

Automobile Sales down by 38.7% YoY for 1HFY23

Thursday, 12 January, 2023

According to PAMA, automobile sales (including cars, Jeeps, and pickups) have declined by almost 38.7% YoY, clocking at 83,309 for 1HFY23 as compared to 135,976 in SPLY.

HCAR sales have decreased by 43.2% in 1HFY23 due to a drop in sales of Civic/City and by 49.5% YoY while sales for Honda BR-V increased by 14% YoY. Furthermore, INDU sales decreased by 51.9% in 1HFY23 due to a drop in sales of Toyota Fortuner/IMVs and Corolla/Yaris by 30.2% and 58.6% YoY respectively. Moreover, PSMC sales dropped by 33.5% YoY in 1HFY23 due to a decrease in sales of Cultus, WagonR, and Aulto by 64.6%, 67.6%, and 14.7% YoY respectively. However, sales for Swift increased by 13.35x YoY.

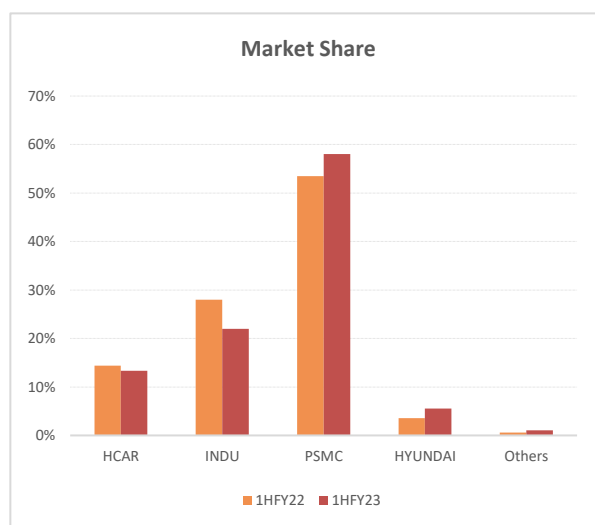
Moreover, an increase in the sales of other companies has also been witnessed in 1HFY23 as the sales clocked at 901 which is 16.1% higher compared to 776 in SPLY.

Furthermore, a drop of 36.4% YoY is witnessed in the sales of Buses and Trucks for 1HFY23. Moreover, sales of tractors also dropped by 56.5% YoY in 1HFY23.

Lastly, sales of the 2/3 Wheelers have also dropped in 1HFY23. The sales of HONDA and SAZGAR dropped by 23% and 31.6% respectively. Meanwhile, sales for SUZUKI have shown an increase of 15.2% YoY clocking at 20,762 units as compared to 18,030 units in SPLY.

The market share of HCAR and INDU, for the period 1HFY23, has dropped from 14.4% to 13.3% and 28% to 22% respectively during the SPLY. However, the market share of PSMC has increased from 53.5% to 58.1% on a YoY basis. On the other hand, HYUNDAI is capturing the market rapidly as their market share for 1HFY23 increased to 5.6% as compared to 3.6% in SPLY.

Going forward, the Pakistani auto industry is likely to remain depressed during the ongoing year because of the current macroeconomic condition of the country where high-interest rates coupled with the devaluation of the rupee in addition to augmented duties and taxes are likely to dampen the demand.



Cars, Jeeps & Pick Ups	Dec-22	Nov-22	MoM	Dec-21	YoY	1HFY23	1HFY22	YoY
HCAR	2,079	1,973	5.4% ▲	4,708	55.8% ▼	11,103	19,548	43.2% ▼
INDU	2,823	3,242	12.9% ▼	6,214	54.6% ▼	18,307	38,072	51.9% ▼
PSMC	11,342	12,387	8.4% ▼	15,503	26.8% ▼	48,371	72,703	33.5% ▼
HYUNDAI	603	441	36.7% ▲	762	20.9% ▼	4,627	4,877	5.1% ▼
Others	137	348	60.6% ▼	154	11.0% ▼	901	776	16.1% ▲
Total	16,984	18,391	7.7% ▼	27,341	37.9% ▼	83,309	135,976	38.7% ▼
Trucks & Buses								
Total	286	342	16.4% ▼	335	14.6% ▼	1,947	3,062	36.4% ▼
Tractors								
Total	1,015	1,240	18.1% ▼	4,476	77.3% ▼	11,513	26,479	56.5% ▼
2/3 WHEELERS								
HONDA	85,062	92,327	7.9% ▼	115,080	26.1% ▼	522,770	678,655	23.0% ▼
SUZUKI	3,312	3,918	15.5% ▼	3,115	6.3% ▲	20,762	18,030	15.2% ▲
SAZGAR	428	533	19.7% ▼	579	26.1% ▼	3,868	5,657	31.6% ▼
Total	103,899	110,529	6.0% ▼	142,412	27.0% ▼	627,253	938,355	33.2% ▼

Source; PAMA

This report has been prepared by Abbasi & Company (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Abbasi & Company (Private) Limited and or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Abbasi & Company (Private) Limited accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Abbasi & Company (Private) Limited Research Department and do not necessarily reflect those of the company or its directors. Abbasi & Company (Private) Limited as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Abbasi & Company (Private) Limited does not act as a market maker in the securities of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives do not have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company at the time of issuance of this report. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives are not currently serving or have served in the past three years as a director or officer of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives have not received compensation from the subject company in the previous 12 months. The subject company currently is not, or during the 12-month period preceding the date of publication or distribution of this report, was not, a client of Abbasi & Company (Private) Limited. We have not managed or co-managed a public offering or any take-over, buyback or delisting offer of securities for the subject company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company in the past 12 months. Abbasi & Company (Private) Limited does not expect to receive or intend to seek compensation for corporate advisory services or underwriting services from the subject company in the next 3 months

All rights reserved by Abbasi & Company (Private) Limited. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Abbasi & Company (Private) Limited. Action could be taken for unauthorized reproduction, distribution or publication

VALIDITY OF THE PUBLICATION OR REPORT

The information in this publication or report is, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report. The information may be subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company, jurisdiction or financial instruments referred to in this report. The valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report and were based upon several estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by Abbasi & Company (Private) Limited and/or its other associated and affiliated companies, that:

- I. Such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

DEFINITION OF TERMS

TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

RATINGS CRITERIA

Abbasi & Company (Private) Limited employs a three-tier ratings system to rate a stock and sector, as mentioned below, which is based upon the level of expected return for a specific stock and outlook of sector. The rating is based on the following with stated time horizon

Stock Rating	Expected Total Return
BUY	Greater than 15%
HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
Overweight	Positive
Market Weight	Neutral
Underweight	Negative

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

RESEARCH DISSEMINATION POLICY

Abbasi & Company (Private) Limited endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc. Nevertheless, all clients may not receive the material at the same time

OTHER DISCLOSURES

The research analyst is primarily involved in the preparation of this report, certifies that:

- I. The views expressed in this report accurately reflect his/her personal views about the subject company/stock /sector and economy
- II. No part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report

The Research Analyst is not and was not involved in issuing of a research report on any of the subject company's associated companies

RESEARCH ANALYST

Muhammad Ahmed

Phone: (+92) 42 38302028; Ext 118

Email: mahmed@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com