



Feb 2018 Auto Sales +15% YoY (-4% MoM) In-line with expectation

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Feb Sales at 22.6k units; HCAR Continues to Dominate

Pakistan Car Sales Numbers						
Units	8MFY18	8MFY17	YoY	FEB'18	YoY	MoM
PSMC	96,062	73,967	30%	13,045	25%	-5%
INDU	40,623	39,810	2%	5,108	-8%	-5%
HCAR	33,669	24,325	38%	4,501	20%	3%
Total	170,354	138,102	23%	22,654	15%	-4%

Source: PAMA, Topline Securities

- According to the latest figures released by Pakistan Automotive Manufacturers Association (PAMA), local car assemblers (including LCVs, Vans and Jeeps) managed to sell 22,654 units in Feb 2018, up 15% YoY as 1Q of calendar year is generally a robust period for auto sales, though a contraction of 4% was witnessed on a sequential basis. These numbers are in line with our estimates given fewer working days in month of February. The change in import procedure, demand from online ride hailing services and availability of auto finance at lower rates have contributed to strong demand in outgoing month. Cumulatively, industry sales during 8MFY18 exhibited 23% YoY growth to 170,354 units.
- Pak Suzuki (PSMC), continues to be major beneficiary as majority of used car imports fall under lower engine capacity segment. PSMC exhibited robust growth where sales rocketed 25% YoY in Feb 2018 as price conscious models Mehran (+30% YoY), WagonR (+27%), & Cultus (+23%) all exhibited strong sales growth. 8MFY18 sales were up 30% YoY for PSMC to 96,062 units.
- Honda's (HCAR) sales clocked-in at 4,501 units, up 20% YoY (+3% MoM) due to strong demand. 8MFY18 sales grew 38% YoY to 33,669 units due to success of recently revamped City and rebound in sales of BRV up 20% MoM.
- Toyota's Indus Motors (INDU) lagged behind peers with decrease of -8%/-5% YoY/MoM as it continues to face capacity constraints, though 8MFY18 units sales are up 2% YoY.

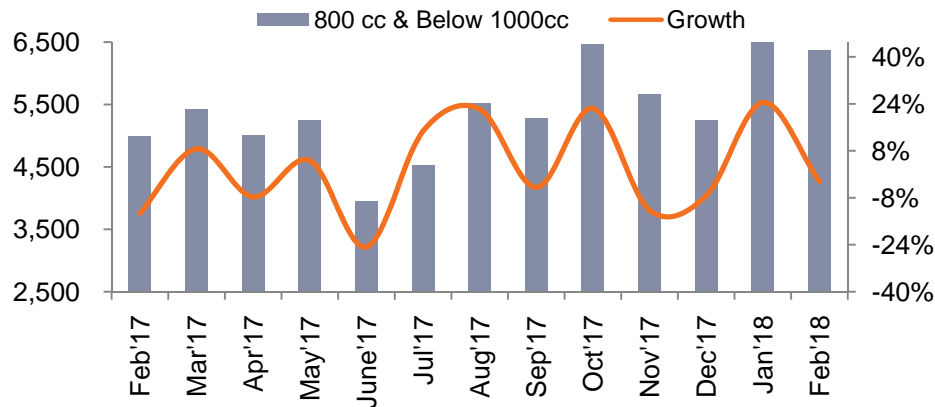
Company Wise Auto Sales

Pak Suzuki (PSMC)						
Units	8MFY18	8MFY17	YoY	Feb'18	YoY	MoM
Mehran	30,903	24,262	27%	4,360	30%	1%
Wagon R	18,936	10,812	75%	2,092	27%	-23%
Cultus	13,697	10,220	34%	2,150	23%	5%
Swift	3,132	2,873	9%	479	38%	-6%
Bolan	14,704	13,281	11%	2,012	23%	-9%
Ravi	14,690	12,519	17%	1,952	17%	-2%
Total sales	96,062	73,967	30%	13,045	25%	-5%
Indus Motors (INDU)						
Units	8MFY18	8MFY17	YoY	Feb'18	YoY	MoM
Corolla	33,602	35,501	-5%	4,034	-13%	6%
Hilux	4,734	3,741	27%	890	33%	65%
Fortuner	2,287	568	303%	184	-22%	-20%
Total sales	40,623	39,810	2%	5,108	-8%	12%
Honda Car (HCAR)						
Units	8MFY18	8MFY17	YoY	Feb'18	YoY	MoM
Civic & City	27,409	24,325	13%	3,900	4%	58%
BRV	6,260	5,569	NM	601	0%	20%
Total sales	33,669	29,894	13%	4,501	20%	40%
Grand Total	170,354	143,671	19%	22,654	15%	18%

Source: PAMA, Topline Securities

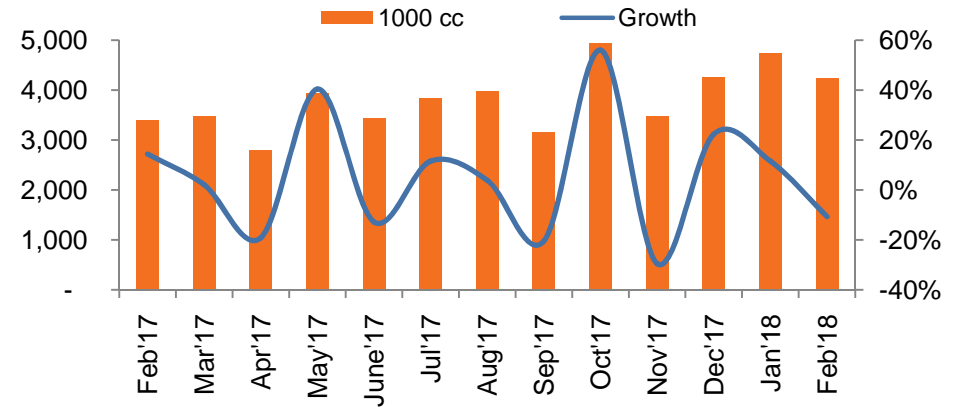
Segment wise auto sales

Passenger Cars: 800cc & below segment



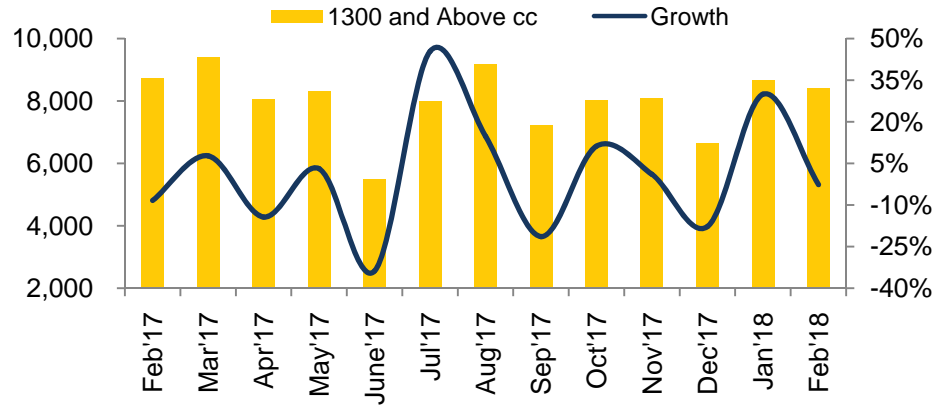
Source: PAMA, Topline Research

Passenger Cars: 1000-1200cc segment



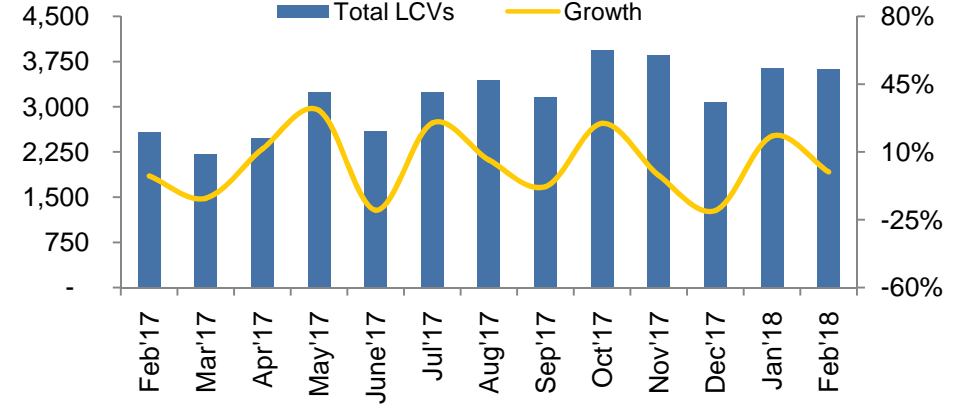
Source: PAMA, Topline Research

Passenger Cars: 1300-1800cc segment



Source: PAMA, Topline Research

Light Commercial Vehicles (LCVs)



Source: PAMA, Topline Research

Tractors and Trucks off-take on upward trajectory

Pakistan Tractors Sales Numbers						
Units	8MFY18	8MFY17	YoY	Feb'18	YoY	MoM
Millat	26,772	20,150	33%	3,509	-1%	-6%
AGTL	17,686	11,325	56%	2,910	40%	138%
Orient	169	495	-66%	35	133%	75%
Total Tractors	44,627	31,970	40%	6,454	14%	30%

Source: PAMA, Topline Securities

- Tractor sales continue to exhibit upward trajectory with sales growing by 14% YoY in Feb 2018. Al-Ghazi Tractors (AGTL) outperformed exhibiting 40% YoY growth. During 8MFY18 tractor sales reached 44,627 units up 40% YoY. Going forward, we expect lower GST on tractor purchase, fertilizer cash subsidy, along with Rs2bn subsidy for farmers on tractor purchase recently announced in FY18 Sindh provincial budget to improve farmers purchasing power & thus support overall tractor sales going forward.

Pakistan Trucks & Buses Sales Numbers						
Units	8MFY18	8MFY17	YoY	Feb'18	YoY	MoM
Hino	2,763	2,458	12%	352	12%	-12%
Nissan	18	552	-97%	-	-100%	
Master	1,085	765	42%	125	19%	102%
Isuzu	2,413	1,667	45%	302	21%	20%
Total	6,279	5,442	15%	779	6%	9%

Source: PAMA, Topline Securities

- Truck & Bus sales of PAMA member companies in Feb 2018 remained muted, growing by 6% YoY, while during 8MFY18 sales rose 15% YoY. We foresee this trend to continue fueled by CPEC, higher road connectivity, low financing rate, robust growth in LSM sector and change in enforcement of axle load limit per truck on highways.

Strong sales for Motorbikes continues

Motorbikes and Three wheelers						
Units	8MFY18	8MFY17	YoY	Feb'18	YoY	MoM
ATLH	729,659	626,040	17%	84,630	4%	-7%
PSMC	14,007	12,037	16%	2,055	21%	7%
SAZEW (3 wheeler)	14,883	14,712	1%	1,662	-24%	107%
Others	352,802	280,795	26%	57,963	48%	-3%
Total sales	1,111,351	933,584	19%	146,310	18%	-5%

Source: PAMA, Topline Securities

- Motorcycle/3-wheeler sales for Feb 2018 have grown by 18% YoY, due to rising disposable income of lower middle class, 8MFY18 sales are up 19% YoY.

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Market Weight	= Weight in KSE-100 Index
Under Weight	< Weight in KSE-100 Index

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