

Pakistan's Motorcycle Revival: Demographics Meet Economic Recovery

Stellar Motorcycle Volume Growth Likely between FY26-29:

Helped by demographic tailwinds, high sensitivity to economic recovery and the need for urban mobility, we project 63% cumulative motorcycle sales growth by FY29, translating to FY26-29 CAGR of 14.2% through the cycle.

Driver 1 - Demographic Tailwinds: The 18-20 age group, which represents the prime demographic for first-time motorcycle buyers, is growing 2.8% annually, outpacing Pakistan's 10-year population average of 2.4%.

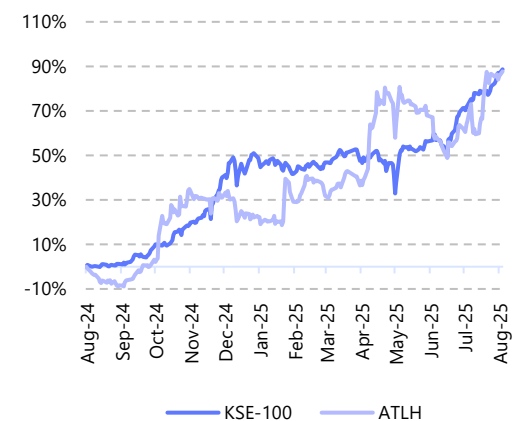
Driver 2 – High Sensitivity to Economic Recovery: Every incremental percentage point in GDP growth delivers 4.2-4.8x impact on motorcycle conversion rates with higher growth showing exponential returns. Motorcycle conversion rates halved from 25% to 9% as GDP growth slowed and inflation reduced purchasing power.

Driver 3 – Demand for Urban Mobility: Rising congestion and fuel efficiency concerns are driving consumers toward practical two-wheeler solutions.

Tyre Producers Will Benefit from Rising Motorcycle Sales: Tyre demand tracks motorcycle sales closely, with projected 9% CAGR over the next four years.

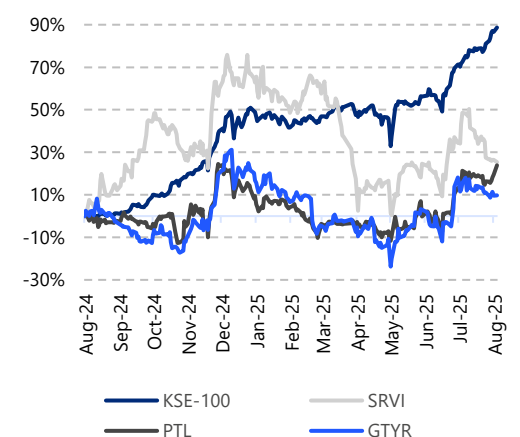
Investment Plays: ATLH offers direct exposure to volume recovery while PTL, GTYR, and SRVI benefit from tyre segment growth.

Relative Price Performance



Source: Akseer Research

Relative Price Performance

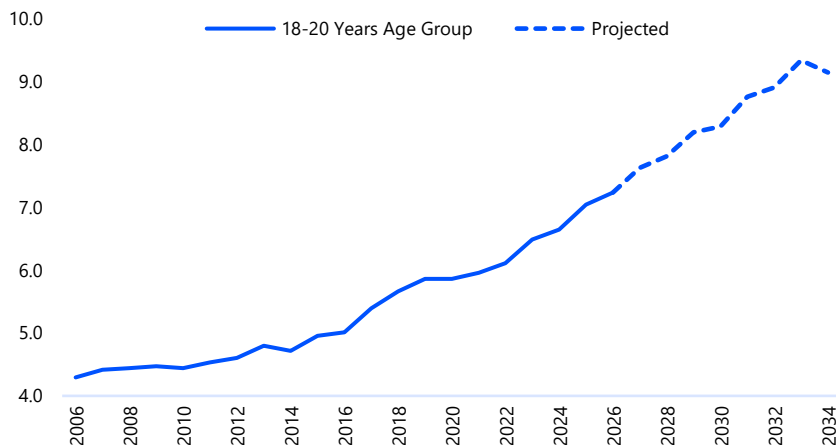


Source: Akseer Research

Demographic Tailwinds

Pakistan's motorcycle industry is riding a powerful demographic wave. At the heart of this story lies a fast-growing segment of the population, the 18–20 age group, which currently makes up approximately 6% of the total population. This age bracket is particularly important, as it represents the prime demographic for first-time motorcycle buyers. More compelling than its current size is the segment's growth trajectory. Over the next three years, the number of male individuals entering the 18–20 age group is expected to grow by 2.8% annually, amounting to an 8% cumulative increase. This is notably faster than the 10-year average population growth of 2.4%, suggesting that the motorcycle industry is likely to see a natural demand uplift purely from demographic expansion of its market.

Absolute Trend of 18–20 Male Age Group: FY06–FY34 (mn)



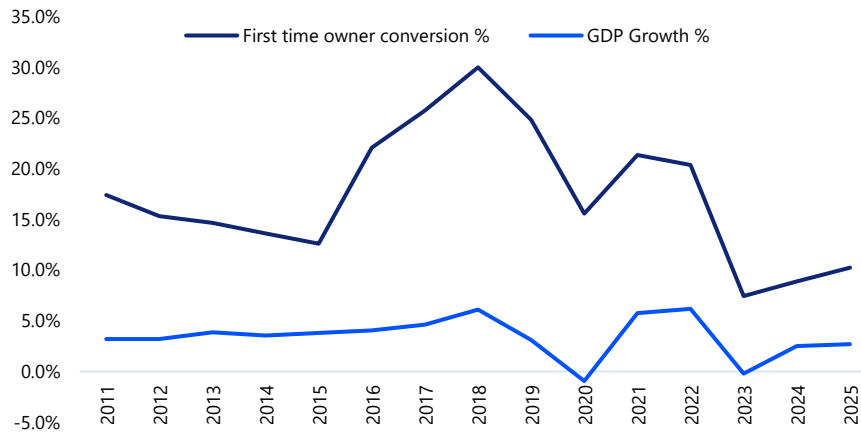
Source: PBS, Akseer Research

Economic Cycles Determine Conversion Success

Population growth alone doesn't guarantee demand. The link between macroeconomic conditions and motorcycle purchases is well-established. **Between FY16 and FY22**, a relatively stable period with GDP growth averaging 5%, the male-conversion rate of first-time buyers aged 18–20 hovered around 25%, excluding FY20, the covid year. In contrast, during FY23–FY25, as GDP growth decelerated and inflation chipped away at disposable incomes, the conversion rate nearly halved to just 9%.

This pattern isn't new. A similar downtrend was observed during FY11-FY15 when the economy was still recovering from the global financial crisis. The data indicates a clear trend: economic growth and consumer purchasing power are critical to translating demographic opportunity into actual motorcycle sales.

GDP Growth Rate vs. First-Time Owner Conversion ('000)



Source: Akseer Research, SBP

Conversion Accelerates at Higher GDP Growth

Quantitatively, the relationship between GDP growth and motorcycle sales is closely related. Historical data shows that when GDP growth averages around 3.5%, the conversion ratio (ratio between new motorcycle sales to the no. of people in the 18-20 age group) clocks in at 4.2x GDP growth. But when GDP rises to ~5.0%, the conversion ratio expands to 4.8x GDP growth, indicating that even marginal improvements in macroeconomic performance have an outsized impact on the motorcycle demand.

GDP Growth Influencing Motorcycle Demand Growth

| | Conversion | Growth | Multiplier |
|-------------------------------|------------|--------|------------|
| High Growth (FY16-22 ex FY20) | 24% | 5.0% | 4.84 |
| Medium Growth (FY11-15) | 14.7% | 3.5% | 4.18 |
| 10yr Avg (FY11-22 ex-FY20) | 19.8% | 4.3% | 4.59 |

Source: PBS, SBP, Akseer Research

Urban Pressures, Practical Preferences

Beyond demographics and economics, urbanization is reinforcing the appeal of motorcycles. Increasing congestion in major cities, alongside growing concerns over fuel efficiency and last-mile mobility, is nudging consumers toward smaller, more practical vehicles. For many in the lower- to middle-income brackets, motorcycles offer unmatched affordability, flexibility, and efficiency, especially for first-time vehicle buyers navigating increasingly dense urban environments.

Expect new motorcycles sales to grow at a CAGR of 14.2% between FY26-29

Using the average conversion rate of 20% (from benchmark period FY11-FY22, excluding FY20), the projected 18–20 population in FY29, and the IMF’s projected GDP growth of ~4.5%, we estimate cumulative motorcycle sales growth of 63% by FY29 (4-year CAGR 14.2%) — a reflection of the powerful demographic-economic synergy at play.

Projected Growth

| | FY26 | FY27 | FY28 | FY29 |
|----------------------------------|-------|-------|-------|-------|
| Projected GDP Growth | 3.6% | 4.1% | 4.5% | 4.5% |
| 10-year Average Multiplier | 4.59 | 4.59 | 4.59 | 4.59 |
| Projected Conversion Rate | 16.5% | 18.8% | 20.7% | 20.7% |
| Resultant Motorcycle Sale Growth | 40% | 12% | 7% | 2% |

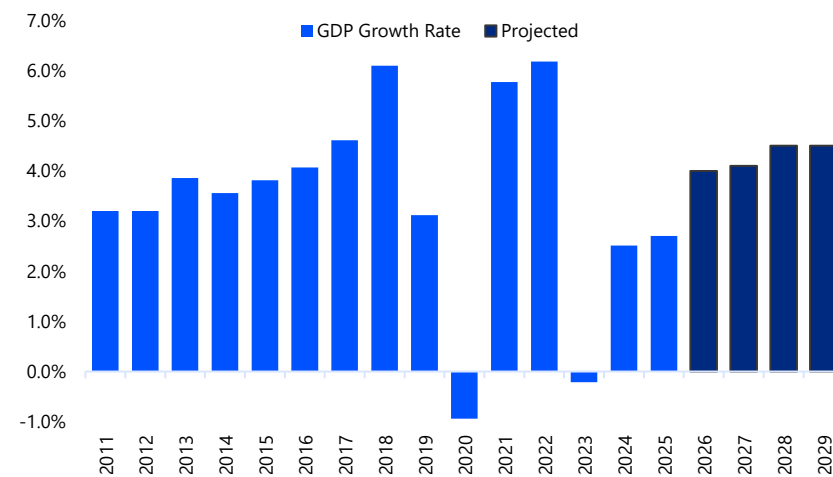
Source: IMF, Akseer Research

Motorcycle Demand Sensitivity to Conversion Ratio

| Conversion | FY26E | FY27E | FY28E | FY29E | 4yr CAGR |
|------------|-----------|-----------|-----------|-----------|----------|
| 10% | 1,617,077 | 1,649,591 | 1,649,137 | 1,648,325 | 2.1% |
| 15% | 2,007,888 | 2,059,440 | 2,063,596 | 2,086,464 | 8.3% |
| 20% | 2,398,700 | 2,469,289 | 2,478,056 | 2,524,603 | 13.5% |
| 25% | 2,789,511 | 2,879,138 | 2,892,516 | 2,962,743 | 18.2% |
| 30% | 3,180,322 | 3,288,987 | 3,306,976 | 3,400,882 | 22.3% |

Source: Akseer Research

GDP Growth Trend

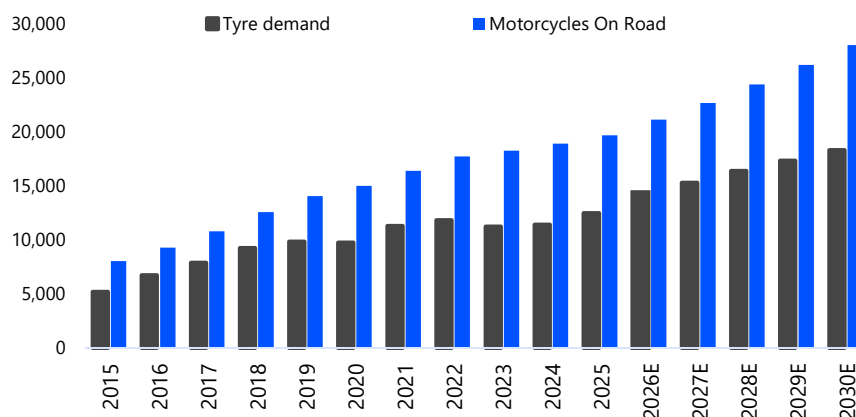


Source: SBP, IMF

Tyre Segment Rides Motorcycle Growth Wave

The growth momentum in motorcycles also has direct implications for ancillary industries, particularly tyres. The correlation between the two is strong: over the last five years, cumulative tyre sales growth has closely mirrored that of motorcycle sales. Assuming an average tyre life of 4 years, tyre demand is expected to grow at a 4-year CAGR of 9% in tandem with the rising motorcycle base.

Motorcycles On Road vs. Tyre Demand Trend FY15-FY30 ('000)

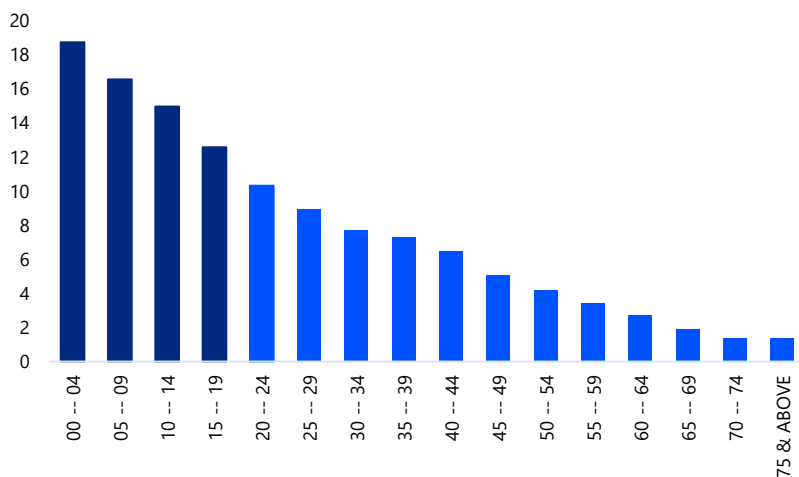


Source: Akseer Research, PAMA

Investment Thesis: Cyclical Recovery Meets Structural Growth

Pakistan's motorcycle industry stands at a unique inflection point backed by a robust demographic engine and supported by evolving urban mobility needs. While the expanding youth population ensures a steady stream of first-time buyers, the pace of actual sales will ultimately depend on broader macroeconomic conditions. As GDP growth stabilizes and purchasing power gradually recovers, the industry is poised for a cyclical rebound, with motorcycles and related segments such as tyres likely to benefit disproportionately. For investors and industry players alike, this confluence of demographic strength and economic sensitivity presents both a challenge and an opportunity — one that requires closely monitoring GDP trends, income dynamics, and shifting urban consumer behavior.

Population Distribution (mn)



Source: Census 2023, Akseer Research

Investment Considerations: Key players to play this theme

- **ATLH (Atlas Honda Limited):** Market leader in motorcycles, direct beneficiary of volume rebound.
- **PTL (Panther Tyres Limited):** Strong positioning in OEM and replacement tyre segment.
- **GTYR (General Tyre):** Small but active player in the motorcycle tyre segment.
- **SRVI (Service Industries):** Broad exposure to tyre and tube market with scalable operations.

Disclaimer

This report has been prepared and marketed jointly by Akseer Research (Pvt) Limited and Alpha Capital (Pvt) Limited, hereinafter referred jointly as "JV" and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, the JV and/or any of their officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professionals who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and the JV accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of the JV's Research Department and do not necessarily reflect those of the JV or its directors. Akseer Research and Alpha Capital as firms may have business relationships, including investment-banking relationships, with the companies referred to in this report. The JV or any of their officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the companies mentioned in this report, may have a financial interest in the securities of these companies to an amount exceeding 1% of the value of the securities of these companies, may serve or may have served in the past as a director or officer of these companies, may have received compensation from these companies for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from these companies for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the companies mentioned in this report.

All rights reserved by the JV. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of the JV. Action could be taken for unauthorized reproduction, distribution or publication.

Valuation Methodology

To arrive at our 12-months Price Target, the JV uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology.

Ratings Criteria

JV employs a three-tier ratings system to rate a stock, as mentioned below, which is based upon the level of expected return for a specific stock. The rating is based on the following with time horizon of 12-months.

| Rating | Expected Total Return |
|--------|-------------------------------|
| Buy | Greater than or equal to +15% |
| Hold | Between -5% and +15% |
| Sell | Less than or equal to -5% |

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

Research Dissemination Policy

The JV endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc.

Analyst Certification

The research analyst, denoted by 'AC' on the cover of this report, has also been involved in the preparation of this report, and is a member of JV's Equity Research Team. The analyst certifies that (1) the views expressed in this report accurately reflect his/her personal views and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Contact Details



Akseer Research (Pvt) Limited
1st Floor, Shaheen Chambers, KCHS block 7 & 8,
off. Shahrah-e-Faisal
T: +92-21-34320359 -60
E: info@akseerresearch.com



Alpha Capital (Pvt) Limited
3rd Floor, Shaheen Chambers, A-4 Central Commercial Area,
KCH Society, Block 7 & 8, Near Virtual University, Karachi
T: +92-21-38694242
E: info@alphacapital.com.pk



www.jamapunji.pk