

Sector Update

Automobile Assemblers

Jul-20, Autos Volumes Recover Post-Covid Production Resumption

- ✓ Pakistan Automotive Manufacturers Association has released the car sales and production numbers for Jul-20. As per the numbers, total industry sales including (Cars, Jeeps and pick-ups) grew by +33% m/m to 11.6k units.
- ✓ The 1300 car segment grew at a pace of +43% m/m.
- ✓ Tractor sales down by massive 60% m/m and 36% y/y respectively. We believe, this decline is mainly attributable to deferment of buying tractors by farmers in an anticipation of reduction of tractor prices following reduction in GST on tractors from 5% to 0% in Budget 21 and yet to be implement by end of July.

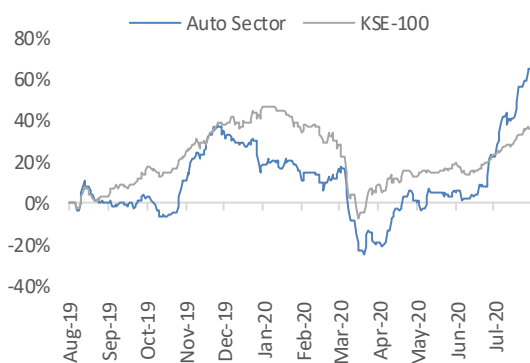
Volumes depict +8% m/m growth in Jul-20 to 15.5K units

Pakistan Automotive Manufacturers Association (PAMA) recently published automobile assembler volumes for the month of Jul-20. As per the numbers, total industry sales including for OEMs increased by +2% m/m and up by +28% y/y to 164k units. Cumulative for the period 7m'2020 total sales dropped by 30% y/y to 0.79mn compared to 1.10mn last year.

The month on month upsurge in passenger cars is mainly attributed to resumption of production at INDU, HCAR and PSMC and rising urban

Segment wise, Passenger cars sales improved to 10k units during Jul-20, up by +38% m/m, with 1,300cc car engine showing a robust +43% m/m growth. On contrary, commercial vehicles trucks/buses/pickup/tractors witnessed a cumulative decline of 26% m/m to 4.9k during Jul-20.

Relative Performance to KSE 100



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Exhibit: Monthly Automobile Assemblers Sales Summary

In k Units	Jul-20	Jun-20	m/m	Jul-19	y/y	7M CY20	7M CY19	y/y
Passenger Cars	10.1	7.3	38%	11.0	-8%	47.5	114.6	-59%
Trucks	0.2	0.2	-10%	0.4	-46%	1.6	3.0	-47%
Buses	0.0	0.0	54%	0.1	-69%	0.2	0.5	-56%
Jeeps&SUVs	0.4	0.2	67%	0.3	28%	2.1	4.2	-51%
Pick-ups	1.1	1.2	-4%	1.3	-14%	6.6	14.0	-53%
Tractors	3.6	5.3	-32%	3.1	17%	21.1	29.0	-27%
2-Wheeler	143.8	141.2	2%	110.7	30%	690.4	936.7	-26%
3-Wheeler	4.7	6.0	-21%	1.6	3x	28.3	30.7	-8%

Source: PAMA, IGI Research

Passenger car segment witnessed major uplift owing to eased lockdowns

1,300cc car segment grew at a pace of +43% m/m and +61% y/y during Jul-20. Within the space, HCAR's civic/city duo posted sales growth of +20% m/m and +52% y/y respectively. Likewise, INDU flagship Toyota corolla and Yaris sales increased by +79%/+62% m/m. For PSMC's sales of Cultus, Wagon-r and Alto

increased by +30%/+19%/+30% m/m bringing 1000-1300cc sales growth to +26% m/m (down by 20% y/y).

Exhibit: Yearly average sales of HCAR, INDU and PSMC (in 000' Units)

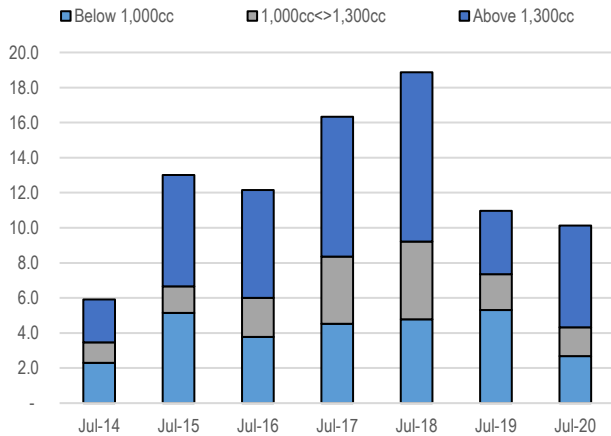
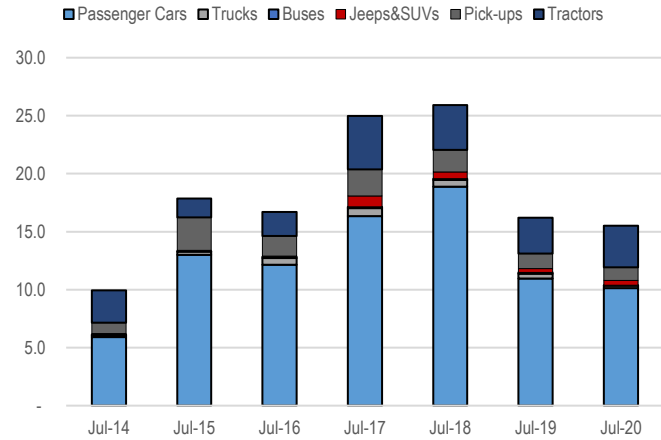


Exhibit: Passenger Cars y/y change in sales



Source: PAMA, IGI Research

Tractor sales down in an anticipation of GST reduction

Tractor sales down by massive 32% m/m to 3.6k units, whereas, volumes are up by +17% y/y during Jul-20. We believe, this decline is mainly attributable to deferment of buying tractors by farmers in an anticipation of reduction of tractor prices following reduction in GST on tractors from 5% to 0% in Budget 21 and yet to be implement by end of July. Sale of buses improved by +54% m/m while declining by 69% y/y.

As far as Jeeps and SUVs are concerned, volumes increased by +67% m/m wherein, BR-V sales grew by +57% m/m and +6% y/y. On the other hand, INDU's Fortuner sales inclined substantially by +87% m/m and +97% y/y to 146 units.

Outlook

Looking ahead into FY21 we project cars sales to normalize remain strong on the back of 1) Lifting of Covid19 related lockdown 2) Higher auto financing on the back of low interest rate regime and 3) However, increase in product prices recovery in sales is likely to take an extended u form for rest years of CY20.

Exhibit: Monthly Automobile Assemblers Sales Summary								
	Jul-20	Jun-20	m/m	Jul-19	y/y	7MCY20	7MCY19	y/y
INDU	4,043	2,531	60%	2,413	68%	18,246	35,181	-48%
Corolla	1,528	855	79%	1,981	-23%	11,926	30,751	-61%
Yaris	1,883	1,160	62%	-	-	3,210	-	-
Fortuner	146	78	87%	74	97%	757	1,430	-47%
Toyota Hilux	486	438	11%	358	36%	2,353	3,000	-22%
PSMC	6,273	5,068	24%	9,989	-37%	33,826	88,322	-62%
Swift	182	202	-10%	174	5%	874	2,715	-68%
Cultus	1,077	830	30%	1,208	-11%	6,775	13,214	-49%
Wagon R	566	476	19%	843	-33%	3,004	17,376	-83%
Mehran	-	1	-	394	-100%	6	15,549	-100%
Bolan	519	306	70%	332	56%	2,888	9,829	-71%
Alto	2,158	1,656	30%	4,584	-53%	9,416	6,269	50%
Ravi	489	441	11%	840	-42%	3,145	10,268	-69%
PSMC 2/w	1,282	1,156	11%	1,614	-21%	7,718	13,102	-41%
HCAR	2,467	2,003	23%	1,694	46%	10,711	21,650	-51%
City/Civic	2,210	1,839	20%	1,452	52%	9,385	18,857	-50%
BRV	257	164	57%	242	6%	1,326	2,793	-53%
AGTL	1,401	1,925	-27%	1,122	25%	7,345	11,418	-36%
Fiat	1,401	1,925	-27%	1,122	25%	7,345	11,418	-36%
MTL	2,205	3,378	-35%	1,938	14%	13,683	17,388	-21%
Massey Ferguson	2,205	3,378	-35%	1,938	14%	13,683	17,388	-21%
HINO	45	45	0%	140	-68%	448	935	-52%
Hino Bus	16	12	33%	39	-59%	97	220	-56%
Hino Truck	29	33	-12%	101	-71%	351	715	-51%
GHNL	64	46	39%	51	25%	273	286	-5%
Nissan	-	-	-	-	-	-	-	-
Dong Feng	-	-	-	-	-	-	-	-
JAC	12	3	4x	-	-	43	-	-
JAC Pick-up	52	43	21%	51	2%	230	286	-20%
GHNI	155	366	-58%	369	-58%	1,373	2,126	-35%
Isuzu Truck	109	159	-31%	252	-57%	914	1,563	-42%
Isuzu Bus	6	-	-	56	-89%	27	102	-74%
D-Max	40	207	-81%	61	-34%	432	461	-6%
ATLH	94,003	90,039	4%	80,005	17%	452,732	651,067	-30%
Honda 2/w	94,003	90,039	4%	80,005	17%	452,732	651,067	-30%
SZEW	1,115	2,249	-50%	585	91%	8,597	9,311	-8%
Sazgar 3/w	1,115	2,249	-50%	585	91%	8,597	9,311	-8%

Source: PAMA, IGI Research