

Pakistan Automobile Assemblers Feb'23: Passenger car sales down by 40% MoM

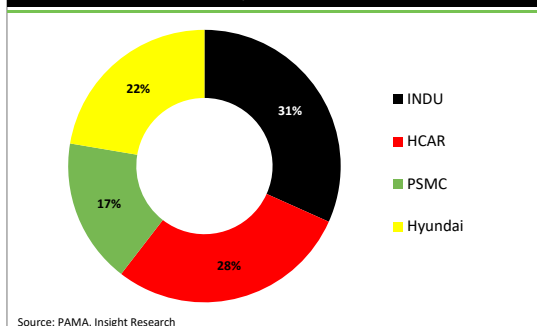
Pakistan Automotive Manufacturing Association (PAMA) has released the sales and production data for the month of Feb'23, where car sales are down by 40% MoM to clocked in at 3,642 units. The decline in sales is mainly due to supply side constraints along with muted demand which has led automobile players to close their plants or operate at minimal capacity. As a consequence of persistent forex challenges, auto industry is presently constrained to meet only 20-25% of their LCs requirements. In 8MFY23, cumulative passenger car sales during the period plunged by ~48% YoY, to clocked in at 78.6k units due to supply constraints and economic slowdown resulting in subdued demand.

- Jeeps/SUVs & pickups sales witnessed a decrease of 56% MoM to reach at 2.1k units. Whereas, on 8MFY23 basis, Jeeps/SUVs & pickups sales fell by 22% due to aforementioned reasons. Trucks & buses sales increased by 40% MoM to clocked in at ~0.7k units in Feb'23. Cumulatively in 8MFY23, trucks & buses sales fell by 30% YoY. Tractors sales went down by 2% MoM due to fragile agriculture demand and supply constraints.
- Company wise, PSMC sales decreased by 67% MoM in Feb'23 primarily due to aforementioned reasons. Wherein, Swift and Cultus recorded the highest decline of 87% MoM. PSMC plant experienced a shutdown of 7 days during the month of Feb'23.
- Similarly, INDU sales went down by 49% MoM to clocked in at ~1.8k units, compared to ~3.5k units in Jan'23. Fortuner & Hilux remained the leading contributor to this drop, with their sales down by 62% MoM. To note, INDU plant remained close from 1st Feb'23 to 14th Feb'23 due to LCs restrictions resulting in non availability of CKD kits.
- HCAR sales went down by 39% MoM to clocked in at ~1.6k units in Feb'23.
- Whereas, Hyundai volumetric sales posted an increase of 11% MoM to clocked in at ~1.3k units.
- MTL volumes witnessed an increase of 18% MoM to stand at ~2.6k units whereas AGTL sales went down by 39% MoM to clocked in at ~0.7k units.

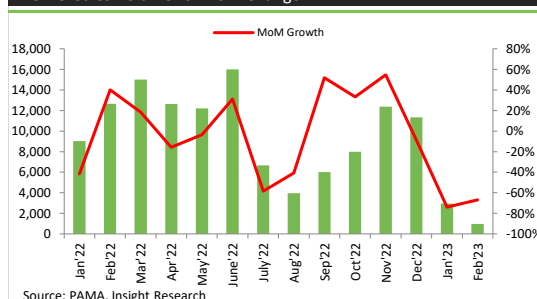
Outlook

We believe that automobile industry will remain under pressure on both supply and demand front amid challenging business environment, sky-rocketing inflation and higher financing rates which is further exacerbated by shortage of CKD kits. Moreover, recent increase in car prices amidst PKR devaluation and increase in GST rate likely to further worsen the outlook for automobile sector.

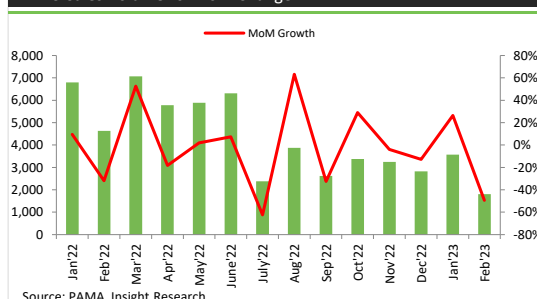
Feb'23: Car Sales Volume Breakup



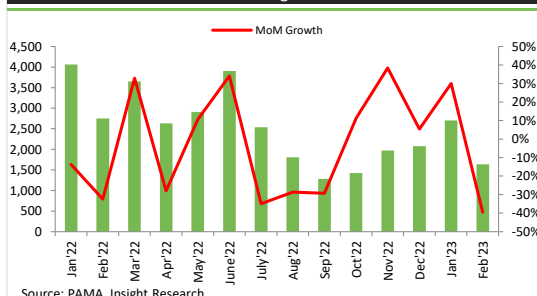
PSMC Sales Volume vs. MoM Change



INDU Sales Volume vs. MoM Change







HCAR Sales Volume vs. MoM Change



Automobile Sales

Feb-23	Feb-23	Jan-23	MoM	Feb-22	YoY	8MFY23	8MFY22	YoY
Passenger Cars	3,642	6,021	-40%	18,054	-80%	78,575	149,813	-48%
Trucks & Buses	657	470	40%	546	20%	3,074	4,386	-30%
Jeeps & Pick-Ups	2,120	4,845	-56%	3,610	-41%	22,169	28,437	-22%
Tractors	3,330	3,406	-2%	4,507	-26%	18,249	35,952	-49%
Three/Two wheelers	101,487	109,558	-7%	136,527	-26%	838,880	1,228,540	-32%

Passenger Cars

INDU 	1,803	3,570	-49%	4,630	-61%	23,680	49,499	-52%
Corolla & Yaris	1,091	1,719	-37%	3,646	-70%	14,875	38,300	-61%
Fortuner & Hilux	712	1,851	-62%	984	-28%	8,805	11,199	-21%
HCAR 	1,636	2,704	-39%	2,747	-40%	15,443	26,359	-41%
Civic & City	1,244	1,620	-23%	2,286	-46%	11,770	23,552	-50%
BR-V & HR-V	392	1,084	-64%	461	-15%	3,673	2,807	31%
PSMC 	978	2,945	-67%	12,668	-92%	52,294	94,408	-45%
Cultus	72	543	-87%	1,692	-96%	5,758	17,380	-67%
Alto	544	44	1136%	7,175	-92%	28,202	43,427	-35%
Wagon R	93	671	-86%	1,646	-94%	4,533	14,812	-69%
Bolan	91	556	-84%	1,070	-91%	3,083	8,267	-63%
Ravi	111	627	-82%	1,085	-90%	3,011	10,025	-70%
Swift	67	504	-87%	-	NM	7,707	497	NM
Hyundai 	1,271	1,140	11%	1,469	-13%	7,066	6,958	2%
Elantra	243	173	40%	312	-22%	1,698	1,929	-12%
Sonata	197	191	3%	226	-13%	948	1,638	-42%
Porter	123	156	-21%	157	-22%	848	1,161	-27%
Tucson	708	620	14%	774	-9%	3,572	2,230	60%
Tractors	3,330	3,406	-2%	4,507	-26%	18,249	35,952	-49%
Fiat	728	1,203	-39%	2,002	-64%	7,143	13,177	-46%
Massey Ferguson	2,602	2,203	18%	2,505	4%	11,106	22,775	-51%

Source: PAMA, Insight Research

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TP	Target Price	DCF	Discounted Cash Flows	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DDM	Dividend Discount Model
SOTP	Sum of the Parts	P/E	Price to Earnings ratio	P/Bv	Price to Book ratio
P/S	Price to Sales	EVA	Economic Valued Added	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	DY	Dividend Yield
ROE	Return on Equity	ROA	Return on Assets	CAGR	Compounded Annual Growth Rate

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