased by 99% YoY for 4QFY24 owing to improved cash recovery.
- For 4QFY24, NCPL's 13% YoY bottom-line contraction was cushioned by an 8.7x YoY increase in other income following accumulating cash balances.
- The IPP did not declare any cash dividends during FY24.
- We maintain our 'BUY' recommendation on the stock on the basis of our Jun-25 PT of PKR 49/share which indicates an upside of 64% along with a dividend yield of 16.7%.

#### Key Data

PSX Ticker	NCPL
Target Price (PKR)	49
Current Price (PKR)	30
Upside/(Downside) (%)	64%
Dividend Yield (%)	16.7%
Total Return (%)	80%
12-month High (PKR)	34
12-month Low (PKR)	18
Outstanding Shares (mn)	367.346
Market Cap (PKR mn)	10,285

Source: Company Accounts, Akseer Research

Financial Estimates	4QFY23	4QFY24	YoY	FY23	FY24	YoY
<b>Sales</b>	<b>4,352</b>	<b>2,735</b>	<b>-37%</b>	<b>18,221</b>	<b>15,215</b>	<b>-16%</b>
Cost of sales	2,926	1,817	-38%	13,162	10,327	-22%
<b>Gross profit</b>	<b>1,426</b>	<b>918</b>	<b>-36%</b>	<b>5,059</b>	<b>4,888</b>	<b>-3%</b>
Administrative expenses	42	57	36%	156	189	21%
Other operating expenses	7	5	-25%	190	6	-97%
Finance cost	178	3	-99%	870	228	-74%
Other income	25	218	8.7x	112	455	4.1x
<b>Profit after tax</b>	<b>1,224</b>	<b>1,063</b>	<b>-13%</b>	<b>3,955</b>	<b>4,912</b>	<b>24%</b>
<b>EPS</b>	<b>3.33</b>	<b>2.89</b>	<b>-</b>	<b>10.77</b>	<b>13.37</b>	<b>-</b>
<b>DPS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Company Accounts, Akseer Research

## Valuation Basis

Our PT for Nishat Chunian Power Limited (NCPL) has been computed using Dividend Discount Model (DDM) method. We have used a risk-free rate of 14%, a beta of 1.0, and a market risk premium of 6% to arrive at cost of equity of 20%.

## Investment Thesis

We have a 'BUY' recommendation on the stock based on our PT of PKR 49/share. Our price target indicates an upside of 64% along with a dividend yield of 16.7%. Our investment case on NCPL is based on (1) continued PKR devaluation against USD and (2) no delays in FO based power plants payments when RLNG/Coal plants come online.

## Risks

Key downside risks to our investments thesis are: 1) Bailout for circular debt is not provided and cashflow concerns continue, 2) less-than-expected PKR devaluation against USD, 3) government's delay in fulfilling contractual obligations to FO based power plants due to fall in utilization levels when other capacities come online and 4) the possibility of early termination of the IPP's Implementation Agreement (IA).

## Company Description

Nishat Chunian Power Limited owns, operates, and maintains a fuel fired power station in Pakistan. Its power station has a gross capacity of 200 MW located at Jamber Kalan, Punjab, Pakistan. The company was incorporated in 2007 and is headquartered in Lahore, Pakistan. Nishat Chunian Power Limited is a subsidiary of Nishat (Chunian) Limited.

Financial Summary	FY21A	FY22A	FY23A	FY24E	FY25F	FY26F
EPS	6.84	6.83	10.77	13.37	13.28	13.09
EPS Growth	-45%	0%	58%	24%	-1%	-1%
DPS	-	10.00	-	-	5.00	5.00
BVPS	58.46	65.27	66.05	72.73	81.01	89.10
PER	4.4	4.4	2.8	2.2	2.3	2.3
Dividend Yield	0.0%	33.3%	0.0%	0.0%	16.7%	16.7%
P/B	0.5	0.5	0.5	0.4	0.4	0.3
ROE	13.2%	11.7%	16.5%	20.2%	18.3%	16.2%

Source: Company Accounts, Akseer Research

Income Statement (PKR mn)	FY21A	FY22A	FY23A	FY24A	FY25F	FY26F
<b>Net sales</b>	11,644	25,416	18,221	15,215	14,886	14,032
Cost of sales	7,872	21,859	13,162	10,327	9,811	9,187
<b>Gross profit</b>	<b>3,772</b>	<b>3,557</b>	<b>5,059</b>	<b>4,888</b>	<b>5,075</b>	<b>4,846</b>
SG & A	141	176	156	189	232	244
<b>Operating profit</b>	<b>3,631</b>	<b>3,381</b>	<b>4,903</b>	<b>4,699</b>	<b>4,844</b>	<b>4,601</b>
Other income	39	161	112	455	303	307
Other charges	174	152	190	6	14	15
Finance cost	984	883	870	228	255	83
<b>Profit before tax</b>	<b>2,512</b>	<b>2,507</b>	<b>3,955</b>	<b>4,920</b>	<b>4,878</b>	<b>4,810</b>
<b>Taxation</b>	-	(1)	-	8	-	-
<b>Profit after tax</b>	<b>2,512</b>	<b>2,508</b>	<b>3,955</b>	<b>4,912</b>	<b>4,878</b>	<b>4,810</b>

Source: Company Accounts, Akseer Research

Balance Sheet (PKR mn)	FY21A	FY22A	FY23A	FY24E	FY25F	FY26F
PPE	9,858	9,461	9,478	9,566	9,189	8,827
Other LT assets	-	-	-	-	-	-
Non-current Assets	9,858	9,461	9,478	9,566	9,190	8,827
Current assets	23,235	26,621	18,308	18,859	22,286	25,316
<b>Total assets</b>	<b>33,093</b>	<b>36,082</b>	<b>27,786</b>	<b>28,426</b>	<b>31,475</b>	<b>34,143</b>
Non-current liabilities	17	-	-	-	-	-
Current liabilities	11,603	12,104	3,525	1,505	1,589	1,200
<b>Total liabilities</b>	<b>11,620</b>	<b>12,104</b>	<b>3,525</b>	<b>1,505</b>	<b>1,589</b>	<b>1,200</b>
<b>Equity</b>	<b>21,475</b>	<b>23,978</b>	<b>24,262</b>	<b>26,921</b>	<b>29,886</b>	<b>32,943</b>
<b>Total equity &amp; liabilities</b>	<b>33,095</b>	<b>36,082</b>	<b>27,787</b>	<b>28,426</b>	<b>31,475</b>	<b>34,143</b>

Source: Company Accounts, Akseer Research

Cashflows (PKR mn)	FY21A	FY22A	FY23A	FY24E	FY25F	FY26F
Net income	2,512	2,508	3,955	5,319	4,986	4,894
Non-cash charges	808	947	767	729	754	724
Operating cash flows	1,309	(516)	15,734	3,811	10,550	5,483
<b>FCFF</b>	<b>1,215</b>	<b>(1,066)</b>	<b>14,950</b>	<b>2,994</b>	<b>10,173</b>	<b>5,121</b>
Net borrowings	(920)	794	(9,894)	(612)	44	(59)
<b>FCFE</b>	<b>295</b>	<b>(272)</b>	<b>5,056</b>	<b>2,381</b>	<b>10,217</b>	<b>5,062</b>
Net change in cash	293	(277)	1,385	(279)	8,197	3,225
<b>Closing cash</b>	<b>298</b>	<b>21</b>	<b>1,406</b>	<b>1,127</b>	<b>9,323</b>	<b>12,548</b>

Source: Company Accounts, Akseer Research

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