SECTOR STUDY . OCTOBER 2025

Together. Creating Value.

Trucks & Buses

Research Team

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Trucks & Buses

Trucks & Buses

Global | Overview

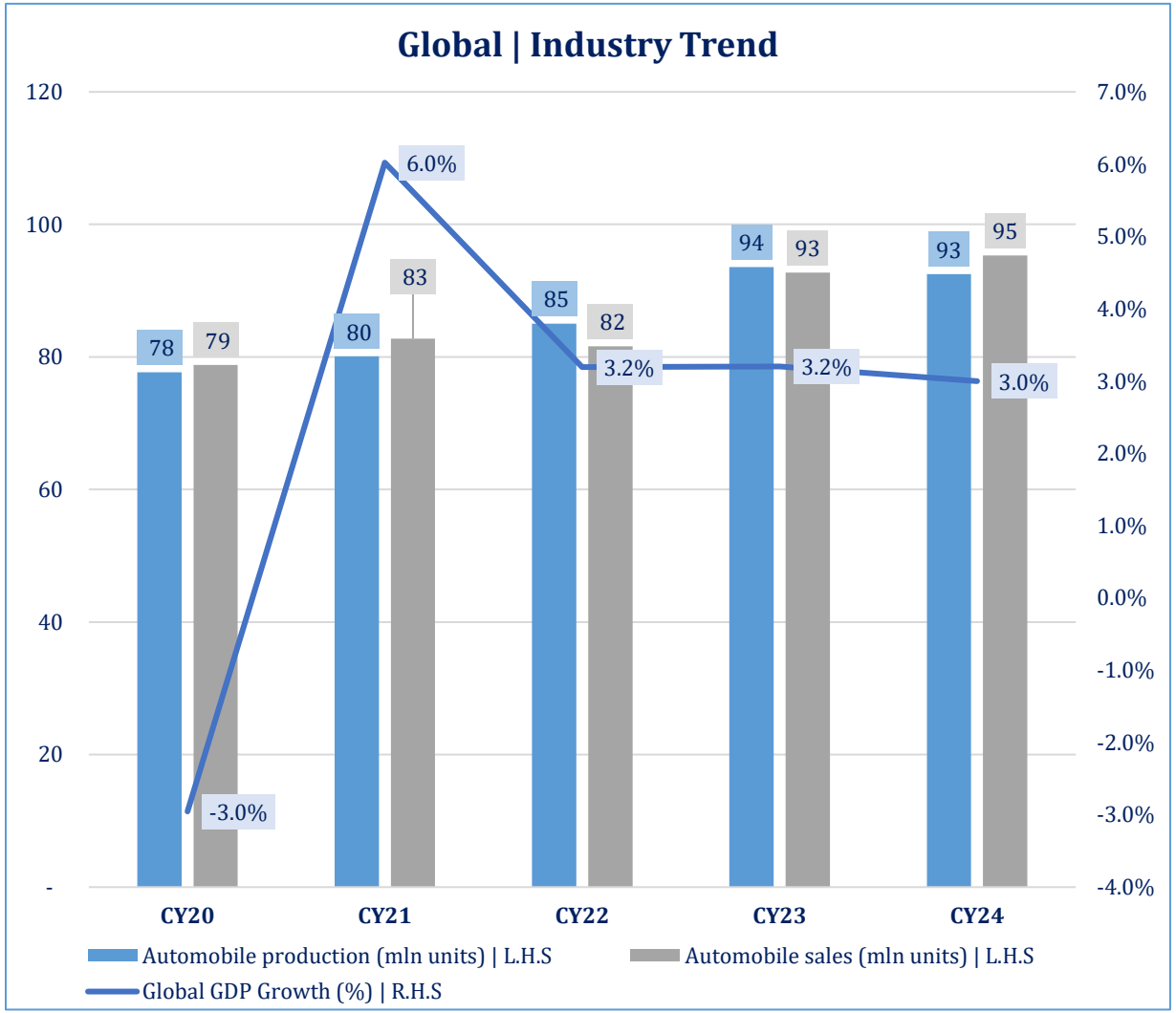
- The global automobile manufacturing industry (including 2 and 3 wheelers) produced ~93.0mln units in CY24 (CY23:~94.0mln units), registering a decline of ~1.1% YoY.
- Trucks & Buses Sector, which is a sub-group of the automotive industry, comprising entities that are involved in manufacturing, assembling, marketing, and distribution of Trucks and Buses.

Trucks

- A Truck or Motor Truck is defined as a vehicle meant for hauling cargo or the transportation of goods. Generally, Trucks with a Gross Vehicle Mass (GVM) of less than ~3.5 MT are considered light, between ~3.5-12.0 MT as medium, while greater than ~12.0 MT are classified as heavy.
- During CY24, ~3.6mln Trucks were produced (CY23: ~3.7mln), down ~5.3% YoY. The trucks market size is calculated at USD~34.3bln in CY24 and is projected to improve going forward.

Buses

- A Bus is defined as a motor vehicle designed to carry more than ~10 passengers and is used for transporting people.
- Global Bus production totaled ~290,829 units in CY24, down from ~310,224 units in CY23, marking a YoY decline of ~6.3% and reflecting subdued demand conditions in the segment.
- In CY24, the global Bus market size was valued at USD~52.4bln in terms of revenue, supported by a rebound in tourism post-pandemic and rising demand for minibuses and luxury coaches. Going forward, the Bus segment is projected to grow at a CAGR of ~7.9%, reaching USD~112.0bln by CY34.



Source: IBIS World, OICA, IMF, Research & Markets, The Business Research Company

Trucks & Buses

Global | Region-wise Production

Region/Country Wise | Production of Heavy Trucks and Buses ('000' units)										
Region/ Country	CY20		CY21		CY22		CY23		CY24	
	Volume	% Share	Volume	% Share	Volume	% Share	Volume	% Share	Volume	% Share
China	3,080	67.2%	2,503	55.7%	1,338	37.6%	1,738	42.6%	1,775	45.2%
North & South America	495	10.8%	645	14.4%	725	20.4%	689	16.9%	730	18.6%
Japan	410	9.0%	519	11.6%	516	14.5%	497	12.2%	466	11.9%
India	159	3.5%	281	6.3%	400	11.3%	467	11.4%	382	9.7%
Europe	265	5.8%	344	7.7%	343	9.7%	469	11.5%	255	6.5%
Africa	23	0.5%	28	0.6%	30	0.8%	32	0.8%	32	0.8%
Pakistan	3	0.1%	6	0.1%	6	0.2%	2	0.1%	3	0.1%
Other Regions	144	3.1%	167	3.7%	197	5.5%	190	4.7%	289	7.4%
World Total	**4,581**	**100%**	**4,492**	**100%**	**3,558**	**100%**	**4,084**	**100%**	**3,931**	**100%**

- The global production of Trucks and Buses exhibited a negative CAGR of ~1.1% during CY20-24. In CY24, total production of heavy Trucks and Buses fell by ~3.7% to ~3.9mln units (CY23: ~4.1mln) due to declining demand in Europe where transport companies remained cautioned and postponed their investments.
- In CY24, global Trucks manufacturing volumes decreased by ~2.3% YoY (CY23: ~10.0%), while global Bus manufacturing volumes increased by ~17.0% YoY (CY23: ~35.0%).
- In CY24, China was the world leader in both segments, holding ~45.5% (CY23: ~44.2%) in Truck segment and ~41.1% in Bus segment (CY23:~30.0% share) respectively, and ~45.2% cumulatively.

Source: OICA

Trucks & Buses

Global | Country-wise Exports

Region/Country-wise Exports | Trucks						
Trucks	CY20	CY21	CY22	CY23	CY24	
	Value (USD mln)					%
China	2,482	4,142	6,200	7,388	8,430	25.8%
Germany	3,155	3,892	3,932	4,739	4,557	14.0%
USA	1,662	2,148	2,382	2,702	2,786	8.5%
Italy	1,253	1,616	1,872	2,528	2,316	7.1%
UK	1,315	1,069	1,206	2,426	2,278	7.0%
France	1,005	1,326	1,426	1,757	1,891	5.8%
Sweden	952	1,116	1,068	1,341	1,459	4.5%
Mexico	107	218	411	780	1,167	3.6%
Netherlands	699	854	1,042	1,134	1,105	3.4%
Korea	495	711	951	1,249	976	3.0%
Others	2,508	2,911	3,559	4,729	5,648	17.3%
Total	**15,633**	**20,002**	**24,049**	**30,773**	**32,612**	**100.0%**

Region/Country-wise Exports | Buses						
Buses	CY20	CY21	CY22	CY23	CY24	
	Value (USD mln)					%
China	1,882	2,042	2,580	4,432	5,419	24.9%
Türkiye	1,536	1,270	1,486	2,318	2,565	11.8%
Japan	1,758	1,611	1,841	2,299	2,264	10.4%
Germany	726	546	558	812	1,190	5.5%
Poland	1,178	981	1,335	1,600	1,182	5.4%
Canada	544	524	506	748	1,028	4.7%
Czech Republic	779	853	756	1,024	1,019	4.7%
USA	802	566	589	864	1,000	4.6%
France	746	722	488	672	676	3.1%
Belgium	492	403	514	278	466	2.1%
Others	4,256	3,942	4,075	4,731	4,947	22.7%
Total	**14,700**	**13,459**	**14,728**	**19,779**	**21,755**	**100.0%**

***Note**: Data pertain HS Code 8427 for Trucks & 8702.90 for Buses*

Source: ITC

Trucks & Buses

Global | Country-wise Imports

Region/Country-wise Imports | Trucks						
Trucks	CY20	CY21	CY22	CY23	CY24	
	Value (USD mln)					%
USA	1,967	2,989	4,488	7,057	8,067	24.7%
Canada	803	1,119	1,454	1,741	1,644	5.0%
France	1,101	1,095	1,165	1,644	1,632	5.0%
Netherlands	912	1,123	1,129	1,258	1,411	4.3%
UK	742	887	1,178	1,338	1,393	4.3%
Germany	937	1,199	1,291	1,534	1,362	4.2%
Mexico	392	415	525	1,000	1,137	3.5%
Belgium	632	798	789	994	1,127	3.5%
Italy	630	834	1,038	1,223	1,082	3.3%
Russian Federation	484	707	505	828	990	3.0%
Others	7,034	8,836	10,487	12,157	12,768	39.2%
Total	**15,633**	**20,002**	**24,049**	**30,773**	**32,612**	**100.0%**

Region/Country-wise Imports | Buses						
Buses	CY20	CY21	CY22	CY23	CY24	
	Value (USD mln)					%
Italy	622	661	723	1,339	1,429	6.6%
USA	687	587	643	1,159	1,420	6.5%
France	1,213	1,236	936	1,195	1,392	6.4%
Germany	1,288	1,200	957	1,409	1,279	5.9%
Spain	495	491	661	1,076	989	4.5%
UK	185	124	209	459	926	4.3%
Saudi Arabia	607	170	223	696	869	4.0%
Canada	748	500	468	634	817	3.8%
Belgium	353	458	357	344	573	2.6%
Netherlands	321	334	348	354	559	2.6%
Others	8,181	7,699	9,201	11,114	11,502	52.9%
Total	**14,700**	**13,459**	**14,728**	**19,779**	**21,755**	**100.0%**

***Note**: Data pertain HS Code 8427 for Trucks & 8702.90 for Buses.*

Source: ITC

Trucks & Buses

Global | Carbon Emissions

Countries and regions are making significant strides in decarbonizing Trucks and Buses. China currently hosts over ~90.0% of the world's zero-emission Trucks and Buses, but recent policies could enable the European Union and the USA to close the gap.

Policies: Though many countries are setting ambitious targets, advanced economies that include the European Union, the USA, and China have introduced a combination of regulation and incentives to tackle heavy-duty vehicle (HDV) CO_2 emissions.

- European Union, in May'24, introduced ambitious CO_2 emissions policy for Trucks and Buses. By CY40, EU Trucks will be required to cut CO_2 emissions by ~90.0% from the current levels. Despite attempts by Italy, Poland, and Slovakia to block the legislation, the new rules retain the CY25 target of a ~15.0% emissions reduction for heavy Buses/lorries weighing over ~16 MT. Under the new law, emissions from new Trucks weighing over ~7.5 MT must be reduced by ~45.0% by CY30, by ~65.0% by CY35, and ultimately by ~90.0% by CY40. Additionally, new urban Buses must achieve zero emissions by CY35, with an interim target of a ~90.0% reduction within six years.
- In the USA, the Environmental Protection Agency finalized greenhouse gas (GHG) standards for HDVs for model years CY28-CY32, which aim to reduce emissions from Trucks and Buses by ~25-60% in CY32 compared to CY26. At the state level, the Advanced Clean Fleets and Advanced Clean Trucks programs further promote zero-emission vehicles (ZEVs).
- In Mar'24, the USA introduced the National Zero-Emission Freight Corridor Strategy, outlining a phased plan to develop charging and refueling infrastructure for zero-emission medium- and heavy-duty vehicles.

Electric Trucks and Buses

- Electric Trucks sales grew by ~80.0% and had a share of ~2.0% of the total global Truck sales in CY24. China's electric Truck sales doubled and recorded at ~75,000 units, representing ~80.0% of the global sales in CY24.

- On the other hand, demand for electric Buses grew by ~30.0% in CY24, reaching ~70,000 units, driven by China's renewed growth. In Europe (which is the second largest market for electric Buses), sales rose by ~15.0% in CY24, bringing the share of electric Buses in total Bus sales to ~13.0%.

Source: IEA

Trucks & Buses

Global | Outlook

- The Trucks and Buses segment is in transition as electrification gains momentum worldwide. Several countries are rolling out large-scale subsidy programs, infrastructure support, and national targets to accelerate the shift, especially for urban Buses and medium-duty Trucks.

- Electric Buses are scaling fast, driven by improving economics and policy support. Global e-bus sales grew ~30% in CY24, with China strengthening at home while OEMs expand exports. As battery prices fall and financing models mature, total ownership costs increasingly favor e-buses, accelerating city deployments. Public charging capacity for Trucks and Buses must surge; under stated policies, it rises more than fivefold by CY30. In Latin America, supportive policies could lift e-bus sales more than tenfold by CY30.

- Electric Trucks are advancing quickly on the back of better economics and policy tailwinds. Global e-truck sales jumped ~80% in CY24, with China deepening its lead while Europe held steady and the United States lost some steam. Falling battery costs and broader model lineups are improving total cost of ownership, moving fleets from pilots to scale. Charging will be depot-led initially, but high-power public corridors—and early megawatt systems—began appearing in CY24 and must now scale several-fold this decade, with industrial regions likely to form the first large e-truck clusters.

- In Pakistan, the NEV Policy CY25–30 provides targeted support for Buses and Trucks. Subsidies of PKR~700,000 per Bus and PKR~300,000 per Truck/LCV (or PKR~15,000/kWh battery) will help reduce upfront costs, though these will phase down gradually as technology becomes cheaper. A ~1.0% levy on ICE Trucks and Buses is designed to fund these incentives and charging infrastructure.

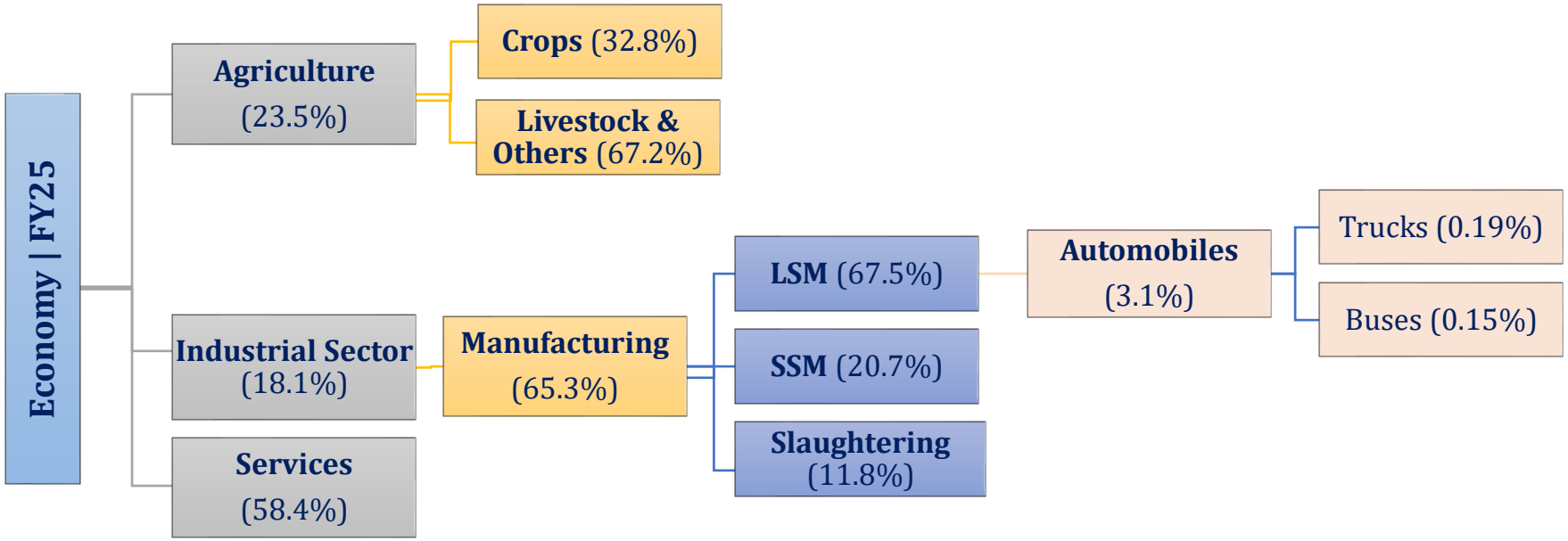
- Looking forward, demand for Buses will remain robust globally, supported by urbanization, public transport needs, and tourism recovery. Trucks are expected to follow a gradual but firm electrification pathway, led by logistics and industrial users seeking to cut fuel costs and emissions. The segment overall is expected to expand steadily through CY30, with long-term growth driven by declining battery costs, stricter emissions standards, and a strong policy push.

Source: IEA

Trucks & Buses

Local | Overview

- In FY25, Pakistan's GDP (nominal) stood at PKR~114.7trn. In real terms, it rose by ~2.7% YoY (FY24: ~2.5% YoY). The industrial sector held ~18.1% share in the GDP in FY25, while the services sector made up ~58.4%.
- Large-scale Manufacturing (LSM) in Pakistan is essential for economic growth, considering its linkages with other sectors, as it represented ~67.5% value in manufacturing activities and ~8.0% of the country's GDP in FY25. The LSM, however, contracted by ~1.5% YoY in FY25 (FY24: ~0.9%).
- The Automobile Sector is categorized as an LSM industry component within the broader industrial sector. In FY25, it accounted for ~3.1% of the sector's weight, while recording a YoY growth of ~46.1%.
- Within the automobile sector, respective weights of Trucks and Buses are quite low and were measured at ~0.19% and ~0.15%. Additionally, the Trucks and Buses depicted ~100.0% and ~66.4% YoY growth, respectively, in the Quantum Index Manufacturing (QIM) during FY25.



Source: PBS, PES

Trucks & Buses

Local | Snapshot

- Pakistan, on average, produced around ~4,452 Trucks and Buses annually during FY21–25. Over the same period, the number of Trucks and Buses on the roads averaged ~488,502 units.
- The dip in the revenue in FY23 and FY24 can be attributed to the economic slowdown, as the use of Trucks and Buses is directly related to the economic activity.
- In FY25, as the economy recovered, the Sector posted strong growth, with production and sales volumes rising by ~97.0% (FY24: negative ~31.0%).
- The Sector's revenue amounted to PKR~70.9bln in FY25 (FY24: PKR~27.6bln), marking a ~156.8% YoY increase. This was primarily the result of higher sales volumes, with demand for both Trucks and Buses rising significantly.
- During FY25, a total of ~4,366 Trucks and ~796 Buses were manufactured, reflecting YoY growth of ~101.0% and ~73.6%, respectively (FY24: ~2,204 Trucks and ~419 Buses). Sales also increased, with ~4,444 Trucks and ~788 Buses sold (FY24: ~2,187 Trucks; ~454 Buses).
- In 2MFY26, production growth continued with Trucks and Buses manufacturing up ~86.8% and ~69.5% YoY, respectively (SPLY: ~506 Trucks and ~637 Buses). Sales rose sharply, with Trucks and Buses registering ~82.6% and ~71.3% growth and reaching ~913 and ~1,040 units sold during 2MFY26 (SPLY: ~500 Trucks; ~607 Buses).

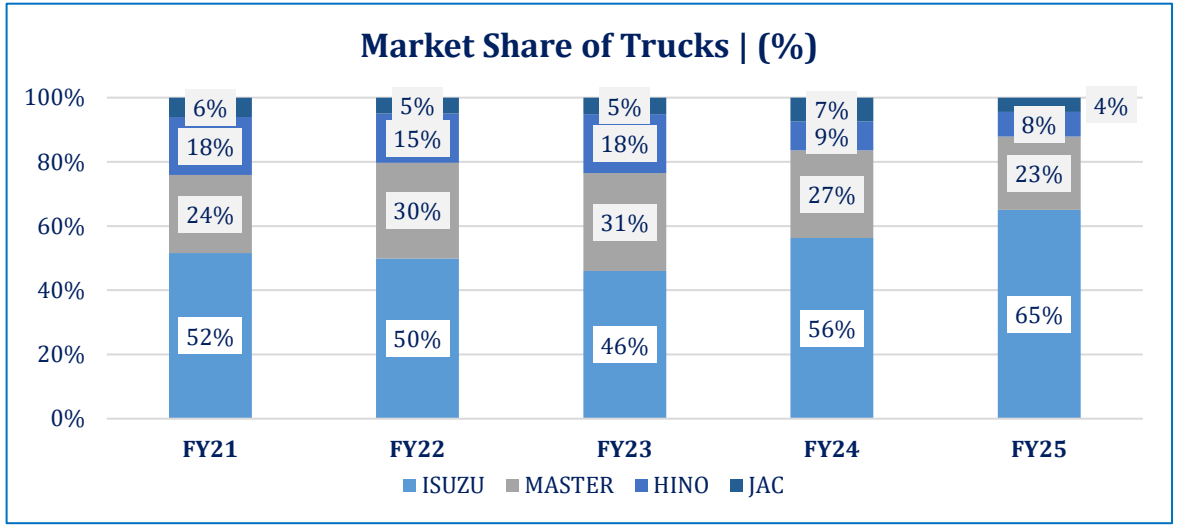
Overview	Units	FY22	FY23	FY24	FY25
Gross Revenue*	PKR bln	42.2	37.8	27.6	70.9
Trucks on Road	Nos.	317,000	320,400	321,999	327,719
Buses on Road	Nos.	166,700	168,500	169,700	172,690
Trucks Manufactured	Nos.	5,659	3,074	2,204	4,366
Buses Manufactured	Nos.	661	701	419	796
Trucks Sold	Nos.	5,802	3,182	2,187	4,444
Buses Sold	Nos.	696	654	454	788
Major Sector Players	6				
Sector Structure	Oligopoly				
Associations	**PAMA** (Pakistan Automotive Manufacturers Association) **FOAP** (Fleet Operators Association of Pakistan)				

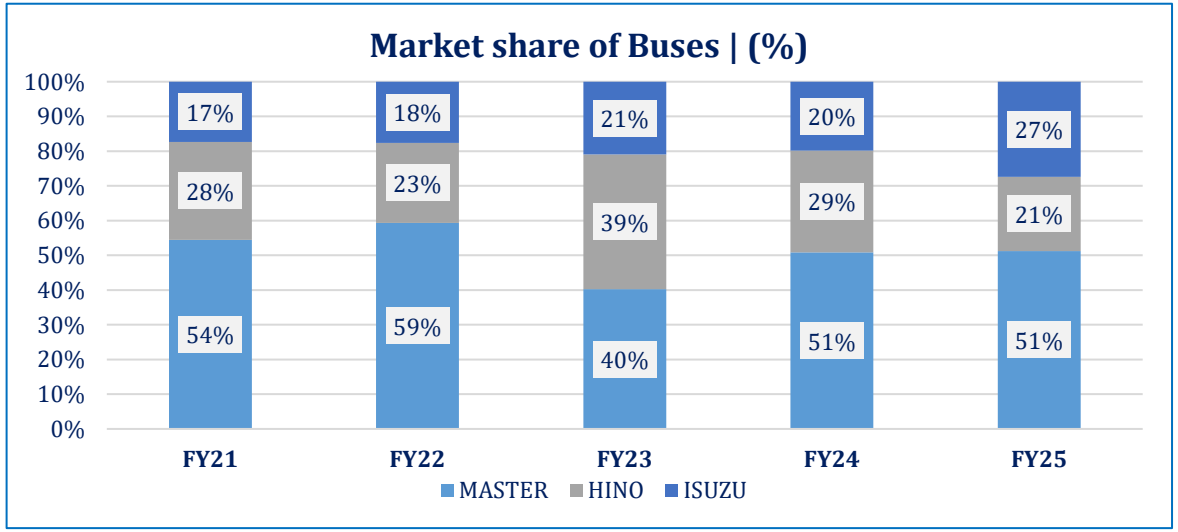
**Data pertains to FY25 for Ghandhara Industries, Ghandhara Automobiles, and Hino Pak.*

Source: PAMA, PES

Trucks & Buses

Local | Production & Sales





Trucks Production (Units)	Company Name	FY21	FY22	FY23	FY24	FY25
ISUZU	Ghandhara Industries Ltd.	1,827	3,044	1,346	1,284	2,856
MASTER	Master Group of Industries	1,078	1,482	988	524	1,024
HINO	Hino Motors Ltd.	633	886	580	246	290
JAC	Ghandhara Automobile Ltd.	270	247	160	150	196
Total		**3,808**	**5,659**	**3,074**	**2,204**	**4,366**

Buses Production (Units)	Company Name	FY21	FY22	FY23	FY24	FY25
MASTER	Master Group of Industries	319	369	276	231	427
HINO	Hino Motors Ltd.	168	160	268	128	160
ISUZU	Ghandhara Industries Ltd.	83	132	157	60	209
Total		**570**	**661**	**701**	**419**	**796**

Note: *Markets Shares are based on the number of units sold*

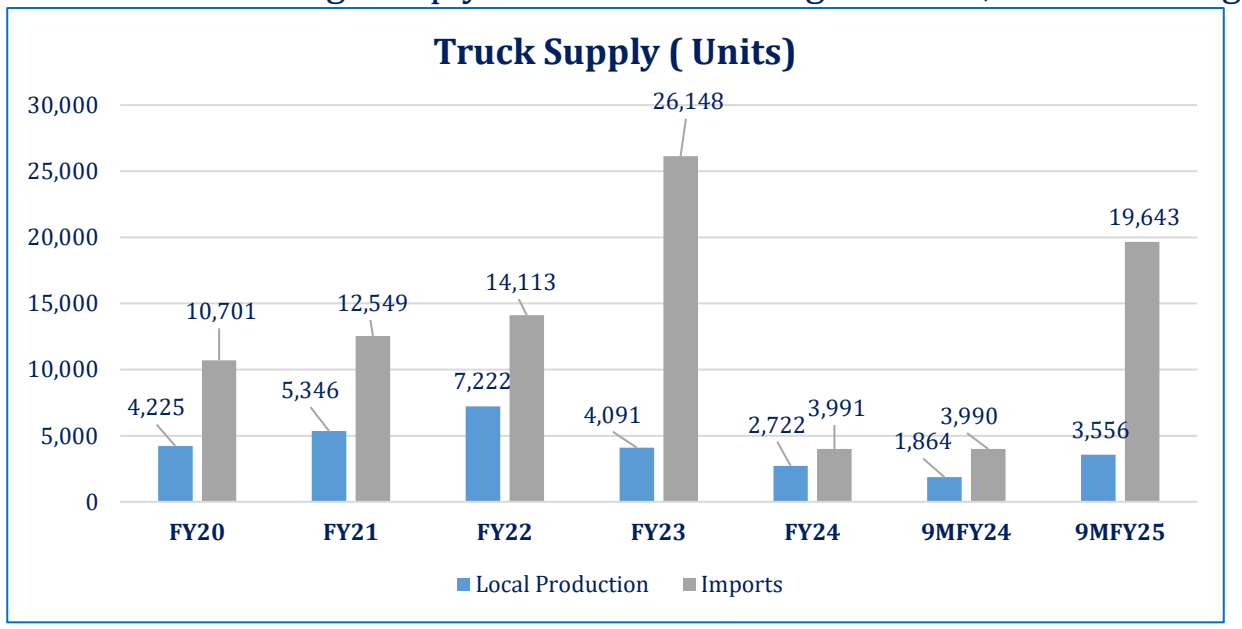
Source: PAMA

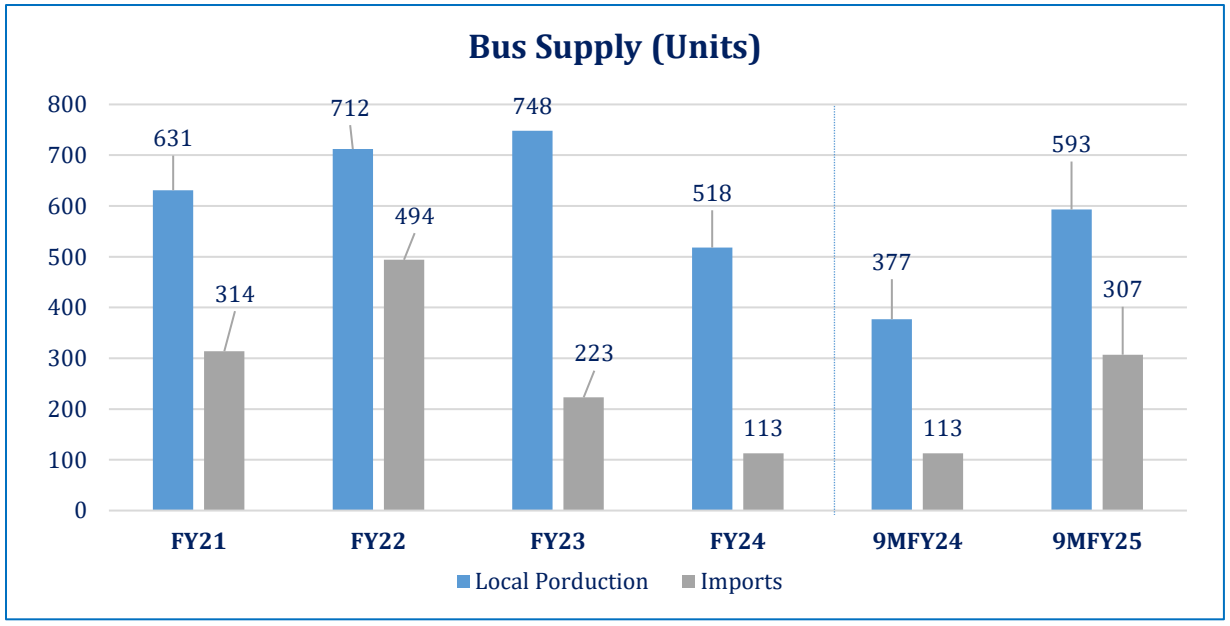
Trucks & Buses

Local | Supply

- In FY24, economic activity was slow as inflation surged and interest rates rose to contain price pressures. This weighed heavily on demand for Trucks and Buses. Local production fell by ~33.5% and ~30.7% YoY, with only ~2,722 trucks (FY23: ~4,091) and ~518 buses (FY23:~748) assembled during the year. Imports were also hit, with Truck imports declining by ~7.0% and Bus imports plunging by ~49.3%, reflecting the impact of restrictions and currency depreciation.

- By contrast, conditions improved in 9MFY25. Local production rebounded strongly, with Truck output rising by ~90.8% and Bus output by ~84.0%. The recovery was supported by better macroeconomic fundamentals, reduced the policy rate to ~11.0% by Sept'25 (SPLY: ~17.5%), the Pakistani rupee appreciation by ~1.4% against the USD (averaging PKR~279.3 in FY25 vs. PKR~283.3 in FY24), and inflation falling sharply to ~4.5% on average in FY25, further easing to ~3.5% in 2MFY26.





FY24 import data pertains to HS Codes: 8427.20, 8427.90, 8709.19
FY24 import figures for Buses pertain to HS Code: 8702.90. Imports refer to CBUs only.

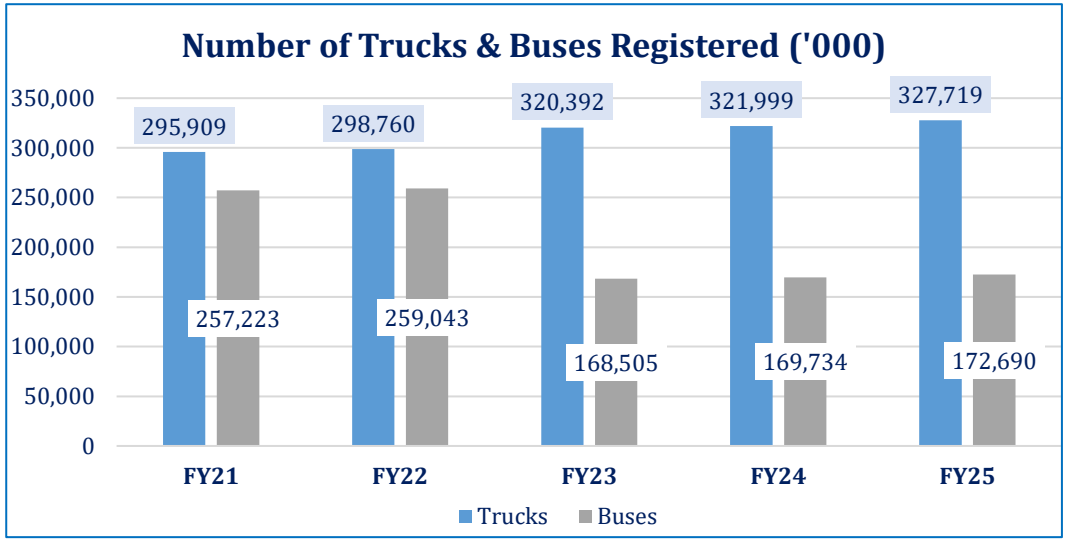
Source: PES, PBS

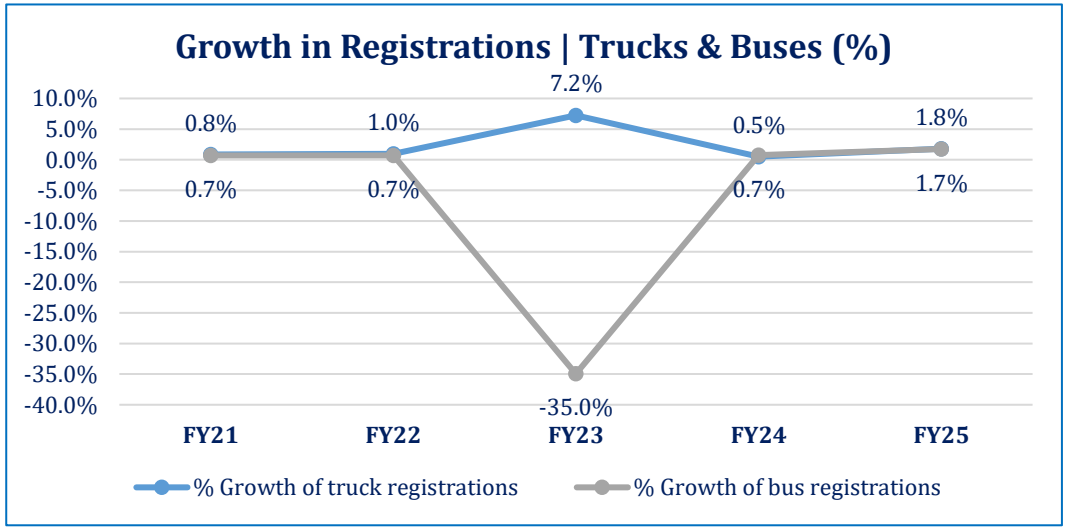
Trucks & Buses

Local | Demand

- During FY25, the number of registered Trucks stood at ~327,719 units (FY24: ~321,999 units), up ~1.8% YoY, whereas registered Buses stood at ~172,000 units (FY23: ~169,000 units) and grew by ~0.6% YoY.
- In terms of sales, both segments exhibited substantial growth in sales in FY25 due to easing inflation and lower interest rates.
- Trucks segment sales rose by ~101.1% with total sales of ~4,444 units in FY25 (FY24: ~2,210 units), while the Bus segment sales increased by ~73.6% in FY25 as ~788 units were sold. (FY24: ~454 units).

Player-wise Sales (Units)		FY21	FY22	FY23	FY24	FY25
ISUZU	Trucks	1,907	2,893	1,463	1,243	2,891
	Buses	113	123	137	90	216
	Total	**2,020**	**3,016**	**1,600**	**1,333**	**3,107**
MASTER	Trucks	897	1,731	971	604	1,016
	Buses	355	413	263	231	404
	Total	**1,252**	**2,144**	**1,234**	**835**	**1,420**
HINO	Trucks	668	889	584	199	339
	Buses	184	160	254	133	168
	Total	**852**	**1,049**	**838**	**332**	**507**
JAC	Trucks	223	289	164	164	198
	Buses	0	0	0	0	0
	Total	**223**	**289**	**164**	**164**	**198**
Total	Trucks	3,695	5,802	3,182	2,210	4,444
	Buses	652	696	654	454	788
	Sector	**4,347**	**6,498**	**3,836**	**2,664**	**5,232**





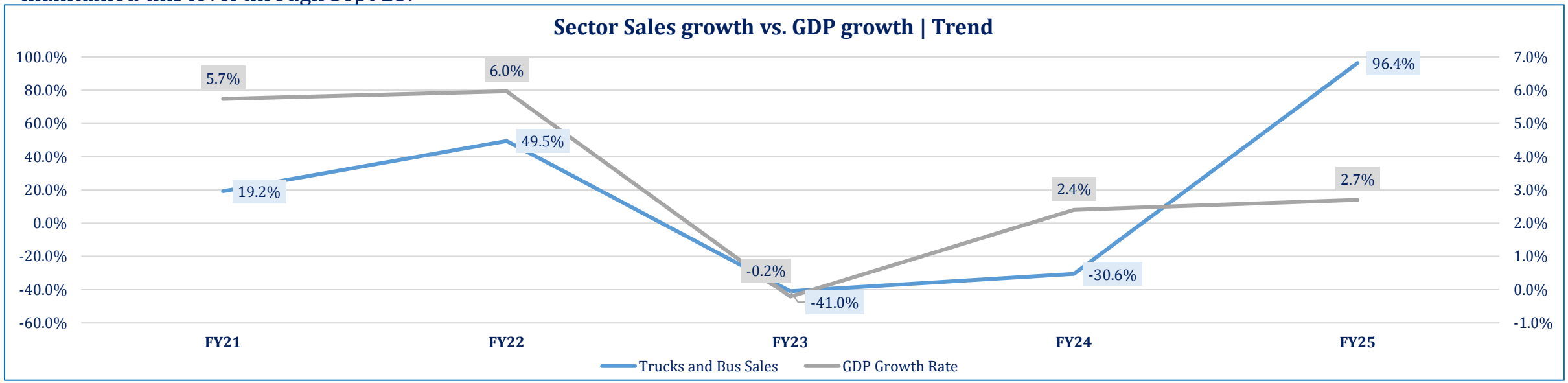
**FY25 registrations pertain to 9MFY25 data.*

Source: PAMA, PES

Trucks & Buses

Local | Demand

- The Trucks and Buses segment is strongly correlated with the country's overall economic performance and interest rates. Growth in GDP is mirrored by an improvement in the Trucks and Buses segment, as illustrated in the chart below.
- In FY25, real GDP grew by ~2.7% (FY24: ~2.4%), while sales of Trucks and Buses surged by ~96.3% YoY (FY24: ~-30.6%).
- Economic activity strengthened further as inflation eased notably. Average YoY inflation declined to ~4.5% in FY25, compared to ~23.4% in FY24, and fell further to ~3.5% in 2MFY26 (SPLY: ~10.4%).
- Monetary policy also supported the recovery. The State Bank of Pakistan lowered the policy rate to ~11.0% by May'25 (SPLY: ~22.0%) and maintained this level through Sept'25.



Note: *Sector sales (%) is calculated using Trucks and Buses sold during each fiscal year as stated by PAMA*

Source: PAMA, PBS, PES

Trucks & Buses

Local | Business Models

- **Original Equipment Manufacturers (OEMs):** These include entities that assemble and sell the Trucks & Buses. The OEMs have developed a network of dealers to market their products to fleet service providers. Some of the Buses are assembled in Pakistan, for which the main parts are imported from abroad and assembled locally.

- **Fleet Service Providers:** These include entities that buy Trucks and Buses from either local OEMs or imported as Completely Built Units (CBUs) from different manufacturers around the world, like China, Korea, etc. Fleet service providers offer logistics and fleet management services to both individuals and companies. The traditional logistics industry is highly fragmented and unstructured, with slow corporatization and small fleet sizes**.** The fleet service includes but is not limited to (i) long haul transportation Trucks that carry bulk and containerized cargoes over long distances on a contractual basis, (ii) distribution vehicles for containerized cargoes over short and medium distances on a contractual basis, and (iii) Buses that provide transportation services to humans on both long and short routes.

- **Rapid Bus Transit Service (RBT):** The Bus Rapid Transit (BRT) system, based on the use of dedicated Bus lanes with priority access at intersections and off-board fare collection, supports the establishment of high-capacity, efficient services for cities. In Pakistan, the Punjab Metro Bus Service is an initiative of the Government of Punjab with fixed rates for each route. Metro Bus currently operates in Lahore, Rawalpindi, and Multan. This Bus Rapid Transit system features barrier-controlled, automated fare collection off-board and maintains a service interval of under 2 minutes during peak hours. The Lahore Metro-Bus satisfies the standards set by the Institute for Transportation and Development Policy. In Budget 2025-26, the subsidy given to Metro Bus has been increased to PKR~7,300mln (Budget 2024-25: PKR~3,000mln).

Source: PACRA Database,

Trucks & Buses

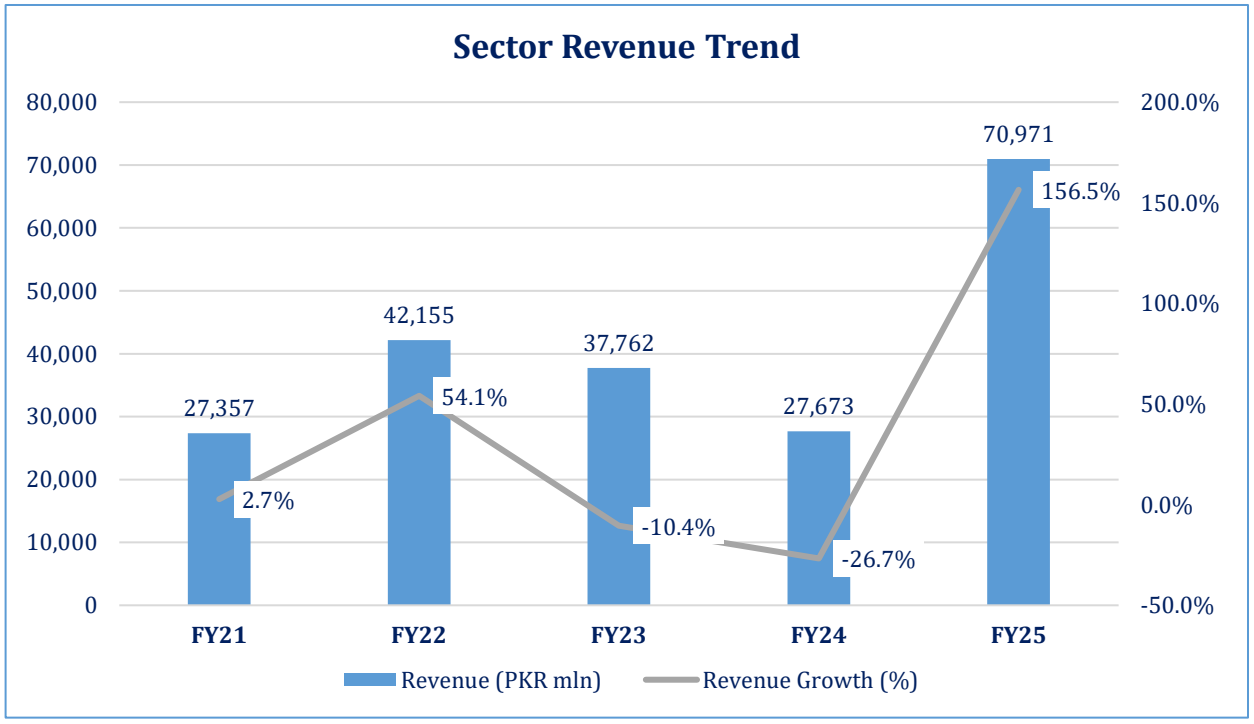
Local | Truck Companies

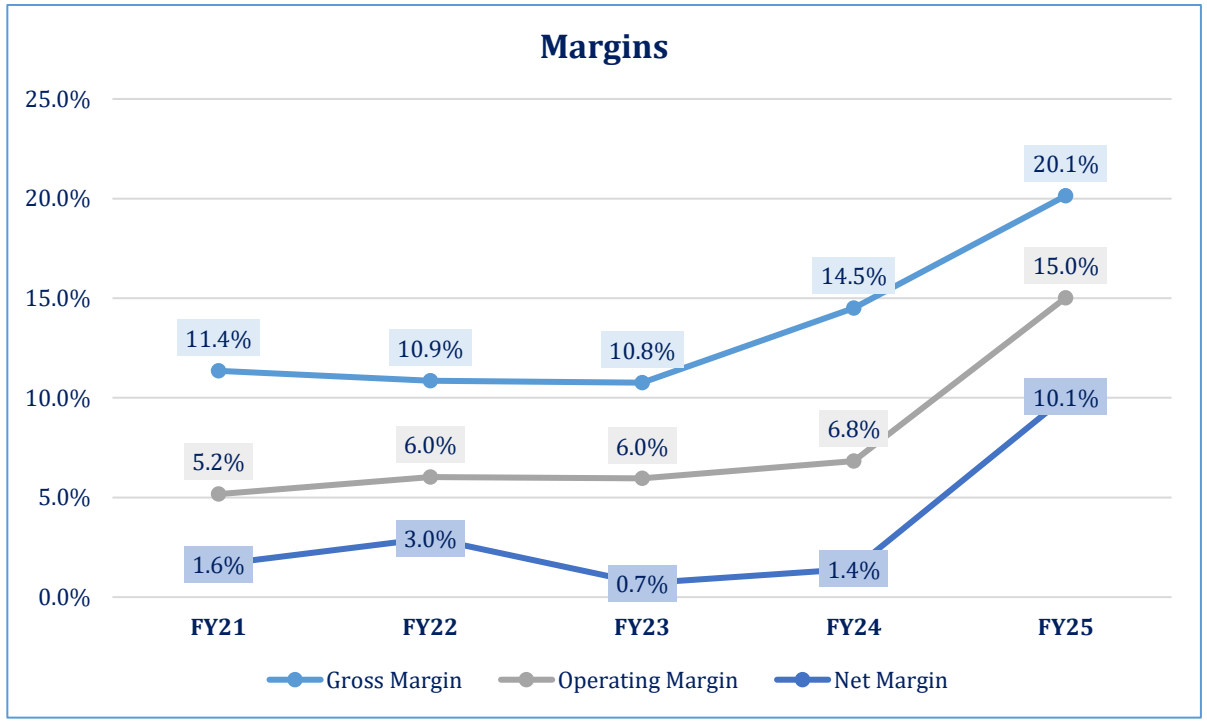
- **Hino Pakistan**: A prominent subsidiary of Hino Motors, Japan, Hino Pakistan stands as one of the leading manufacturers of Trucks in Pakistan.
- **Isuzu Pakistan**: Isuzu Pakistan, another subsidiary of a Japanese corporation, specializes in crafting high-quality commercial vehicles within the Pakistani market.
- **Volvo Pakistan**: As a subsidiary of the renowned Swedish company Volvo Group, Volvo Pakistan focuses on manufacturing heavy-duty Trucks and Buses for various industries in Pakistan.
- **FAW Pakistan**: FAW Pakistan, a joint venture between FAW Group Corporation of China and Al-Haj Motors, offers a diverse range of commercial vehicles tailored to meet the market demands.
- **Hyundai Nishat Motors**: Hyundai Nishat Motors, a collaborative effort between Nishat Mills Limited and Hyundai Motor Company, specializes in the production of commercial vehicles, including Trucks and Buses, meeting diverse transportation needs.
- **Master Motors**: A reputable Pakistani automotive company, Master Motors specializes in producing an array of commercial vehicles, encompassing Trucks, Buses, and vans, catering to diverse transportation requirements.
- **JAC Pakistan**: JAC Pakistan, a joint venture between JAC Motors and the Pakistani company Ghandhara Industries, contributes to the automotive market by manufacturing commercial Trucks and vans under the JAC Motors brand.

Trucks & Buses

Business Risk | Margins

- The Sector's revenue exhibited a CAGR of ~35.2% during FY21-25. In FY25, the revenue rose by ~156.5% on the back of a surge in sales volume (FY24: ~-26.7%) while the cost of sales registered an increase of ~139.6%. Ultimately, gross margins of the Sector in FY25 improved to ~20.1% (FY24:~14.5%).
- Operating profit margins rose to ~15.0% in FY25 (FY24: ~6.8%) while net margins rose sharply to ~10.1% (FY24: ~1.4%) on the back of a reduction in finance cost as it fell by ~53.5% during the year.





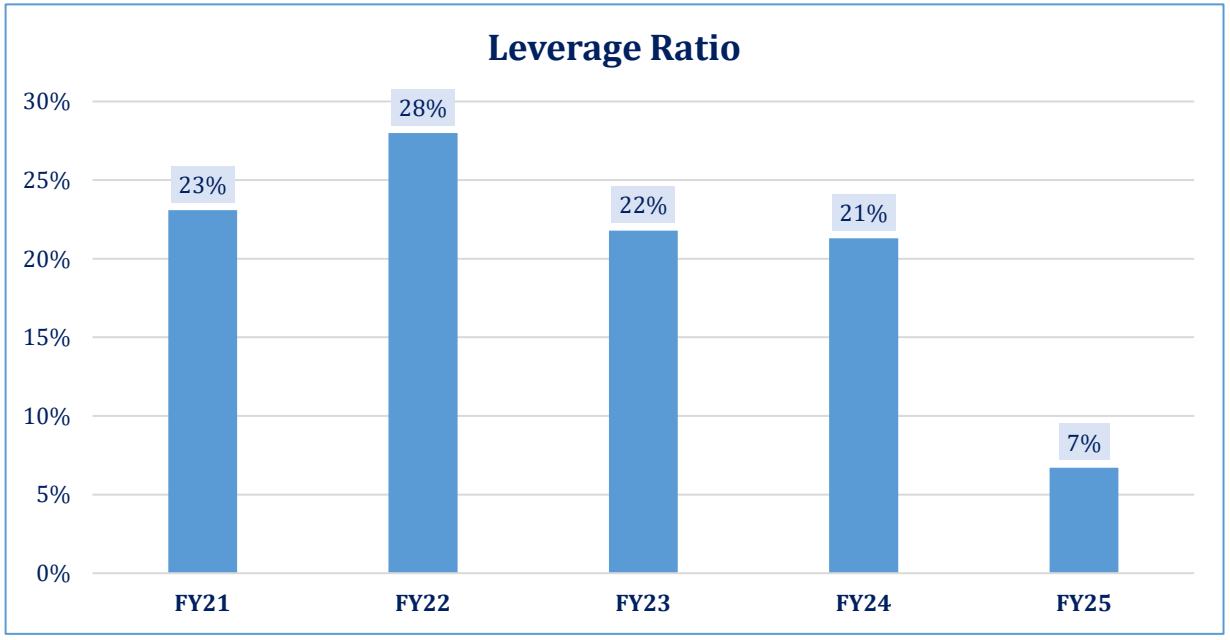
Note: *Data is representative of ~3 PACRA rated/Listed players.*

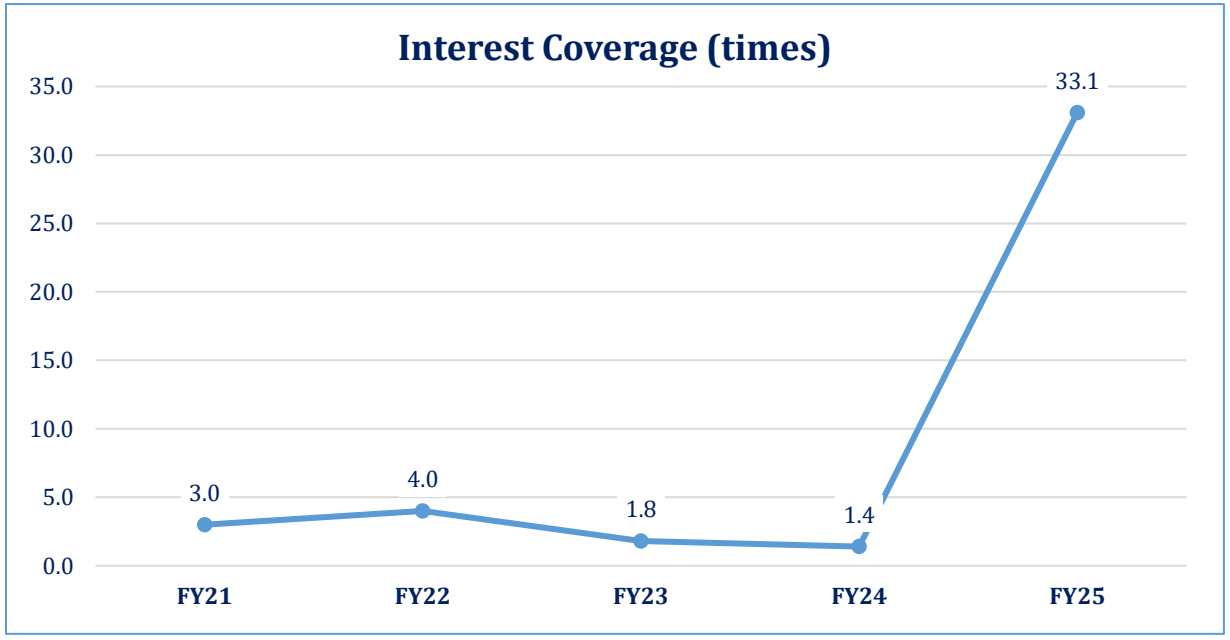
Source: Financial Statements

Trucks & Buses

Financial Risk | Borrowing and Coverage

- The Sector's total borrowings in FY25 stood at PKR~1,241mln, (FY24: PKR~5,567mln), down ~77.7% YoY. Lower inventory financing requirements during FY25 reduced working-capital requirements, resulting in a pronounced decline in total borrowings.
- Short-term borrowings, accounting for ~65.1% (FY24: ~90.4%) of the total borrowings in FY25 while long term borrowings stood at ~21.3% (FY24: ~9.6%).
- Traditionally, the Sector has low leveraging. As the Sector's total borrowings, particularly short-term borrowings, fell during FY25, the Sector's leverage dropped to ~7.0% for FY25 (FY24: ~21.0%) while the interest coverage ratio rose to ~33.1x (FY24: ~1.4x). The Sector's finance cost came down by ~53.5% (FY24: ~-16.1%).





Note: *Data is representative of ~3 PACRA rated/Listed players.*

Source: PACRA Database, PSX

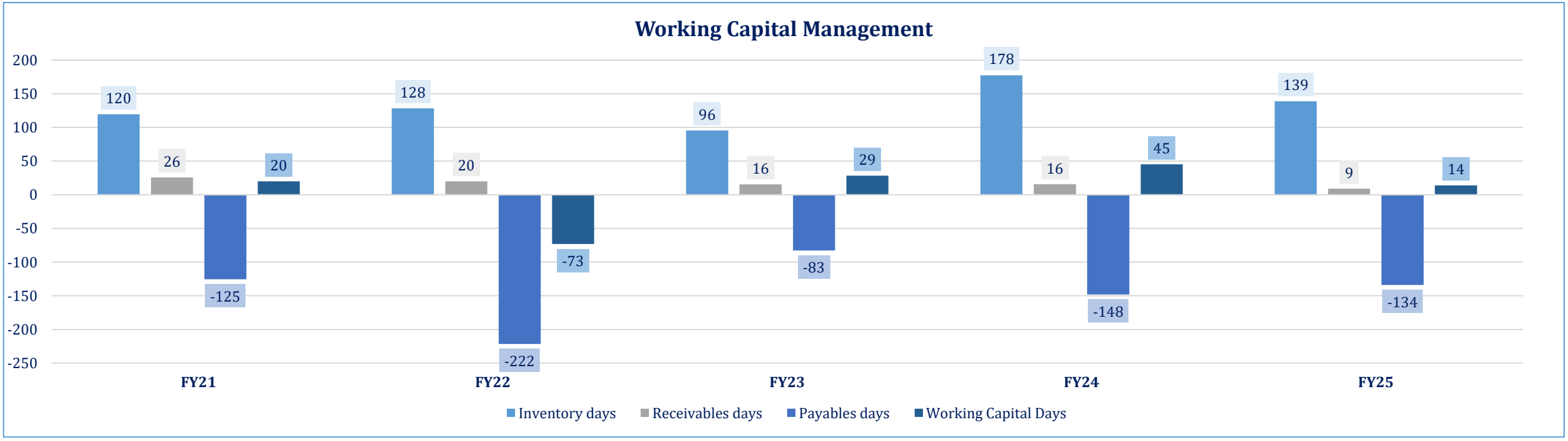
Trucks & Buses

Financial Risk | Working Capital Management

- In FY25, working capital days were measured at ~14 days, down ~31 days YoY (FY24: ~45 days). The working capital requirement of the Sector emanates from financing inventories and trade receivables, for which it relies on internal cash flows and short-term borrowings.

- In FY25, the Sector experienced a rise in demand, leading to improved financial performance and inventory reduction. This was evident as inventories came down by ~39 days to ~139 days in FY25 (FY24: ~178 days)

- Receivable days improved in FY25 to ~9 days (FY24: ~16 days) while payable days came down by ~14 days to ~134 days in FY25 (FY24: ~148 days).



Note: *Data is representative of ~3 PACRA rated/Listed players.*

Source: PACRA Database, PSX

Trucks & Buses

Local | Fleet & Bus Operators

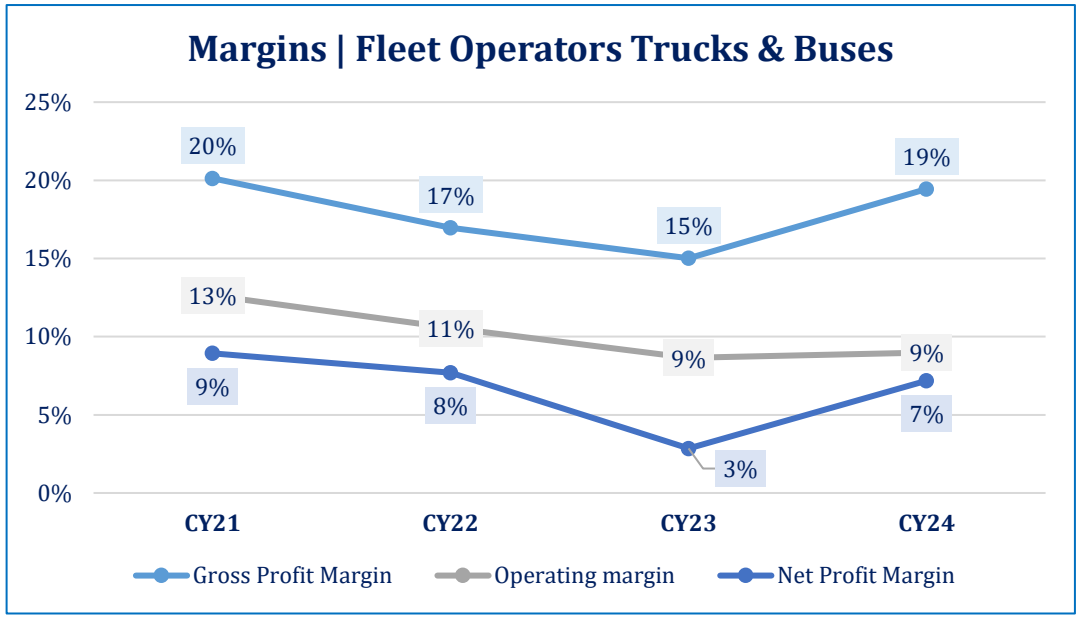
- The Sector is closely linked with the transportation services across the country. Some of the Buses are assembled in Pakistan, such as Yutong Master, ZhongTong, Daewoo, and Hino Pak, for which the main parts are imported from abroad and assembled locally. However, the majority of the Buses are imported as Completely Built Units (CBUs) from different manufacturers around the world, like China, Korea, etc. Most of these Bus operators use Daewoo, Yutong, KingLong, ZhongTong, Volvo, and Higer luxury Buses.
- Leading providers of Bus transport services include companies like Daewoo Express, Faisal Movers, Niazi Express, Bilal Travels, and Kohistan Express, among others. The Sector comprises numerous small private operators, but only a few, like Daewoo and Faisal Movers, follow a corporate model, while others typically operate on a daily cash basis.
- Daewoo, with ~370+ Buses running intercity routes across Pakistan (excluding Baluchistan and Gilgit), has established Bus rapid transit routes, positioning itself with a corporate structure uncommon among its competitors. Moreover, local players like Hino are also involved in the manufacturing of Buses.
- Risks facing the fleet and Bus operating segment include high fuel costs, potential market share reduction due to new entrants, and government regulations like high import duties.

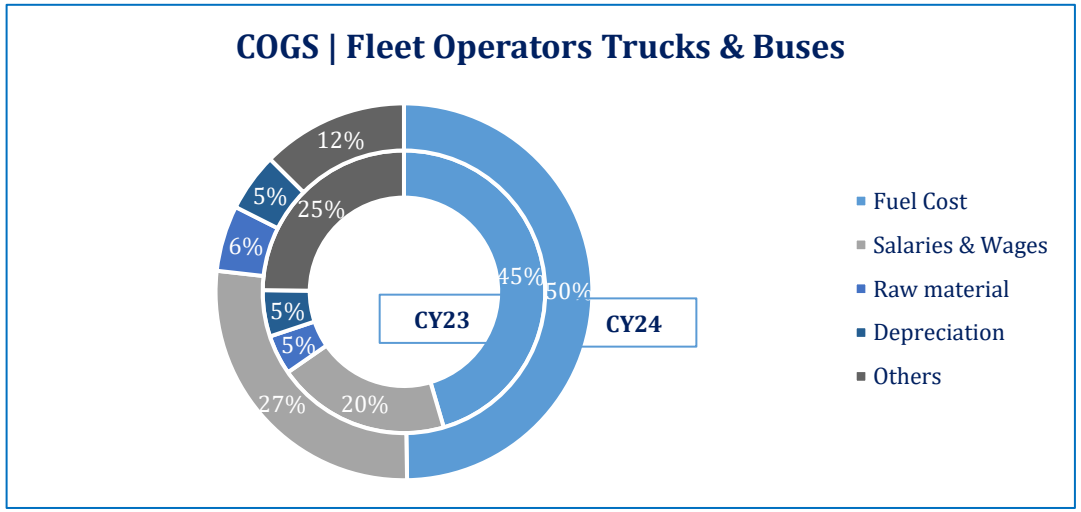
Source: PACRA Database

Trucks & Buses

Business Risk | Margins

- In CY24, the Fleet Operator's segment revenue reached PKR~28.5bln (CY23: PKR~25.0bln), reflecting a growth of ~14.0% YoY.
- The rise in revenue was accompanied by an improvement in margins. Gross profit margin stood at ~19.0% in CY24 (CY23: ~15.0%), while operating margin remained stable at ~9.0%, broadly in line with last year.
- Net profit margin also strengthened, increasing to ~7.0% in CY24 compared to ~3.0% in CY23.
- The improvement in margins was largely driven by better demand resulting in higher revenues. The SBP policy rate declined to ~13.0% as of End-Dec'24 and further eased to ~11.0% by Aug'25. The lower finance cost contributed to higher net margins.
- On the cost side, fuel remained the largest component of the fleet and Bus operating segment, accounting for ~50.0% of total costs in CY24 (CY23:~45.0%). Any volatility in fuel cost does not affect the margins as changes are passed on to the customers.
- Salaries and wages formed ~27.0% of total costs (CY23: ~20.0%), whereas raw material, depreciation, and other expenses represented ~6.0%, ~5.0%, and ~12.0%, respectively.





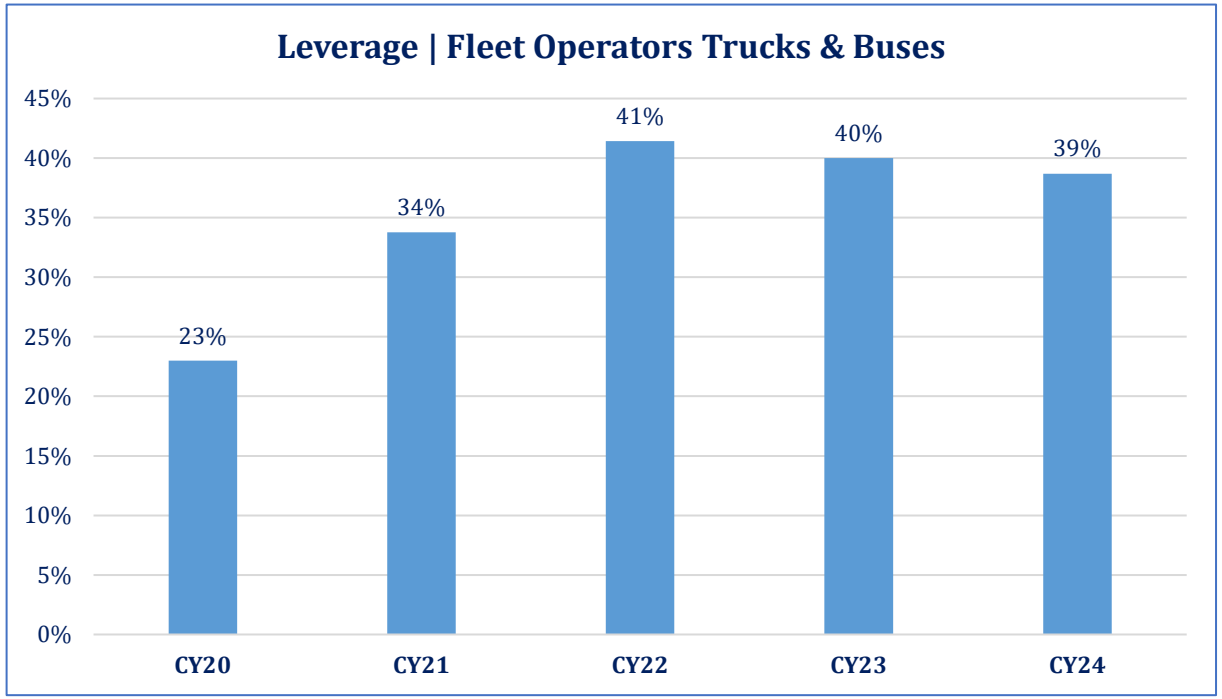
Note: *Data is representative of ~2 PACRA rated/Listed players..*

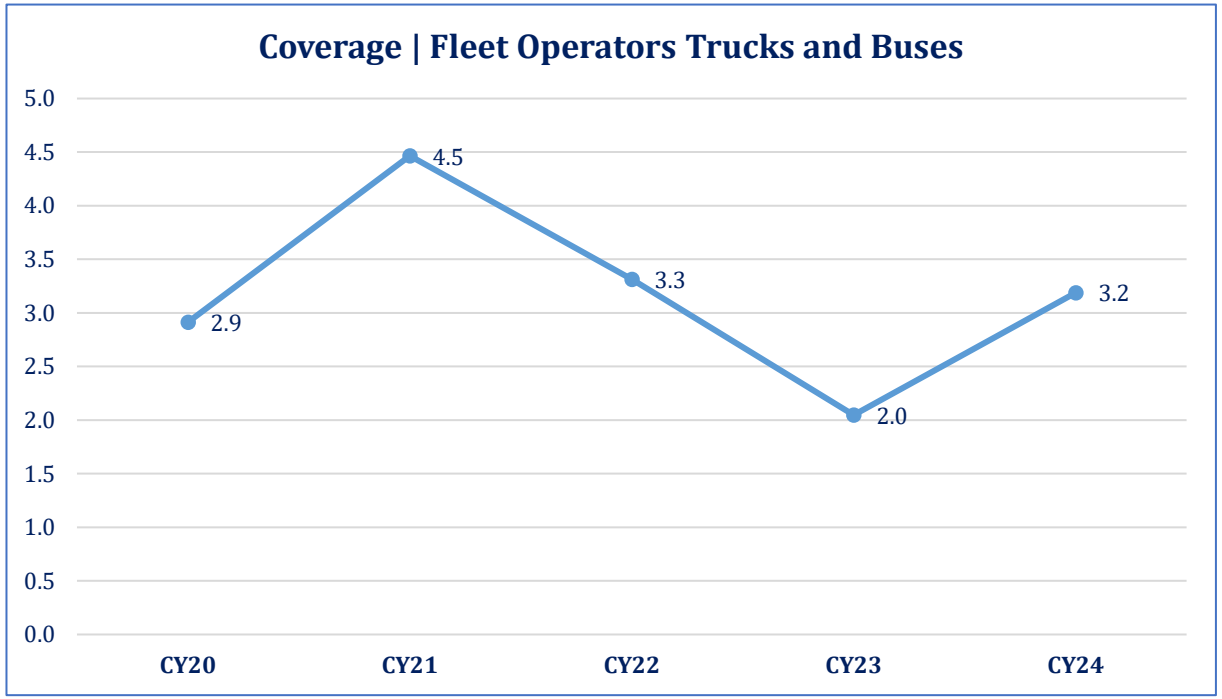
Source: PAMA, Financial Statements

Trucks & Buses

Financial Risk | Borrowing and Coverage

- The Fleet Operator's segment maintains a moderate leverage, clocking in at ~39.0% (CY23: ~40.0%). Total borrowings rose by ~30.0% in CY24 YoY, while total equity of the segment rose by ~56.0% YoY.
- Moreover, the segment's coverage improved in CY24, clocking in at ~3.2x despite an overall increase in the segment's finance cost, which rose by ~20.0% YoY.





Note: *Data is representative of ~2 PACRA rated/Listed players.*

Source:, Financial Statements

Trucks & Buses

National Electric Vehicle Policy

- The government of Pakistan launched the new NEV policy (FY25-30). By FY30, the goal is ~30% of new sales in Buses and Trucks to be NEVs (electric, plug-in hybrid with ≥50 km pure EV range, or other zero-emission vehicles).

- Trucks and Buses qualify for federal purchase subsidies under the cost-sharing scheme.
  - Buses: PKR~700,000* per unit.
  - Trucks/LCVs: PKR~300,000* per unit
  - PKR~15,000 per kWh of battery capacity (or ~5% of invoice value, whichever is lower).
  - Subsidy gradually reduces from year 2 onwards (~80% → ~60% → ~40%)

- A levy on Internal Combustion Engine (ICE) Buses and Trucks (e.g., ~1% of invoice value) is introduced to create fiscal space for subsidies and infrastructure funding.

- Mandatory Level 3 charging stations: Oil Marketing Companies (OMCs) must install at least ~10% of their outlets with fast-charging stations. Public charging stations will prioritize highways and intercity routes to enable long-haul Truck and Bus operations.

- Provinces encouraged to transition intra-city Bus fleets to NEVs with roadmaps and budgeted plans. In Islamabad, CDA aims for all intra-city Buses to be electric by FY30. Ride-hailing and taxi fleets are also targeted.

- Trucks and Buses are included under performance and safety standards aligned with UN vehicle regulations. Eligible for support from the New Energy Vehicles Center (NEVC) for R&D, testing, and emission tracking.

**Estimates provided in the NEV Policy (FY25-30).*

Source: FOAP

Trucks & Buses

Duty Structure

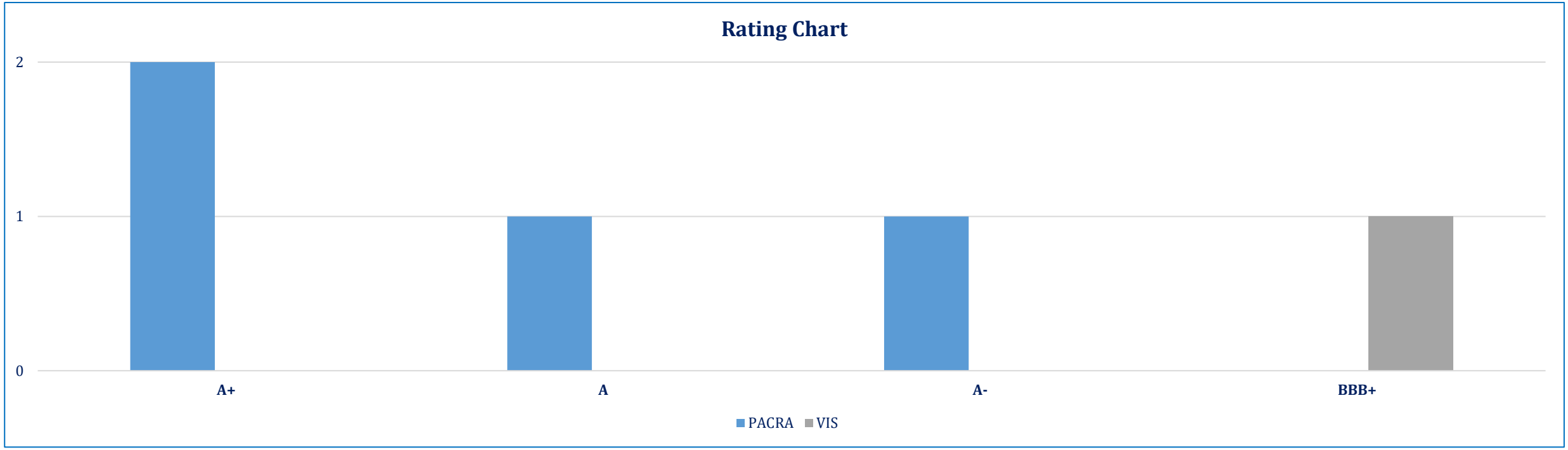
HS Code	Description	Additional Duty		Custom Duty		Regulatory Duty		Total	
		FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26
Trucks									
4011.1000	New pneumatic tires	6%	11%	20%	15%	0%	20%	**26%**	**46%**
4013.1010	Inner Tubes	2%	0%	3%	5%	0%	0%	**5%**	**5%**
8426.1110	Works Trucks fitted with a crane (Not Exceeding 400 MT)	2%	0%	11%	10%	0%	0%	**13%**	**10%**
8427.1000	Self-propelled Trucks powered by an electric motor	2%	0%	0%	0%	0%	0%	**2%**	**0%**
8704.1090	Components for assembly/manufacture of Dump Trucks designed for off highway use	7%	6%	30%	30%	0%	0%	**37%**	**36%**
Buses									
8702.9010	Components for assembly / manufacture of vehicles, in any kit form	6%	4%	20%	20%	0%	0%	**26%**	**24%**
8702.9020	Components for assembly / manufacture of Fully dedicated LNG/ LPG or CNG Buses, in any kit form	6%	4%	20%	20%	0%	0%	**26%**	**24%**
8702.9030	Fully dedicated LNG Buses (CBU)	6%	4%	20%	20%	0%	0%	**26%**	**24%**
8702.9040	Fully dedicated LPG Buses (CBU)	6%	4%	20%	20%	0%	0%	**26%**	**24%**
8702.9050	Fully dedicated CNG Buses (CBU)	6%	4%	20%	20%	0%	0%	**26%**	**24%**
8708.2942	Components for vehicles of sub-heading	7%	6%	35%	35%	0%	0%	**42%**	**41%**

Source: FBR

Trucks & Buses

Rating Curve

PACRA rates ~4 players in the Trucks & Buses Sector, two in OEMs and two in Bus & fleet operating services within a long-term rating bandwidth ranging between A+ and A-.



Source: PACRA Database

Trucks & Buses

SWOT Analysis

- Introduction of New Product Line by existing players.
- Strong ties with international parent companies/suppliers.
- Lower restrictions on intercity travel.

- Majority of Cost of Sales dependent on imports
- Devaluation of rupee led to financial distress on margins.
- Higher gearing ratio.

- Exchange Rate volatility.
- Development of ML-1 under CPEC will provide an alternative for freight and transport.
- Increase in policy rate may discourage vehicle financing.

- Resumption CPEC related activities.
- Contracts with strategic industry and government partners.
- Electric Trucks and Buses.

Trucks & Buses

Outlook: Stable

- In FY25, Pakistan's GDP (nominal) stood at PKR~114.7trn (FY24: PKR~105.1trn), up ~9.1% YoY. In real terms, Pakistan's GDP grew by ~2.7% YoY (FY24: ~2.5% YoY growth). Large-scale Manufacturing (LSM), which is an essential component of economic growth and represents ~67.5% (in terms of value) in manufacturing activities and ~8.0% of the country's real GDP in FY25. Pakistan's economy faced severe stress in FY23 with GDP contracting (-0.2%). IMF's SBA in FY24 stabilized reserves and confidence, though growth stayed modestly at ~2.5%. By FY25, inflation eased, clocking at ~4.5% YoY (FY24: ~23.4%) and further eased in 2MFY26 to ~3.5% while reserves improved to USD~19.3bln, and policy rates fell from ~22.0% to ~11.0% (as of Sept'25).

- During FY25, the automobile Sector witnessed a healthy growth ~46.2% YoY while Trucks and Buses Sector grew by ~97.0% (FY24: ~-31.0%) in terms of production and sales volume, respectively. In 2MFY26, production growth continued, with Trucks and Buses manufacturing up ~86.8% and ~69.5% YoY, respectively (SPLY: ~506 Trucks and ~637 Buses). Sales of Trucks and Buses also rose sharply, increasing by ~82.6% and ~71.3%, reaching ~913 and ~1,040 units sold in 2MFY26 (SPLY: ~500 Trucks; ~607 Buses).

- Going forward, the FY26 PSDP has been set at PKR~4,224.0bln, but actual development outlays are expected to stay limited to protect fiscal balances. This suggests only modest support to the demand for Trucks and Buses Sector from government-funded projects. The Jul–Sept'25 floods add further headwinds. Relief spending, infrastructure damage, and higher import needs are diverting resources away from development activity, tempering near-term growth prospects for the Sector.

- Private freight demand, on the other hand, should remain the main growth driver. As industrial activity gradually recovers, the Truck segment is positioned to outperform the Buses segment, which rely more heavily on public transport schemes and urban infrastructure programs.

- In long run, Pakistan's shift toward electrification (National Electric Vehicle Policy 2025-30), includes planned EV assembly initiatives which in the first phase focuses on two-three wheelers and light passenger vehicles, could eventually spill into Buses and light commercial vehicles, though Trucks segment remained undecided.

- Sector volumes are expected to rise gradually in FY26, led by private-sector freight. Margins, however, will remain vulnerable to interest rates, exchange rate swings, and raw material costs. Upside would come from faster industrial recovery while downside risks include prolonged flood after-effects and slow PSDP execution.

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- Asian Infrastructure Investment Bank (AIIB)
- Organisation Internationale des Constructeurs d'Automobiles (OICA)
- IBIS World
- International Monetary Fund (IMF)
- The Business Research Company

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