

Moderation across segments

February saw a moderated performance post a good January. Earlier the festive season was lackluster as interest rates were high, fuel costs and liquidity crunch led to a very jittery performance from the auto makers. Segmentally speaking, CVs in February, particularly M&HCVs posted declines, though the declines were reduced as compared to December, the previous month of M&HCV decline, which signifies easing of finance crunch. On the PV front, sentimental negativity, lack of new launches, high interest rates and credit crunch resulted into weak yoy growth, except M&M, who launched couple of models recently is posting strong numbers. In the 2W segment, higher insurance costs, higher inventory levels at dealers' ends, weak monsoons and high base led to weak sales, particularly for Hero Motocorp. However, on the other hand, Bajaj Auto 2Ws sales were better as they improved on doling out higher discounts and top end segment of Pulsars is having good demand. Exports business is doing great on success in Africa, SE Asia and Latam. TVS however, with falling scooter demand. Going forward, we expect the broader segment to move up in coming months. PV demand is expected to move up on upcoming launches, while 2Ws are expected to witness a moderate growth in line with weak scooter demand, higher inventory levels, weak sentiments and competition. However, among two wheelers, we would prefer Hero Motocorp as it's a proxy to the economy and rural growth. Bajaj Auto faces headwinds of lower profitability on the back of its focus on mass segment and weak 3W sales. CVs may have reported drop in February, we expect a good recovery hereon. With 2019 being an election year, GOI's emphasis on pushing the infra plans in the country may sustain CV demand. BS VI pre-buying shall initiate in Q1 of FY 20, which will further elongate the CV cycle. Possible implementation of scrappage policy may further escalate CV demand in long run. Within the CV space we like Ashok Leyland which is away from any global headwinds.

	Feb-19	Jan-19	% mom	Feb-18	% yoy
Hero Motocorp	6,17,215	5,82,756	5.9%	6,29,597	-2.0%
Bajaj Auto	3,93,089	4,07,150	-3.5%	3,57,883	9.8%
TVS	2,99,353	2,82,630	5.9%	2,90,673	3.0%
Maruti	1,48,682	1,51,721	-2.0%	1,49,824	-0.8%
M&M	74,983	77,934	-3.8%	71,785	4.5%
<i>Auto</i>	56,005	55,722	0.5%	51,127	9.5%
<i>Tractors</i>	18,978	22,212	-14.6%	20,658	-8.1%
Tata Motors	60,151	58,185	3.4%	63,761	-5.7%
Ashok Leyland	17,352	18,533	-6.4%	17,213	0.8%
Escorts	7,240	5,991	20.8%	6,462	12.0%



Hero MotoCorp: Sequential growth

- Hero MotoCorp (Hero)'s sales in February went down by 2% yoy at 617,215 units on weaker sentiments, increase in insurance prices a quarter back, stifling competition and inventory pile up. Exports were negatively impacted due to country specific issues in SL, Bangladesh and Middle East.
- Sequentially the sales were up by 5.9%. Improving liquidity and recently launched models has led to sequential growth

	Feb-19	Jan-19	% mom	Feb-18	% yoy	YTD FY19	YTD FY18	% yoy
Total sales	6,17,215	5,82,756	5.9%	6,29,597	-2.0%	72,50,215	68,52,384	5.8%

Bajaj Auto: Superb exports compensate for domestic weakness

- Bajaj Auto's total sales came in 9.8% up yoy and went down by 3.5% mom to 393,089 units. Domestic motorcycle sales have grown by 6.3% yoy and dropped 8.3% mom respectively. New launch of Platina 110 has also boosted the sales as the company has had some positive impact as they are selling ~25k units per month.
- Exports 2W business grew by 15.9% yoy as we believe that along with the new geographies such as Phillipines, Vietnam, Cambodia, Turkey and Iran; Latam, SE Asia, Bangladesh, Nepal and Africa are panning out well for the company offsetting the woes in Sri Lanka.
- Total three wheeler sales went up by 7.8% yoy. In the domestic markets they decreased by 8.7% yoy on absence of permits unlike February 2018. Exports markets sales grew by 19.1% yoy. Sequentially, 3Ws sales grew by 14.8% as domestic sales grew by 25.2% on higher demand for cargo and diesel 3Ws. Exports 3W grew by 4.7% mom.

	Feb-19	Jan-19	% mom	Feb-18	% yoy	YTD FY19	YTD FY18	% yoy
Motorcycles								
Domestic	1,86,523	2,03,358	-8.3%	1,75,489	6.3%	23,21,107	18,15,590	27.8%
Exports	1,41,462	1,47,102	-3.8%	1,22,025	15.9%	15,92,228	12,83,805	24.0%
Total	3,27,985	3,50,460	-6.4%	2,97,514	10.2%	39,13,335	30,99,395	26.3%
3W								
Domestic	35,183	28,103	25.2%	38,534	-8.7%	3,60,481	3,25,024	10.9%
Exports	29,921	28,587	4.7%	21,835	37.0%	3,52,336	2,48,024	42.1%
Total	65,104	56,690	14.8%	60,369	7.8%	7,12,817	5,73,048	24.4%
Domestic	2,21,706	2,31,461	-4.2%	2,14,023	3.6%	26,81,588	21,40,614	25.3%
Exports	1,71,383	1,75,689	-2.5%	1,43,860	19.1%	19,44,564	15,31,829	26.9%
Total	3,93,089	4,07,150	-3.5%	3,57,883	9.8%	46,26,152	36,72,443	26.0%



TVS Motor: Sales growth soften as scooters demand fall

- TVS reported modest sales numbers in the month at 3% yoy. This was 5.9% up mom.
- Motorcycle sales grew by 8.2% yoy and 10.2% mom.
- With overall fall in scooter demand, Scooters sales dropped by 7.1% yoy and grew 1.9% mom. Mopeds went up by 2.8% yoy.
- 3W sales increased by a robust 41.2% yoy on low base and excellent exports performance from markets like Egypt and other African markets. Domestic markets de-grew by 31.6% yoy as there is a slowdown in new permits opening, while 3W exports grew by 57.3% yoy on sharp recovery is seen in Nigeria, Egypt and other African countries.
- Exports sales in TVS witnessed a positive growth. Exports grew by a robust 13.7% yoy and 26.4% mom to 66,570 units.

	Feb-19	Jan-19	% mom	Feb-18	% yoy	YTD FY19	YTD FY18	% yoy
Motorcycles	1,22,551	1,11,253	10.2%	1,13,296	8.2%	14,18,211	12,21,164	16.1%
Scooters	86,935	85,299	1.9%	93,573	-7.1%	12,02,638	10,33,946	16.3%
Mopeds	76,125	72,725	4.7%	74,073	2.8%	8,25,579	7,96,821	3.6%
Total 2W	2,85,611	2,69,277	6.1%	2,80,942	1.7%	34,46,428	30,51,931	12.9%
3W	13,742	13,353	2.9%	9,731	41.2%	1,41,990	87,790	61.7%
Total sales	2,99,353	2,82,630	5.9%	2,90,673	3.0%	35,88,418	31,39,721	14.3%
Exports out of the above	66,570	52,650	26.4%	58,564	13.7%	6,85,333	5,14,587	33.2%
2W exports	54,029	40,623	33.0%	50,589	6.8%	5,57,178	4,41,671	26.2%
3W exports	12,541	12,027	4.3%	7,975	57.3%	1,28,155	73,226	75.0%
Domestic 3W	1,201	1,326	-9.4%	1,756	-31.6%	13,835	14,564	-5.0%



Maruti Suzuki: Yet another month of moderate sales

- Maruti Suzuki India Ltd (MSIL)'s sales in the month of February came in at 148,682 units which was a flattish de-growth of 0.8% yoy, while on mom basis the de-growth was 2% showing the continuity of sluggish sales.
- The petrol/small car segment this month saw a de-growth of 26.7% yoy and 25.9% mom.
- The super compact segment comprising of Swift, Dzire, Celerio, Baleno, Ignis etc grew by 11.4% yoy, while grew by 10.9% mom.
- Ciaz segment sales de-grew by 37% and grew by 5.1% yoy and mom respectively.
- The UV segment grew by 7.4% yoy and fell by 2.7% mom.
- The LCV Super Carry sold a robust 2,188 units in February as compared to 1,252 units yoy.
- Exports witnessed 19.6% yoy fall and a flattish growth mom.

	Feb-19	Jan-19	% mom	Feb-18	% yoy	YTD FY19	YTD FY18	% yoy
Mini(Alto, Wagon R)	24751	33408	-25.9%	33,789	-26.7%	3,52,164	3,89,672	-9.6%
Compact(Swift, Ritz, Celerio, Baleno, Dzire, Ignis)	72678	65523	10.9%	65,213	11.4%	7,89,332	6,79,590	16.1%
Mid size (SX4, Ciaz)	3084	2934	5.1%	4,897	-37.0%	42,497	54,592	-22.2%
Total passenger cars	1,00,513	1,01,865	-1.3%	1,03,899	-3.3%	11,83,993	11,23,854	5.4%
Utility Vehicles(Gypsy, Ertiga, Vitarra, S-Cross, Brezza)	21834	22430	-2.7%	20,324	7.4%	2,38,634	2,30,995	3.3%
Vans(Omni, Eeco)	14565	15145	-3.8%	12,425	17.2%	1,62,168	1,41,448	14.6%
LCV (Super Carry)	2188	2710	-19.3%	1,252	74.8%	21,292	8,621	147.0%
Total domestic sales	1,39,100	1,42,150	-2.1%	1,37,900	0.9%	16,06,087	15,04,918	6.7%
Exports	9582	9571	0.1%	11924	-19.6%	98,286	1,14,058	-13.8%
Total sales	1,48,682	1,51,721	-2.0%	1,49,824	-0.8%	17,04,373	16,18,976	5.3%



Mahindra & Mahindra: UV growth robust on new launches

- Total auto sales in the month grew by 9.5% yoy to 56,005 units which was a 0.5% growth mom.
- UV segment was up by 16.1% yoy and 9.4% mom. Successful launches of Marazzo and Alturas G4 led to this growth.
- CV sales in the month grew by 1% yoy, out of which LCV >3.5 T went down by 8.1% yoy, while the LCV <3.5 T grew by 2.2% yoy. MHCV segment dipped by 17.1% yoy and 19.2% mom.
- 3W sales have grown by 10% yoy despite industry weakness.
- Exports posted growth of 16.4% yoy as well.
- FES segment de-grew by 8.1% yoy, out of which the domestic sales were down by 6.9% yoy on weak monsoons and Rabi sowing. Exports were down by 28% and 30% yoy and mom respectively.

Auto segment	Feb-19	Jan-19	% mom	Feb-18	% yoy	YTD FY19	YTD FY18	% yoy
Utility Vehicles	24349	22263	9.4%	20,977	16.1%	2,09,561	2,09,322	0.1%
Cars+Vans	1760	1609	9.4%	1,412	24.6%	17,494	13,628	28.4%
Total PV	26109	23872	9.4%	22,389	16.6%	2,27,055	2,22,950	1.8%
LCV(<3.5 T)	19647	21035	-6.6%	19,225	2.2%	2,06,881	1,76,521	17.2%
LCV (>3.5T)	821	741	10.8%	893	-8.1%	7,376	6,679	10.4%
MHCV	686	849	-19.2%	828	-17.1%	9,921	8,107	22.4%
Total CV	21,154	22,625	-6.5%	20,946	1.0%	2,24,178	1,91,307	17.2%
3 wheelers	5652	6003	-5.8%	5,138	10.0%	59,756	48,023	24.4%
Total domestic sales	52,915	52,500	0.8%	48,473	9.2%	5,10,989	4,62,280	10.5%
Total exports	3090	3222	-4.1%	2,654	16.4%	34,655	24,797	39.8%
Total sales	56,005	55,722	0.5%	51,127	9.5%	5,45,644	4,87,077	12.0%

FES	Feb-19	Jan-19	% mom	Feb-18	% yoy	YTD FY18	YTD FY17	% yoy
Domestic	18105	20948	-13.6%	19,442	-6.9%	2,98,296	2,76,864	7.7%
Exports	873	1264	-30.9%	1,216	-28.2%	12,452	14,282	-12.8%
Total FES	18978	22212	-14.6%	20,658	-8.1%	3,10,748	2,91,146	6.7%



Ashok Leyland: Sales decline moderated

- Ashok Leyland (ALL) posted a 0.8% yoy growth in the month to 17,352 units as CV sales witnessed a recovery as liquidity crunch seemed to ease a bit. YTD growth has been at 20%.
- MHCV sales were down by just 2% yoy to 12,621 units.
- LCV sales posted a growth of 9% yoy in the month as the newly launched Dost+ along with Boss and Guru are performing very well despite financing crunch. Sequentially, LCV went down by 2.9%.

	Feb-19	Jan-19	% mom	Feb-18	% yoy	YTD FY19	YTD FY18	% yoy
MHCV	12621	13663	-7.6%	12,874	-2.0%	1,16,701	1,00,219	16.4%
LCV	4731	4870	-2.9%	4,339	9.0%	47,843	36,860	29.8%
Total	17352	18533	-6.4%	17,213	0.8%	1,64,544	1,37,079	20.0%

Tata Motors: : CV de-growth reduces

- Tata Motors (TAMO)'s total sales in the month were down at 5.7% yoy to 60,151 units. PV as well as CV sales were a bit subdued, however CV sales de-growth has reduced further as compared to January, which shows revival in CV sales, particularly MHCVs.
- CV sales moved down by 5.1% yoy while rising 5.5% mom. Within the CVs, MHCVs de-grew by 18% as compared to 27% in December, ILCVs grew by 4%, SCV Cargo & pick-ups went up by 9% and buses went down by 18% yoy.
- PV segment saw a rise of 2% yoy and 1.6% mom, which is a slow growth on absence of any new launch.
- Exports growth was weak at 38.5%.

Segment(models)	Feb-19	Jan-19	% mom	Feb-18	% yoy	YTD FY19	YTD FY18	% yoy
Total CVs	39111	37089	5.5%	41,222	-5.1%	4,17,775	3,50,161	19.3%
Total PVs	18110	17826	1.6%	17,771	1.9%	1,92,333	1,67,055	15.1%
Exports	2930	3270	-10.4%	4,768	-38.5%	47,011	44,892	4.7%
Total sales	60,151	58,185	3.4%	63,761	-5.7%	6,57,119	5,62,108	16.9%



Escorts: Strong show continues..

- Domestic sales have grown by 9.9% yoy in February despite a weakness in the industry. Sales grew by 20.1% mom.
- Exports reported 93% yoy growth on low base.
- Total sales grew by 12% yoy to 7,240 units.

	Feb-19	Jan-19	% mom	Feb-18	% yoy	YTD FY19	YTD FY18	% yoy
Domestic	6918	5762	20.1%	6,295	9.9%	81,892	66,889	22.4%
Exports	322	229	40.6%	167	92.8%	2,615	1,738	50.5%
Total	7240	5991	20.8%	6,462	12.0%	84,507	68,627	23.1%

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