

Auto Sector Update

Wednesday, December 11, 2024

November 2024: Year-End Effect Weigh on Pakistan's Auto Sales

In November 2024, the Pakistan Automotive Manufacturers Association (PAMA) reported a decline in the automotive sector, with overall sales showing a negative trend on a month-over-month (MoM) basis. Total car sales, including light commercial vehicles (LCVs) and SUVs, fell by 23% compared to the previous month, reflecting a high base effect and the typical year-end slow-down impacting consumer demand.

Year-over-year (YoY), total car sales rose by 56% to 10,100 units, supported by a favorable low base effect from the prior year, improving macroeconomic conditions, and reduced interest rates. Despite the monthly decline, the YoY improvement signals the market's gradual recovery amidst shifting economic conditions.

For the first time, PAMA also started reporting numbers for locally assembled electric vehicles (EVs), reflecting a growing interest in this emerging segment. This development is expected to contribute to the sector's future growth as the market for electric mobility gains traction.

PAMA's sales figures for November 2024 are as follows :

Passenger cars recorded a 62% YoY growth, with 7,909 units sold, up from 4,875 units last year. Compared to October 2024, the segment saw a 25% MoM decrease.

LCVs, Pickups, and SUVs posted cumulative growth of 37% YoY, with 2,191 units sold. However, on a MoM basis, the segment recorded a decline of 14%.

Electric Vehicles (EVs): Dewan Farooque (DFML) Motors' Honri VE added 63 units to the total sales in this category, contributing to the growing EV market in Pakistan.

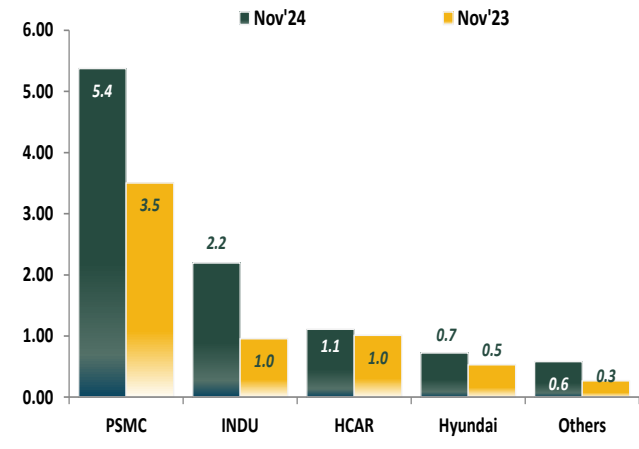
Tractors experienced a marginal 2% YoY decline to 3,428 units. On the other hand, the segment saw a 98% MoM increase, driven by the Punjab Government's green tractor scheme.

Trucks displayed an impressive 130% YoY growth, with 294 units sold, but showed a marginal 3% MoM decrease.

Buses sales increased by 79% YoY to 34 units, with a substantial MoM decline of 31%.

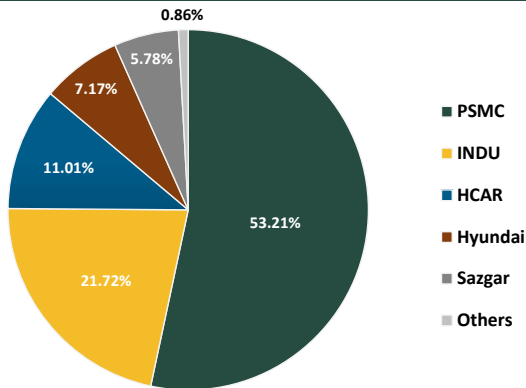
Motorcycles saw strong growth, with 120,494 units sold, marking a 36% YoY rise attributed to the affordability of motorcycles and growing demand for economical transport. However, on a MoM basis, sales declined by 12%.

Monthly Sales - YoY (in '000)



Source: PAMA, HMFS Research

Four Wheeler's Market Share - 5MFY25



Source: PAMA, HMFS Research

HMFS Research
research@hmfs.com.pk

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INDU: In November 2024, INDU's market share increased by approximately 2.5%, reaching 21.7%. However, the company experienced a 13% decline in sales on a MoM basis, with a total of 2,194 units sold. On a YoY basis, sales surged by 130%, reflecting a strong recovery from last year's challenging economic conditions. The MoM decline was primarily driven by key models such as the Corolla Yaris and Corolla Cross, which saw a 13% MoM decrease, while the Toyota Hilux also registered a 14% MoM decline during the same period.

SAZEW: Sazgar Engineering Works reported the steepest MoM decline of 42% in four-wheeler sales, totaling 584 units. However, sales surged 1.2x YoY, driven by the Haval brand. In the three-wheeler segment, sales dropped 18% MoM to 1,976 units but showed 156% YoY growth.

HCAR: Honda Atlas Cars Pakistan Limited reported a 27% MoM decrease in sales, reaching 1,112 units. This decline was attributed to a 29% MoM drop in Honda City/Civic sales. However, BRV/HRV sales improved by 6% MoM during the same period.

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. Moreover, the shift toward electric mobility is gaining momentum, with significant investments in charging infrastructure and supportive policies aimed at expanding the EV market.

While a seasonal slowdown may lead to weaker sales in December 2024, sales are expected to recover from January 2025. These developments, along with sustained demand in the conventional vehicle segment, position the sector for steady growth and transformation in the foreseeable future.

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Sales	5MFY25	5MFY24	YoY	Nov-24	Nov-23	YoY	Oct-24	MoM
Top Listed Automobiles Companies' Sales								
PSMC	25,812	18,262	41%	5,374	3,506	53%	7,302	-26%
INDU	10,886	6,514	67%	2,194	956	129%	2,532	-13%
HCAR	5,974	3,984	50%	1,112	1,015	10%	1,514	-27%
SAZEW	4,191	1,257	233%	584	269	117%	1,002	-42%
Cars	38,534	25,746	50%	7,909	4,875	62%	10,557	-25%
Cars & LCV's								
LCV's + SUVs	12,259	7,892	55%	2,191	1,600	37%	2,551	-14%
Total	50,793	33,638	51%	10,100	6,475	56%	13,108	-23%
Tractors								
AGTL	4,946	7,806	-37%	2,012	701	187%	294	584%
MTL	5,421	13,000	-58%	1,416	2,809	-50%	1,439	-2%
Total	10,367	20,806	-50%	3,428	3,510	-2%	1,733	98%
Trucks								
Isuzu	929	341	172%	199	61	226%	193	3%
Hino	111	70	59%	14	13	8%	11	27%
Master	270	284	-5%	68	48	42%	79	-14%
JAC	58	41	41%	13	6	117%	19	-32%
Total	1,368	736	86%	294	128	130%	302	-3%
Buses								
Hino	51	65	-22%	10	14	-29%	14	-29%
Master	154	36	328%	23	2	1050%	28	-18%
Isuzu	32	40	-20%	1	3	-67%	7	-86%
Total	237	141	68%	34	19	79%	49	-31%
Motorcycles								
Atlas Honda	486,758	398,303	22%	100,588	76,043	32%	115,293	-13%
Pak Suzuki	9,692	6,023	61%	1,912	1,028	86%	2,182	-12%
Yamaha	2,141	3,896	-45%	539	659	-18%	507	6%
Others	79,783	51,237	56%	17,455	10,763	62%	19,711	-11%
Total	578,374	459,459	26%	120,494	88,493	36%	137,693	-12%
Three Wheelers								
SAZEW	9,812	4,653	111%	1,976	773	156%	2,401	-18%

Source: PAMA, HMFS Research

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

HMFS RATING GUIDE	
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<i>HOLD</i>	<i>Between 15% Upside & 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
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Total Return is based on both the Capital Gains return & the Dividend Yield & is exclusive of all applicable taxes