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PAKISTAN
AUTOS

REP-019
MARKET
VISTA

Yaris inoculates industry against demand downslide

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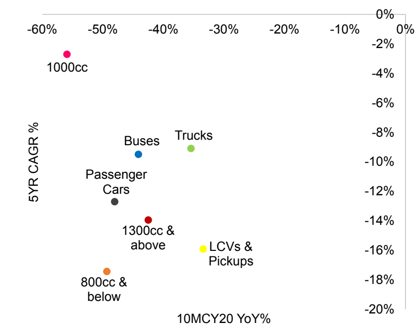
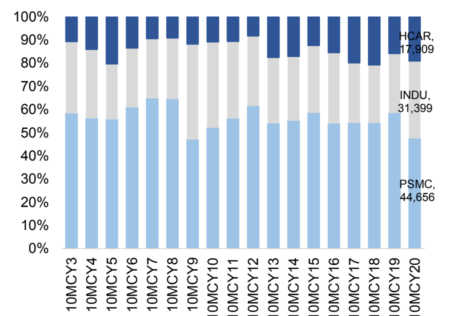
- **PAMA reported Oct'20 total automotive industry sales fell -4%MoM despite landing firm over last year (+1%YoY, after 23 consecutive months of negative or no YoY growth), amounting to 11,384 units, where constituents moved -5%/-2%/0%/+36%/+5%MoM for Passenger Cars/LCVs/Trucks/Buses/Tractors, while LCV/Tractors/Trucks recorded rise of +53%/+33%/+57%YoY**
- **Cumulative 10MCY20 sales decline of 45.9%YoY was an offshoot of Passenger Car/LCVs/Trucks slipping 48.0%/33.4%/35.4%YoY, while over the same period car segments 800cc+/1000CC/1300CC+ sales moved -49.3/-55.9/-42.5%YoY, as demand suffered from hefty price hikes following through to CY20 exasperated by the COVID-19 pandemic**
- **Amongst major OEMs, INDU/HCAR had a strong month with sales up 120/61%YoY as they benefit from the 1,300CC+ segment exhibiting greater resilience, with INDU inoculating itself from dull demand scenario with the Yaris launch, while PSMC continued to have a tepid month (-7%MoM/-13%YoY) with Alto and Ravi sales receding further on annual basis**
- **Considering the absence of KIA sales figures (not a member of PAMA) we have clearly crossed the low water mark for industry sales as growth is being underreported on PAMA numbers alone. In the backdrop of heightened industry competition and demand model launch timeline for new entrants, we remain upbeat on INDU's ability to weather headwinds and deliver on smooth uptick in profitability.**

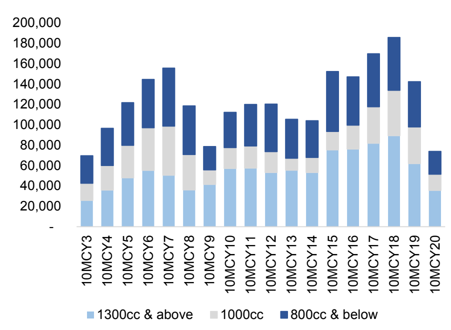
All vehicle segments showing systemic declines



Source: PAMA & AKD Research

Top 3 OEM sales share mix over 10MCY03-20…. **...segment-wise PC sales split over the same period**



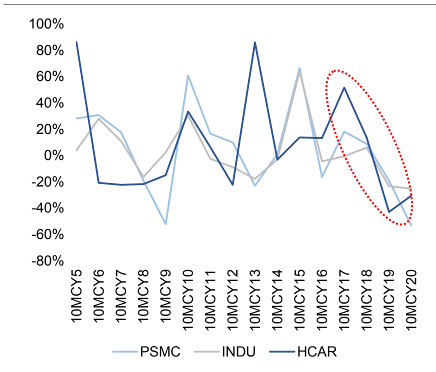


Source: PAMA & AKD Research

INDU, Yaris proves new model effect still in play: October sales moved +26%MoM/+120% YoY mainly due to the Yaris sales resting at 3,058 units, +26%MoM, hitting the highest monthly sales figure for the May'20 launched mid-segment sedan variant. Corolla sales remained upbeat as well rising 8%MoM but fell 34%YoY as Yaris variants now constitute the 1.3L to 1.6L variant sales previously ~60-75% of Corolla sales. Hilux/Fortuner SUV sales for Oct'20 remained flat MoM and +46/+22%YoY, where both variants seem to be normalizing at a lower monthly run rate.

PSMC variants lag in appeal facing heightened competition: PSMC sales for the month were noticeably worse off than the industry, moving 6,054 units, -7%MoM/-13%YoY, while 10MCY20 sales are now down 53.1%YoY taking capacity utilization for the plan to 35.7% vs.

Sales decline slowing for INDU & HCAR



Source: PAMA & AKD Research

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76.2% for 10MCY19 (on double shift basis) with Alto now filling the gap left after Mehran discontinuation. Additionally, during 10MCY20 all variants except Alto (+4.8%YoY) witnesses weak demand, with Wagon R/Ravi/Bolan/Swift witnessing steep drop-offs -68.3/-59.1/-56.3/-53.3%YoY.

HCAR continuing to perform: City and Civic sales moved 0%MoM/+122%YoY for the out-going month, benefiting from the low base established during Oct'18, take cumulative sales to 15,516 for 10MCY20 softening 30.6%YoY (second consecutive period of declines, sales now at levels seen during CY15).

Pakistan Automotive Industry Sales Snapshot

(Units)	Oct-20	Sep-20	MoM	YoY	10MCY20	10MCY19	YoY
Ind. Perform.							
Total Industry Sales	11,384	11,909	-4.4%	1.4%	91,174	168,443	-45.9%
Cars	8,939	9,439	-5.3%	-6.6%	74,042	142,493	-48.0%
LCVs & Pickups	2,085	2,122	-1.7%	53.4%	14,373	21,589	-33.4%
Trucks	315	315	0.0%	33.5%	2,397	3,713	-35.4%
Buses	45	33	36.4%	-28.6%	362	648	-44.1%
Tractors	4,482	4,256	5.3%	56.7%	32,641	38,178	-14.5%
Company Wise							
PSMC	6,054	6,491	-6.7%	-13.2%	44,656	95,280	-53.1%
INDU	5,481	4,365	25.6%	119.6%	31,399	41,971	-25.2%
HCAR	2,230	2,710	-17.7%	61.1%	17,909	25,794	-30.6%
MTL	3,007	2,815	6.8%	50.8%	21,710	22,731	-4.5%
AGTL	1,475	1,441	2.4%	72.9%	10,894	15,161	-28.1%
Segment-Wise Sales							
1300cc&above	3,352	3,764	-10.9%	5.8%	35,554	61,837	-42.5%
1000cc	2,014	1,947	3.4%	17.8%	15,873	36,014	-55.9%
800cc&below	3,573	3,728	-4.2%	-23.8%	22,615	44,642	-49.3%
Passenger Cars	8,939	9,439	-5.3%	-6.6%	74,042	142,493	-48.0%
PSMC							
Swift	180	252	-28.6%	19.2%	1,502	3,216	-53.3%
Cultus	816	786	3.8%	-30.8%	9,777	16,783	-41.7%
WagonR	1,198	1,161	3.2%	126.0%	6,096	19,231	-68.3%
Mehran	-	-	N/A	-100.0%	6	16,649	-100.0%
Alto	2,893	3,104	-6.8%	-28.5%	17,802	16,991	4.8%
Bolan	680	624	9.0%	70.4%	4,807	11,002	-56.3%
Ravi	287	564	-49.1%	-31.8%	4,666	11,408	-59.1%
INDU							
Corolla	1,314	1,219	7.8%	-33.7%	15,326	36,255	-57.7%
Yaris	3,058	2,421	26.3%	N/A	10,394	-	NA
Fortuner	123	123	0.0%	21.8%	1,240	1,723	-28.0%
Hilux	602	602	0.0%	45.8%	4,439	3,993	11.2%
HCAR							
Civic & City	2,293	2,293	0.0%	121.5%	15,516	22,366	-30.6%
B-RV	417	417	0.0%	19.5%	2,393	3,428	-30.2%

Source: PAMA & AKD Research

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