

HCAR – Cheers

Honda Atlas Cars (HCAR) reported 1QFY17 EPS of Rs7.36/sh which looks flat vis-à-vis corresponding 1QFY16. As per data, HCAR sold nearly 7,184 cars (City & Civic variant).

Nonetheless, euphoria surrounds on new Civic variant which is being offered at an exorbitant price yet it's getting some response from perspective buyers. The car has finally been unveiled and it's on Karachi roads wherein it's also being unveiled in Lahore.

...2Q EPS jump on the cards

Some 7k cars being booked in the on-going month, as per our market search with car dealers. We expect sale of 13k Civics in 2QFY17 given buyer interest.

If we incorporate that in the model, then 2QFY17 EPS could jump to Rs 23 – 25 (given our assumption of higher Civic sales & lower City sales).

However, in following quarters we expect sales of variant may be normalized in the following 3Q & 4Q and this we have also incorporated in our FY17 earnings forecast.

We estimate FY17 EPS could be Rs50 – 52 (given our assumption of 34k sales of cars as against 25.7k reported in the reported FY16).

HCAR yields FY17 PE of 7x – 8x.

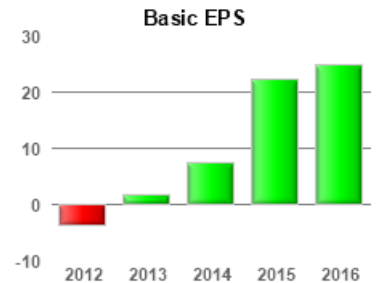
HCAR

Rs 000'	1QFY17	1QFY16
Sale	10,533,291	11,368,956
GP	1,617,695	1,800,505
GP margin	15%	16%
PAT	1,050,748	1,085,162
NP margin	10%	10%
EPS	7.36	7.60

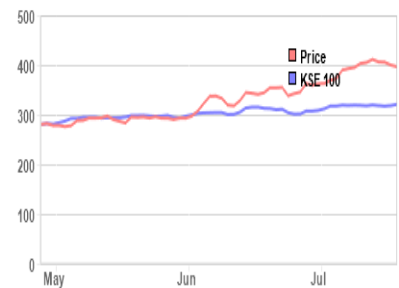
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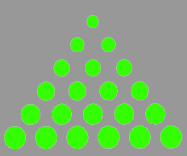
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HCAR@Rs393
52 Week Low 217.00
52 Week High 424.70



Relative Index





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