

## AUTOMOBILE ASSEMBLER

### SAZEW: FY25 Management Call Takeaways

- Sazgar Engineering Works Limited (SAZEW) held a corporate briefing session to discuss the FY25 financial results and provide key insights on the future outlook for the Company.
- Sazgar posted record earnings of PKR 16.3 bn in FY25 (EPS PKR 270.3), more than doubling from last year's PKR 7.9 bn, supported by strong 4-wheeler sales, especially HAVAL models. Revenues surged 89% y/y to PKR 108.7 bn, while gross margins improved to 29.1% (FY24: 27.1%) despite softening in 4QFY25 due to higher sales of lower-margin vehicles.
- Liquidity also strengthened, with cash balances rising 114% y/y to PKR 16.6 bn. The company announced a final cash dividend of PKR 20.0/sh in 4QFY25, totaling FY25 pay-out to PKR 52.0/sh.

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#### Key highlights from Corporate Briefing

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- The management disclosed that current production is 40–60 vehicles per day, which will rise to 100–120 vehicles/day post-expansion when the new PKR 11.5 bn 4-wheeler plant is completed by Mar-26. The new facility will also feature a 5MW rooftop solar project, helping diversify energy sourcing and cut costs. Property, plant, and equipment rose 74% y/y to PKR 8 bn, reflecting ongoing expansion.
- Petrol car sales grew nearly 4x y/y in FY25, outpacing hybrids which remain in an early adoption phase. The Haval H6 facelift received

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strong consumer response, with booking-to-delivery times now extended to 3–4 months due to high demand. Both petrol and hybrid variants are performing well, while PHEVs have also seen strong traction.

- The management confirmed that the Tank 500 will be launched as a CKD by Mar'26, making it more competitively priced than current CBU imports, while the Cannon pick-up is expected to compete strongly in the off-road segment.
- In the 3-wheeler business, Sazgar exported PKR 69mn worth of vehicles in FY25 to 22–23 countries, with a growing focus on electric 3-wheelers. The company plans to add three new export markets in FY26. Management emphasized that the 3-wheeler segment has achieved >80% localization, while 4-wheelers are still progressing toward targets. They added that changes in duties on imported used cars are unlikely to impact Sazgar's segment for at least 2–3 years.
- The management stated that while tax incentives will end in FY26, the new plant's commissioning and volume growth should help offset the impact through scale and pricing adjustments. Profitability will continue to depend on the sales mix, with hybrids and PHEVs expected to gain momentum alongside traditional petrol variants.
- Overall, Sazgar aims to consolidate its position in the SUV and 3-wheeler segments, with a focus on localization, exports, and renewable-driven efficiency.

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