



## AKD Securities Limited

TREC Holder & Registered Broker  
Pakistan Stock Exchange

Equity Research / Pakistan



REK-216  
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### Today's Daily

#### ■ Pakistan Autos: Nov'16 sales remain seasonal

Recently released figures by Pakistan Automotive Manufacturers Association (PAMA), Pakistan's total industry sales for Nov'16 climbed 11.7%MoM to 17,858 units, still below 19,029 units sold in Nov'15. Furthermore, Car/LCV sales rested at 16,018/1,840 units rising 10.8/19.9%MoM but down 2.9%/36%YoY pointing to the continued influence of the Rozgar scheme on industry sales growth. Taken as a whole, 11MCY16 showed a tepid decline of 9%YoY amounting to 187,591 units sold under all segments. Cars/Tractors posted minor falls of 2.9/3.0%YoY amounting to 163,339/39,170 units sold over 11MCY16, while LCV sales dipped 36%YoY to 24,252 units. Three major OEMs remained within their seasonal trends, where HCAR was an outlier, with sales growth of 3.2%MoM/103.3%YoY (unit sales of 3,096 units during Nov'16) driven by the new Civic. Additionally segment-wise growth showcases a burgeoning demand side scenario for the 1000CC segment where cumulative sales for 11MCY16 were 26,128 units up 28%YoY, while the 1,300CC and above segment sales of 84,769 units experienced a slowdown, recording growth of 3%YoY vs. 40%YoY growth experienced in the same period last year. 800 and below 1000cc segment experienced a decline of 20%YoY selling 52,442 units during the period. Citing the launch of Revo/Fortuner variants, followed by resilience of the Corolla, superior operations and hedging of currency risk (60% localization, active hedging of order book) we re-iterate our Accumulate stance on INDU, with a TP of 1,675, and FY17/18F D/Y of 5.4/5.7%.

#### KSE100 - Index

Current 45,857.89  
Previous 45,387.23  
Chg. 1.04%

#### Mkt Cap. (PkRbn/US\$bn)

Current 9,215 / 87.93  
Previous 9,127 / 87.09  
Chg. 0.96%

#### Daily Turnover (mn)

Current 383.05  
Previous 407.12  
Chg. -5.9%

#### Value Traded (PkRmn/US\$m)

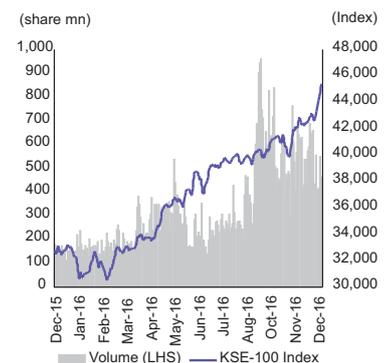
Current 21,817 / 208.17  
Previous 22,097 / 210.85  
Chg. -1.3%

AKD Daily

Wednesday, Dec 14, 2016

### News and Views

- As per data released by PBS, trade deficit for Nov'16 clocked in at US\$2.49bn, up 10.5%MoM/14.3%YoY. Monthly export receipts stood at US\$1.76bn, rising 0.34%MoM/6.2%YoY, while imports stood at US\$4.25bn, up 6.0%MoM/10.8%YoY. In 5MFY17, trade deficit accumulated to US\$11.77bn (up 19.9%YoY), with exports declining 3.9%YoY to US\$8.19bn and imports increasing 8.83%YoY to US\$19.96bn.
- The country's external debt servicing reached \$1.54bn at the end of 1QFY17, up 15%YoY. During the period under review, total external debt servicing includes US\$660mn of principal amount, US\$289mn interest payment and US\$597mn of short-term debt servicing.
- In a supplement to its 'Asian Development Outlook', ADB maintained that GDP growth in Pakistan is expected to be on track during the FY17. The ADB forecast said that GDP growth in Pakistan was expected to accelerate modestly to 4.5% in FY16 and 4.8% in FY17.



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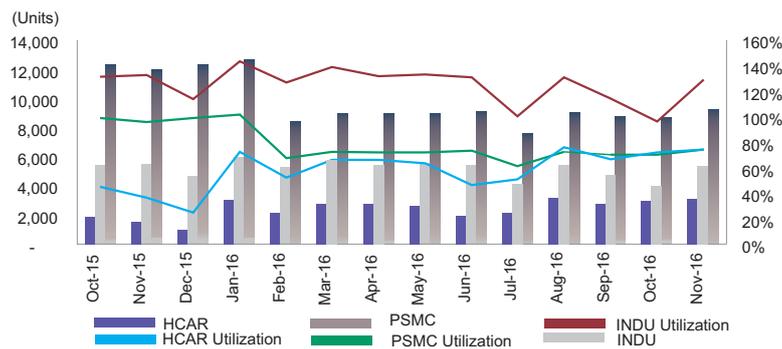
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## Pakistan Autos: Nov'16 sales remain seasonal

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### Car Sales Trend



Source: PAMA & AKD Research

**PSMC:** The Company recorded volumetric sales of 9,288 units in Nov'16, marking slow growth of 5.7%MoM, and receding by 22.5%YoY. Cumulative sales for 11MCY16 amounted to 100,807 units with the greatest gains recorded in the sales of the Wagon R (up 71%YoY) and the Swift (up 11%YoY). Major declines were witnessed in sales of Ravi/Bolan, where cumulative sales fell 46.3%/45.6%YoY. On an ex-Rozgar basis (adjusted 11MCY15 sales of 80,322, assuming 40,954 units sold under the scheme during 11MCY15), PSMC recorded encouraging sales growth of 26%YoY.



## Nov'16: Auto Industry Sales

(Units)	Nov-16	Oct-16	MoM	YoY	11MCY16	11MCY15	YoY
<b>Ind. Perform.</b>							
Industry Sales	17,858	15,988	11.7%	-6.2%	187,591	206,097	-9.0%
Cars	16,018	14,454	10.8%	1.9%	163,339	168,212	-2.9%
LCVs & Pickups	1,840	1,534	19.9%	-44.3%	24,252	37,885	-36.0%
Tractors	5,145	4,675	10.1%	126.7%	39,170	40,361	-3.0%
<b>Company Wise</b>							
PSMC	9,288	8,788	5.7%	-22.5%	100,807	121,276	-16.9%
INDU	5,383	4,015	34.1%	-2.4%	57,279	59,803	-4.2%
HCAR	3,096	3,000	3.2%	103.3%	29,412	24,626	19.4%
MTL	2,968	2,441	21.6%	108.9%	23,177	26,042	-11.0%
AGTL	2,140	2,201	-2.8%	187.6%	15,502	13,241	17.1%

Source: PAMA & AKD Research

**INDU:** INDU sales for the month grew 34.1%MoM remaining mutedly below last year (down 2.4%YoY, selling 5,383 units), following the tail-end of the 11th gen Corolla, which sold 5,019 units (26.9/1.2% increase MoM/YoY) remaining resilient in the face of heightened competition. Additionally, Hilux sales grew 6.9xMoM but were down 35.1%YoY, following the slow down in sale before the launch of the new variant 'Revo'. We intend to keep a close watch on this variant, highlighting the increase in prices as a possible catalyst for improved profitability. On a cumulative basis 11MCY16 sales figures clocked in at 57,279 units tapering by 4%YoY in-line with declines from the 11th Generation Corolla (cumulative sales decline of 5%YoY).

**Tractors:** Sales continued to excite, as Nov'16 sales clocked in at 5,145 units increasing 10.1%MoM and 1.27xYoY, continuing the fourth consecutive month of sales growth. That said, 11MCY16 sales growth remained lower by 3%YoY, where the continuation of strong offtake in the ongoing Rabi season needs to be monitored for sustainability.

**Investment Perspective:** Citing the launch of Revo/Fortuner variants, followed by resilience of the Corolla, superior operations and hedging of currency risk (60% localization, active hedging of order book) we re-iterate our Accumulate stance on INDU, with a TP of 1,675, and FY17/18F D/Y of 5.4/5.7%.



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Reduce	< -5% to > -20% downside potential
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