

## May Auto Volumes Recover; Budget Measures Reshape Sector Outlook

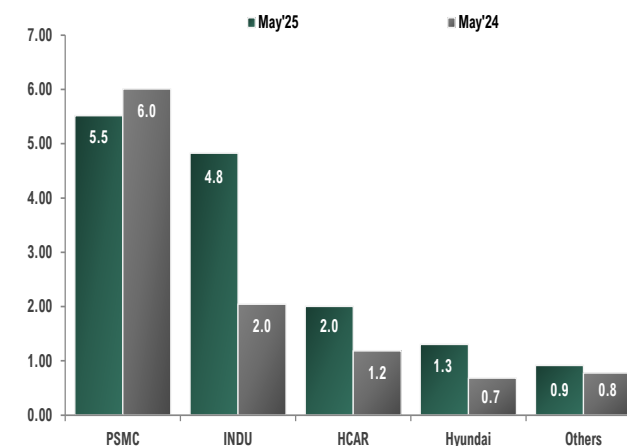
Automotive sales in May 2025 posted a significant month-over-month (MoM) increase of 39% in total car sales, including SUVs and light commercial vehicles (LCVs), as reported by the Pakistan Automotive Manufacturers Association (PAMA), reversing the previous month's slowdown. The sharp rebound largely stemmed from a low base in April, when highway blockages disrupted vehicle deliveries and dampened overall volumes. Notably, sales momentum was broad-based across most segments, indicating a normalization in supply chains and recovering demand.

On a year-over-year (YoY) basis, total car sales rose by 35%, reflecting the combined impact of improved consumer sentiment, easing inflationary pressures, and a more accommodative interest rate environment. The sustained YoY growth signals a gradual yet firm recovery in the auto sector, aided by stabilizing macroeconomic indicators.

### PAMA's sales figures for May 2025 are as follows:

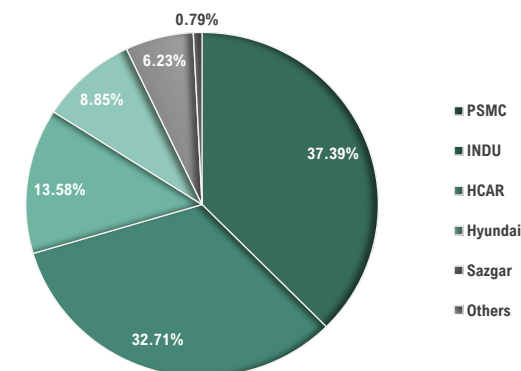
- **Passenger Cars:** Sales grew by 31% YoY to 11,119 units, compared to 8,487 units last year. On a MoM basis, the segment recorded a significant increase of 39%.
- **LCVs, Pickups, and SUVs:** This segment posted a 48% YoY increase, reaching 3,643 units. The MoM rise was 41%.
- **Electric Vehicles (EVs):** 24 units of DFML's Honri EV were sold in this segment. No sales were recorded last month; however, sales are expected to emerge soon as various EV models, including BYD and GWM Ora, have started appearing on roads.
- **Tractors:** Sales declined by 49% YoY to 1,569 units, reflecting weaker demand. The segment saw a marginal 2% MoM increase.
- **Trucks:** Sales recorded a massive 154% YoY growth, with 515 units sold. Meanwhile, MoM sales rose by 18%.
- **Buses:** Sales increased substantially by 116% YoY to 95 units, with a 16% MoM increase.
- **Motorcycles:** A total of 150,175 units were sold, marking a 26% YoY increase. On a MoM basis, sales rose by 11%.

### Monthly Sales - YoY (in '000)



Source: PAMA, HMFS Research

### Four Wheeler's Market Share - 11MFY25



Source: PAMA, HMFS Research



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**Indus Motor Company (INDU)** maintained strong sales momentum, with its market share improving by approximately 2ppts to 33%. The company recorded a 136% YoY increase in total sales to 4,829 units, while MoM sales rose by 48%. The growth was led by its sedan portfolio—Corolla, Yaris, and Corolla Cross—which collectively posted a 144% YoY increase. Sales of the Toyota Hilux and Fortuner also remained strong, rising 109% YoY to 1,015 units.

**Sazgar Engineering Works (SAZEW)** posted the highest MoM growth among four-wheeler manufacturers, with sales rising 67% to 919 units. YoY sales increased by 18%, driven largely by the Haval brand. In contrast, three-wheeler volumes declined by 5% both MoM and YoY, totalling 1,865 units.

**Honda Atlas Cars Pakistan Limited (HCAR)** reported a 17% MoM increase in total volumes, reaching 2,005 units in May. Growth was supported by a 19% MoM rise in sales of the City and Civic models, while the BR-V and HR-V lineup posted a modest 2% MoM increase.

### Outlook

Looking ahead, the auto sector's recovery trajectory may face mixed headwinds and tailwinds following the FY26 budget. While improving consumer sentiment and lower interest rates continue to support overall demand, the restriction on vehicle purchases for non-filers may weigh on >1000cc car sales. On the other hand, exemptions for motorcycles, rickshaws, and small pickups could support volumes in these categories. The new levy on ICE vehicles and continued tax relief for hybrids are likely to accelerate the shift towards electric and hybrid models, benefitting OEMs with diversified portfolios. Meanwhile, the phased reduction in duties under the National Tariff Policy may ease cost pressures but could also intensify competition from imported CBUs. Notably, Nishat Mills' entry into the EV segment with Omoda and Jaecoo adds further competition, particularly for HUBC's BYD, as the race in the new energy vehicle space heats up. Going forward, OEMs aligned with electrification trends and cost efficiency may be better positioned, though volume growth in conventional segments could remain uneven.



## AUTO SECTOR UPDATE

Friday, June 13, 2025

Sales	11MFY25	11MFY24	YoY	May-25	May-24	YoY	Apr-25	MoM
<b>Cars &amp; LCV's</b>								
PSMC	59,468	47,543	25%	5,519	6,010	-8%	4,003	38%
INDU	29,706	17,813	67%	4,829	2,047	136%	3,259	48%
HCAR	16,488	12,119	36%	2,005	1,187	69%	1,707	17%
SAZEW	9,495	4,503	111%	919	780	18%	549	67%
Cars	94,388	71,449	32%	11,119	8,487	31%	8,004	39%
LCV's + SUVs	31,706	19,093	66%	3,643	2,462	48%	2,592	41%
<b>Total</b>	<b>126,094</b>	<b>90,542</b>	<b>39%</b>	<b>14,762</b>	<b>10,949</b>	<b>35%</b>	<b>10,596</b>	<b>39%</b>
<b>Tractors</b>								
AGTL	10,070	13,875	-27%	615	731	-16%	743	-17%
MTL	16,331	27,485	-41%	954	2,347	-59%	859	11%
<b>Total</b>	<b>26,401</b>	<b>41,360</b>	<b>-36%</b>	<b>1,569</b>	<b>3,078</b>	<b>-49%</b>	<b>1,602</b>	<b>-2%</b>
<b>Trucks</b>								
Isuzu	2,444	1,123	118%	327	111	195%	264	24%
Hino	296	185	60%	56	17	229%	29	93%
Master	841	503	67%	104	58	79%	102	2%
JAC	195	139	40%	28	17	65%	43	-35%
<b>Total</b>	<b>3,776</b>	<b>1,950</b>	<b>94%</b>	<b>515</b>	<b>203</b>	<b>154%</b>	<b>438</b>	<b>18%</b>
<b>Buses</b>								
Hino	143	124	15%	14	7	100%	13	8%
Master	379	202	88%	46	29	59%	50	-8%
Isuzu	197	89	121%	35	8	338%	19	84%
<b>Total</b>	<b>719</b>	<b>415</b>	<b>73%</b>	<b>95</b>	<b>44</b>	<b>116%</b>	<b>82</b>	<b>16%</b>
<b>Motorcycles</b>								
Atlas Honda	1,163,138	923,049	26%	130,240	103,297	26%	115,300	13%
Pak Suzuki	23,411	15,306	53%	2,854	1,696	68%	1,892	51%
Yamaha	5,155	6,224	-17%	597	400	49%	499	20%
Others	186,437	115,638	61%	16,484	13,418	23%	18,030	-9%
<b>Total</b>	<b>1,378,141</b>	<b>1,060,217</b>	<b>30%</b>	<b>150,175</b>	<b>118,811</b>	<b>26%</b>	<b>135,721</b>	<b>11%</b>
<b>Three Wheelers</b>								
SAZEW	23,351	13,196	77%	1,865	1,962	-5%	1,958	-5%
<b>Total</b>	<b>23,351</b>	<b>13,196</b>	<b>77%</b>	<b>1,865</b>	<b>1,962</b>	<b>-5%</b>	<b>1,958</b>	<b>-5%</b>

Source: PAMA, HMFS Research



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Friday, June 13, 2025

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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>HOLD</b>	Between 15% Upside & 15% Downside
<b>SELL</b>	More than 15% Downside

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Total Return is based on both the Capital Gains return & the Dividend Yield & is exclusive of all applicable taxes