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For Further queries;

Research Dept:
fdmresearch@gmail.com
021-111-336-336 ext: 121
021-2275157

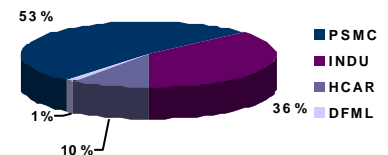
SECTOR UPDATE

Auto Sales increases 43% YoY

THE SURGE OF 49 % IN SALES DURING FY10 IS MOSTLY ATTRIBUTABLE TO IMPROVING MACROECONOMIC SITUATION, USERS` PURCHASING POWER ALONG WITH BUYING STRATEGY FROM MULTI ORGANIZATIONS.

Car sales during the closing fiscal year (FY) 2009-10 have witnessed an increase of 49 % to reach 123,957 units as against 82,844 units in FY2008-09, data released by Pakistan Automotive Manufacturers Association (PAMA). According to the latest numbers by PAMA, the auto sector witnessed a positive trend and remained remarkably high as car production - witnessing an increase of 44 % to 121,647 units compared with 84,308 units last year. The auto sector witnessed highest year-on-year (YoY) growth since FY04.

Market Share FY10



Sources: PAMA

Performance structure:

Indus Motors during last year 2009-10 recorded highest ever sales of 50,823 (market share of 36% in FY10) versus 34,146 units last year (market share of 34% in FY09), up 49 % YoY. Moreover, the biggest local car assembler Pak Suzuki sold 79,993 (market share 53%) versus 50,584 units last year (market share 51%), up 46pc YoY. However, Honda Car and Dewan Motors lost their market share. Honda Car sales were marginally up by 6 % to 12,980 units in FY10. Honda lost its market share from 12 % to 9 % in FY10. Similarly, Dewan Motors which sold 2,207 units last year was able to sell only 1,371 units in FY10.

Sales Performance YoY

Unit Sales	FY09	FY10	Chg in %
INDU	34,146	50,823	49
PSMC	50,584	73,993	46
DEWAN	2,287	1,371	-40
HCAR	11,144	14,120	27
Industry car sales	74,180	112,518	52

Sales Performance MoM

Unit Sales	May 2010	June 2010	Chg in %
INDU	4,968	5,793	17
PSMC	6,656	8,693	31
DEWAN	5	202	-
HCAR	1,510	1,728	14
Industry car sales	10,819	12,891	19

Sources: PAMA

Stance:

The outlook for car assemblers remains vigorous for FY11. The demand remains sufficient for car assemblers to post impressive sales performance in FY11. Furthermore, the adequate quantity of Corolla has been delivered in the market however, INDU's bottomline growth is significantly moving high and may remain steady, additionally situation also depends over new model strategy.