

Auto-Roundup | May 2024

SUVs continue their good run, exports recovery on track...

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Sector performance

The month of May has shown strong volume performance for the SUV segment, while CVs have shown some positivity. Improvement in sentiments, absorption of price hikes, new model launches and slow and steady revival of rural markets has led to good growth in 2Ws on YTD basis and SUVs. CVs have performed well on low base, especially the lighter segment. 2W exports have put up a decent growth on yoy basis despite the Red Sea crisis. In the month of May, the temporary muted nature of 2W sector was on account of Union Elections across the country. We believe growth to comeback in June.

On the PV front, SUV growth story remained intact. On the CV side of the sector, we witnessed overall growth for Ashok Leyland, while for Tata Motors we saw LCV segment posting strong growth. Tractor makers witnessed a mixed trend, as M&M posted a mid-single digit growth, while Escorts and VSTT posted de-growth. However, they both reported robust sequential growths

Company wise performance

Among the PV OEMs, MSIL posted sales of 1.74 lakh units. On a yoy basis, the total sales in the domestic markets rose by 0.1% yoy while the exports de-grew by 34.4% yoy. Total sales went down by 2% yoy. SUV positivity was offset by the deceleration in the small car segment which fell by 19%. The compact car segment as well de-grew by 4.5% yoy and grew by 19.8% mom. The SUV segment continued its splendid run at 17.7% yoy while de-growing at 4.2% mom as MSIL is now the #1 SUV player in the country led by its healthy SUV portfolio.

TaMo's PV segment saw a 2% yoy growth and 2.5% mom de-growth. M&M's SUV segment on the other hand, continued its strong run and jumped by 31.4% yoy and 5.4% mom. CV division was down by a bit 1.2% yoy and 10% mom. For Ashok Leyland as well MHCV sales rose by 11.8% yoy and 1.3% mom. LCVs also posted 11.8% growth yoy and by 5.7% mom, while total sales grew by 11.8% yoy while growing by 2.9% mom.

M&M's tractor business in the domestic markets grew by 6.4% yoy and fell by 1.6% qoq. Escorts Kubota domestic tractor sales de-grew by 5.4% yoy, while growing by 14.8% mom. VST Tillers compact tractors segment plummeted by 33.2% yoy and grew by 101% mom signalling recovery on above normal monsoon expectations. Tillers fell by 33.2% yoy while tractors by 29.5% yoy.

2W sector has been the outperformer in the industry for a while now. On a YTD basis, though Bajaj has grown by 7.6%, May witnessed a subdued performance on the back of elections. In 2W segment Bajaj reported de-growth of 3.3% yoy and 13.2% mom for its domestic motorcycles, while exports motorcycles rose by 3.8% yoy and fell by 6.2% mom on the continuation of Red Sea Imbroglio. A continued traction in exports is necessary to confirm the momentum going forward. Their 3W segment moved up by 9.4% yoy domestically on a good pick up in the CNG portfolio and e-3Ws. Exports 3Ws posted a fall of 5.5% yoy.

TVS 2W segment reported 12.6% yoy growth of which motorcycle segment grew by 7% yoy, while scooters grew by 20% yoy, I-Qube, the e-scooter sales were ~17.9K v/s 18.6K yoy. Mopeds segment of TVS grew 13.3% yoy. 3Ws decreased by 8.8% yoy but rose by 14.4% mom. Hero Motocorp witnessed a de-growth of 4.1% yoy and 6.6% mom in May.

Consolidated

	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY24	% yoy
Hero Motocorp	498,123	533,585	-6.6%	519,474	-4.1%	1,031,708	915,581	12.7%
Bajaj Auto	355,323	388,256	-8.5%	355,148	0.0%	743,579	686,426	8.3%
TVS	369,914	383,615	-3.6%	330,609	11.9%	676,138	636,833	6.2%
Maruti	174,551	168,089	3.8%	178,083	-2.0%	342,640	338,612	1.2%
M&M	108,791	107,510	1.2%	95,541	13.9%	216,301	194,240	11.4%
<i>Auto</i>	71,682	70,471	1.7%	61,415	16.7%	142,153	123,709	14.9%
<i>Tractors</i>	37,109	37,039	0.2%	34,126	8.7%	74,148	70,531	5.1%
Tata Motors	76,766	77,531	-1.0%	74,973	2.4%	154,297	144,572	6.7%
Ashok Leyland	14,682	14,271	2.9%	13,134	11.8%	28,953	26,108	10.9%
Escorts Kubota	8,612	7,515	14.6%	9,167	-6.1%	16,127	16,732	-3.6%
VST Tillers & Tractors	2,474	1,191	107.7%	3,665	-32.5%	3,756	5,958	-37.0%

Our view

We remain positive on the sector with a cautious view. Our choice is in the following order –2W, PVs and CVs. Stocks specifically, within the 2Ws, we like **Bajaj Auto** more than its other two rivals as we see green shoots in the exports now (36.7% of total volumes). Also the EV strength gaining from Chetak and launch of e-3W can be additional positives. Domestically on the motorcycles side we expect new launches especially the premium ones (Bajaj + KTM + Triumph) to assist posting decent numbers. Market leadership on the 3Ws takes care of profitability.

While on the PV side, we like **M&M** because of its strength in the proliferating SUV segment, prudent capital allocation and a robust growth strategy in UVs, EVs and CVs. For MSIL, however, we are concerned about its over dependence on SUVs for growth, as rest of the segments are underperformers, particularly the small car segment.

We like **Ashok Leyland** within CVs as it has a diversified revenue base deriving from LCVs, Defense, MHCVs, exports and spares. We are a cautious on CVs as we need to closely watch for the growth profile hereon considering the tapering off of the CV cycle. Tata Motors too looks good on JLR strength and domestic EV market leadership. However, the uncertainty on JLR is a risk according to us.

Hero Motocorp Limited

	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY24	% yoy
Total sales	498,123	533,585	-6.6%	519,474	-4.1%	1,031,708	915,581	12.7%

Bajaj Auto Limited

	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY24	% yoy
Motorcycles								
Domestic	188,340	216,950	-13.2%	194,811	-3.3%	405,290	376,639	7.6%
Exports	117,142	124,839	-6.2%	112,885	3.8%	241,981	219,042	10.5%
Total	305,482	341,789	-10.6%	307,696	-0.7%	647,271	595,681	8.7%
3W								
Domestic	36,747	32,133	14.4%	33,590	9.4%	68,880	64,934	6.1%
Exports	13,094	14,334	-8.7%	13,862	-5.5%	27,428	25,811	6.3%
Total	49,841	46,467	7.3%	47,452	5.0%	96,308	90,745	6.1%
Domestic	225,087	249,083	-9.6%	228,401	-1.5%	474,170	441,573	7.4%
Exports	130,236	139,173	-6.4%	126,747	2.8%	269,409	244,853	10.0%
Total	355,323	388,256	-8.5%	355,148	0.0%	743,579	686,426	8.3%

TVS Motor Company Limited

	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY 24	% yoy
Motorcycles	173,627	188,110	-7.7%	162,248	7.0%	325,992	314,613	3.6%
Scooters	145,305	144,126	0.8%	121,156	19.9%	252,801	210,699	20.0%
Mopeds	40,658	42,356	-4.0%	35,891	13.3%	75,583	88,769	-14.9%
Total 2W	359,590	374,592	-4.0%	319,295	12.6%	654,376	614,081	6.6%
3W	10,324	9,023	14.4%	11,314	-8.8%	21,762	22,752	-4.4%
Total sales	369,914	383,615	-3.6%	330,609	11.9%	676,138	636,833	6.2%
Exports out of the above	96,966	80,508	20.4%	76,607	26.6%	168,629	148,270	13.7%
2W exports	88,450	73,143	20.9%	66,605	32.8%	150,280	128,435	17.0%

Maruti Suzuki India Limited

	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY 24	% yoy
Mini(Alto, Old WagonR, S-Presso)	9,902	11,519	-14.0%	12,236	-19.1%	21,421	26,346	-18.7%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	68,206	56,953	19.8%	71,419	-4.5%	125,159	146,354	-14.5%
Mid size (Ciaz)	730	867	-15.8%	992	-26.4%	1,597	2,009	-20.5%
Total passenger cars	78,838	69,339	13.7%	84,647	-6.9%	148,177	174,709	-15.2%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	54,204	56,553	-4.2%	46,243	17.2%	110,757	82,997	33.4%
Vans(Omni, Eeco)	10,960	12,060	-9.1%	12,818	-14.5%	23,020	23,322	-1.3%
LCV (Super Carry)	2,692	2,496	7.9%	2,888	-6.8%	5,188	5,087	2.0%
Total domestic sales	146,694	140,448	4.4%	146,596	0.1%	287,142	286,115	0.4%
Sales to other OEM :A:Compact	10,490	5,481	91.4%	5,010	109.4%	15,971	9,049	76.5%
Exports	17,367	22,160	-21.6%	26,477	-34.4%	39,527	43,448	-9.0%
Total sales	174,551	168,089	3.8%	178,083	-2.0%	342,640	338,612	1.2%

Ashok Leyland Limited

	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY24	% yoy
MHCV	9243	9123	1.3%	8,270	11.8%	18366	16,203	13.3%
LCV	5439	5148	5.7%	4,864	11.8%	10587	9,905	6.9%
Total	14,682	14,271	2.9%	13,134	11.8%	28,953	26,108	10.9%

Tata Motors Limited

	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY24	% yoy
M&HCV	7,924	7,875	0.6%	8,160	-3%	15,799	15,144	4%
I & LCV	4,478	4,316	3.8%	3,450	30%	8,794	5,598	57%
Passenger Carriers	4,737	4,502	5.2%	3,874	22%	9,239	5,935	56%
SCV cargo and pick up	11,337	11,823	-4.1%	12,086	-6%	23,160	22,400	3%
Total CV	28,476	28,516	-0.1%	27,570	3%	56,992	49,077	16%
Total PV	46,697	47,893	-2.5%	45,878	2%	94,590	93,091	2%
Exports	1,593	1,122	42.0%	1,525	4%	2,715	2,404	13%
Total sales	76,766	77,531	-1.0%	74,973	2%	154,297	144,572	7%

Mahindra & Mahindra Limited

Auto segment	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY 24	% yoy
Utility Vehicles	43,218	41,008	5.4%	32,883	31.4%	84,226	67,577	24.6%
Cars+Vans		-	-	3	-		7	-100.0%
Total PV	43,218	41,008	5.4%	32,886	31.4%	84,226	67,584	24.6%
LCV(<3.5 T)	16,937	19,064	-11.2%	18,544	-8.7%	36,001	37,032	-2.8%
LCV (>3.5T)+ MHCV	2,889	3,038	-4.9%	1,518	90.3%	5,927	3,261	81.8%
Total CV	19,826	22,102	-10.3%	20,062	-1.2%	41,928	40,293	4.1%
3 wheelers	5,967	5,504	8.4%	5,851	2.0%	11,471	11,403	0.6%
Total domestic sales	69,011	68,614	0.6%	58,799	17.4%	137,625	119,280	15.4%
Total exports	2,671	1,857	43.8%	2,616	2.1%	4,528	4,429	2.2%
Total sales	71,682	70,471	1.7%	61,415	16.7%	142,153	123,709	14.9%
FES	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY 24	% yoy
Domestic	35,237	35,805	-1.6%	33,113	6.4%	71,042	68,511	3.7%
Exports	1,872	1,234	51.7%	1,013	84.8%	3,106	2,020	53.8%
Total FES	37,109	37,039	0.2%	34,126	8.7%	74,148	70,531	5.1%

Escorts Kubota Limited

	May-24	Apr-24	% mom	May-23	% yoy	FY24	FY 23	% yoy
Domestic	8,232	7,168	14.8%	8,704	-5.4%	15,400	15,956	-3.5%
Exports	380	347	9.5%	463	-17.9%	727	776	-6.3%
Total	8,612	7,515	14.6%	9,167	-6.1%	16,127	16,732	-3.6%

VST Tillers & Tractors

	May-24	Apr-24	% mom	May-23	% yoy	YTD FY25	YTD FY24	% yoy
Power Tillers	1,978	983	101%	2,961.000	-33.2%	3,319	5,109	-35.0%
Tractors	496	208	138%	704.000	-29.5%	437	849	-48.5%
Total	2,474	1,191	108%	3,665.000	-32.5%	3,756	5,958	-37.0%

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