

# Flash Note

Tuesday, 15 May 2018

## Automobile Assembler

### HCAR: Earnings increased by +6%YoY to PKR 6.49bn (EPS: PKR 45.5) for FY18; dividend announced at PKR 22.8/share

- Honda Atlas Cars (Pakistan) Limited (HCAR) announced its financial result for FY18 (year end March) with earnings clocking in at PKR 6.49bn (EPS: PKR 45.5) up by +6%YoY as compared to PKR 6.14bn (EPS: PKR 43.0) in the same period last year. For the 4QFY18 alone, earnings were down by +35%YoY to PKR 1.37bn (EPS: PKR 9.6) as against PKR 2.12bn (EPS: PKR 14.8) in the corresponding period last year.
- The Company also announced a cash dividend of PKR 22.8/share for the full year along with the result.
- Net sales jumped by +22%YoY to PKR 25.8bn during the 4QFY18 supported by high volumetric sales. As a result for the full year net sales increased by +46%YoY to PKR 91.5bn as the Company attained peak sales of ~50k units.
- Gross margins for the 4QFY18 stood at 9.6%, down by 380bpsYoY which we believe is attributed to combine effect of PKR depreciation against USD (exchange loses) and increase in steel prices.
- Selling and distribution cost increased massively by 2.0xYoY to PKR 0.42bn as against PKR 0.21bn in the same period last year.

Exhibit:

#### HCAR FY18 Result Highlights

PKRmn (Period end=Mar)	4QFY18	4QFY17	YoY	FY18	FY17	YoY
Net Sales	25,777	21,074	22%	91,523	62,803	46%
Cost Of Sales	23,315	18,260	28%	81,074	53,681	51%
Gross Profit	2,462	2,814	-12%	10,449	9,122	15%
Selling & Dist.	418	210	99%	917	542	69%
Admin.	231	138	67%	678	497	36%
Operating Profit	1,813	2,465	-26%	8,855	8,082	10%
Other Income	469	450	4%	1,883	1,115	69%
EBIT	1,864	2,802	-33%	9,493	8,660	10%
Finance Cost	5	4	17%	14	23	-38%
Profit Before Tax	1,859	2,798	-34%	9,479	8,637	10%
Taxation	485	678	-28%	2,984	2,501	19%
Profit After Tax	1,374	2,119	-35%	6,494	6,135	6%
EPS (PKR)	9.6	14.8		45.5	43.0	
DPS (PKR)	22.8	13.0		22.8	13.0	

#### KEY INDICATORS

Units sold (kUnits)	14.2	11.5	23%	50.0	35.3	42%
Gross Profit Margins	9.6%	13.4%		11.4%	14.5%	
Effective Tax Rate	26.1%	24.2%		31.5%	29.0%	

SOURCE: IGI Research, Company accounts, PSX notifications No of shares(mn):142.80

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**Time Horizon:** Dec – 2018

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