

Result announcement: Full Year 2022

Automobile Assemblers

Honda Atlas Cars (Pakistan) Limited.

Earnings: Honda Atlas Cars (Pakistan) Limited (HCAR) announced its full year 2022 financial results. The company reported earnings of PKR 2.5bn or PKR 17.6/share compared to last year PKR 1.8bn or PKR 12.6/share an increase of +40%y. For the 4qFY22, reported earnings are down by 78%y to PKR 0.2bn compared to last year PKR 0.9bn.

Dividends/Payouts: Company announced final cash dividend of PKR 7.0/share compared to last year PKR 4.52/share.

Operating performance: Company's reported net sales of PKR 108.0bn (PKR 31bn in 4qFY22; +35%y), an increase of +60%y. Gross profit margins of the company slightly deteriorated during the year, clocking in at 5.2% (4.5% for 4qFY22) compared to last year 5.6% (5.2% 4QFY21). Operating costs including administrative and selling & marketing rose by 41%y to PKR 2.2bn (PKR 0.9bn during 4qFY22; +57%y). Higher operating costs during the year reduced overall Ebit margins down to 4.1% compared to last year 4.3%. During the 4qFY22, company's Ebit margin are down to 2.9% versus 4.4% last year same period. In addition, the company booked higher effective tax charge to the tune of 76% during the 4qFY22 compared to average of 32% in preceding 9mFY22. Nevertheless, total FY22 average effective tax rate for the company came at 41% versus last year 35%.

Exhibit: Financial highlights (HCAR)							
Latest result published for: FY022							
in PKRmn -- Period End: Mar	FY022	4qCY22	3qCY22	2qCY22	1qCY22	FY2021	4qCY21
Net Sales	108,048	30,768	29,539	25,976	21,765	67,362	22,774
Gross Profit	5,578	1,393	801	1,789	1,595	3,777	1,182
Selling & Distribution	1,139	613	181	213	132	737	316
Admin.	1,068	317	247	273	231	824	277
Operating Profits	3,370	463	373	1,303	1,231	2,216	589
EBIT	4,391	884	657	1,476	1,375	2,897	1,010
Finance Cost	116	60	16	28	11	116	-24
Taxation	1,765	627	195	508	435	987	138
Profit After Tax	2,510	197	446	939	928	1,794	896
EPS	17.6	1.4	3.1	6.6	6.5	12.6	6.3
DPS	7.0	7.0	0.0	0.0	0.0	4.5	4.5
Source: IGI Research, Company Financials					No of Shares (mn): 142.8		

Analyst

Huzaifa Yaseen

Huzaifa.Yaseen@igi.com.pk

Tel: +92 21 111 234 234 Ext: 816

Abdullah Farhan

Abdullah.Farhan@igi.com.pk

Tel: +92 21 111 234 234 Ext: 912

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)

Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2022 IGI Finex Securities Limited

Contact Details

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Zaid Farook	Branch Manager (Stock Exchange) Karachi	Tel: (+92-21) 32462651-52	zaid.farook@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Aariz Raza	Analyst	Tel: (+92-21) 111-234-234 Ext: 810	Aariz.raza@igi.com.pk
Ajay Kumar	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	ajay.kumar@igi.com.pk
Huzaifa Yaseen	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	huzaifa.yaseen@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
 Fax: (+92-21) 35309169, 35301780

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
 Stock Exchange Road, Karachi.
 Tel: (+92-21) 32429613-4, 32462651-2
 Fax: (+92-21) 32429607

Lahore Office Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559	Islamabad Office Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza, Block- B, Jinnah Avenue, Blue Area Tel: (+92-51) 2604861-2, 2604864, 2273439 Fax: (+92-51) 2273861
Faisalabad Office Office No. 2, 5 & 8, Ground Floor, The Regency International 949, The Mall Faisalabad Tel: (+92-41) 2540843-45	Rahim Yar Khan Office Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651
Multan Office Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183	

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2022 IGI Finex Securities Limited