

Indus Motors (INDU)

3QFY18 Analyst Briefing Notes

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Key Takeaways

- Cars Market is expected to cross 350k mark this year as per the management. Sales of SUVs are up 58% YoY in 9MFY18.
- Auto sector is seeing investment due to introduction of new measures in Auto Development policy.
- New players are mostly coming in the sedan & SUV segment and not much in the small car segment so the competition. However, company is gearing up for the competition.
- The company made minor changes to its Hilux & Fortuner model in the months of Feb-Mar.
- Budgetary measure in which non-filers can not purchase cars, is negative for the sector. Govt. is very adamant on maintaining this measure. Pakistan Automotive Association (PAMA) has recommended this suggestion to be implemented gradually so customers can start complying gradually.
- As a result of this development filers may start selling cars to non-filers.
- For INDU, 60% buyers are non-filers. Even if car can be transferred from filer to non-filer, people may be reluctant as zero meter car will be sold as used car to them, management believes.
- Company's current capacity is around 65k with maximum production capability of 70k mark.
- There has been a slight slowdown in orders after the recent price increase but in market stock is moving. It is not a cause of concern right now.
- Around 38% of the total company sales are coming from auto financing.
- Management stated that any further rupee depreciation will be passed on by the company.

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