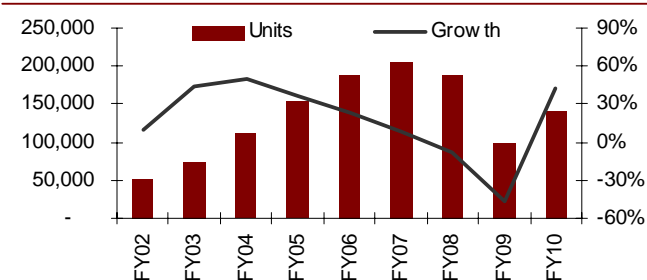


Auto sales up 43%YoY in FY10

Auto sales numbers for June 2010 have been released by the Pakistan Automotive Manufacturers Association (PAMA).

- Auto sales made a strong recovery during FY10, rising to 141,654 units by an impressive 43% or 42,344 units when compared to last year – highest YoY growth witnessed since FY04. Gradual economic recovery, pent-up demand and improvement in auto financing schemes were key factors behind improvement in auto sales. To recall, FY09 had been a dismal year for local auto manufacturers as volumes fell by 47% to a 6 year low of 99,310 units.

Auto sales trend



Source: PAMA

- Indus Motor (INDU) outperformed the industry during the year by 6%, as its volumes increased by 49% to a **record** 50,823 units. The increase in sales has been driven by the new model of Corolla (launched Aug 2009) and last year's low base effect due to phasing out of the previous Corolla model. As a result, the company's market share improved to 35.9% from 34.4% last year.

Indus Motor's performance

	FY10	FY09	Δ%	Share in INDU sales in FY10
Corolla	43,510	26,760	63%	86%
Hilux	2,012	1,534	31%	4%
Coure	5,301	5,852	-9%	10%
Total	50,823	34,146	49%	100%

Source: PAMA

- Pak Suzuki too registered an impressive growth of 46% in FY10, rising to 73,993 units. PSMC was the primary beneficiary of improvement in auto financing schemes due to a stronger correlation with its lower end products. However, the company's newly launched product 'Swift' (1300CC hatch back) failed to post impressive volumes as only 2,353 units have been sold since the car was launched in Jan 2010. PSMC retained its market leader status with a share of 52.2% compared to 50.9% last year.

Pak Suzuki's performance

	FY10	FY09	Δ%	Share in PSMC sales in FY10
Cultus	12,658	9,198	38%	17%
Alto	10,794	6,550	65%	15%
Mehran	22,513	13,421	68%	30%
Bolan	11,439	8,664	32%	15%
Ravi	13,211	11,900	11%	18%
Swift	2,353	-	NM	3%
Liana	1,025	851	20%	1%
Total	73,993	50,584	46%	100%

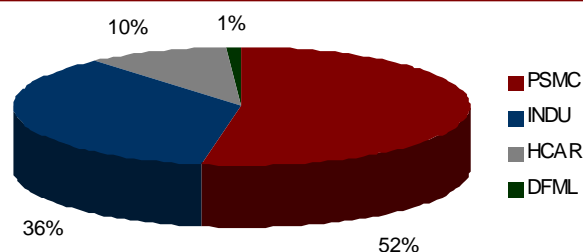
Source: PAMA

- On a month on month basis, auto sales were up by 25% in June 2010. INDU recorded volumetric growth of 17% (**highest ever monthly sales of 5,793 units**) whereas PSMC volumes rose by 31% from the previous month.
- However, we believe the impressive growth is already incorporated in INDU and PSMC stock prices, hence we maintain our 'Hold' stance on the scrips, at current levels.

Unit sales	FY10	FY09	Δ%	June 2010	June 2009	Δ%	June 2010	May 2010	Δ%
Indus Motor	50,823	34,146	49%	5,793	3,889	49%	5,793	4,968	17%
Pak Suzuki	73,993	50,584	46%	8,693	3,966	119%	8,693	6,656	31%
Dewan Motor	1,371	2,287	-40%	202	198	2%	202	5	NM
Honda Car	14,120	11,144	27%	1,728	862	100%	1,728	1,510	14%
Industry LCV/car sale	141,654	99,310	43%	16,663	9,102	83%	16,663	13,279	25%
Industry car sales	112,518	74,180	52%	12,891	6,993	84%	12,891	10,819	19%

Source: PAMA, JS Research

Market share in FY10



Source: PAMA

Syed Atif Zafar
atif.zafar@js.com
92 (21) 111-574-111(Ext. 3118)