

PAKISTAN

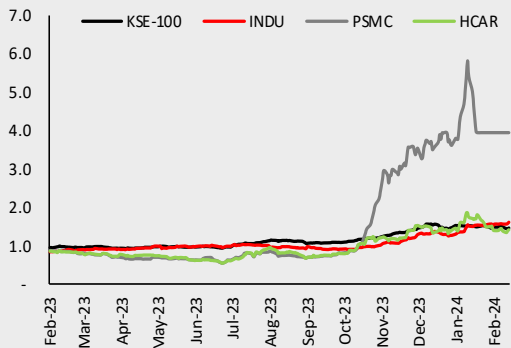


Automobile Sales Jan'24

	Jan-24	Jan-23	YoY	7MFY24	YoY
PC	7,667	5,465	40%	37,150	-48%
Jeeps and LCV	1,903	4,985	-62%	10,614	-51%
INDU	2,762	3,570	-23%	9,960	-54%
PSMC	4,550	2,945	54%	26,547	-48%
HCAR	1,339	2,704	-50%	6,224	-55%
Hyundai	607	1,140	-47%	3,987	-31%
Tractors	3,814	3,406	12%	27,225	82%
AGTL	1,005	1,203	-16%	9,317	45%
MTL	2,809	2,203	28%	17,908	111%
Trucks	176	398	-56%	986	-51%
Buses	66	72	-8%	238	-39%

Source: PAMA, Foundation Research, February 2024

Historical performance of Auto companies vs KSE-100 Index



Source: Bloomberg, Foundation Research, Feb 2024

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# Pakistan Automobile

## 'January effect' in play

### Event

■ Automobile (PC&LCVs) sales shrunk 11% YoY in Jan'24 given elevated car prices and record interest rates. However, sequentially surge of 63% MoM was witnessed in Jan'24 given new year demand effect. During 7MFY24, sales decreased 49% YoY to only 47,189 units. Total automobile sales clocked in at 13,401 units (↓/↑ 7/59% YoY/MoM) in Jan'24. Player-wise breakdown reveals that INDU/PSMC/HCAR unit sales ↓/↑/↓ 23/54/50% YoY respectively, in Jan'24.

### Impact

■ **Declining sales momentum continues:** The automobile sector witnessed a drop in sales during the month of Jan'24 as 1000/1300cc segment underwent a decline of 51/3% YoY and 800cc registered a surge of 68x YoY amid low base effect given import restrictions. During 7MFY24, total automobile sales declined 32% YoY as INDU/PSMC/HCAR depicted a downtrend of 54/48/55% YoY. The continuous decline in overall automobile sales was due to (1) significant increase in auto prices mostly reflecting the impact of depreciating PKR, (2) high interest rates prolonging the economic slowdown, (3) SBP's shortening of auto financing terms and (4) increase in Govt duties and taxes.

■ Moreover, sequential surge of 59% was witnessed in total automobile sales during Jan'24. Segment wise breakdown reveals that 800/1300cc increased 42/129% MoM while 1000cc declined 16% MoM.

■ **PSMC sales surged:** PSMC's volumetric sales stood at 4,550 units during Jan'24, depicting a increase of 54% YoY. On a sequential basis, sales increased by 22% MoM. Sales of Alto/Swift increased 68x/10% YoY (↑ 42/46% MoM). Whereas, sales of WagonR/Cultus/Ravi/Bolan decreased 52/50/54/76% YoY (↓22/↓8/↑27/↓59% MoM) respectively. During 7MFY24, sales of Alto/WagonR/Cultus/Swift/Ravi/Bolan declined 41/52/62/64/40/56% YoY.

■ **Sequential uptick in INDU sales:** INDU sales during the month of Jan'24 clocked-in at 2,762 units, down 23% YoY (↑304% MoM). The sales decrease was attributed to decline in sales of Fortuner+Hilux by 67% YoY (↑376% MoM) to 619 units. Whereas Corolla+Cross+Yaris sales increased 25% YoY (↑287% MoM) to 2,143 units. During 7MFY24, sales of Corolla+Cross+Yaris/Fortuner+Hilux declined 46/69% YoY respectively.

■ **HCAR unit sales also increased MoM:** HCAR sales volume clocked-in at 1,339 units in Jan'24 (↓/↑ 50/49% YoY/MoM) mainly due to sales of BR-V+HR-V decreasing by 88% YoY (↑16% MoM) to mere 132 units. While Civic+City sales decreased by 25% YoY (↑53% MoM) to 1,207 units in Jan'24. During 7MFY24, sales of City&Civic/BR-V+HR-V declined 51/67% YoY respectively.

■ **Tractor sales also rise:** Tractor sales increased by 12% YoY to 3,814 units in Jan'24 (↑46% MoM) mainly attributable to MTL which recorded an increase of 28% YoY (↑34% MoM) to 2,809 units. Meanwhile, AGTL's sales went down by 16% YoY (↑99% MoM) to 1,005 units.

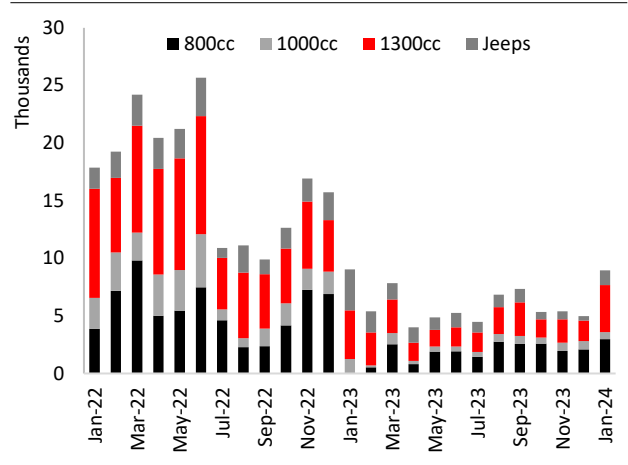
### Outlook

■ (1) Elevated auto prices due to PKR depreciation, (2) record high interest rates prolonging the economic slowdown and (3) decline in consumer disposable income given high inflation would keep auto sales subdued in FY24.

Auto Sales - Jan'24								
	Jan-24	Jan-23	YoY	Dec-23	MoM	7MFY24	7MFY23	YoY
Total	13,401	14,349	-7%	8,447	59%	75,638	110,778	-32%
Total PCs&LCVs	9,345	10,473	-11%	5,737	63%	47,189	93,442	-49%
INDU	2,762	3,570	-23%	684	304%	9,960	21,877	-54%
Corolla+Cross+Yaris	2,143	1,719	25%	554	287%	7,422	13,784	-46%
Fortuner+Hilux	619	1,851	-67%	130	376%	2,538	8,093	-69%
HCAR	1,339	2,704	-50%	901	49%	6,224	13,807	-55%
City&Civic	1,207	1,620	-25%	787	53%	5,145	10,526	-51%
BR-V+HR-V	132	1,084	-88%	114	16%	1,079	3,281	-67%
PSMC	4,550	2,945	54%	3,735	22%	26,547	51,316	-48%
Swift	552	504	10%	378	46%	2,782	7,640	-64%
Cultus	273	543	-50%	297	-8%	2,181	5,686	-62%
Wagon R	320	671	-52%	409	-22%	2,149	4,440	-52%
Alto	2,983	44	6680%	2,099	42%	16,388	27,658	-41%
Bolan	135	556	-76%	326	-59%	1,314	2,992	-56%
Ravi	287	627	-54%	226	27%	1,733	2,900	-40%
Hyundai	607	1,140	-47%	304	100%	3,987	5,795	-31%
Elantra	132	173	-24%	39	238%	597	1,455	-59%
Tuscon	298	620	-52%	101	195%	1,957	2,864	-32%
Sonata	57	191	-70%	27	111%	486	751	-35%
Porter	120	156	-23%	137	-12%	947	725	31%
Santa Fe	225	0	n/a	52	333%	575	0	n/a
Pick ups	86	71	21%	111	-23%	444	548	-19%
JAC	73	58	26%	77	-5%	355	403	-12%
DMAX	13	13	0%	34	-62%	89	145	-39%
Tractors	3,814	3,406	12%	2,605	46%	27,225	14,919	82%
Al-Ghazi	1,005	1,203	-16%	506	99%	9,317	6,415	45%
Millat	2,809	2,203	28%	2,099	34%	17,908	8,504	111%
Trucks	176	398	-56%	74	138%	986	2,025	-51%
Hino	12	71	-83%	14	-14%	96	446	-78%
JAC	11	15	-27%	8	38%	60	106	-43%
Isuzu	90	208	-57%	41	120%	472	997	-53%
Master	63	104	-39%	11	473%	358	476	-25%
Buses	66	72	-8%	31	113%	238	392	-39%
Hino	4	16	-75%	15	-73%	84	183	-54%
Isuzu	4	1	300%	16	-75%	60	51	18%
Master	58	55	5%	0	n/a	94	158	-41%

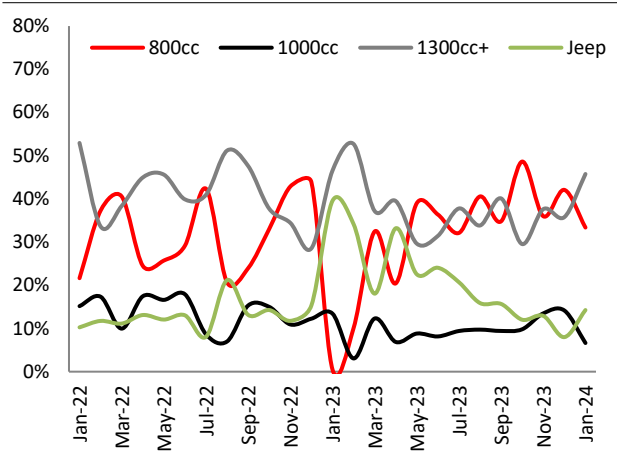
Source: PAMA, Foundation Research, February 2024

Fig 1: Auto sales surge 67% MoM in Jan'24



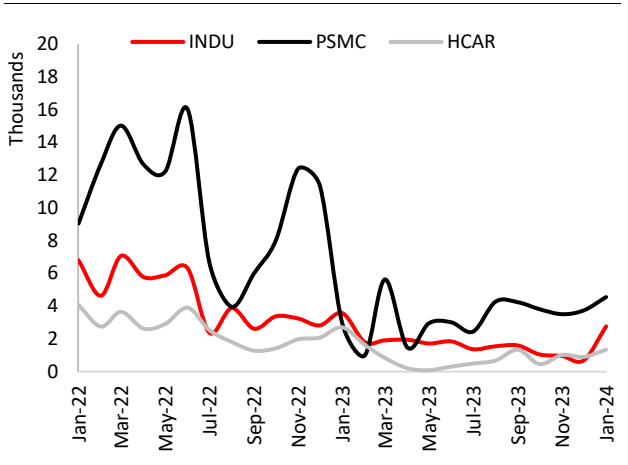
Source: PAMA, Foundation Research, Feb 2024

Fig 2: Market share of 800/1000cc↓ & 1300cc/Jeep↑ MoM



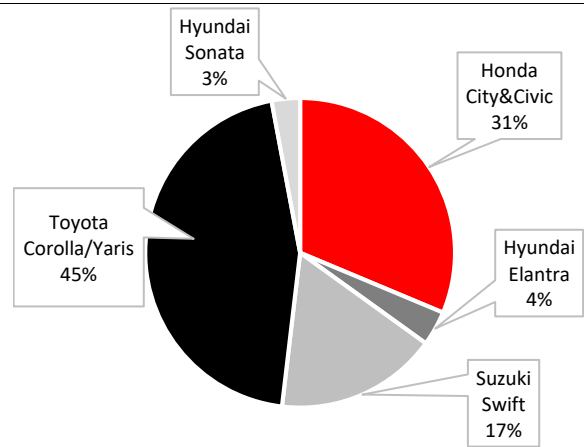
Source: PAMA, Foundation Research, Feb 2024

Fig 3: INDU/HCAR/PSMC sales surge sequentially



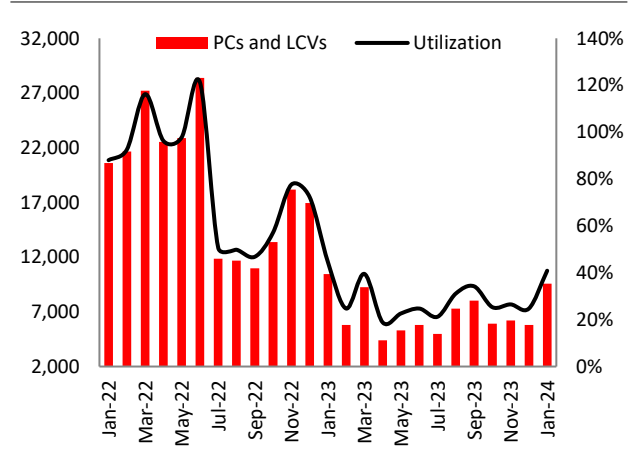
Source: PAMA, Foundation Research, Feb 2024

Fig 4: INDU leading market share for 1300cc in 7MFY24



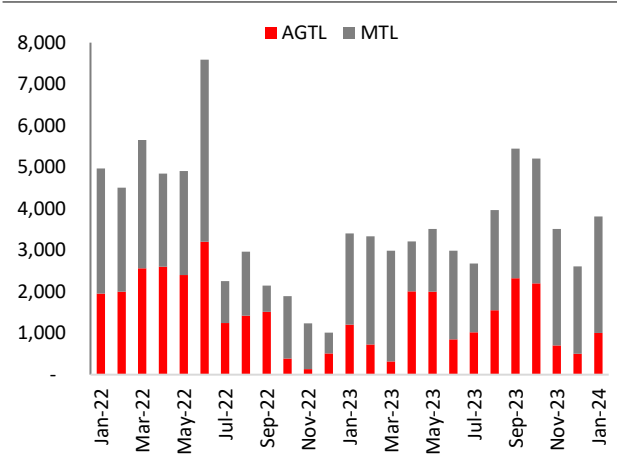
Source: PAMA, Foundation Research, Feb 2024

Fig 5: Utilization increased MoM in Jan'24 by 16ppt



Source: PAMA, Foundation Research, Feb 2024

Fig 6: Tractors sales increased by 46% MoM



Source: PAMA, Foundation Research, Feb 2024

Abbreviations

AGTL	AlGhazi Tractors Limited
GIL	Ghandahra Industries Limited
HCAR	Honda Atlas Car
HINO	Hinopak Motors
INDU	Indus Motors
LCV	Light Commercial Vehicles
MoM	Month on Month
MTL	Millat Tractors Limited
PAMA	Pakistan Automotive Manufacturers Association
PC	Passenger Cars
PSMC	Pakistan Suzuki Motor Company
YoY	Year on Year

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Expected return from 0% to +15%	Neutral.
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