

PAKISTAN  
AUTOS

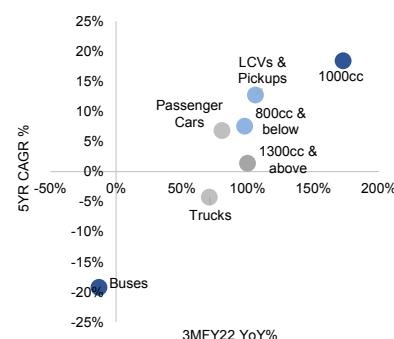
REP-019  
**MARKET  
VISTA**

## Auto volumes all time high in 1QFY22

- The total industry sales in Sept'21 clocked in at 27,119 units (+46%YoY) compared to 25,679 units in Aug'21 (+6%MoM). The sales consisted of 18,971 passenger cars, growing by 60%YoY and 6%MoM. Other sales consist of 3,264 LCVs (-15%MoM/+54%YoY), 466 trucks (-16%MoM/36%YoY) and 4,377 tractors (+32%MoM/3%YoY).
- 1QFY22 total industry sales ballooned by 68%YoY to stand at 82,391 units which consist of 57,548 passenger cars (+81%YoY), 11,365 LCVs (+106%YoY), 1,339 trucks (+71%YoY), and 12,025 tractors (+12%YoY). The volumes in 1QFY22 remain all time high on the back of budgetary measures, handsome GDP growth, low interest rate environment and rising farmers' income.
- Amongst major OEMs, PSMC registered sales of 11,188 units up 72%YoY but a slight decline of 7%MoM basis due to slightly lower offtake in Alto, Bolan and Ravi. In contrast, the sedan offerings (Corolla, Yaris & City) led the volumes, taking the total offtake for INDU/HCAR to 6,292/3,635 units, up 12/13%MoM and 44/34%YoY. During 1QFY22, the sales of PSMC/INDU/HCAR stand at 38,440/18,646/9,172 units, up 120/59/23%YoY.
- In terms of displacement wise sales, the sales of 1,300CC+ segment led the pack, depicting growth of 21%MoM/42%YoY to register at 8,803 units while the volumes of 1000CC segment depicted slight increase of 4%MoM basis but grew sharply by 143%YoY basis. In contrast, 800CC segment contracted by 11%MoM but remain robust at 5,434 units (+46%YoY).

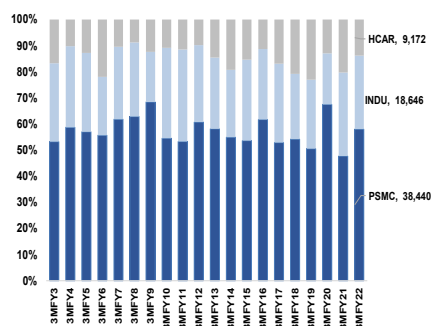
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Segment wise sales: Cumulative vs 5-yr CAGR

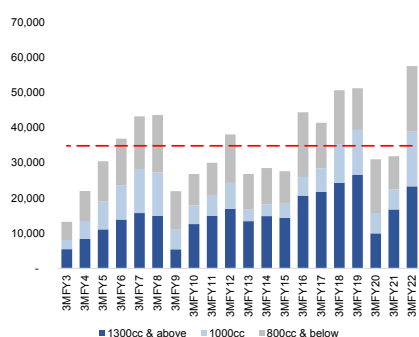


Source: PAMA & AKD Research

Top 3 OEM sales share over 1QFY22



PC Sales hitting all time high in 1QFY22

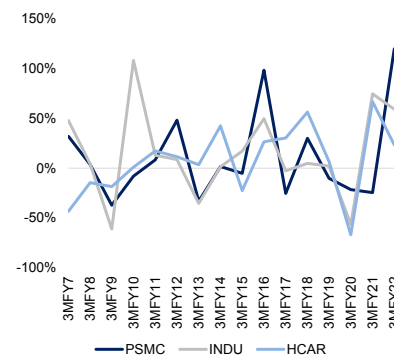


Source: PAMA & AKD Research

**PSMC – YoY sales remain robust:** The demand for small passenger cars remains robust following the budgetary measures. The sales of Cultus clocked in at 3,056 units, increasing sharply by 289%YoY, however, the growth remained minimal on MoM basis (+7%MoM) due to the shortage of semi conductor chips. Similar pattern has been observed in volumes of Wagon-R and the company's cash cow Alto, which rose by 45/46%YoY but remained under pressure on MoM basis (flat/-10%MoM) at 1,678/4,540 units. Similarly, Ravi/Bolan sales depicted a growth of 65/43% YoY but contracted by 26/19%MoM, clocking in at 933/894 units. In Cumulative 1QFY22 period, PSMC sales remain robust at 38,440 units (+120%YoY), hitting the levels never witnessed before.

**INDU – the country's favorite:** Toyota remains the national brand of Pakistan, known for its premium build quality and attractive resale value which makes it the favorite among locals, especially in the rural areas (~50% revenue contribution from rural areas) where rising farmers' income has kept the demand upbeat. The sales of Corolla clocked in at 2,334 units (above its 6-month average of 1,915 units), growing 20%MoM/91%YoY. Yaris sales followed the exact same trajectory, clocking in at 2,515 units (above its 6-month average of 2,436 units), up 24%

HCAR, INDU, PSMC show robust growth in 1QFY22



Source: PAMA & AKD Research



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MoM/4%YoY. Similarly, Fortuner sales registered a volume of 611 units (+7%MoM/+397%YoY) whereas Hilux sales declined by 24%MoM but grew by 38%YoY, hovering around its 6-month average of 820 units.

**HCAR — The new City leads the pack:** Following the launch of 6th generation Honda City, HCAR has witnessed strong surge in volumes. Civic & City combined recorded the sales of 3,367 units, up 24%MoM/47%YoY which adds weight to the management’s word of delivering 9k+ vehicles in each quarter in FY22. In contrast, the sales of BR-V declined by 47%MoM/36%YoY as the competition from new entrants (Sportage, Tuscon & MG HS) intensifies. We expect the volumes of HCAR to be primarily driven by new City in FY22 whereas the new Civic (expected in FY23) may keep the volumes inclined in medium to long term.

#### Pakistan Automotive Industry Sales Snapshot

(Units)	Sep-21	Aug-21	MoM	YoY	3MFY22	3MFY21	YoY
<b>Ind. Perform.</b>							
<b>Total Industry Sales</b>	27,119	25,679	6%	46%	82,391	48,997	68%
<b>Passenger Cars + LCV</b>	22,235	21,760	2%	59%	68,913	37,383	84%
Passenger Cars	18,971	17,908	6%	60%	57,548	31,868	81%
LCVs & Pickups	3,264	3,852	-15%	54%	11,365	5,515	106%
Trucks	466	553	-16%	36%	1,339	783	71%
Buses	41	50	-18%	24%	114	131	-13%
Tractors	4,377	3,316	32%	3%	12,025	10,700	12%
<b>Company-Wise</b>							
PSMC	11,188	12,071	-7%	72%	38,440	17,485	120%
INDU	6,292	5,639	12%	44%	18,646	11,715	59%
HCAR	3,635	3,230	13%	34%	9,172	7,435	23%
MTL	2,257	2,014	12%	-20%	7,197	7,225	0%
AGTL	2,120	1,302	63%	47%	4,828	3,475	39%
<b>Segment-Wise</b>							
1300cc & above	8,803	7,247	21%	42%	23,315	16,736	39%
1000cc	4,734	4,533	4%	143%	15,611	5,723	173%
800cc & below	5,434	6,128	-11%	46%	18,622	9,409	98%
Passenger Cars	18,971	17,908	6%	60%	57,548	31,868	81%
<b>PSMC</b>							
Swift	87	154	-44%	-65%	466	630	-26%
Cultus	3,056	2,854	7%	289%	10,123	3,263	210%
Wagon R	1,678	1,679	0%	45%	5,488	2,460	123%
Mehran	-	-	N/A	N/A	-	-	N/A
Alto	4,540	5,031	-10%	46%	15,681	7,651	105%
Bolan	894	1,097	-19%	43%	2,941	1,758	67%
Ravi	933	1,256	-26%	65%	3,741	1,723	117%
<b>INDU</b>							
Corolla	2,334	1,942	20%	91%	6,596	3,614	83%
Yaris	2,515	2,025	24%	4%	7,240	6,009	20%
Fortuner	611	572	7%	397%	1,601	390	311%
Hilux	832	1,100	-24%	38%	3,209	1,702	89%
<b>HCAR</b>							
Civic & City	3,367	2,726	24%	47%	7,793	6,483	20%
BR-V	268	504	-47%	-36%	1,379	952	45%

Source: PAMA & AKD Research

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To arrive at our period end target prices, AKDS uses different valuation techniques including:

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- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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



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