

Pakistan Automobile Assemblers Sector

Auto sales increased to 8.3K units during Sep'23 (+10% MoM)

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ASIAMONEY

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Best Investment Bank: 2023

FinanceAsia

Best Investment Bank: 2022



Best Equity House: 2022



Best Equity Advisor: 2021



Best Brokerage House: 2023
Corporate Finance House: 2023
Best Economic Research House: 2023
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Top 25 Companies
(2019, 2018 & 2017)



Excellence Award
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Auto Sales

Auto sales increased to 8.3K units during Sep'23 (+10% MoM)

- Automobile sales in Sep'23 arrived at 8.3K units, depicting a growth of 10% MoM while declining by 26% YoY. This takes 1QFY24 sales to 20.9k units compared to 35.0k units in 1QFY23, plummeting by 40% YoY.
- The substantial upturn in automotive sales on a MoM basis is primarily linked to the removal of import restrictions since Jul'23. Nevertheless, the YoY sales decline in Sep'23 is mainly attributable to increase in car prices tagged with higher cost of auto financing.
- On a MoM basis, the sales growth is evident across all segments, except for vehicles with engine sizes below 1000cc, which experienced a decline primarily due to decreased affordability in that target market.
- The 1,300cc and above segment witnessed a jump of 27% MoM in volumetric sales, while the 1,000cc segment showcased an uptick of 4% MoM. However, sales in the below 1000cc segment dropped by 5% MoM, totaling 2,780 units.
- Indus Motors (INDU) registered a 3% MoM increase in volumetric sales, clocking in at 1,595 units in Sep'23. Additionally, Fortuner and Hilux sales portrayed a remarkable growth of 27% MoM, totaling 545 units.
- Pak Suzuki (PSMC) reported a meagre dip of 1% MoM in sales, in which Alto sales contributed 2,551 units in Sep'23 compared to 2,769 units in Aug'23, displaying a decline of 8% MoM.
- Honda Atlas Cars (HCAR) made a significant contribution to the increase in volumetric sales, reporting a notable surge of 36% MoM. Civic/City sales settled at 1,160 units, depicting a significant jump of 136% MoM.
- Bike sales volumes witnessed a 8% YoY | 22% MoM increase in Sep'23. Sales volumes of Atlas Honda (ATLH) reached 95K units, up 12% YoY | 27% MoM.
- Tractor sales demonstrated a health growth of 37% MoM in Sep'23; Al-Ghazi Tractors Limited (AGTL) sales ascended by 50% MoM, while Millat Tractors Limited (MTL) sales arrived at 3,119 units, climbing up by 29% MoM.

Exhibit: Category-wise Passenger Cars and LCV Unit Sales

Units	Sep-23	Aug-23	MoM	Sep-22	YoY	1QFY24	1QFY23	YoY
Category-wise Passenger Cars and LCV Unit Sales								
Passenger Cars	6,410	5,909	8%	9,213	-30%	16,021	28,571	-44%
1300cc & Above	2,939	2,310	27%	4,715	-38%	6,943	14,863	-53%
1000cc	691	664	4%	1,517	-54%	1,777	3,236	-45%
Below 1000cc	2,780	2,935	-5%	2,981	-7%	7,301	10,472	-30%
LCVs, Vans & Jeeps	1,902	1,670	14%	2,075	-8%	4,962	6,431	-23%
Total	8,312	7,579	10%	11,288	-26%	20,983	35,002	-40%

Company Wise Snapshot

Passenger Cars + LCVs

INDU	1,595	1,548	3%	2,617	-39%	4,511	8,868	-49%
PSMC	4,234	4,268	-1%	6,006	-30%	10,946	16,639	-34%
HCAR	1,342	674	99%	1,280	5%	2,510	5,626	-55%
SAZEW	302	298	1%	93	3.2x	735	120	6.1x

Trucks & Buses

GHNL	35	12	192%	62	-44%	117	211	-45%
GHNI	77	75	3%	216	-64%	230	526	-56%
HINO	35	30	17%	70	-50%	85	225	-62%

Bikes and Three Wheelers

SAZEW	1,026	1,089	-6%	1,194	-14%	1,850	999	85%
ATLH	95,056	75,071	27%	85,042	12%	232,139	250,132	-7%

Tractors

AGTL	2,326	1,555	50%	1,511	54%	4,903	4,174	17%
MTL	3,119	2,412	29%	638	389%	7,187	3,194	125%

Source (s): PAMA, AHL Research

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BUY	Upside of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside of subject security(ies) is between -15% and +15% from last closing of market price(s)
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AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

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