

Auto Volume Report – January 2019



BP WEALTH

Monthly Auto Update

5th Feb 2019

- ⇒ The PV segment underperformed due to low consumer sentiments and augmented insurance cost
- ⇒ Maruti reported flat YoY growth
- ⇒ 2 wheelers sales remained mix bag for the month
- ⇒ Escorts outperformed its peers in the tractor segment
- ⇒ TVS outperformed its peers in the 3 wheeler segment
- ⇒ Ashok Leyland outperformed its peers in the commercial vehicle segment
- ⇒ MHCV highly impacted due to dithering effect of axle load norms

Major Events and News in November

- ⇒ India displaces Germany to become fourth-largest auto market
- ⇒ Ashok Leyland are now among global top 10 in trucks and top 5 in bus segment
- ⇒ Ashok Leyland gears up for electric bus drive in Ahmedabad
- ⇒ Mahindra increases stake in Ssangyong Motor to 74.65 per cent
- ⇒ Mahindra in dilemma over timing of switchover to BS-VI trucks
- ⇒ Rudratej Singh resigns as Royal Enfield president
- ⇒ 'Humara Bajaj' becomes 'The World's Favourite Indian'
- ⇒ Bajaj ready to roll out quadricycle Qute
- ⇒ Tata Motors to stop Nano from April 2020

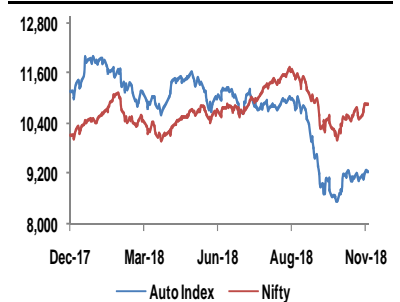
Company	Outlook
Ashok Leyland	Positive
Atul Auto	Neutral
Bajaj Auto	Neutral
Eicher Auto	Negative
Escorts	Positive
Hero Motocop	Neutral
M&M	Positive
Maruti Suzuki	Neutral
Tata Motors	Negative
TVS Motors	Positive

Two Wheeler (units)	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Hero Motocorp	5,82,756	6,41,501	-9.2	4,53,985	28.4
TVS Motors	2,82,630	2,71,801	4.0	2,71,395	4.1
Bajaj Auto	3,50,460	2,88,936	21.3	2,98,855	17.3
Royal Enfield	72,701	77,878	-6.6	58,278	24.7
Three Wheeler (units)	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Bajaj Auto	56,690	64,211	-11.7	47,344	19.7
TVS Motor	13,353	8,806	51.6	12,686	5.3
M&M	6,003	4,744	26.5	4,693	27.9
Atul Auto	3,564	4,000	-10.9	4,332	-17.7
Passenger Vehicle (units)	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Maruti	1,51,721	1,51,351	0.2	1,28,338	18.2
Hyundai	45,803	45,508	0.6	42,093	8.8
M&M	23,872	23,686	0.8	15,091	58.2
Honda	18,261	14,838	23.1	13,139	39
Tata Motors	17,826	20,055	-11.1	14,260	25.0
Toyota	11,221	12,351	-9.1	11,830	-5.1
Commercial Vehicle (units)	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Tata Motors	37,089	39,386	-5.8	36,180	2.5
Ashok Leyland	19,741	15,493	9.1	15,493	27.4
Eicher Motor	5,906	6,801	-13.2	6,236	-5.3
Tractor	Jan 19	Jan 18	YoY%	Dec 18	MoM%
M&M	22,212	17,404	1.5	17,404	27.6
Escorts	5,991	5,316	12.7	4,598	30.3

Source: Companies, BP Equities Research. *Bajaj Auto, Hero Moto and Ashok Leyland sales include exports volumes

Stock Price Performance %	1M	3M	1 Yr
Ashok Leyland	-15	-30	-32
Atul Auto	-17	-18	-29
Bajaj Auto	-1	2.3	-16
Eicher Motors	-2	-9	-26
Escorts	-5	1	-20
Hero Motocop	-4	-1	-20
M&M	-5	-12	-10
Maruti Suzuki	-2	0	-21
Tata Motors	3	-7	-54
TVS Motors	-7	-10	-22

Relative Price Chart



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Ashok Leyland

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
MHCV	14,694	13,642	7.7	11,295	30.1
LCV	5,047	4,458	13.2	4,198	20.2
Total Sales	19,741	18,100	9.1	15,493	27.4

Source: Companies, BP Equities Research

Ashok Leyland has reported satisfactory volume numbers for the month. The LCV segment reported ~12% MoM increase in sales against estimates, reporting to have sold 5,047 units against 4,198 units in December 2018 constituting a 20.2% augmentation in their MoM sales while YoY volumes grew by 13.2%. The MHCV segment surged by 22.5% against estimated numbers and reported a 30.1% MoM growth while YoY volumes grew by 7.7%. The company received the boost by the new orders from 3 state corporations valued at ~400 cr. The company's portfolio constitutes less than 10% of left hand drive (LHD) compliant model and hence the company gradually intends to transit into manufacturing of 100% LHD variants to amplify their export numbers. The company's modular platform, minimal inventory and faster turnaround time can bolster their business.



Atul Auto

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Total Sales	3,564	4,000	-10.9	4,332	-17.7

Source: Companies, BP Equities Research

The company's sale volumes de-grew by 17.7% MoM having sold 3,564 units in January against 4,332 units in December 2018. The company's YoY volume also de-grew by 10.9% having reported sales of 3,564 units against 4,000 units in the corresponding month last year.



Bajaj Auto

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Motorcycle	3,50,460	2,88,936	21.3	2,98,855	17.3
Three wheelers	56,690	64,211	-11.7	47,344	19.7
Total two and three wheelers	4,07,150	3,53,147	15.3	3,46,199	17.6
Exports of above	1,75,689	1,50,954	16.4	1,65,848	5.9

Source: Companies, BP Equities Research

Bajaj's motorcycle MoM sale numbers were reported at 16% more than estimates. The company sold 3,50,460 units in January against 2,98,855 units in its previous month thereby seeing a 17.3% MoM growth. The Bajaj Platina 110 and Pulsar Neon backed the sales number for the segment. The company intends to sell 80,000 and 24,000 units of the Platina and Pulsar respectively next month onwards. While exports remained healthy, the company's 3 wheeler volumes de-grew by 11.7% YoY and registered a 19.7% MoM growth. The hit in the 3 wheeler segment was seen due to impoverished numbers registered in Egypt that constitutes ~30% sales of the segment. With recovery in the Egypt market very soon the company intends to sell 8,000-9,000 units per month. The export numbers were cushioned by achieving stability and better control over African markets and with plans to improvise market share in Bangladesh the exports shall do better.



Eicher Motor

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Up to 350CC	4,786	4,989	-4.1	4,488	6.6
Above 350CC	67,915	72,889	-6.8	53,790	26.3

Source: Companies, BP Equities Research

Royal Enfield's total sales for the month were reported at 11.8% more than estimation. The models upto 350CC above 350CC reported 6.6% and 26.3% MoM growth while they de-grew 4.1% and 6.8% YoY respectively. The company moreover was impacted due to intense competition, inflated insurance price and transition to safety standards with price hike that added to increased cost of ownership.



Escort

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Overall volumes	5,991	5,316	12.7	4,598	30.3

Source: Companies, BP Equities Research

Escorts reported a 30.3% MoM growth having sold 5,991 units in January 2019 compared to 4,598 units sold in its previous month. The monthly volume sales reported outmatching the estimates by 7%. The company has planned out its capital expansion valued at ~450 crores for increasing its capacity and in its various JVs in the tractor and construction business. Through its JV with Tadano Group, the company will be engaging in manufacturing of rough terrain cranes and truck-mounted cranes while higher capacity cranes shall be targeting applications in railways, mining, power sector and roads and bridges. With its collaboration with Kubota, the company is to establish a new manufacturing unit with initial capacity of 50,000 units.



Hero MotoCorp

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Two wheelers	5,82,756	6,41,501	-9.2	4,53,985	28.4

Source: Companies, BP Equities Research

Hero Motocorp reported a 28.4% MoM growth in volumes having sold 5,82,756 units for the month against 4,53,985 in December. The monthly volume was reported at 4.1% more than estimates. However the YoY sales de-grew by 9.2% having sold 5,82,756 units for January 2019 compared to 6,41,501 units for the corresponding month last year. The company's recent launch Destiny has been well received in the market reporting sales of ~17,000 models in 3 months and covering ~14% market share in its motorcycle segment while the Extreme 200R has reported decent sales and expect an augmentation post installation of the ABS. The increase in cost of ownership has seen consumer demand shifting from 125CC models to the 100CC models. The demand hence has been inclining towards the Splendor Plus model from the Glamour.



Mahindra and Mahindra

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Passenger vehicle	23,872	23,686	0.8	15,091	58.2
Three wheelers Alfa	6,003	4,744	26.5	4,693	27.9
LVC<3.5T	21,035	19,309	8.9	15,537	35.4
Truck and bus LVC> 3.5 and MHCV	1,590	1,693	-6.1	1,369	16.1
Total auto - domestic	52,500	49,432	6.2	36,690	43.1
Exports - M&M	3,222	2,631	22.5	3,065	5.1
Total automotive	55,722	52,063	7.0	39,755	40.2
Tractors - domestic	20,948	20,822	0.6	16,510	26.9
Tractors - exports	1,264	1,243	1.7	894	41.4
Total tractors	22,212	22,065	0.7	17,404	27.6

Source: Companies, BP Equities Research

In the passenger vehicle segment, the company reported an exemplary 58.2% MoM growth beating the estimates by 32.6%. However the YoY growth remained flat. Despite an appealing response from Marazzo and discount offers, the segment has not reflected growth. In the three wheeler segment the company reported 33.4% more units than estimates posting a 27.9% and 26.5% MoM and YoY growth respectively. While in the commercial segment the company was expected to report sales of ~19,000 units for the month however it did beat the estimates posting sales of 22,625 units in the segment. The overall CV sales were driven by its LCV segment. The 5 launches under the Furio truck range is likely to pull the demand as well. The company's export remained satisfactory reporting a 5.1% and 22.5% MoM and YoY growth respectively. The tractor segment reported numbers below expectation by 3.4%. While domestic growth for MoM was 26.9%, YoY growth remained flat. The tractor export was increased by 41.4% as compared to December 2019 while YoY growth was 1.7%.



Maruti Suzuki

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Mini- Alto	33,408	33,316	0.3	27,661	20.8%
Compact- Swift, Ritz, Celerio, Baleno, Dzire	65,523	67,868	-3.5	51,334	27.6%
Mid Size- Ciaz	2,934	5,062	-42.0	4,734	-38.0%
Total passenger cars	1,01,865	1,06,246	-4.1	83,729	21.7%
UVs-Vitara Brezza, Gypsy, Ertiga, S Cross	22,430	20,693	8.4	20,225	10.9%
Vans- Omni, Eco	15,145	12,250	23.6	15,850	-4.4%
Total domestic sales	1,39,440	1,39,189	0.2	1,19,804	16.4%
Export	9,571	10,751	-11	1,675	39.5
LCV	2,710	1,411	92.1	6,859	61.8
Total sales	1,51,721	1,51,351	0.2	1,28,338	18.2



Source: Companies, BP Equities Research

Over all the passenger vehicle segment reported a 16.4% MoM growth having sold 1,39,440 units in January 2019 against 1,19,804 units in its previous month. The sale for January was reported at 2.5% below the estimates. Despite having offered a princely ~ Rs24,000 average discount per vehicle which constituted about 30-36% higher on a sequential and year-on-year basis, the YoY growth remained flat. It was however the surged prices of cars, augmented insurance cost and weak buyer's sentiment that kept the YoY sales flat. The exports grew by 39.5% MoM while de-grew by 11% mainly due to various macro-economic situations. Overall the company reported a total sales of 1,51,721 units which was ~1% more than the estimates.

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Tata Motors

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
MHCV domestic	11,694	12,804	-8.7	11,506	1.6
LCV domestic	25,395	26,582	-4.5	24,674	2.9
Cars domestic	17,826	20,055	-11.1	14,260	25.0
Domestic	54,915	59,441	-7.6	50,440	8.9
Exports	3,270	4,900	-33.3	3,999	-18.2
Total	58,185	64,341	-9.6	54,439	6.9



Source: Companies, BP Equities Research

The MHCV segment volumes were reported 35% below estimates. The company had sold 11,694 units in January 2019 against 11,506 units in its previous month reporting a 1.6% MoM growth while de-grew on YoY basis by 8.7% having sold 12,804 units in January 2018. It was largely due to allay sentiments among transporters due to revised axle load norms. The tipper segment witnessed a strong growth on the back of road construction, irrigation and affordable housing projects. The LCV segment sales were above estimates by ~10% MoM basis having reported a growth 2.9% while the YoY sales remained negative. The I&LCV truck segment recorded a growth of 10% YoY due to demand backed from e-commerce sector, increased rural consumption, supported by new product introductions. The SCV Cargo and Pickup segment volumes declined 7% YoY due to high base effect while the commercial passenger carrier segment volumes declined by 8% YoY due to the slowdown in the procurement of buses by STUs and the permits for private hiring. The passenger vehicle volumes were reported below 9.5% from estimates, however the segment volumes grew by 25% MoM while de-grew by 11.1% YoY due to shallow customer sentiments and liquidity crunch. The exports were impacted due to current liquidity crisis in Nepal, formation of new government in Bangladesh and political uncertainty in Sri Lanka reporting a de-growth of 18.2%

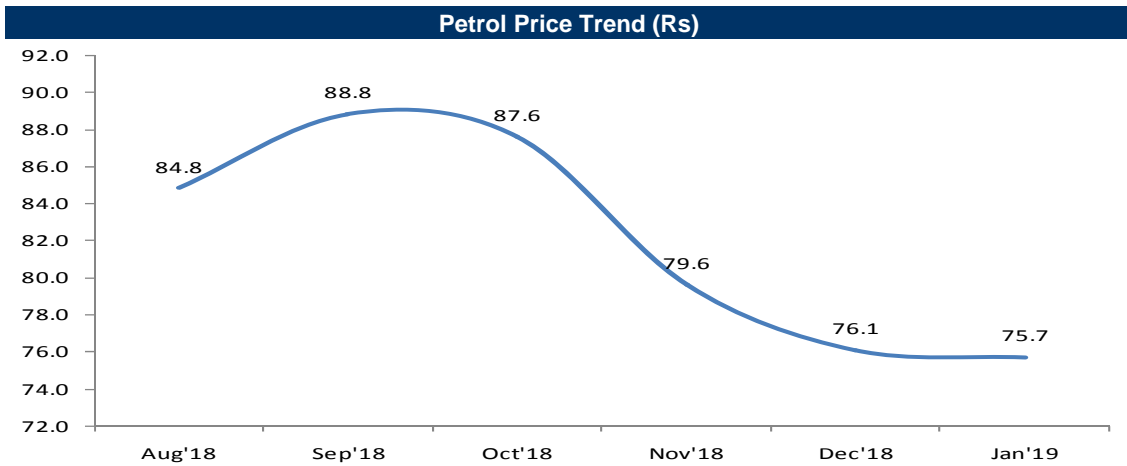
TVS Motors

Segment	Volume (In Numbers)				
	Jan 19	Jan 18	YoY%	Dec 18	MoM%
Motorcycles	1,11,253	98,649	12.8	1,07,189	3.8
Mopeds	72,725	78,825	-7.7	60,040	21.1
Scooters	85,299	85,521	-0.3	91,480	-6.8
Total Two-wheelers	2,69,277	2,62,995	2.4	2,58,709	4.1
Three-wheelers	13,353	8,806	51.6	12,686	5.3
Overall Sales	2,82,630	2,71,801	4.0	2,71,395	4.1
Exports of above	52,650	42,802	23.0	48,803	7.9

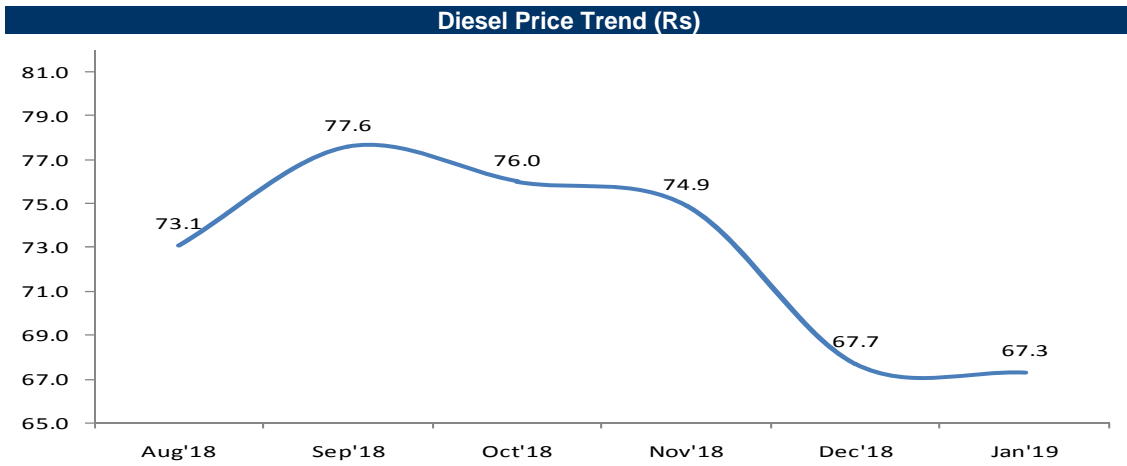


Source: Companies, BP Equities Research

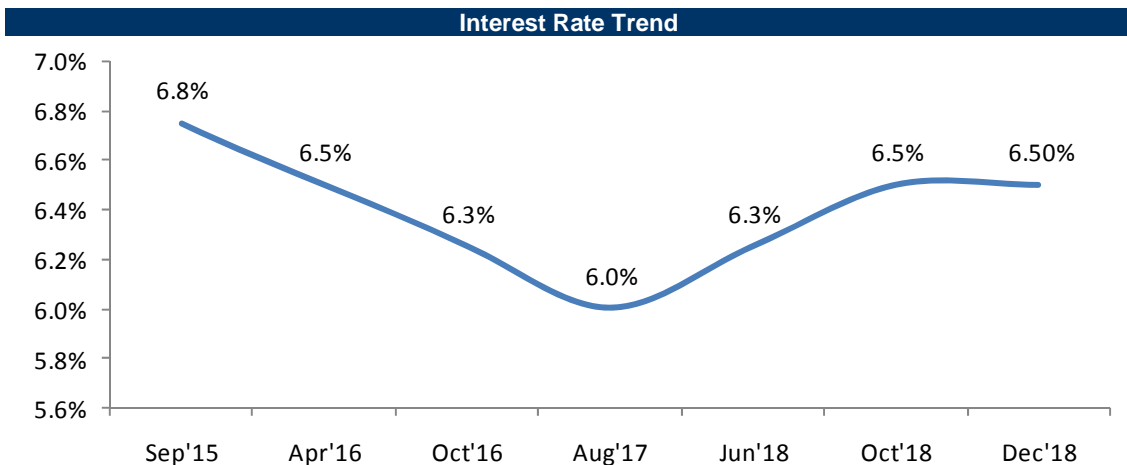
TVS Motors reported its motorcycle MoM growth at 3.8% having sold 1,11,253 units in January 2019 against 1,07,189 units in its previous month while reported a 12.8% YoY growth having sold 98,649 units in corresponding month last year. The motorcycles were sold at 6% more than expectation. While the MoM growth for mopeds were reported 21.1%, the YoY saw a de-growth of 7.7% and the scooter segment de-grew by 6.8% MoM and 0.3% YoY. The three wheeler sales reported exemplary 51.6% YoY growth and 5.3% MoM. The exports grew by 7.9% MoM and 23% YoY. With better product portfolio, increasing volumes and improving liquidity scenario and sentiments the company is expected to do better.



Source: IOCL *The trend shows monthly average price



Source: IOCL *The trend shows monthly average price



Source: RBI