

# Household Appliances



February 2020

# Industry | Product Line

Air Conditioners



Refrigerators



Deep Freezers



Television



Microwave Oven



Water Dispensers



Washing Machine



Transformers



Energy Meters



Switchgears



# Global Dynamics



# Industry | Snapshot

- Market divided into *two segments*:
    - Major Appliances
      - Refrigerator
      - Deep Freezers
      - Dishwashers
      - Electric and Gas Ovens
      - Washing Machines
    - Small Appliances
      - Vacuum Cleaners
      - Toasters
      - Irons
      - Grills
      - Roasters
      - Coffee Machines
- } Small Kitchen Appliances
- **CY19:**
    - Industry Revenue | \$ 524bln
    - Expected growth rate ~ 9%
    - Major Appliances | largest segment by revenue ~ 64% | \$ 337bln
      - Main impact | prices (82%) and volume (18%)
      - Revenue growth | 2.3%
    - Small Appliances | segment by revenue ~ 36% | \$ 187bln
      - Small Kitchen Appliances | share in revenue ~ 52%
  - Industry Drivers | high consumer income

# Local Dynamics

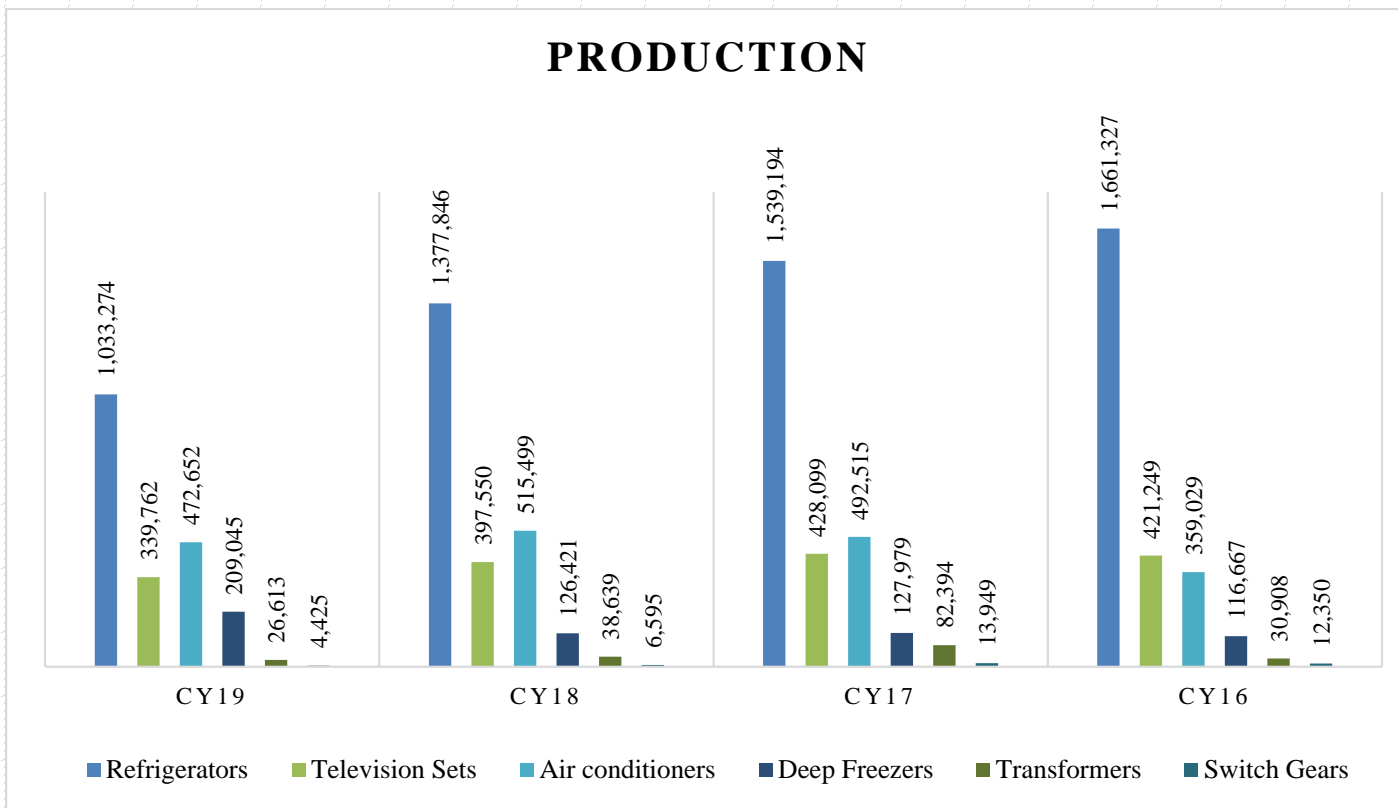


# Industry | Snapshot

## FY19

- Manufacturing Segment | LSM
  - Share in manufacturing | 78%
  - Share in GDP | 10.2%
  - Growth declined | 7.8% (FY18: 6.3%), Target | 8.1%
  
- Electronics Sector
  - Share in LSM | 23.7% (FY18: 73.8%)
  - Share in GDP | 2.1%
  - Growth | 23.7%
    - Key driver | air conditioners and deep freezers
  
- Industry Drivers
  - Population Growth
    - Pakistan | 6<sup>th</sup> populated country
    - Average Population Growth | 2%
  - Urbanization
    - Growth | 1%
  - Improved disposable income
    - Per Capital Income | up by 6%
    - Spending on household appliance | 2-3%

# Industry | Production



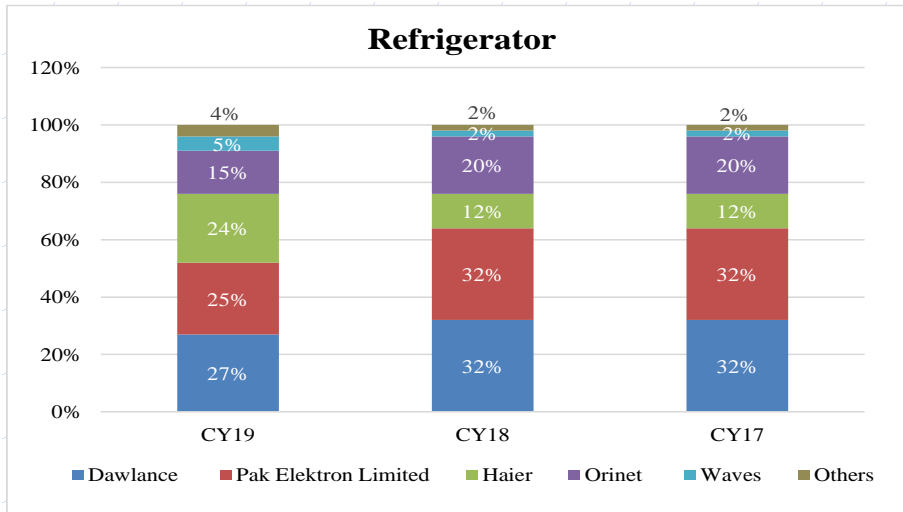
***Growth in Production:***

- Deep Freezers | 79%
- Air Conditioners | 32%

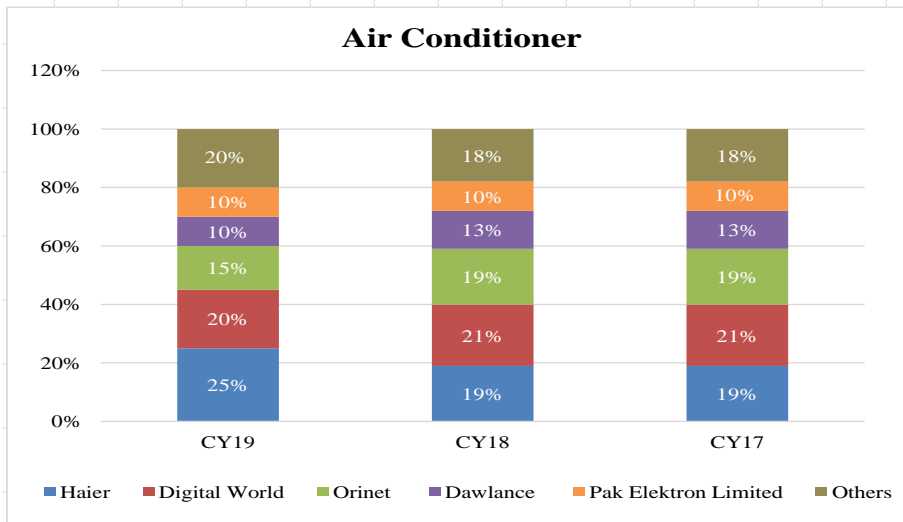
***Decline in Production:***

- Switch Gears | 64%
- Refrigerators | 38%
- Television Sets | 19%
- Transformers | 14%

# Industry | Market Share



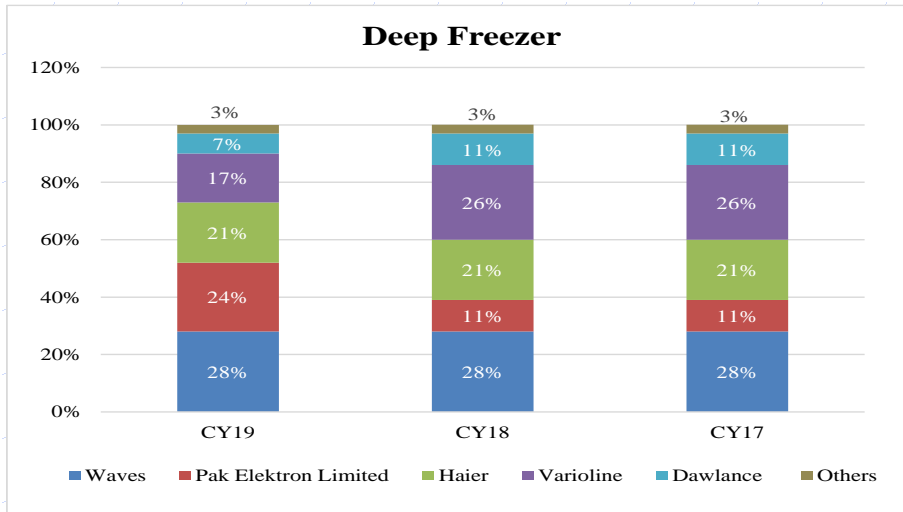
- High Concentration | Top 3 players ~ 80% share
- Market Leaders | Dawlance and PEL



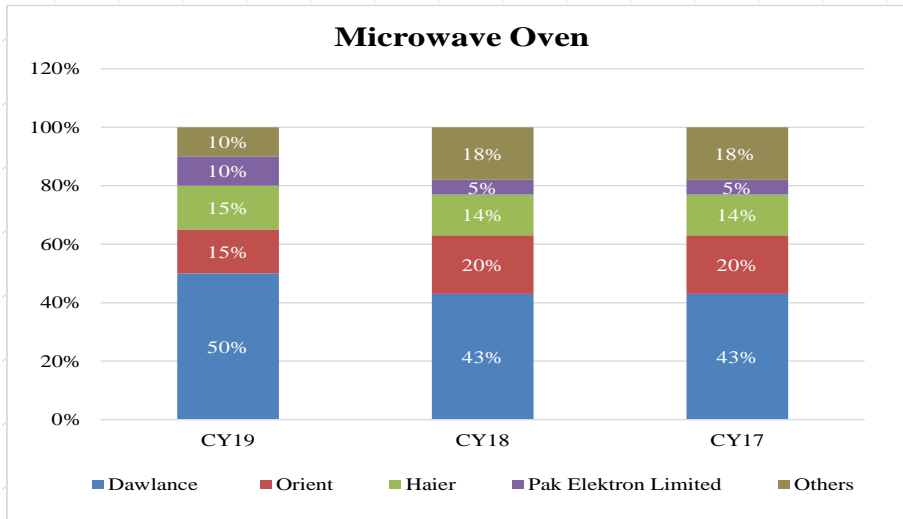
- Moderate Concentration | Top 3 players ~ 60% share
- Market Leaders | Haier and Gree



# Industry | Market Share



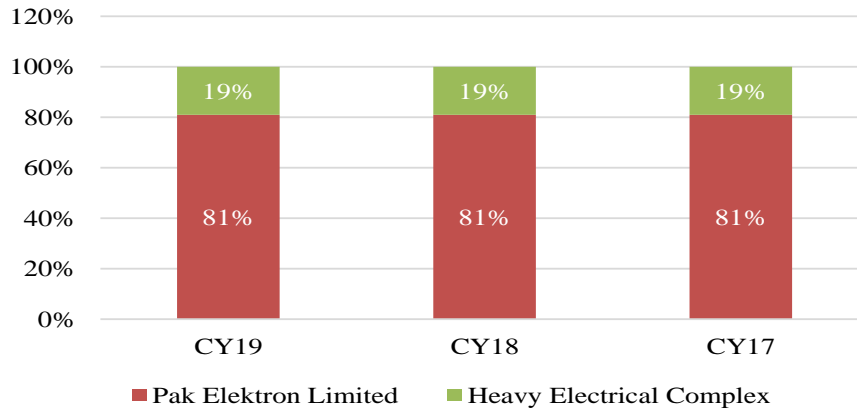
- High Concentration | Top 3 players ~ 75% share
- Market Leaders | Waves and PEL



- High Concentration | Top 3 players ~ 80% share
- Market Leaders | Dawlance and Orient

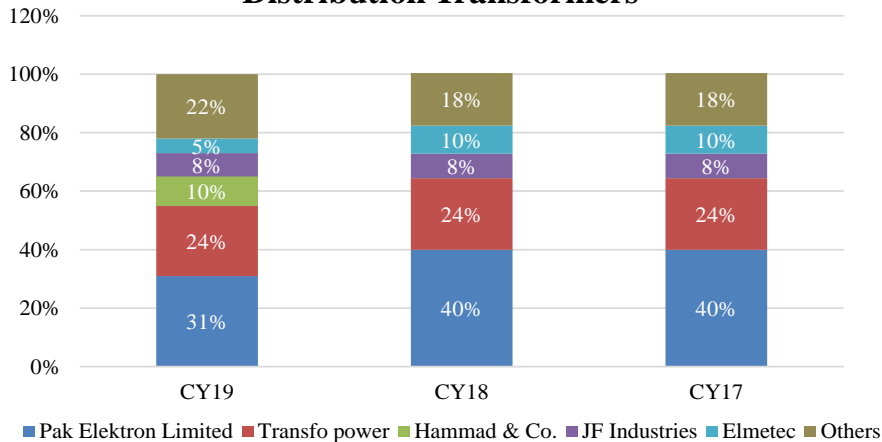
# Industry | Market Share

## Power Transformers



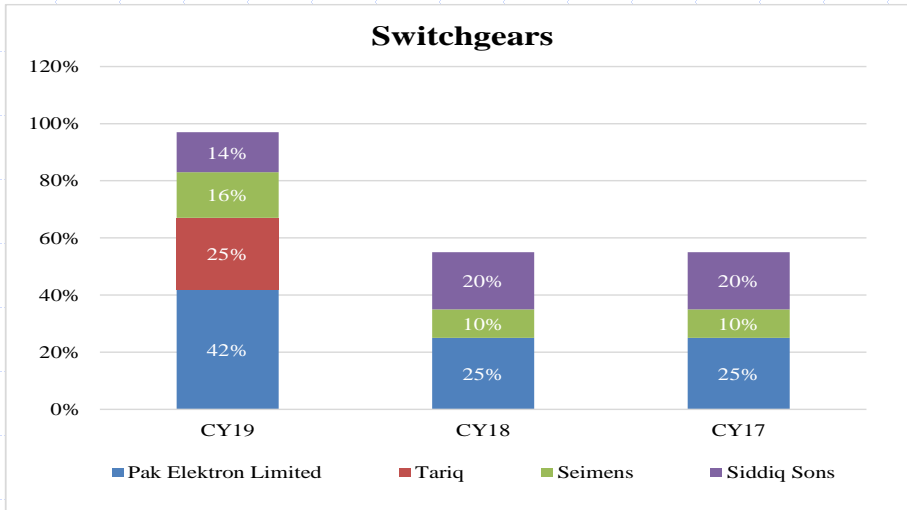
- Two player segment
- PEL maintains high market share

## Distribution Transformers

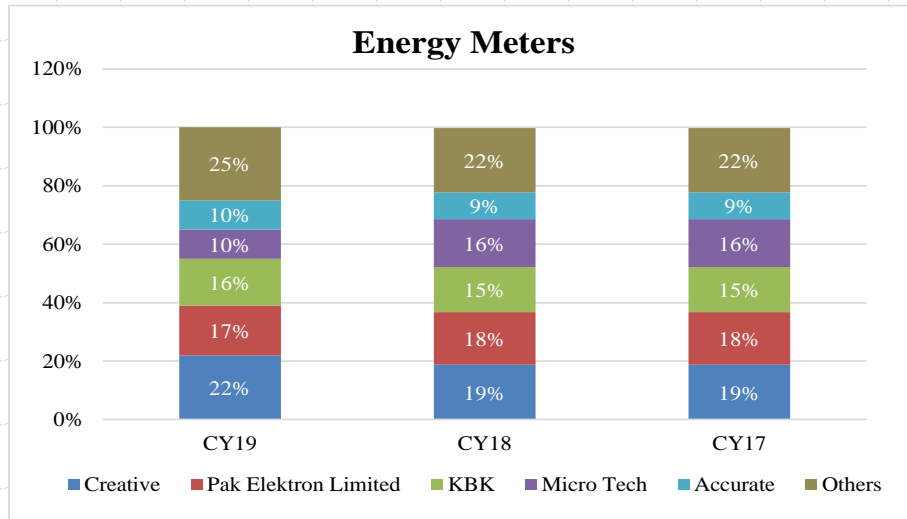


- Moderate Concentration | Top 3 players ~ 65% share
- Market Leaders | PEL and Transfo Power

# Industry | Market Share



- PEL gains market share ~ 45%
- Small players wiped out



- Low Concentration | Top 3 players ~ 55% share
- Market Leaders | Creative and PEL

# Industry | Price Trend

Average Prices			
Product Line	Feb'20	Jun'19	Jun'18
<b>Appliances Segment</b>			
Refrigerators	44,999	44,769	41,704
Air conditioners	76,499	77,051	58,511
Deep Freezers	47,384	49,306	46,513
Wasing Machines	122,999	115,619	108,682
Microwave Oven	16,499	12,250	10,342
Water Dispenser	18,999	16,095	14,474
LED TV	30,901	29,962	28,408
<b>Power Segment</b>			
Energy Meters	8,780	9,504	15,078
Switch Gears	124,200	172,105	221,362
Power Transformers	2,587,000	5,161,420	6,219,327
Distribution Transformers	503,000	866,665	931,850

# Industry | Regulatory Structure

Regulatory Structure		
Description	FY19	
	CBU	AC Parts
Customs Duty	20%	16%
Additional Custom Duty	1%	0%
Regulatory Duty	40%	0%
Sales Tax	17%	17%
Additional Sales Tax	3%	0%

*\* No change in regulatory structures since FY18*



# Industry | Outlook

- Strong Competition among industry players
- High reliance on imports – Leading to rising cost of production
- Industry margins under pressure though cost passed on to consumers in most segments
- Demand could be impacted due to high inflation and rising prices – Volumes already down especially in refrigerators
- Power Segment dependent on Government spending through PSDP utilization and reform programs
- Potential for exports to Afghanistan, Africa and UAE (power segment)



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