

## Pakistan Automobile Assemblers

### Feb'24: Auto sales up by 2% MoM

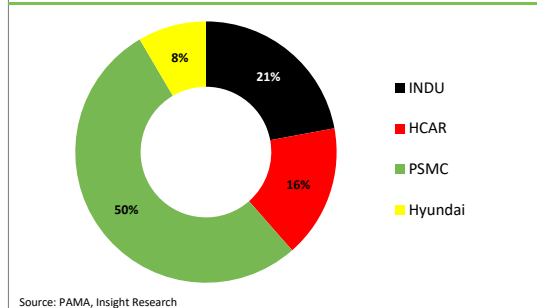
Pakistan Automotive Manufacturing Association (PAMA) has released the sales and production data for the month of Feb'24, where passenger car sales are up by 2% MoM to clock in at 7,953 units vs 7,802 units in Jan'24. The same is up by 118% YoY. However, in 8MFY24 cumulative passenger car sales plunged by ~41% YoY to clock in at 46.4k units due to elevated prices, high interest rates, higher duties & taxes, and economic slowdown resulting in subdued demand.

- Jeeps/SUVs & pickups sales witnessed a decrease of ~36% MoM to reach at 1.7K units. In 8MFY24, Jeeps/SUVs & pickups sales fell by 42% YoY due to aforementioned reasons. Whereas, Tractors sales are down by 12% MoM to clocked in at 3.3K units in Feb'24. However, during 8MFY24, tractors sales increased by 68% YoY, primarily due to better agricultural activity. Similarly, Trucks & buses sales increased by ~46% MoM to clock in at 0.3k units in Feb'24.
- Company wise, PSMC sales increased by 7% MoM to clock in at ~4.8K units in Feb'24. Wherein, Alto and Swift are the leading contributor with an increase of 13% and 20%, respectively on MoM basis.
- INDU sales decreased by ~26% MoM to clock in at ~2.0K units compared to ~2.7K units in Jan'24. The decline in sales is primarily attributable to the launch of Corolla Cross in last month which resulted in higher sales.
- HCAR sales increased by 13% MoM to clock in at ~1.5K units in Feb'24. City & Civic are the leading contributor in this increase, with their sales up by 14% MoM.
- Hyundai volumetric sales posted a decrease of 6% MoM to clocked in at ~0.7K units. Elantra and Tucson are the leading contributor in this decline as their sales decrease by 33% and 26% MoM, respectively.
- Sazgar sales posted a decrease of ~57% MoM to clock in at ~0.4K units in Feb'24.
- MTL volumes witnessed a decrease of 23% MoM to stand at ~2.1k units. However, AGTL sales are up by 20% MoM to stand at ~1.2k units in Feb'24.

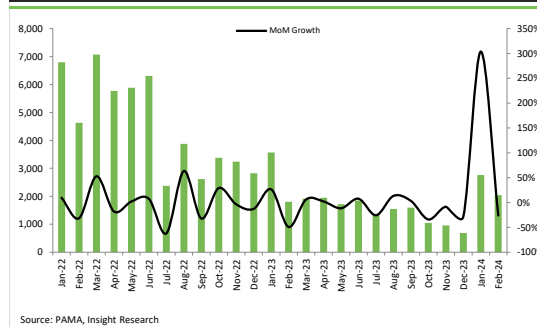
### Outlook

Going forward, we anticipate that the demand in the auto sector will remain subdued due to the challenging economic conditions, reduced consumer purchasing power and higher interest rates. To highlight, auto financing faced a significant decline in recent times from PKR332bn in Jan'23 to PKR246bn in Jan'24. However, anticipated decrease in interest rate by 500-600bps in next 12 months could lead to an increase in auto financing, resulting in a slight recovery in the demand for low-end cars. On the other hand, the demand for high-end cars is expected to remain depressed. Furthermore, the government has recently raised the GST on cars valued at more than PKR4mn from 18% to 25%. This increase in GST will raise car prices, as evident by price increase by PSMC. The higher prices are likely to further dampen demand in the auto sector.

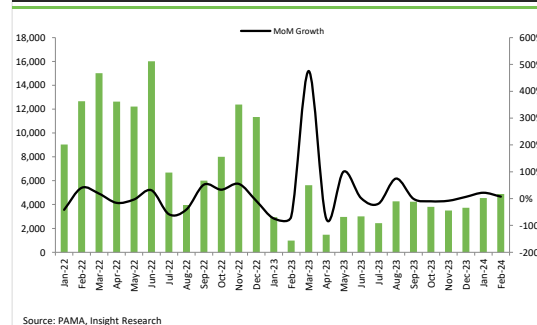
Feb'24: Car Sales Volume Breakup



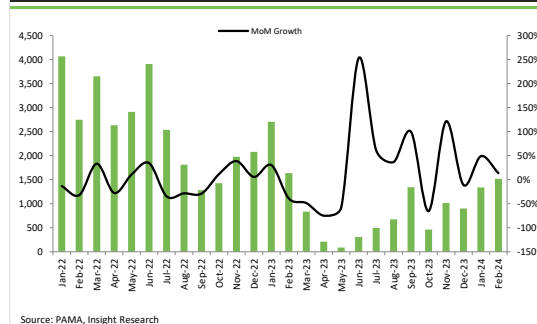
INDU Sales Volume vs. MoM Change



PSMC Sales Volume vs. MoM Change








HCAR Sales Volume vs. MoM Change



**Automobile Sales**

Feb-24	Feb-24	Jan-24	MoM	Feb-23	YoY	8MFY24	8MFY23	YoY
Passenger Cars	7,953	7,802	2%	3,642	118%	46,417	78,575	-41%
Trucks & Buses	353	242	46%	657	-46%	1,577	3,074	-49%
Jeeps & Pick-Ups	1,756	2,734	-36%	2,544	-31%	13,282	22,851	-42%
Tractors	3,366	3,814	-12%	3,330	1%	30,591	18,249	68%
Three/Two wheelers	93,764	104,619	-10%	103,003	-9%	740,204	840,396	-12%

**Passenger Cars**

<b>INDU</b> 	<b>2,036</b>	<b>2,762</b>	<b>-26%</b>	<b>1,803</b>	<b>13%</b>	<b>11,996</b>	<b>23,680</b>	<b>-49%</b>
Corolla & Yaris	1,759	2,143	-18%	1,091	61%	9,181	14,875	-38%
Fortuner & Hilux	277	619	-55%	712	-61%	2,815	8,805	-68%
<b>HCAR</b> 	<b>1,517</b>	<b>1,339</b>	<b>13%</b>	<b>1,636</b>	<b>-7%</b>	<b>7,741</b>	<b>15,443</b>	<b>-50%</b>
Civic & City	1,375	1,207	14%	1,244	11%	6,520	11,770	-45%
BR-V & HR-V	142	132	8%	392	-64%	1,221	3,673	-67%
<b>PSMC</b> 	<b>4,885</b>	<b>4,550</b>	<b>7%</b>	<b>978</b>	<b>399%</b>	<b>31,432</b>	<b>52,294</b>	<b>-40%</b>
Cultus	320	273	17%	72	344%	2,501	5,758	-57%
Alto	3,373	2,983	13%	544	520%	19,761	28,202	-30%
Wagon R	136	320	-58%	93	46%	2,285	4,533	-50%
Bolan	183	135	36%	91	101%	1,497	3,083	-51%
Ravi	210	287	-27%	111	89%	1,943	3,011	-35%
Swift	663	552	20%	67	890%	3,445	7,707	-55%
<b>Hyundai</b> 	<b>780</b>	<b>832</b>	<b>-6%</b>	<b>1,271</b>	<b>-39%</b>	<b>5,342</b>	<b>7,066</b>	<b>-24%</b>
Elantra	89	132	-33%	243	-63%	686	1,698	-60%
Sonata	55	57	-4%	197	-72%	541	948	-43%
Porter	201	120	68%	123	63%	1,148	848	35%
Tucson	222	298	-26%	708	-69%	2,179	3,572	-39%
Santa Fe	213	225	-5%	-	NM	788	-	NM
<b>Sazgar</b> 	<b>414</b>	<b>967</b>	<b>-57%</b>	<b>310</b>	<b>34%</b>	<b>2,667</b>	<b>1,243</b>	<b>115%</b>
Baic BJ40L	7	1	600%	30	-77%	34	104	-67%
Haval	407	966	-58%	280	45%	2,633	1,138	131%
<b>Tractors</b>	<b>3,366</b>	<b>3,814</b>	<b>-12%</b>	<b>3,330</b>	<b>1%</b>	<b>30,591</b>	<b>18,249</b>	<b>68%</b>
Fiat	1,208	1,005	20%	728	66%	10,525	7,143	47%
Massey Ferguson	2,158	2,809	-23%	2,602	-17%	20,066	11,106	81%

Source: PAMA, Insight Research

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### Frequently Used Acronyms

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

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