

Flash Note

Friday, 24 July 2020

Automobile Assembler

Honda Atlas Cars (Pakistan) Limited (HCAR)

Volumetric decline and PKR depreciation lead to a loss of PKR 3.58/share for 1QMY21

- ✓ Honda Atlas Cars (Pakistan) Limited (HCAR) announced its financial results for 1QMY21 (period end-March) wherein the company reported loss of PKR 0.51bn (LPS: PKR 3.58), compared to profit of PKR 0.24bn (EPS: PKR 1.69) in the same quarter last year. On a sequential basis loss increased by 18xQoQ.
- ✓ Net sales decreased by 64%YoY to PKR 6.51bn primarily on the back of 72%YoY drop in volumes. Volumetric decline was primarily attributable to close down of plant and lower demand during lockdowns post Covid-19 outbreak.
- ✓ Gross margins collapsed by ~672bpsYoY to 0.83% which is likely attributable to rising costs from PKR depreciation and possibility of lower sales in high margin segment. On sequential basis margins are down by 479bps.
- ✓ Other expense dropped by 83%YoY to PKR 0.13bn during 1QMY21 compared to PKR 0.74bn in the same period last year likely in the absence of exchange loss.
- ✓ Other income failed to support profitability, witnessing 48%YoY decline likely owing to decrease in short term investments.
- ✓ Earning attrition was further enhanced as company booked tax expense of PKR 0.11bn during 1QMY21.

Exhibit: HCAR 1QMY21 Result Highlights

PKRmn (Period end= Mar)	1QMY21	1QMY20	YoY	4QMY20	QoQ
Net Sales	6,512	17,880	-64%	15,655	-58%
Cost of Manu. & Trading	6,458	16,530	-61%	14,776	-56%
Gross Profit	54	1,350	-96%	880	-94%
Operating Income/(loss)	(274)	975	n/m	620	n/m
EBIT(LBIT)	(309)	411	n/m	647	n/m
Finance Cost	89	54	64%	150	-40%
Profit/(loss) Before Tax	(398)	356	n/m	497	n/m
Tax	113	114	n/m	526	n/m
Profit/(loss) After Tax	(511)	242	n/m	(28)	18x
EPS	(3.58)	1.69		(0.20)	
DPS	-	-		-	
Key Indicators					
Gross Profit Margin	1%	8%		6%	
EBIT Margin	-5%	2%		4%	
Net Margin	-8%	1%		0%	
Total Sales (Units)	2,329	8,346		5,915	

Source: IGI Research, PSX

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