

Pakistan Automobile Assemblers Sector

No brakes on Auto Sales - Up by 24% YoY in 8MFY21

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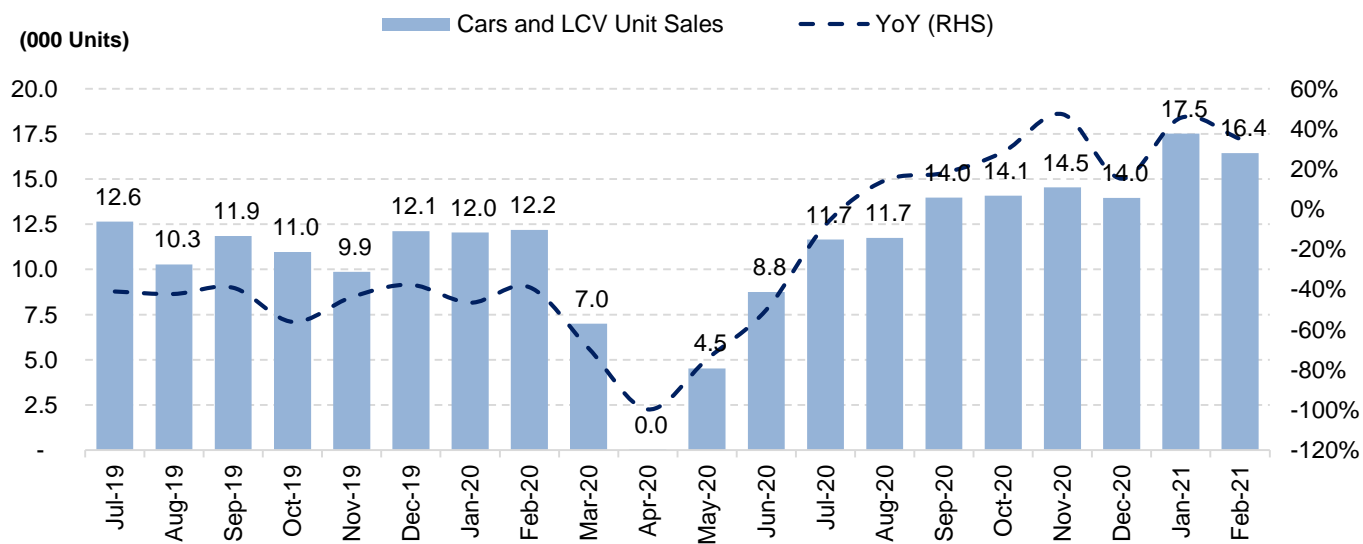
Auto Sales

Feb'21: Automobile Sales Increased by 35% YoY

PAMA released latest auto sales data for Feb'21, portraying an increase of 35% YoY to 16,436 units. The surge in sales can be attributable to i) Pickup in economic activity resulting in higher demand of automobiles, ii) Lower policy rate helping car sales to increase drastically as auto financing has increased by PKR 51bn during 7MFY21, iii) Improving economic conditions in rural areas because of higher prices of agricultural products, and iv) Improving purchasing power parity. However, on monthly basis, auto sales dropped by 6% MoM due to fewer working days in the month of February.

In the below 1,000cc category, volumes are significantly up by 162% YoY owing to Alto which arrested the overall sales decline. In LCVs+4x4 category, total sales stood at 3,779 units, increasing by 48% YoY due to bounce back in dispatches of Ravi, Fortuner and Bolan by 106%, 30% and 27% YoY respectively.

Exhibit: Monthly Car sales and Growth



Source (s): PAMA, AHL Research

Exhibit: Category-wise Passenger Cars and LCV Unit Sales

	Feb-21	Jan-21	MoM Feb-20	Feb-20	YoY	8MFY21	8MFY20	YoY
Category-wise Passenger Cars and LCV Unit Sales								
1300cc & Above	6,114	6,944	-12%	5,769	6%	47,286	31,033	52%
1000cc	2,298	2,786	-18%	2,234	3%	18,079	15,657	15%
Below 1000cc	4,245	3,827	11%	1,623	162%	24,293	28,774	-16%
Passenger Cars	12,657	13,557	-7%	9,626	31%	89,658	75,464	19%
LCVs + 4x4	3,779	3,958	-5%	2,557	48%	24,247	16,481	47%
Total	16,436	17,515	-6%	12,183	35%	113,905	91,945	24%

Company Wise Snapshot

Passenger Cars + LCVs

INDU	4,384	5,452	-20%	4,510	-3%	35,975	22,707	58%
PSMC	8,903	9,013	-1%	5,377	66%	55,852	55,630	0%
HCAR	2,429	2,450	-1%	2,141	13%	18,545	12,497	48%

Trucks & Buses

GHNL	64	55	16%	44	45%	427	325	31%
GHNI	109	155	-30%	248	-56%	1,277	1,646	-22%
HINO	84	83	1%	112	-25%	610	1,118	-45%

Bikes and Three Wheelers

SAZEW	1,553	2,007	-23%	1,537	1%	10,578	8,853	19%
ATLH	104,005	114,001	-9%	90,005	16%	836,046	700,194	19%

Tractors

AGTL	1,442	1,347	7%	1,106	30%	8,987	7,869	14%
MTL	3,008	3,862	-22%	2,020	49%	22,408	12,557	78%

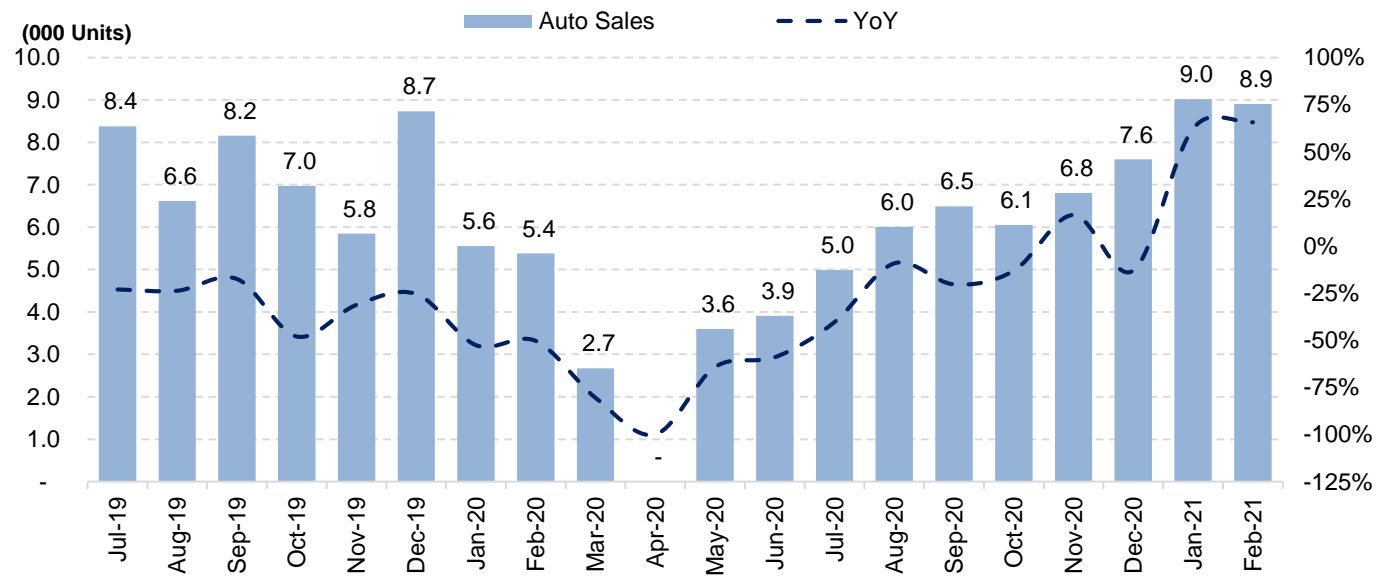
Source (s): PAMA, AHL Research

Auto Sales

PSMC: Sales up by 66% YoY during Feb'21

- During 8MFY21, PSMC sales stood at 55,852 units, remaining flat on yearly basis, with Bolan and Wagon R supporting sales volumes by 35% and 31% YoY, respectively. However a decline was witnessed in sales volumes of Alto by 10% YoY. In Feb'21, total sales significantly increased by 66% YoY to 8,903 units compared to 5,377 units in Feb'20. Dissecting the numbers, we see Alto, Ravi, Bolan, and Wagon R depicting growth of 162%, 106%, 27%, and 16% YoY, respectively.

Exhibit: PSMC Monthly Sales Number and Growth



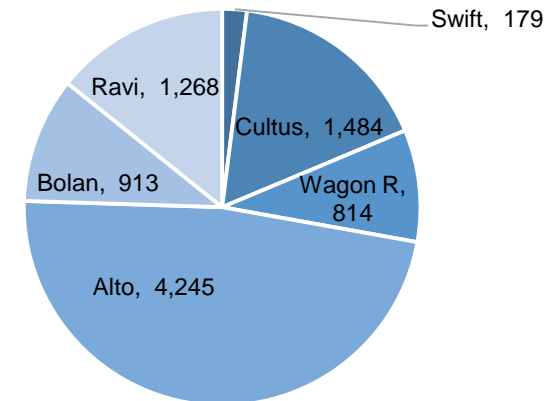
Source (s): PAMA, AHL Research

Exhibit: Variant-wise Cars Sales

	Feb-21	Jan-21	MoM	Feb-20	YoY	8MFY21	8MFY20	YoY
Swift	179	364	-51%	186	-4%	1,541	1,466	5%
Cultus	1,484	1,470	1%	1,535	-3%	10,471	9,845	6%
Wagon R	814	1,316	-38%	699	16%	7,608	5,812	31%
Mehran	-	-	nm	3	nm	-	1,702	nm
Alto	4,245	3,827	11%	1,620	162%	24,293	27,072	-10%
Bolan	913	986	-7%	719	27%	5,481	4,073	35%
Ravi	1,268	1,050	21%	615	106%	6,458	5,660	14%
Total	8,903	9,013	-1%	5,377	66%	55,852	55,630	0%

Source (s): PAMA, AHL Research

Exhibit: Sales Composition



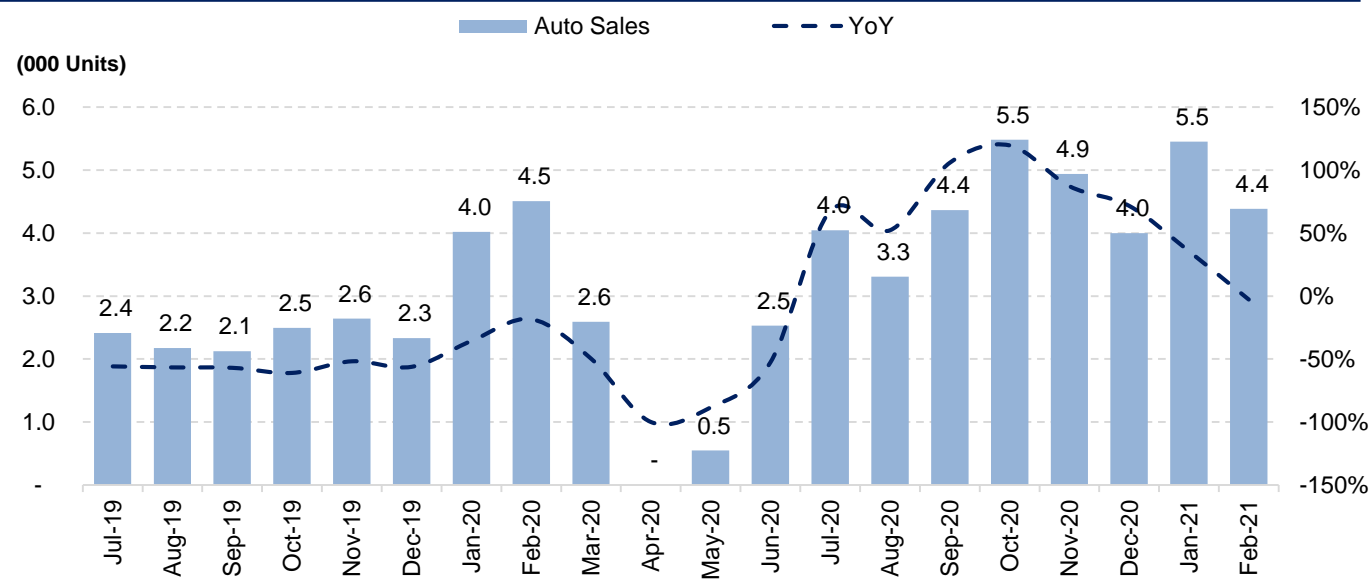
Source (s): PAMA, AHL Research

Auto Sales

INDU: Sales down by 3% YoY during Feb'21

- Overall sales of INDU during 8MFY21 clocked-in at 35,975 units, drastically up by 58% YoY from 22,707 units in same period last year. In Feb'21, sales stood at 4,384 units, down by 3% YoY and 20% MoM due to global congestion in ports resulting in supply chain issues of raw materials. Drop in sales was majorly led by flagship Corolla (-68% YoY and -23% MoM), and Toyota Hilux (-37% YoY and -29% MoM).

Exhibit: INDU Monthly Sales Number and Growth



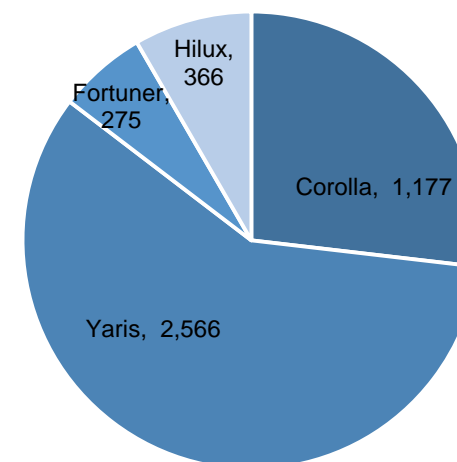
Source (s): PAMA, AHL Research

Exhibit: Variant-wise Cars Sales

	Feb-21	Jan-21	MoM	Feb-20	YoY	8MFY21	8MFY20	YoY
Corolla	1,177	1,525	-23%	3,715	-68%	11,129	18,902	-41%
Yaris	2,566	2,992	-14%	-	nm	18,403	-	nm
Fortuner	275	419	-34%	211	30%	1,941	913	113%
Hilux	366	516	-29%	584	-37%	4,502	2,892	56%
Total	4,384	5,452	-20%	4,510	-3%	35,975	22,707	58%

Source (s): PAMA, AHL Research

Exhibit: Sales Composition



Source (s): PAMA, AHL Research

Auto Sales

HCAR: Sales up by 13% YoY during Feb'21

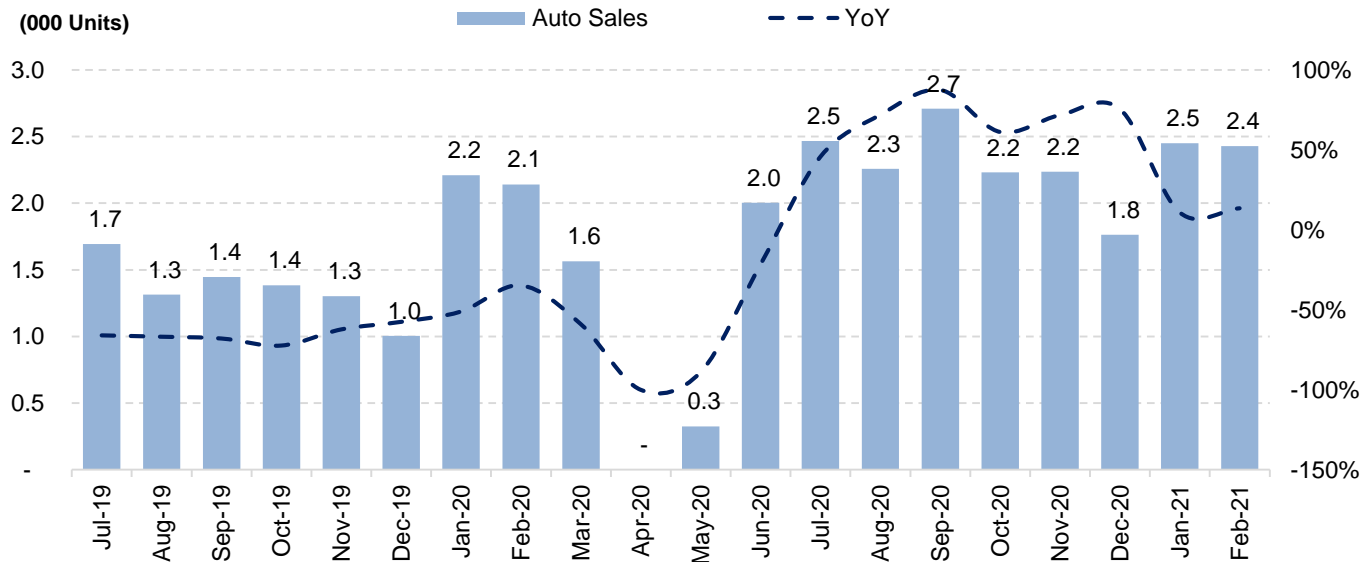
- During 8MFY21, total sales clocked-in at 18,545 units, increasing by 48% YoY compared to 12,497 units in 8MFY20. Civic/City sales volumes increased by 52% YoY to 16,213 units compared to 10,665 units SPLY. During Feb'21, sales improved by 13% YoY to 2,429 units with Civic/City sales jumping by 17% to 2,192 units which wiped off the impact of decline in Honda BR-V sales by 13% YoY (237 units).

Exhibit: Variant-wise Cars Sales

	Feb-21	Jan-21	MoM	Feb-20	YoY	8MFY21	8MFY20	YoY
Civic/City	2,192	2,063	6%	1,868	17%	16,213	10,665	52%
Honda BRV	237	387	-39%	273	-13%	2,332	1,832	27%
Total	2,429	2,450	-1%	2,141	13%	18,545	12,497	48%

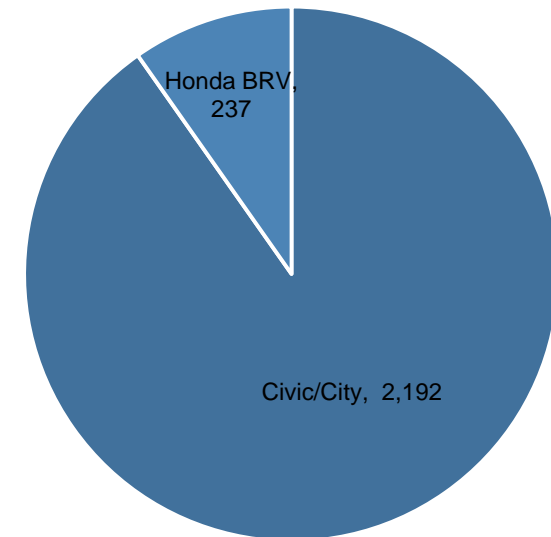
Source (s): PAMA, AHL Research

Exhibit: HCAR Monthly Sales Number and Growth



Source (s): PAMA, AHL Research

Exhibit: Sales Composition



Source (s): PAMA, AHL Research

Auto Sales

Tractors sales up by 42% YoY during Feb'21

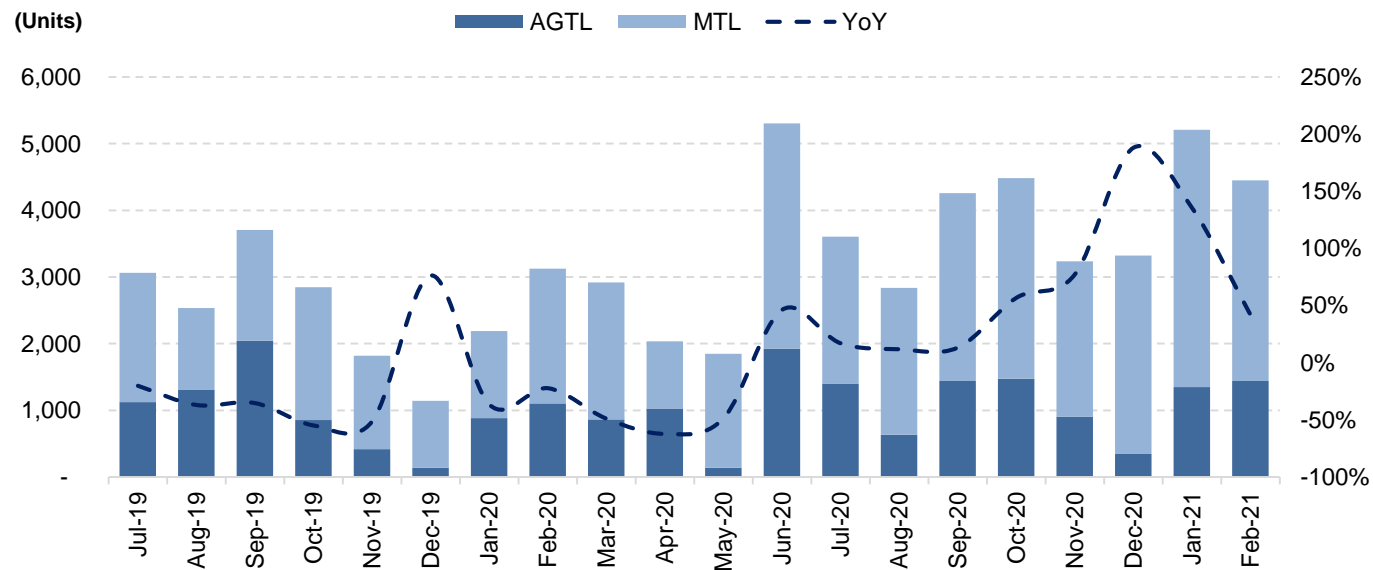
- Tractor sales increased by 53% YoY to 31,408 units in 8MFY21 amid improving farmers' liquidity position, higher export orders, and sales tax subsidy. MTL witnessed massive growth in sales numbers as volumes grew by 78% YoY to 22,408 units.
- In Feb'21, tractors sales increased by 42% YoY to 4,450 units. During the period under review, MTL sales witnessed drastic growth of 49% YoY to 3,008 units. Likewise, AGTL witnessed an increase of 30% YoY to 1,442 units. During 8MFY21, MTL's market share stood at 71% (8MFY20: 61%) while AGTL's market share settled at 29% (8MFY20: 39%).

Exhibit: Tractors Sales

	Feb-21	Jan-21	MoM	Feb-20	YoY	8MFY21	8MFY20	YoY
AGTL	1,442	1,347	7%	1,106	30%	8,987	7,869	14%
MTL	3,008	3,862	-22%	2,020	49%	22,408	12,557	78%
Total	4,450	5,209	-15%	3,141	42%	31,408	20,588	53%

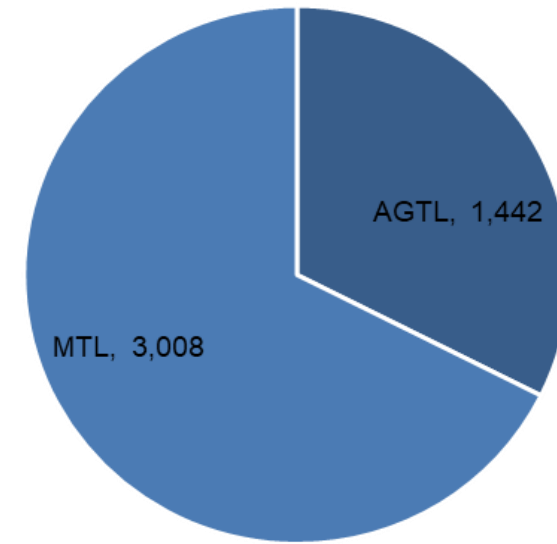
Source (s): PAMA, AHL Research

Exhibit: MTL and AGTL Monthly Sales Number and Growth



Source (s): PAMA, AHL Research

Exhibit: Sales Composition



Source (s): PAMA, AHL Research

Auto Sales

All Others

- New entrant Nishat Hyundai witnessed sales growth of 26% MoM to 651 units as the company receiving an overwhelming response from customers on its newly launched Hyundai Tucson as volumes grew by 39% MoM to 546 units.
- GHNL sales remained flat in Feb'21 to 64 units while sales increased by 31% YoY during 8MFY21.
- GHNI sales witnessed decline of 56% YoY in Feb'21 to 109 units due to massive decline in sales of Isuzu trucks. During 8MFY21, sales dropped by 22% YoY to 1,277 units compared to 1,646 units in same period last year.
- HINO truck and buses sales fell by 25% YoY in Feb'21 to 84 units.
- SAZEW three wheeler sales witnessed meager growth of 1% YoY to 1,553 units in Feb'21 compared to 1,537 units SPLY. Overall sales increased by 19% YoY to 10,578 units in 8MFY21.
- Two Wheelers' sales increased by 16% YoY to 106,277 units with PSMC and ATLN sales witnessing growth of 26% YoY and 16% YoY, respectively.

Exhibit: All Others Sales

	Feb-21	Jan-21	MoM	Feb-20	YoY	8MFY21	8MFY20	YoY
Hyundai Nishat								
Tucson	546	393	39%	na	nm	2,146	na	nm
Porter	105	122	-14%	na	nm	784	na	nm
Sub Total	651	515	26%	na	nm	2,930	na	nm
Gandhara Nissan Limited								
Dong Feng	64	55	7%	44	0%	427	325	31%
Gandhara Industries Limited								
Isuzu Trucks	97	123	-21%	195	-50%	1,009	1,180	-92%
Isuzu Buses	7	2	250%	6	17%	92	115	53%
DMAX	5	30	-83%	47	-89%	176	351	0%
Sub Total	109	155	-30%	248	-56%	1,277	1,646	-22%
Hinopak Motors Limited								
Hino Trucks	60	70	-14%	85	-29%	473	899	-47%
Hino Buses	24	13	85%	27	-11%	137	219	-37%
Sub Total	84	83	1%	112	-25%	610	1,118	-45%
Three Wheelers								
SAZEW	1,553	2,007	-23%	1,537	1%	10,578	8,853	19%
Two Wheelers								
ATLN	104,005	114,001	-9%	90,005	16%	836,046	700,194	19%
SUZUKI	2,272	2,108	8%	1,799	26%	14,954	14,540	3%
Sub Total	106,277	116,109	-8%	91,804	16%	851,000	714,734	19%

Source (s): PAMA, AHL Research

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Arif Habib Limited (AHL) uses three rating categories, depending upon return from current market price, with Target period as Dec'21 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 +10% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -10% and +10% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -10% 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 Discounted Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (Rbv)

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

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

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