

Shahmir Khan

shahmir.khan@akseerresearch.com

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NPL: 4QFY24 EPS clocks in at PKR 4.33, up by 25% YoY, DPS PKR 5.00

Nishat Power Limited

PSX: NPL | Bloomberg: NPL PA | Reuters: NISH.PSX

- NPL announced its financial result today where it reported an EPS of PKR 4.33 during 4QFY24, up by 25% YoY. Along with the result, the IPP announced a final dividend of PKR 5.00/share, taking the FY24 dividend payout to PKR 9.50/share.
- The revenues fell to PKR 5.4bn during 4QFY24, compared to PKR 5.9 bn in SPLY, down by 8% YoY owing to lower utilization.
- The IPP's load factor dropped to 26% for FY24 compared to 32% for SPLY.
- The bottom-line for 4QFY24 grew by 25% on the back of a 4.7x YoY growth in net finance income (other income – finance costs).
- While lower utilization inhibited fuel and O&M savings, higher penal income and 10.8x YoY growth in other income helped the company post an EPS of PKR 15.22 (+32% YoY) compared to PKR 11.55 for SPLY.
- We maintain a 'BUY' recommendation on the stock based on a Jun-25 price target (PT) of PKR 49/share which provides an upside of 24% along with a dividend yield of 14.6%.

Key Data

PSX Ticker	NPL
Target Price (PKR)	49
Current Price (PKR)	38
Upside/(Downside) (%)	24%
Dividend Yield (%)	14.6%
Total Return (%)	39%
12-month High (PKR)	21
12-month Low (PKR)	43
Outstanding Shares (mn)	354.09
Market Cap (PKR mn)	13,477

Source: Company Accounts, Akseer Research

Financial Estimates (PKR mn)	4QFY23	4QFY24	YoY	FY23	FY24	YoY
Sales	5,910	5,416	-8%	23,069	22,505	-2%
Cost of sales	4,603	3,918	-15%	18,496	17,365	-6%
Gross profit	1,307	1,498	15%	4,573	5,140	12%
Admin expenses	121	137	13%	401	482	20%
Other income	79	361	4.58x	100	1,079	10.83x
Other expenses	35	9	-74%	163	9	-94%
EBIT	1,229	1,712	39%	4,188	5,728	37%
Finance cost	5	13	2.34x	88	34	-62%
Profit after tax	1,224	1,532	25%	4,091	5,390	32%
EPS	3.46	4.33	-	11.55	15.22	-
DPS	3.00	5.00	-	7.00	9.50	-
Overdue receivables (PKR bn)	7.9	12.4	56%	7.9	12.4	56%
Cash & cash equivalents (PKR/sh)	13.45	29.17	117%	13.4	29.2	117%

Source: Company Accounts, Akseer Research

Valuation Basis

Our PT for Nishat Power Limited (NPL) has been computed using the Dividend Discount Model (DDM) method. We have used a risk-free rate of 14%, a beta of 0.8, and a market risk premium of 6% to arrive at a cost of equity of 19%.

Investment Thesis

We maintain a 'BUY' recommendation on the stock based on our Jun-25 PT of PKR 49/share, which results in an upside of 24% along with a dividend yield of 14.6%. Our investment case on NPL is based on 1) continued devaluation of the PKR against the dollar, and 2) a recovery of circular debt receivables irrespective of new power plants coming online.

Risks

Key downside risks to our investments thesis are: 1) the government's inability to provide relief to IPPs from rising circular debt, 2) less-than-expected PKR devaluation against the dollar, and 2) less-than-expected utilization as other plants go online.

Company Description

Nishat Power Limited operates as an independent power producer in Pakistan. The company builds, owns, operates, and maintains a fuel-fired power station having a gross capacity of approximately 200 megawatts in Jamber Kalan, Tehsil Pattoki, District Kasur in Punjab, Pakistan. It supplies electricity to National Transmission and Despatch Company Limited. The company was incorporated as a subsidiary of Nishat Mills Limited in 2007 and is headquartered in Lahore, Pakistan.

Key Financial Ratios	FY22A	FY23A	FY24A	FY25F	FY26F	FY27F
EPS (PKR)	9.4	11.6	15.2	9.5	8.9	9.1
EPS Growth	24%	23%	32%	-38%	-7%	3%
DPS (PKR)	4.5	7.0	9.5	5.8	5.3	5.5
PER	4.2	3.4	2.6	4.2	4.5	4.3
Dividend Yield	11%	18%	24%	15%	13%	14%
EV/EBITDA	2.8	1.9	1.3	1.7	1.2	0.6
P/B	0.5	0.5	0.4	0.4	0.4	0.4
ROE	12%	14%	17%	10%	9%	9%

Source: Company Accounts, Akseer Research

Income Statement (PKR mn)	FY22A	FY23A	FY24A	FY25F	FY26F	FY27F
Net sales	23,684	23,069	22,505	15,649	14,402	13,774
Cost of sales	19,809	18,496	17,365	11,653	10,827	10,296
Gross profit	3,875	4,573	5,140	3,996	3,575	3,478
SG & A	334	401	482	562	585	609
Operating profit	3,559	4,188	4,658	4,013	3,691	3,563
Other income	91	178	1,079	616	740	734
Other charges	73	163	9	37	39	40
Finance cost	236	88	34	537	409	179
Profit before tax	3,323	4,099	5,694	3,476	3,282	3,384
Taxation	0	8	304	123	148	147
Profit after tax	3,323	4,091	5,390	3,353	3,134	3,237

Source: Company Accounts, Akseer Research

Balance Sheet (PKR mn)	FY22A	FY23A	FY24E	FY25F	FY26F	FY27F
PPE	8,504	8,573	8,258	7,856	7,473	7,110
Other LT assets	1	8	8	8	8	8
Non-current assets	8,505	8,581	8,266	7,864	7,481	7,118
Current assets	24,865	22,801	29,012	30,726	31,981	29,823
Total assets	33,370	31,382	37,278	38,590	39,463	36,940
Non-current liabilities	-	-	-	-	-	-
Current liabilities	5,277	1,499	5,723	5,719	5,316	1,504
Total liabilities	5,277	1,499	5,723	5,719	5,316	1,504
Equity	28,094	29,883	31,555	32,871	34,147	35,436
Total equity & liabilities	33,370	31,382	37,278	38,590	39,463	36,940

Source: Company Accounts, Akseer Research

Cashflow Statement (PKR mn)	FY22A	FY23A	FY24E	FY25F	FY26F	FY27F
Net income	3,323	4,091	5,390	3,353	3,134	3,237
Non-cash charges	770	753	867	629	599	570
Operating cash flows	7,024	5,429	5,613	3,230	4,897	4,638
FCFF	807	11,169	-2,547	3,402	4,725	4,196
Net borrowings	772	-4,525	4,898	190	-318	-3,689
FCFE	1,344	6,555	2,317	3,055	3,998	328
Net change in cash	104	4,254	-1,401	1,019	2,139	-1,619
Closing cash	507	4,761	3,360	4,379	6,518	4,899

Source: Company Accounts, Akseer Research

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Rating	Expected Total Return
Buy	Greater than or equal to +15%
Hold	Between -5% and +15%
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Contact Details



Akseer Research (Pvt) Limited
1st Floor, Shaheen Chambers, KCHS block 7 & 8,
off. Shahrah-e-Faisal
T: +92-21-34320359 -60
E: info@akseerresearch.com



Alpha Capital (Pvt) Limited
3rd Floor, Shaheen Chambers, A-4 Central Commercial Area,
KCH Society, Block 7 & 8, Near Virtual University, Karachi
T: +92-21-38694242
E: info@alphacapital.com.pk



www.jamapunji.pk