SECTOR STUDY . 10th MARCH 2026

Together. Creating Value.

Household Appliances

Research Team

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Household Appliances

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Household Appliances

Introduction

- Household Appliances, also called home/domestic appliances, include machines and electrical equipment* that assist various household functions such as cooking, cooling, cleaning, food preservation, etc.

- Based on their type, Household Appliances can be broadly classified into two categories; Major & Small Appliances.

- The "Major Appliances" segment includes high-value electrical equipment such as Refrigerators, Freezers, Fans, Air Conditioners, Washing Machines, and Microwave Ovens (commonly known as white goods/ appliances) etc.

- Meanwhile, the "Small Appliances" segment includes products like Coffee/ Tea Makers, Food Processors, Grills & Toasters, Vacuum Cleaners etc.

**Plastics and wooden material are not included.*

Household Appliances

Global | Overview

Market Size

- In CY25, the global Household Appliances sector was valued at USD~$687.7bn. The sector is expected to grow to USD~$730.5bn by CY26 at a CAGR of ~6.2%.

Revenue Mix

- The Household Appliances market size is expected to grow at a CAGR of ~7.1% reaching market size of USD~962.6bn by CY30.
- Rising income levels, urbanization and life style changes are expected to drive the growth.

Key Players

- Samsung Electronics Co. Ltd.
- Hitachi Appliances.
- LG Electronics.
- Qingdao Haier Co. Ltd.
- Daikin Industries.

Evolving Trends

- The Household Appliances market trend is shifting towards improving energy efficiency, sustainability and aesthetics along with AI-Powered Home Appliances to meet the growing demand for smart and sustainable solutions.

Source: The Business Research Company

Household Appliances

Global | Supply & Demand

- **Structure:** The global Household Appliances Sector is competitive with a large number of big players contributing a fair share to the global revenue. Some of the major global companies include Haier, Whirlpool Corporation, Samsung Electronics, LG Electronics, Bosch, Sony, Philips and Panasonic Appliances.

- **Demand Centers:** In terms of geographical segments, China retained a ~43.0% of the Asia-Pacific major home appliance market share in CY25. China, Japan, Malaysia and India are expected to contribute to the majority of the revenue share in the Asia-Pacific market.

- **Production Centers:** Among the top producers, China, Japan, South Korea and Germany are the leading manufacturers of a variety of products in the home appliances category. China also leads as the largest consumer market, due to its large population, high-capacity usage and a growing desire for a comfortable lifestyle.

***Note**: Latest data available*

Source: GlobalData

Household Appliances

Local | Introduction

- In FY25, Pakistan's GDP (real) stood at PKR~114.7trn, increasing, in real terms, by ~3.0% YoY (FY24: ~2.5% YoY increase). Industrial activities in FY25 held ~18.1% share in the GDP, while manufacturing activities made up ~65.3% of the industrial segment. In 1QFY26, Pakistan's Real GDP showed a ~3.7% YoY growth rate compared to ~1.6% in 1QFY25. Real GDP growth rate for 1QFY26 signals a significant improvement in economic activity as compared to SPLY.

- The Household Appliances Sector is classified as "Electrical Equipment" under the Large-Scale Manufacturing (LSM) sub-segment of the economy. In FY25, the sector's weight in the QIM was recorded at ~2.1%.

Pakistan Economy | FY25

- **Agriculture (23.5 %)**
  - Crops (32.8%)
  - Livestock & Others (67.2%)
- **Industrial (18.1%)**
  - Manufacturing (65.3%)
    - LSM (67.7%)
      - Electrical Equipment (2.1%)
    - SSM (20.5%)
    - Slaughtering (11.7%)
  - Mining, Construction, Utility supply (34.7%)
- **Services (58.4%)**
  - Wholesale Retail & Trade (30.5%)
  - Transportation & Storage (18.0%)
  - Real Estate Activities (10.1%)
  - Human Health and Social Work Activities (1.7%)
  - Others (39.7%)

***Note**: PBS Classification - Electrical Equipment Appliances include Major Appliances i.e. Electrical Equipment Appliances include Major Appliances i.e. Refrigerators. Electric Transformers, Deep freezers, Switch gears, Electric Fans, Electric Meters and Air Conditioners*

Source: PBS

Household Appliances

Local | Overview

- Pakistan's home appliance sector is staging a remarkable recovery, with industry revenue rebounding from a contraction in CY23 to register 47% growth in CY24, reaching PKR 420bn — and projections pointing to an even stronger PKR 614bn in CY25. This momentum is underpinned by easing inflation, rising disposable incomes, and improving consumer purchasing power, particularly in urban areas where household appliance adoption is accelerating.
- Production of household appliances experienced an increase to 3.8 million from 3.6 million units, showing a recovery from the previous year.
- Climate-driven demand for cooling appliances, volumetric recovery aided by the easing of import restrictions, and improved consumer financing amid falling interest rates are the primary engines behind this growth.
- Despite a slight dip in production units in CY24, the sector's ~53 players — operating in a competitive market under PEMA — are increasingly benefiting from Pakistan's improving GDP outlook, setting the stage for sustained expansion heading into CY25.
- Moreover, since the products are generally differentiated based on brands and specifications, price elasticity and competition also remain determinants of sector players' financial performance.
- Some of the major local companies include Haier, Orient, Waves Singer Limited and Pakistan Elektron Limited.

Sector Snapshot	Units	CY23	CY24	CY25
Revenue Appliances	PKR bn	285	420	614
YoY Growth	%	-8%	47%	46%
Production of Household Appliances*	'000' units	3,837	3,591	3,766
No. of Sector Players	~53			
Structure	Competitive			
Association	Pakistan Electronics Manufacturing Association (PEMA)			

***Note**: Latest available data present.*

** Includes the following: Electric Fans, Refrigerators, Air conditioners, TV Sets, Deep Freezers, Transformers, Switch Gears*

Source: PES, PBS, PACRA Database

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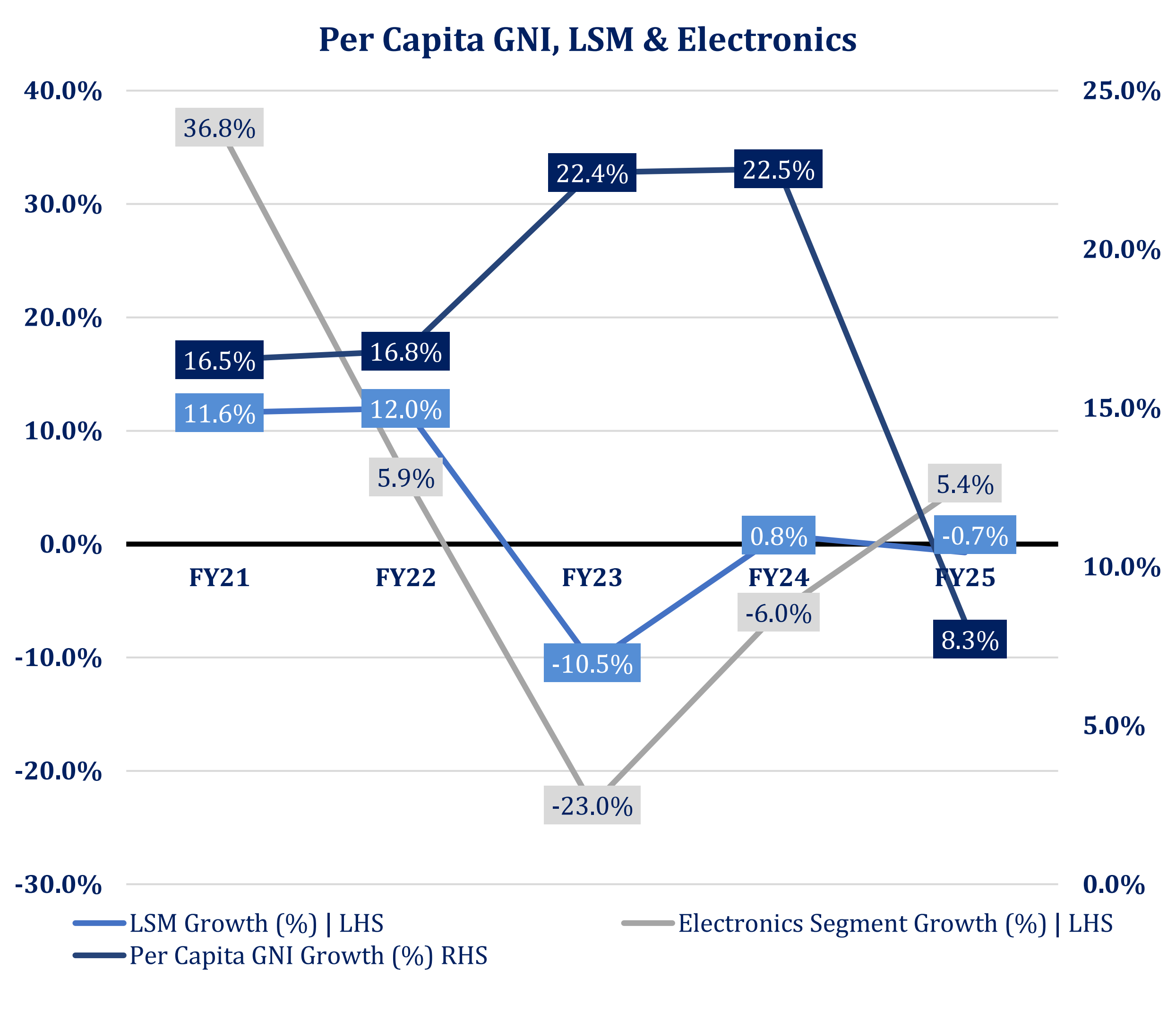
Local | Demand Dynamics

- The demand for the Household Appliances Sector is largely driven by factors such as household disposable income, preference for better lifestyles, and the need to gain ease in day-to-day chores.
- In FY25, the Electrical Equipment Segment recorded a ~5.4% YoY growth (FY24: ~6.0% YoY decline), indicating a notable recovery from the decline in the previous two years. This was despite a ~0.7% YoY contraction in LSM in FY25.
- LSM grew by ~4.8% in 1HFY26 on the back of economic stabilization. However, recent geopolitical events have created uncertainty and would impact LSM growth in the short-term.
- Per capita Gross National Income (GNI) had a ~8% YoY growth in FY25. GNI per capita in real terms recorded as USD~1,814 (FY24: USD~1,666).
- The demand for the Household Appliances Sector is generated from both the Original Market (first-hand) and the Replacement Market. Generally, high-priced appliances (Refrigerators and Air Conditioners), which have gradually become essential household items, hold a larger market in the replacement market. A second-hand segment also exists for these appliances but the preference remains for new products due quality and performance issues.



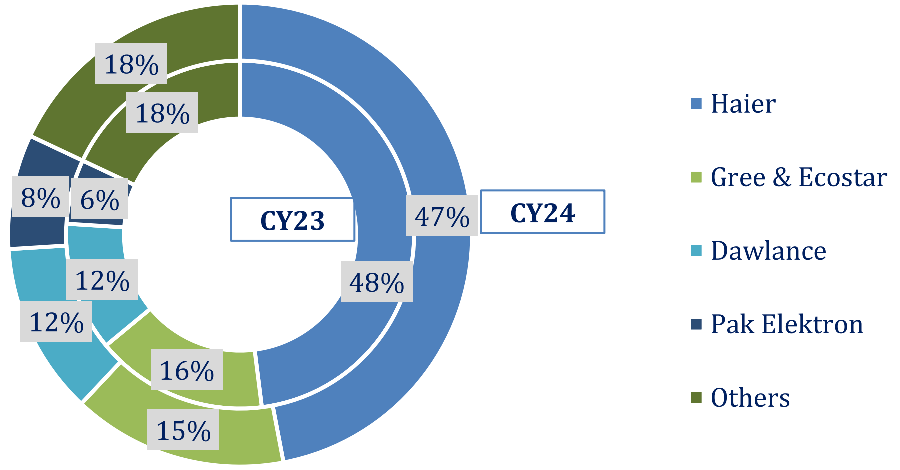
*__Note__: PBS Classification - Electrical Equipment Appliances include Major Appliances i.e. Refrigerators. Electric Transformers, Deep freezers, Switch gears, Electric Fans, Electric Meters and Air Conditioners. *GNI is taken at current prices.*

Source: PBS, PES, SBP

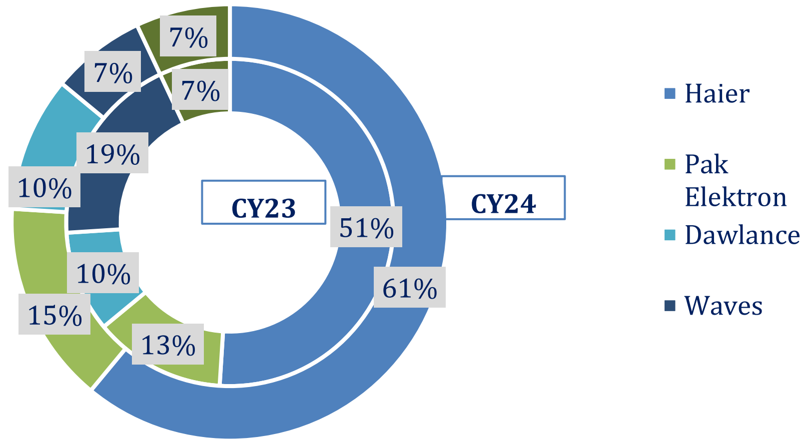
Household Appliances

Market Shares | Household Appliances

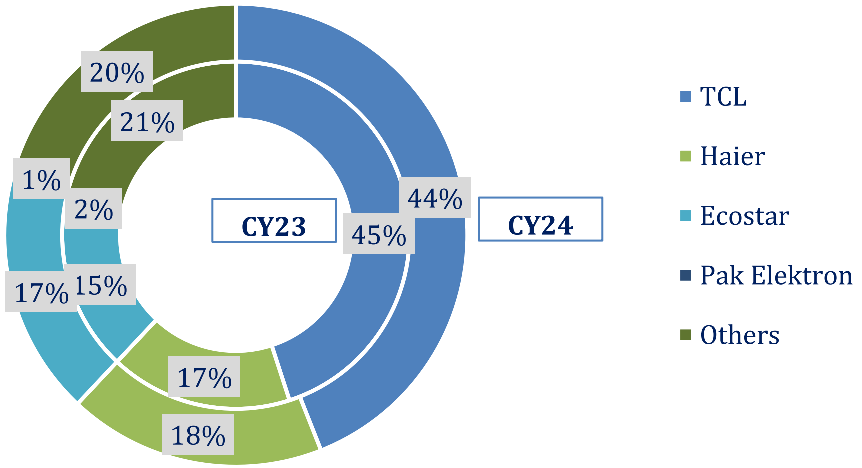
Market Share | AC Manufacturers



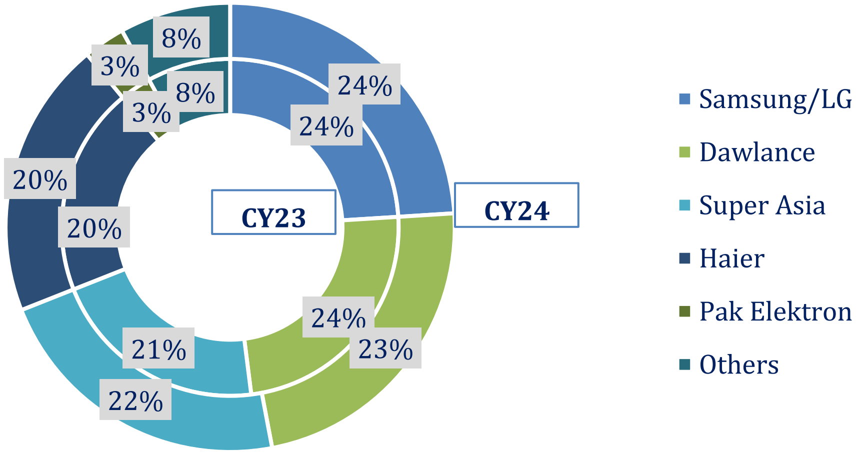
Market Share | Deep Freezers



Market Share | LED TV



Market Share | Washing Machine

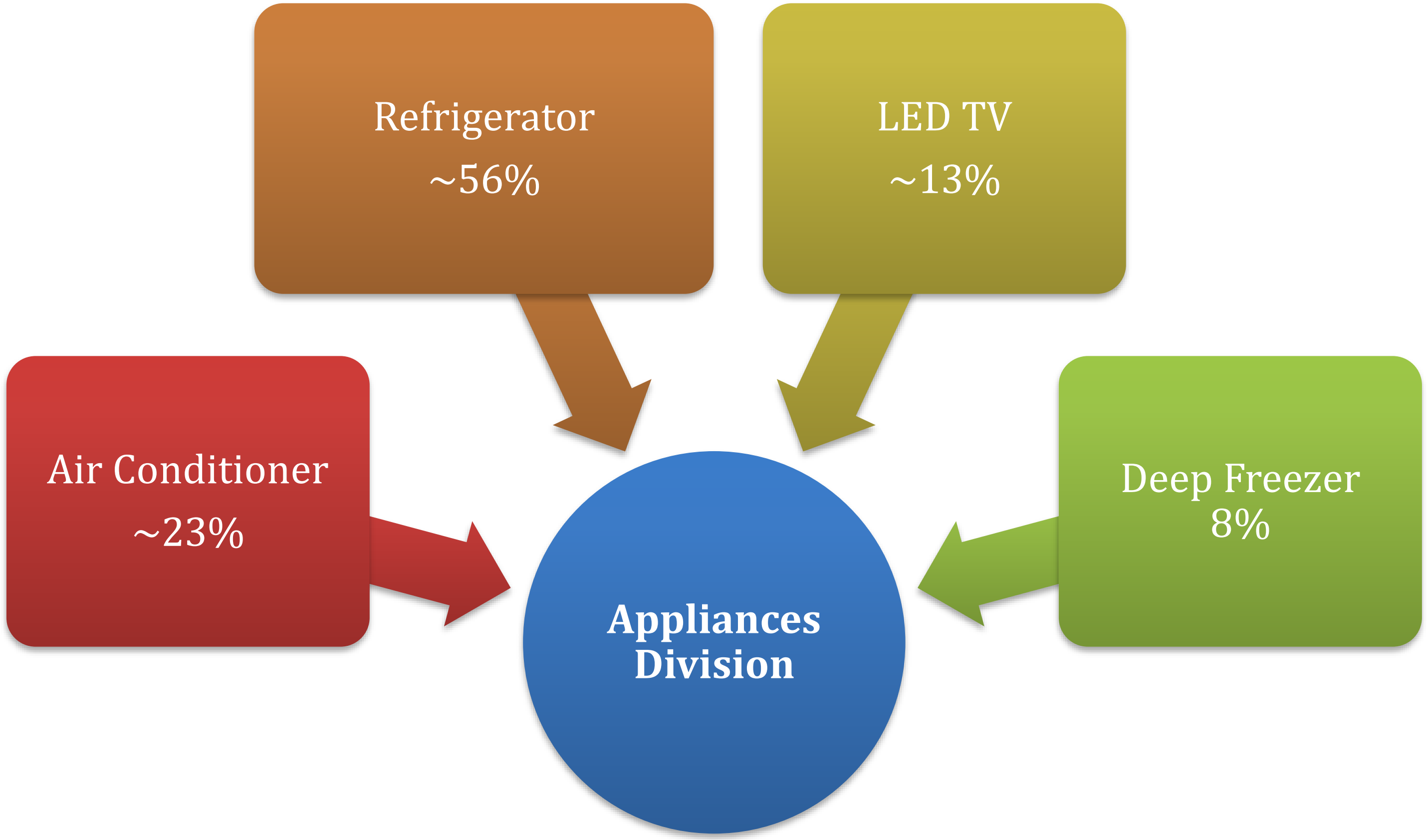


***Note**: Latest available data presented*

Source: PACRA Database

Household Appliances

Market Shares | Home Appliances



- The major household appliances market in Pakistan is led by Refrigerators, which account for the majority share of ~56%, reflecting their status as an essential household necessity with deep penetration across all income segments.
- Air Conditioners represent the second largest segment at ~23%, driven by rising temperatures, rapid urbanization, and increasing affordability of inverter technology among Pakistani consumers.
- LED TVs and Deep Freezers collectively contribute ~21% of the market, with LED TVs at ~13% and Deep Freezers at ~8%, highlighting growing consumer appetite for entertainment and food preservation solutions, respectively.
- Overall, the household appliances market reflects a mix of essential and lifestyle-driven demand, presenting sustained growth opportunities for manufacturers and investors operating across the sector.

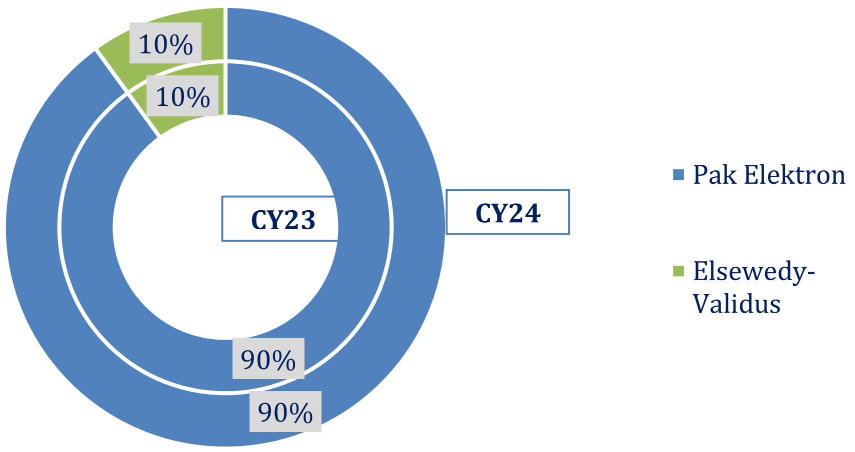
***Note**: Sector market share estimates are derived using the average prices of four major manufacturers (PEL, Haier, Orient, and Dawlance), with Sector's production volumes assumed to approximate sales.*

Source: PACRA Database | PBS

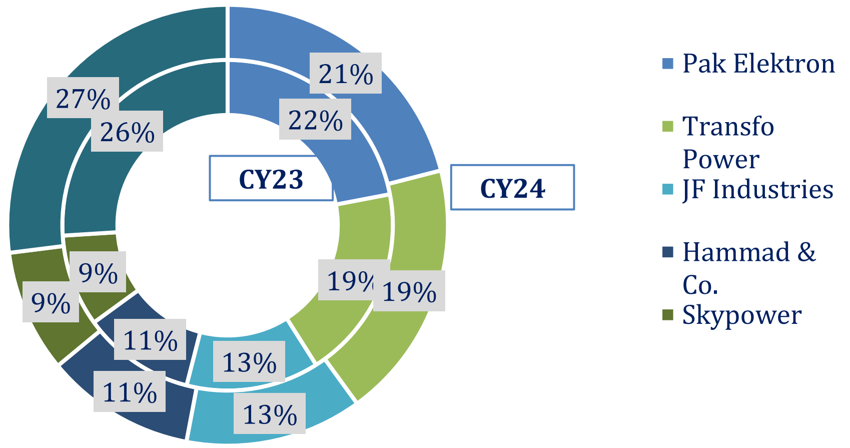
Household Appliances

Market Shares | Power Appliances

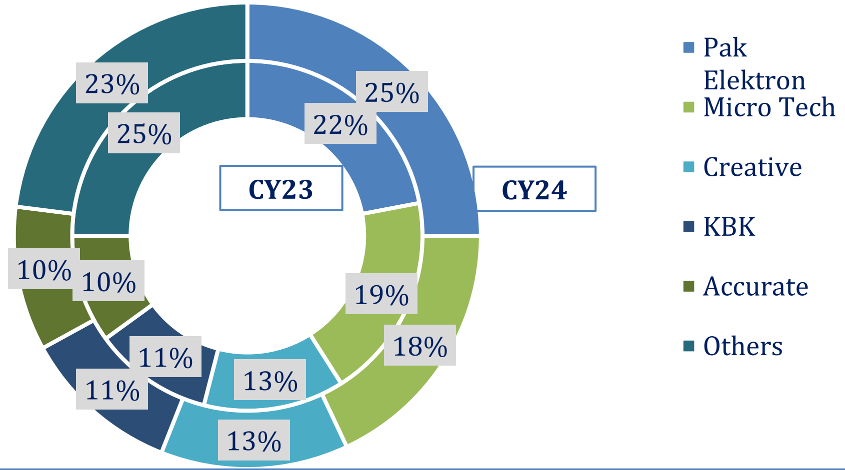
Market Share | Power Transformers



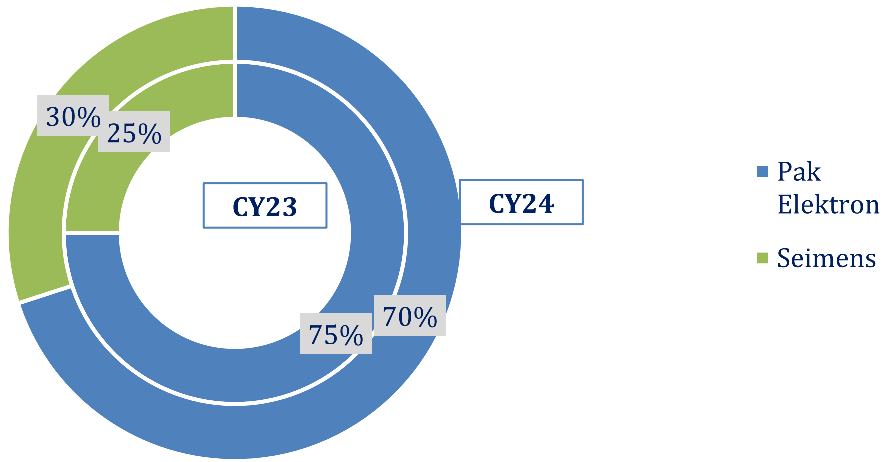
Market Share | Distribution Trasformation



Market Share | Energy Meters



Market Share | Switchgears



***Note**: Latest available data present.*

Source: PACRA Database

Household Appliances

Local | Supply

- Pakistan's Household Appliances Sector is dominated by local players and some international brands including PEL, Arcelik (Dawlance), Orient, Haier, Waves Singer, Samsung etc. These players have a significant share in the Major Appliances Segment (as aforementioned), while in the Small Appliances Segment, other Chinese & local brands also contribute a fair share (Geepas etc.). Certain players that were focused on just one or two products are also looking to expand their product slates.

- The Household Appliances Sector can be termed as organized yet competitive. Some big players such as Dawlance, Haier, and Samsung have international associations/shareholding, which strengthens their presence in the local market as well. Local players like PEL and Waves Singer are also listed on the PSX, reflecting the organized structure of the market players. These companies have also ventured with some renowned international players in certain product categories.

- The sector is brand-driven in nature. Each product in the Major Appliances Segment has its unique functionality which drives the need towards brand consciousness. Market shares of different players can vary entirely across different products of the Sector.

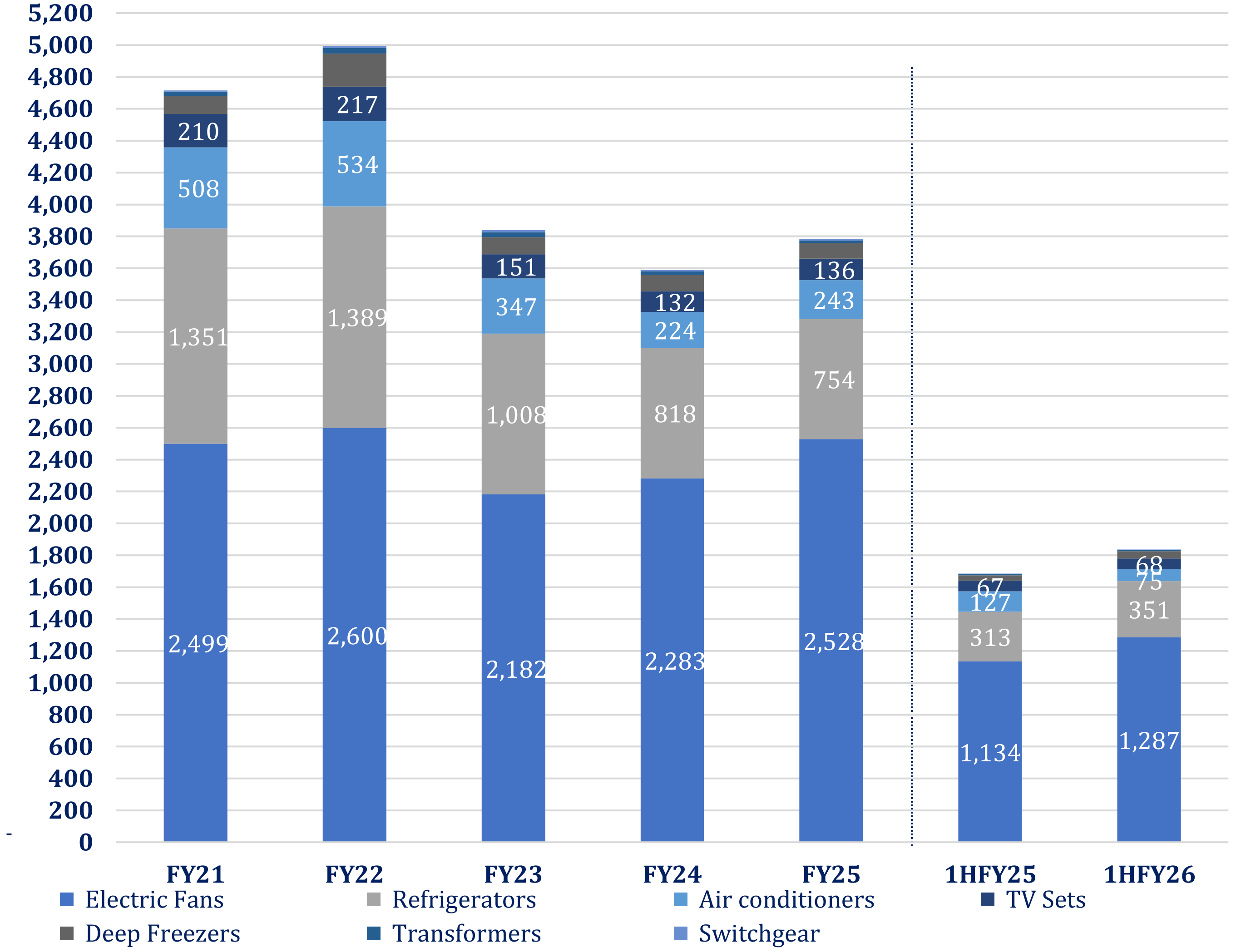
- Since the sector is brand competitive, the pricing and marketing strategies are key in acquiring market share among different product segments. Also, innovation and technological advancements are of key significance for the growth in this sector. Well-recognized brands dominate the Household Appliances Sector and require extensive capital investment, therefore, the barriers to entry in the sector are high.

Household Appliances

Local | Production

- During FY25, the overall production of Major Appliances segment stood at ~3.8mn units, up ~5.1%. Collectively, these formed ~2.1% share in LSM as of FY25
- In FY25, the YoY increase in production of Major Appliances was as follows: Air Conditioners (~8.6%); Electric Fans(~10.7%); TV sets (~3.0%)
- The YoY decline is as follows: Transformers (~19.0%); Refrigerators (~7.8%); Switchgears (~2.9%); and Deep Freezers (~5.5%).
- In 1HFY25 and 1HFY26, total production of Major Appliances segment were recorded at ~1.7mn units, with the highest production levels recorded for Electric Fans at ~1.3mn units in 1HFY26, followed by Refrigerators (~0.35mn units) and Air Conditioners (~0.08mn units).

Production of Major Appliances | ‘000 Units



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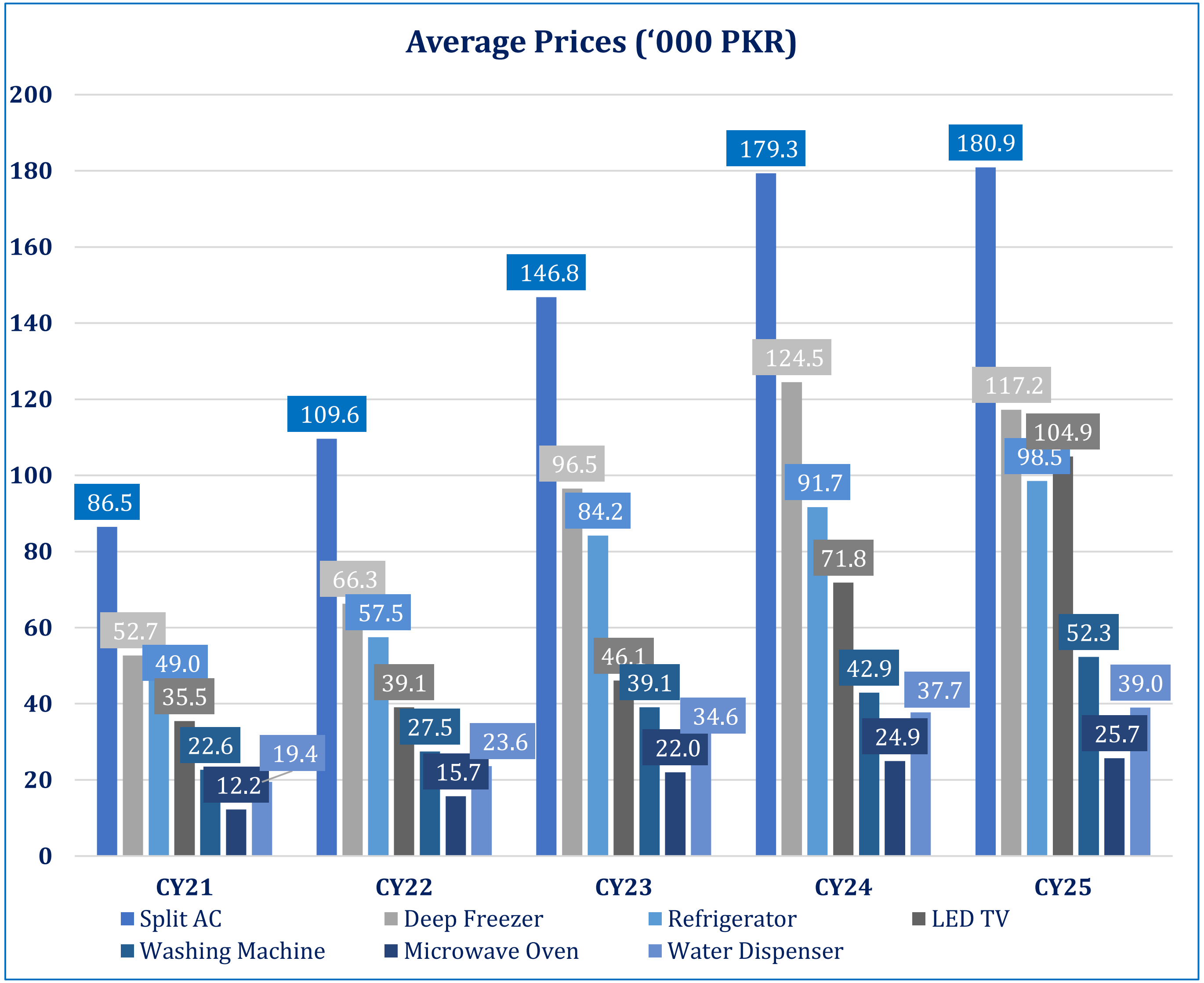
Local | Prices

- In CY25, average prices of the Major Appliances segment have changed moderately and remained similar to the average prices in CY24.
- Split AC, Deep Freezer, and LEDTV are among the highest-valued products in the range of the Major Appliances segment.
- Value of LEDTV, however, experienced a significant increase with Per Unit Average Price changing from PKR ~71,800 in CY24 to PKR ~104,900 in CY25.
- Individually, in CY25, average prices of water dispenser rose by ~3.3%, Refrigerator by ~7.5%, Deep Freezer declined by ~5.8%, Washing Machine by ~21.9%, Microwave Oven by ~3.1%, and LEDTV rose by 46.1%.
- Split Ac only rose by ~0.9%, experiencing the smallest increment in comparison to the other appliances.
- The trend was in line with the current rupee stability, held at ~280 PKR/USD throughout 2025.
- As of February, '26, the Wholesale Price Index (WPI) for Refrigerators rose by ~3.3% YoY and was recorded at ~314.2 (Feb'25: ~304.0), while the WPI for air conditioners registered an increase of only ~0.38% YoY and was recorded at ~310.8(Feb'25: ~309.6).



Note: *Data is reflective of a PACRA-rated sector player.*

Source: PACRA Database | PBS

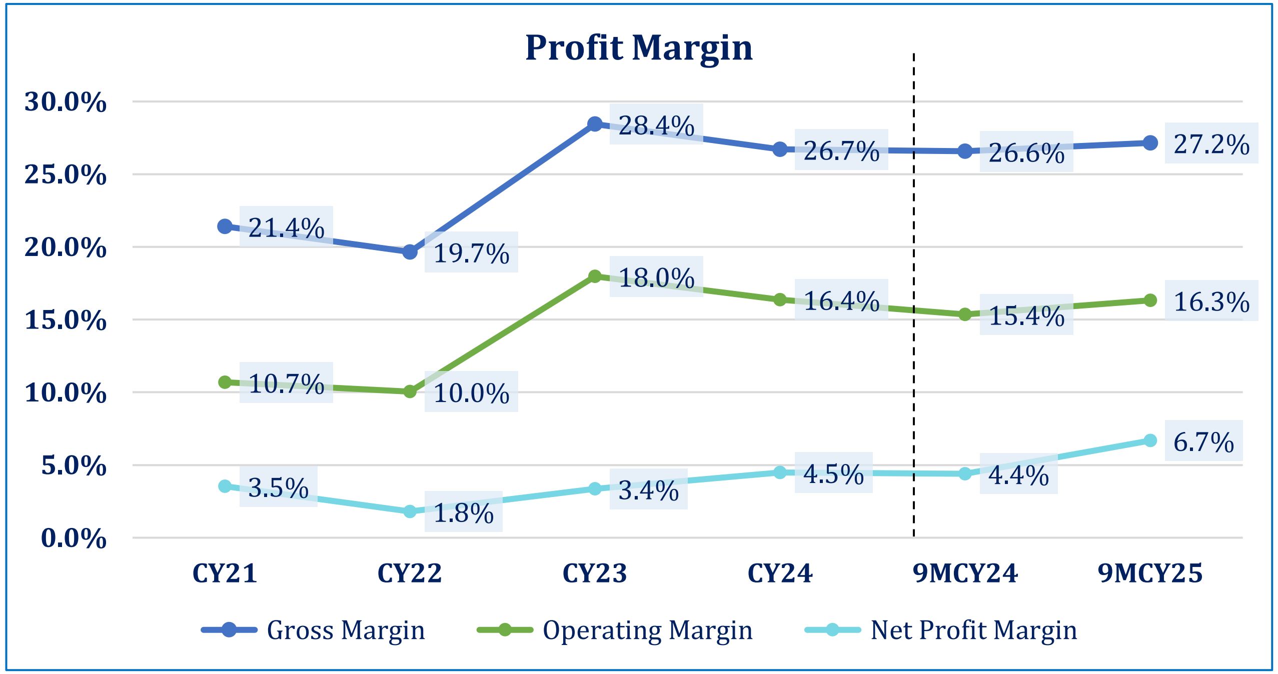
Household Appliances

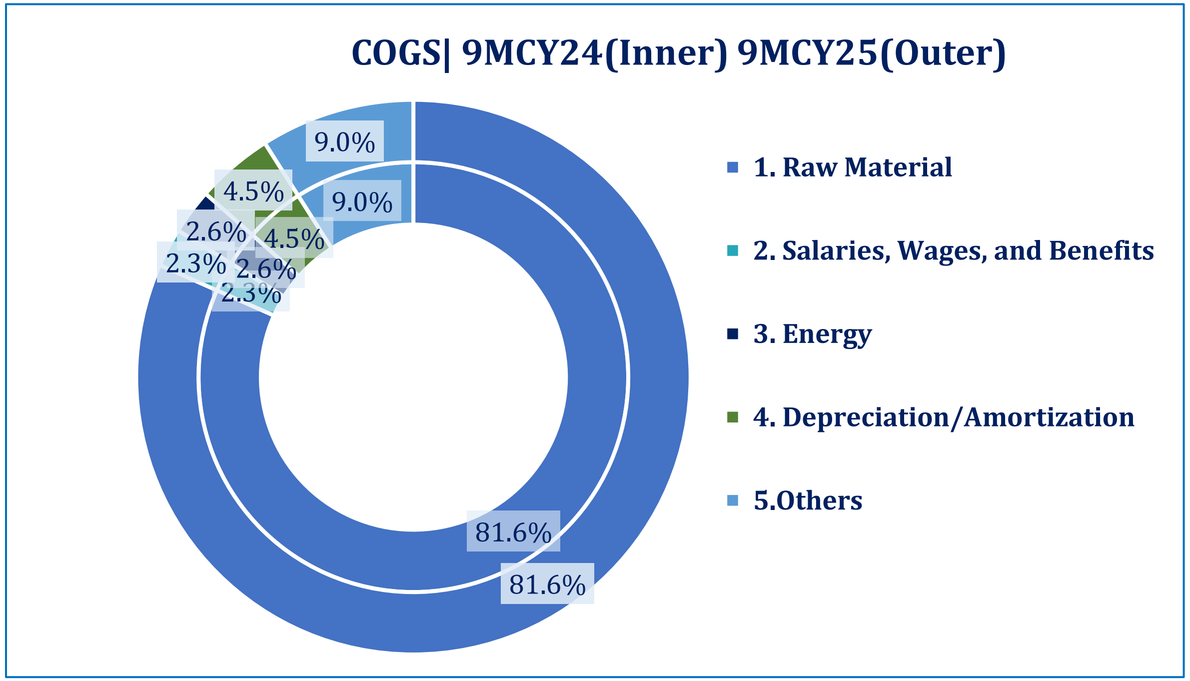
Local | Business Risk

- **Economic Fluctuation:** Demand in the Household Appliances sector is largely derived by the purchasing power of consumers. Any fluctuation in per capita incomes or an increase in the inflation level impacts the sector players' volumetric sales and eventually their financing performance. Since major components/parts are imported any currency devaluation directly impacts cost and, in turn, prices.
- **Raw Material**: The sector is largely involved in assembling of imported parts as well as final products, therefore, sector's financial dynamics remain exposed to changes in international prices or currency movements.
- **Competition:** There is a high level of competition in the sector due to presence of both international players, such as Samsung, LG and Mitsubishi, as well as well reputed local brands such as PEL, Orient, Haier, Wave Singer etc.. Thus, the increase in prices is passed on gradually and, in certain cases, partially to keep the demand afloat.

Business Risk | Margins and Cost Breakdown

- The sector's topline grew by ~13% YoY in 9MCY25 recorded at PKR ~49,586mn (9MCY24 PKR ~43,860mn). The gross profit margin has not, however, experienced much change, increasing by ~0.6% from ~26.6% 9MCY24 to ~27.2% in 9MCY25.
- Since the COGS breakdown did not experience much change, the cost of sales during the period under review exhibited an increase of ~12% YoY, indicating all cost components experienced a uniform increase. Raw Material constituted ~81.6%, taking the majority of COGS.
- Meanwhile, operating profit margins increased to ~16.3% in 9MCY25 (SPLY: ~15.4%) despite operating expenses increasing by ~22% YoY, likely due to revenue growth outpacing the rise in operating costs, and a reduction in finance cost.
- The sector's net profit margins recovered from ~4.4% in 9MCY24 to ~6.7% in 9MCY25, primarily due to the easing of policy rate from 22% in CY24 to 11.0% in 9MCY25. Effective 16th December '25, policy rate was subject to further reduction, from 12% to 10.5%, foreseeably having a positive impact on net margin, i.e., a projected increase.





Note: Data is reflective of listed/ PACRA-rated sector players.

Source: PACRA Database, PSX

Household Appliances

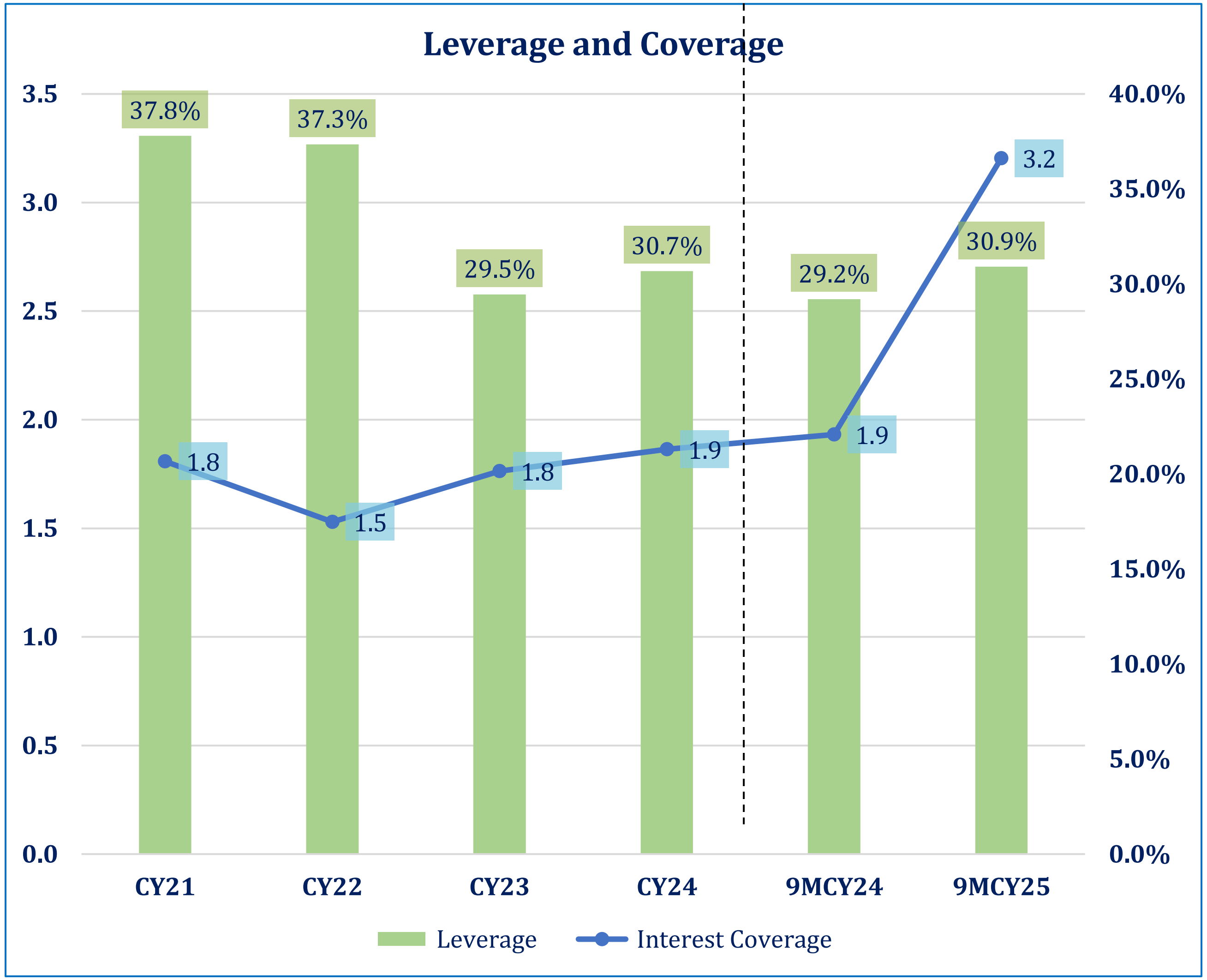
Financial Risk | Leverage and Coverage

- The sector's leverage is largely a function of its reliance on debt to finance operations and assets, impacted primarily by working capital borrowing needs, import financing requirements, and the prevailing interest rate environment.

- Interest coverage is largely a function of the sector's ability to service its debt obligations from operating profits, impacted primarily by finance costs (directly linked to the policy rate) and the strength of operating earnings.

- Interest coverage has increased from ~1.9x 9MCY24 to ~3.2x 9MCY25, primarily due to a reduction in finance cost from ~3,229 to PKR ~2,308mn. This can be attributed to the adjustment in policy rate from 22% to 12% by CY25.

- Leverage in 9MCY25 has experienced a slight increment of ~1.7% points YoY, due to an increase in borrowings by ~21% YoY and equity by ~11% YoY. Probable causes for the increase in borrowing could pertain to the WPI increase in CY25 for household appliances.



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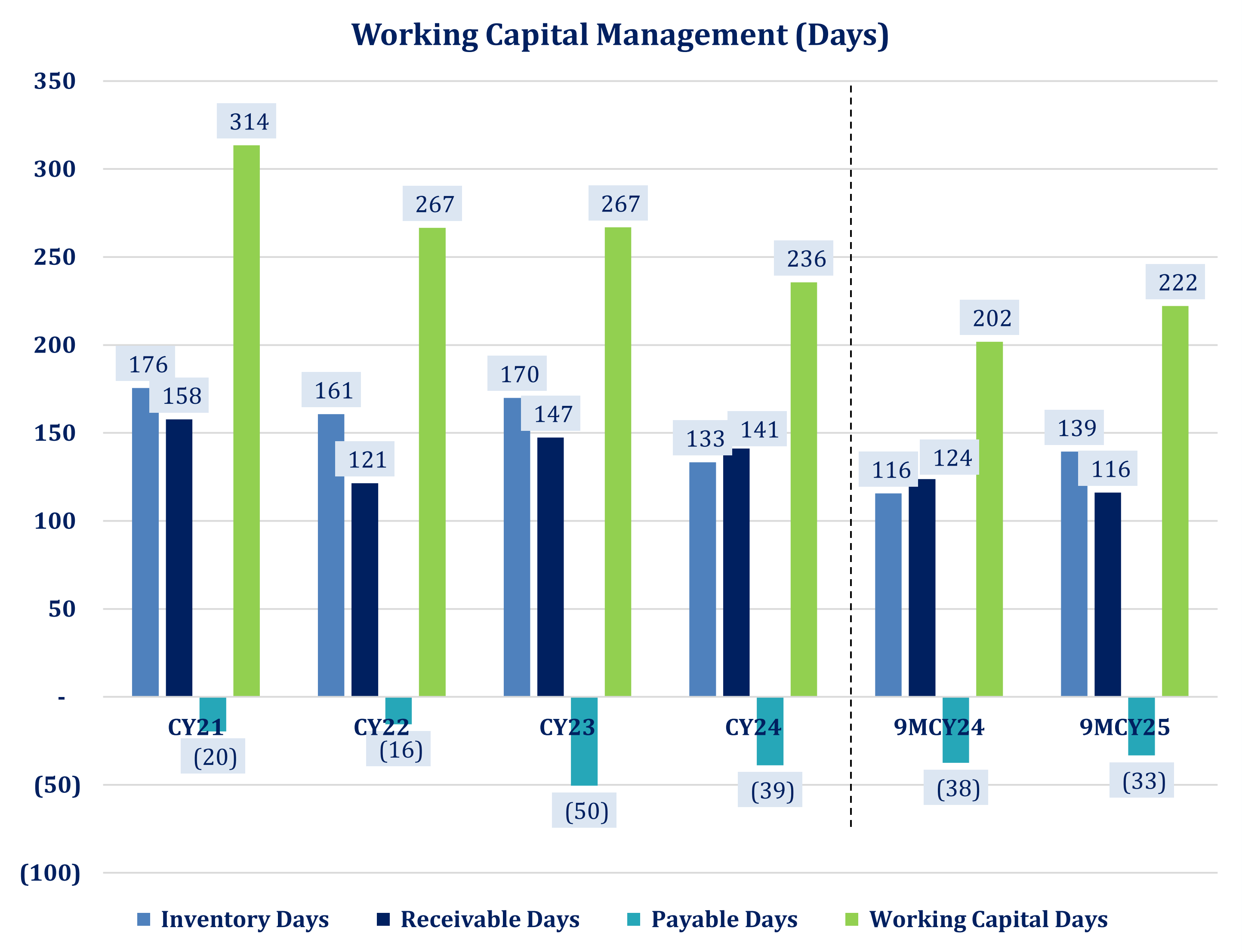
Financial Risk | Working Capital Management

- The sector's working capital cycle is largely a function of its inventory and trade receivables days.
- Due to seasonality in demand, sector players build stock levels before the peak season, e.g. the summer months when demand for appliances such as air conditioners, refrigerators and fans picks up pace.
- In addition, there is a large proportion of credit sales, as part of the credit terms with whole sellers. This results in high receivable days.
- During 9MCY25, the sector's average working capital cycle was recorded at ~222 days (SPLY: ~202 days).
- Average inventory days recorded a YoY increase of ~23 days while the receivable days decreased by ~8 days.



Note: *Data is reflective of listed/ PACRA-rated sector players.*

Source: PACRA Database, PSX

Household Appliances

Financial Risk | Borrowing

- The Household Appliances Sector (manufacture of domestic appliances recorded total borrowings of PKR~58.4bn as at Jan’26, marking a YoY increase from PKR~56. 7bn.

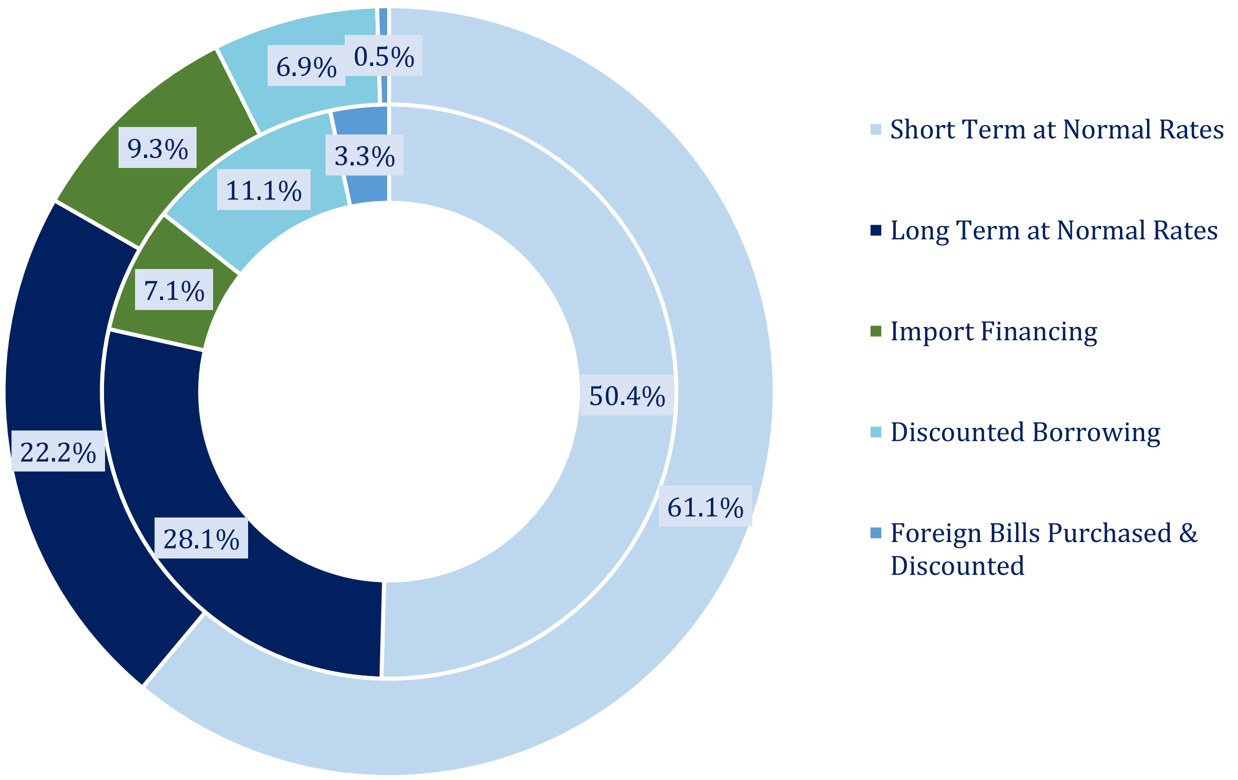
- The largest component in the sector’s borrowings is short-term borrowings (STBs), which constituted ~61.1% of the total borrowing as of End-Jan’26. The STBs stood at PKR~35.6bn as of End-Jan’26, up by ~10.6% YoY.

- STBs increase as the manufacture of domestic appliances requires constant working capital for raw material procurement (steel, copper, plastics), imported components, and production cycles before revenue is realized.

- Meanwhile, long-term borrowings (LTBs) constituted ~22.2% and were recorded at PKR~12.9bn as at End-Jan’26, while import financing constituted ~9.3%, recording at PKR~5.4bn.

- Fall in discounted borrowings can likely be attributed to a reduction in policy rate 10.5%, hence resulting in availing of discounted borrowings less incentivizing, as companies likely returned to STBs. As both Discounted Borrowings and LTBs reduced, and a proportionate increase in STBs is observed,

Borrowing Mix| Jan'25 (Inner) Jan'26 (Outer)



***Note**: Leverage is based on the PACRA-rated clients. Borrowings reflect SBP classification “Manufacture of Domestic Appliances”. Coverage and Leverage data is representative of PACRA-rated player.*

Source: SBP, PACRA Database

Household Appliances

Duty Structure

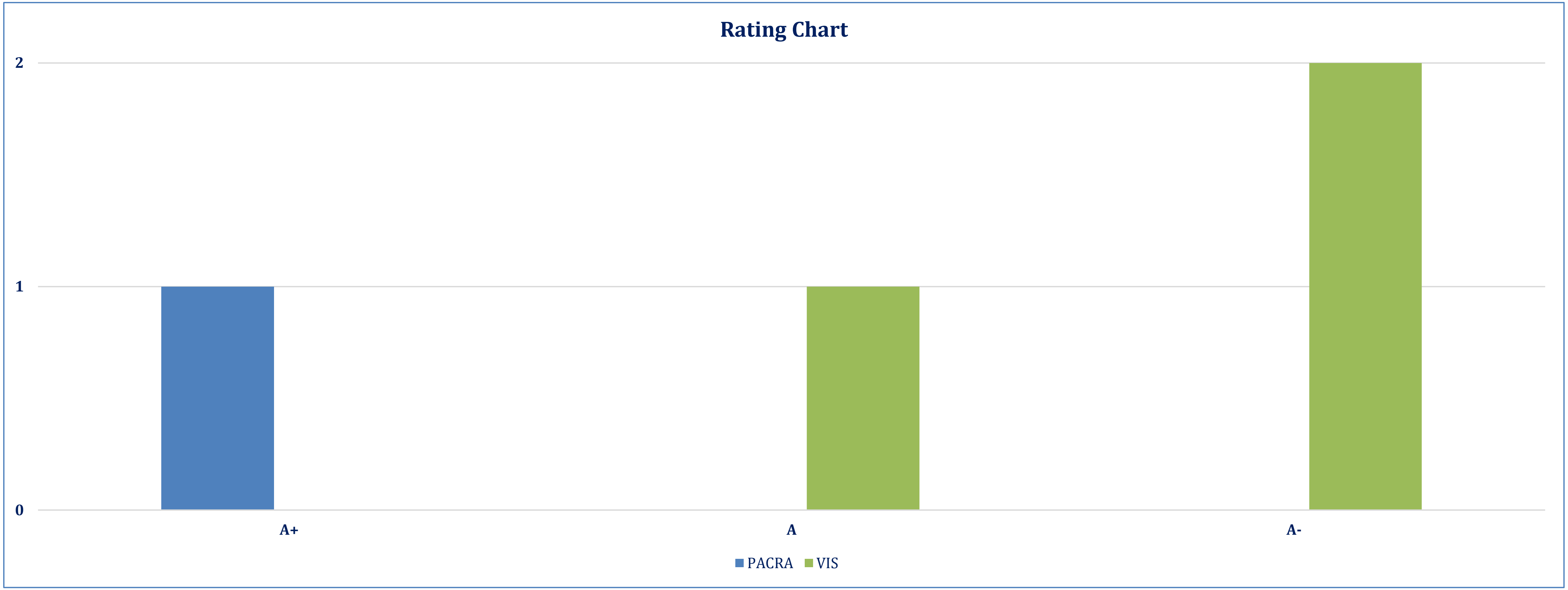
PCT Code	Description	Additional Custom Duty		Customs Duty		Regulatory Duty		Total	
		FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26
73.21	Stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas- rings, plate warmers and similar non-electric domestic appliances, and parts thereof, of iron or steel. (includes CKD/SKD units)	6%	4%	20%	20%	15%	10%	41%	34%
84.15	Air conditioning machines, comprising a motor-driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated. (Includes CKD/SKD units)	6%	4%	20%	20%	20%	20%	46%	44%
84.18	Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; (Includes CKD/SKD units)	6%	4%	20%	20%	20%	20%	46%	44%

Source: FBR

Household Appliances

Rating Curve

- PACRA rates 1 client in the Household Appliances sector.



Source: PACRA Database

Household Appliances

SWOT Analysis

Strengths

- Organized sector with listed players.
- Presence of International brands brings quality and latest developments to the market.
- Diversified product portfolio.
- With growing awareness, most of the products are seen as necessity than luxury.
- Brand-driven consumer preferences.

Weaknesses

- Heavy reliance on imported components exposes margins to exchange rate volatility and external supply shocks.
- International price volatility creates unpredictable input cost pressures for manufacturers.
- Intense competition and long cash cycles strain liquidity, driving dependence on short-term borrowings.

Threats

- Exchange rate volatility, despite current stability/.
- Fluctuations in International component prices.
- Unregistered imports/grey channel.

Opportunities

- Rise in per capita incomes, especially due to ~8%YoY increase in 2025
- Technological innovations are opening avenues for smart products (smart TVs and devices).
- Increase in demand for low electricity-consuming products.
- Decrease in duties & taxes on Imports of parts, reduction in cost of production

Household Appliances

Outlook: Stable

- In FY25, Pakistan’s GDP stood at PKR~114.7trn, increasing, in real terms, by ~2.7% YoY (FY24: ~2.5% YoY increase). Industrial activities in FY25 held ~18.1% share in the GDP. During 9MCY25, the sector's gross profit margin recorded a modest improvement to ~27.2% (9MCY24: ~26.6%), as cost of sales grew broadly in line with revenues at ~12% YoY. Operating profit margins improved to ~16.3% (9MCY24: ~15.4%). The sector's net profit margins recovered to ~6.7% (9MCY24: ~4.4%), primarily driven by the SBP's policy rate reduction from 22% to 12% in CY25.

- Real GDP growth accelerating to 3.71% in 1QFY26 (vs. 1.56% SPLY) signals improving economic activity, supporting consumer spending on durables. The Electrical Equipment segment's recovery to ~5.4% YoY growth in FY25 (SPLY ~-6.0) further validates strengthening demand fundamentals. These macro tailwinds are already reflected in the sector's topline, growing ~13% YoY in 9MCY25.

- The SBP's policy rate experienced a further cut to 10.5% in December’25, and is expected to continue relieving finance costs for manufacturers while improving consumer affordability through cheaper credit. With PKR stable at ~280/USD and WPI increases remaining modest (refrigerators ~3.3%, ACs ~0.4% YoY in Feb'26), significant price hikes are unlikely, keeping appliances accessible to price-sensitive consumers.

- The approaching summer season, peak demand period for ACs, refrigerators, and fans, presents a meaningful near-term volume catalyst, with manufacturers already building inventory as evidenced by Electric Fans leading 1HFY26 production at ~1.3mn units. However, the sector's upside remains contingent on sustained PKR stability and continued monetary easing, given structural vulnerabilities around imported component reliance and elevated short-term borrowings.

- Escalating global fuel prices driven by ongoing geopolitical conflict pose an additional threat; higher energy costs would directly inflate manufacturing overheads and logistics expenses, while simultaneously pressuring PKR through a wider current account deficit, potentially reversing the pricing stability and margin gains achieved in CY25.

Household Appliances

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