

DSE Ticker	: RUNNERAUTO	IPO Size	: BDT 139.3 mn	Analyst Sk. Tashrif Uddin tashrif.uddin@lbsbd.com
Issue date	: 6-Jan-19	No Lock in on first trading day	: 9.8 mn shares	
Sector	: Engineering	Offer price	: BDT 67	

Table : IPO Snapshot

IPO Size (BDT mn)	139.3
IPO Size (Shares mn)	13.9
Face Value Per Share (BDT)	10
Offer Price Per Share (BDT)	67
Year End	June
Sector	Engineering
Revenue in 2017 (BDT mn)	2,410.0
Net Profit in 2017 (BDT mn)	190.9
Latest EPS Annualized 2019(Post IPO) (BDT)	4.8
Issue Date of Prospectus	6-Jan-19
Subscription Open Date	31-Jan-19
Subscription Close Date	10-Feb-19

Source: LBSL Research and Company Prospectus

Table : Production Capacity and Capacity Utilization Rate

(Pcs)	2017	2016
Installed Capacity	100000	100000
Production	31741	18867
Capacity utilized (%)	31.7%	18.9%

Source: LBSL Research and Company Prospectus

Table : Capital Structure of the Company

Particulars	Amount (BDT mn)
Paid-up Capital (Prior to IPO)	94.2
Capital to be issued as IPO	139.3
Paid-up Capital (after IPO)	233.5

Source: LBSL Research and Company Prospectus

Table : Use of IPO Proceeds

Particulars	Use of IPO Proceeds in BDT mn	Use of IPO Proceeds in %
Design, Development and R&D	147,000,000	14.7%
Machinery for New Models	100,000,000	10.0%
Die & Mold for New Models	205,000,000	20.5%
Development of Existing 80CC/110CC	18,000,000	1.8%
Workshop & QC Machinery	160,000,000	16.0%
Repayment of Bank Loan	330,000,000	33.0%
Estimated IPO Expenses	40,000,000	4.0%
Total	1,000,000,000	100.0%

Source: LBSL Research and Company Prospectus

Company Overview

Runner Automobiles Ltd, located in Tejgaon, Dhaka, is pioneering 2 Wheelers manufacturer and assembler in Bangladesh. The Company is appreciated for meeting the needs of customers of all incomes and profiles. It is the flagship company of Runner Group.

The company produces 2 Wheelers at competitive price. It has advanced production technology and equipment. It also has well organized dealer network and well covered service supports country-wide. Runner has already proudly heralded its presence in the potential markets of Nepal.

Runner Automobiles Limited was incorporated on July 4, 2000; commenced its commercial operation on 2002 and converted into public limited company on January 26, 2012.

Runner Automobiles Limited does not have any associate or holding company but has two subsidiaries named Runner Motors Limited and Freedom Motors Limited.

Table : Projected Production Capacity and Capacity Utilization Rate

Date	Capacity Utilization (Pcs)	Utilization Rate
2017-18	36,000	36.0%
2018-19	48,000	48.0%
2019-20	61,000	61.0%
2020-21	76,000	76.0%
2021-22	94,000	94.0%

Source: LBSL Research and Company Prospectus

Table : Major Revenue Contribution FY17

Particulars	2016 - 17	2015 - 16	Change
50 CC Motor Cycle	9,849,000	17,301,500	-43.1%
80 CC Motor Cycle	871,416,000	559,566,000	55.7%
100 CC Motor Cycle	779,186,500	610,669,500	27.6%
110 CC Motor Cycle	255,858,000	247,953,000	3.2%
125 CC Motor Cycle	189,891,000	39,055,000	386.2%
135 CC Motor Cycle	234,000	27,582,000	-99.2%
150 CC Motor Cycle	105,961,000	36,582,000	189.7%
Three Wheeler	197,640,691	11,478,261	1621.9%
Total	2,410,036,191	1,550,187,261	55.5%

Source: LBSL Research and Company Prospectus

Table : New Project Financing

Particulars	Estimated Project Total Cost (BDT)	From IPO Proceeds (BDT)	From Own Finance (BDT)
1. Building & Civil Works	45600000	0	45600000
2. Design, Development and R & D	169320000	147000000	22320000
3. Machinery	104995000	100000000	4995000
4. Die & Mold	223685000	205000000	18685000
5. Development of Existing 80CC/110CC	20459500	18000000	2459500
6. Workshop & QC Machinery	220946000	160000000	60946000
7. Furniture & Fixtures	2682706	0	2682706
Total	787,688,206 194	630,000,000	157688206

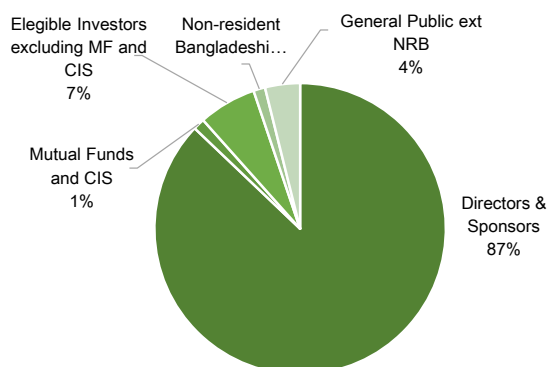
Source: LBSL Research and Company Prospectus

Lock-in Period

73,169,521 shares held by Sponsors/Directors are locked-in until 6 January 2022, and 21,033,400 shares held by private placement in Pre-IPO period is locked-in until 6 January 2020.

25% shares of Mutual Fund and Eligible Investors (2,083,333 shares) are locked-in until 6 July 2019, and another 25% (2,083,333 shares) is locked-in until 6 October 2019. To be precise, 9,763,682 shares will have no lock-in provision on the first trading day.

Chart : Shareholding Pattern (Post IPO)



Source: LBSL Research and Company Prospectus

Table : Number of Securities to be Entitled for Each Category of Applicants in IPO

Particulars	Number of shares	Percentage of holding
El excluding mutual funds and CIS	6,944,444	49.9%
Mutual Fund and CIS	1,388,889	10.0%
Non-resident Bangladeshi (NRB)	1,399,254	10.0%
General Public ext. NRB	4,197,761	30.1%
Total number of IPO shares	13,930,348	100.0%

Source: LBSL Research and Company Prospectus

Business Highlights

- The company achieved outstanding performance throughout the year 2017 with topline and bottom-line growth of 55.5% and 158.1% respectively.
- The gross profit margin of the company increased by 1.8% from the earlier period. During the period the return on average equity was 4.8% where it was 1.6% in the previous year. At the end of 2017 the company's return of average asset was 2.1% that was 0.7% in 2016.
- The debt to equity ratio of the company decreased to 1.2 times from 1.4 times in the earlier periods. Overall, the scenario of debt contribution in the capital structure of the company has gradually decreased over last couple of years.
- At the end of year 2019 the post IPO EPS of the company amounted to BDT 4.8 while EPS was BDT 4.9 in FY 2018 registering a YoY decline of 3.5%.
- Key raw materials are supplied from China, USA, India and Bangladesh.

Table : Price with post-IPO EPS (Amount in BDT)

Latest EPS	4.8	4.8	4.8	4.8	4.8
P/E ratios	5.0	10.0	15.0	20.0	25.0
Price per share	24.0	48.0	72.0	96.0	120.0

Source: LBSL Research and Company Prospectus

Table : Income Statements (Amount in BDT mn)

Particulars	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Sales	1,697.6	1,779.8	2,250.2	1,550.2	2,410.0
Less: Cost of Goods Sold	(1,375.9)	(1,338.9)	(1,672.3)	(1,119.5)	(1,728.6)
Gross Profit	321.7	440.9	577.9	430.7	681.5
Less: Operating Expenses	(150.5)	(182.6)	(224.0)	(199.2)	(327.2)
Operating Income	171.2	258.3	353.9	231.5	354.3
Less: Financial Expenses	(87.1)	(123.2)	(140.6)	(170.9)	(198.5)
Net Operating Income	84.2	135.1	213.3	60.6	155.8
Add: Other non-operation Income	13.5	19.9	28.4	31.8	77.5
Less: Loss on sale of property, plant & equipment	0	0	0	0	0
Less: Loss on sale of Investment in shares	0	0	0	0	0
Profit before WPPF and provision for income Tax	97.6	155.0	241.7	92.4	233.3
Contribution to WPPF and welfare fund	(4.6)	(7.4)	(11.5)	(4.4)	(11.1)
Provision for loss on investment in shares	0	0	0	0	0
Profit before Tax	93.0	147.6	230.2	88.0	222.2
Less: Provision for Income Tax	(6.9)	(13.0)	(22.2)	(14.0)	(31.3)
Net Profit after Tax	86.1	134.5	208.0	74.0	190.9
Earnings per Share (BDT) Par Value of TK. 10/-	0.8	1.2	1.9	0.7	1.8

*Note: EPS has been calculated with post-IPO number of shares and latest EPS is annualized

Source: LBSL Research and Company Prospectus

Table: Statement of financial position (Amount in BDT mn)

Particulars	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Assets					
Non-Current Assets	6,790.3	6,679.2	5,271.0	5,166.4	4,105.4
Property, Plant & Equipment	4,020.0	3,938.4	3,932.1	3,168.2	3,013.6
Intangible assets	1.1	0	0	0.6	0.9
Capital Work In Progress	152.7	199.9	102.2	1.5	0
Investment in subsidiaries	59.7	58.1	9.5	7.6	7.6
Trade receivable-non current	2,556.7	2,482.7	1,227.2	1,988.6	1,083.2
Current Assets	7,010.1	5,820.0	5,993.0	4,760.0	4,458.5
Inventory	1,279.6	1,097.0	1,159.3	890.0	981.2
Trade and Other Receivable	2,941.2	2,413.7	2,897.0	2,065.6	1,466.3
Advances, Deposits and Prepayments	1,145.2	985.9	856.8	747.8	610.0
Short term investments	1,007.4	999.9	811.0	927.6	1,069.6
Related party receivables	115.5	106.4	95.1	63.0	47.0
Other receivables	79.1	107.4	61.1	3.9	38.4
Cash and cash equivalents	442.0	109.7	112.5	62.1	246.1
Total Assets	13,800.4	12,499.2	11,264.0	9,926.4	8,563.9
Shareholders Equity & Liabilities					
Shareholders' Equity	6,086.4	5,713.6	5,021.9	4,087.6	3,827.9
Share Capital	942.0	942.0	652.2	434.8	434.8
Share premium	1,169.8	1,169.8	916.2	916.2	916.2
General reserve	0	0	0	181.3	181.3
Revaluation reserve	1,296.0	1,298.0	1,299.0	747.7	748.4
Retained earnings	1,839.0	1,533.8	1,495.9	1,179.5	985.9
Total equity	5,246.9	4,943.6	4,363.3	3,459.5	3,266.5
Non controlling interest	839.4	770.0	658.7	628.1	561.4
Non-Current Liabilities	2,467.4	2,028.0	1,765.6	1,838.1	1,650.9
Long Term Loan from Bank	2,364.1	1,934.8	1,660.9	1,759.0	1,456.5
Finance lease net off current portion	-	1.2	4.0	0.0	113.6
Net deferred tax liability	103.3	91.9	100.8	79.1	80.8
Current Liabilities	5,246.7	4,757.6	4,476.4	4,000.6	3,085.0
Trade and Other Payable	266.5	154.0	61.3	59.0	81.0
Short term loan from bank	2,969.6	2,575.4	1,812.6	2,007.8	1,360.0
Current portion of long term loan	1,221.8	1,014.6	1,724.0	1,194.9	912.0
Current portion of finance lease	0.7	1.8	0.6	11.1	45.1
Related party payable	0	0	0	0.1	0.1
Provision for income tax	254.2	589.7	511.5	461.2	360.5
Provision for WPPF & welfare fund/employee benefit	111.2	81.6	55.0	32.4	14.4
Liabilities for expenses and provision	422.6	340.4	311.2	234.2	311.8
Total Liabilities	7,714.0	6,785.6	6,242.0	5,838.8	4,736.0
Total Shareholders' Equity & Liabilities	13,800.4	12,499.2	11,264.0	9,926.4	8,563.9

Source: LBSL Research and Company Prospectus

Table : Key Ratios

Particulars	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Gross Profit Margin	19.0%	24.8%	25.7%	27.8%	28.3%
Operating Profit Margin	10.1%	14.5%	15.7%	14.9%	14.7%
Net Profit Margin	5.1%	7.6%	9.2%	4.8%	7.9%
ROAE	13.4%	2.3%	3.9%	1.6%	4.8%
ROAA	0.6%	1.0%	1.8%	0.7%	2.1%
Debt to Equity(Times)	1.3	1.2	1.2	1.4	1.2

Source: LBSL Research and Company Prospectus

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