

**PAKISTAN
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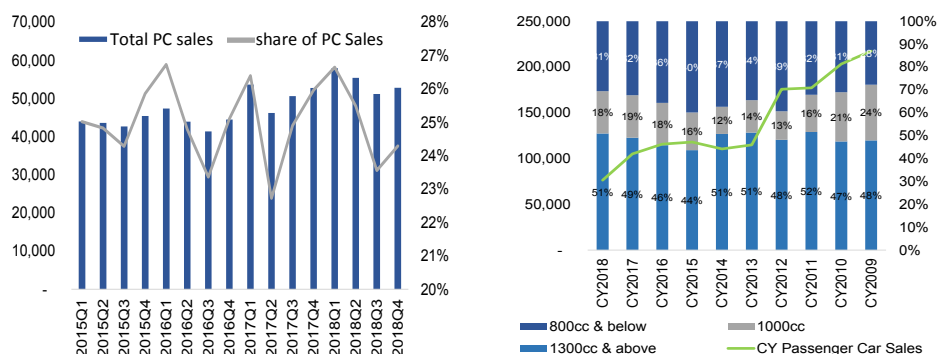
For sales, CY18 ends on a sugar high

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- Dec'18 total industry sales of 19,915 vehicles (+10%MoM), consisting of 16,141 passenger cars (+5%MoM) and 3,304 LCVs (+52%MoM/+7%YoY), wrapping up a year of drastic operational shifts and coalescing headwinds
- CY18 total industry sales of 264,091 units are constituted by 217,392 passenger vehicles (+7%YoY), 37,544 LCVs (+3.1%YoY), 8,175 trucks (-3.2%YoY) and 980 bus units (+14%YoY), where PC sales were reliant on hefty growth in low-mid segment vehicle market (800/1000/1300+ segments moves +8/+21/-5%YoY)
- Amongst major OEMs, PSMC/INDU/HCAR sold 138,003/65,565/50,992 vehicles during the period, rising +6/+7/+8%YoY, implying annual plant utilization of 92/131/102% vs. 87/123/95% for CY17, as quarterly sales data was evenly split throughout the year, deviating from seasonal trends, as the sector dealt with heightened adversity (Pkr devaluation, ban on sales to non-filers) as the year unfolded
- OEMs were faced with tough choices in CY18, where we saw their response relegated to the sphere of pricing (INDU/PSMC/HCAR hiked prices by 19.4/17.4/18.9%YoY) and minor variant upgrades (automatic Cultus launched, manual BRV, 2.8L Fortuner) which have to be augmented with new model launches in CY19 to keep growth momentum intact

PSMC: Selling 11,732 units (+38%MoM/+2%YoY) for the outgoing month, PSMC's cumulative CY18 sales showcased strong demand growth, particularly for the recently launched low-mid segment models (Wagon-R and Cutlus). The numbers for December were mainly due to the Swift/Cultus/Wagon-R/Bolan rising +12/28/30/59%MoM against a particularly slow Nov'18. Total cumulative CY18 sales rising to 138,003 units (+6% YoY) being the highest number ever for the company in a year with no GoP scheme. From a cumulative standpoint, major constituents posting growth for PSMC were Swift/Wagon-R sales rising 24%/29%YoY, while Mehran sales dipped 5%YoY, in line with the anticipated decline before new model launch expected in March'19.

Decreasing share of PCs



Source: PAMA & AKD Research

INDU: For Dec'17, sales clocked at 5,324 units (-3%MoM/+16%YoY), deviating from long term seasonality and raising sales for 4QCY18 as cost escalations were partially passed on. Soft sales for the month were due to Corolla/Fortuner sales showing weakness (-16/-35%MoM) mainly due to planned plant maintenance activity. CY18 sales of 65,565 units (+7%YoY) were largely a factor of the aging Corolla (sales of 54,037 up 4%YoY) and strong 4x4 offtake in an election year (Fortuner/Hilux sales of 3,801/7,727 units up 35/19%YoY).



HCAR: The month closed with the OEM selling 2,367 units (-31%MoM/-26%YoY) where plant maintenance activity kept deliveries down and led to longer order books. CY18 sales closed at 50,992 units (up 8%YoY) with Civic & City/BRV posting shifts of +12%/-18%YoY.

Pakistan Automotive Industry Sales Snapshot

(Units)	Dec-18	Nov-18	MoM	YoY	12MCY18	12MCY17
Ind. Perform.						
Total Industry Sales	19,915	18,145	10%	0%	264,091	249,034
Cars	16,141	15,334	5%	0%	217,392	203,312
LCVs & Pickups	3,304	2,173	52%	7%	37,544	36,412
Trucks	301	571	-47%	-56%	8,175	8,447
Buses	169	67	152%	397%	980	863
Tractors	654	3,750	-83%	-87%	63,060	66,369
Company Wise						
PSMC	11,732	8,511	38%	2%	138,003	130,813
INDU	5,324	5,479	-3%	16%	65,565	61,539
HCAR	2,367	3,452	-31%	-26%	50,992	47,372
MTL	365	1,915	-81%	-90%	38,663	41,604
AGTL	287	1,750	-84%	-77%	23,933	24,423
Segment-Wise Sales						
1300cc & above	6,523	8,426	-23%	-2%	104,294	96,560
1000cc	4,722	3,658	29%	11%	52,885	43,651
800cc & below	4,896	3,250	51%	-7%	60,213	63,101
Passenger Cars	16,141	15,334	5%	0%	217,392	203,312
PSMC						
Swift	355	317	12%	-7%	5,284	4,273
Cultus	1,982	1,545	28%	32%	21,739	19,404
Wagon R	2,740	2,113	30%	-1%	31,146	24,247
Mehran	3,228	2,199	47%	-5%	40,828	42,985
Bolan	1,668	1,051	59%	-10%	19,385	20,116
Ravi	1,759	1,286	37%	13%	19,621	19,788
INDU						
Corolla	4,179	4,957	-16%	10%	54,037	52,233
Fortuner	153	236	-35%	-33%	3,801	2,808
Hilux	992	286	247%	84%	7,727	6,498
HCAR						
Civic & City	1,989	3,152	-37%	-19%	44,973	40,054
B-RV	378	300	26%	-50%	6,019	7,318

Source: PAMA & AKD Research

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Neutral	> 13% to < 19% expected total return
Sell	< 13% expected total return (Rf: 13%)

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Accumulate	> 5% to < 20% upside potential
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Sell	< -20% downside potential
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