



---

# Household Appliances

---

## Research Team

Ayesha Wajih | Assistant Manager Research  
Muhammad Shahryar Butt | Associate Research Analyst

© The Pakistan Credit Rating Agency Limited.



# Household Appliances

Contents	Page.	Contents	Page.
Introduction	1	Prices	10
<b>Global</b>		Supply	11
Overview	2	Production of Major Appliances	12
Supply & Demand	3	Business Risk	13
<b>Local</b>		Business Risk   Margins & Cost Structure	14
Introduction	4	Financial Risk   Working Capital Management	15
Overview	5	Financial Risk   Borrowings	16
Demand	6	Duty Structure	17
Market Shares   Household Appliance	7	Rating Chart	18
Appliance Wise Market Shares   Major Appliances	8	SWOT Analysis	19
Market Shares   Power Appliances	9	Outlook	20
		Bibliography	21

# Household Appliances

## Introduction

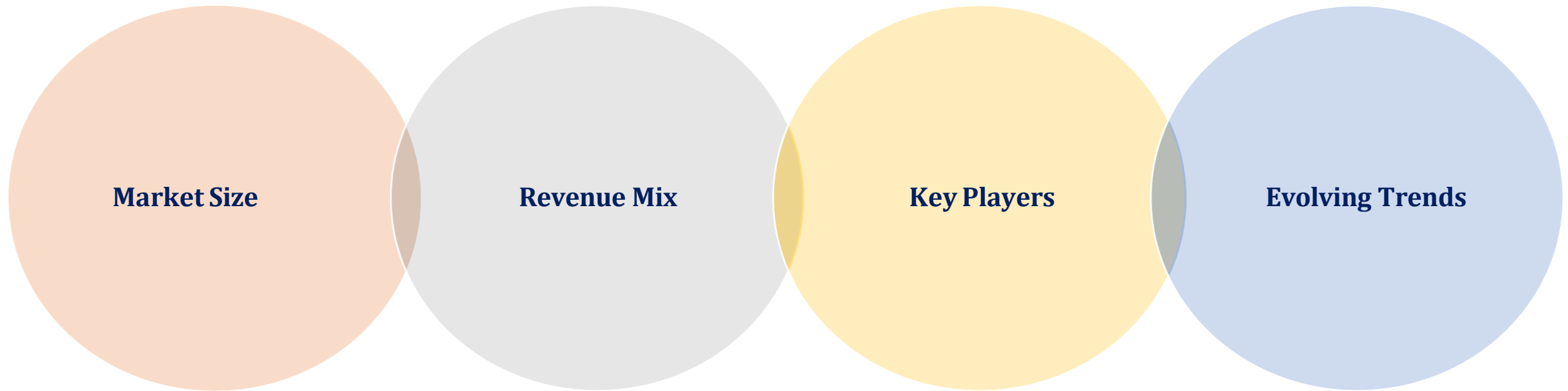
- Household Appliances, also called home/domestic appliances, include machines and electrical equipment\* that assist various household functions such as cooking, cleaning, food preservation, etc.
- Based on their type, Household Appliances can be broadly classified into two categories; Major & Small Appliances.
- The “Major Appliances” segment includes high-value electrical equipment such as Refrigerators, Freezers, Fans, Air Conditioners, Washing Machines, and Microwave Ovens (commonly known as white goods/ appliances) etc.
- Meanwhile, the “Small Appliances” segment includes products like Coffee/ Tea Makers, Food Processors, Grills & Toasters, Vacuum Cleaners, Water Dispensers etc.



\*Plastics and wooden material are not included.

# Household Appliances

## Global | Overview



### Market Size

- In CY23, the global Household Appliances Sector was valued at USD~671.7bln (CY22: USD~596.0bln).
- The sector is expected to grow to USD~729.1bln by CY25 at a CAGR of ~8.5%.

### Revenue Mix

- The Household Appliances market size is expected to experience strong growth in the coming years.
- It is forecast to have a market size of USD~971.2bln by CY29, with a compound annual growth rate (CAGR) of ~7.4%.

### Key Players

- Samsung Electronics Co. Ltd.
- Hitachi Appliances.
- LG Electronics.
- Qingdao Haier Co. Ltd.
- Daikin Industries.

### Evolving Trends

- The Household Appliances market trend is shifting towards LED lighting revolutionizing energy efficiency and aesthetics along with AI-Powered Home Appliances to meet the growing demand for smart and sustainable solutions.

# Household Appliances

## Global | Supply & Demand

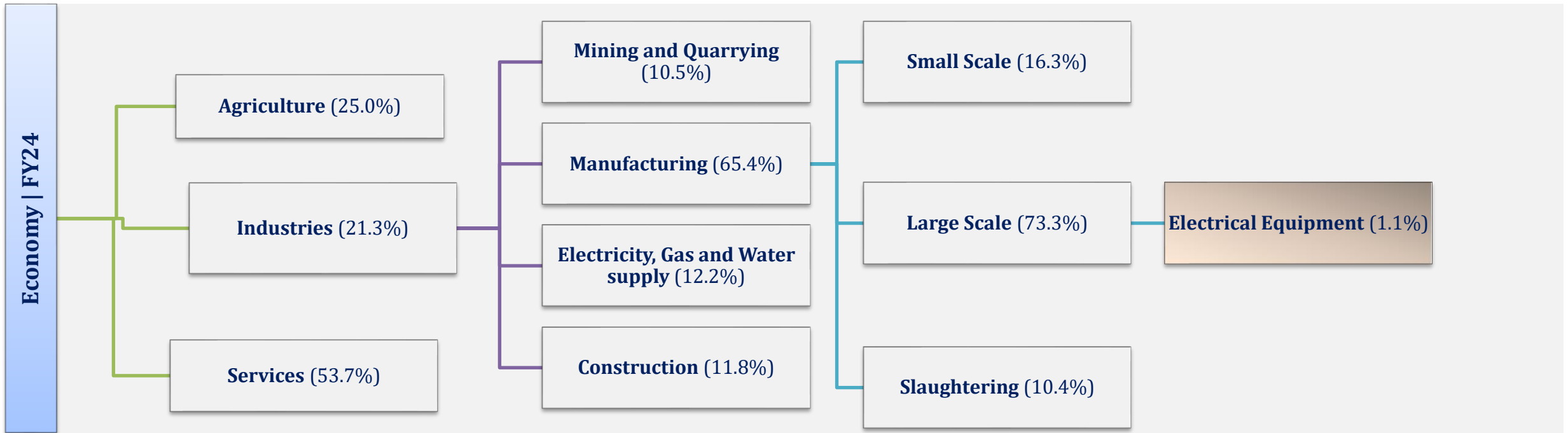
- **Structure:** The global Household Appliances Sector is competitive with a large number of big players contributing a fair share to the global revenue. Some of the major global companies include Haier, Whirlpool Corporation, Samsung Electronics, LG Electronics, Bosch, Sony, Philips and Panasonic Corporation.
- **Demand Centers:** In terms of geographical segments, Asia-Pacific holds the highest share (~40.0%) of the global revenue of the Household Appliances Sector. China, Japan, Malaysia and India are expected to contribute to the majority of the revenue share in the Asia-Pacific market.
- **Production Centers:** Among the top producers, China, Japan, South Korea and Germany are the leading manufacturers of a variety of products in the Household Appliances Sector. China also leads as the largest consumer market, due to its large population, high-capacity usage and a growing desire for a comfortable lifestyle.



# Household Appliances

## Local | Introduction

- In FY24, Pakistan’s GDP (nominal) stood at PKR~105.6trn, increasing, in real terms, by ~2.5% YoY (FY23: ~0.2% YoY decline). Industrial activities in FY24 held ~21.3% share in the GDP while manufacturing activities made up ~13.9% of the value addition. In 1QFY25, Pakistan’s GDP (nominal) stood at PKR~26.0trn, rising in real terms by ~0.9% YoY (SPLY: ~2.3% YoY). Real GDP growth rate for 1QFY25 signals a tepid improvement in economic activity as compared to SPLY.
- The Household Appliances Sector is classified as “Electrical Equipment” under the Large-Scale Manufacturing (LSM) sub-segment of the economy. In FY24, the sector’s weight in the QIM was recorded at ~1.1%.



**Note:** PBS Classification - Electrical Equipment Appliances include Major Appliances i.e. Electrical Equipment Appliances include Major Appliances i.e. Refrigerators. Electric Transformers, Deep freezers, Switch gears, Electric Fans, Electric Meters and Air Conditioners



# Household Appliances

## Local | Overview

- The sector’s estimated size was recorded at PKR~328.6bln in CY24, a marginal YoY increase of ~0.5%. Meanwhile, overall production of Major Appliances declined by ~6.5% YoY in FY24 while in 1HFY25, this was down ~0.6% YoY.
- Average headline inflation reduced to ~13.3% in CY24 from ~30.9% in CY23 while real GDP grew by ~2.5% in FY24 and ~0.9% in 1QFY25 (FY23: ~-0.2%; 1QFY24: ~2.3%). On the other hand, the average GNI per capita recorded a ~0.9% YoY increase.
- The sectors’ market structure can be termed competitive with several big players contributing a fair share to the total revenue.
- Moreover, since the products are generally differentiated based on brands and specifications, price elasticity and competition also remain determinants of sector players’ financial performance. Some of the major local companies include Haier, Orient, Waves Singer Limited and Pakistan Elektron Limited.

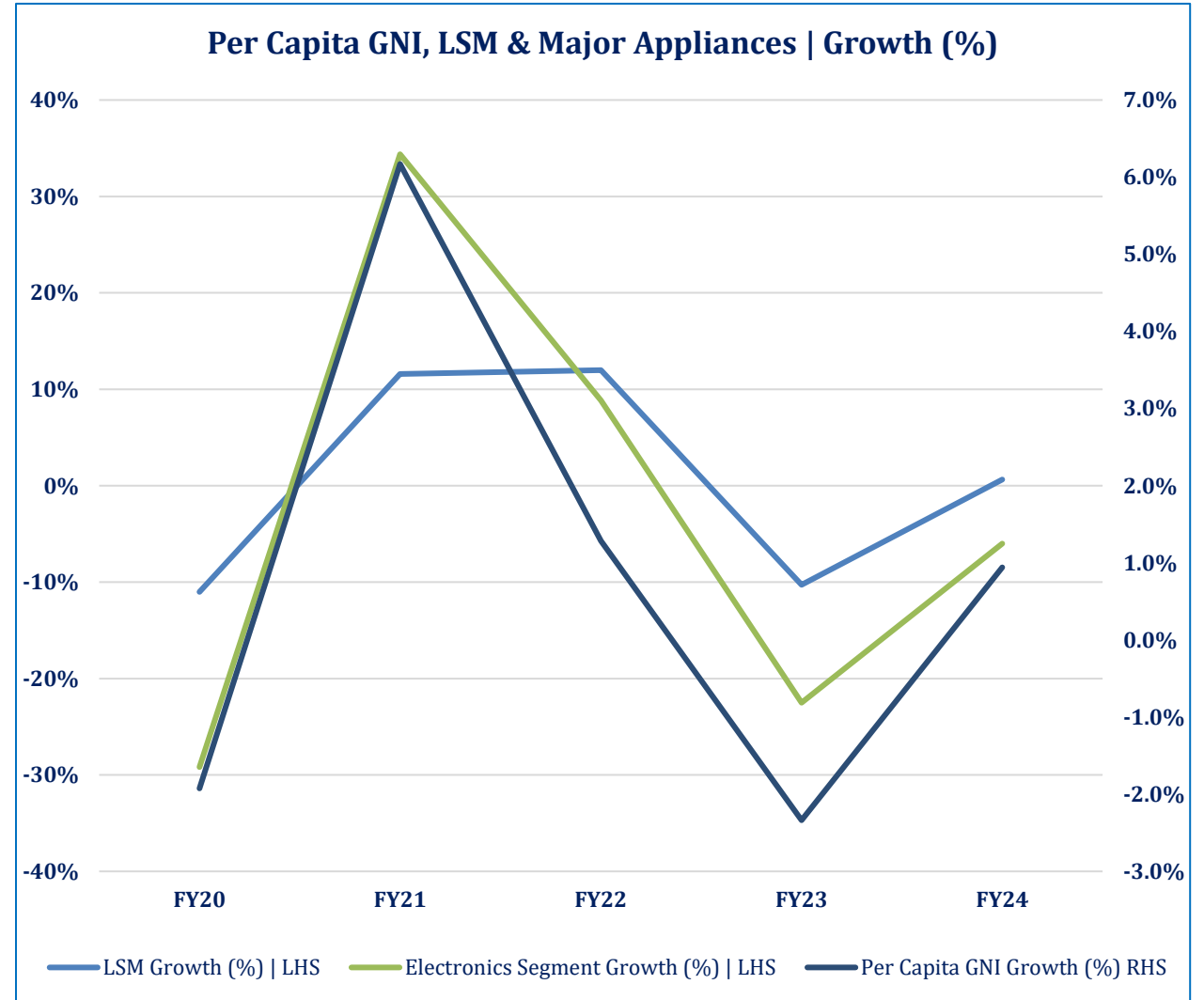
Sector Snapshot	Units	CY22	CY23	CY24
Revenue Appliances	PKR bln	420	327	329
YoY Growth	%	18.6	-22.1	0.5%
Production of Household Appliances*	‘000’ units	4,994	3,837	3,591
No. of Sector Players		~53		
Structure		Competitive		
Association		Pakistan Electronics Manufacturing Association (PEMA)		

*Note: CY24 revenue is prorated on 9M data. For Production. Revenue is reflective of PACRA-rated player with ~22.0% market share, including Major House Appliances. \*Major Appliances, FY=CY assumed.*

# Household Appliances

## Local | Demand Dynamics

- The demand for the Household Appliances Sector is largely driven by factors such as household disposable income, preference for better lifestyles and the need to gain ease in day-to-day chores.
- In FY24, the Electrical Equipment Segment (as reported in the LSM) recorded a ~6.0% YoY decline (FY23: ~-22.5% YoY). This was accompanied by a ~0.9% YoY growth (FY23: ~-2.3% YoY decline) in per capita Gross National Income (GNI). GNI per capita in real terms increased by ~0.8%, clocking in at USD~1,669 (FY23: ~1,552).
- Moreover, the production of the Electrical Equipment Segment was down by ~6.0% YoY in FY24 (SPLY: ~22.5% YoY decline), highlighting overall demand contraction observed during the year.
- The demand for the Household Appliances Sector is generated from both the Original Market (first-hand) and the Replacement Market. Generally, high-priced appliances, such as Refrigerators and Air Conditioners, which have gradually become essential household items, hold a larger market in the replacement/ second-hand segment.

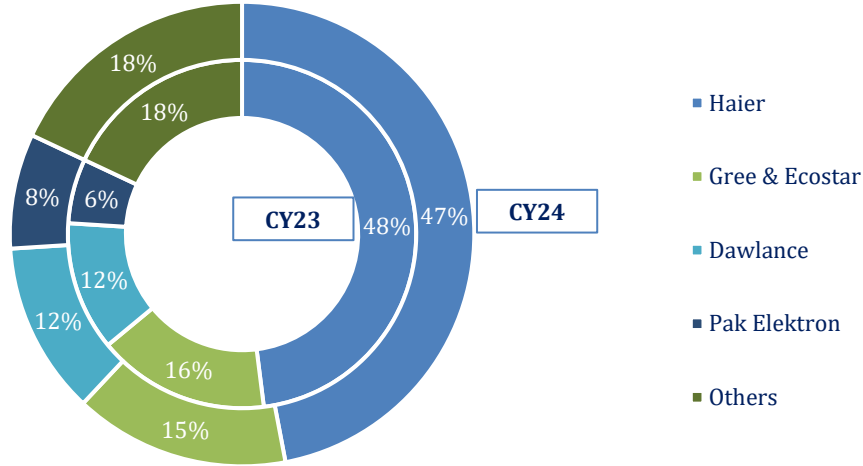




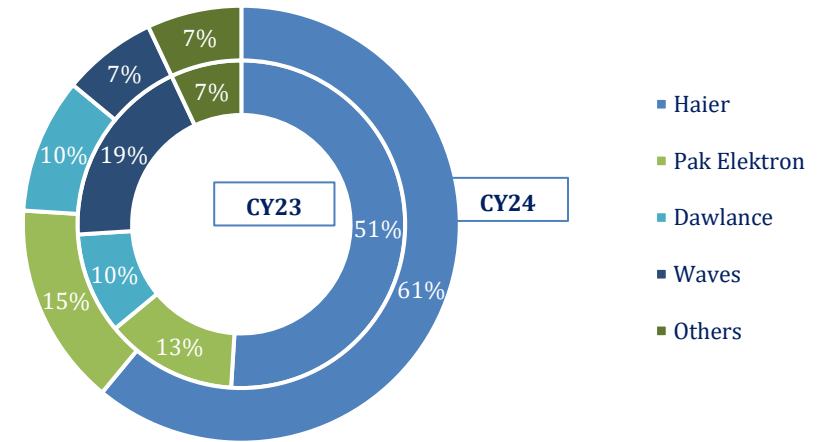
# Household Appliances

## Market Shares | Household Appliances

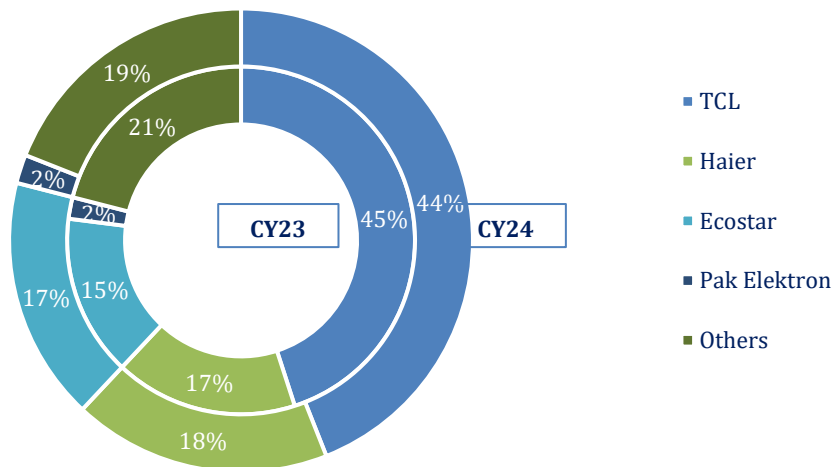
### Market Share | AC Manufacturers



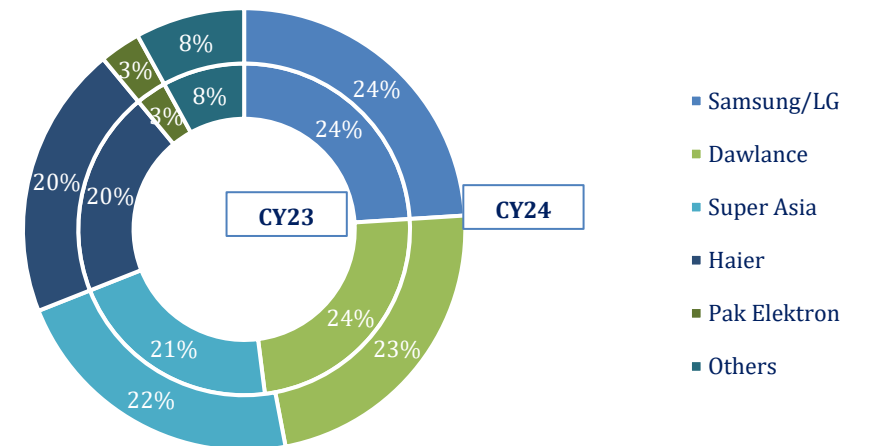
### Market Share | Deep Freezers



### Market Share | LED TV



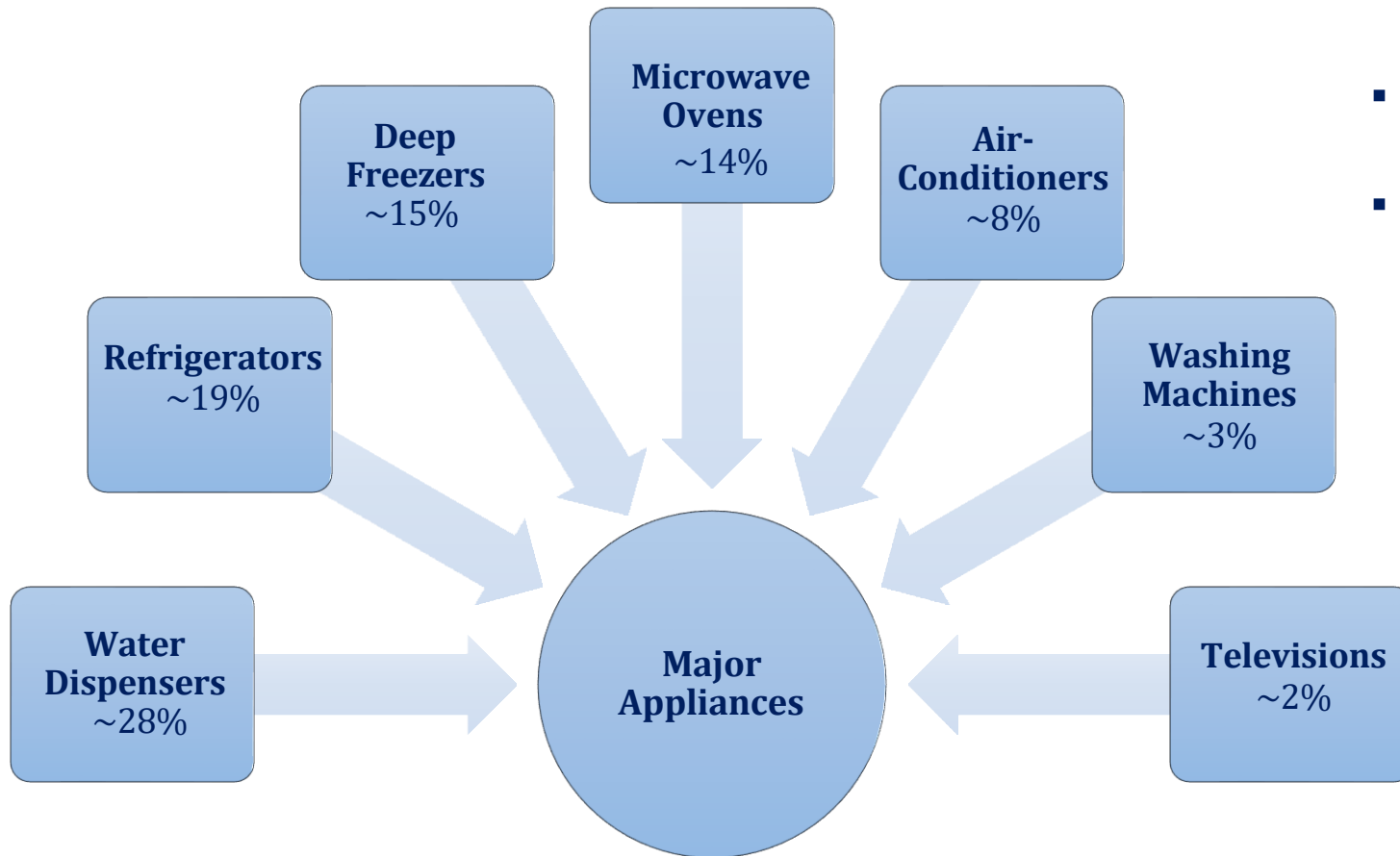
### Market Share | Washing Machine



Note: Market shares pertain to CY24.

# Household Appliances

## Market Shares | Major Appliances

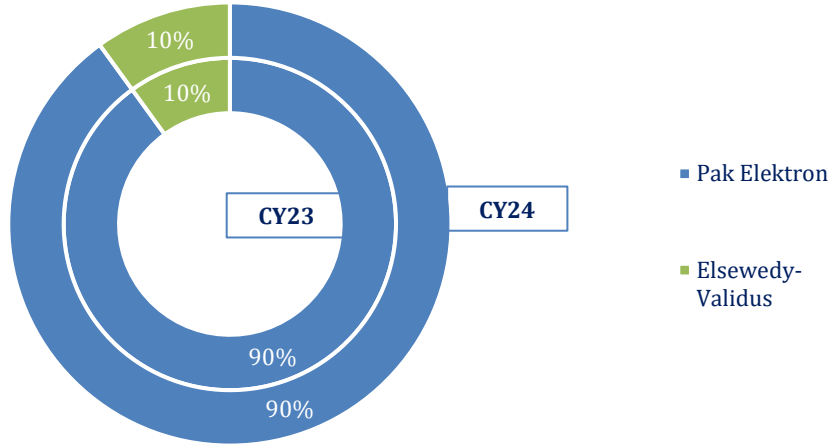


- The Major Appliances Segment accounts for ~89.0% of the Household Appliances Sector revenue.
- Water Dispensers are the highest contributing item in revenue for the Major Appliances Segment.
- In the Small Appliances Segment, Kitchen Appliances made up the market share. These include food processors, espresso machines, multi-cookers, blenders, toaster ovens, etc.

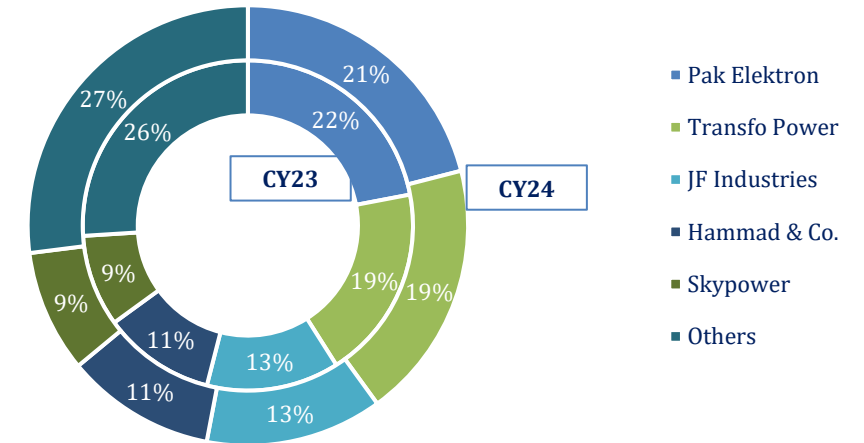
# Household Appliances

## Market Shares | Power Appliances

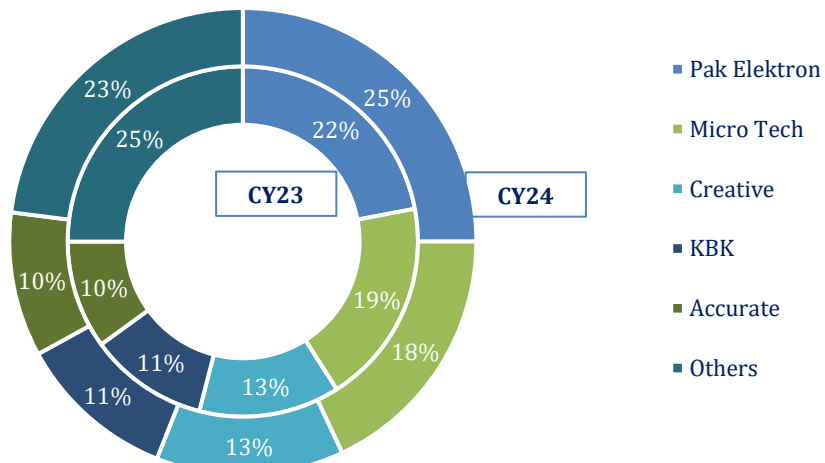
### Market Share | Power Transformers



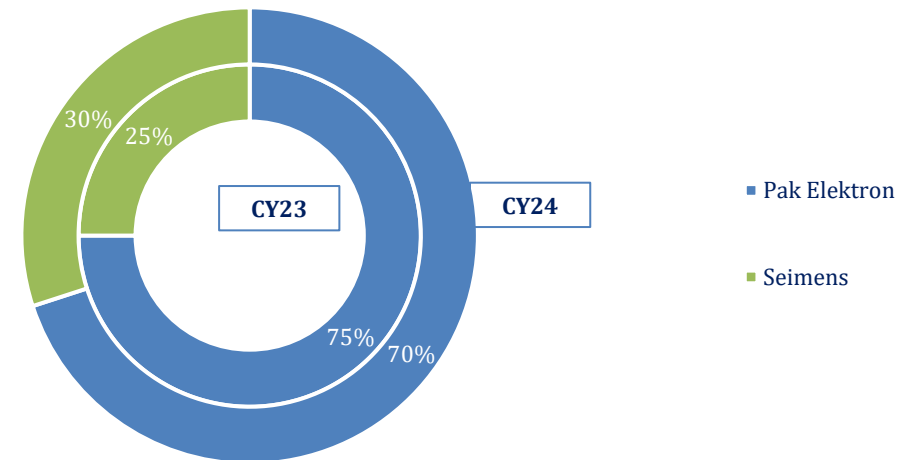
### Market Share | Distribution Transformation



### Market Share | Energy Meters



### Market Share | Switchgears



# Household Appliances

## Local | Supply

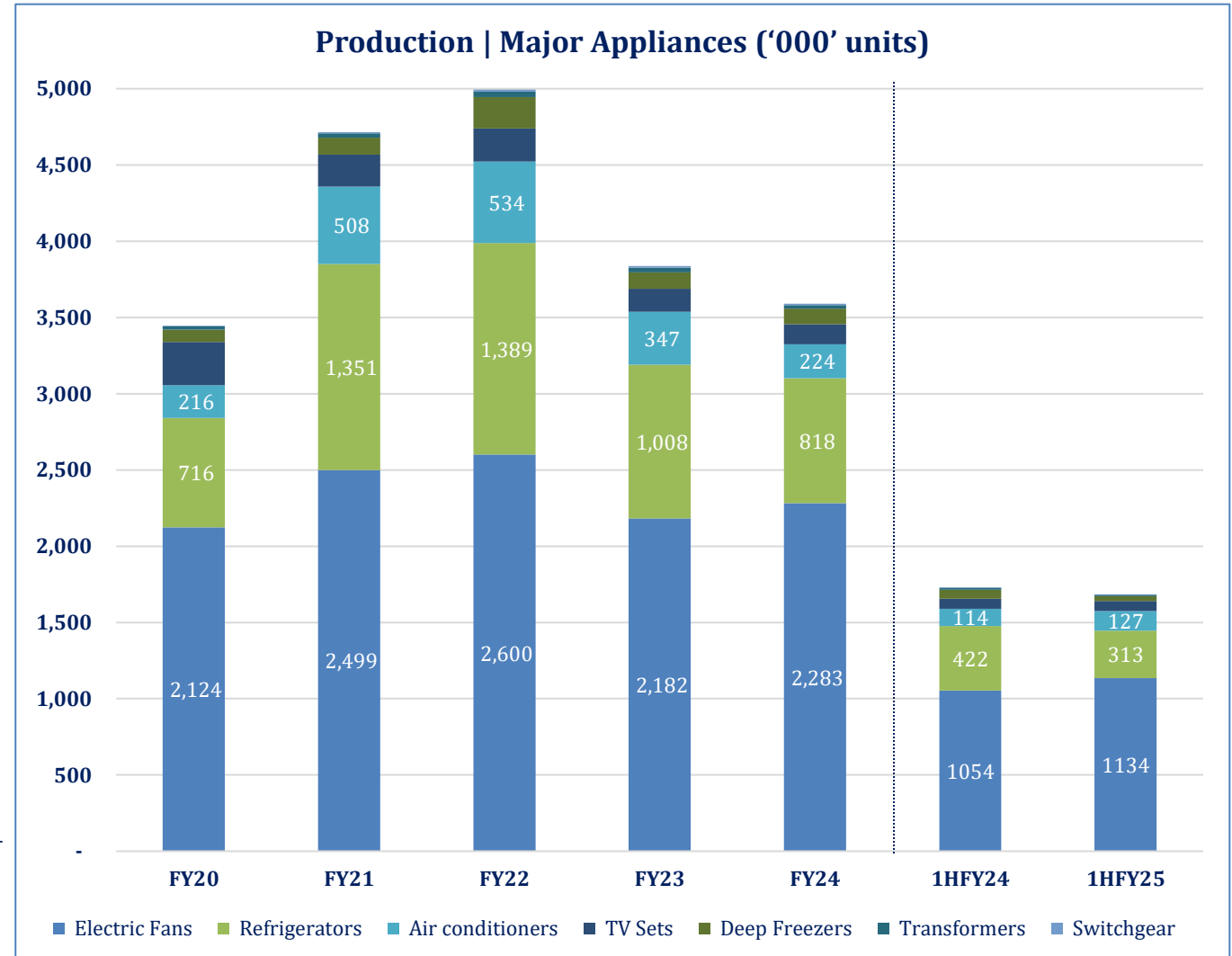
- Pakistan's Household Appliances Sector is dominated by local players and some international brands including PEL, Arcelik (Dawlance), Orient, Haier, Waves Singer, Samsung etc. These players have a significant share in the Major Appliances Segment (as aforementioned), while in the Small Appliances Segment, other Chinese & local brands also contribute a fair share (Geepas etc.). Certain players that were focused on just one or two products are also looking to expand their product slates.
- The Household Appliances Sector can be termed as organized yet competitive. Some big players such as Dawlance, Haier, and Samsung have international associations/shareholding, which strengthens their presence in the local market as well. Local players like PEL and Waves Singer are also listed on the PSX, reflecting the organized structure of the market players. These companies have also ventured with some renowned international players in certain product categories.
- The sector is brand-driven in nature. Each product in the Major Appliances Segment has its unique functionality which drives the need towards brand consciousness. Market shares of different players can vary entirely across different products of the Sector.
- Since the sector is brand competitive, the pricing and marketing strategies are key in acquiring market share among different product segments. Also, innovation and technological advancements are of key significance for the growth in this sector. Well-recognized brands dominate the Household Appliances Sector and require extensive capital investment, therefore, the barriers to entry in the sector are high.



# Household Appliances

## Local | Production

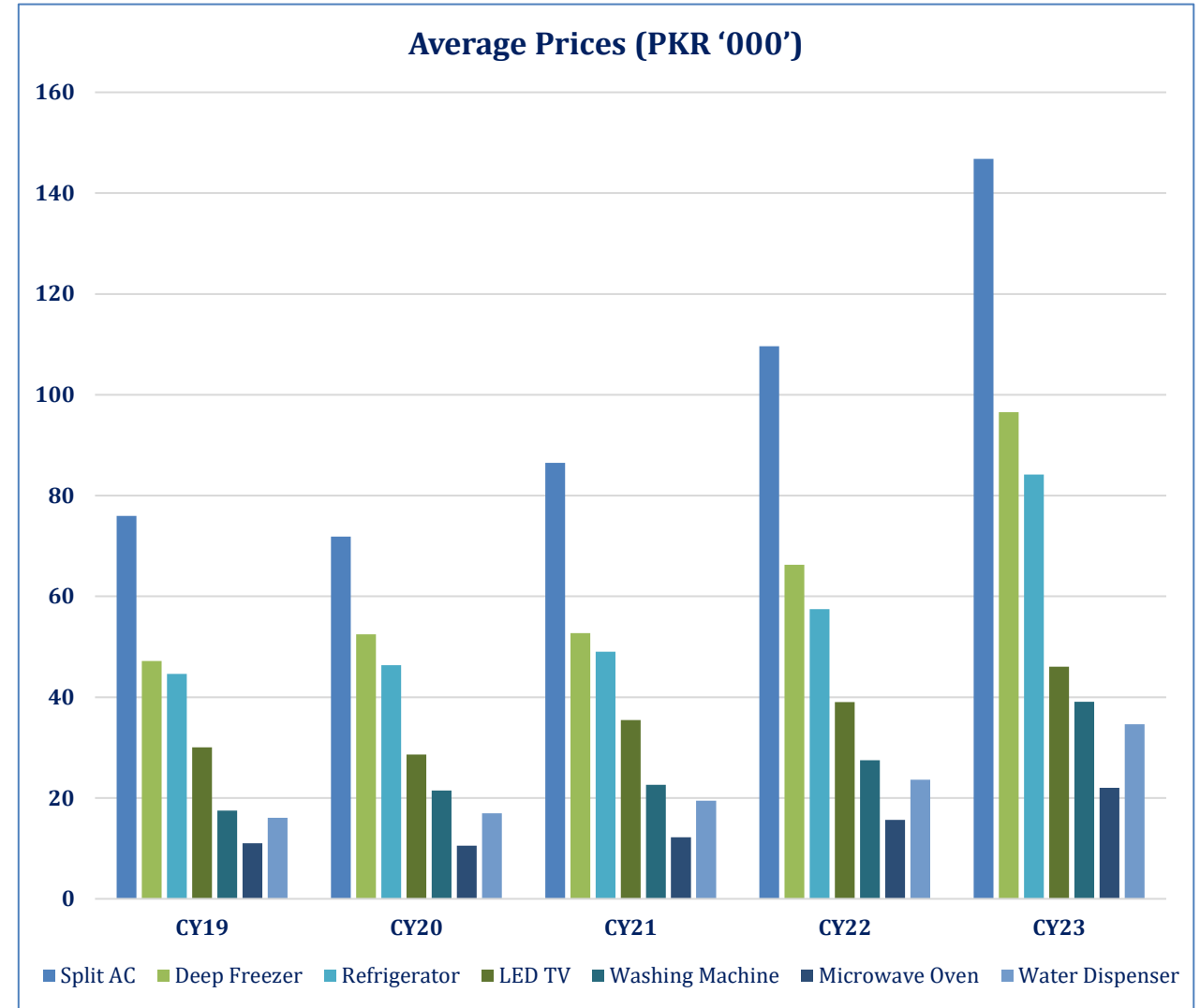
- During FY24, the overall production of Major Appliances segment stood at ~3.6mln units, down ~6.5% YoY (SPLY: ~23.2% YoY decline). Collectively, these formed ~1.1% share in LSM as of 1HFY25.
- In FY24, the YoY decline in production of Major Appliances was as follows: Air Conditioners (~35.6%); Transformers (~29.7%); Refrigerators (~18.8%); Switchgears (~13.5%); TV sets (~12.7%) and Deep Freezers (~5.8%).
- In 1HFY25, total production of Major Appliances segment was recorded at ~1.7mln units, ~0.6% YoY lower, with the highest production levels recorded for Electric Fans at ~1.1mln units, followed by Refrigerators (~0.3mln units) and Air Conditioners (~0.1mln units).



# Household Appliances

## Local | Prices

- Since CY19, average prices of the Major Appliances segment have gradually increased in line with higher raw material costs due to currency devaluation and overall inflation pressures in the country.
- Split AC, Deep Freezer and Refrigerator are among the highest-valued products in the range of Major Appliances segment.
- Individually, in CY23, average prices of water dispenser rose by ~46.5%, Refrigerator by ~46.2%, Deep Freezer by ~45.6%, Washing Machine by ~42.3%, Microwave Oven by ~40.4% while Split Ac and LED TV rose by ~33.9% and ~18.0% YoY respectively.. The trend was in line with rupee devaluation and higher cost of utilities and other expense.
- As of Feb'25, Wholesale Price Index for Refrigerators rose by ~8.8% YoY and was recorded at ~304.0 (Feb'24: ~279.3) while the CPI for Air Conditioner registered a decline of ~1.4% YoY and was recorded at ~309.6 (Feb'24: ~314.0).
- In 8MFY25, the PKR has largely remained stable and average inflation levels were recorded at ~6.0% (SPLY: ~28.0%), reflecting the aforementioned slower pace of price increases..





# Household Appliances

## Local | Business Risk

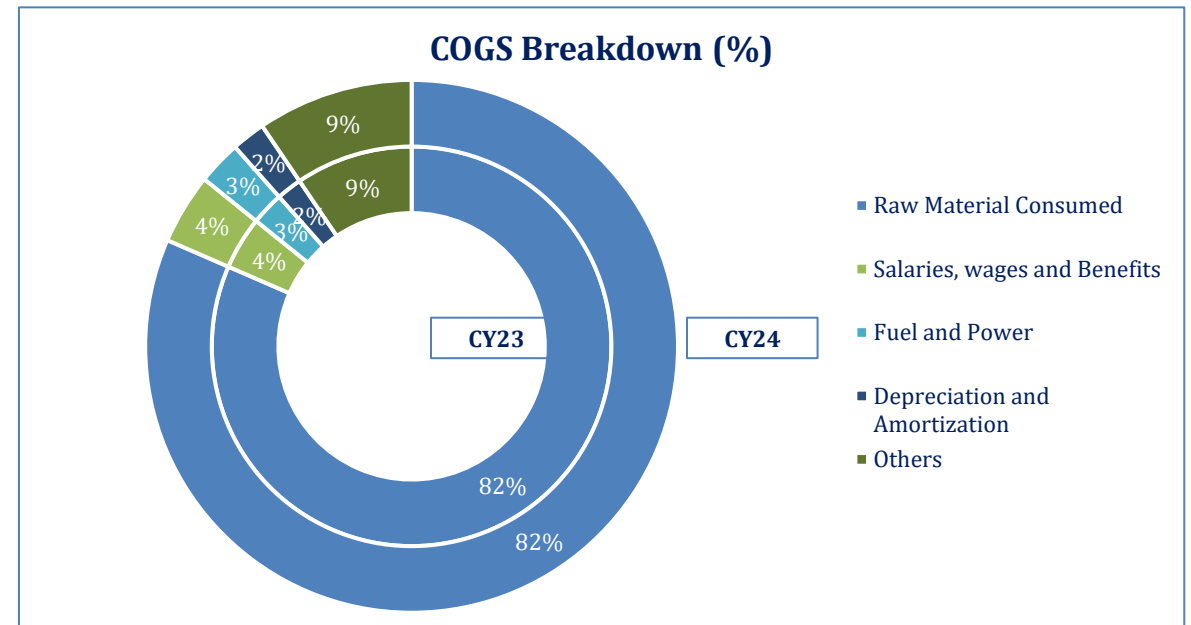
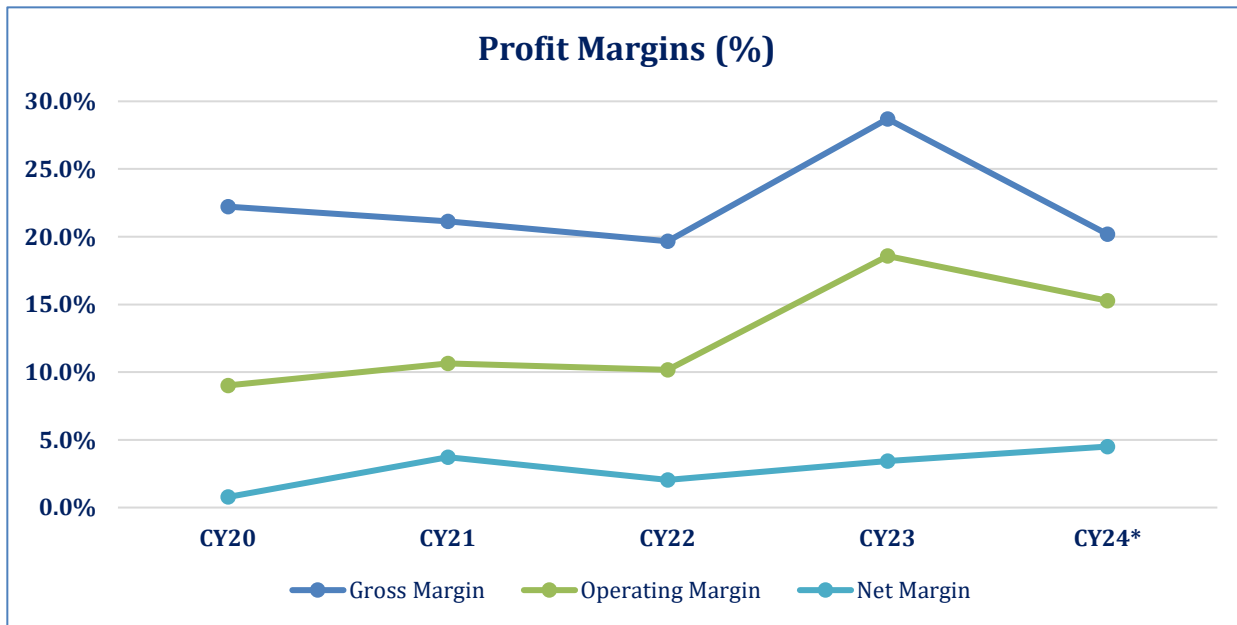
- **Economic Fluctuation:** Demand in the Household Appliances sector is largely derived by the purchasing power of consumers. Any fluctuation in per capita incomes or an increase in the inflation level impacts the sector players' volumetric sales and eventually their financing performance. Since major components/parts are imported any currency devaluation directly impacts cost and, in turn, prices.
- **Raw Material:** The sector is largely involved in assembling of imported parts as well as final products, therefore, sector's financial dynamics remain exposed to changes in international prices or currency movements.
- **Competition:** There is a high level of competition in the sector due to presence of both international players, such as Samsung, LG and Mitsubishi, as well as well reputed local brands such as PEL, Orient, Haier, Wave Singer etc.. Thus, the increase in prices is passed on gradually and, in certain cases, partially to keep the demand afloat.



# Household Appliances

## Business Risk | Margins and Cost Breakdown

- The sector's topline grew by ~42.2% YoY in CY24, marking a strong recovery from the ~26.2% YoY contraction in CY23. During CY20-23, the sector's average gross profit margin stood at ~22.9%, however, this declined to ~20.2% in CY24 (CY23: ~28.7%) due to a higher cost of goods sold. The cost of sales during the period under review exhibited an increase of ~46.5% YoY.
- Meanwhile, operating profit margins declined to ~15.3% in CY24 (SPLY: ~18.6%) as administrative and marketing expenses rose by ~58.0% YoY. The sector's net profit margins, however, posted a marginal recovery and clocked in at ~4.5% (SPLY:~3.4%).

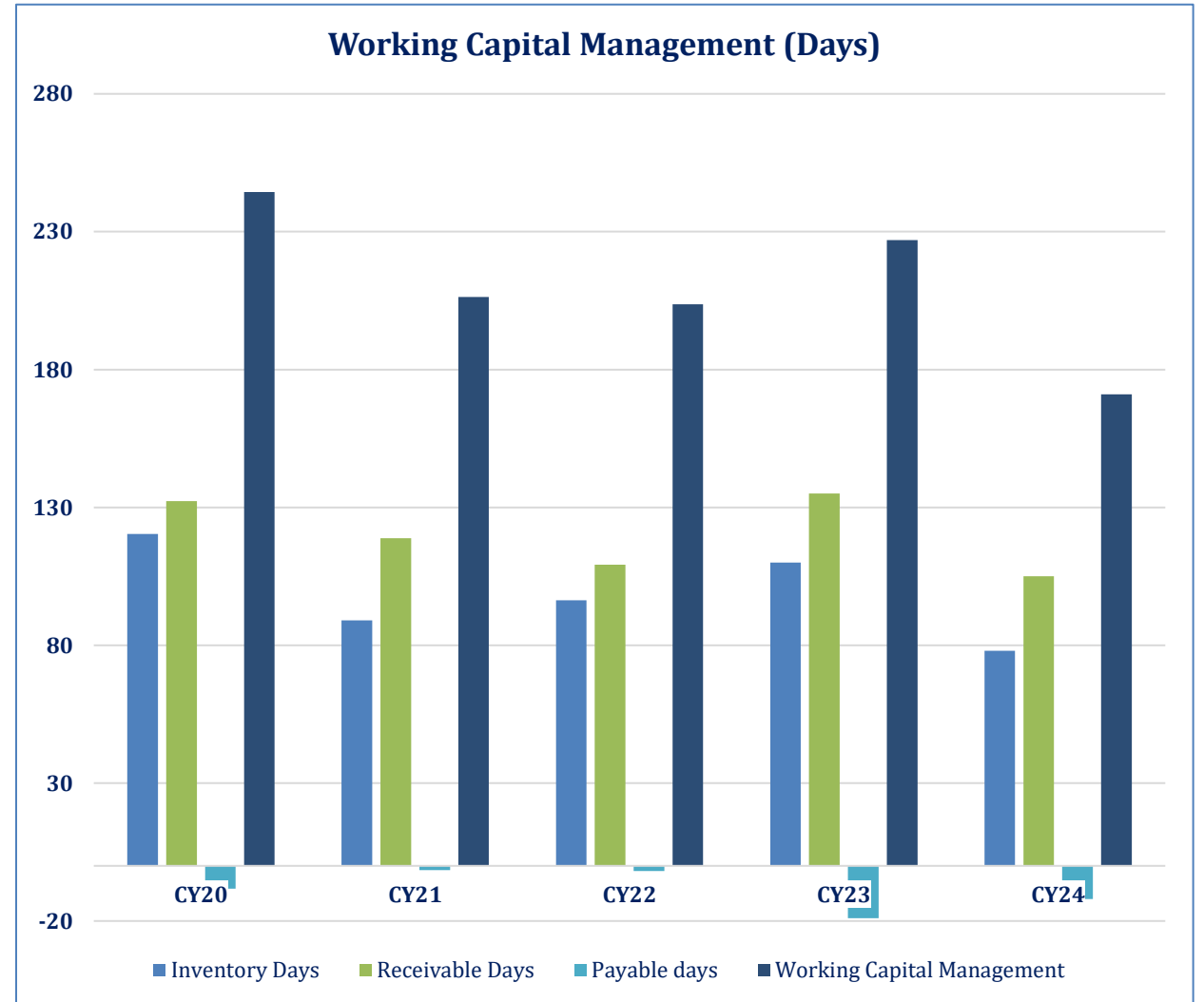


Note: Data is reflective of listed/ PACRA-rated sector players.. \*9M prorated data.

# Household Appliances

## Financial Risk | Working Capital Management

- The sector’s working capital cycle is largely a function of its inventory and trade receivables days. Due to seasonality in demand, sector players build stock levels before the peak season, e.g. the summer months when demand for appliances such as air conditioners, refrigerators and fans picks up pace.
- In addition, there is a large proportion of credit sales, as part of the credit terms with whole sellers. This results in high receivable days.
- During CY24, the sector’s average working capital cycle was recorded at ~171 days (SPLY: ~227 days).
- Average inventory days recorded a YoY decline of ~32 days while the receivable days decreased by ~30 days.

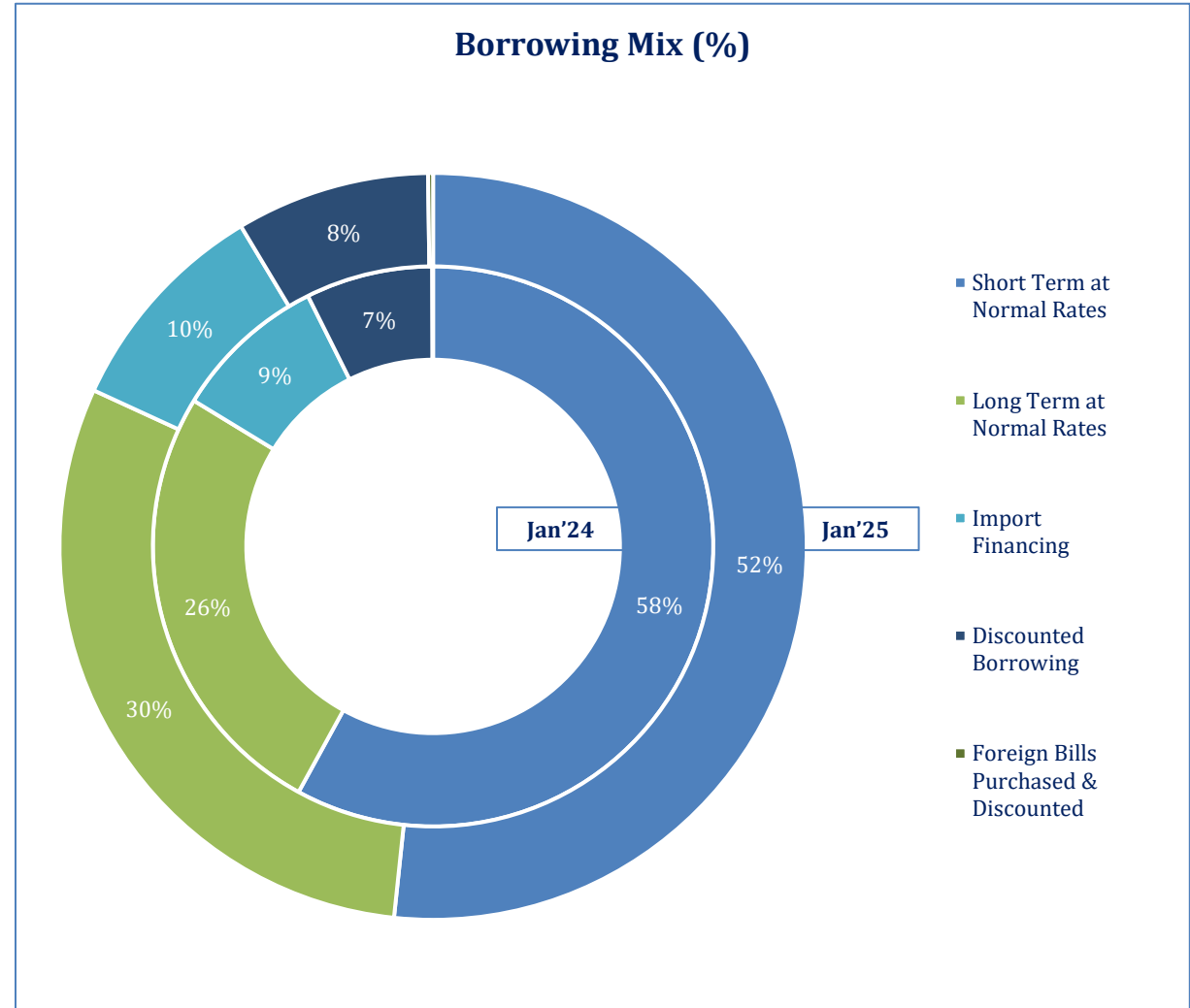


*Note: Data is reflective of listed/ PACRA-rated sector players.*

# Household Appliances

## Financial Risk | Borrowing

- The Household Appliances Sector recorded total borrowings of PKR~42.3bln as at End-Jan'25, marking a YoY decline of ~26.0% inline with lower inventory days.
- The largest component in the sector's borrowings are short-term borrowings (STBs), which constituted ~52.0% of the total borrowing as of End-Jan'25. The STBs stood at PKR~21.9bln as of End-Jan'25, down ~34.0% YoY.
- Meanwhile, long-term borrowings (LTBs) constituted ~30.0% and were recorded at PKR~12.8bln as at End-Jan'25, while import financing constituted ~10.0%, recording at PKR~4.0bln.
- The sector has a strong capital structure with a low to moderate debt leverage of ~27.2% in CY24 (CY23: ~26.0%). Meanwhile, average interest coverage for the sector players was recorded at ~2.5x in CY24 (CY23: ~2.4x).



# Household Appliances

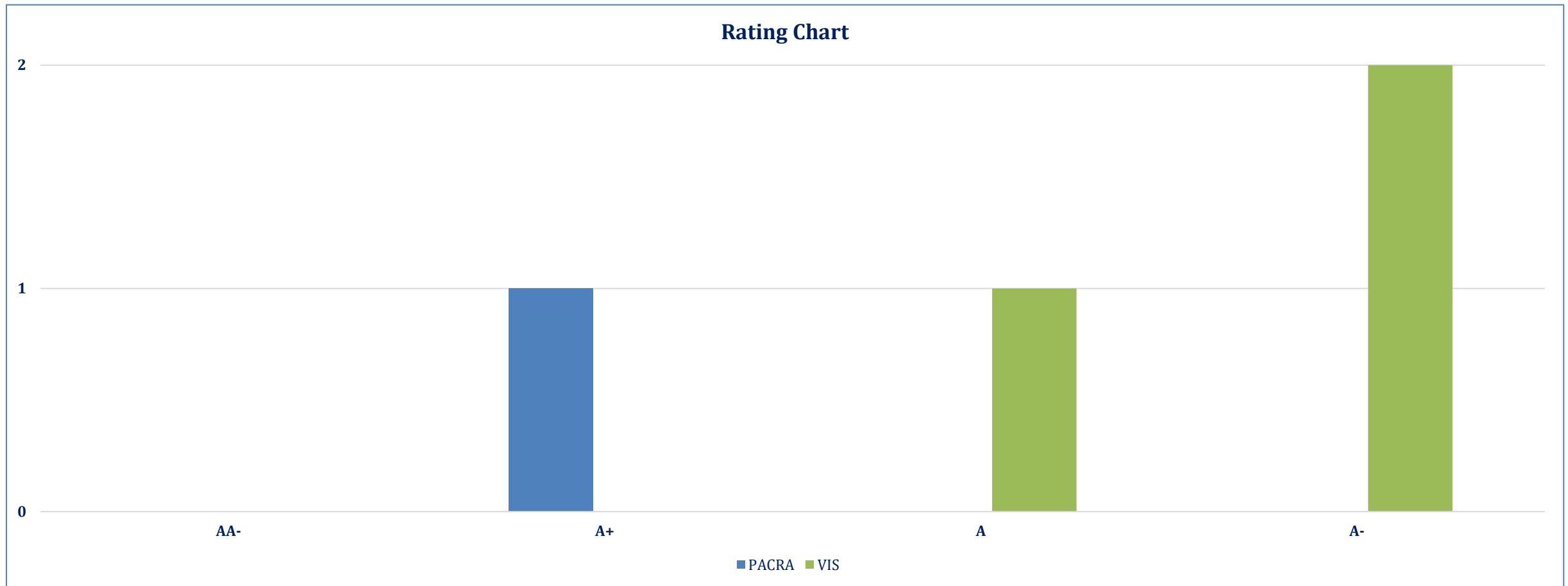
## Duty Structure

PCT Code	Description	Additional Custom Duty		Customs Duty		Regulatory Duty		Total	
		FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25
<b>73.21</b>	Stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas-rings, plate warmers and similar non-electric domestic appliances, and parts thereof, of iron or steel. (includes CKD/SKD units)	6%	6%	20%	20%	10-15%	15%	6-35%	41%
<b>84.15</b>	Air conditioning machines, comprising a motor-driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated. (Includes CKD/SKD units)	6%	6%	20%	20%	5%	20%	31%	46%
<b>84.18</b>	Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; (Includes CKD/SKD units)	6%	6%	20%	20%	20%	15%-25%	46%	46%

# Household Appliances

## Rating Curve

- PACRA rates 1 client in the Household Appliances sector.





# Household Appliances

## SWOT Analysis

- Organized sector with listed players.
- Presence of International brands brings quality and latest developments to the market.
- Diversified product portfolio.
- With growing awareness, most of the products are seen as necessity than luxury.
- Brand-driven consumer preferences.



- Low Localization levels.
- Components pricing subject to exchange rate & International price volatility.
- Custom Duties on imported components increases cost of doing business and pressures the margins.
- High competition among sector players and longer cash cycle.

- Increase in duties & taxes on Imports of component parts.
- Exchange rate volatility
- Fluctuations in International component prices.
- Unregistered imports/grey channel.

- Rise in per capita incomes.
- Technological innovations opening avenues for smart products (smart TVs and devices).
- Development on the e-commerce front facilitating easy sale & purchases through B2C networks (daraz.pk, etc.).
- Increase in demand for low electricity consuming products.

# Household Appliances

## Outlook: Stable

- In FY24, Pakistan's GDP (nominal) stood at PKR~105.6trn, increasing, in real terms, by ~2.5% YoY (FY23: ~0.2% YoY decline). Industrial activities in FY24 held ~21.3% share in the GDP while manufacturing activities made up ~13.9% of the value addition. In 1QFY25, Pakistan's GDP (nominal) rose in real terms by ~0.9% YoY (SPLY: ~2.3% YoY), signaling a tepid improvement in economic activity.
- The Household Appliances Sector is classified as "Electrical Equipment" under the Large-Scale Manufacturing (LSM) sub-segment of the economy. In FY24, the sector's weight in the QIM was recorded at ~1.1%. The sector is dominated by local players including PEL, Dawlance, Orient, Haier, and Waves Singer, among others. These players have a significant share in the Major Appliances Segment.
- Average inflation was recorded at ~30.9% in CY23 while per capita GNI growth was ~(2.3%) YoY. These factors together served to hamper demand for the sector which was evident in ~34.5% YoY lower revenue during the year. In CY24, although average inflation eased to ~13.3%, the sector's revenue recorded ~46.5% YoY growth, on the back of continued higher prices, especially for the Major Appliances. Major Appliances made up ~89.0% of the sector's overall revenue during the year.
- During CY20-23, the sector's average gross profit margin stood at ~22.9%, however, this declined to ~20.2% in CY24 (CY23: ~28.7%) due to a higher cost of goods sold. The cost of sales during the period under review exhibited an increase of ~46.5% YoY. Meanwhile, operating profit margins declined to ~15.3% in CY24 (SPLY: ~18.6%) as administrative and marketing expenses rose by ~58.0% YoY. The sector's net profit margins, however, posted a marginal recovery and clocked in at ~4.5% (SPLY:~3.4%). Decrease in interest rates is expected to have positive impact on bottom line of sector players.
- With respect to overall production of Major Appliances, it declined ~6.5% YoY in FY24, while forming ~1.1% share in LSM during the year. The slowdown in production continued in 1HFY25 where total production registered a ~0.6% YoY decline. Going forward, with relatively low inflation and stable PKR, prices of household appliances are not expected to increase much. This could provide some boost to sector demand with summer season coming up.

# Household Appliances

## Bibliography

- Pakistan Bureau of Statistics (PBS)
- Pakistan Stock Exchange (PSX)
- State Bank of Pakistan (SBP)
- Federal Board of Revenue (FBR)
- Pakistan Electronics Manufacturers Association (PEMA)
- Pakistan Economic Survey (PES)
- PACRA Database

<b>Research Team</b>	<b>Ayesha Wajih</b> Assistant Manager <a href="mailto:ayesha.wajih@pacra.com" style="color: white;">ayesha.wajih@pacra.com</a>	<b>Muhammad Shahryar Butt</b> Associate Research Analyst <a href="mailto:shahryar.butt@pacra.com" style="color: white;">shahryar.butt@pacra.com</a>
<b>Contact Number: +92 42 35869504</b>		

## DISCLAIMER

PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. The information in this document may be copied or otherwise reproduced, in whole or in part, provided the source is duly acknowledged. The presentation should not be relied upon as professional advice.