AHL Brief Note: 03-Nov-2026
Power Generation: The Hub Power Company Limited
Corporate Briefing Takeaways

Management Conference Call **REP-300**

HUBC senior management held an analyst briefing today to discuss financial performance of FY26 and 1QFY27 and the future outlook.

Brief Takeaways

- During 1QFY27, HUBC/HPHL received dividends of PKR 4,885mn from TEL and PKR 2,916mn from TNPTL, compared with PKR 10,848mn and PKR 4,926mn, respectively, in FY26. CPHGC also declared two dividends during the quarter.
- Management does not expect the transformer failure at CPHGC Unit-1 to materially affect dispatch levels, as north-south transmission constraints currently cap the plant's maximum dispatch at around 600MW. With Lucky Power shifting to domestic coal and improving its merit-order position, CPHGC's available Unit-2 (660MW) is expected to meet the dispatch requirement. Management expects Unit-1 to be restored within a few months, with discussions underway with the transformer manufacturer and contractors mobilised for replacement. Capacity payment deductions are covered under business interruption insurance, although some manageable losses are expected due to insurance deductibles and forced-outage allowances.
- Management disclosed overdue receivables across its power subsidiaries, with CPHGC carrying the highest outstanding balance of PKR 59bn, followed by TEL at PKR 8.2bn, LEL at PKR 5.7bn, TNPTL at PKR 5.7bn.
- The recent improvement in CPHGC's profitability is primarily attributable to higher plant dispatch. Increased generation allows the company to recognize variable O&M revenue, which is otherwise not earned during periods of no dispatch, thereby resulting in higher O&M savings.
- Management reiterated that TEL's tariff true-up determination remains pending with NEPRA, which has been reviewing several tariff-related matters. No specific timeline was provided, while management does not currently anticipate deductions from the upfront tariff and expects the final determination to remain aligned with industry norms.
- The CPHGC tariff true-up remains subject to a review petition before the relevant appellate forum, particularly concerning the interpretation of true-up provisions under upfront versus cost-plus tariffs. Management highlighted that the matter involves broader regulatory considerations, making the timeline for a final decision uncertain.
- Management confirmed that SECMC commenced supplying 100% local coal to LEPCL from Oct'26 following completion of Phase III expansion. Management has no immediate plans to increase its stake in SECMC, citing the successful partnership with Engro, which continues to manage the asset.
- Management clarified that WPPF receivables have corresponding payables, as certain payments remain disputed or under litigation. Meanwhile, CPPAG-related receivables have remained largely unchanged over the past two years, with no significant further accumulation.
- Management expressed optimism regarding DISCO privatization, viewing power-sector reforms as an opportunity to improve operational efficiency, attract private investment, and reduce electricity costs. While the government has moved away from offering dollarized returns, management believes a reasonable ROE will be essential to attract private-sector interest, with the expected returns to become clearer upon the release of bidding documents.

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- Regarding the upcoming 400MW wheeling auction, management does not consider HUBC's existing 1,100-acre brownfield site suitable for conversion into a solar farm, as it is better suited for industrial development. Instead, the company may explore renewable energy opportunities at locations in Sindh with stronger wind and solar potential to remain competitive in the auction.
- HUBC's electric mobility business continues to gain traction, with cumulative BYD sales exceeding 10,000 units and 1QFY27 profit of ~PKR 1.5bn, of which HUBC's share stood at PKR 780mn. Management expects growth momentum to strengthen following the commencement of local CKD production, targeted for Dec'26, with the Sealion 6 PHEV as the first locally assembled model. The company is also evaluating additional models, particularly in the higher-volume B and C segments, with the Sealion 6, B8 and B5 expected around end-CY26. Management reiterated its focus on offering globally competitive products at attractive prices, with product quality and value driving market penetration.
- Meanwhile, HUBC is expanding its 3S dealership network across major cities, targeting nationwide coverage by the commencement of local assembly. The company is also strengthening its EV charging infrastructure, with 25–27 charging points currently covering the Karachi–Peshawar route and maintaining uptime of 99.5% or above. The network is planned to expand to 50 and subsequently 100 stations, targeting one station every 150km along major highways, with further expansion to national highways and urban centres through potential partnerships with OMCs.
- HUBC reiterated the commercial viability of its proposed 300kt aluminium smelter, subject to government policy and project economics, while pursuing a multi-source locational power-pricing model to ensure reliable and affordable electricity. Management believes dedicated power policies should apply uniformly across the sector.
- PRIME expanded its exploration portfolio through the acquisition of two onshore blocks and working interests in four offshore blocks, including operatorship of Sapat Bandar, while recommissioning the Lundali-1 well during 1QFY27. Meanwhile, Ark Metals' First Resource Report indicated promising mineral potential in Chagai, Balochistan, with lithium scoping studies completed. HUBCO plans further exploration to assess the region's mining potential.

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