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## HCAR: 4QMY26 EPS clock in at PKR 7.1, down by 40% YoY, DPS PKR 9/share

### Honda Altas Cars (Pakistan) Limited

PSX: HCAR | Bloomberg: HCAR PA | Reuters: HATC.PSX

- HCAR announced its MY26 result today, where the company reported an EPS of PKR 7.1 in 4QMY26, down 40% YoY. This takes MY26 EPS to PKR 22.6, up 19% YoY. Along with the result the company announced dividend of PKR 9/share.
- Net sales for 4QMY26 rose 35% YoY to PKR 37.3bn, driven by a 42% YoY in volumes. However, margin compression of 3ppts kept gross profit broadly flat at PKR 2.7bn, as cost of sales rose 39% YoY. PBT declined 11% YoY to PKR 1.3bn as net finance costs increased from PKR (24)mn in 4QMY25 to PKR 46mn 4QMY26.
- MY26 reflects strong operational recovery for HCAR, driven by 59% YoY volume growth, translating into a 57% YoY increase in net revenue. However, higher taxation (+131% YoY) and finance costs (+93% YoY) moderated earnings growth to 19% YoY, though underlying business momentum remains solid.
- Effective tax rate (ETR) clocked in at 23% in 4QMY26 vs -15% during 4QMY25. This takes MY26 ETR at 36% vs 17% in MY25.
- We maintain our 'BUY' recommendation on the stock based on our Dec-26 target price (TP) of PKR 327/share, which provides a capital upside of 43% along with a dividend yield of 4%.

#### Key Data

PSX Ticker	HCAR
Target Price (PKR)	327
Current Price (PKR)	228
Upside/(Downside) (%)	43%
Dividend Yield (%)	4%
Total Return (%)	48%
12-month High (PKR)	321
12-month Low (PKR)	146
Outstanding Shares (mn)	143
Market Cap (PKR mn)	32,629

Source: PSX, Akseer Research

Financial (PKR mn)	4QMY25	4QMY26	YoY	MY25	MY26	YoY
Sales	27,653	37,300	35%	78,066	122,283	57%
Cost of Sales	24,864	34,510	39%	71,402	112,800	58%
<b>Gross profit</b>	<b>2,788</b>	<b>2,789</b>	<b>0%</b>	<b>6,664</b>	<b>9,483</b>	<b>42%</b>
Distribution and Marketing cost	544	573	5%	1,132	1,672	48%
Administrative expenses	602	710	18%	1,889	2,510	33%
<b>Operating expenses</b>	<b>1,146</b>	<b>1,284</b>	<b>12%</b>	<b>3,021</b>	<b>4,182</b>	<b>38%</b>
<b>Operating Profit</b>	<b>1,642</b>	<b>1,506</b>	<b>-8%</b>	<b>3,643</b>	<b>5,300</b>	<b>45%</b>
Finance cost	346	936	170%	1,042	2,007	93%
Other Income	370	890	140%	989	2,311	134%
Other operating expenses	197	157	-21%	315	516	64%
<b>Profit before taxation</b>	<b>1,469</b>	<b>1,302</b>	<b>-11%</b>	<b>3,275</b>	<b>5,088</b>	<b>55%</b>
Taxation/Levies	(214)	295	38%	804	1,855	131%
<b>Profit after taxation</b>	<b>1,682</b>	<b>1,008</b>	<b>-40%</b>	<b>2,709</b>	<b>3,234</b>	<b>19%</b>
EPS	12	7.1	-40%	19	22.6	19%
DPS	8	9		8	9	

Source: Company Accounts, Akseer Research

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Rating	Expected Total Return
Buy	Greater than or equal to +15%
Hold	Between -5% and +15%
Sell	Less than or equal to -5%

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