



# Sazgar Engineering Works Limited (SAZEW) New launches to drive further value

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REP-300

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## New launches to drive further value

- In a move that reinforces its expanding footprint, SAZEW has announced bookings for CKD variants of the TANK 500 (a push into the premium SUV space).
- Offered in PHEV and HEV variants at PKR 22.5mn and PKR 20.5mn, respectively, the TANK 500 not only broadens SAZEW's product mix but also meaningfully strengthens its medium-term earnings outlook.

### The timing could hardly be better...

- SUVs have rapidly reshaped Pakistan's automobile landscape, emerging as the fastest-growing segment. According to PAMA, SUVs now account for an average 18% of total auto sales in CY25, while inclusion of non-PAMA players pushes this share to nearly 28–30%, a sharp jump from just 9% in CY21.
- The TANK 500 enters the market as a premium full-size SUV that blends luxury, advanced hybrid technology, and off-road capability. It is equipped with a 2.0L turbo petrol HEV and PHEV, a 9-speed automatic transmission, and 4WD.
- Globally, the model has already built a strong presence across the Middle East, Southeast and Central Asia, Australia, and select markets in Africa and Latin America, lending credibility to its local launch.
- In Pakistan, the TANK 500 sits comfortably against established names such as Toyota's Land Cruiser Prado and Fortuner, offering a hybrid-enabled alternative to the Fortuner and a compelling value-for-money proposition versus the Prado.
- Incorporating the TANK 500's initial rollout, we now factor in expected deliveries of 200 units in 4QFY26, translating into an incremental PKR 5.3/share addition to earnings.
- Looking further ahead, if SAZEW successfully scales deliveries to 700 units in FY27, around 58 units per month, the earnings contribution could rise sharply to PKR 17.59/share.

### Exhibit: Estimated Volumetric Sales

	FY26e	FY27f	FY28f
Haval	15,060	15,813	16,287
TANK 500	200	700	735

Source: AHL Research

### Exhibit: Estimated TANK 500 Units and EPS Contribution

	FY26e	FY27f	FY28f
Units	200	700	735
EPS contribution (PKR)	5.30	17.53	18.75

Source: AHL Research

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### Importantly, the momentum does not stop here...

- Alongside the TANK 500, SAZEW is also expected to roll out the Cannon Alpha 4x4 PHEV in the near term. While our FY27 estimates already incorporate Cannon Alpha's contribution, an early 4QFY26 launch, though not yet confirmed, could provide additional upside and further enhance earnings.
- With Pakistan's pickup market averaging approximately 11,000 units annually, we estimate that if SAZEW delivers 1,000 units in 4QFY26 (our base case), earnings could rise by PKR 19.54/share.
- For FY27, we have factored in 4,200 units of Cannon Alpha (approximately 350 units per month), which could contribute PKR 81.78/share to EPS.
- Factoring in the launches of both TANK 500 and Cannon Alpha, we now project FY26, FY27, and FY28 earnings of PKR 330.17/share, PKR 348.9/share, PKR and PKR 400.9/share, respectively, supported by healthy dividend payouts of PKR 67.5/share in FY26 and PKR 71.5/share in FY27.
- Taken together, the improving product mix, increased exposure to high-growth SUV demand, and expanding hybrid offerings meaningfully strengthen SAZEW's outlook. In light of these positive developments, we reiterate our BUY stance on SAZEW with a Dec'26 target price of PKR 2,566/share, implying an upside of 31% as the company continues to strengthen its earnings trajectory.

#### Exhibit: Estimated Cannon ALPHA Units and EPS Contribution

	FY26e	FY27f	FY28f
Units	1,000	4,200	4,410
EPS contribution (PKR)	19.54	85.6	91.57

Source: AHL Research

#### Exhibit: Valuation Snapshot

		FY26e	FY27f	FY28f
EPS	PKR	330.17	348.94	372.83
D/Y	%	3.45	3.65	3.88
P/E	X	5.93	5.61	5.25

Source (s): AHL Research

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**Exhibit:** Peer-wise comparison

Variant	Tank 500 PHEV	Tank 500 HEV	Toyota Fortuner
			
Price	PKR 22,500,000	PKR 20,500,000	PKR 20,499,000
<b>Dimensions</b>			
Overall Length (mm)	5078	5078	4795
Overall Width (mm)	1934	1934	1855
Overall Height (mm)	1905	1905	1835
Seating capacity	5 persons	7 persons	7 persons
<b>Engine/ Motor</b>			
Displacement	1998 cc	1998 cc	2755 cc
Fuel Type	PHEV	HEV	Diesel
Horsepower	402 HP	342 HP	201 HP
Drive Train	Full Size SUV	Full Size SUV	4x4
Max Speed	200 KM/H	200 KM/H	200 KM/H
No. of Cylinders	4	4	4
<b>Transmission</b>			
Transmission	Automatic	Automatic	Automatic
Gearbox	9 - speed	9 - speed	6 - speed
<b>Wheels &amp; Tyres</b>			
Wheel Type	Alloy Wheels	Alloy Wheels	Alloy Wheels
<b>Fuel Economy</b>			
Fuel Tank Capacity	70 L	80 L	80 L
<b>Safety</b>			
No. of Airbags	6	6	7

Source: AHL Research, Pak wheels

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Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec 2026 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 +10% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -5% and +10% from last closing of market price(s)
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## 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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