

Auto Sales descended by 5% YoY in FY19

As indicated by the most recent numbers released by PAMA, Pakistan auto sales saw a decline of 6% YoY in FY19 as compared to last year. We attribute the decline in volumes because of 1) unfavorable economic conditions 2) increase in policy rate 3) hike in car prices and 4) revised FED.

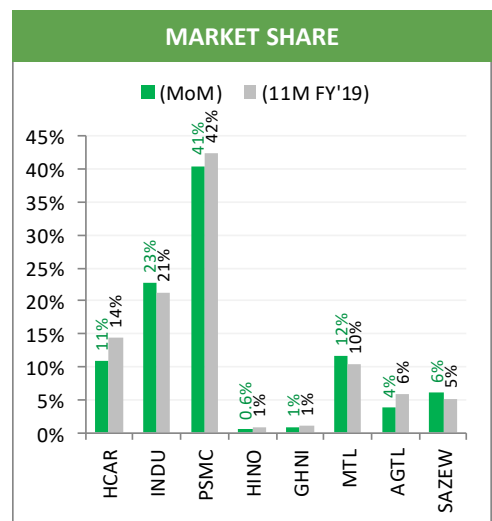
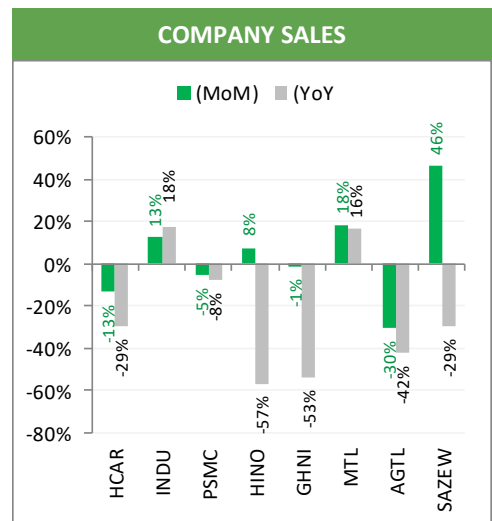
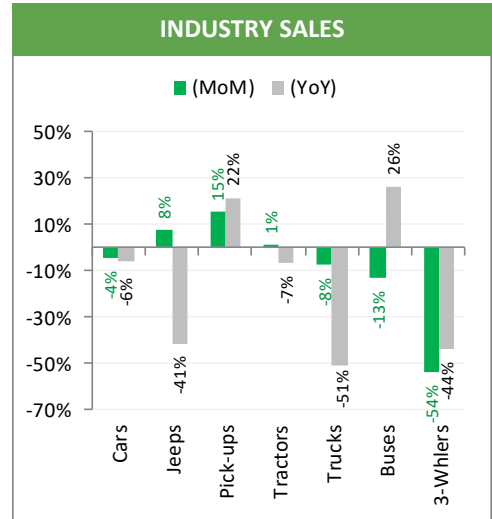
With respect to company wise sales, a remarkable drop of 14% in FY19 was reported by HCAR. The decrease of 8% YoY was seen in Civic/City sales with BR-V sales witnessed a 42% YoY decline.

Indus Motor Company (INDU) posted a growth of 4% YoY in FY19 as compared to FY18. The rise in sales volume was mainly led by corolla, up by 10% YoY in FY19. While Fortuner and Hilux sales drop by 38% YoY and 19% YoY in FY19 respectively.

PSMC sales volume plunged by 10% YoY in FY19, the decline in sales was witnessed by Mehran down by 31% YoY in FY19 as it is being replaced by a new variant Alto 660cc. During the year, Bolan and Ravi registered a decline of 19% YoY and 14% YoY in FY19. However, on the other hand, Wagon R, Cultus and Swift sales volume has ballooned by 12%YoY, 11%YoY and 3%YoY respectively in FY19.

Tractors, Trucks, and buses stayed on the negative side in FY19 posting a decline of 28%YoY/29%YoY respectively.

Going forward, we think tough economic condition such as PKR depreciation, hike in interest rate, FED impacts will discourage demand and profitability. Thus, we maintain a cautious stance on the sector.



INDUSTRY-WISE								
FIG. IN Units	Jun'19	May'19	MoM	Jun'18	YoY	FY-19	FY-18	YoY
Cars	14,767	15,428	-4%	15,652	-6%	177,435	182,911	-3%
LCVS/Vans	645	600	8%	1,099	-41%	6,409	10,761	-40%
Pick-Ups	2,149	1,863	15%	1,767	22%	21,163	24,629	-14%
Tractors	3,634	3,599	1%	3,895	-7%	43,172	60,239	-29%
Turck & Bus	412	451	-9%	752	-45%	5,900	8,288	-29%
Three Whlr	1,982	4,302	-54%	3,524	-44%	52,416	61,581	-15%
Motor Cycle	117,746	150,480	-22%	144,448	-18%	1,438,031	1,490,923	-4%
Grand Total	141,335	176,723	-20%	171,137	-17%	1,744,526	1,839,332	-5%

COMPANY-WISE								
	Jun'19	May'19	MoM	Jun'18	YoY	FY-19	FY-18	YoY
HCAR	2,558	2,952	-13%	3,626	-29%	44,234	51,494	-14%
Civic & City	2,106	2,564	-18%	2,941	-28%	39,189	42,810	-8%
BR-V	452	388	16%	685	-34%	5,045	8,684	-42%
INDU	5,346	4,749	13%	4,548	18%	65,399	63,068	4%
Corolla	4,406	4,069	8%	3,546	24%	56,720	51,412	10%
Fortuner	193	212	-9%	414	-53%	2,609	4,186	-38%
Hilux	747	468	60%	588	27%	6,070	7,470	-19%
PSMC	9,564	10,080	-5%	10,344	-8%	130,002	144,070	-10%
Swift	562	425	32%	352	60%	5,050	4,916	3%
Cultus	988	2,546	-61%	1,362	-27%	22,763	20,483	11%
WagonR	2,626	2,765	-5%	2,680	-2%	32,614	29,206	12%
Mehran	1,052	1,789	-41%	3,214	-67%	31,981	46,221	-31%
Bolan	1,342	1,270	6%	1,557	-14%	17,628	21,738	-19%
Alto	1,685	0	N/M	0	N/M	1,685	N/M	N/M
Ravi	1,309	1,285	2%	1,179	11%	18,281	21,506	N/M
HINO	140	130	8%	322	-57%	2,250	4,208	-47%
Trucks	112	92	22%	282	-60%	1,808	3,874	-53%
Buses	28	38	-26%	40	-30%	442	334	32%
GHNI	200	202	-1%	430	-53%	3,020	4,000	-25%
Trucks	187	192	-3%	413	-55%	2,802	3,878	-28%
Buses	13	10	30%	17	-24%	218	122	79%
AGTL	871	1,250	-30%	1,505	-42%	17,993	27,839	-35%
MTL	2,747	2,321	18%	2,358	16%	32,018	42,707	-25%
SAZEW	1,420	970	46%	2,014	-29%	15,845	21,978	-28%
ATLH	86,011	100,014	-14%	91,507	-6%	1,114,956	1,150,346	-3.1%

Source: PAMA, Darson Research

Important disclosures

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Rating System:

If;

- Expected return >15% - Buy Call
- Expected Return is in between 0% to 15% - Neutral/Hold Call
- Expected Return <0% - Sell Call

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: www.JamaPunji.pk

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