

Day Break

Tuesday, November 12, 2024

IGI
Securities

SERVING YOU SINCE 1994

Automobile Assemblers

Oct-24: Auto Sales up by 7%m/m; Passenger Car Sales up by 35%m/m

- For the month of Oct-24, total automobile sales increased by +7%m/m to 152.8k units, while on yearly basis overall sales augmented by +35%y/y.
- In our opinion, the increase in automobile sales can be attributed to decline in interest rates which has led to an increase in auto financing. Moreover, availability of attractive installment plans from various automobile assemblers further fueled demand.
- Going forward, auto sales volumes are expected to remain encouraging given the declining interest rates on the back of falling inflation which can lead to increase in demand. In addition to this, some new models have also been introduced by several automobile companies which is expected to further improve sales.

We review recent automobile assembler's sales data published by Pakistan Automobile Manufacturers and Assemblers (PAMA) for the month of Oct-24.

Monthly automobile sales incline by 7%m/m

For the month of Oct-24, total automobile sales increased by +7%m/m to 152.8k units, while on yearly basis overall sales augmented by +35%y/y.

Exhibit: Segment-wise Sales Data for Oct-24								
in Units	Oct/24	Sep/24	m/m	Oct/23	y/y	4M/25	4M/24	y/y
Passenger Cars	10,557	7,794	35%	4,850	118%	30,626	20,872	47%
Trucks	302	272	11%	148	104%	1,074	590	82%
Buses	49	47	4%	26	88%	203	122	66%
Jeeps/SUV/Pickup	2,551	2,503	2%	1,330	92%	10,069	6,292	60%
Tractors	1,733	1,076	61%	5,206	-67%	6,939	17,296	-60%
2-Wheeler	134,142	127,694	5%	100,611	33%	446,066	365,015	22%
3-Wheeler	3,550	3,266	9%	1,365	160%	11,813	5,951	99%
Grand Total	152,884	142,652	7%	113,536	35%	506,790	416,138	22%

Source: PAMA, IGI Research

Segment-wise, passenger cars sales posted a 35%m/m increase (up by 118%y/y) to 10.6k units, while jeeps/pickups segment recorded a minor uptick of 2%m/m (while increasing by 92%y/y) in total sales. Under commercial vehicles, sales of trucks & buses increased by 10%m/m (up by

Analyst

Sakina Makati
sakina.makati@igi.com.pk

2xy/y) to 0.35k units. Whereas tractors sales surged by 61%*m/m* (while down by 67%*y/y*) to 1.7k units.

In our opinion, the increase in automobile sales can be attributed to decline in interest rates which has led to an increase in auto financing. Moreover, availability of attractive installment plans from various automobile assemblers further fueled demand.

Exhibit: Historic Average Monthly Sales (units)

Automobile sector sales especially passenger cars stand below their historic average monthly sales however, the numbers are gradually improving compared to last year.

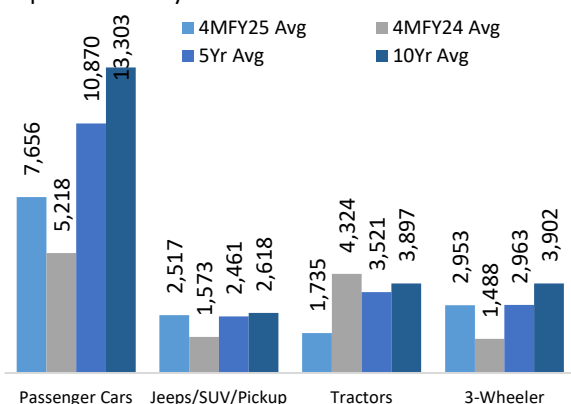
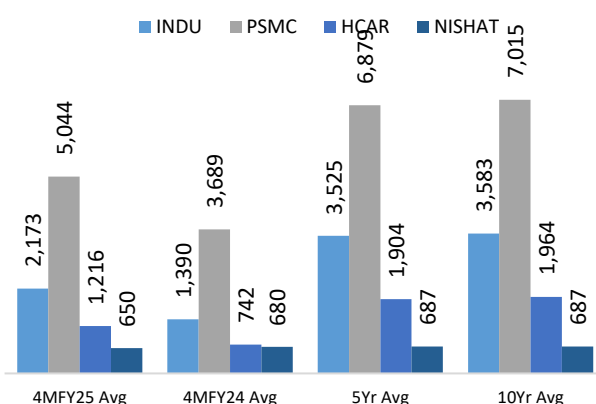


Exhibit: Company-wise historic average monthly sales

Automobile companies have witnessed a substantial slowdown in volumes from its long term average.



Source: PAMA , IGI Research

- **INDU:** Sales volume escalated by 2.4xy/y to 2.5k units (7%*m/m*). Under the passenger car segment Corolla & Yaris surged by 2.6xy/y to 796 units while combined units sold under the variant Fortuner & Hilux inclined by 72%*y/y* (-11%*m/m*) to 251 units.
- **PSMC:** Volumes increased by 92%*y/y* to 7.3k units (+40%*m/m*). Alto sales (up by 49%*m/m*), Wagon R (up by 24%*m/m*), Cultus (up by 5.8x*m/m*), Swift (down by -46%*m/m*), and Bolan sales up by 70%*m/m*. However, Ravi sales, increased to 412 units as compared to only 403 units sold in the last month. PSMC also launched a new passenger car, Every, on October 13, 2024, which recorded sales of 262 units.
- **HCAR:** Sales of Civic & City for the month of Oct-24 grew by +24%*m/m* to 1.5k units bringing total sales of HCAR to 1.5k units, up by +19%*m/m*, BRV sales posted a decline of -24%*m/m* leading to 96 units sold.

Outlook:

Going forward, auto sales volumes are expected to remain encouraging given the declining interest rates on the back of falling inflation which can lead to increase in demand. In addition to this, some new models have also been introduced by several automobile companies which is expected to further improve sales.

Exhibit: Company-wise Sales Data for Oct-24								
in Units	Oct-24	Sep-24	m/m	Oct-23	y/y	4M/25	4M/24	y/y
Corolla & Yaris	2,101	1,883	12%	796	164%	6,655	4,032	65%
Fortuner & Hilux	431	484	-11%	251	72%	2,037	1,526	33%
INDU	2,532	2,367	7%	1,047	142%	8,692	5,558	56%
Civic & City	1,418	1,143	24%	379	274%	4,424	2,239	98%
BRV & HRV	96	126	-24%	80	20%	438	730	-40%
HCAR	1,514	1,269	19%	459	230%	4,862	2,969	64%
Swift	330	608	-46%	315	5%	1,999	1,576	27%
Cultus	343	59	481%	328	5%	629	1,142	-45%
Wagon R	226	182	24%	197	15%	737	1,160	-36%
Bolan	1,044	615	70%	143	630%	2,690	684	293%
Alto	4,685	3,146	49%	2,602	80%	12,723	9,362	36%
Every	262	0	nm	0	nm	262	0	nm
Ravi	412	403	2%	225	83%	1,398	832	68%
PSMC	7,302	5,013	46%	3,810	92%	20,438	14,756	39%
Elantra	105	100	5%	52	102%	308	321	-4%
Sonata	43	58	-26%	38	13%	198	355	-44%
Tucson	111	261	-57%	136	-18%	761	1,349	-44%
Porter	245	258	-5%	151	62%	1,034	519	99%
Santa Fe	94	77	22%	175	-46%	299	175	71%
Nishat	598	754	-21%	552	8%	2,600	2,719	-4%
AGTL	294	333	-12%	2,202	-87%	2,934	7,105	-59%
MTL	1,439	743	94%	3,004	-52%	4,005	10,191	-61%
ATLH	115,293	110,139	5%	90,121	28%	386,170	322,260	20%
PSMC (2w)	2,182	2,049	6%	1,220	79%	7,780	4,995	56%

Source: PAMA, IGI Research

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)

Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including

- Discounted Cash Flow (DCF)
- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2024 IGI Finex Securities Limited

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

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

Lahore Office

Shop # G-009, Ground Floor,
 Packages Mall
 Tel: (+92-42) 38303560-69
 Fax: (+92-42) 38303559

Islamabad Office

3rd Floor, Kamran Centre,
 Block- B, Jinnah Avenue, Blue Area
 Tel: (+92-51) 2604861-2, 2604864, 2273439
 Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
 Regency International 949, The Mall
 Faisalabad
 Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
 Model Town, Town Hall Road
 Tel: (+92-68) 5871652-3
 Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
 Abdali Road
 Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2024 IGI Finex Securities Limited