

Sector Update

Auto	CP
INDU	1,040
PSMC	502
HCAR	274

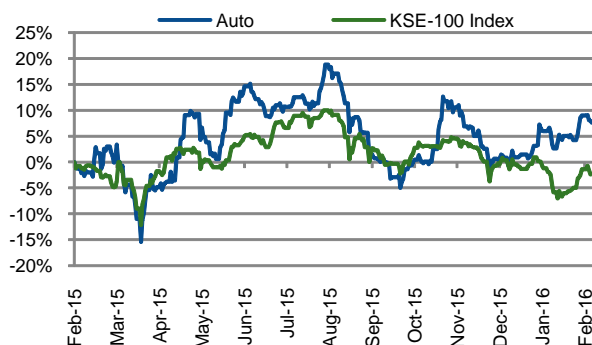
Industry	Jan-16	MoM	7MFY16	YoY
Passenger Car	18,083	29%	107,907	45%
Farm Tractors	2,352	146%	14,727	-40%
MotorCycles	92,040	16%	593,274	30%
Pickup/Jeeps	3,634	-12%	25,530	140%
Bus/Trucks	601	13%	3,246	40%
Total	121,647	20%	769,848	30%

INDU	Jan-16	MoM	7MFY16	YoY
Corolla	5,544	29%	33,225	25%
Hilux	373	-7%	2,891	27%
Fortuner	50	22%	332	-23%
Total				

HCAR	Jan-16	MoM	7MFY16	YoY
Civic + City	3,015	193%	13,625	15%

PSMC	Jan-16	MoM	7MFY16	YoY
Mehran	4,275	49%	19,685	22%
Cultus	1,018	-40%	8,976	16%
Ravi	3,183	-14%	22,135	190%
Bolan	2,786	-13%	22,302	180%
Total	12,706	3%	83,188	90%

Relative Performance to KSE 100



Source: Bloomberg, KSE 100 & IGI Research

Analyst

Yawar Saeed

yawar.saeed@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 973

Automobile Assembler Passenger car volumes grew by Impressive +45% in 7MFY16

- Passenger cars sales augmented by +29%MoM/+15%YoY to 18.08k units in month of Jan-16. Segment wise, 1300cc and above depicted the largest growth of +60%MoM. While sales of 1000-1300cc category declined by 11%MoM.
- In January, PSMC sales increased by +3%MoM/+59%YoY to 12.71k units. INDU sales grew by +26%MoM in Jan-16, but declined by 7%YoY to 5.97k units. January sales boosted for HCAR with growth of 1.93xMoM although it decreased on annual basis by 6%YoY to 3.02k units. For the 7MFY16, HCAR grew by +15%YoY to 13.62k units.
- Going forward, we maintain our positive stance on auto industry on the back a) availability of low financing cost to remain primary stimuli of demand, b) emerging clarity and likely approval of Auto Policy (ADP –II), and c) rock bottom commodity prices, keeping companies margins relatively stable.

January effect reflecting in numbers

Passenger cars sales augmented by +29%MoM/+15%YoY to 18.08k units in month of Jan-16. Segment wise, 1300cc and above depicted the largest growth of +60%MoM, however declining on yearly basis by 5%YoY to 8.90k units. 800-1000cc segment also showed a healthy growth of +17%MoM/+49%YoY to 7.06k units, while sales of 1000-1300cc category declined by 11%MoM, however on annual basis sales increased by +31%YoY to 2.12k units.

In 7MFY16, passenger car sales grew by +45%YoY to 107.91k units, with 800-1000cc posted the largest growth of +85%YoY to 44.55k units, followed by +42% growth to 14.15k units in 1000-1300 category.

PSMC: Sales up by 3%MoM/+59%YoY

In January, PSMC sales increased by +3%MoM/+59%YoY to 12.71k units, with Wagon R showing highest growth of +56%MoM/1.32xYoY followed by Mehran (+49%MoM/+23%YoY) and Swift (+40%MoM/+10%YoY). However, Cultus darted the highest fall (40%MoM/11%YoY). Sales of PSMC increased by +90% YoY for 7MFY16 to 83.19k units, led by Punjab Government's

“Apna Rozgaar Scheme”, where Ravi and Bolan variants registered highest growth of 1.9xYoY to 22.14k units and 1.8xYoY to 22.30k units, respectively.

Exhibit: PAMA Auto Sales Number

	Jan-16	Dec-15	MoM	Jan-15	YoY	7MFY16	7MFY15	YoY
1300 and above	8,903	5,571	60%	9,401	-5%	49,168	40,388	22%
800-1000	7,061	6,060	17%	4,752	49%	44,594	24,136	85%
1000-1300	2,119	2,388	-11%	1,617	31%	14,145	9,973	42%
Passenger Cars	18,083	14,019	29%	15,770	15%	107,907	74,497	45%
Commercial	601	530	13%	442	36%	3,246	2,326	40%
Pick-up / Jeeps	3,634	4,131	-12%	1,939	87%	25,530	10,638	140%
Farm Tractor	2,352	957	146%	3,540	-34%	14,727	24,397	-40%
Motorcycle	92,040	79,274	16%	62,058	48%	593,274	456,988	30%
3-wheeler	4,937	2,780	78%	4,496	10%	25,164	24,486	3%
Total	121,647	101,691	20%	88,245	38%	769,848	593,332	30%

Source: IGI Research, PAMA

INDU: Sales picking momentum

INDU sales grew by +26%MoM in Jan-16, but declined by 7%YoY to 5.97k units. The primary contributor to sales expansion was Corolla which rose by +29%MoM, although dropped on annual basis by 5%YoY to 5.54k units, followed by Fortuner which witnessed growth of +22%MoM but nosedived on annual basis by 30%YoY to 50unit. Sales increased by +24% YoY in 7MFY16, with corolla posting +25%YoY growth, Hilux depicting +27%YoY rise, while Fortuner sales fell by -23%YoY.

HCAR: Volumes bounced back big-time

January sales boosted for HCAR with growth of 1.93xMoM although it decreased on annual basis by 6%YoY to 3.02k units. For the 7MFY16, HCAR grew by +15%YoY to 13.62k units.

Outlook

Going forward, we maintain our positive stance on auto industry on the back a) availability of low financing cost to remain primary stimuli of demand, b) emerging clarity and likely approval of Auto Policy (ADP –II), and c) rock bottom commodity prices, keeping companies margins relatively stable. Strengthening USD and subsequent weakening of PKR could potentially pose a risk to HCAR and INDU in particularly, however stable JPY / USD parity is expected to offset the impact.

Exhibit: Company-wise Auto Sales

	Jan-16	Dec-15	MoM	Jan-15	YoY	7MFY16	7MFY15	YoY
HCAR	3,015	1,028	193%	3,221	-6%	13,625	11,799	15%
INDU	5,967	4,738	26%	6,415	-7%	36,448	29,298	24%
PSMC	12,706	12,384	3%	7,987	59%	83,188	43,688	90%
AGTL	984	144	583%	1,310	-25%	5,004	9,023	-45%
MTL	1,262	774	63%	2,154	-41%	9,178	14,965	-39%
HINO	312	306	2%	160	95%	1,705	994	72%
GHNL	72	84	-14%	125	-42%	408	423	-4%
GHNI	120	104	15%	70	71%	709	476	49%
ATLH	73,259	64,033	14%	56,008	31%	466,045	355,174	31%

Source: IGI Research, PAMA

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Contact Details

Research Team

Saad Khan	Deputy Head of Research	Tel: (+92-21) 111-234-234 Ext.: 810	saad.khan@igi.com.pk
Rashmina Lalani	Senior Research Analyst	Tel: (+92-21) 111-234-234 Ext.: 826	rashmina.lalani@igi.com.pk
Abdullah Farhan	Research Analyst	Tel: (+92-21) 111-234-234 Ext.: 912	abdullah.farhan@igi.com.pk
Yawar Saeed	Research Analyst	Tel: (+92-21) 111-234-234 Ext.: 973	yawar.saeed@igi.com.pk
Abdul Sajid	Database	Tel: (+92-21) 111-234-234 Ext.: 974	abdul.sajid@igi.com.pk
Umesh Solanki	Database Assistant	Tel: (+92-21) 111-234-234 Ext.: 966	umesh.solanki@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 35777863-70	zaeem.haider@igi.com.pk
Muhammad Naveed	Branch Manager (Islamabad)	Tel: (+92-51) 2604861-2	muhammad.naveed@igi.com.pk
Gul Hussain	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	gul.hussain@igi.com.pk
Laiq-Ur-Rehman	Branch Manager (RY Khan)	Tel: (+92-68) 5871653-6	Laiq.queishi@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited | Corporate member of Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20, Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Stock Exchange Office

Room # 719, 7th Floor, KSE Building, Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2, Fax: (+92-21) 32429607

Lahore Office

5-F.C.C. Ground Floor, Syed Maratib Ali Road, Gulberg II, Lahore
Tel: (+92-42) 35777863-70, 35876075-76
Fax: (+92-42) 35763542

Faisalabad Office

Room #: 515-516, 5th Floor, State Life Building, 2- Liaqat Road, Faisalabad
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza, Block- B, Jinnah Avenue, Blue Area, Islamabad
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road, Rahim Yar Khan
Tel: (+92-68) 5871653-6, 5871652
Fax: (+92-68) 5871651