

RESULT REVIEW

Honda Atlas Cars (Pakistan) Limited (HCAR) – 1QMY26

Thursday, July 24, 2025

Honda Atlas Cars (Pakistan) Limited (HCAR) announced earnings of **PKR 829mn (EPS: PKR 5.80)** for 1QMY26, marking a robust **308% YoY** increase from PKR 203mn (EPS: PKR 1.42). On a QoQ basis, earnings declined **51%**, primarily due to a favorable tax adjustment in the previous quarter and a modest decrease in volumetric sales, which fell from 5,692 units to 5,520 units.

Key Financial Highlights:

- Revenue clocked in at PKR 26.5bn, up 66% YoY, led by a significant increase in volumes.
- Gross profit surged 125% YoY to PKR 2.28bn, as gross margins improved notably on account of lower CRC/HRC prices.
- Administrative and distribution expenses rose by 54% and 35% YoY, respectively, in line with higher operational activity.
- Other income stood at PKR 553mn, up 61% YoY.
- Finance cost declined 29% YoY to PKR 203mn, reflecting both the decline in interest rates and reduced working capital borrowings.
- Taxation increased substantially YoY to PKR 632mn, compared to PKR 123mn in 1QMY25, taking the effective tax rate to ~43%. On a QoQ basis, the rise reflects the absence of favorable tax adjustments that had boosted profitability in the previous quarter.

Outlook:

The company's strong YoY performance reflects improved cost efficiency and favorable input pricing. Continued stability in input costs and interest rates will be key to sustaining profitability going forward.

Financials (PKR mn)	1QMY26	1QMY25	YoY	4QMY25	QoQ
Revenue	26,462	15,970	66%	27,653	-4%
Cost of revenue	(24,187)	(14,959)	62%	(24,864)	-3%
Gross profit	2,275	1,012	125%	2,789	-18%
Administrative expense	(604)	(392)	54%	(602)	0%
Distribution and marketing exp.	(350)	(259)	35%	(544)	-36%
Other income	553	344	61%	370	49%
Other expense	(210)	(33)	536%	(197)	7%
Finance cost	(203)	(287)	-29%	(346)	-41%
Profit before levy & taxation	1,461	383	281%	1,469	-1%
Levy	-	(57)	n/a	-	n/a
Profit before taxation	1,461	326	348%	1,469	-1%
Taxation	(632)	(123)	414%	214	n/a
Profit for the year	829	203	308%	1,682	-51%
EPS	5.80	1.42		11.78	
DPS	-	-		8.00	

Source: Company Financials, HMFS Research

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