



BATTERIES

SECTOR OVERVIEW

July 2018

INTRODUCTION

- Dominated by a few large players and some have very deep rooted penetration in the market e.g. EXIDE and Atlas.
- Lately interest has been shown by some of the relatively newer players who have invested a sizeable amount of equity in to the battery industry e.g. Treet Corp (Daewoo).
- Major demand drivers for batteries are Automobiles and UPS backup.
- Major derivative of profitability is the cost of raw material –lead – which is predominantly imported from the international market having a direct linkage to the exchange rate.
- Since 2016 price of lead has been increasing, and given the exchange rate scenario cost pressures are expected to persist.

INTERNATIONAL PRICES OF LEAD



- Prices have been on a rising trend since 2016
- Prices have fluctuated between ~\$1000 to ~\$2550 (USD/tonne) during the last 10 years

MAJOR PLAYERS IN THE BATTERY INDUSTRY

Players

- Atlas Batteries Ltd.
- Exide Battery Ltd.
- Osaka Batteries / Volta Batteries
- Daewoo Batteries
- Phoenix Batteries
- Bridge Power Batteries
- Millat Batteries

Bigger Players Production

- Estimated 250,000-220,000 per month

Smaller Players Production

- Estimated 100,000 per month



CONSTRUCTION | PEER COMPARISON

	Exide Battery		Atlas Battery	
Segments				
Financial Indicators	9MFY18(Dec-17)	FY17(Mar-17)	9MFY18(Mar-18)	FY17(Jun-17)
Revenue (PKR mln)	8,890	12,910	13,420	17,170
GP Margin (%)	10.9%	19.9%	10.7%	17%
Net Profit (PKR mln)	(15)	739	439	1,477
Net Profit Margin (%)	-0.2%	5.7%	3.3%	9%
Borrowing ST (PKR mln)	2,997	3,150	2,102	883
Borrowing LT (PKR mln)	0	0	0	0
Borrowing Total (PKR mln)	2,997	3,150	2,102	883

USES OF BATTERIES

B A T T E R Y

- Automobile (directly linked with the level of economic activity and interest rate environment)
- UPS (Inversely linked to the energy supply situation)
- Solar panel



TYPES OF BATTERIES

BATTERY

- ◆ Lead-acid battery
- ◆ Lithium-ion battery
- ◆ Nickel-metal hydride battery



© Shutterstock.com 12/2011



OPPORTUNITIES AND THREATS

B A T T E R Y

- Decline of power outages
- Increased competition given new capacities
- Rising cost of lead
- + China–Pakistan Economic Corridor(CPEC)
- + Rise in power demand
- + Increase demand of automobile
(especially in cars & trucks)
- + Usage of solar energy



Bibliography

- <https://www.researchgate.net/publication/281510998> The lead-acid battery industry in China Outlook for production and recycling
- <https://tradingeconomics.com/commodity/lead>
- <http://butane.chem.uiuc.edu/pshapley/GenChem2/C6/3.html>
- <https://www.ravimagazine.com/battery-industry-in-pakistan-a-comparative-study/>
- https://www.acea.be/uploads/publications/ELV_resource_availability_conclusions_WEB.pdf

Analysts	S. Muhammad Obaid <i>Supervisory Senior</i> muhammad.obaid@pacra.com	Jhangeer Hanif <i>Unit Head – Ratings</i> 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