AUTOMOBILES

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Jan'21 Sales: Exports driving 2W sales, CVs reviving, PVs steady

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PV sales continued their upward trajectory in January with healthy YoY growth. Domestic 2W sales for HMCL and BJAUT remained under pressure as inventories in the system are now on the higher side, but 2W exports gained momentum. MHCV volumes are improving from previous months but still slipped 5% YoY for AL. Tractor sales were healthy for both MM and ESC (+50% YoY each). Reported PV, tractor and CV volumes were broadly in line with estimates; 2W sales were mixed. We remain negative on the sector.

PV sales along expected lines: Maruti's (MSIL) dispatches were marginally above estimates, increasing 4% YoY to 160.8k units in Jan'21 with exports rising sharply by 29%. The UV segment (+45% YoY) posted meaningful growth while the mini and compact segments remained in negative territory. With MSIL's management indicating lower inventory levels, the next few months should see healthy dispatches. PV sales for M&M (MM) were up 4% YoY; Hyundai Motors saw a 16% rise and Tata Motors (TTMT) posted strong 94% growth.

Exports driving 2W sales: Hero's (HMCL) wholesale volumes came in at 485.9k in Jan'21 against our estimate of 530k, declining 3% YoY. TVS Motor (TVSL) and Bajaj Auto (BJAUT) on other hand posted numbers above our projections, fuelled by a healthy uptick in export markets for both. Total sales for BJAUT rose 8% YoY with exports growing 26% while domestic sales posted a 12% decline. TVSL's export sales grew at a robust 46% YoY and total sales increased 31% to 307k units. Royal Enfield reported healthy 2W sales of 69k units (+8% YoY), meeting our estimates.

MHCV volumes improving MoM: Ashok Leyland's (AL) CV sales increased 11% YoY to 13.1k units. The decline in MHCVs eased to 5% YoY, whereas LCVs were up 40% YoY. In FY21 YTD, AL's sale volumes have plunged 38% YoY owing to a steep 53% drop in MHCVs and a 13% decline in LCVs. CV sales for TTMT dipped 3% to 32.9k units in Jan'21, with buses plunging 73% YoY.

Strong momentum in tractor dispatches: MM sold 34.8k tractors (+50% YoY) in Jan'21 and competitor Escorts (ESC) sold 9k units (+49% YoY). YTD tractor sales for MM/ESC are up 11%/16% YoY. We have already factored in healthy growth as the macro environment remains conducive but believe both stocks are pricing in most optimism and carry unfavourable risk-reward.

Four-wheelers

FIG 1 – ASHOK LEYLAND

Segment	Jan-21	Jan-20	YoY (%)	Dec-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
M&HCV	7,374	7,754	(4.9)	6,884	7.1	32,917	69,410	(52.6)
LCV	5,752	4,096	40.4	5,878	(2.1)	36,877	42,191	(12.6)
Total domestic sales	**13,126**	**11,850**	**10.8**	**12,762**	**2.9**	**69,794**	**111,601**	**(37.5)**

Source: Company, BOBCAPS Research

FIG 2 – MARUTI SUZUKI

Segment	Jan-21	Jan-20	YoY (%)	Dec-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Domestic sales	148,307	144,499	2.6	150,288	(1.3)	1,053,322	1,245,197	(15.4)
Exports	12,445	9,624	29.3	9,938	25.2	73,056	87,198	(16.2)
Total sales	**160,752**	**154,123**	**4.3**	**160,226**	**0.3**	**1,126,378**	**1,332,395**	**(15.5)**

Source: Company, BOBCAPS Research

FIG 3 – MAHINDRA & MAHINDRA

Segment	Jan-21	Jan-20	YoY (%)	Dec-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Passenger vehicles	20,634	19,797	4.2	16,182	27.5	125,125	172,656	(27.5)
- Utility vehicles	20,498	19,455	5.4	16,050	27.7	123,507	165,619	(25.4)
- Cars + Vans	136	342	(60.2)	132	3.0	1,618	7,037	(77.0)
Commercial vehicles	13,388	22,851	(41.4)	13,930	(3.9)	129,841	180,954	(28.2)
3-wheelers	2,841	8,137	(65.1)	2,865	(0.8)	13,707	57,923	(76.3)
Total domestic sales	**36,863**	**50,785**	**(27.4)**	**32,977**	**11.8**	**268,673**	**411,533**	**(34.7)**
Exports	2,286	1,761	29.8	2,210	3.4	14,428	24,633	(41.4)
Total auto sales	**39,149**	**52,546**	**(25.5)**	**35,187**	**11.3**	**283,101**	**436,166**	**(35.1)**
Tractor domestic	33,562	22,329	50.3	21,173	58.5	286,846	256,606	11.8
Tractor exports	1,216	787	54.5	1,244	(2.3)	8,536	9,135	(6.6)
Total tractor sales	**34,778**	**23,116**	**50.4**	**22,417**	**55.1**	**295,382**	**265,741**	**11.2**

Source: Company, BOBCAPS Research

FIG 4 – ESCORTS

Segment	Jan-21	Jan-20	YoY (%)	Dec-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Tractors	9,021	6,063	48.8	7,733	16.7	83,174	71,973	15.6
Total sales	**9,021**	**6,063**	**48.8**	**7,733**	**16.7**	**83,174**	**71,973**	**15.6**

Source: Company, BOBCAPS Research

Two-wheelers

FIG 5 – HERO MOTOCORP

Segment	Jan-21	Jan-20	YoY (%)	Dec-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
2-wheelers	485,889	501,622	(3.1)	447,375	8.6	4,709,312	5,576,830	(15.6)
Total sales	**485,889**	**501,622**	**(3.1)**	**447,375**	**8.6**	**4,709,312**	**5,576,830**	**(15.6)**

Source: Company, BOBCAPS Research

FIG 6 – ROYAL ENFIELD

Segment	Jan-21	Jan-20	YoY (%)	Dec-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Up to 350cc	64,248	59,200	8.5	63,580	1.1	435,031	532,234	(18.3)
Exceeding 350cc	4,639	4,320	7.4	5,415	(14.3)	41,221	64,255	(35.8)
Exports	4,515	2,228	102.6	3,503	28.9	28,192	33,656	(16.2)
Total sales	**68,887**	**63,520**	**8.4**	**68,995**	**(0.2)**	**476,252**	**596,489**	**(20.2)**

Source: Company, BOBCAPS Research

FIG 7 – TVS MOTOR

Segment	Jan-21	Jan-20	YoY (%)	Dec-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Total 2-wheeler sales	294,496	220,439	33.6	258,239	14.0	2,336,779	2,719,678	(14.1)
Total 3-wheeler sales	12,553	14,481	(13.3)	13,845	(9.3)	95,184	145,790	(34.7)
Total sales	**307,049**	**234,920**	**30.7**	**272,084**	**12.9**	**2,431,963**	**2,865,468**	**(15.1)**

Source: Company, BOBCAPS Research

FIG 8 – BAJAJ AUTO

Segment	Jan-21	Jan-20	YoY (%)	Dec-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Motorcycles	384,936	332,342	15.8	338,584	13.7	2,943,197	3,426,370	(14.1)
3-wheelers	40,263	62,131	(35.2)	33,948	18.6	285,252	591,354	(51.8)
Total sales	**425,199**	**394,473**	**7.8**	**372,532**	**14.1**	**3,228,449**	**4,017,724**	**(19.6)**
Exports of above	254,442	201,601	26.2	232,926	9.2	1,673,144	1,858,905	(10.0)

Source: Company, BOBCAPS Research

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