



**HCAR**

**Profit & Loss Statement**

(In Million Rs.)

Year	FY12	FY13
Net Sales	16,600	30,275
Cost of Sales	16,644	28,828
Gross Profit	(44)	1,447
Distr. Markt. Exp.	131	219
Admin. Expenses	159	202
Other Income	204	213
Other Operating Expen.	218	524
Operating Income	(347)	716
Finance Cost	152	191
PBT	(499)	525
Taxation	33	281
PAT	(532)	244
<b>EPS</b>	<b>(3.73)</b>	<b>1.71</b>
<b>DPS</b>	<b>-</b>	<b>0.30</b>

Source: Company Records

**HCAR Statistics**

Last Trade	20-May-13
Avg Volume (52 Weeks)	270,298.92
52 Weeks High	45.15
52 Weeks Low	11
Market Capitalization	5,991,888,000
Beta	1.21
Total No of Shares	142,800,000
Free-Float Shares	28,560,000

Source: SCS Research

**Analyst:**

**Rajesh Kumar Maheshwari**

Tell: 111-111-721 Ext: 105

Email: [raj\\_rathi91@yahoo.com](mailto:raj_rathi91@yahoo.com)

[www.scstrade.com](http://www.scstrade.com)

## Honda Atlas Cars (HCAR)

### FY13 overview:

HCAR reported FY13 EPS of Re 1.71/sh, against Rs.3.73/sh loss in FY12. And also reported a full year cash dividend of 3% (Re 0.30) which is quite favourable and as per our expectations. The PAT was increased to Rs 244Mn showing exponential growth over the last year loss of Rs.532mn. The tremendous figure of 4.8% as gross profit margin is the main cause for these favourable results.

### New models of cars boost Sales

Launch of New model of City, Accord in this fiscal year gained the attention of high end car buyers and company enjoyed sales of Rs.30bn this year which is somehow double the sales of last year of Rs.16bn in the term of revenue.

Likewise the sale of Honda city increased by 105% and sale Honda Civic increased by 73% in term of quantity this year against last year.

### Deprecating JPY against USD:

The company experienced lower manufacturing cost, as Japanese Yen has depreciated against US dollar in this year, because major cost of manufacturing is imports of spare parts from Japan which can purchase at relatively low price in PKR as compare to last year cost of sales. Through this company managed to report gross profit of Rs.1447mn (4.8% of Sales).

### General election had positive impact on sales:

As we know that during campaign and preparation of general election political leaders and candidates used brand new high end cars, and HCAR's portfolio carries high price luxury cars which gained the attention of these buyers and resulted in increase in sales during the first 3 months of 2013.

### Future Outlook:

We see a positive future for HCAR, as company's sales in month of April was also favourable and have sold 1800 locally assembled units of City and Civic. With relative lower interest rate, outperforming stock market, stable post election scenario, expected good crops in rural areas, we expect that sales of High end cars will continue to increase in upcoming days and we believe that HCAR will report favourable earnings in Q1FY14.

### Valuation:

With higher expected sales in Q1FY13 we expect EPS of Rs 6/sh to Rs. 6.5/sh; but earning may varies with change in JPY/USD parity. Which gives annualize PE of 6.2x, we sustain our call as **HOLD**.