

# PAKISTAN AUTOS

# MARKET VISTA

REP-019

## Autos Result Preview: Stronger profits, brighter outlook

**INDU 3QFY25E earnings to clock in at Pkr5.7bn (EPS: Pkr72.8):** We anticipate INDU to report earnings of Pkr5.7bn (EPS: Pkr72.8) in 3QFY25E compared to Pkr4.4bn (EPS: Pkr56.6), a 29% YoY increase. The said growth is primarily driven by an increase in total sales volumes, up by 40%YoY to 9,077 units compared to 6,503 units in SPLY, given a low base due to supply chain disruptions leading to multiple days of plant shutdown last year. Topline is anticipated to rise by 31%YoY, primarily attributed to the aforementioned reasons, and inclusion of Corolla Cross sales for the whole quarter. Moreover, gross margins are expected to clock in at 14.5%, remaining largely flat YoY. With regards to opex, decline in warranty claims associated with the launch of Corolla Cross sales would lead to a 58%YoY decrease in operating expenses. Overall, 9MFY25, earnings are expected to reach Pkr199.5/sh, up 67%YoY. Additionally, we anticipate INDU to announce an interim dividend of Pkr44.0/sh, bringing the 9MFY25 dividend to Pkr120.0/sh. We maintain a 'BUY' call on the scrip with a Dec'25 target price of Pkr3,350/sh.

### INDU: Income Statement

PKR (mn)	3QFY25E	3QFY24	YoY	2QFY25	QoQ	9MFY25E	9MFY24	YoY
Sales	61,760	47,322	31%	43,276	43%	146,639	98,232	49%
COGS	52,782	40,364	31%	37,164	42%	125,969	86,555	46%
Gross Profit	8,979	6,958	29%	6,112	47%	20,670	11,677	77%
Gross Margins	14.5%	14.7%	-	14.1%	-	14.1%	11.9%	-
Opex	1,261	3,027	-58%	1,114	13%	3,622	5,280	-31%
Other Income	2,299	4,106	-44%	3,727	-38%	10,482	9,423	11%
Finance cost	67	29	130%	38	77%	166	91	82%
NPAT	5,723	4,449	29%	4,867	18%	15,680	9,408	67%
EPS (Pkr)	72.8	56.6	-	61.9	-	199.5	119.7	-
DPS (Pkr)	44.0	34.0	29%	37.0	19%	120.0	71.7	67%

Source: PSX &amp; AKD Research

**HCAR – 4QMY25E earnings to clock in at Pkr1.1bn (EPS: Pkr7.92):** We expect HCAR's earnings to clock in at Pkr1.1bn (EPS: Pkr7.92) vs. Pkr1.4bn (EPS: Pkr9.60) in SPLY, a decline of 17%YoY. The said decrease in profitability is due to one-off tax reversal of Pkr618mn in 4QMY24. However, total sales volume during the quarter increased by 12%YoY to 5,653 units in 4QMY25. Subsequently, topline is projected to increase by 7%YoY to Pkr26.8bn (vs. Pkr24.9bn in 4QMY24). Additionally, gross margins are projected to improve to 9.8%, mainly due to decline in CRC/HRC prices, down 15.3%/15.0%YoY, respectively, and enhanced proportion of Civic in sales mix. Additionally, finance cost is expected to decline by 92%YoY amid decline in total outstanding debt and declining financing rates. Overall, earnings for MY25 are anticipated to decline by 8%YoY due to aforementioned tax reversal in 4QMY24. Moreover, we anticipate HCAR to announce a final dividend of Pkr6.0/sh. We maintain a 'BUY' stance on the stock with Dec'25 target price of Pkr426/sh.

### HCAR: Income Statement

PKR (mn)	4QMY25E	4QMY24	YoY	3QMY25	QoQ	MY25E	MY24	YoY
Sales	26,772	24,918	7%	17,845	50%	77,185	55,071	40%
COGS	24,161	22,815	6%	16,202	49%	70,699	50,563	40%
Gross Profit	2,611	2,104	24%	1,643	59%	6,486	4,508	44%
Gross margins	9.8%	8.4%	-	9.2%	-	8.4%	8.2%	-
Opex	636	807	-21%	604	5%	2,511	2,395	5%
Other Income	67	165	-59%	190	-65%	686	2,252	-70%
Finance Cost	48	612	-92%	215	-78%	743	1,219	-39%
NPAT	1,131	1,370	-17%	566	100%	2,158	2,334	-8%
EPS (Pkr)	7.92	9.60	-	3.97	-	15.11	16.34	-
DPS (Pkr)	6.0	6.5	-8%	0.0	-	6.0	6.5	-8%

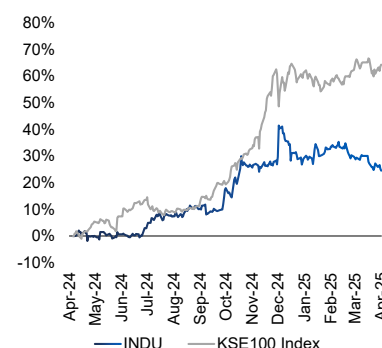
Source: PSX &amp; AKD Research

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	Stance	TP (Dec'25)	P/E (2026)	D/Y (2026)
INDU	BUY	3,350	10.6	5.7%
HCAR	BUY	426	33.3	1.2%

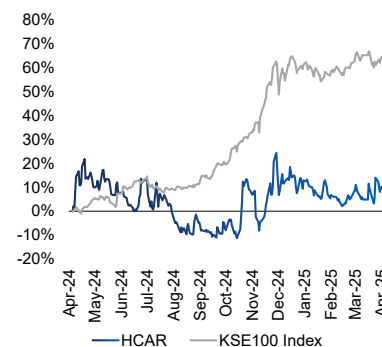
Source: PSX &amp; AKD Research

### INDU Vs. KSE100 Index



Source: PSX &amp; AKD Research

### HCAR Vs. KSE100 Index



Source: PSX &amp; AKD Research



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To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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Neutral	> 0% to < 15% expected total return
Sell	< 0% expected total return

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