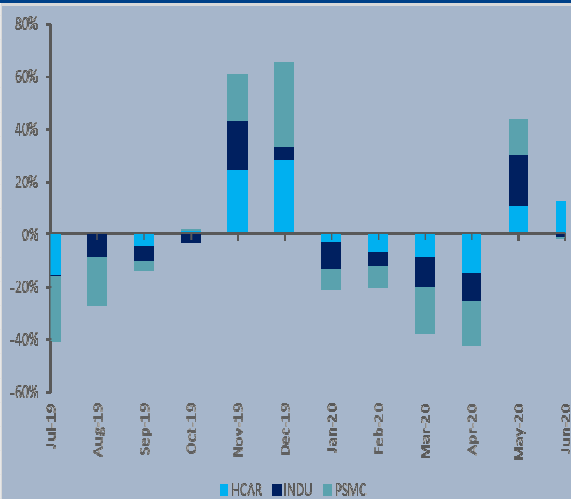


15 June, 2020

Relative Performance



Source: PAMA & WE Research

- According to the latest data released by PAMA, the automobile sales dropped 76% YoY in the month of May'20
- Car sales declined 75% YoY in May'20 with total 3800 units sold as compared to zero units in the previous month and 15,428 units same period last year, taking the 11MFY20 to 89,130 declining by 54%.
- Other vehicles such as trucks declined 79% YoY, buses 100%, jeeps 87%, pickups 65%, and tractors recorded a drop in sales by 49%YoY.
- Company wise HCAR sales clocked in at 326 units in May'20 witnessing a massive drop of 89%YoY taking the cumulative 11MFY20 sales to decline by 65%
- PSMC recorded a drop of 64% YoY whereas, Indus motors declined 88%.

Passenger Car Sales dropped 75% YoY in May'20

According to the latest data released by PAMA, car sales clocked in at 3800 units as compared to zero units in Apr'20 declining 75% YoY taking the 11MFY20 car sales to 89,130 unit versus 192,863 units during 11MFY19. 1300cc and above car sales declined massively by 88%YoY whereas, 1000cc and below 1000cc declined 75%YoY and 45%YoY respectively. Apart from cars, trucks (-79%YoY) buses (-100%) and jeeps (-87%) also observed a decline in sales during the period under review.

Honda Atlas Cars Ltd. (HCAR)

HCAR volumetric sales arrived at 326 units as compared to zero units in Apr'20 and 2952 units same period last year. During 11MFY20 HCAR sales declined 65% to 14,384 units versus 41,676 in 11MFY19. Civic and City sold 263 units declining 90% as compared to May'19 and BR-V sold 63 units, 84% reduction as compared to SPLY.

Indus Motor Company Ltd. (INDU)

INDU witnessed total sales of 547 units declining 88% YoY. During 11MFY20 the company sales arrived at 25,847 units as compared to 60,053 in 11MFY19 reducing by 57%. The sales for Toyota Corolla observed 93% reduction in sales. Whereas, Fortuner and Hilux declined 94% and 85% respectively. During May'20 the company began the sales of a new model "Yaris" which contributed 167 units to the sales mix.

Pak Suzuki Motor Company Ltd. (PSMC)

PSMC observed a sale of 3600 units versus 10,080 units SPLY, declining 64%YoY. Cumulatively, the company sold 61,903 units in 11MFY20 as compared to 120,438 units under the same period last year declining 49%. Swift sales declined 82%, Cultus 64%, and WagonR 86% on YoY basis. Alto sold 1304 units, Bolan 386, whereas Mehran did not contribute to the sales mix at all. Suzuki Ravi sales clocked in at 524 units, dropping 59%YoY.

Outlook

Going forward the automobile sales will remain subdued due to reduced demand amid Covid-19, economic slowdown, hence reduction in consumer's purchasing power being limited to essential items only so luxury items will take the biggest hit. However reduction in policy rate will bode well for the sector, provided economic activity gains momentum with relaxation and upliftment of lockdown.

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“Car Sales Declined 75%YoY in May’20 and 54%YoY 11MFY20”

Category Wise								
Units	May-20	Apr-20	MoM	May-19	YoY	11MFY20	11MFY19	YoY
Cars	3,800	-	NM	15,428	-75%	89,130	192,863	-54%
Trucks	76	36	111%	368	-79%	2,845	5,488	-48%
Buses	-	3	-100%	83	-100%	535	863	-38%
Jeeps	77	-	NM	600	-87%	3,217	7,009	-54%
Pickups	650	39	1567%	1,863	-65%	10,862	23,213	-53%
Tractors	1,849	2,035	-9%	3,599	-49%	27,390	46,771	-41%
Total 2/3 Wheelers	38,167	2,974	1183%	154,782	-75%	1,221,943	1,645,229	-26%
Total	44,619	5,087	550%	176,723	-76%	1,355,922	1,921,436	-45%

Source: PAMA & WE Research

Company Wise								
Units	May-20	Apr-20	MoM	May-19	YoY	11MFY20	11MFY19	YoY
HCAR	326	-	NM	2,952	-89%	14,384	41,676	-65%
PSMC	3,600	-	NM	10,080	-64%	61,903	120,438	-49%
INDU	547	-	NM	4,749	-88%	25,847	60,053	-57%
MTL	1,711	1,006	70%	2,321	-26%	17,328	29,271	-41%
HINO	3	14	-79%	130	-98%	1,255	2,110	-41%
GHNI	56	25	124%	202	-72%	1,543	2,820	-45%
GHNL	8	-	NM	-	NM	41	-	NM
AGTL	138	1,029	-87%	1,250	-89%	9,900	17,122	-42%
ATLH	12,106	2,783	335%	100,014	-88%	783,863	1,028,945	-24%
SAZEW	525	-	NM	970	-46%	10,025	14,425	-31%
Total	19,020	4,857	1	122,668	-73%	926,089	1,316,860	-44%

Source: PAMA & WE Research

“Total Auto sales declined 76%YoY in May’20”.

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Stock Ratings

WE Financial Services Ltd. uses three rating categories, depending upon return form current market price, with Target period as June 2018 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Potential to target price	
Buy Upside	More than +10% from last closing price
HOLD	In between -10% and +10% from last closing price
SELL	Less than -10% from last closing price

Equity Valuation Methodology

WE Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Relative valuation (P/E, P/B, P/S)
- Equity & Asset return based (EVA, Residual income)

Risks

The following risks may potentially impact our valuations of subject security(ies);

- Market Risk
- Interest Rate Risk
- Exchange rate risk

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