AUTOMOBILES

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Jun'20 Auto Sales: Tractors continue to outshine other segments

Mayur Milak | Nishant Chowhan, CFA
research@bobcaps.in

Auto sales improved on a sequential basis in June but remained weak versus last year. Indian PV sales plummeted ~55% YoY and 2Ws slumped 27-35% for the month. MHCV volumes continued to be the worst affected, declining 90% YoY for AL. Owing to the limited Covid-19 impact in rural regions and healthy outlook for the agriculture sector, tractor sales remained resilient and grew at 10% YoY for MM. Subpar inventory levels at dealers in the beginning of FY21 could lead to channel filling by OEMs in coming months.

PV sales slide continues: Domestic sales for Maruti (MSIL) were down 54% YoY to 53.1k units in June while exports fell 56% YoY. The company's UV and mini segments performed marginally better (~45% drop) than other segments. PV sales for M&M (MM) were down 57% YoY in June while Tata Motors (TTMT) reported a 61% drop for Q1FY21.

2Ws decline across segments: Hero's (HMCL) wholesale volumes fell 27% YoY to 450.7k in June. As per the company, demand was mainly led by rural and semi-urban areas which have benefited from the government's stimulus packages. 2W sales for Bajaj Auto (BJAUT) declined 27% YoY to 255k, while TVS Motor (TVSL) saw a 32% YoY drop to 191.7k units with mopeds (–21% YoY) outperforming other segments. 3W sales for TVSL and BJAUT nosedived 46% and 57% respectively. Royal Enfield reported total 2W sales of 38k units (–35% YoY) with exports posting a sharper decline (–52%).

CV sales still in freefall: Unlike other segments which reported a relatively better performance in June, the YoY decline in CVs remains similar to that seen in May. Total CV sales for AL plunged 81% YoY to 2.4k units led by MHCVs which slumped 91%, while sales for VECV dropped 70% to 1.4k units in June. TTMT reported a Q1FY21 CV drop of 90% YoY to 10.5k units. Per the company, retail sales have lagged wholesale volumes by ~67% in Q1 as demand remained muted and dealers had negligible opening inventory for FY21.

Tractor sales resilient: With early relaxation of the lockdown in rural areas and for the agricultural sector, tractor demand continued to outperform other segments and posted positive growth YoY in June. MM sold 36.5k tractors (+10% YoY) while competitor Escorts sold 10.8k units (+21% YoY). Pent-up demand, better farmer sentiments and predictions of a normal monsoon should aid healthy tractor demand in coming months.

Four-wheelers

FIG 1 – ASHOK LEYLAND

Segment	Jun-20	Jun-19	YoY (%)	May-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
M&HCV	755	8,427	(91.0)	266	183.8	755	8,427	(91.0)
LCV	1,639	4,383	(62.6)	1,154	42.0	1,639	4,383	(62.6)
Total domestic sales	**2,394**	**12,810**	**(81.3)**	**1,420**	**68.6**	**2,394**	**12,810**	**(81.3)**

Source: Company, BOBCAPS Research

FIG 2 – MARUTI SUZUKI

Segment	Jun-20	Jun-19	YoY (%)	May-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Domestic sales	53,139	114,861	(53.7)	13,888	282.6	67,027	374,481	(82.1)
Exports	4,289	9,847	(56.4)	4,651	(7.8)	9,572	28,113	(66.0)
Total sales	**57,428**	**124,708**	**(54.0)**	**18,539**	**209.8**	**76,599**	**402,594**	**(81.0)**

Source: Company, BOBCAPS Research

FIG 3 – MAHINDRA & MAHINDRA

Segment	Jun-20	Jun-19	YoY (%)	May-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Passenger vehicles	8,075	18,826	(57.1)	3,867	108.8	11,942	59,400	(79.9)
- Utility vehicles	7,958	17,723	(55.1)	3,745	112.5	11,703	56,095	(79.1)
- Cars + Vans	117	1,103	(89.4)	122	(4.1)	239	3,305	(92.8)
Commercial vehicles	10,417	16,394	(36.5)	5,170	101.5	15,587	51,594	(69.8)
3-wheelers	13	4,251	(99.7)	39	(66.7)	52	13,136	(99.6)
Total domestic sales	**18,505**	**39,471**	**(53.1)**	**9,076**	**103.9**	**27,581**	**124,130**	**(77.8)**
Exports	853	3,076	(72.3)	484	76.2	2,070	7,559	(72.6)
Total auto sales	**19,358**	**42,547**	**(54.5)**	**9,560**	**102.5**	**29,651**	**131,689**	**(77.5)**
Tractor domestic	35,844	31,879	12.4	24,017	49.2	64,577	82,913	(22.1)
Tractor exports	700	1,215	(42.4)	324	116.0	1,080	3,437	(68.6)
Total tractor sales	**36,544**	**33,094**	**10.4**	**24,341**	**50.1**	**65,657**	**86,350**	**(24.0)**

Source: Company, BOBCAPS Research

FIG 4 – ESCORTS

Segment	Jun-20	Jun-19	YoY (%)	May-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Tractors	10,851	8,960	21.1	6,594	64.6	18,150	21,051	(13.8)
Total sales	**10,851**	**8,960**	**21.1**	**6,594**	**64.6**	**18,150**	**21,051**	**(13.8)**

Source: Company, BOBCAPS Research

FIG 5 – TATA MOTORS

Segment	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	YTD FY21	YTD FY20	YoY (%)
M&HCV	2,442	41,604	(94.1)	23,899	(89.8)	116,707	245,228	(52.4)
LCV	6,832	53,375	(87.2)	38,357	(82.2)	203,467	318,394	(36.1)
PV	14,571	36,945	(60.6)	32,000	(54.5)	145,768	247,088	(41.0)
Total domestic sales	23,845	131,924	(81.9)	94,256	(74.7)	465,942	810,710	(42.5)
Exports	1,202	5,667	(78.8)	8,951	(86.6)	33,896	58,630	(42.2)
Total auto sales	**25,047**	**137,591**	**(81.8)**	**103,207**	**(75.7)**	**499,838**	**869,340**	**(42.5)**

Source: Company, BOBCAPS Research. Note- TTMT reports quartely nos now on.

Two-wheelers

FIG 6 – HERO MOTOCORP

Segment	Jun-20	Jun-19	YoY (%)	May-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
2-wheelers	450,744	616,526	(26.9)	112,682	300.0	563,426	1,842,920	(69.4)
Total sales	**450,744**	**616,526**	**(26.9)**	**112,682**	**300.0**	**563,426**	**1,842,920**	**(69.4)**

Source: Company, BOBCAPS Research

FIG 7 – ROYAL ENFIELD

Segment	Jun-20	Jun-19	YoY (%)	May-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Up to 350cc	34,890	51,678	(32.5)	17,543	98.9	52,433	163,033	(67.8)
Exceeding 350cc	3,175	6,661	(52.3)	1,570	102.2	4,745	20,556	(76.9)
Exports	1,555	3,257	(52.3)	684	127.3	2,330	9,159	(74.6)
Total sales	**38,065**	**58,339**	**(34.8)**	**19,113**	**99.2**	**57,178**	**183,589**	**(68.9)**

Source: Company, BOBCAPS Research

FIG 8 – TVS MOTORS

Segment	Jun-20	Jun-19	YoY (%)	May-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Total 2-wheeler sales	191,706	283,461	(32.4)	56,218	241.0	256,058	883,670	(71.0)
Total 3-wheeler sales	7,311	13,641	(46.4)	2,688	172.0	11,505	39,525	(70.9)
Total sales	**199,017**	**297,102**	**(33.0)**	**58,906**	**237.9**	**267,563**	**923,195**	**(71.0)**

Source: Company, BOBCAPS Research

FIG 9 – BAJAJ AUTO

Segment	Jun-20	Jun-19	YoY (%)	May-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Motorcycles	255,122	351,291	(27.4)	112,798	126.2	399,929	1,082,627	(63.1)
3-wheelers	22,975	53,333	(56.9)	14,330	60.3	43,174	164,547	(73.8)
Total sales	**278,097**	**404,624**	**(31.3)**	**127,128**	**118.8**	**443,103**	**1,247,174**	**(64.5)**
Exports of above	126,908	175,399	(27.6)	87,054	45.8	251,840	550,021	(54.2)

Source: Company, BOBCAPS Research

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