

Pakistan Automobile Assemblers Sector

Aug'24: Auto sales up by 15% YoY to 8.7K units

10-Sep-2024

Muhammad Abrar | Menka Kirpalani

D: +92 21 32462589

UAN: +92 21 111 245 111, Ext: 255

F: +92 21 32420742

E: muhammad.abrar@arifhabibltd.com

menka.kumari@arifhabibltd.com

ASIAMONEY

Best Securities House: 2023
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
Best Equity Sales Person (Runner up): 2023



Top 25 Companies
(2019, 2018 & 2017)



Excellence Award
Leading Brokerage House for RDA 2021



Best Money Market Broker
(Islamic) 2021

Aug'24: Auto sales up by 15% YoY to 8.7K units

- During Aug'24, the automotive industry witnessed an increase of 15% YoY, reaching 8,699 units. However, on MoM basis, the auto sales remained flat with 1% MoM sales growth, as per PAMA.
- The YoY jump in overall auto sales is attributed to a low base effect, as the industry faced significant challenges in the previous year. These challenges included restrictions on opening letters of credit (LCs) alongside subdued auto demand leading towards widespread plant shutdowns.
- Breaking down the segments, the 1,300cc and above category saw a 35% MoM increase, with sales reaching to 3,330 units. The 1,000cc segment experienced a 37% MoM increase, totaling 321 units. However, the below 1,000cc segment recorded a 12% MoM decline, with sales reaching 2,766 units.
- Indus Motors Company Ltd (INDU) reported a 28% MoM increase in volumetric sales for Aug'24, totaling 2,129 units. This increase was primarily driven by a significant 42% MoM increase in sales of the Corolla, Yaris, and Corolla Cross models, as well as a 1% MoM increase in sales of the Fortuner and Hilux models.
- Pak Suzuki (PSMC), reported a 18% decline MoM, maintaining sales at 3,653 units. Major dip was witnessed in PSMC's Ravi sales by 99% MoM. In addition, sales of Alto witnessed a decline of 29% MoM. While other vehicles, such as Swift, Cultus and Wagon R's sales surged by 11%, 36%, 37% respectively, on a MoM basis. Meanwhile, Bolan's MoM recorded a staggering growth of 158% MoM.
- Moreover, Honda Atlas Cars (HCAR) depicted a 23% MoM increase in Aug'24, on account of 36% MoM increase in Civic/City sales however, Honda BRV/HRV sales shrunk by 47% MoM
- Sazgar Engineering (SAZEW) registered a 14% MoM increase in sales, recording 941 units sold. This increase is primarily attributed to a 15% MoM increase in Haval sales.
- Two-wheeler sales volumes augmented by 23% MoM in Aug'24. Atlas Honda (ATLH) achieved sales of 90,483 units, showcasing a 29% MoM increase.
- Tractor sales depicted an impressive growth of 83% on MoM basis in Aug'24. AGTL recorded a 70% MoM increase in sales, amounting to 1,452 units. Whereas, MTL reported a 101% MoM jump, arriving at 1,218 units.

Automobiles Sales Data

Units	Aug-24	Jul-24	MoM	Aug-23	YoY	2MFY25	2MFY24	YoY
Passenger Cars	6,417	5,857	10%	5,909	9%	12,274	9,611	28%
1300cc and Above	3,330	2,465	35%	2,310	44%	5,795	4,004	45%
1000cc	321	235	37%	664	-52%	556	1,086	-49%
Below 1000cc	2,766	3,157	-12%	2,935	-6%	5,923	4,521	31%
LCVs, Vans & Jeeps	2,282	2,732	-16%	1,670	37%	5,014	3,060	64%
Cars, LCVs, Vans & Jeeps	8,699	8,589	1%	7,579	15%	17,288	12,671	36%
Trucks	249	251	-1%	133	87%	500	298	68%
Busses	51	56	-9%	34	50%	107	64	67%
Tractors	2,670	1,460	83%	3,967	-33%	4,130	6,645	-38%
Two Wheelers	101,633	82,597	23%	86,504	17%	184,230	158,925	16%
Three Wheelers	2,601	2,396	9%	1,814	43%	4,997	2,981	68%
Total	115,903	95,349	22%	100,031	16%	211,252	181,584	16%

Company Wise Snapshot

	Aug-24	Jul-24	MoM	Aug-23	YoY	2MFY25	2MFY24	YoY
Passenger Cars + LCVs								
INDU	2,129	1,664	28%	1,548	38%	3,793	2,916	30%
PSMC	3,653	4,470	-18%	4,268	-14%	8,123	6,712	21%
HCAR	1,148	931	23%	674	70%	2,079	1,168	78%
SAZEW	941	825	14%	298	216%	1,408	433	225%
Trucks & Busses								
GHNL	100	115	-13%	12	733%	215	82	162%
GHNI	203	181	12%	75	171%	384	153	151%
HINO	28	37	-24%	30	-7%	65	50	30%
Bikes and Three Wheelers								
SAZEW	953	1,624	-41%	1,089	-12%	16,636	1,850	799%
ATLH	90,483	70,255	29%	75,071	21%	160,738	137,083	17%
Tractors								
AGTL	1,452	855	70%	1,555	-7%	2,307	2,577	-10%
MTL	1,218	605	101%	2,412	-50%	1,823	4,068	-55%

Source (s): PAMA, AHL Research

Analyst Certification and Disclaimer

Analyst Certification: The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return from current market price, with Target period as Jun 2025 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
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)
SELL	Upside* of subject security(ies) is less than -15% from last closing of market price(s)

Equity Valuation Methodology

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)

Risks: The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.