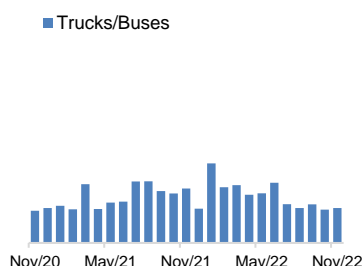
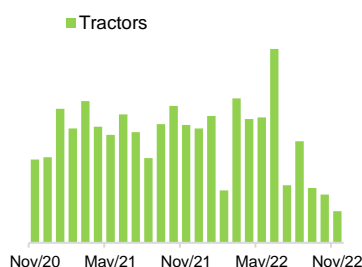
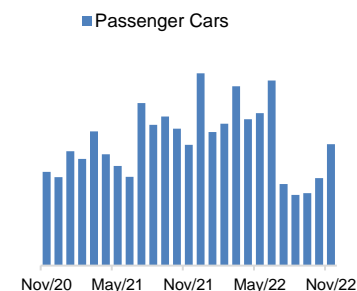


Sector

Automobile Assemblers



Monthly Sales

Nov-22: Autos Sales fell by 32%y/y.

- During the month, automobile sales remain relatively flattish at 130k units, while on yearly basis overall sales are down by 32%y/y.
- Passenger cars sales registered a 39%m/m increase or a meagre increase of +0.6%y/y to 15.4k units, while jeeps/pickups/SUV segment recorded a 21.3%m/m, increase or down by 18.7%y/y to 2.7kunits.
- For Agri-tractors segment we expect possible support to sales may come via government's earlier launch of Kissan Package and lately the Prime Minister Kamyab Jawan Youth Scheme (PMKJYS) financing initiatives providing interest-free microloans and agriculture loans.

We review recently published automobile assembler's sales data published by Pakistan Automobile Manufacturers and Assemblers (PAMA) for the month of Nov-22.

Passenger car sales rose by 39%m/m

During the month, automobile sales remain relatively flattish at 130k units, while on yearly basis overall sales are down by 32%y/y.

Exhibit: Segment-wise sales for Nov-22

units	Nov-22	m/m	y/y	5mFY23	5mFY22	y/y
Passenger Cars	15,444	38.8%	0.6%	55,143	90,303	-38.9%
Jeeps/SUV/Pickup	2,734	21.3%	-18.7%	10,898	18,332	-40.6%
Trucks/Buses	342	4.9%	-35.7%	1,766	2,727	-35.2%
Tractors	1,240	-34.4%	-73.1%	11,509	22,273	-48.3%
2/3-Wheelers	110,529	-3.4%	-33.7%	523,354	795,943	-34.2%

Source: PAMA, IGI Research

Segment-wise, passenger cars sales registered a 39%m/m increase or a meagre increase of +0.6%y/y to 15.4k units, while jeeps/pickups/SUV segment recorded a 21.3%m/m, increase or down by 18.7%y/y to 2.7kunits. Under commercial vehicles, trucks & buses recorded an increase of 4.9%m/m (declined by 35.7%y/y) to 0.342k units whereas the Tractors segment recorded a decline of 34.4%m/m (73.1%y/y) in sales to 1.24k units.

Weak business environment weighed on automobile sales

Monthly increase in automobile sales is promising however, scrapping the surface we note; a) Low base during in the preceding months (Aug-Sept) caused by production halts at INDU and PSMC, hampered overall sales, b) Credit demand for automobile purchase has come down significantly owing to higher interest rates and stringent auto financing policies lately, c) Elevated inflation levels (20-23% inflation forecasted by SBP in FY23) along with ~25-30% annualized increased in vehicles prices have reduced overall purchase demand. This can be seen in Nov-22 consumer survey

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report, whereby Purchase of Automobile in Next 6months index is on a consistent double digit decline. Similarly, banking survey also suggests demand for loan (all purposes excluding business) is also on a decline trend.

Company-wise PSMC posted a double digit growth

INDU sales plunged 4%m/m: Sales volume declined by 4%m/m to 3.2k units (down by 49%y/y). Under the passenger car segment Corolla & Yaris witnessed a +5.2%m/m increase to 1.9k units, whereas combine units sold under the variant Fortuner & Hilux recorded a 14.8%m/m decrease to 1.3k units, on a yearly basis sales are down by 49%y/y.

- **PSMC sales expanded 55%m/m:** Volumes depicted an increase of 55%m/m to 12.4k units (increase by 45.5%y/y). Alto (up by 74%m/m), Wagon R (down by 6.5%m/m), Cultus (up by 0.6% m/m), Swift (up by +66.4%m/m), Bolan (up by 80%m/m), and, Ravi under pick-up segment recorded an 83.4%m/m increase.
- **HCAR volumes improved 38.5%m/m:** Sales of Civic & City for the month of Nov-22 increased by 10.1%m/m to 1.51k units bringing total sales of HCAR to 1.98k units, up by 38.5%m/m. However, BRV along with HRV recorded an increase of 8.6xm/m leading to sales of 464 units during Nov-22.

Exhibit: Company wise sales break up						
units	Nov-22	m/m	y/y	5mFY23	5mFY22	y/y
Corolla & Yaris	1,933	5.2%	-59.4%	10,186	23,975	-57.5%
Fortuner & Hilux	1,309	-14.8%	-15.8%	5,298	7,883	-32.8%
INDU	3,242	-3.9%	-48.7%	15,484	31,858	-51.4%
Civic & City	1,509	10.1%	-45.5%	7,925	13,215	-40.0%
BRV & HRV	464	8.6x	94.1%	1,099	1,625	-32.4%
HCAR	1,973	38.5%	-34.5%	9,024	14,840	-39.2%
Swift	2,246	66.4%	374x	5,712	495	11.5x
Cultus	1,136	0.6%	-31.2%	4,088	13,105	-68.8%
Wagon R	718	-6.5%	-63.9%	2,899	8,768	-66.9%
Bolan	504	80.0%	-57.6%	1,973	5,201	-62.1%
Alto	7,255	73.5%	3x	20,719	23,193	-10.7%
Ravi	541	83.4%	-57.3%	1,651	6,438	-74.4%
PSMC	12,400	54.9%	45.5%	37,042	57,200	-35.2%
Elantra	101	-25.2%	-58.6%	1,137	1,280	-11.2%
Sonata	42	-45.5%	-86.9%	504	1,071	-52.9%
Tucson	212	5.5%	332.7%	1,877	1,091	72.0%
Porter	86	17.8%	-36.3%	506	673	-24.8%
Nishat	441	-9.3%	-41.0%	4,024	4,115	-2.2%
AGTL	137	-64.6%	-89.9%	4,698	8,049	-41.6%
MTL	1,103	-26.6%	-66.1%	6,811	14,224	-52.1%
ATLH	92,327	-3.1%	-28.2%	437,708	563,575	-22.3%
PSMC (2w)	3,918	11.1%	20.4%	17,450	14,915	17.0%

Outlook

For the remainder of the FY23, we opine sales of passenger cars will remain subdued primarily due to the aforementioned reasons, higher interest rates, low credit demand, elevated inflation, rising vehicle prices and reduced purchasing power. In addition, year-end effect will also keep overall sales growth tepid.

Having said that, for Agri-tractors segment we expect possible support to sales may come via government's earlier launch of Kissan Package and lately the Prime Minister Kamyab Jawan Youth Scheme (PMKJYS) financing initiatives providing interest-free microloans and agriculture loans.

Exhibit: Credit for Transport Purchase

Since Aug-07; credit for transport purchase has been declined from a high of 42% in Aug-21 to 7% in Oct-22 due to slow down in business activity

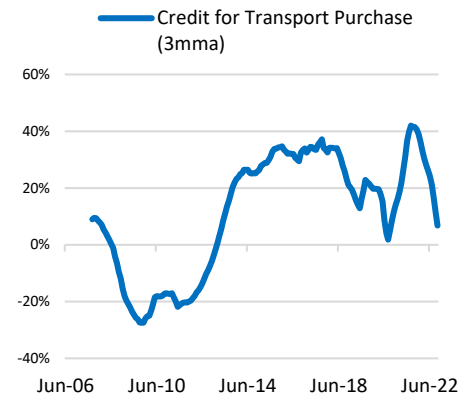
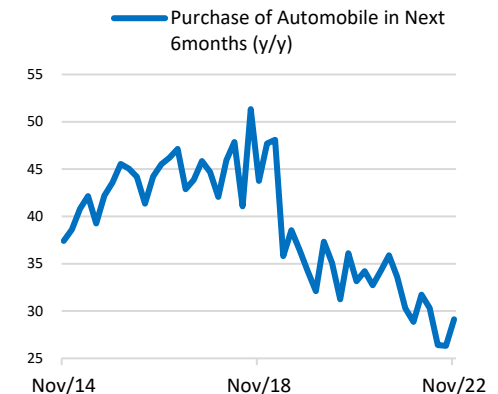


Exhibit: Consumer Survey for Purchase of Automobile in Next 6months

From a high of 51% in Sep-18 more consumers have shown an unwillingness in purchasing an automobile in next six months with recent low of 26% in Jul-22 and currently at 29% in Nov-22



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