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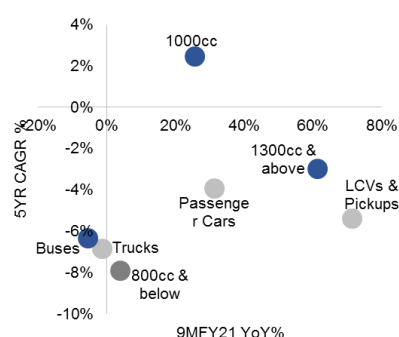
REP-019  
**MARKET**  
VISTA

## Strong Mar'21 signals back to normal

- PAMA reported Mar'21 total automobile industry sales of 26,919 units (+27%MoM/+164% YoY), indicating demand comfortably trouncing even pre-COVID levels and reverting to levels not seen since April'18. This upturn was led by Passenger Car sales (17,105 units, +26%MoM/+195%YoY), LCV/Pickup sales picking up to 3,708 units (+29% MoM/+229%YoY), and Truck sales bouncing back with 508 units (102%MoM/70%YoY).
- The automotive industry realized 9MFY21 cumulative sales of 174,848 vehicles (+40%YoY) encompassing 112,244 Passenger Cars (+32%YoY), 22,474 LCVs & Pickups (+72%YoY), and 36,926 Tractors (+57%YoY), indicative of automakers capitalizing on changing operational landscape.
- Segment wise sales showcased broad based uptrend in sales, led by 1,300CC+ premium vehicle segment (8,447 units in Mar'21 +38%MoM/+141%YoY), 800CC- segment (5,762 units +12%MoM/+351%YoY), and the 1000CC+ segment sustaining growth (2,896 units 26%MoM/+184%YoY) for the month, tilting segment-wise composition to the premium segment (1300CC+/1000CC/800CC composition at 49%/17%/34% for Mar'21 vs. 45%/17%/38% during the preceding month).
- Amongst major OEMs, monthly uptick was evident across the board with INDU having a particularly strong month (6,695 units sold, +53%MoM/+1.58xYoY) followed by HCAR (3,153 vehicles sold, +30%MoM/+102%YoY), and PSMC (+14%MoM/280%YoY), with cumulative 9MFY21 sales up 13.2/69/54% YoY for PSMC/INDU/HCAR.

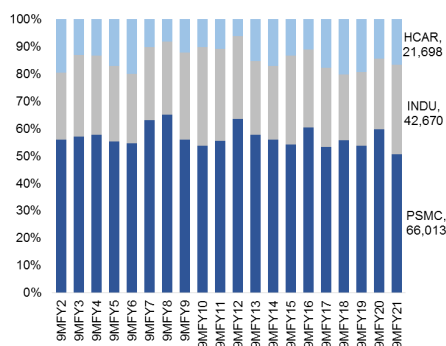
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Segment wise cumulative vs.5yr CAGR sales moves ...

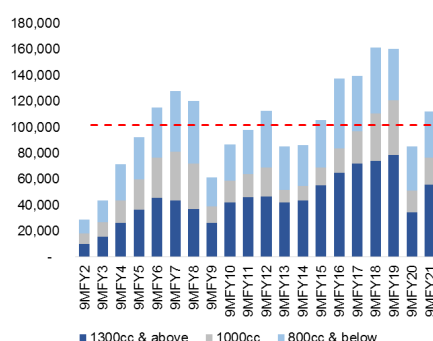


Source: PAMA & AKD Research

Top 3 OEM sales share over 9MFY21

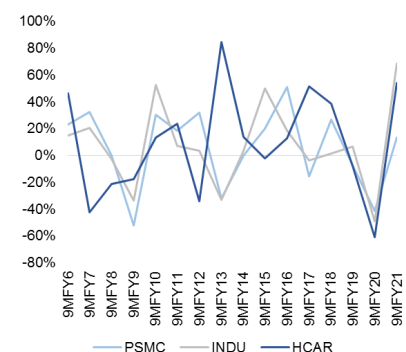


PC Sales beating 20 year cumulative FY average



Source: PAMA & AKD Research

HCAR & INDU show steep recovery in cumulative FY sales



Source: PAMA & AKD Research

**INDU 4X4 sales make a pullback:** Overall sales for the month were robust, where Corolla/Yaris offtake moved +81/29%MoM to 2,126/3,317 units while in the premium 4X4 space, Fortuner/Hilux sales underwent growth of +85/+103%MoM to 508/744 units. Cumulative sales for the OEM were remarkably resilient, increasing by 69%YoY for 9MFY21 to 42,670 units with sustained sales momentum supporting earnings growth outlook.

**PSMC – getting back in the volumes game:** Mar'21 sales for the OEM clocked in at 10,161 units, growing by 14%MoM/280%YoY, taking 9MFY21 sales to 66,013 units (+13.2%YoY). Mar'21 sales of Cultus registered a growth of 10%MoM/131%YoY with 1,637 units sold, where Wagon R cushioned 1259 units (+55%MoM/306%YoY) while Alto continued its upward trend with sales increasing 12%MoM and 437%YoY to 4,745 units. Furthermore, Swift sales increased to 355 units (+98%MoM/333%YoY), potentially as a result of sales push by the company to clear out inventories in preparation of the launch of new Swift model expected in 2QCY21. Given the fact that PSMC continues to sustain healthy sales, a short term sales-driven upside in the stock is



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difficult to rule out. That said, the OEM continues to embark on a flurry of concessionary financing schemes with multiple lenders, where some concessions on offer are likely to be margin depreciative.

**HCAR –beneficiary of premium segment growth:** The collective sales of Civic & City topped out to 2,603 units for the outgoing month rising 19%MoM and 96%YoY taking 9MFY21 aggregate sales to 18,816, (+57%YoY). Alongside, BRV sales touched 550 units (+132%MoM/+132% YoY). This led to HCAR achieving a 9MFY21 total sales rise of 54%YoY to 21,698 units buoyed by rising popularity of premium segment sedans in the country.

#### Pakistan Automotive Industry Sales Snapshot

(Units)	Mar-21	Feb-21	MoM	YoY	9MFY21	9MFY20	YoY
<b>Ind. Perform.</b>							
Total Industry Sales	26,919	21,215	27%	164%	174,848	125,203	40%
Passenger Cars + LCV	20,813	16,436	27%	201%	134,718	98,432	37%
Passenger Cars	17,105	13,570	26%	195%	112,244	85,333	32%
LCVs & Pickups	3,708	2,866	29%	229%	22,474	13,099	72%
Trucks	508	252	102%	70%	2,700	2,733	-1%
Buses	67	77	-13%	52%	504	532	-5%
Tractors	5,531	4,450	24%	90%	36,926	23,506	57%
<b>Company-Wise</b>							
PSMC	10,161	8,903	14%	280%	66,013	58,303	13%
INDU	6,695	4,384	53%	158%	42,670	25,300	69%
HCAR	3,153	2,429	30%	102%	21,698	14,061	54%
MTL	3,519	3,008	17%	71%	25,927	14,611	77%
AGTL	2,012	1,442	40%	133%	10,999	8,733	26%
<b>Segment-Wise</b>							
1300cc & above	8,447	6,114	38%	141%	55,733	34,531	61%
1000cc	2,896	2,298	26%	184%	20,975	16,677	26%
800cc & below	5,762	5,158	12%	351%	35,536	34,125	4%
Passenger Cars	17,105	13,570	26%	195%	112,244	85,334	32%
<b>PSMC</b>							
Swift	355	179	98%	333%	1,896	1,548	22%
Cultus	1,637	1,484	10%	131%	12,108	10,555	15%
Wagon R	1,259	814	55%	306%	8,867	6,122	45%
Mehran	-	-	N/A	N/A	-	1,702	-100%
Alto	4,745	4,245	12%	437%	29,038	27,956	4%
Bolan	1,017	913	11%	158%	6,498	4,467	45%
Ravi	1,148	1,268	-9%	292%	7,606	5,953	28%
<b>INDU</b>							
Corolla	2,126	1,177	81%	2%	13,255	20,991	-37%
Yaris	3,317	2,566	29%	N/A	21,720	-	N/A
Fortuner	508	275	85%	222%	2,449	1,071	129%
Hilux	744	366	103%	115%	5,246	3,238	62%
<b>HCAR</b>							
Civic & City	2,603	2,192	19%	96%	18,816	11,992	57%
BR-V	550	237	132%	132%	2,882	2,069	39%

Source: PAMA & AKD Research

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Buy	> 14.5% expected total return (Rf: 8.5% + Rp: 6%)
Neutral	> 8.5% to < 14.5% expected total return
Sell	< 8.5% expected total return (Rf: 8.5%)



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