

HCAR

Exciting Updates from Corporate Briefing Session: HEV Segment Entry!

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In a highly anticipated move, Honda “HCAR” has announced its probable entry into the rapidly growing Hybrid Electric Vehicle (HEV) market in Pakistan. This exciting news has generated a buzz among auto enthusiasts and industry watchers alike.

HEV Segment Announcement

During the session, numerous questions were posed to the management regarding HEVs and electric vehicles. Honda responded with exciting plans to enter the HEV market, with new models expected to be announced soon. Here are the key highlights:

- **Launch Timeline:** Initially, Completely Built-Up (CBU) models will be launched starting from FY25. Following this, Completely Knocked Down (CKD) units will be produced.
- **Investment:** Honda plans to invest approximately Rs. 5 billion in capital expenditure (CAPEX) to set up the hybrid assembly plant.
- **Localization:** The localization of the HEV model is expected to be more than 50%. The hybrid variant will be based on the HRV model introduced in Japan.
- **Government Incentives:** The company is optimistic that hybrid vehicle incentives provided by the government will continue even after the expiry of the Auto Policy in 2026.

Additional Insights from the Briefing

- **Current Operations:** Honda reported no issues with LC opening or supply chain disruptions at present. However, overall demand remains suppressed. Recovery is anticipated in the low segment and hybrid market by FY25, with a full recovery expected within approximately two years.
- **Export Plans:** The company has begun exporting spare parts and has plans to export CBUs in the future.
- **Localization Rates:** Localization rates are 73% for City, 61% for Civic, and around 50% for BRV and HRV.
- **Sales Composition:** City sales constitute about 60% of total sales, with more than 70% of those sales coming from the City 1.2 CVT model.
- **Import Details:** Approximately 12-15% of imports are in JPY, with the majority of imports from Thailand in USD.

HCAR has made strides in the HEV market, promising a greener and more innovative future for the automotive industry in Pakistan!

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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