# SAZEW: Expanding product portfolio to drive volumes

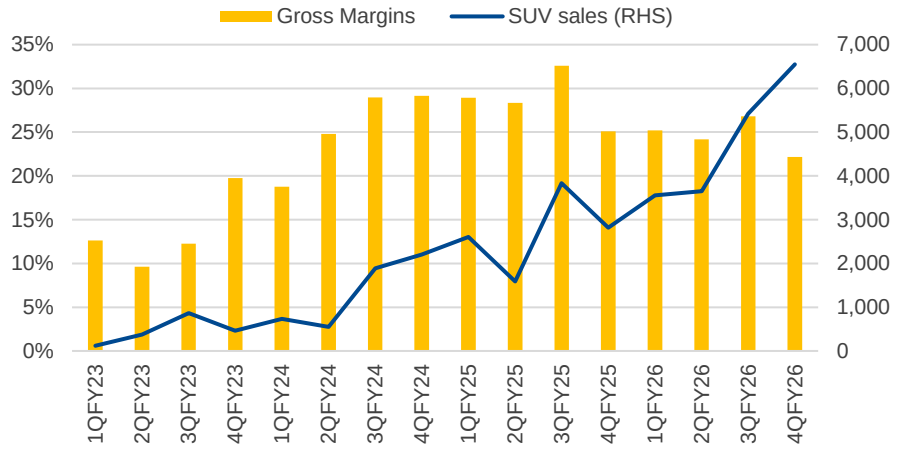
- Sazgar Engineering Works Limited (SAZEW) held its analyst briefing to discuss key financial highlights and outlook. To recall, the company reported an EPS of Rs390.5 in FY26, up 44% YoY, largely driven by a 76% YoY increase in revenue on back of a 77% YoY rise in SUV sales volume.
- Management guided that its long-term strategy is to prioritize volumes over margins, offering a diversified product portfolio comprising ICE vehicles, NEVs and HEVs under one roof, thereby limiting its exposure to potential changes in auto policy. Currently, the company is absorbing the increase in sales tax on HEVs/PHEVs pending further clarity on the auto policy.
- The company recently announced plans to introduce ARCFOX, BAIC Group's premium EV brand, in Pakistan, with the T1 and T5 expected to be unveiled soon. Furthermore, management highlighted that the ~Rs22bn new paint shop project will be financed through Rs17bn debt and Rs5bn internal cash, increasing the company's 4-wheeler capacity to 54k units/annum.

## Higher volumes drive earnings growth despite lower margins

Sazgar Engineering Works Limited (SAZEW) held its analyst briefing to discuss key financial highlights and outlook. To recall, the company reported an EPS of Rs390.5 in FY26, up 44% YoY, largely driven by a 76% YoY increase in revenue on the back of a 77% YoY rise in SUV sales volumes. The company's gross margins, though, dropped ~5ppts YoY to 24% during FY26, largely due to a change in sales mix as attributed by the company and absorption of NEV levy.

In 4QFY26, the company posted record earnings of Rs144.36/share, up 2.5x YoY, largely driven by the launch of its premium SUV, Tank 500, which lifted total SUV sales to a record 6,549 units during the quarter.

**SAZEW: SUV sales and Gross margins**




*Source: Company accounts, JS Research, PAMA*

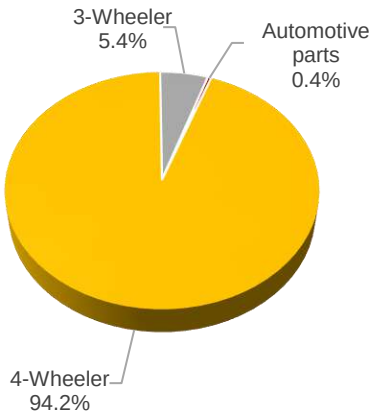
## Focus remains on expansion projects; SUV market leader

The company successfully completed its expansion plan for 4-wheelers, including installation of a new assembly line at Rs6.5bn during FY26, which led to the roll out of Tank 500 HEV/PHEV SUVs in Mar-2026. The company now plans to install a

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**Bloomberg Code:** SAZEW PA
**Market Price:** Rs1,742.01
**Market Cap:** Rs105bn, US$380mn
**1-yr ADTO:** 0.2mn shares, Rs498mn, US$1.8mn
**1-yr High / Low:** Rs2,455.81 / 1,553.00
**Estimated free float:** 21mn shares (35%)

**Segment wise sales mix – FY26**




*Source: PAMA, JS Research*

new fully automatic paint shop facilty at a cost of Rs22bn, which management apprised will be financed through Rs17bn debt and 5bn internal cash, increasing the company's 4-wheeler production capacity to 54k units/annum on a single shift basis vs current 24k units/annum.

Additionally, the company recently announced plans to introduce ARCFOX, BAIC Group's premium EV brand, in Pakistan, with the T1 and T5 expected to be unveiled soon. Regarding the ARCFOX T7, management highlighted strong demand in China, with 30,000 units booked within 30 minutes, but noted that the model is not currently produced in RHD markets, making a near-term launch in Pakistan unlikely. The company plans to introduce the models through CKD production over the long term, while near-term plans remain contingent on the upcoming Auto Policy.

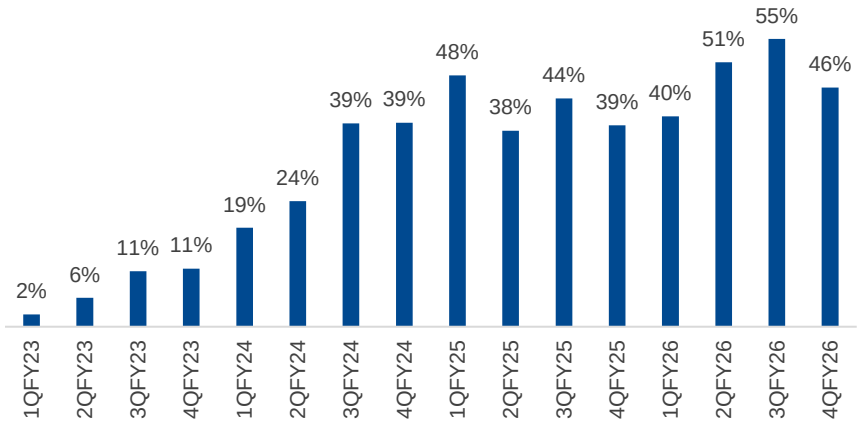
The company remains a market leader in Pakistan's SUV market with its share rising from 42% in FY25 to 48% in FY26.

**SAZEW: Key Statistics**

| Rs mn | FY24 | FY25 | FY26 |
|---|---|---|---|
| **Sales** | **57,642** | **108,693** | **191,715** |
| YoY Growth | 217% | 89% | 76% |
| Gross Margin | 27% | 29% | 24% |
| **Profit after tax** | **7,936** | **16,336** | **23,605** |
| YoY Growth | 8x | 2x | 44% |
| EPS (Rs) | 131.28 | 270.25 | 390.50 |
| DPS (Rs) | 20.00 | 52.00 | 70.00 |
| P/E (x) | 2.24 | 4.03 | 4.66 |
| D/Y | 7% | 5% | 4% |

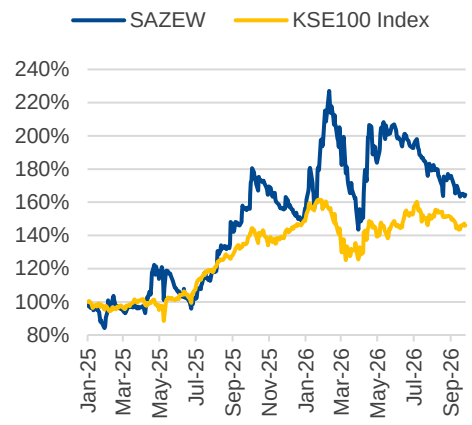
*Source: Company accounts, JS Research*

**SAZEW: HAVAL market share in SUV segment (SUVs)**




*Source: PAMA, JS Research*

**Price performance relative to KSE100**




*Source: PSX, JS Research*

## All products under one roof

Management guided that its long-term strategy is to prioritize volumes over margins, offering a diversified product portfolio comprising ICE vehicles, NEVs and HEVs, hereby limiting its exposure to potential changes in auto policy. The company is currently absorbing the increase in sales tax on HEVs/PHEVs from 8.5% to 18%, pending further clarity on the Auto Policy. Management expects PHEVs, REEVs and BEVs to be classified under the same NEV category and receive similar incentives under the upcoming policy, underpinning its focus on expanding its NEV lineup.

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