

# Auto Sector Update

Tuesday, November 12, 2024

## Revving Up Growth: Pakistan's Automotive Comeback

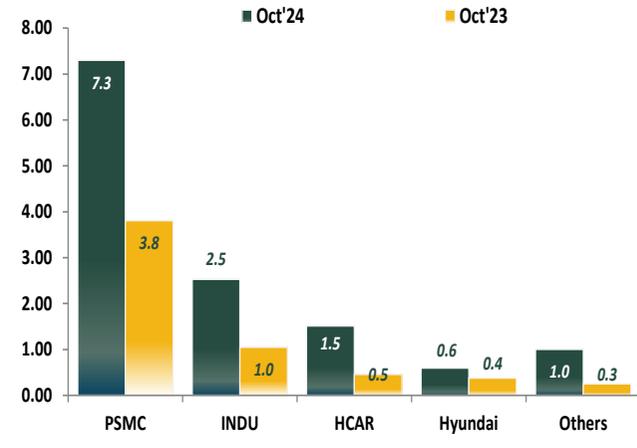
In October 2024, the Pakistan Automotive Manufacturers Association (PAMA) reported robust growth across various segments, marking a positive shift from previous month. Total car sales, including light commercial vehicles (LCVs) and SUVs, surged by 112% year-over-year (YoY) to 13,108 units. This increase, reflecting a strong recovery from last year's low base, highlights the market's responsiveness to recent economic shifts. On a month-over-month (MoM) basis, sales grew by 27%, largely driven by the recent decline in interest rates now at 15%, revived car financing demand after a 27-month decline.

The surge was further supported by continued promotional discounts and availability of low markup Easy Monthly Installment (EMI) loans from various auto assemblers. These factors spurred consumer interest and contributed to consistent sales momentum across the market.

### PAMA's sales figures for October 2024 are as follows :

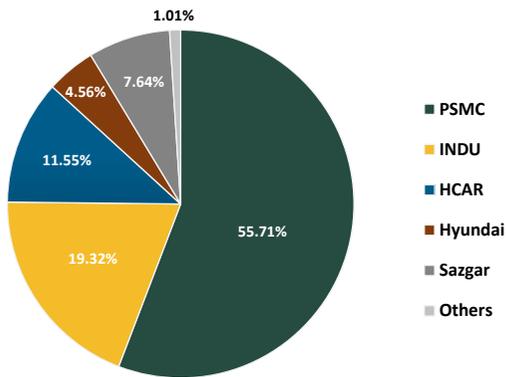
- **Passenger cars** recorded 118% YoY growth, with 10,557 units sold, up from 4,850 units last year. Compared to September 2024, the segment saw a 35% MoM increase.
- **LCVs, Pickups, and SUVs** posted cumulative growth of 92% YoY, with 2,551 units sold. While on MoM basis, the segment recorded a marginal increase of 2%.
- **Tractors** were under pressure, experiencing a 67% YoY decline to 1,733 units. However, the segment saw a 61% MoM increase, driven by the Punjab Government's green tractor scheme.
- **Trucks** displayed an impressive 92% YoY growth, with 302 units sold, and showed an 11% MoM increase.
- **Buses sales** increased by 88% YoY to 49 units, with MoM incline of 4%.
- **Motorcycles** saw strong growth, with 137,693 units sold, marking a 35% YoY rise and a 5% MoM increase, attributed to the affordability of motorcycles and growing demand for economical transport.

Monthly Sales - YoY (in'000)



Source: PAMA, HMFS Research

Four Wheeler's Market Share - 4MFY25



Source: PAMA, HMFS Research

**HMFS Research**

[research@hmfs.com.pk](mailto:research@hmfs.com.pk)

# Auto Sector Update

Tuesday, November 12, 2024

## Revving Up Growth: Pakistan's Automotive Comeback

**INDU:** In October 2024, INDU's market share decreased by approximately 3.5%, settling at 19.3%. Sales rose 7% MoM to 2,532 units, while on a YoY basis, sales surged by 142%, reflecting a strong recovery from last year's challenging economic conditions. This growth was primarily driven by key models such as the Corolla Yaris and Corolla Cross, which saw a 12% MoM increase, supported by ongoing promotional discounts. However, the Toyota Hilux registered an 11% decline during the same period.

**HCAR:** Honda Atlas Cars Pakistan Limited reported an 19% MoM increase in sales, reaching 1,514 units. This growth was driven by a 24% MoM rise in Honda City/Civic sales, although BRV/HRV sales saw a 24% decline in the same period. Notably, HCAR achieved a 2.3x YoY increase in sales, largely reflecting the consistent strength of Honda City/Civic models, which accounted for 93% of total sales in October.

**SAZEW:** Sazgar Engineering Works Limited reported a 21% MoM incline in four-wheeler sales, with a YoY surge of 3x, largely driven by strong Haval sales, totaling 1,002 units in October. Meanwhile, the three-wheeler segment posted an 11% MoM increase, reaching 2,401 units, marking an impressive 139% YoY growth.

### Outlook

Looking forward, Pakistan's automotive sector is poised for steady growth, supported by favorable macroeconomic conditions and growing interest in electric vehicles (EVs). The recent policy rate cut, and lower inflationary trends have improved consumer affordability and access to financing, helping revive auto financing after years of decline. The optimism is further bolstered by continued availability of low markup EMI loans from various auto assemblers.

Moreover, the shift toward electric mobility is gaining momentum, with significant investments in charging infrastructure and supportive policies aimed at expanding the EV market. These developments, along with sustained demand in the conventional vehicle segment, position the sector for steady growth and transformation in the foreseeable future.

## Auto Sector Update

Tuesday, November 12, 2024

## Revving Up Growth: Pakistan's Automotive Comeback

Sales	4MFY25	4MFY24	YoY	Oct-24	Oct-23	YoY	Sep-24	MoM
<b>Top Listed Automobiles Companies' Sales</b>								
PSMC	8,123	6,712	21%	3,653	4,268	-14%	4,470	-18%
INDU	3,793	2,916	30%	2,129	1,548	38%	1,664	28%
HCAR	2,079	1,168	78%	1,148	674	70%	931	23%
SAZEW	1,778	433	311%	953	298	220%	825	16%
Cars	12,274	9,611	28%	6,417	5,909	9%	5,857	10%
<b>Cars &amp; LCV's</b>								
LCV's + SUVs	10,068	6,292	60%	2,551	1,330	92%	2,503	2%
<b>Total</b>	<b>40,693</b>	<b>27,163</b>	<b>50%</b>	<b>13,108</b>	<b>6,180</b>	<b>112%</b>	<b>10,297</b>	<b>27%</b>
<b>Tractors</b>								
AGTL	2,934	7,105	-59%	294	2,202	-87%	333	-12%
MTL	4,005	10,191	-61%	1,439	3,004	-52%	743	94%
<b>Total</b>	<b>6,939</b>	<b>17,296</b>	<b>-60%</b>	<b>1,733</b>	<b>5,206</b>	<b>-67%</b>	<b>1,076</b>	<b>61%</b>
<b>Trucks</b>								
Isuzu	730	280	161%	193	112	72%	195	-1%
Hino	97	57	70%	11	11	0%	37	-70%
Master	202	236	-14%	79	28	182%	32	147%
JAC	45	35	29%	19	6	217%	8	138%
<b>Total</b>	<b>1,074</b>	<b>608</b>	<b>77%</b>	<b>302</b>	<b>157</b>	<b>92%</b>	<b>272</b>	<b>11%</b>
<b>Buses</b>								
Hino	41	51	-20%	14	12	17%	11	27%
Master	131	34	285%	28	13	115%	31	-10%
Isuzu	31	37	-16%	7	1	600%	5	40%
<b>Total</b>	<b>203</b>	<b>122</b>	<b>66%</b>	<b>49</b>	<b>26</b>	<b>88%</b>	<b>47</b>	<b>4%</b>
<b>Motorcycles</b>								
Atlas Honda	386,170	322,260	20%	115,293	90,121	28%	110,139	5%
Pak Suzuki	7,780	4,995	56%	2,182	1,220	79%	2,049	6%
Yamaha	1,602	3,237	-51%	507	682	-26%	450	13%
Others	62,328	40,474	54%	19,711	9,953	98%	18,322	8%
<b>Total</b>	<b>457,880</b>	<b>370,966</b>	<b>23%</b>	<b>137,693</b>	<b>101,976</b>	<b>35%</b>	<b>130,960</b>	<b>5%</b>
<b>Three Wheelers</b>								
SAZEW	7,836	3,880	102%	2,401	1,004	139%	2,168	11%

Source: PAMA, HMFS Research

## Disclaimer

This research report is for information purposes only and does not constitute nor is it intended as an offer or solicitation for the purchase or sale of securities or other financial instruments. Neither the information contained in this research report nor any future information made available with the subject matter contained herein will form the basis of any contract. Information and opinions contained herein have been compiled or arrived at by Habib Metropolitan Financial Services (HMFS) from publicly available information and sources that HMFS believed to be reliable. Whilst every care has been taken in preparing this research report, no research analyst, director, officer, employee, agent or adviser of any member of HMFS gives or makes any representation, warranty or undertaking, whether express or implied, and accepts no responsibility or liability as to the reliability, accuracy or completeness of the information set out in this research report. Any responsibility or liability for any information contained herein is expressly disclaimed. All information contained herein is subject to change at any time without notice. No member of HMFS has an obligation to update, modify or amend this research report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. Furthermore, past performance is not indicative of future results.

The investments and strategies discussed herein may not be suitable for all investors or any particular class of investor. Investors should make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives when investing. Investors should consult their independent advisors if they have any doubts as to the applicability to their business or investment objectives of the information and the strategies discussed herein. This research report is being furnished to certain persons as permitted by applicable law, and accordingly may not be reproduced or circulated to any other person without the prior written consent of a member of HMFS. This research report may not be relied upon by any retail customers or person to whom this research report may not be provided by law. Unauthorized use or disclosure of this research report is strictly prohibited. Members of HMFS and/or their respective principals, directors, officers, and employees and their families may own, have positions or affect transactions in the securities or financial instruments referred herein or in the investments of any issuers discussed herein, may engage in securities transactions in a manner inconsistent with the research contained in this research report and with respect to securities or financial instruments covered by this research report, may sell to or buy from customers on a principal basis and may serve or act as director, placement agent, advisor or lender, or make a market in, or may have been a manager or a co-manager of the most recent public offering in respect of any investments or issuers of such securities or financial instruments referenced in this research report or may perform any other investment banking or other services for, or solicit investment banking or other business from any company mentioned in this research report. Investing in Pakistan involves a high degree of risk and many persons, physical and legal, may be restricted from dealing in the securities market of Pakistan. Investors should perform their own due diligence before investing. No part of the compensation of the authors of this research report was, is or will be directly or indirectly related to the specific recommendations or views contained in the research report. By accepting this research report, you agree to be bound by the foregoing limitations.

HMFS and / or any of its affiliates, which operate outside Pakistan, do and seek to do business with the company(s) covered in this research document. Investors should consider this research report as only a single factor in making their investment decision. HMFS prohibits its research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer/company prior to the publication of a research report containing such rating, recommendation or investment thesis. Furthermore, it is stated that the research analyst (s) or their close relatives have neither served as a director/officer in the past 3 years nor have received any compensation from the subject company in the past 12 months. Additionally, as per regulation 8(2)(i) of the Research Analyst Regulations, 2015, research analysts currently do not have a financial interest in the securities of the subject company aggregating more than 1% of the value of the company. The research analyst(s) also certifies that any spouse(s) or dependents (if relevant) do not hold a beneficial interest in the securities that are subject of this report.

HMFS endeavors to make all reasonable efforts to disseminate its publication to all eligible clients in a timely manner through either physical or electronic distribution such as mail, fax and/or email. Nevertheless, not all clients may receive the material at the same time.

### HMFS Stock Ratings System

Investors should carefully read the definitions of all rating used within every research reports. In addition, research reports carry an analyst's independent view and investors should ensure careful reading of the entire research reports and not infer its contents from the rating ascribed by the analyst. Ratings should not be used or relied upon as investment advice. An investor's decision to buy, hold or sell a stock should depend on said individual's circumstances and other considerations. HMFS uses a three tier rating system: i) Buy, ii) Hold and iii) Sell with our rating being based on total stock returns. A table presenting HMFS' rating definitions is given below:

### Valuation Methodology

To arrive at our fair value estimates, HMFS uses different valuation methodologies including but not limited to:

- Discounted cash flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

HMFS RATING GUIDE	
<i>BUY</i>	<i>More than 15% Upside</i>
<i>HOLD</i>	<i>Between 15% Upside &amp; 15% Downside</i>
<i>SELL</i>	<i>More than 15% Downside</i>
Note: All fair value estimates are for a twelve month time horizon unless specified otherwise in the report Upside/Downside represents the difference between the stated "Fair Value" & the prevailing "Market Price" Total Return is based on both the Capital Gains return & the Dividend Yield & is exclusive of all applicable taxes	