ARIF HABIB LIMITED

REP-300

Pakistan Automobile Assemblers Sector

Feb’24: Auto sales plummeted to 9.7k units (-8% MoM)

13-Mar-2024

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Auto Sales

Feb'24: Volumetric sales down by 8% MoM

- During Feb'24, the automotive industry experienced sales dipping to 9.7K units, depicting an 8% MoM decrease but a stark 57% YoY increase. The total sales for 8MFY24 reached 59.7K units, indicating a significant decline of 41% YoY compared to the 101.4K units reported in SPLY.
- The slump in auto sales on MoM basis can be attributed overall reduction in consumer purchasing power affecting sales of cars above 1300 and 1000 cc, reflecting a shift in consumer preferences towards budget-friendly cars , and the shorter duration of February has also impacted volumetric sales, adding to the overall decline.
- Breaking down the segments, there was a 4% MoM decline in the 1,300cc and above category and a 23% MoM decline in the 1,000cc segment. Conversely, below 1000cc segment demonstrated a 14% MoM surge, reaching a total of 3,556 units.
- Indus Motors (INDU) reported a 26% MoM decline in volumetric sales in Feb'24, clocking in at 2,036 units, primarily attributed to a 55% MoM plunge in Fortuner and Hilux sales.
- Pak Suzuki (PSMC), demonstrated a 7% MoM upturn in overall sales during the same period. This can be attributed to surge in volumetric sales of affordable cars like Alto, Cultus, Bolan, which saw MoM sales growth of 13%, 17% and 36%, respectively.
- Moreover, Honda Atlas Cars (HCAR) experienced a 13% MoM increase in volumetric sales in Feb'24, attributed to a 14% MoM surge in Civic/City sales, reaching a total of 1,759 units.
- Sazgar Engineering (SAZEW) saw a 57% MoM sales decline in Feb'24, largely due to increase in sales in Jan'24 due to higher base effect from backlog fulfilment and new year impact.
- Two-wheeler sales volumes saw a 10% MoM decline and a 9% YoY decline in Feb'24. Atlas Honda (ATLH) achieved sales of 82,104 units, marking a 11% MoM decline and a 8% YoY decline.
- Tractor sales decreased by 12% MoM in Feb'24. MTL reported a decline of 23% MoM, recording 2,158 unit sales, while AGTL sales arrived at 1,208 units, up by 20% MoM.

Exhibit: Category-wise Passenger Cars and LCV Unit Sales

Units	Feb-24	Jan-24	MoM	Feb-23	YoY	8MFY24	8MFY23	YoY
Category-wise Passenger Cars and LCV Unit Sales								
Passenger Cars	**7,953**	**7,802**	**2%**	**3,642**	**118%**	**46,417**	**78,575**	**-41%**
1300cc & Above	3,941	4,091	-4%	2,842	39%	20,373	36,999	-45%
1000cc	456	593	-23%	165	176%	4,786	10,291	-53%
Below 1000cc	3,556	3,118	14%	635	460%	21,258	31,285	-32%
LCVs, Vans & Jeeps	**1,756**	**2,734**	**-36%**	**2,544**	**-31%**	**13,282**	**22,851**	**-42%**
Total	**9,709**	**10,536**	**-8%**	**6,186**	**57%**	**59,699**	**101,426**	**-41%**
Company Wise Snapshot								
Passenger Cars + LCVs								
INDU	2,036	2,762	-26%	1,803	13%	11,996	23,680	-49%
PSMC	4,885	4,550	7%	978	399%	31,432	52,294	-40%
HCAR	1,517	1,339	13%	1,636	-7%	7,741	15,443	-50%
SAZEW	414	967	-57%	310	34%	2,667	1,243	115%
Trucks & Buses								
GHNL	100	84	19%	84	19%	515	593	-13%
GHNI	212	107	98%	352	-40%	833	1,545	-46%
HINO	64	16	300%	76	-16%	244	705	-65%
Bikes and Three Wheelers								
SAZEW	1,524	2,229	-32%	1,464	4%	8,681	7,335	18%
ATLH	82,104	92,041	-11%	85,047	-3%	644,544	697,864	-8%
Tractors								
AGTL	1,208	1,005	20%	728	66%	10,525	7,143	47%
MTL	2,158	2,809	-23%	2,602	-17%	20,066	11,106	81%

Source (s): PAMA, AHL Research

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Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec 2024 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside of subject security(ies) is between -15% and +15% from last closing of market price(s)
SELL	Upside of subject security(ies) is less than -15% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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