

## RESULT REVIEW

## Honda Atlas Cars (Pakistan) Limited (HCAR) – 3QMY26

Tuesday, January 27, 2026

Honda Atlas Cars (Pakistan) Limited (HCAR) announced its 3QMY26 results, reporting a profit after tax (PAT) of PKR 655mn (EPS: PKR 4.59), down 12% QoQ but up 16% YoY. The QoQ decline in earnings was primarily driven by a sharp rise in finance costs and distribution & marketing expenses, which more than offset healthy revenue growth.

On a YoY basis, earnings improved on the back of strong topline growth, reflecting higher sales volumes amid improving demand conditions.

**Key Financial Highlights:**

- Revenue increased by 30% QoQ and 85% YoY to PKR 33.1bn, supported by strong volumetric recovery and improved pricing.
- Gross profit rose 30% QoQ and 52% YoY to PKR 2.50bn, while gross margins remained broadly stable as cost pressures persisted.
- Distribution & marketing expenses surged 51% QoQ and 207% YoY to PKR 451mn, weighing on operating profitability amid aggressive sales push.
- Other income declined 24% QoQ, limiting earnings support compared to the previous quarter.
- Finance cost jumped 76% QoQ and 157% YoY to PKR 553mn, primarily due to fresh short-term borrowings of PKR 13.8bn raised to meet working capital requirements.
- Profit before tax stood at PKR 1.20bn, up 7% QoQ and 9% YoY.
- Effective tax expense increased 44% QoQ, resulting in a QoQ decline in net earnings despite higher operating profits.

Financials (PKR '000)	3QMY26	2QMY26	QoQ	3QMY25	YoY
Revenue	33,103,165	25,418,299	30%	17,845,429	85%
Cost of revenue	(30,604,991)	(23,497,881)	30%	(16,202,475)	89%
<b>Gross profit</b>	<b>2,498,174</b>	<b>1,920,418</b>	30%	<b>1,642,954</b>	52%
Distribution and marketing exp.	(450,746)	(297,892)	51%	(146,963)	207%
Admin expense	(582,587)	(613,320)	-5%	(457,334)	27%
Other income	373,578	494,555	-24%	189,942	97%
Other expense	(82,550)	(66,890)	23%	(17,396)	375%
Finance cost	(553,173)	(314,666)	76%	(214,923)	157%
<b>Profit before levy and taxation</b>	<b>1,202,696</b>	<b>1,122,205</b>	7%	<b>996,280</b>	21%
Levy	0	0		109,007	-100%
<b>Profit before taxation</b>	<b>1,202,696</b>	<b>1,122,205</b>	7%	<b>1,105,287</b>	9%
Taxation	(547,228)	(380,030)	44%	(538,884)	2%
<b>Profit for the year</b>	<b>655,468</b>	<b>742,175</b>	-12%	<b>566,403</b>	16%
<b>EPS</b>	<b>4.59</b>	<b>5.20</b>		<b>3.97</b>	

Source: Company Financials, HMFS Research

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<b>HOLD</b>	Between 15% Upside & 15% Downside
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