

HCAR 4QMY22 earnings – below expectations

- Honda Atlas Cars (HCAR) announced its 4QMY22 results where the company recorded a profit of PKR197mn for the quarter under review (EPS PKR1.38) compared to a profit of PKR896mn (EPS PKR6.27) of 4QMY21 showing a 78%YoY decline.
- Earnings for MY22 were PKR2,510mn (EPS PKR17.52) as compared to MY21 PAT of PKR1,793mn (EPS PKR12.56), an exorbitant increase of 40%YoY. In conjunction with the result, the company declared final cash dividend of PKR7/share.
- The earnings were below our expectations for 4QMY22 because of a higher effective tax rate. Taxation expense clocked in at PKR627mn for the quarter. A huge 78% of the PBT. Our estimates were around 239 PKRmn (29% of PBT), hence causing the overall earnings to drop below our expectations.
- An Uptrend was observed in Sales for the quarter with a growth 35% YoY and 4% QoQ to PKR30,768mn. This massive upsurge in sales is mainly due to higher volumetric sales of 10,500 units, an increase of 30%YoY. Similarly the sales for the MY22 also grew, showing a sharp increase of 60% YoY to PKR108,048mn.
- Constant PKR depreciation coupled with higher freight charges restricted gross margins at 4.52%, showing a decline of 0.66bps. However the same increase on sequential basis by 1.82bps.
- Other income was reported at PKR623mn in 4QMY22 as compared to PKR517mn of 4QMY19 recording a growth of 20%. The 20%YoY increase in other income is mainly due to long delivery times and rise in customer advance, hence higher cash and bank balances.
- Distribution Cost came up to PKR613mn in 4QMY22 against PKR 181mn for 3QMY22, an increase of 238%QoQ/94%YoY.

HCAR Financial Highlights

	4QMY22	YoY	QoQ	MY22	YoY
Net Sales	30,768	35%	4%	108,048	60%
Cost of Goods	29,375	36%	2%	102,470	61%
Gross Profit	1,393	18%	74%	5,578	48%
Distribution	613	94%	238%	1,139	55%
Admin. Exp	317	14%	29%	1,068	30%
Other Op. Exp	202	111%	n.a	984	315%
Other Op Income	623	20%	17%	2,005	118%
Operating Profit	884	-12%	34%	4,391	52%
Finance Cost	60	-350%	273%	116	0%
Profit Before Tax	823	-20%	28%	4,275	54%
Taxation	627	355%	221%	1,765	79%
Profit After Tax	197	-78%	-56%	2,510	40%
EPS (PKR)	1.38			17.58	
DPS (PKR)	7.00			7.00	

Source: Company Financial, Next Research

Annexure

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