TRUCKS & BUSES

SECTOR OVERVIEW

December-18

Trucks & Buses |Table of Content

Contents: **Page No**

AUTOMOBILE | Industry Snapshot

Automobile Sector
Contribution to LSM: 4.6%

Production | TRUCKS, TRACTORS & BUSES | FY18

Trucks: 9,675 units

Growth YoY: ~13%

Tractors: 71,894 units

Growth YoY: ~33%

Buses: 762 units

Decline YoY: -28%

AUTOMOBILE |Trucks & Buses | Products

FAW Motors
Prime Movers
- J5P 420

Rigid
- FAW Tiger
- J5M 220



Afzal Motors
Daewoo Trucks
Daewoo Buses
JAC Trucks
- HFC-1061-K

JAC Buses
- HFC-1061-KB



Hinopak Motors
Hino Trucks
Hino Buses



Master Foton
3 Ton Loading Capacity

Master Motors
Master Trucks
Master Buses

Master Grande
6 Ton Loading Capacity

Master Line

Ghandhara Nissan
DONGFENG Trucks
JAC Trucks
- JAC X-200

Renault Truck
C380 T6X4 E3
D18 HIGH P4X2 280E3



Ghandhara Industries
ISUZU Trucks
- N Series Trucks
- F Series Trucks
- F Series Prime Movers

ISUZU Buses
D-Max Pickup



TRUCKS & BUSES | Sector Overview

Trucks:

- Pakistan Truck Industry has witnessed growth on a timeline basis, especially in the past five years due to demand arising from increased economic activity, particularly through CPEC.
- Trucks production has gone up to 9,675 units per annum in FY18 as compared to 4,039 units manufactured in FY15.
- Sales of Trucks decreased during first 4MFY19 due to following reason
  - Ban on non-filers to buy vehicles
  - Rising diesel prices
  - Increase in prices of trucks fur to rupee devaluation
  - Increased auto financing cost due to increase in policy rate.

Trucks	4MFY19	FY18	FY17	FY16	FY15
Production Units	2,746	9,675	8,531	6,452	4,039
Growth YOY	-15%	13%	32%	60%	51%

Source: Pakistan Economic Survey & PAMA

TRUCKS & BUSES | Sector Overview

Buses:

❖ Bus production segment has witnessed a uncertain demand in the recent past on account of following factors:

- *Volatile demand from corporate sector*
- *Imported buses taking the market share from locally assembled buses*
- *Mega projects like Metro buses are changing public preferences for intercity transport services.*
- *Availability of two wheelers at affordable prices also had a negative impact on demand for buses.*

Buses	4MFY19	FY18	FY17	FY16	FY15
Production Units	342	803	1,118	1,070	575
Growth YOY	-4%	-28%	4%	86%	3%

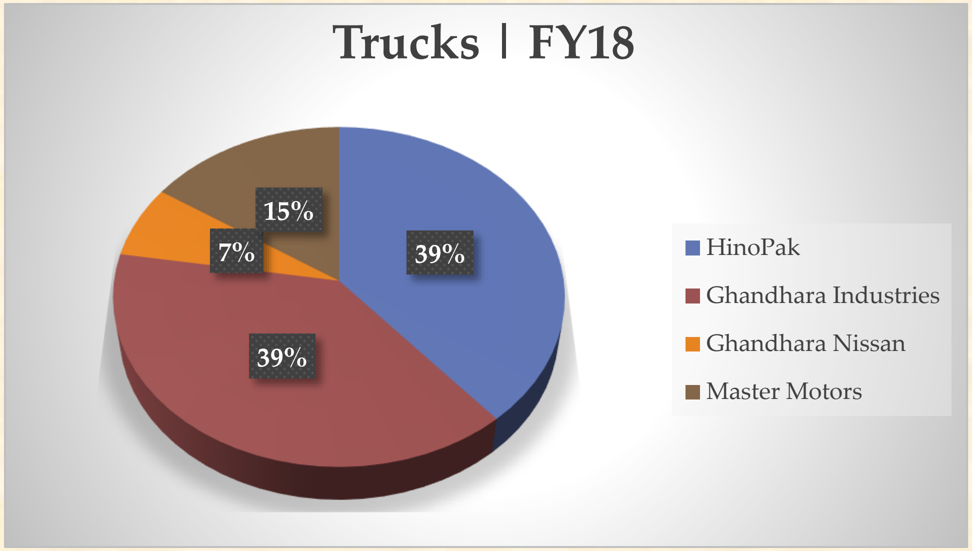
Source: Pakistan Economic Survey & PAMA

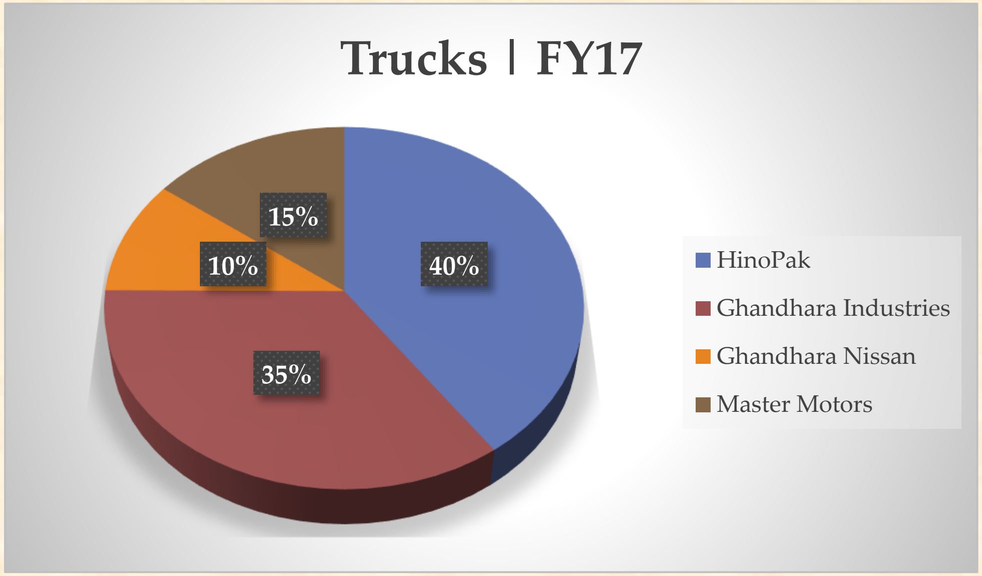
INDUSTRY | Supply Side

Trucks & Buses Assemblers in Pakistan

Listed on PSX	Members of Pakistan Automotive Manufacturers Association (PAMA)	Non-members of PAMA
Hinopak Motors Ltd.	Hinopak Motors Ltd.	Dysin Automobiles Ltd. (distributor)
Ghandhara Industries Ltd.	Ghandhara Industries Ltd.	Afzal Motors (Pvt) Ltd. (assemblers)
Ghandhara Nissan Ltd.	Ghandhara Nissan Ltd.	Al-Haj FAW motors (Pvt.) Ltd. (distributor & assembler)
	Master Motor Corporation Ltd.	

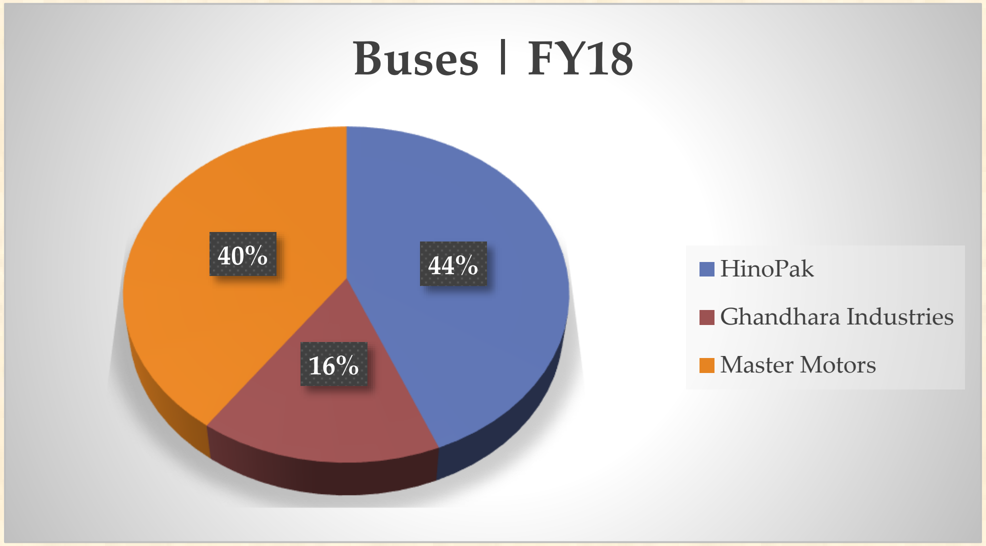
MARKET SHARE | Trucks

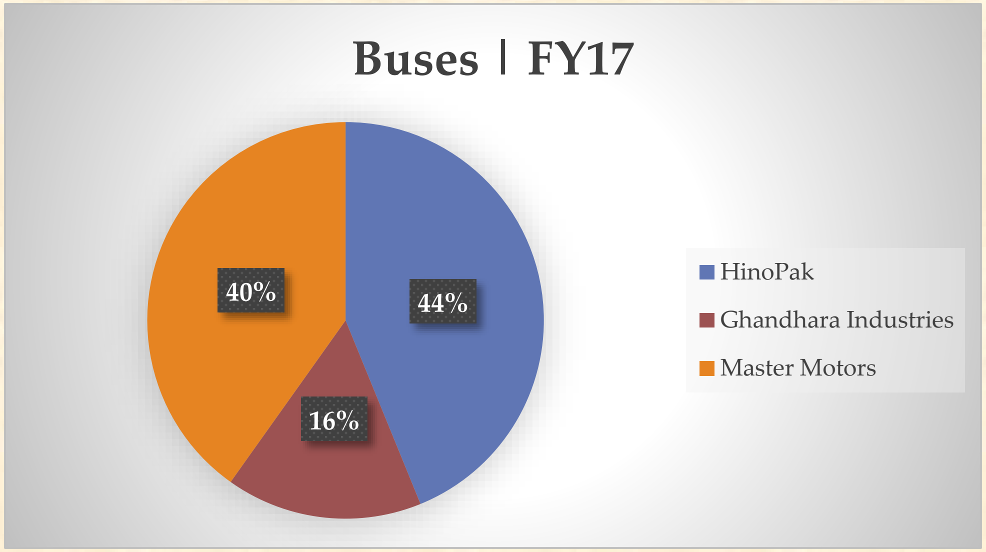




- Market share of Ghandhara Industries Limited increased during the period from 35% to 39% in FY18.
- Market share of the Ghandhara Nissan decreased during the period after the discontinuation UD trucks.
- Market share of other local players who are not reporting data to PAMA is not included.
- Pressure on profitability amongst local players will rise after increase in prices of imported raw material.

MARKET SHARE | Buses





- Demand for buses is on a declining trend, registering on a dip of ~48% YoY.
- Master Motor takes up Market share from HinoPak
- Ghandhara Industries market share also increased during the period from 23% in FY17 to 165 in FY18.
- Imported buses impacting the market share of local players.
- Modern transport system is an additional factor to dampen the demand of buses for inter-city transport along with availability of two wheelers at affordable prices.

INDUSTRY DEVELOPMENTS | Trucks & Buses

- Automobiles Companies collaboration with local conglomerates to enter into Pakistani Automobile market including Hyundai, KIA and Volkswagen.

- Renault and Ghandhara Nissan joint venture to launch heavy duty trucks.

- The local industry faces multiple challenges. Used trucks off-road dumpers, chassis, tanker and concrete mixtures are converted into prime movers and trucks, unless abuse of import authorization is controlled, the local bus and truck may not be able to achieve full potential.

- CPEC Initiatives to boost truck demand.

OPPORTUNITIES & RISKS | Trucks & Buses

Opportunities

- Import substitution; local players replacing imports
- Interest of foreign players; entry of foreign players in the market
- Positive impact to be driven from CPEC projects
- Opportunity to export buses to Middle East, Africa and Afghanistan.

Risks:

- Rising Interest Rates
- Ban on non-filers
- Devaluation of local currency
- Oil pipeline will impact demand for prime movers

Bibliography

- http://www.pama.org.pk/images/stories/pdf/historical-data.pdf
- https://pama.org.pk/images/stories/pdf/AIDP/AIDP.pdf
- http://www.engineeringpakistan.com/ADP%202016latest.pdf
- http://www.pbs.gov.pk/sites/default/files//industry_mining_and_energy/qim/2018/QIM%20webnote%20for%20sep%2018.pdf
- http://www.finance.gov.pk/survey/chapters_18/Economic_Survey_2017_18.pdf
- http://www.pama.org.pk/statistical-information/sales-production/monthly-sales-production

Analysts	**Muhammad Nadeem Sheikh** ***Financial Analyst*** nadeem.sheikh@pacra.com	**Saniya Tauseef** **Supervisory Senior** saniya.tauseef@pacra.com	**Jhangeer Hanif** ***Unit Head – Ratings*** jhangeer@pacra.com
Contact Number: +92 42 3586 9504			

DISCLAIMER

PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. The information in this document may be copied or otherwise reproduced, in whole or in part, provided the source is duly acknowledged. The presentation should not be relied upon as professional advice