

# Flash Note

Thursday, December 5, 2024



Power Generation & Distribution Companies

**The Hub Power Generation Company Limited (HUBC)**

## HUBC Signs Shareholder Agreement with Mega Conglomerate

**Shareholder Agreement for stake in Mega Motors:** The Hub Power Generation Company Limited (HUBC) in its notice through PSX has announced that Hub Power Holding Limited (HPHL), a wholly owned subsidiary, has entered in to a shareholder agreement with Mega Conglomerate (private) Limited (MCPL) where MCPL will acquire 50% stake in Mega Motors Company (Private) Limited. As a result, HUBC's stake in Mega Motor will also stand at 50%. The consummation of this agreement is subject to necessary regulatory approvals.

**Mega Motor and BYD:** To recall, Mega Motor had entered in to a manufacturing and technical agreement with BYD Auto Industry Company Limited. The Company also signed distribution agreement to sell BYD vehicles in Pakistan. During Aug-2024, the Company also did a brand launch to introduce its cars in Pakistan's market. Three cars were introduced in the launch ceremony including BYD Seal, BYD Atto 3 and BYD Sealion 6. The Company plans to establish assembly plant of 50,000 electric vehicle units capacity annually with 30%-40% output designated for export to Australia and Africa.

**About BYD:** BYD is a Chinese based Company involved in Manufacturing of Electric Vehicles and batteries. It is the world largest manufacturer of electric vehicles. The Company is a publically listed.

**Earnings sensitivity:** Based on 50% stake in Mega Motors, we expect annualized earnings impact of PKR 2.8/share assuming average price of PKR 11.5mn, 8K units and 8% gross margins. We provide a sensitivity based on number of units sold and average price.

**Exhibit: Earnings Sensitivity for HUBC**

Avg. Price/unit (mn)	Number of Units sold				
	4,000	6,000	8,000	10,000	12,000
9.5	1.17	1.76	2.34	2.93	3.52
10.5	1.30	1.94	2.59	3.24	3.89
11.5	1.42	2.13	2.84	3.55	4.26
12.5	1.54	2.31	3.08	3.85	4.63
13.5	1.67	2.50	3.33	4.16	5.00

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