

# Automobile Sales plunged by 52% YoY in Jul-22



Monday, 15 August, 2022

According to PAMA, automobile sales (including cars, Jeeps, and pickups) have decreased by almost 52% YoY, clocking at 11,883 for Jul-22 as compared to 24,919 in SPLY.

HCAR sales have increased by 10% in Jul-22 due to an increase in sales of Civic/City by 41% YoY. Meanwhile, sales for Honda BRV dropped by 79% YoY. On the other hand, INDU sales decreased by 65% in Jul-22 due to a drop in sales of Toyota Fortuner/IMVs and Corolla/Yaris by 62% and 66% YoY respectively. Moreover, PSMC sales dropped by 56% YoY in Jul-22 due to a decrease in sales of Alto and WagonR by 24% and 87% YoY respectively. However, sales for swift increased by 43% YoY.

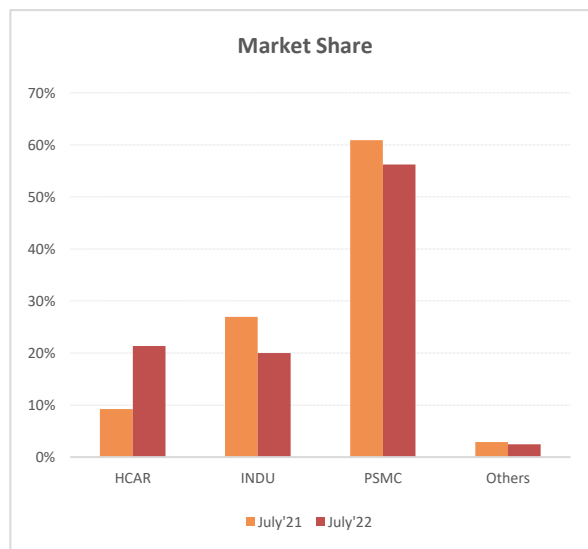
Moreover, a drop in the sales of other companies has also been witnessed this month as the sales clocked at 2S92 which is 59% lower compared to 716 in SPLY.

Furthermore, a drop of 54% YoY is witnessed in the sales of Buses and Trucks for Jul-22. Moreover, sales of tractors also dropped by 48% YoY in Jul-22.

Lastly, sales of the 2/3 Wheelers have also dropped in Jul-22. The sales of HONDA dropped by 20% meanwhile, sales for SUZUKI have shown an increase of 29% YoY clocking at 3,512 as compared to 2,715 SPLY.

The market share of HCAR has increased from 9.3% to 21.3% for the period Jul-22 as compared to the SPLY. However, the market share of PSMC and INDU has dropped from 61% to 56% and 27% to 20% respectively due to the entry of new players.

Going forward, the Pakistani auto industry is likely to face a downturn in the coming year because of the current macroeconomic condition of the country where rising fuel prices, depreciation of the rupee, and increased taxation because of IMF conditions are likely to dampen the demand.



Cars, Jeeps & Pick Ups	Jul-22	Jun-22	MoM	Jul-21	YoY	FY22	FY21	YoY
HCAR	2,537	3,903	35.0% ▼	2,307	10.0% ▲	39,452	29,291	34.7% ▲
INDU	2,375	6,309	62.4% ▼	6,715	64.6% ▼	74,533	57,236	30.2% ▲
PSMC	6,679	16,009	58.3% ▼	15,181	56.0% ▼	150,279	88,032	70.7% ▲
Others	292	2,158	86.5% ▼	716	59.2% ▼	15,003	6,838	119.4% ▲
<b>Total</b>	<b>11,883</b>	<b>28,379</b>	<b>58.1% ▼</b>	<b>24,919</b>	<b>52.3% ▼</b>	<b>279,267</b>	<b>181,397</b>	<b>54.0% ▲</b>
Trucks & Buses								
<b>Total</b>	<b>274</b>	<b>589</b>	<b>53.5% ▼</b>	<b>601</b>	<b>54.4% ▼</b>	<b>6,498</b>	<b>4,347</b>	<b>49.5% ▲</b>
Tractors								
<b>Total</b>	<b>2,254</b>	<b>7,590</b>	<b>70.3% ▼</b>	<b>4,332</b>	<b>48.0% ▼</b>	<b>58,947</b>	<b>50,920</b>	<b>15.8% ▲</b>
2/3 WHEELERS								
HONDA	80,067	110,789	27.7% ▼	100,002	19.9% ▼	1,360,403	1,292,096	5.3% ▲
SUZUKI	3,512	3,268	7.5% ▲	2,715	29.4% ▲	37,846	24,851	52.3% ▲
SAZGAR	N/A	1,797		829		15,683	15,665	0.1% ▲
<b>Total</b>	<b>N/A</b>	<b>142,629</b>		<b>145,197</b>		<b>1,821,886</b>	<b>1,903,932</b>	<b>4.3% ▼</b>

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

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