

Company Update

Honda Atlas Cars (Pakistan) Limited
(HCAR)

Automobile Assemblers

HCAR: 1QFY23 Corporate Briefing Takeaways

- The Company reported a profit after tax of PKR 4.6bn during 1QFY23 v/s PKR 6.5bn during the same period last year, a decrease of +29%y. Revenues were higher on due to higher production and periodic price hikes. The decrease in earnings was mainly due to higher marketing and distribution expense related to new model launch and higher exchange losses.
- According to the company, their sale mix for vehicles sales comprises of 65% to 70% for city, 25% to 30% for civic & 5% to 10% for BRV, along with this localization factor for city stood at 70% for City, 60% for Civic & 50% for BRV, with 65% of total vehicles are sold in urban market, whereas 35% of it are sold in rural market.
- According to the company, exposure to the currency fluctuation is currently at 70%, which will impact the margins negatively going forward, the company also expects a decline in gross margins to 3-3.5% due to the depreciating PKR and increased freight costs which has increased 3-4x.

Honda Atlas Cars (Pakistan) Limited (HCAR) held its analyst briefing on 2nd-August-22 to discuss its financial results for 1QFY23 and the future prospects of the Company.

Profitability declined by 29%y during 1QFY23

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Sales mix

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The share of revenue from consumer financing has also declined to 30% from previous 40% due to recent SBP's changes in auto financing.

Margins

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Outlook

The Company expects industry demand to fall by nearly 30-40%. HCAR also plans to launch new model of HRV soon. The current price hike is based on exchange rate of 235 which would bring margins in the range of 3.5-4.0%.

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