ISMAILIQBAL Securities (Pvt.) Ltd.

12-Apr-23

Auto Sales – Mar’23

Industry car sales up 54% MoM

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PAMA has released the auto sales numbers for Mar'23, where the industry car sales (PC, SUV, LCVs) have clocked-in at 9,351 units improving by 54% MoM. Passenger car sales, almost doubled MoM to 7,201 units. The augmentation in monthly PC sales is led by PSMC which witnessed a surge of 475% in its volumetric sales, mainly due to low base effect (lower production in Jan'23 & Feb'23 amid unavailability of CKD kits).

This takes 9MFY23 total industry car sales to 110,405 units, down by 46% YoY while PC sales have declined by 50% YoY to 85,776 units amid (i) inflationary pressures which have massively impacted consumers' purchasing power, (ii) elevated interest rate discouraging auto financing, and (iii) supply chain constraints amid LC issues. To note, government is allowing imports on priority basis to curtail import bill of the country to save precious foreign exchange reserves. As such, import of CKD kits has become a serious challenge for auto assemblers.

Sales of tractors and two & three wheelers have declined by 10% YoY and 18% YoY to 2,984 units and 84,407 units, respectively. This takes 8MFY23 sales of tractors to 21,233 units and that of two & three wheelers to 924,803 units declining by 49% YoY and 33% YoY, respectively.

Honda Atlas Cars Pakistan Limited (HCAR)

The volumetric sales of HCAR have declined by 49% MoM to just 835 units, the lowest since May'20 (326 units) showing negative growth in both of its segments as the company observed 23 non-productive days during the month owing to non-availability of raw materials. The Civic/City segment declined by 51% MoM to 611 units while the HR-V/BR-V segment's sales declined by 43% MoM to just 224 units.

Auto Sales: Mar'23

Industry Volumes	Mar-23	Feb-23	MoM	Mar-22	YoY	9MFY23	9MFY22	YoY
Industry car sales	9,351	6,072	54%	27,202	-66%	110,405	205,452	-46%
Passenger cars	7,201	3,642	98%	22,799	-68%	85,776	172,612	-50%
1300 cc and above	2,913	2,842	2%	9,280	-69%	39,912	75,207	-47%
1000cc	964	165	484%	2,410	-60%	11,255	34,602	-67%
Below 1000cc	3,324	635	423%	11,109	-70%	34,609	62,803	-45%
SUVs/Jeeps	2,150	2,430	-13%	4,403	-13%	24,629	32,840	-25%
Trucks	279	521	-46%	500	-44%	2,825	4,493	-37%
Buses	29	136	-79%	65	-55%	557	458	22%
Tractors	2,984	3,330	-10%	5,651	-47%	21,233	41,603	-49%
Two & Three Wheelers	84,407	103,003	-18%	151,010	-44%	924,803	1,379,550	-33%
Total	**97,050**	**113,062**	**-14%**	**184,428**	**-47%**	**1,059,823**	**1,631,556**	**-35%**

Sales - Company	Mar-23	Feb-23	MoM	Mar-22	YoY	9MFY23	9MFY22	YoY
INDU	1,912	1,803	6%	7,068	-73%	25,592	56,567	-55%
HCAR	835	1,636	-49%	3,651	-77%	16,278	30,010	-46%
PSMC	5,628	978	475%	15,011	-63%	57,922	109,419	-47%
HYUNDAI	836	1,271	-34%	1,306	-36%	7,902	8,264	-4%
SAZGAR	118	310	-62%	71	2x	1,361	170	8x
HINO	57	76	-25%	110	-48%	762	811	-6%
GHNI	71	352	-80%	251	-72%	1,616	2,615	-38%
GHNL	43	84	-49%	104	-59%	617	928	-34%
AGTL	315	728	-57%	2,560	-88%	7,458	15,737	-53%
MTL	2,669	2,602	3%	3,091	-14%	13,775	25,866	-47%
ATLH	71,827	85,047	-16%	115,325	-38%	769,691	1,018,984	-24%
PSMC - Bike	1,954	1,996	-2%	3,178	-39%	26,935	27,693	-3%
SAZEW	526	1,464	-64%	1,911	-72%	7,861	11,803	-33%

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Dingy future ahead

12-Apr-23

Indus Motor Company Limited (INDU)

Sales of INDU, improved by 6% MoM to 1,912 units as the company did not observe any non-productive days during the month. The sales of Corolla & Yaris increased by 3% MoM to 1,119 units whereas, the sales of Fortuner & Hilux witnessed an uptick of 11% YoY to 793 units.

Pak Suzuki Motor Company Limited (PSMC)

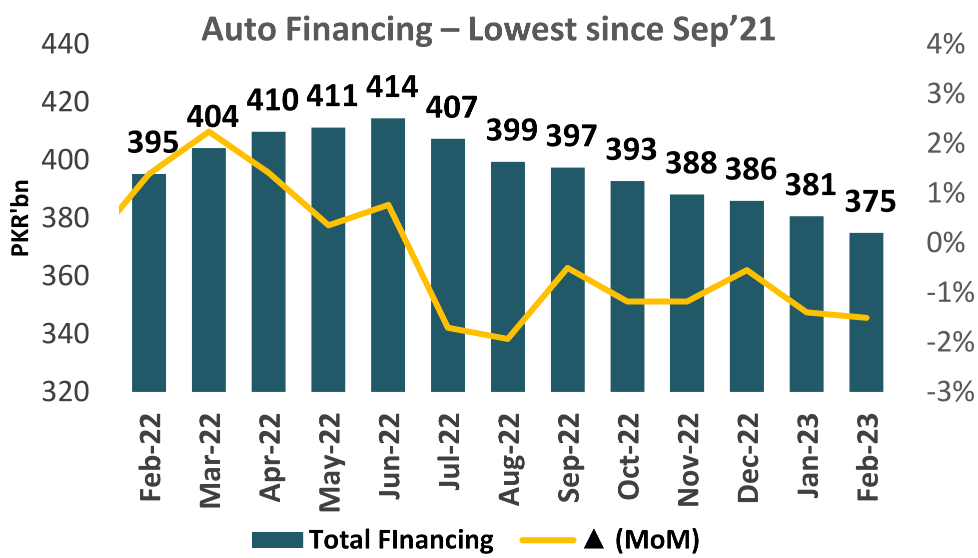
PSMC sales rebounded this month and surged by 475% to 5,628 units due to low base effect despite 12 non-operating days in the month. All of its hatchbacks reported improvements this month on MoM basis. The sales of Cultus, Wagon R, Alto and Swift surged by 7x, 5x, 5x and 13x to 475 units, 489 units, 2,542 units and 877 units, respectively.

Future Outlook

We believe depressing times in the auto industry are far from over yet. Instability on the economic front will continue to bring challenges for the automobile industry both on the demand as well as the supply side. Despite repeated requests by the auto industry, the government is not willing to allow imports of CKD kits and other raw material required by the industry on priority basis as the country is running low on foreign exchange.

Consequently, the supply situation is not expected to turn the corner anytime soon which is evident from recent plant shut downs by HCAR and PSMC in Apr'23 for 15 and 8 days, respectively.

On the demand side, significant devaluation of PKR against the greenback has resulted in massive and multiple price revisions by auto-assemblers to pass on the impact of inflated costs coupled with inflationary pressures that were last seen at least 5 decades ago has had a dreadful impact on consumers' purchasing power.



Plant Shutdowns by Automobile Assemblers in FY23

Symbol	Commenced	Days
INDU	01-Aug-2022	13
PSMC	18-Aug-2022	2
PSMC	22-Aug-2022	5
PSMC	29-Aug-2022	3
MTL	31-Aug-2022	14
INDU	01-Sep-2022	16
PSMC	12-Sep-2022	5
HCAR	04-Oct-2022	8
HCAR	12-Oct-2022	4
PSMC	19-Oct-2022	3
PSMC	24-Oct-2022	3
MTL	16-Dec-2022	32
INDU	20-Dec-2022	11
PSMC	02-Jan-2023	5
PSMC	09-Jan-2023	5
PSMC	16-Jan-2023	5
INDU	01-Feb-2023	14
PSMC	13-Feb-2023	5
PSMC	20-Feb-2023	2
HCAR	09-Mar-2023	23
PSMC	20-Mar-2023	12
HCAR	01-Apr-2023	15
PSMC	07-Apr-2023	8

Source: PSX, IIS Research

Automobile Assemblers

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Sales - Products	Mar-23	Feb-23	MoM	Mar-22	YoY	9MFY23	9MFY22	YoY
INDU	**1,912**	**1,803**	**6%**	**7,068**	**-73%**	**25,592**	**56,567**	**-55%**
Corolla/Yaris	1,119	1,091	3%	5,395	-79%	15,994	43,695	-63%
Fortuner/Hilux	793	712	11%	1,673	-53%	9,598	12,872	-25%
HCAR	**835**	**1,636**	**-49%**	**3,651**	**-77%**	**16,278**	**30,010**	**-46%**
City/Civic	611	1,244	-51%	3,278	-81%	12,381	26,830	-54%
BR-V/HR-V	224	392	-43%	373	-40%	3,897	3,180	23%
PSMC	**5,628**	**978**	**475%**	**15,011**	**-63%**	**57,922**	**109,419**	**-47%**
Cultus	475	72	560%	306	55%	6,233	17,686	-65%
Wagon R	489	93	426%	2,104	-77%	5,022	16,916	-70%
Alto	2,542	544	367%	9,814	-74%	30,744	53,241	-42%
Swift	877	67	13x	0	nm	8,584	497	17x
Ravi	463	111	317%	1,492	-69%	3,474	11,517	-70%
Bolan	782	91	759%	1,295	-40%	3,865	9,562	-60%
Hyundai	**836**	**1,271**	**-34%**	**1,306**	**-36%**	**7,902**	**8,264**	**-4%**
Tucson	380	708	-46%	576	-34%	3,952	2,806	41%
Porter	150	123	22%	123	22%	998	1,284	-22%
Elantra	188	243	-23%	357	-47%	1,886	2,286	-17%
Sonata	118	197	-40%	250	-53%	1,066	1,888	-44%
Sazgar	**118**	**310**	**-62%**	**71**	**66%**	**1,361**	**170**	**8x**
BAIC D20	0	0	nm	0	nm	1	11	-91%
BAIC BJ40L	18	30	-40%	71	-75%	122	152	-20%
BAIC X25	0	0	nm	0	nm	0	7	nm
Haval	100	280	-64%	0	nm	1,238	0	nm

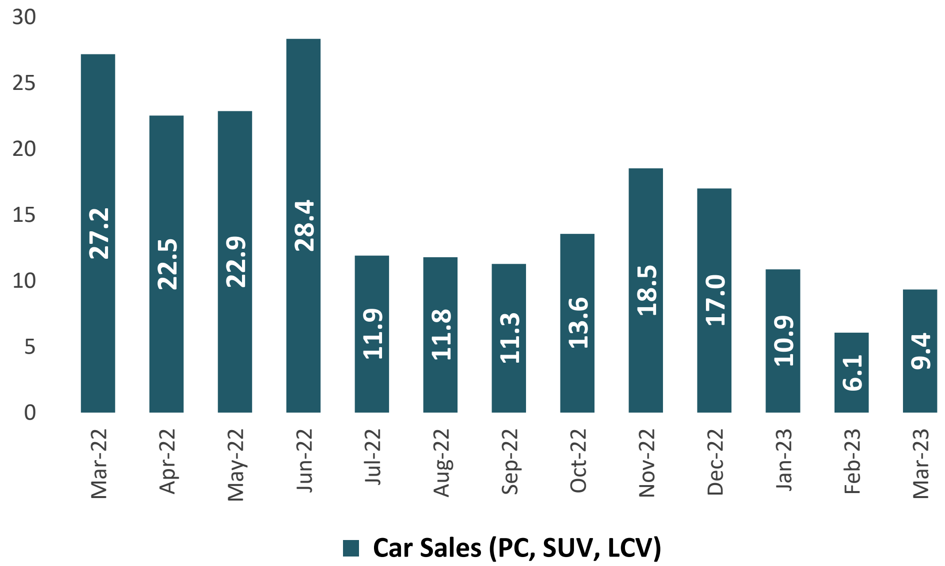
Source: PAMA, IIS Research

Automobile Assemblers

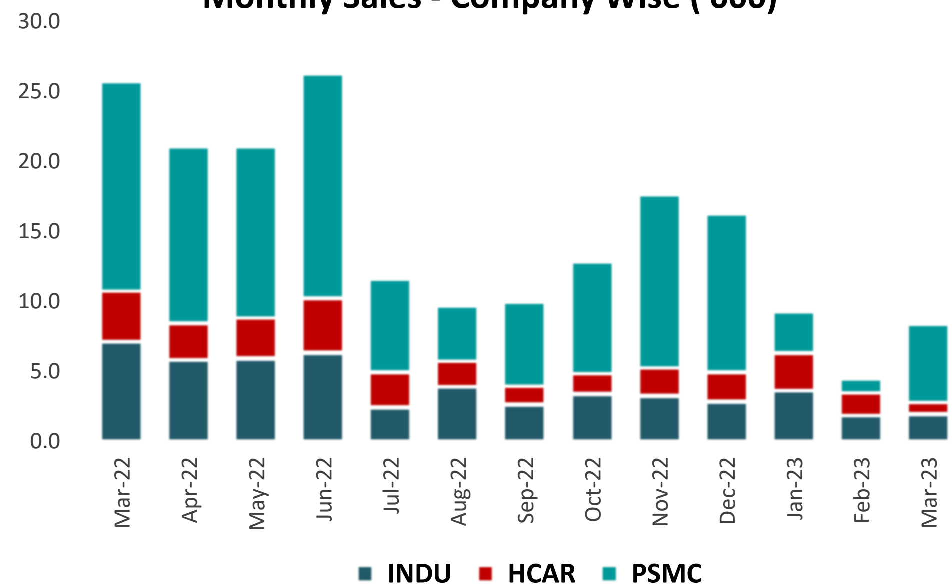
Sequential Sales Trend

12-Apr-23

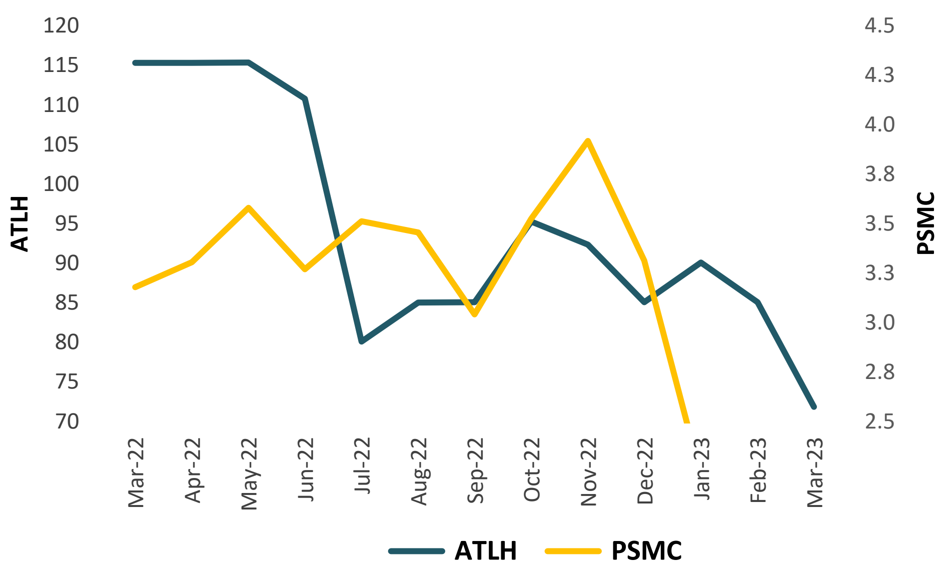
Total Industry Car Sales ('000)



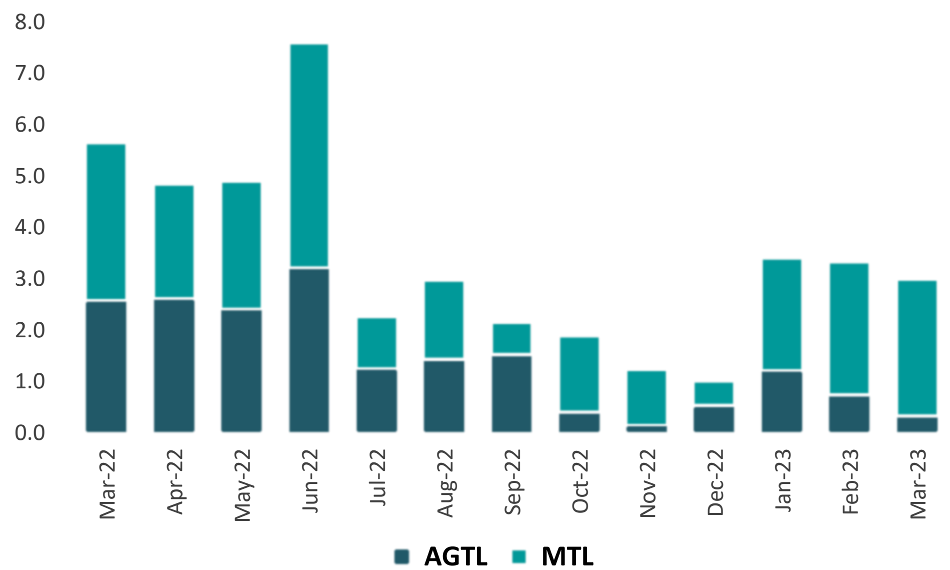
Monthly Sales - Company Wise ('000)



Monthly Sales - Two Wheelers ('000)



Monthly Sales - Tractors ('000)



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