

## Company Update

### Honda Atlas Cars (Pakistan) Limited (HCAR)

**Target Price:** PKR 275/share;

**Upside:** 57.4%

**2022:** Dividend yld: 4.6%, P/E: 7.6x

**Market Price:** PKR 174.7

**52 weeks:** 171 — 177.3

**Return:** (3M) -1.5%, (6M) 0.5%, (12M) 1%

**Outstanding Shares:** 0.14bn (FF%: 20)

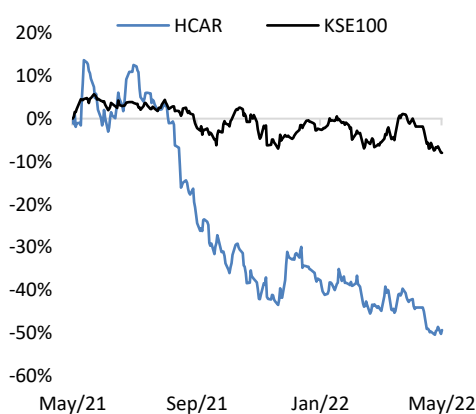
**Market Capitalisation:** PKR 24.4bn, US\$ 0.12bn

**Exchange:** KSE100, KSEALL

#### Key Financial Highlights

PKR/ Share	2021a	2022e	2023f
EPS	12.6	23.1	31.4
DPS	4.5	8.0	16.5
BVPS	127.4	140.6	155.5
ROE%	10%	16%	20%
P/E	13.9x	7.6x	5.6x
DY	2.6%	4.6%	9.4%
P/B	1.4x	1.2x	1.1x

#### Relative Price performance



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### Automobile Assembler

## HCAR: 4q'22 EPS Expected at PKR 6.9/share; up by +9%y

- Honda Atlas Cars (Pakistan) Limited (HCAR) is scheduled to announce its financial result for 4QFY22 on 25th May-22, where we expect the company to report profit of PKR 0.98bn or PKR 6.9/share; up by +9%y and +2xq.
- We expect net sales to remain upbeat, clocking in at PKR 33.3bn; up by +46%y during 4QFY22. Sale of Civic/City increased by 34%y during 4QFY22 to 9.2k units. Company's primary margins are expected to shrink to 23% during 4QFY22 from 24% in the same period last year mainly attributable to hike in commodity prices, freight cost and PKR devaluation during the quarter.

### Earnings to clock in at PKR 6.9/share during 4QFY22

Honda Atlas Cars (Pakistan) Limited (HCAR) is scheduled to announce its financial result for 4QFY22 on 25<sup>th</sup> May-22, where we expect the company to report profit of PKR 0.98bn or PKR 6.9/share; up by +9%y and +2xq. This will bring total FY22 earnings to PKR 3.29bn (EPS PKR 23.1) compared to PKR 1.8bn (EPS PKR 12.6) last year. We expect the Company to announce cash dividend of PKR 8.0/share along with the result.

### Higher sales and hike in car price to drive earnings growth

We expect net sales to remain upbeat, clocking in at PKR 33.3bn; up by +46%y during 4QFY22. Sale of Civic/City increased by 34%y during 4QFY22 to 9.2k units. Company's gross margins are expected to increase to 5.69% during 4QFY22 from 5.19% in the same period last year mainly attributable to hike in commodity prices, freight cost and PKR devaluation during the quarter. However, earnings growth is likely to be restrained by higher other expense on the back of exchange losses.

#### Exhibit: Financial highlights (HCAR)

Period end: March

in PKRmn	FY22E	4qCY22E	3qCY22	2qCY22	1qCY22	FY21	4qCY21
Net Sales	110,578	33,299	29,539	25,976	21,765	67,362	22,774
Gross Profit	6,080	1,895	801	1,789	1,595	3,777	1,182
Selling & Distribution	790	264	181	213	132	737	316
Admin.	1,029	278	247	273	231	824	277
Operating Profits	4,261	1,354	373	1,303	1,231	2,216	589
EBIT	4,969	1,461	657	1,476	1,375	2,897	1,010
Finance Cost	77	21	16	28	11	116	-24
Taxation	1,600	461	195	508	435	987	138
Profit After Tax	3,293	980	446	939	928	1,794	896
EPS	23.1	6.9	3.1	6.6	6.5	12.6	6.3
DPS	8.0	8.0	0.0	0.0	0.0	4.5	4.5

Source: IGI Research, Company Financials

No of Shares (mn): 142.8

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