

Sector

Automobile Assembler

Chase Research

research@chasesecurities.com
+92-21-35293054-60

Symbol: HCAR

Current Price: **PKR 123.00**

Market Cap (PKR bn): **17.56**

Total Shares (mn): **142.8**

Free Float (mn): **28.56**

52 Week High: **PKR 198.00**

52 Week Low: **PKR 81.33**

Honda Atlas Cars (Pakistan) Limited (HCAR)

Honda Atlas Cars (Pakistan) Limited experienced a significant downturn in MY23, witnessing a decline of 30.71% YoY in production (26,176 units) and a 31.60% drop in vehicle sales (25,726 units) compared to the previous year. The decline was attributed to import restrictions, soaring inflation, and reduced foreign exchange reserves.

Despite the challenging market conditions, HCAR managed to achieve a gross profit of PKR 7.161 billion in MY23, marking a noteworthy 29.42% YoY increase from PKR 5.578 billion in the preceding year. The rise in gross income was a result of higher inflation and multiple price increases during the review period.

However, profit after tax declined to PKR 260 million (EPS: PKR 1.8/sh) in MY23 compared to PKR 2.509 billion (EPS: PKR 17.6/sh) previously. The payout ratio stood at 0% in MY23 as compared to 39.8% in MY22.

The bottom line of the Company witnessed an 86.64% YoY decline to PKR 260 million for the year, as opposed to a net income of PKR 2.510 billion last year. This decrease in net profit was primarily due to the imposition of super tax, volatility in exchange rate, increased sales tax rate, and higher CVT on car sales.

HCAR's total assets decreased by 10.78% YoY, amounting to PKR 62.688 billion in MY23, compared to PKR 70.263 billion in the preceding year. Similarly, the market capitalization experienced a significant drop of 43%, declining from PKR 29.560 billion in MY22 to PKR 16.850 billion in MY23.

The Company's long-term debts rose to PKR 4.6 billion in MY23, compared to PKR 4.3 billion during the same period

last year due to the exchange rate depreciation and devaluation.

HCAR currently holds a 15.8% market share, with competitors Suzuki at 52.1%, Toyota at 17.7%, Kia and Hyundai both at 7.2%.

During MY23, the Company made positive strides, launching the new 11th generation Honda Civic 2022 in March. The model was equipped with advanced safety features and an ultra-modern design. Additionally, a new mobile app was introduced to enhance customer convenience and experience.

HCAR expanded its dealership network to 63 dealers across 23 cities, including 1-3S dealerships in Bahawalpur and 3-2S in Haripur, Hyderabad, and Gujranwala.

Looking ahead, the Company anticipates further price increases in vehicle sales. HCAR also revealed plans to launch a hybrid model in the near future, adding to their diverse product offerings.

Important Disclosures**Disclaimer:**

This report has been prepared by Chase Securities Pakistan (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation or any offer to buy. While reasonable care has been taken to ensure that the information contained in this report is not untrue or misleading at the time of its publication, Chase Securities makes no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Chase Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report Chase Securities as a firm may have business relationships, including investment banking relationships with the companies referred to in this report This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report and Chase Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents At the same time, it should be noted that investments in capital markets are also subject to market risks This report may not be reproduced, distributed or published by any recipient for any purpose.