

Trucks and Buses Sector

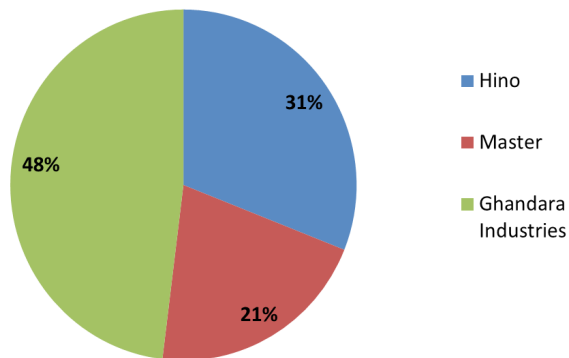
October, 2019

Market Share as per PAMA

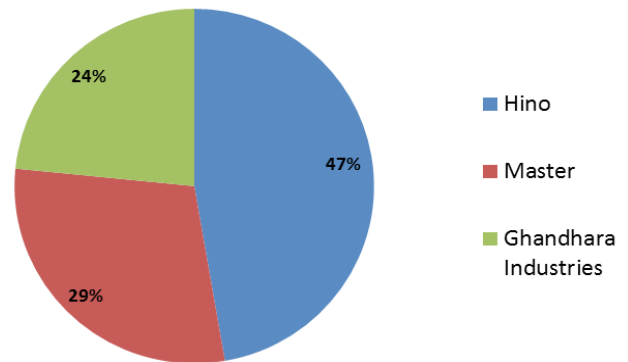
There are four major local players in the truck and bus segment in Pakistan.

- HinoPak Motors Limited
- Gandhara Industries Limited
- Gandhara Nissan Limited
- Master Motors Corporation (Private) Limited

Market Share in Trucks



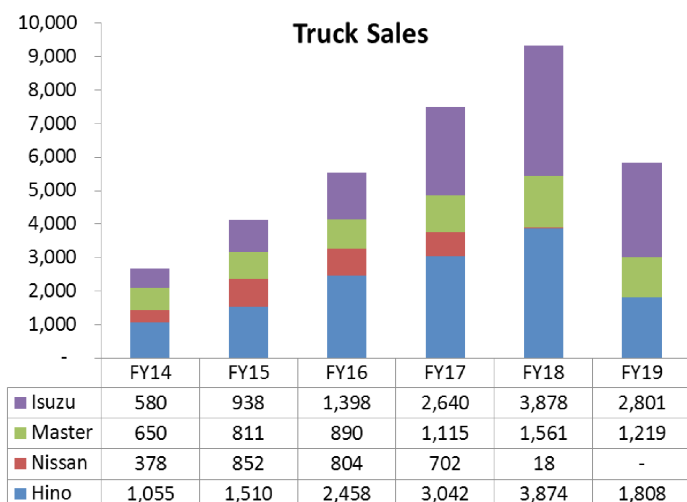
Market Share in Buses



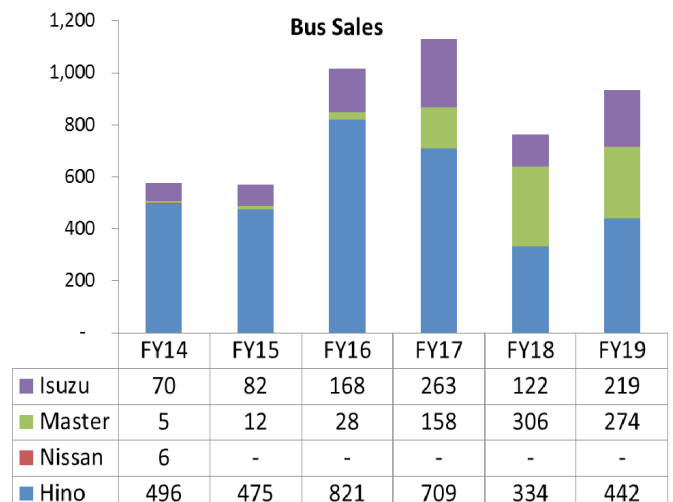
Local Industry Overview

Over the past 5 years, local assemblers sales of trucks and buses have grown at a CAGR of 17.0% and 10.1%, respectively.

Truck Sales



Bus Sales



Market Share Based on Imports

Luxury Bus*	FY19	
	Qty.	%
Master Motor Corporation Ltd.	276	59.1%
Daewoo Pak Motors (Private) Limited	160	34.3%
Daewoo Pakistan Express Bus Service Limited	0	0.0%
Dysin Automobiles Limited	0	0.0%
Universal Auto Engg.	26	5.6%
My Trading (Pvt.) Limited	5	1.1%
Total	467	100%

* Classification as per Master Motors Yutong Luxury Bus

Light Duty Truck *	FY19	
	Qty.	%
Master Motor Corporation Ltd.	584	17.2%
Hinopak Motors Limited	705	20.8%
Gandhara Df (Pvt.) Limited	90	2.7%
Gandhara Industries Limited	1,428	42.1%
Gandhara Nissan Limited	399	11.8%
Al-Haj Faw Motors (Pvt.) Ltd	30	0.9%
Foton Jw Auto Park (Private) Limited	155	4.6%
Total	3,391	100%

* Classification as per Master Motors M-280 Light Duty Truck

Light Duty Truck *	FY19	
	Qty.	%
Master Motor Corporation Ltd.	-	0.0%
Fuso Master Motor	149	14.3%
Gandhara Df (Pvt.) Limited	60	5.8%
Gandhara Industries Limited	780	75.1%
Foton Jw Auto Park (Private) Limited	50	4.8%
Total	1,039	100%

* Classification as per Master Motors M-400 Light Duty Truck

Medium Duty Truck*	FY19	
	Qty.	%
Master Motor Corporation Ltd.	54	7.7%
Hinopak Motors Limited	636	90.9%
Gandhara Df (Pvt.) Limited	-	0.0%
Gandhara Industries Limited	-	0.0%
Gandhara Nissan Limited	-	0.0%
Afzal Motors (Private) Limited	-	0.0%
Al-Haj Faw Motors (Pvt.) Ltd	10	1.4%
Total	700	100%

* Classification as per Master Motors M-600/ M-640 Medium Duty Truck

Medium Duty Truck*	FY19	
	Qty.	%
Master Motor Corporation Ltd.	36	8.5%
Gandhara Df (Pvt.) Limited	-	0.0%
Gandhara Industries Limited	228	53.5%
Gandhara Nissan Limited	-	0.0%
Hinopak Motors Limited	162	38.0%
Afzal Motors (Private) Limited	-	0.0%
Total	426	100%

* Classification as per Master Motors MP-600/ MP-640 Medium Duty Truck

Heavy Duty Truck*	FY19	
	Qty.	%
Master Motor Corporation Ltd.	126	15.6%
Fuso Master Motor	88	10.9%
Hinopak Motors Limited	78	9.7%
Gandhara Df (Pvt.) Limited	-	0.0%
Gandhara Industries Limited	420	52.0%
Afzal Motors (Private) Limited	96	11.9%
Total	808	100%

* Classification as per Master Motors MP-900 Heavy Duty Truck

Hinopak Motors Limited

- Hino Pak Motors Limited was incorporated in 1986 and is listed on Pakistan Stock Exchange. The company is a subsidiary of Hino Motor Limited, Japan (HML) and the ultimate parent of the Company is Toyota Motors Corporation, Japan (TMC).
- The company offers a product portfolio in the following segments:
 - Buses
 - Trucks
 - Specialized vehicles

Capacity Utilization		
	31-Mar-18	31-Mar-19
Plant Capacity (singleshift without overtime)		
Chassis	6,000	6,000
Bodies	1,800	1,800
Actual Production		
Chassis	4,495	3,201
Bodies	498	802
Capacity Utilization -Chassis	74.9%	53.4%
-Bodies	27.7%	44.6%

Trucks		
Product Name	Category	Engine Capacity
WU-640 4*2	Light Duty Truck	4.0L
WU-720 4*	Light Duty Truck	4.0L
FG8J 4*2	Medium Duty Truck	8.0L
FL8J 6*2	Medium Duty Truck	8.0L
FM8J 6*4	Medium Duty Truck	8.0L
FG8J 4*2	Heavy Duty Truck (PM)	8.0L
FM8J 6*4	Heavy Duty Truck (PM)	8.0L
FM2P 6*4	Heavy Duty Truck (PM)	11.0L

Buses		
Product Name	Category	Engine Capacity
Kazay (Rear Engine Luxury Bus)	45 reclining seats	8.0L
Starliner (Star Front Engine Luxury Bus)	41 reclining seats and 5 fixed seats	8.0L
Superliner (Standard Bus)	63 seats/ 53 seats with 2*3 configuration	8.0L
Skyliner (Coach)	32 seats	4.0L
RN8JKA Bus Chasis		8.0L
AK8J Bus Chasis		8.0L

- Hinopak Motors Limited also caters to the requirement of clients with the need for specialized vehicles, which are as follows:

Product Name	
Bottle Carrier	Garbage Compactor
Half Side Wall	Mobile Workshop
Refrigerator Van	Crane Mounted Truck
Freight Van	Prisoner Van
Dump Truck	General Service Truck
Water Bowzer	Recovery Van
Mobile Dispensary	Concrete Mixer

Gandhara Industries Limited

- Gandhara Industries Limited (GHNI) was incorporated in 1963 and is listed on Pakistan Stock Exchange.
- GHNI has an alliance with ISUZU; a leading Japanese brand in the trucks and buses segment. The Company is the sole distributor of ISUZU products in Pakistan
- GHNI's operation includes assembly, progressive manufacturing and sale of:
 - Buses
 - Trucks
 - Pick ups
 - Specialized Vehicles
- The company has outsourced its assembly activity to Gandhara Nissan Limited and retained body fabrication of the trucks and buses in house

Trucks		
Product Name	Category	Engine Capacity
NHR55 4*2	Light Duty Truck	2.8L
NKR55 4*2	Light Duty Truck	2.8L
NPR66 4*2	Light Duty Truck	4.3L
NPS71 4*4	Light Duty Truck	4.6L
FTR33 Rigid 4*2	Medium Duty Truck	8.2L
FVR90 Rigid 4*2	Medium Duty Truck	5.2L
FVR34 Rigid 4*2	Medium Duty Truck	7.8L
FVZ Rigid 6*4	Medium Duty Truck	7.8L
FVZ Dumper 6*4	Medium Duty Truck	7.8L
FTS33H 4*4	Medium Duty Truck	8.2L
FTR33 4*2	Heavy Duty Truck	8.2L
FVR90 4*2	Heavy Duty Truck	5.2L
FVR34 4*2	Heavy Duty Truck	7.8L
FVZ 6*4	Heavy Duty Truck	7.8L
FVZ 360 6*4	Heavy Duty Truck	7.8L

Buses	
Product Name	Engine Capacity
NKR55 (Microbus)	2.8L
NPR66	4.3L
MT133	8.2L
MT134 (Super Euro II)	7.8L

- To meet the customize requirements of various clients, Gandhara Industries Limited also caters the following products:

Product Name	
Fabrication on ISUZU Vehicles Bus	Troop Container
Load Body	Water Bowzer
Container	Bottle Container
Dumper	Mobile Canteen
Mechanical Sweeper	Mobile Workshop

Ghandhara Nissan Limited

- Ghandhara Nissan Limited (GHNL) was incorporated in 1981 and is listed on Pakistan Stock Exchange.
- The company operation include assembly/ progressive manufacturing of vehicles including JAC Trucks, import and sale of Nissan, Dongfeng and Renault vehicles in Completely Built-up condition and assembly of other vehicles under contract agreement.
- The product portfolio includes the following:
 - Buses
 - Trucks
 - Pick ups
- Recently, the company has revamped its product line: by the discontinuation of UD Trucks and introduction JAC X-200 (light commercial vehicle) and Renault Trucks.
- The company has a capacity to manufacture 4,800 units of trucks and buses and 6,000 cars on a single shift basis.

Capacity Utilization		
	30-Jun-17	30-Jun-18
Plant Capacity (singleshift without overtime)		
Truck and Buses	4,800	4,800
Actual	4,884	4,923
Capacity Utilization	101.80%	102.60%

Trucks		
Product Name	Category	Engine Capacity
Realling	Light Duty Truck	2.8L
Captain C	Light Duty Truck	3.9L
DF210 4*2	Medium Duty Truck	5.9L
DF260 Dump Truck 6*4	Medium Duty Truck	8.3L
DF280 Rigid Truck Chasis	Medium Duty Truck	
DF230 4*2	Heavy Duty Truck (PM)	8.3L
DF280 6*4	Heavy Duty Truck (PM)	8.3L
DF340 6*4	Heavy Duty Truck (PM)	8.9L
DF375 8*4 & 6*4	Heavy Duty Truck (PM) and Dump Truck	

Master Motors Corporation (Pvt.) Ltd

- Master Motors Corporation (Pvt.) Ltd (MMCL) was incorporated in 2002 and is registered a Private Limited Company. The company is authorized assembler/manufacturer of Foton and Yuejin trucks and buses.
- Fuso Master Motors Ltd was incorporated in 2013. The company has an agreement of Mitsubishi Fuso brand trucks and buses, the company uses MMCL facilities to assemble its trucks and buses.
- Master Motor Limited was incorporated in 2018 in joint venture partnership between Changan International and MMCL. The company has setup a plant of 10,000 units on a single shift basis. The company has initially launched LCV with M9, Pick up and a 7-seater (Karavan).
- The company operates in the following segments:
 - Buses
 - Trucks
 - Pick ups

Capacity Utilization			
Trucks	FY17	FY18	FY19
Design Capacity (units)	4500	4500	4500
Operational Capacity (units)	1400	2000	2000
Actual Production	1,295	1,898	1313
Capacity Utilization	92.50%	94.90%	65.70%
Buses	FY17	FY18	FY19
Design Capacity (units)	360	360	360
Operational Capacity (units)	160	300	300
Actual Production	139	261	268
Capacity Utilization	87%	87%	89.30%

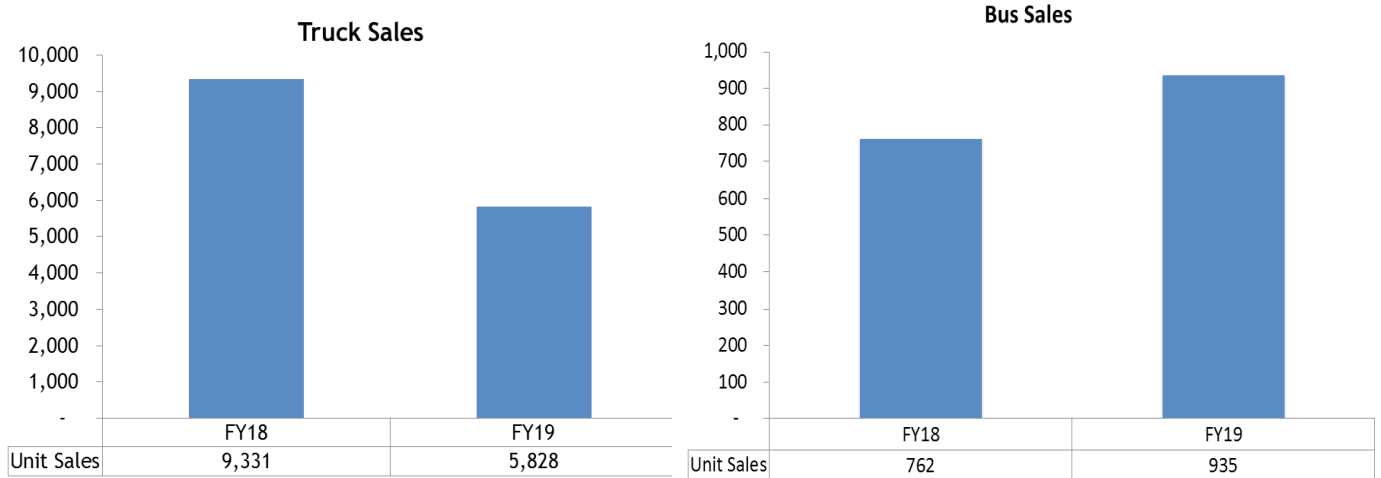
Trucks		
Product Name	Category	Engine Capacity
Master Motors Corporation (Pvt.) Ltd		
M-280 Foton Rigid 4*2	Light Duty Truck	2.8L
M-410 Grande Super Rigid 4*2	Medium Duty Truck	4.1L
Fuso Master Motors Ltd		
FUSO Canter Euro-II 4*2 Rigid Truck	Light Duty Truck	3.9L
FUSO Canter 4*2 Rigid Truck	Light Duty Truck	4.2L
FUSO FV 6*4 PM	Heavy Duty Truck (PM)	11.9L

Buses		
Product Name	Category	Engine Capacity
Master Motors Corporation (Pvt) Ltd		
Master Line M-410B	25-30 seater	4.1L
Master Yutong Bus (Luxury Bus)	51 seater	10.3L
Fuso Master Motors Ltd		
Fuso Canter Bus	33 seater	4.2L

Product Name		
Ambulance	Dumper	Ladder
Ariel Platform	Fiber Body	Mobile Service Units
Arm Roll	Fire Fighter	Refrigerator
Beverages	Flat Body	Water Tanker
Corrugated Container	Half Wall	Troop Carrier

Industry Developments

- Truck Sales have declined by 37.5% in FY19 compared to preceding year.
- The decline is attributable to the following reasons:
 - Economic slowdown and sizeable increase in interest rate.
 - Significant hike in truck prices has been witnessed due to rupee devaluation as localization levels are on the lower end.
 - A decline of 10% in imports during FY19 vis-à-vis preceding year has reduced demand for trucks due to lower transportation requirements.
 - Slowdown in ongoing CPEC project.
- Bus Sales have posted a growth of 22.7% in FY19 as compared to preceding year.
- The increase is attributable to the following reasons:
 - The reason behind this growth is associated with introduction of new variants by various players.
 - Improved road connectivity particularly on highways.
 - Government bus orders for Metro/Orange line projects.



- Overall local assemblers continue to enjoy an advantage over imports given the 15% duty benefit vis-à-vis imports and 100% cash margin requirements for import of completely built units.
- Imposition of axle load restrictions in the recent budget is expected to bode well for truck sales, effective implementation of the same remains to be seen.
- Going forward, VIS expects industry off-take to remain under pressure given slowdown in GDP growth.

Profitability indicators

Rs. in m	FY17	FY18	FY19(UA)	FY17	FY18	9MFY19
Company	Hino			GHNL		
Net Sales	23,013.40	27,132.20	12,471.50	4,858.20	2,218.70	1,707.6
Gross Margin	11.7%	10.0%	5.0%	19.2%	19.5%	17.6%
Operating Profit	1,931.40	2,073.8	143.5	748.7	1,275.0	330.8
PAT	1,428.2	716.7	(992.5)	410	1,037.5	242.9
Net Profit Margin	6.2%	2.6%	-8.0%	8.4%	46.8%	8.0%
Rs. in m	FY17	FY18	FY19(UA)	FY17	FY18	
Company	GIL			MMCL		
Net Sales	10,742.9	16,772.4	10,740.6	3,001.9	5,807.6	
Gross Margin	20.5%	20.5%	13.1%	13.90%	13.6%	
Operating Profit	1,471.3	2,186.5	879.1	169.9	825.5	
PAT	796.0	1,362.4	394.9	110.5	686.8	
Net Profit Margin	7.4	8.1%	3.7%	3.7%	11.8%	

- Profitability indicators of the sector have been adversely impacted due to lower revenues, decline in gross margins (due to rupee devaluation) and higher finance cost.

Liquidity indicators

Rs. in m	FY17	FY18	9MFY19	FY17	FY18	9MFY19
Company	Hino			GHNL		
FFO (Annualised)	1,640.2	813.0	(1,300.0)	504.2	68.5	(74.7)
Total Debt	-	-	6,766.1	72.1	65.2	592.3
FFO/Total Debt	-	-	-19.2%	698.9%	105.2%	-12.6%
FFO/Long term debt	-	-	-	698.6	105.2%	-118.3
Current ratio	1.2	1.2	1.1	1.6	3.2	2.2
(Stock in Trade+ Trade debt)/STD	-	-	1.3	-	-	2.5
Rs. in m	FY17	FY18	9MFY19	FY17	FY18	
Company	GIL			MMCL		
FFO (Annualised)	867.6	1040.7	288.1	47	242.6	
Total Debt	829.9	3674.6	8942.1	145	557.3	
FFO/Total Debt	104.6%	28.3%	3.2%	32.4%	43.5%	
FFO/Long term debt	2315.0%	2434.4%	807.7%	N/A	N/A	
Current ratio	1.3	1.3	1.20	1.2	1.1	
(Stock in Trade+ Trade debt)/STD	5.4	1.9	1.3	9.8	4.6	

- Liquidity profile has weakened due to decline in cash generation from operations and increase in debt levels due to higher working capital requirements.

Capitalization indicators

Rs. in m	FY17	FY18	FY19(UA)	FY17	FY18	9MFY19
Company	Hino			GHNL		
Leverage	2.8	4.0	6.1	0.6	0.3	0.4
Gearing	-	-	3.9	0.04	0.02	0.1
DSCR	-	-	-	125.8	32.1	-12.1
Total Liabilities	7,445.9	10,840.8	10,730.3	1,065.6	1,157.5	1,672.4
Total Equity	2,661.0	2,711.4	1,750.4	1,803.6	3,695.6	3,972.8
Rs. in m	FY17	FY18	9MFY19	FY17	FY18	
Company	GIL			MMCL		
Leverage	2.7	2.6	4.2	1.4	2	
Gearing	0.5	1.3	3.0	0.1	0.4	
DSCR	4.7	6.1	1.9	2.9	5.6	
Total Liabilities	4,904.6	7,310.1	12,207.7	1,539.90	2,940.50	
Total Equity	1,825.1	2,864.1	2,932.7	1,064.60	1,471.00	

- Industry debt to equity ratios has increased. GHNI and HINO have depicted noticeable increase in debt to equity ratio with gearing reported at above 3.0x at end-9MFY19. Short-term borrowings have depicted an increase to fund higher inventory levels.

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