

Wake up Call

Auto: January sales likely to post 44% growth

February 01, 2021

- Pakistan's auto sales (cars, LCVs and jeeps) are likely to post stunning growth of 44% YoY in January, 2021. The sales estimates exclude KIA and Hyundai numbers.
- Total sales during January are expected to be around 16,950 units compared to 11,787 units last year.
- The 44% YoY jump would help increase auto sales to their highest monthly number, after a gap of 19 months thanks to rebound in auto demand as low interest rates have spurred demand for car loans eventually boosting auto sales in the country.
- On a MoM basis, sales in January are expected to jump 27%, primarily due to i) low base effect caused by supply-side issues amid the pandemic and ii) seasonal effect of the shallow demand at the year end.
- Company-wise data shows Pak Suzuki (PSMC) sales are likely to increase to 9,000 units in January compared to 5,555 last year — highest growth of 62% YoY amongst major auto players.
- On the other hand, Indus Motors (INDU) is likely to post sales of 5,500 units in January compared to 4,022 last year, up 37% YoY while HCAR is estimated to book sales of 2,450 units, up 11% YoY.



Sector **Automobile Assemblers**
Not Covered

Current Market Cap. (Rs bn) 335

Current Turnover (mn sh) 42.0

Current Traded Value (Rs bn) 0.8

Source: PSX, Sherman Research

Auto Sales of Major Players

(Units)	JAN20A	JAN21E	YoYΔ%	MoMΔ%
PSMC	5,555	9,000	62%	19%
INDU	4,022	5,500	37%	37%
HCAR	2,210	2,450	11%	39%
Total	11,787	16,950	44%	27%

Source: Sherman Research

Sherman Research is also available on S&P Capital IQ, Thomson Reuters Eikon, FactSet and MG-Link

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Price Methodology:

To arrive at our period end Target Price, Sherman Securities uses different valuation methods which include : 1) Discounted Cash flow method 2) Relative Valuation method and 3) Justified Price to Book Value method.

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