Assemblers I HCAR I 2QMY25 I Preview

REP # 048

ADAM SECURITIES LIMITED

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HCAR: Earnings to rise c.37%QoQ during 2QMY25

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- Honda Atlas Cars Ltd (HCAR) to announce financial result for the 2QMY25. We believe the company to post an EPS of Rs.1.9/sh. during 2QMY25, rising by c.37%QoQ compared to 1QMY25. We believe the EPS to rise mainly QoQ during 2QMY25 on the:
  - Higher operating margins of c.90bpsQoQ,
  - On the notable decline in Finance cost by c.74%QoQ mainly on the retiring of ST Loans of Rs.5.32bn during 1QMY25 along with the significant decline in interest rates to 17.5% by Sept'24.
  - We also believe the Gross Profit of HCAR to rise notably by c.5%QoQ during 2QMY25, regardless of higher COGS of c.6%QoQ, mainly on the recovery of Sales Units by c.2%QoQ, thus, boosting the revenues by c.6%QoQ during 2QMY25.
- On the 1HMY25 front, we believe the EPS to slump by c.41%YoY mainly on the higher financial charges recorded during 1QMY25 of Rs.287mn, resultantly roaring finance cost by c.120%YoY, on the repercussion of the procurement of loan amount of Rs.10.95bn during 1HMY24. Further, Other Income to drastically plummet by c.63%YoY during 1HMY25, on the slowdown in Income from Tbills and Govt. papers, post divestment during 2QMY24 of Rs.10.42bn and Rs.3.83bn during 3QMY24, respectively. It is to note here that, contrary to rise in COGS during 2QMY25, which may likely to rise by c.89%YoY, on the recovery of Sales Volume, Gross Profit to surge by c.50%YoY during 1HMY25 mainly on the robust rise in sales volume by c.113%YoY. We believe, this will likely boost up the revenues of HCAR by c.85%YoY during 1HMY25.

(PKRmn)	2QMY25F	QoQ	YoY	1HMY25F	YoY
Sales	16,935	6.0%	21.3%	32,905	85.6%
COGS	15,873	6.1%	27.7%	30,832	88.6%
Gross Profit/(Loss)	**1,061**	**4.9%**	**-30.5%**	**2,073**	**50.4%**
Financial Charges	74	-74.2%	-38.4%	361	120.4%
Other Income	325	-5.4%	-63.7%	669	-62.8%
EBT/(LBT)	**555**	**44.8%**	**-63.1%**	**938**	**-47.1%**
Tax	277	53.6%	-66.6%	458	-51.9%
PAT/(LAT)	**277**	**36.9%**	**-58.9%**	**480**	**-41.5%**
EBIT	**629**	**-6.2%**	**-61.3%**	**1,299**	**-32.9%**
ETR	**50.0%**	**6.1%**	**-9.3%**	**48.8%**	**-9.1%**
EPS/(LPS)	**1.9**	**36.9%**	**-58.9%**	**3.4**	**-41.5%**
DPS	**-**	**NA**	**NA**	**-**	**NA**
Sales Volume (Units)	**3,348**	**1.9%**	**33.4%**	**6,633**	**113.2%**
Margins %					
Gross	6.3%	-0.1%	-4.7%	6.3%	-1.5%
Profit	1.6%	0.4%	-3.2%	1.5%	-3.2%
Operating	3.3%	0.9%	-7.5%	0.0%	0.0%

Source: Financials, ASL Research

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