



**VENTURA**

Kyon ki bhaiya, sabse bada rupaiya.

## Two Wheeler Monthly Update



**May, 2012**

## Hero MotoCorp

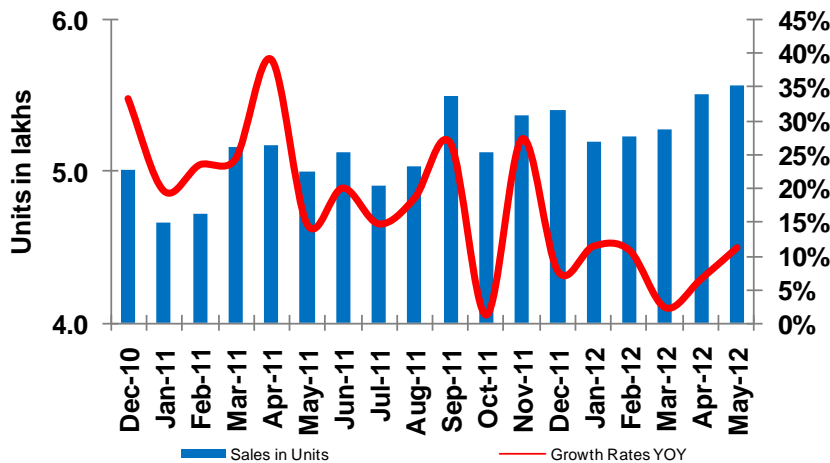
[CMP: ₹1,946|M.Cap:₹ 38,854 crore]

### Beating the slowdown!!!

Outperforming its peers who posted a de – growth, Hero Moto Corp posted a 11.3% yoy growth in total volumes to 5,566,44 units. The company’s sales surpassed its previous highest of 5,51,557 units achieved in April’12. To maintain the growth trajectory the company is planning to add about 400 outlets to its existing 5,000-strong network in the current fiscal. The management is cautiously optimistic of that the expected normal monsoon and the consequent good harvest should perk up the sentiment in the coming months since it enjoys a strong market share in the rural areas. We recommend a BUY on the stock.

Hero MotoCorp	May-12	May-11	YOY %	Apr-12	MOM %	YTD FY13	YTD FY12
Total Sales - Motorcycles	556,644	500,234	11.3	551,557	0.9	1,108,201	1,017,333

Total vehicles sales and its growth in % YOY



Source: HMCL, Ventura Research Estimates



## Bajaj Auto

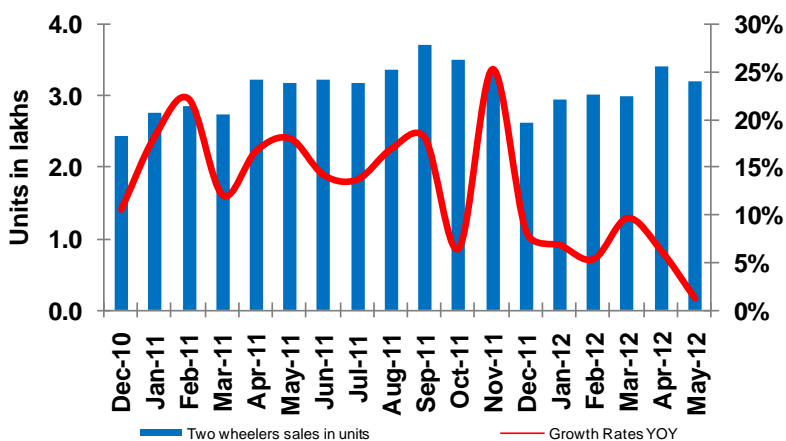
[CMP: ₹1,544 | M.Cap: ₹ 44,678 crore]

### De – growth!!!

Bajaj Auto's volumes dipped for the first time in two years on account of fall in three wheeler sales and no exports to Sri Lanka against a monthly run rate of 10,000 two wheelers and motorcycles. Total volumes were lower by 1.8% yoy to 3,52,219 units. Motorcycle sales grew by a marginal 1.2% yoy to 3,21,922 units whereas three wheeler sales witnesses a steep fall of 25.9% yoy. Despite no exports to Sri Lanka, exports for the month of May were highest ever recorded by Bajaj Auto. Management expects the exports to Sri Lanka to resume from July. Further, management has kept its guidance of a 15-16% volume growth intact and expects it to be aided by new launches (Pulsar and Discover 100 cc) and materialization of three wheeler permit sales. We recommend a BUY on the stock.

Bajaj Auto	May-12	May-11	YOY %	Apr-12	MOM %	YTD FY13	YTD FY12
Motorcycles	321,922	317,989	1.2	342,324	-6.0	664,246	640,224
Scooters	-	-	-	-	-	-	-
<b>Total 2 wheelers</b>	<b>321,922</b>	<b>317,989</b>	<b>1.2</b>	<b>342,324</b>	<b>-6.0</b>	<b>664,246</b>	<b>640,224</b>
3 wheeler	30,297	40,860	-25.9	39,266	-22.8	69,563	85,934
<b>Total sales</b>	<b>352,219</b>	<b>358,849</b>	<b>-1.8</b>	<b>381,590</b>	<b>-7.7</b>	<b>733,809</b>	<b>726,158</b>
<b>Domestic</b>	<b>221,646</b>	<b>232,031</b>	<b>-4.5</b>	<b>212,580</b>	<b>4.3</b>	<b>434,226</b>	<b>440,918</b>
<b>Exports</b>	<b>130,573</b>	<b>126,818</b>	<b>3.0</b>	<b>169,010</b>	<b>-22.7</b>	<b>299,583</b>	<b>285,240</b>

Total vehicles sales and its growth in % YOY



Source: BAL, Ventura Research Estimates



## TVS Motors

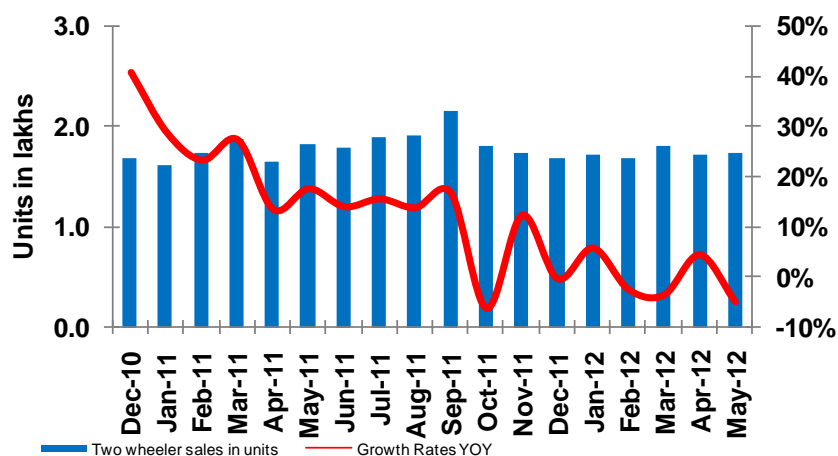
[CMP: ₹33|M.Cap: ₹1,584 crore]

### Growth to remain subdued...

TVS Motor Company Ltd witnessed a dip of 5.3% yoy in total volumes to 1,76,012 units as volumes of motorcycles and three wheelers fell sharply. Motorcycle sales were lower by 15.2% yoy to 64,134 units whereas scooter sales were marginally higher by 1.7% yoy to 38,833 units. Moped sales stood at 70,125 units as against 68,014 units in May'11 recording a growth of 3% yoy. However, three wheeler sales suffered the most and fell 27.7% yoy to 2,920 units. We recommend a HOLD on the stock.

TVS Motors	May-12	May-11	YOY %	Apr-12	MOM %	YTD FY13	YTD FY12
Motorcycles	64,134	75,619	-15.2	67,966	-5.6	132,100	145,192
Scooters	38,833	38,168	1.7	35,833	8.4	74,666	73,242
Mopeds	70,125	68,104	3.0	67,752	3.5	137,877	127,640
<b>Total 2 Wheelers</b>	<b>173,092</b>	<b>181,891</b>	<b>-4.8</b>	<b>171,551</b>	<b>0.9</b>	<b>344,643</b>	<b>346,074</b>
3 Wheelers	2,920	4,039	-27.7	2,904	0.6	5,824	7,600
<b>Total sales</b>	<b>176,012</b>	<b>185,930</b>	<b>-5.3</b>	<b>174,455</b>	<b>0.9</b>	<b>350,467</b>	<b>353,674</b>
<b>2 wheelers - Domestic</b>	<b>151,980</b>	<b>158,829</b>	<b>-4.3</b>	<b>151,181</b>	<b>0.5</b>	<b>303,161</b>	<b>300,448</b>
<b>2 wheelers - Exports</b>	<b>21,112</b>	<b>23,062</b>	<b>-8.5</b>	<b>20,370</b>	<b>3.6</b>	<b>41,482</b>	<b>45,626</b>

Total vehicles sales and its growth in % YOY



Source: TVS, Ventura Research Estimates



## Peer Comparison

(₹ in crore)

	TVS			Bajaj Auto			Hero Moto Corp		
	FY12	FY13E	FY14E	FY12	FY13E	FY14E	FY12	FY13E	FY14E
<b>Net Revenue</b>	7,126.2	7,890.9	8,674.2	19,529.0	23,473.8	26,144.8	23,579.0	26,470.7	29,441.5
<b>EBITDA</b>	469.4	528.7	598.5	3,719.9	4,550.6	4,992.4	3,618.7	3,973.7	4,532.7
<b>PAT</b>	249.1	289.8	337.1	3,003.9	3,535.8	3,902.5	2,367.3	2,693.9	2,909.1
<b>EPS</b>	5.2	6.1	7.1	103.8	122.2	134.9	119.0	135.4	146.2
<b>EPS Growth (%)</b>	28.1	16.3	16.3	-10.10	17.7	10.4	22.8	13.8	8.0
<b>RONW (%)</b>	21.3	20.9	20.4	49.7	43.8	37.3	55.2	45.3	37.2
<b>P/E (X)</b>	6.1	5.2	4.5	14.4	12.2	11.1	16.4	14.4	13.3
<b>EV/EBITDA (X)</b>	4.7	4.2	3.7	11.6	9.4	8.6	11.1	10.1	8.9

Source: Ventura Research Estimates



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## Ventura Securities Limited

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