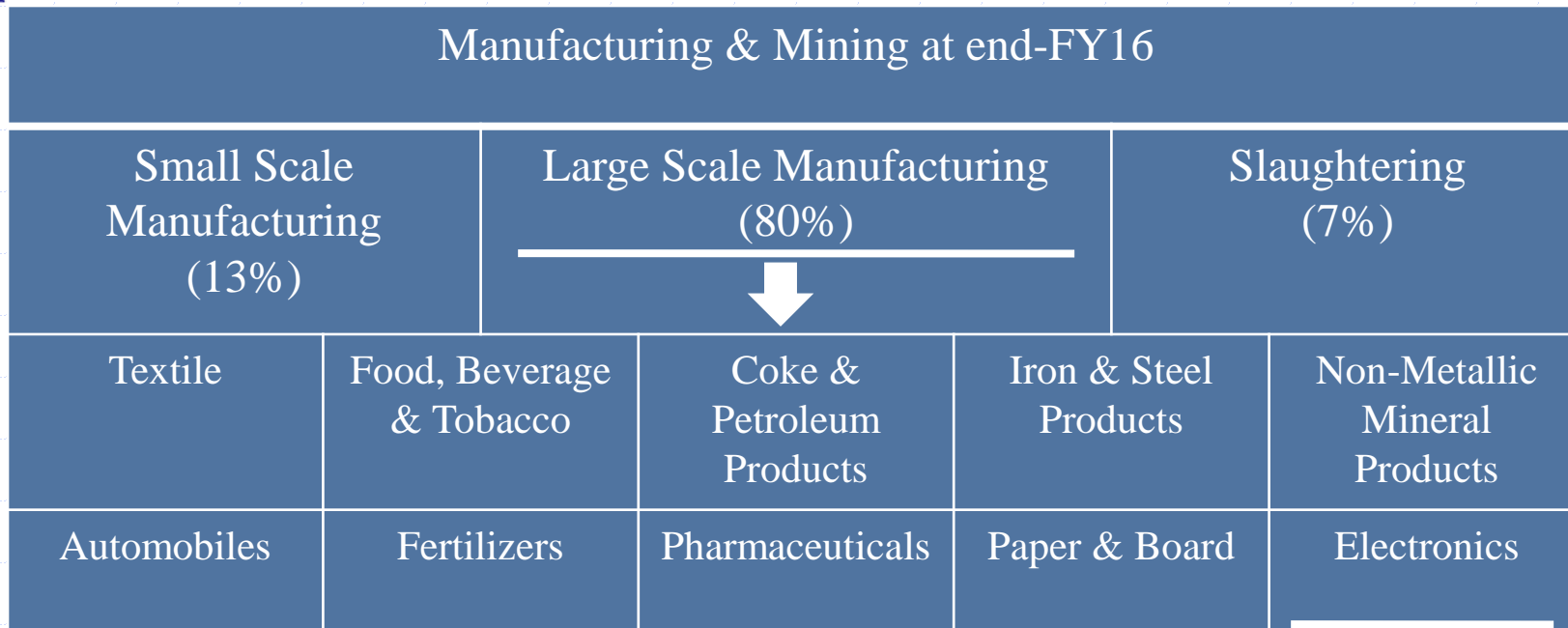


# HOUSEHOLD APPLIANCES



December 2016

# Domestic Industry | Manufacturing



### Manufacturing Sector:

- 13.3% of GDP
- 14.2% of employed labor force

### Large Scale Manufacturing:

- 10.6% of GDP
- 80% of Manufacturing Sector

	Large Scale Manufacturing - Top 10 Groups	Weight - Quantum Index of Manufacturing
1	Textile	20.9%
2	Food, Beverages & Tobacco	12.4%
3	Coke & Petroleum Products	5.5%
4	Iron & Steel Products	5.4%
5	Non-Metallic Mineral Products	5.4%
6	Automobiles	4.6%
7	Fertilizers	4.4%
8	Pharmaceuticals	3.6%
9	Paper & Board	2.3%
10	Electronics	2.0%

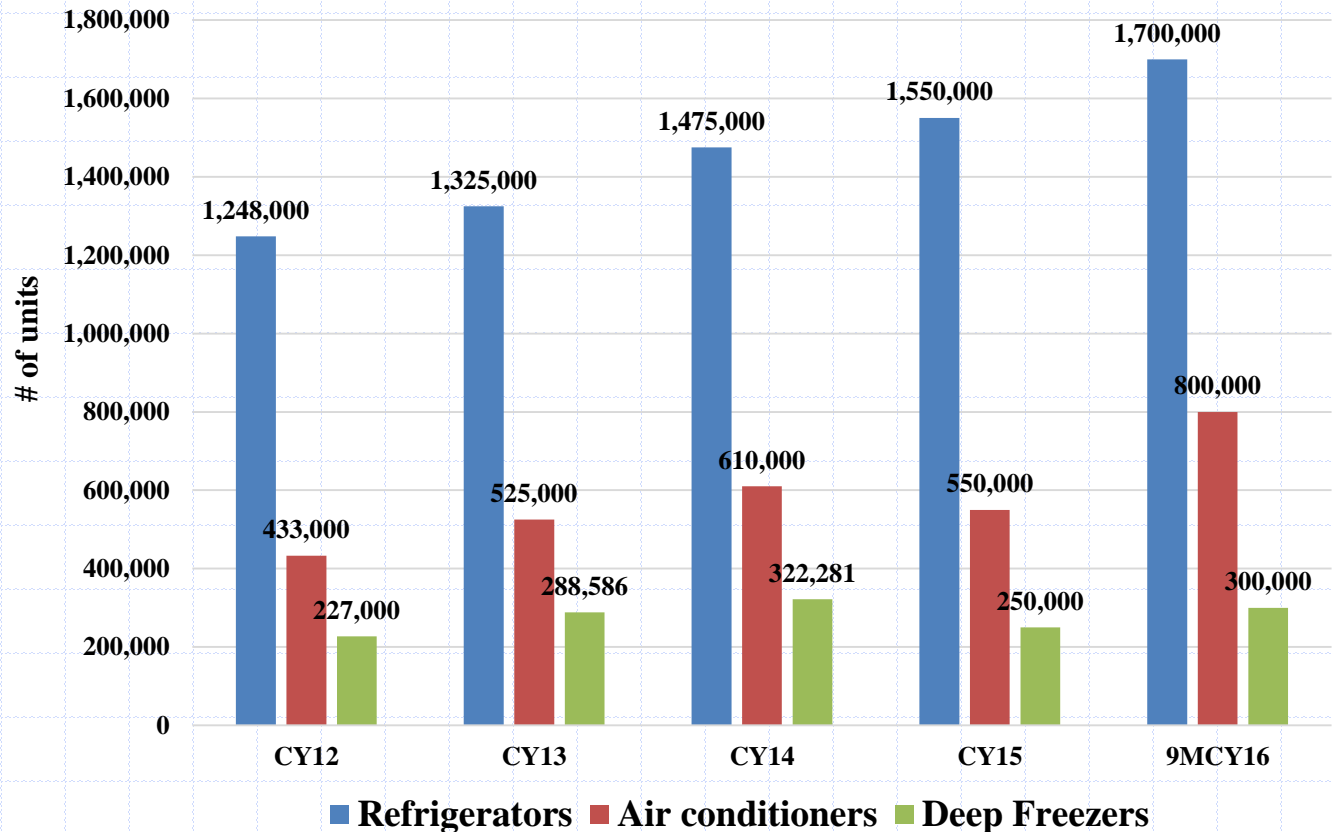
# Domestic Industry | Production

- Rising production of home appliances in Pakistan

- Refrigerators production increased by 10% in 9MCY16

- Rise in the production of Air Conditioners and Deep Freezers by 45% and 20% in 9MCY16

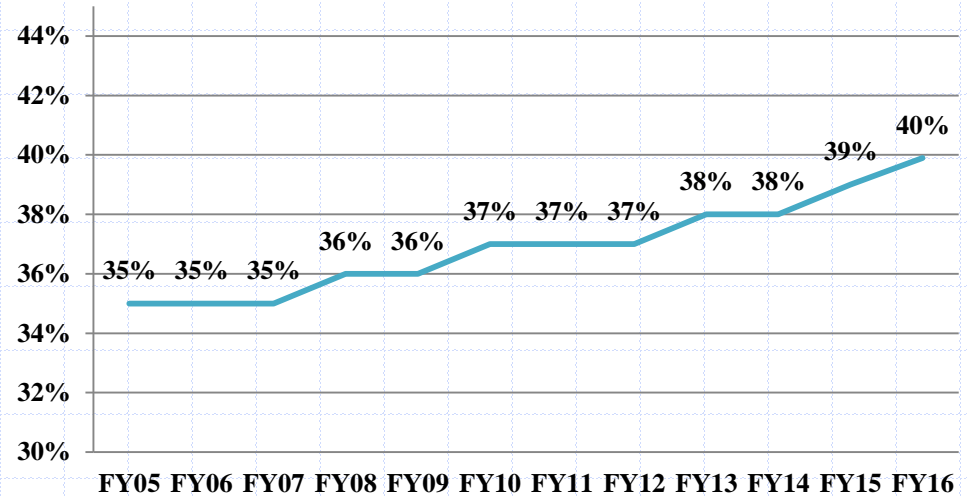
## Home Appliances | Pakistan Production



# Domestic Industry | Demand Outlook

Factor	Status	
GDP Growth	FY15: 4.2%	FY16: 4.7%
Population	FY15: ~190mln	FY16: 193mln
GDP Per Capita	FY15: USD 1,514	FY16: USD 1,563
Urban Population	FY15: 38.6%	FY16: 39.9%
Average Persons per Household	6.4 (Urban: 6.2; Rural: 6.5)	
Number of Households	29mln	

**Pakistan | Urban Population**



- **Improvement in standard of living**
- **High potential for demand growth of home appliances**

**Sources:**

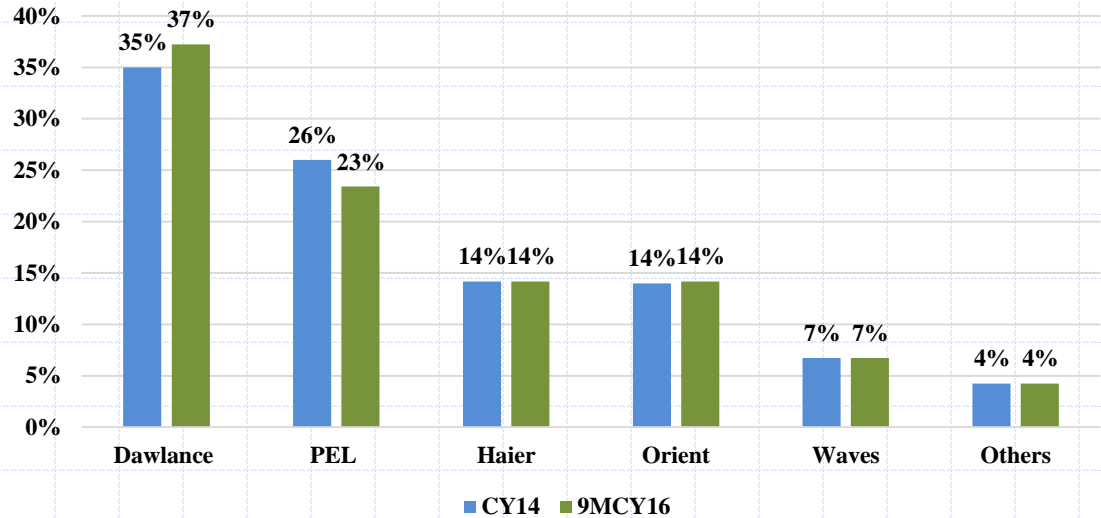
1. **2. Pakistan Demographic and Health Survey 2013 -**

[http://www.nips.org.pk/abstract\\_files/PDHS%20Final%20Report%20as%20of%20Jan%202022-2014.pdf](http://www.nips.org.pk/abstract_files/PDHS%20Final%20Report%20as%20of%20Jan%202022-2014.pdf)

2. **Industry Players**

# Domestic Industry | Competitors

## Pakistan | Refrigerator Market Share



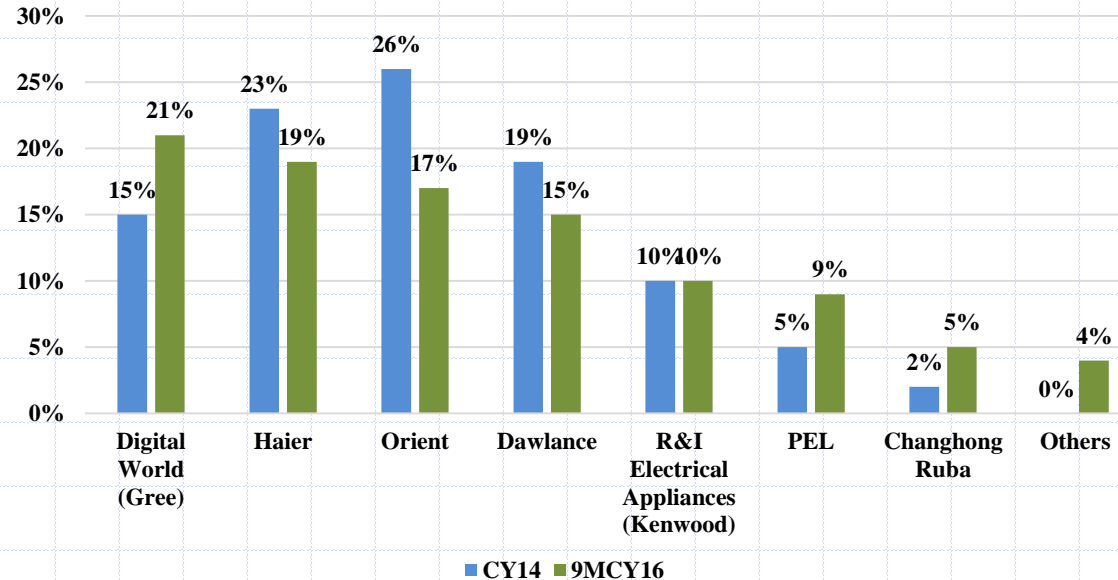
## Pakistan | Air Conditioners Market Share

### Refrigerator:

- Top 3 players dominates 74% market signifying high concentration
- Largely sustained system shares

### Air Conditioner:

- Sharp rise in the share of Digital World while decline has been observed in shares of Orient, Haier, and Dawlance
- Decline in the share of top 3 players; 9MCY16: 57%; 2014: 68%



Source: Industry Players

# Domestic Industry | Key Developments

- **Arçelik AS, a Turkish player in the home appliances industry, acquired Dawlance, Pakistan for an amount of USD 258mln.**
- **The Group operates fifteen manufacturing plants in Turkey, Romania, Russia, China, Republic of South Africa and Thailand.**
- **The Company is controlled by Koç Holding A.Ş., the parent company, Koç Family and the companies owned by Koç Family**
- **The company has total asset base of USD 4,414mln and an equity of USD 339mln.**

## **Impact | Neutral to Positive**

- **With the entrance of a European player, the industry would face healthy competition in terms of Research & Development. It is also expected to introduce new technology in the home appliances.**
- **Owing to strong presence of domestic players, this deal is not likely to have any major impact on the current market share of the players.**

## Outlook | Positive

- + Growing urbanization and standard of living
- + Higher disposable income
- + Low product penetration – room for growth
- Depreciation of PAK Rupee – higher cost of production

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