AUTOMOBILES

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May'20 Auto Sales – Tractors robust, other segments weak

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Auto sales in May remained muted owing to lockdown restrictions across major parts of the country. Indian PV sales plummeted ~85% YoY and 2W volumes also slumped 80-85% in May. CV sales were the worst affected, plunging 90% YoY for AL. Owing to strong rural income, tractor sales remained resilient and growth was flattish YoY. Our channel checks suggest that enquiries have gone up but conversion rates are poor. Dealers mentioned that customers are looking for higher discounts due to the stressed situation.

PV sales slide: Continuing the sales washout seen in Apr'20, the Indian PV industry recorded a sharp fall of ~85% YoY in May'20. Domestic sales for Maruti (MSIL) declined 89% YoY to 13.9k units while exports fell 49%. Auto sales for M&M (MM) were down 79% while Tata Motors (TTMT) reported a 71% drop.

2W volumes nosedive: Hero's (HMCL) wholesale volumes slid 83% YoY to 112.7k in May while its retail sales remained ahead at 160k. The company stated that ~5,000 touchpoints forming 85% of sales were currently operational. 2W sales for Bajaj (BJAUT) were down 69% YoY to 112.8k while 3Ws clocked a 74% downslide to 14.3k units. Total sales for TVS Motor (TVSL) fell 81% YoY to 58.9k units. For both TVSL and BJAUT, exports contacted less than domestic sales. Royal Enfield reported total 2W sales of 19k units (–69% YoY) and said that close to two-thirds of its dealerships are now operational.

CV sales to remain under stress: CV sales for Ashok Leyland (AL) declined 89% YoY to 1.4k units led by MHCVs which crashed 97%, while sales for VECV slumped 87% to 686 units in May. MHCV sales which are closely linked to economic activity are expected to remain suppressed in the near term given the sluggish economic recovery coupled with excess freight capacity in the system and limited driver availability.

Tractor sales resilient: With early relaxation of the lockdown in rural areas and for the agricultural sector, tractor demand in May outperformed other segments and posted flattish growth YoY. MM sold 24k tractors (+2% YoY) in India while competitor Escorts sold 6.6k tractors (–3% YoY). Robust rabi crop production, anticipation of normal monsoons and better realisation for crops augur well for tractor demand going ahead.

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Four-wheelers

FIG 1 – ASHOK LEYLAND

Segment	May-20	May-19	YoY (%)	Apr-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
M&HCV	266	8,946	(97.0)	-	NA	266	8,946	(97.0)
LCV	1,154	4,226	(72.7)	-	NA	1,154	4,226	(72.7)
Total domestic sales	**1,420**	**13,172**	**(89.2)**	**-**	**NA**	**1,420**	**13,172**	**(89.2)**

Source: Company, BOBCAPS Research

FIG 2 – MARUTI SUZUKI

Segment	May-20	May-19	YoY (%)	Apr-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Domestic sales	13,888	125,552	(88.9)	-	NA	13,888	259,620	(94.7)
Exports	4,651	9,089	(48.8)	632	635.9	5,283	18,266	(71.1)
Total sales	**18,539**	**134,641**	**(86.2)**	**632**	**2833.4**	**19,171**	**277,886**	**(93.1)**

Source: Company, BOBCAPS Research

FIG 3 – MAHINDRA MAHINDRA

Segment	May-20	May-19	YoY (%)	Apr-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Passenger vehicles	3,867	20,608	(81.2)	-	NA	3,867	40,574	(90.5)
- Utility vehicles	3,745	19,524	(80.8)	-	NA	3,745	38,372	(90.2)
- Cars + Vans	122	1,084	(88.7)	-	NA	122	2,202	(94.5)
Commercial vehicles	5,170	17,879	(71.1)	-	NA	5,170	35,200	(85.3)
3-wheelers	39	4,569	(99.1)	-	NA	39	8,885	(99.6)
Total domestic sales	**9,076**	**43,056**	**(78.9)**	**-**	**NA**	**9,076**	**84,659**	**(89.3)**
Exports	484	2,365	(79.5)	733	(34.0)	1,217	4,483	(72.9)
Total auto sales	**9,560**	**45,421**	**(79.0)**	**733**	**1204.2**	**10,293**	**89,142**	**(88.5)**
Tractor domestic	24,017	23,539	2.0	4,716	409.3	28,733	51,034	(43.7)
Tractor exports	324	1,165	(72.2)	56	478.6	380	2,222	(82.9)
Total tractor sales	**24,341**	**24,704**	**(1.5)**	**4,772**	**410.1**	**29,113**	**53,256**	**(45.3)**

Source: Company, BOBCAPS Research

FIG 4 – ESCORTS

Segment	May-20	May-19	YoY (%)	Apr-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Tractors	6,594	6,827	(3.4)	705	835.3	7,299	12,091	(39.6)
Total sales	**6,594**	**6,827**	**(3.4)**	**705**	**835.3**	**7,299**	**12,091**	**(39.6)**

Source: Company, BOBCAPS Research

Two-wheelers

FIG 5 – HERO MOTOCORP

Segment	May-20	May-19	YoY (%)	Apr-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
2-wheelers	112,682	652,028	(82.7)	-	NA	112,682	1,226,394	(90.8)
Total sales	**112,682**	**652,028**	**(82.7)**	**-**	**NA**	**112,682**	**1,226,394**	**(90.8)**

Source: Company, BOBCAPS Research

FIG 6 – ROYAL ENFIELD

Segment	May-20	May-19	YoY (%)	Apr-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Up to 350cc	17,543	55,833	(68.6)	-	NA	17,543	111,355	(84.2)
Exceeding 350cc	1,570	6,538	(76.0)	-	NA	1,570	13,895	(88.7)
Export	684	2,160	(68.3)	91	651.6	775	5,902	(86.9)
Total sales	**19,113**	**62,371**	**(69.4)**	**-**	**NA**	**19,113**	**125,250**	**(84.7)**

Source: Company, BOBCAPS Research

FIG 7 – TVS MOTOR

Segment	May-20	May-19	YoY (%)	Apr-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Total 2-wheeler sales	56,218	294,326	(80.9)	8,134	591.1	64,352	600,209	(89.3)
Total 3-wheeler sales	2,688	12,780	(79.0)	1,506	78.5	4,194	25,884	(83.8)
Total sales	**58,906**	**307,106**	**(80.8)**	**9,640**	**511.1**	**68,546**	**626,093**	**(89.1)**

Source: Company, BOBCAPS Research

FIG 8 – BAJAJ AUTO

Segment	May-20	May-19	YoY (%)	Apr-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Motorcycles	112,798	365,068	(69.1)	32,009	252.4	144,807	731,336	(80.2)
3-wheelers	14,330	54,167	(73.5)	5,869	144.2	20,199	111,214	(81.8)
Total sales	**127,128**	**419,235**	**(69.7)**	**37,878**	**235.6**	**165,006**	**842,550**	**(80.4)**
Exports of above	87,054	183,411	(52.5)	37,878	129.8	124,932	374,622	(66.7)

Source: Company, BOBCAPS Research

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