



HINOPAK MOTORS LIMITED

**CORPORATE BRIEFING SESSION
YEAR ENDED MARCH 31, 2020**

Date: September 23, 2020

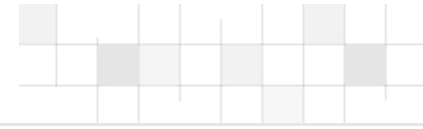




COMPANY OVERVIEW

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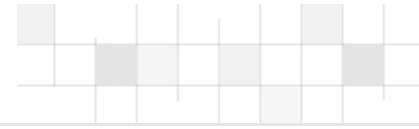
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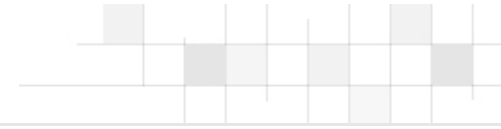
- ❖ Hinopak Motors Limited was incorporated in Pakistan in 1985 as a Public limited company and is listed on the Pakistan Stock Exchange.
- ❖ The Company is primarily engaged in the assembly, progressive manufacturing and sale of Hino buses and trucks. Company's product range comprises of Light, Medium and Heavy Commercial Vehicles. Company's plant and production site has the capacity of producing 6,000 chassis and 1,800 bodies.
- ❖ The majority shareholding of the Company is held by Hino Motors Limited Japan and Toyota Tsusho Corporation Japan (Aggregate 89%) since 1998.

COMPANY OVERVIEW

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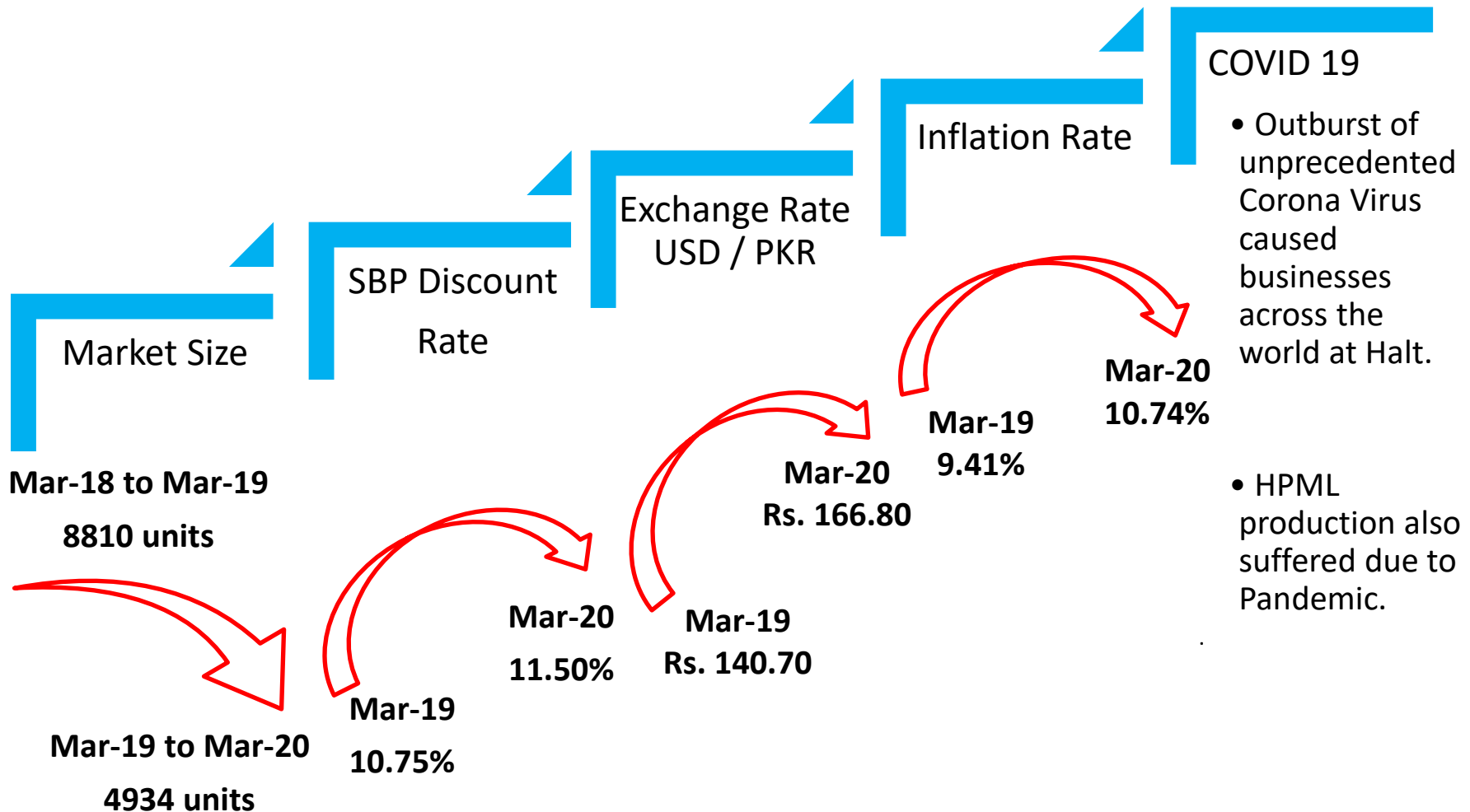
- ❖ The Company offers total of 14 models of vehicles which includes 2 LCV models, 4 MCV models, 4 HCV models and 4 models of buses.
- ❖ Main competitors of the Company are two Japanese Automobile Assemblers Ghandara Industries Limited and Ghandara Nissan Limited.



DEVELOPMENTS DURING THE YEAR

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6/19

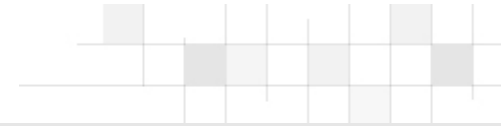


DEVELOPMENTS DURING THE YEAR

7/19



- ❖ No real incentive was provided to automotive sector in the budget for FY21 posting a challenging outlook for the business going forward.
- ❖ Additional Custom duty @ 7% was levied on the import of CKDs.
- ❖ Election of Directors was held in November 2019 in which new Board was elected for the next term of three years.



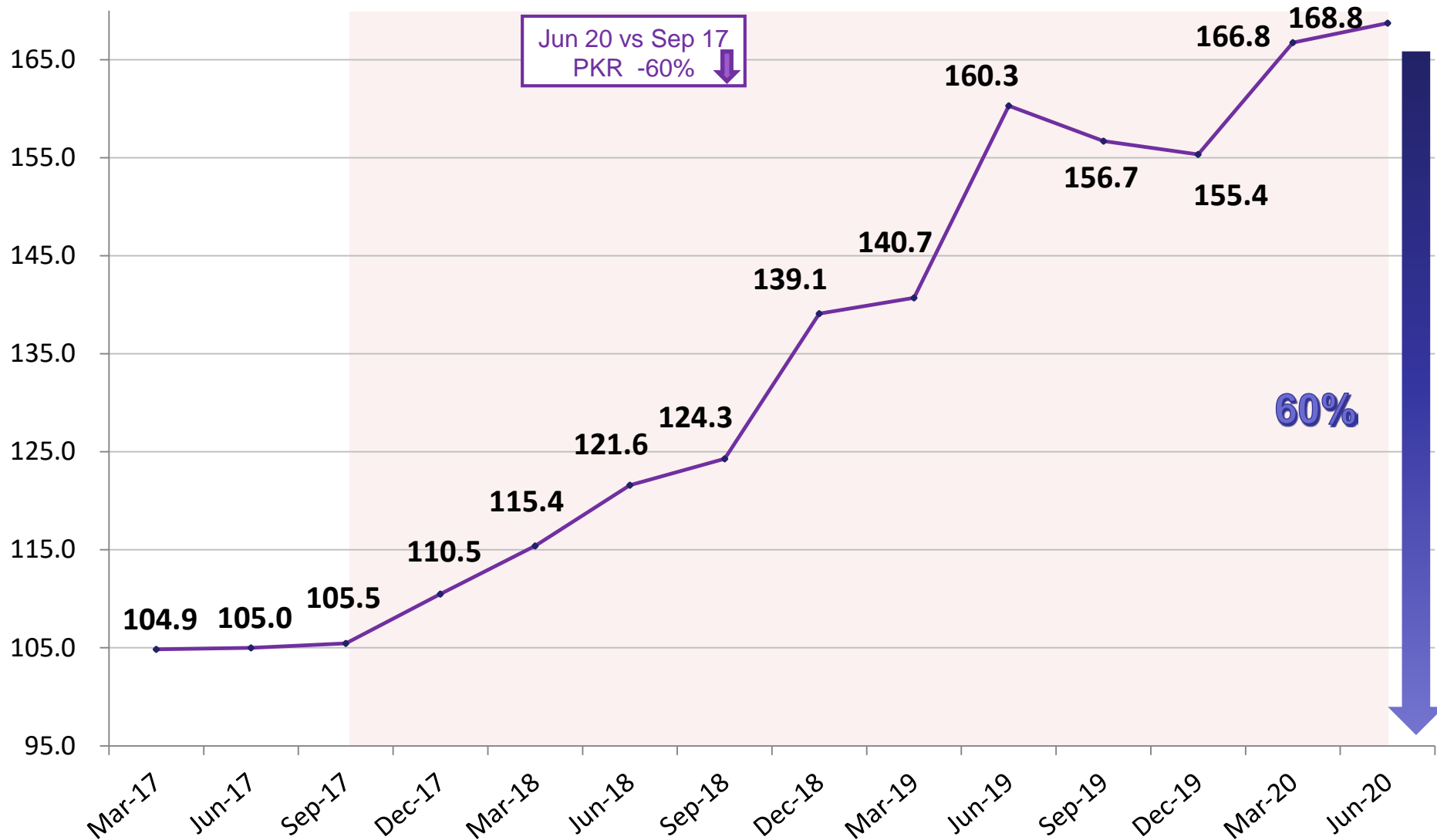
FOREIGN EXCHANGE ANALYSIS

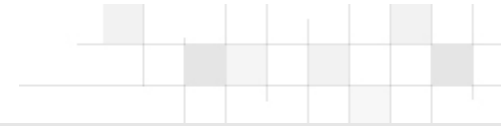
Foreign Exchange Spot Rate

9/19



USD / PKR PARITY





FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS – Profit & Loss A/C



Particulars	March 31,	
	2019	2020
Units	2850	1639
	Rs. in '000	
Turnover	19,130,839	13,191,060
Gross Profit / (Loss)	1,113,314	(170,411)
Distribution cost & Administrative expenses	(759,331)	(721,697)
Other Income - net	147,640	82,889
Operating Loss	501,623	(809,219)
Finance Cost	(1,021,797)	(1,034,779)
Loss before tax	(520,174)	(1,843,998)
Corporate Tax	(353,123)	(210,978)
Loss after tax	(873,297)	(2,054,976)
Loss per Share	Rs. (70.42)	Rs. (165.71)

FINANCIAL HIGHLIGHTS

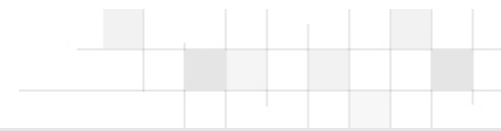
12/19



- ❖ The decrease in current year's sales volume mainly attributed to contraction in the overall market demand.
- ❖ The sales revenue for the year ended March 31, 2020 decreased to Rs. 13.19 billion from Rs. 19.13 billion in the corresponding period last year mainly due to decrease in overall sales volume of the industry.
- ❖ Gross profit margin decreased from 5.8% in 2018-19 to gross loss of 1.3% in 2019-20 mainly due to decrease in sales volume and cost increase on account of adverse exchange rate parity and import duty.

FINANCIAL HIGHLIGHTS

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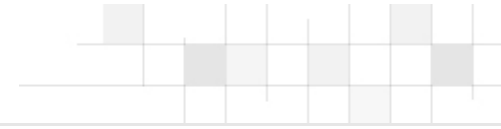
- ❖ Finance cost for the year ended March 31, 2020 increased to Rs. 1.03 billion against Rs. 1.02 billion in the corresponding period last year. The current year's finance cost predominantly comprises of borrowing cost of Rs. 854.8 million on short term borrowings and exchange loss amounting to Rs. 180 million.
- ❖ Due to loss for the year, Company falls in the turnover / minimum tax regime i.e. 1.50% of the turnover.
- ❖ Loss per share was Rs. 165.71 for the year ended March 31, 2020 as compared to loss per share of Rs. 70.42 in the corresponding period last year.

FINANCIAL HIGHLIGHTS – Balance Sheet

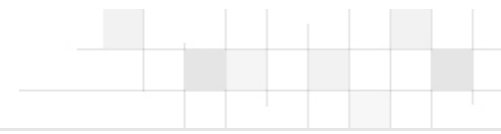


	March 31,	March 31,
	2019	2020
Particulars	Rs. in '000	
Non-Current Assets	3,185,487	3,685,989
Inventory	8,038,091	3,837,972
Other Current Assets	3,067,098	1,932,799
Total Assets	14,290,676	9,456,760
Equity	3,560,412	1,709,088
Long-Term Liabilities	298,314	303,229
Short term borrowings	6,766,074	4,115,238
Current Liabilities	3,665,876	3,329,205
Total Equity & Liabilities	14,290,676	9,456,760

The decrease in current assets is mainly attributed to reduced stock position from Rs 8.04 billion in March 31, 2019 to Rs. 3.84 billion in March 31, 2020 due to management's efforts to liquidate the piled up socks by pushing sales volume.



FUTURE OUTLOOK & CHALLENGES

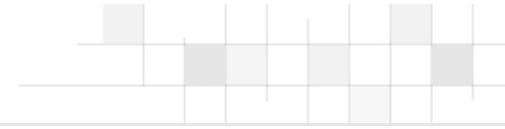


- ❖ Since March-20, the outbreak of COVID-19 causing uncertainty in the overall economic scenario will be of paramount importance for the growth of economic activity as well as for the Company.
- ❖ Over the past few years, devaluation of Pak rupee against USD has effected the cost of production and any further devaluation will hamper the profit margins.
- ❖ Expansion of Projects under CPEC and other infrastructure activities will be instrumental in the revival of overall industry including Commercial Vehicle Sector.
- ❖ Any adverse movement in interest rate and inflation rate will affect the performance of the Company.



FUTURE OUTLOOK

- ❖ The company has taken various measures to address declining profitability by controlling production overheads and improving sales volume through sales campaigns.
- ❖ In order to improve its equity base, the Company has increased the Authorized Share Capital to provide more flexibility for future increase in paid up capital of the Company. Recently the Company has also announced the issue of Right Shares to the extent of Rs. 2.896 Billion in the proportion of 1:1 at a price of Rs. 233.5 per share which will help in repayment of its debts, improving liquidity and profitability of the Company.
- ❖ The size of the commercial vehicle market has already been reduced by approx. 44% as compared to corresponding period, therefore acquisition of the sales volume is important for the Company. The management has already increased selling prices of the vehicles in phases to pass on the impact of increased production cost and will further increase considering the sales volume. However, the actual realization of the price will take some time.



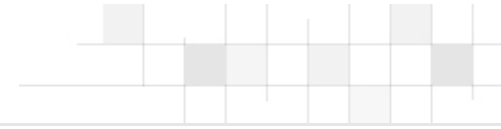
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