

The Hub Power Company Limited (HUBC)

Shareholder agreement signed with Mega Conglomerate

- According to a PSX notice, Hub Power Holding Ltd (HPHL), a wholly-owned subsidiary of The Hub Power Company Ltd (HUBC), has signed a shareholders' agreement with Mega Conglomerate (Private) Ltd (MCPL).
- MCPL will acquire a 50% stake in Mega Motor Company (Pvt) Ltd. Consequently, HUBC's ownership in Mega Motor will also stand at 50%.
- Mega Motors has entered into a supply and manufacturing agreement, as well as a technical license agreement, with BYD Auto Industry. Additionally, the company finalized a distribution agreement in Jun'24 to introduce and sell BYD vehicles in Pakistan.
- BYD, a publicly listed Chinese multinational conglomerate, is the world's largest manufacturer of electric vehicles. In 2023, BYD achieved sales of 1.57mn battery electric vehicles, reflecting a 73%YoY increase, alongside 1.44mn units of plug-in hybrid vehicles.
- We have run a sensitivity analysis on volume and price to assess the impact on HUBC. Assuming an average price of PKR 11.1mn/unit and 10% net margins, the bottom-line impact on HUBC's earnings ranges from PKR 2.1/share to PKR 4.3/share with sales volumes of 5K to 10K cars per annum.

Exhibit: Sensitivity Analysis of BYD

	Cars Sales (in 000)	Expected Sales (PKR mn)	PKR/share
Case 1	5.0	55,500	2.1
Case 2	6.0	66,600	2.6
Case 3	7.0	77,700	3.0
Case 4	8.0	88,800	3.4
Case 5	9.0	99,900	3.9
Case 6	10.0	111,000	4.3

Source (s): AHL Research

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