

Flash Note

Wednesday, 27 January 2021

Automobile Assemblers

Honda Atlas Cars Pakistan Limited (HCAR)

Volumetric increase and PKR stability lead to profit of PKR 5.26/share for 3QMY21

- Honda Atlas Cars (Pakistan) Limited (HCAR) announced its financial results for 3QMY21 (period end-March) wherein the company reported profit of PKR 752mn (EPS: PKR 5.26), compared to loss of PKR 41mn (LPS: PKR 0.29) in the same quarter last year. On a sequential basis profit increased by 14% .
- Net Sales of the Company during 3QMY21, as against 3QMY20 increased by 79% y/y However, on a sequential basis it decreased by 14% q/q. The y/y rise in net sales largely driven by increase in sales volumes (up by ~69% y/y and declined by 16% q/q) amid improving economic situation spurred by decrease in interest rates kept consumer interest alive
- Gross margins of the company remained flattish at 7% owing to low sales in high margin segment in our view.
- Other income increased by 23x y/y and 2.68x q/q owing to possible increase in shortterm investments and cash deposit, stemming from increase in advances..
- Finance charges shrunk by 90% y/y possibly due to series of rate cuts in benchmark inters rates however on a sequential basis it increased by 90% largely due to increased short term borrowing requirement during the period.

Exhibit: HCAR 3QMY21 Result Highlights								
Period end (MAR) - PKRmn	3QMY21	3QMY20	YoY	2QMY21	QoQ	9MMY21	9MMY20	YoY
Net Sales	17,650	9,865	79%	20,427	-14%	44,588	39,391	13%
Gross Profit	1,150	646	78%	1,391	-17%	2,595	3,212	-19%
Sell. / Dist. & Admin	297	414	-28%	342	-13%	968	1,147	-16%
Other Operating expense	(10)	(28)	-65%	25	n/a	141	648	-78%
Other Income	244	10	2300%	66	268%	401	210	91%
EBIT	1,107	270	310%	1,089	2%	1,888	1,627	16%
Financial Charges	33	323	-90%	18	90%	140	577	-76%
Pre-tax Profits	1,074	(53)	n/a	1,072	0%	1,747	1,050	66%
Taxation	322	(12)	n/a	415	-22%	850	340	150%
Post-tax Profits	752	(41)	n/a	657	14%	898	710	26%
EPS	5.26	(0.29)		4.60		6.29	4.97	
Key Ratios								
Gross Margin (%)	7%	7%		3%		2%	2%	
Net Margin (%)	4%	0%		3%		2%	2%	
Source: IGI Research, Company Accounts, PSX						No. of Shares: 143mn		

Analyst

Shumail Rauf

shumail.rauf@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 957

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

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
Shumail Rauf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	shumail.rauf@igi.com.pk
Bharat Kishore	Database Officer	Tel: (+92-21) 111-234-234 Ext: 974	bharat.kishore@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Irfan Ali	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

IGI Finex Securities Limited

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Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

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
Website: www.igisecurities.com.pk

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

<p>Lahore Office Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559</p>	<p>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</p>
<p>Faisalabad Office Room #: 515-516, 5th Floor, State Life Building, 2- Liaqat Road Tel: (+92-41) 2540843-45 Fax: (+92-41) 2540815</p>	<p>Rahim Yar Khan Office Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651</p>
<p>Multan Office Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183</p>	

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Research Identity Number: BRP009

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