

# Flash Note

Thursday, January 26, 2023



## Automobile Assemblers

### Honda Atlas Cars (Pakistan) Limited

**Earnings:** Honda Atlas Cars (Pakistan) Limited (HCAR) announced its financial result for the 3q'23, whereby company reported a profit of PKR 0.8bn or PKR 5.7/share compared to last year profit of PKR 0.2bn or PKR 1.4/share. This takes total earnings for the 9m'23 to 1.1bn (PKR 7.6/share) compared to last year's 1.6bn (PKR 11.1/share).

**Dividend/Payout:** The Company did not announced any cash dividend.

**Operating Performance:** For the quarter, Company's revenues dropped by 25%y to PKR 22.9bn, amid slowdown in sales volume (5.4k units' vs 10.4k units). On sequential basis, revenues are up by 17%q, taking in effect of rise in retail prices and subsequently pushing gross margins to 8% (3% previous quarter and 5% last year same period). In addition to this, bottom-line got a lift from increased operating profit margins 5.4% (0.7% pr. quarter) and normalized effective tax rate of 31% (4x pr. quarter).

Exhibit: Financial highlights Honda Cars Limited (HCAR)									
in PKRbn	3Q'23	2Q'23	1Q'22	2022	4Q'22	3Q'22	2Q'22	1Q'21	2021
Net Sales	22.9	19.5	30.2	116.5	30.2	30.8	29.5	26.0	82.6
Gross Profit	1.8	0.7	1.9	5.9	1.9	1.4	0.8	1.8	5.3
Operating Profit	1.2	0.1	1.3	3.5	1.3	0.5	0.4	1.3	3.7
EBIT	1.2	(0.6)	0.6	1.9	0.6	0.3	0.1	1.0	3.4
Net Interest Income	0.0	0.7	0.5	2.1	0.5	0.6	0.5	0.5	1.1
Profit before Tax	1.2	0.2	1.1	4.0	1.1	0.8	0.6	1.4	4.5
Tax	0.4	0.5	0.4	1.8	0.4	0.6	0.2	0.5	1.3
Net Profit	0.8	(0.4)	0.7	2.2	0.7	0.2	0.4	0.9	3.2
<b>EPS</b>	<b>5.7</b>	<b>(2.7)</b>	<b>4.6</b>	<b>15.7</b>	<b>4.6</b>	<b>1.4</b>	<b>3.1</b>	<b>6.6</b>	<b>22.6</b>
<b>DPS</b>				<b>7.0</b>		<b>7.0</b>			<b>4.5</b>
Gross Margins	8%	3%	6%	5%	6%	5%	3%	7%	6%
EBIT Margins	5%	-3%	2%	2%	2%	1%	0%	4%	4%
Net Margins	4%	-2%	2%	2%	2%	1%	2%	4%	4%
Effective tax rate	31%	342%	40%	44%	40%	76%	30%	35%	29%
Units	5,477	5,626	9,441	39,451	9,441	10,462	10,376	9,172	29,291

Source: IGI Research, Company Financials

No. of Shares: 142.8mn

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