

Flash Note

Monday, 20 May 2019

Automobile Assembler

Honda Atlas Cars (Pakistan) Limited (HCAR)

Decline in volumes and weak margins drags earnings down by 15%YoY to PKR 8.18/share for 4QMY19; Dividend at PKR 12.15/share

- Honda Atlas Cars (Pakistan) Limited (HCAR) announced its financial results for 4QMY19 (period end-March) wherein the company reported earnings of PKR 1.17mn (EPS: PKR 8.18), compared to PKR 1.37bn (EPS: PKR 9.62) in the same quarter last year, down by 15%YoY. On a cumulative basis for the MY19 profitability is substantially down by 41%YoY to PKR 3.85bn (EPS: PKR 26.97).
- The company also announced cash dividend of PKR 12.15/share for the full year.
- Net sales decreased by 6%YoY to PKR 24.16bn primarily on the back of 18.4%YoY decrease in volumetric sales.
- Gross margins collapsed by ~200bpsYoY to 7.80% attributed to rising costs from PKR depreciation and possibility of lower sales of Civic (high margin) in the mix.
- Other income was also down by 42%YoY to PKR 0.27bn owing to decrease in short term investments and cash deposits.
- Effective tax rate for the 4QMY19 stood at 21% as against 26% in the corresponding period last year.

Exhibit:

HCAR 4QMY19 Result Highlights

PKRmn (Period end =Mar)	4QMY19	4QMY18	YoY	MY19	MY18	YoY
Net Sales	24,164	25,777	-6%	95,128	91,523	4%
Cost Of Sales	22,281	23,315	-4%	87,824	81,074	8%
Gross Profit	1,883	2,462	-24%	7,304	10,449	-30%
Selling & Dist.	284	418	-32%	932	917	2%
Admin.	247	231	7%	800	678	18%
Operating Profit	1,353	1,813	-25%	5,572	8,855	-37%
Other Income	272	469	-42%	1,314	1,883	-30%
Finance Cost	2.94	5.07	-42%	11.19	14.48	-23%
Profit Before Tax	1,480	1,859	-20%	5,594	9,479	-41%
Taxation	311	485	-36%	1,742	2,984	-42%
Profit After Tax	1,169	1,374	-15%	3,851	6,494	-41%
EPS	8.18	9.62		26.97	45.48	
DPS	12.15	22.75		12.15	22.75	

Key Indicators

Unit Sold (Ths)	11.61	14.23	-18.4%	35.89	39.01	-8.0%
Gross Profit Margins	7.79%	9.55%	(176)	7.68%	11.42%	(327)
Effective Tax Rate	21.0%	26.1%	(508)	31.2%	31.5%	(30)

Source: IGI Research, Company accounts, PSX

No of shares(mn): 142.8

Analyst

Suleman Ashraf

suleman.ashraf@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 816