

Auto Data Update for the Month of April 2017

May 10, 2017



Key Takeaways:

- *The April 2017 domestic auto sales witnessed a mixed set of numbers*
- *Passenger Vehicle segment registered strong numbers. Maruti Suzuki, Honda and Toyota were the major gainer under the segment, delineating strong double digit growth on YoY basis.*
- *Commercial Vehicle sales were weak during the period due to BSIV implementation.*
- *However, major automobile companies registered declined sales number on MoM basis.*

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Auto Sales Data—April 2017 (YoY% and MoM% change)

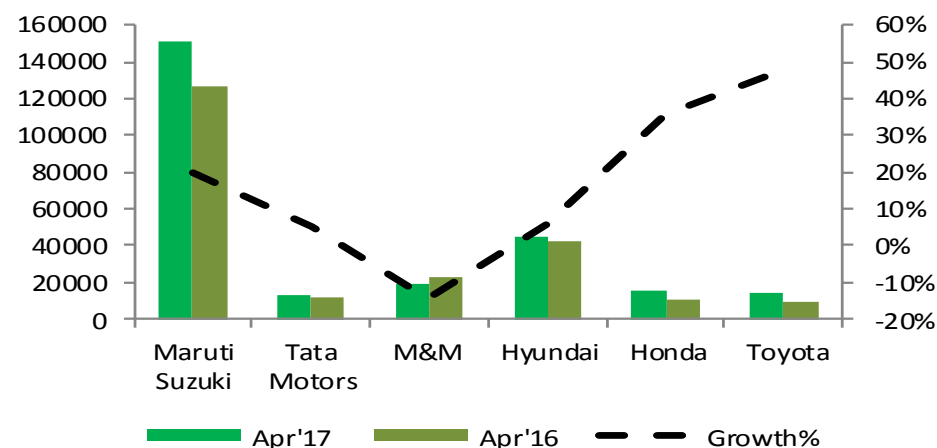
- In the month of April 2017, the Indian Automobile sector experienced a mixed set of numbers.
- Passenger Vehicle manufacturer including Maruti Suzuki, Honda, Hyundai and Toyota recorded strong sales numbers, on YoY basis. But, while considering MoM basis, only Maruti registered decent gains.
- Tata Motors sold 12,827 units of passenger vehicles, registering a growth of 23% on YoY basis. However, M&M delineated declined sales number under its passenger vehicles segment, down by 15% on YoY basis.
- Looking at the commercial vehicle segment, Ashok Leyland, Mahindra & Mahindra and Tata Motors delineated negative numbers. The commercial vehicle sales in the month of April 2017 were impacted.
- Companies including Tata Motors and M&M faced some significant challenges to clear the total inventory of its BSIII commercial vehicles, which impacted the company's overall sales numbers during the month.
- While, considering the two wheeler sales, Eicher posted a strong sales growth on YoY basis. Whereas, Hero MotoCorp and Bajaj Auto witnessed negative sales growth on YoY basis, however on MoM it registered a strong sales growth of 21%, during the month of April 2017. However, TVS Motors registered a high single digit growth on YoY basis, but down on MoM basis by 3.91%.
- In spite of weaker than expected sales growth on MoM basis, during April 2017, total Passenger Vehicle sales were at 277,602 units, which is 14% higher than the month of April 2016. Commercial Vehicles sales stood at 41490 units, down by 23% when compared to April 2016 sales.

Ex 1: YoY sales and MoM sales data with % change

| Companies | April'17 | April'16 | YoY Ch% | March'17 | MoM Ch% |
|---------------------|----------|----------|---------|----------|---------|
| Maruti Suzuki | 151215 | 126000 | 20.01% | 139763 | 8.19% |
| Ashok Leyland | 7083 | 10182 | -30.44% | 18682 | -45.50% |
| Mahindra & Mahindra | 39357 | 41863 | -5.99% | 56031 | -25.29% |
| Tata Motors | 30972 | 39389 | -21.37% | 57145 | -45.80% |
| Eicher Motors | 60142 | 48197 | 24.78% | 60113 | 0.05% |
| Bajaj Auto | 329,800 | 330109 | -0.09% | 272197 | 21.16% |
| TVS Motors | 246310 | 227096 | 8.46% | 256341 | -3.91% |
| Hero MotoCorp | 591306 | 612739 | -3.50% | 609951 | -3.06% |
| Escorts | 4760 | 4048 | 17.59% | 7014 | -32.14% |
| Toyota | 14057 | 9507 | 47.86% | 14432 | -2.60% |
| Honda | 14922 | 10982 | 35.88% | 18950 | -21.26% |
| Hyundai | 44758 | 42351 | 5.68% | 55614 | -19.52% |

Source: Company Websites

Ex 2: Comparative Sales - Passenger Vehicles (April 2017 Vs April 2016)

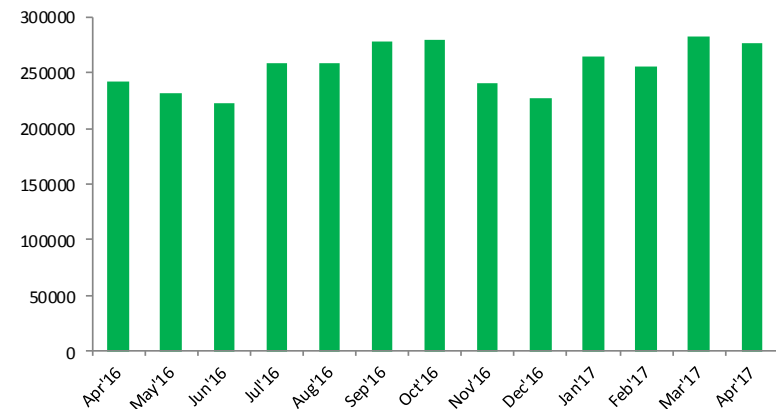


Source: Company Websites, SIAM and SMIFS Research

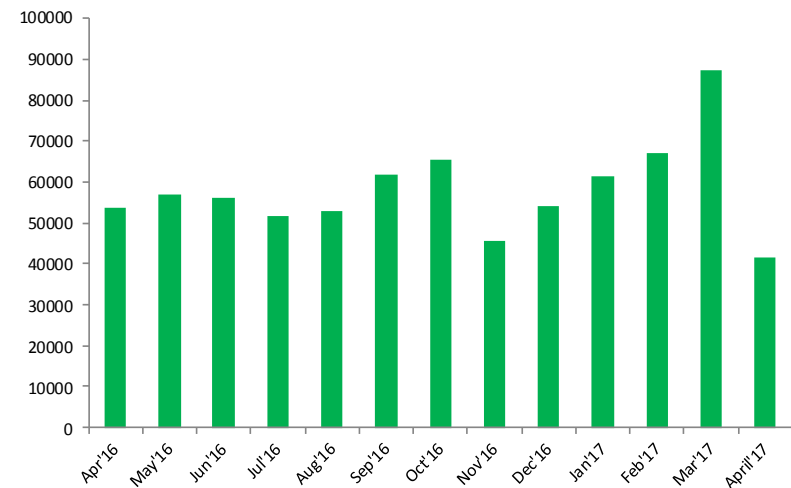
Year FY2018 - Tepid Beginning; But the Long-term Growth Intact

- The year FY2017 witnessed important development across the sectors, which resulted into one of the best years for the Automobile sector. Some key factors which catalyzed the sector to registered stellar growth, including a better than expected monsoon season, favorable budget and seventh pay commission, ushering a new phase of growth for the sector. However, the overall growth for the sector slowed down due to the Demonetization during the H2 FY2017, which lingered little longer than expected. Due to this move, major auto players seen a phase of lower auto sales during the FY2017. However, on the back of strong GDP growth and favorable budget announcement, the overall sales showed revival trend.
- However, the FY2018 started on a tepid note, as most of the auto manufacturing companies posted sales numbers which were lower as compared to the numbers registered last year, during the same period. One of the reasons were the BSIV implementation, which hampered the total sales for of the major commercial vehicle manufacturer. On the other side, Passenger vehicle manufacturer companies witnessed a strong sales growth on the back of growing demand and higher disposable income. After the Government of India's implementation of policy favoring the rural India allowed the sector to experience active passenger car sales, during the month of April FY2018.
- Looking at the increasing investment in the Indian infrastructure by the Government of India, the Sector is expected to see a big boost in terms of total sales of vehicles. Companies like Maruti Suzuki, M&M and Tata Motors are launching new models into the Indian market, in line to meet the growing demand. Honda, Toyota and Hyundai realizing higher sales numbers. The overall export numbers are also showing some emerging trend. Going ahead, this industry could see a complete makeover as most of the auto manufacturers focusing strongly on E-vehicles or vehicles powered by renewable energy sources. Hence, with upcoming launches and growing demand, the sector is expected to gain some traction, going forward.

Ex 3: Passenger Vehicle sales (April'16 - April'17)



Ex 4: Commercial Vehicle sales (April'16 - April'17)



Source: Bloomberg

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|----------------------|--|
| Strong Buy | >20% |
| Buy | between 10% and 20% |
| Hold | between 0% and 10% |
| Sell | 0 to <-10% |
| Neutral | No Rating |

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