

Honda Atlas Cars (Pakistan) Ltd



ICON CAPITAL MANAGEMENT (PVT.) LTD.

Honda Atlas Cars (Pakistan) Ltd.-Target price of RS: 290

HCAR: Directors of Honda Atlas Cars are going to meet on 14/5/2015 to consider the Annual Audited Accounts for the period ended Mar-2015 for declaration of any entitlement.

HCAR sale| 5% MoM growth

HCAR enjoyed 5% MoM raise in volumetric sales in Mar'15 with 2,364 units as compared to 2,242 units sold in preceding month of Feb'15 14. The 4Q of HCAR financial year witnessed astonishing growth; Sales data by PAMA shows that sales has doubled for new model of Honda City on quarterly basis (4Q to 7,827 units against 3,691 units sold in 3Q). While on yearly basis HCAR volumetric sales was almost unaffected to 23,287 units in FY14 against 23,271 units in FY13.

PKR 000	FY13-14	(F)4Q-FY15	(F)FYE15
Sales	39,153,254	12,074,270	37,337,997
Cost of Sale	(36,296,009)	(10,086,361)	(32,104,453)
Gross Profit	2,857,245	1,987,909	5,233,544
Profit from Operations	2,135,321	2,180,936	4,782,897
Finance Cost	(38,075)	(14,103)	(31,582)
Profit before tax	2,097,246	2,166,833	4,751,315
Taxation	(1,023,576)	(715,055)	(1,724,654)
Profit after tax	1,073,670	1,451,778	3,026,661
EPS	7.52	10.17	21.20

Sales Units	Mar'15	Feb'15	MoM	Mar'14	YoY
Civic	797	715	11.5%	740	7.7%
City	1,567	1,527	2.6%	1,231	27.3%
HCAR	2,364	2,242	5.4%	1,971	19.9%

Low Inflationary Environment to Boost Car Sales.

- Reason for higher profits in Q4 2015 Jan-Mar is higher margins due to weak yen against rupee
- Though the sales may go down due to the import of cheaper reconditioned cars because of weaker yen but company will continue to enjoy high profit because there is no reduction in price.
- Lower discount rate would also become trigger in boosting sales of auto industry due to lower car finance cost. It will also result in lower finance cost of the company resulting in EPS growth.
- Decreasing fuels prices are also helping in generating higher sales of cars.

This quarter has been tremendous for auto sector in general. And company is also expected to post an EPS of **Rs. 21.20** with multiple of 12.x for FY 14-15. Script is currently trading at Rs: 254. We maintain **"BUY"** on HCAR with target price of **Rs. 290**

May 11-2015

HCAR: BUY

Current Price: 254.00

Target Price: 290

Key Data

Ticker	HCAR
52Week High(PKR/sh) Adj	271.80
52Week Low(PKR/sh)Adj	64.30
Market Cap.(PKR Bn)	34.77 B
P/E Ratios 2015(E)	7.68

	EPS	B.Value
2011	-2.09	11.75
2012	-3.73	8.02
2013	1.71	9.73
2014	7.52	16.75

	PAT	G.P Margin
2011	(298,452)	0.90
2012	(532,213)	(0.27)
2013	244,287	4.78
2014	1,073,670	7.30

	P/E (Adj)
2011	-
2012	-
2013	148.53
2014	33.77
2015	11.98

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