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Quarterly vehicle industry performance – Q1 FY19

Prepared for ACMA

*Strictly private
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Contents

Executive Summary	3
Segment wise Q1 FY 19 industry performance	5
Appendix	11

To navigate this report on-screen (in pdf format)

From any page – click on the section title in the header navigation bar

From this Contents page – click on the title of the section or sub-section

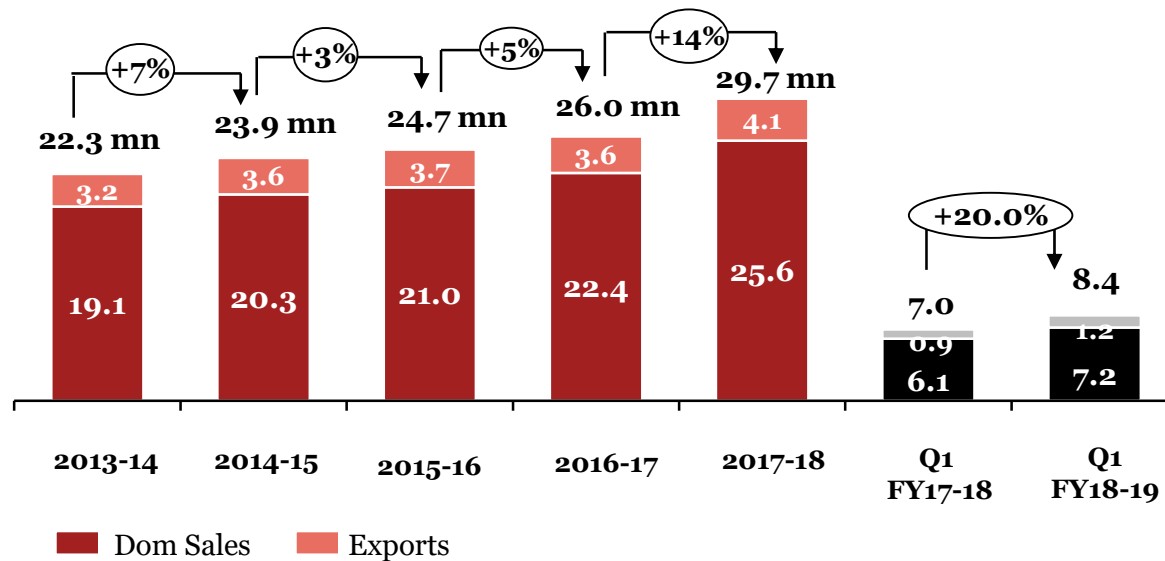
From the contents listing on any section divider – click on the title of the sub-section

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Executive Summary

Q1-FY19 : Quarterly automotive industry performance overview

OEM - Domestic sales and exports | million units



Indian automotive domestic sales grew at 33.3% and exports at 18.0% registering an **overall industry growth of 20%** over Q1 last year.



Growth drivers are rural demand, disposable incomes, new launches

Int. Rates raised by 2.5% in Q1 FY18

Vehicle segment	Dom. Sales Q-o-Q Q1 18-Q1 19	Exports Q-o-Q Q1 18-Q1 19
	▲ 15.9%	▲ 29.6%
	▲ 19.9%	▼ 7.4%
	▲ 51.6%	▲ 41.0%
	▲ 25.1%	▲ 27.7%
	▲ 54.0%	▲ 75.0%
TOTAL	▲ 18.3%	▲ 26.7%

Key Updates

General Trends

- The growth momentum that was visible in the closing months of FY18 contributing to the robust 14.22 percent growth during the fiscal in terms of domestic sales is fueling a **positive market sentiment** which has continued to Q1 FY 19.
- Demand is increasingly being driven by **rural markets** on the back of a good monsoon, good crop and increased minimum support price.
- Other factors which caused strong demand in the first quarter of the fiscal are **higher infrastructure spending, rising disposable incomes** and **successful new launches**.
- In the next six months, declining Rupee against the US dollar is expected to raise costs and crude oil prices are expected to raise fuel prices which could in turn impact sales.

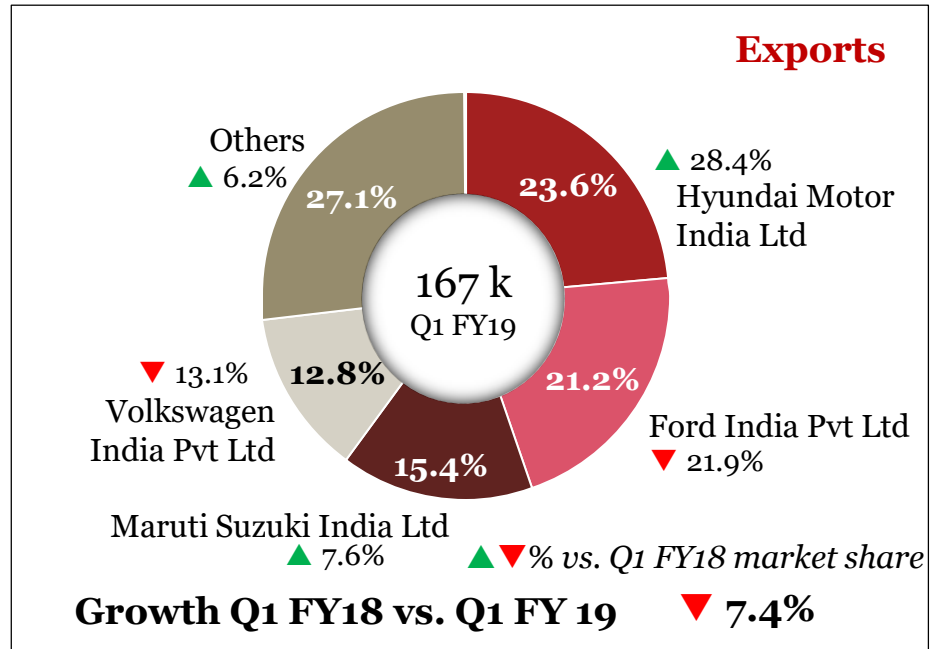
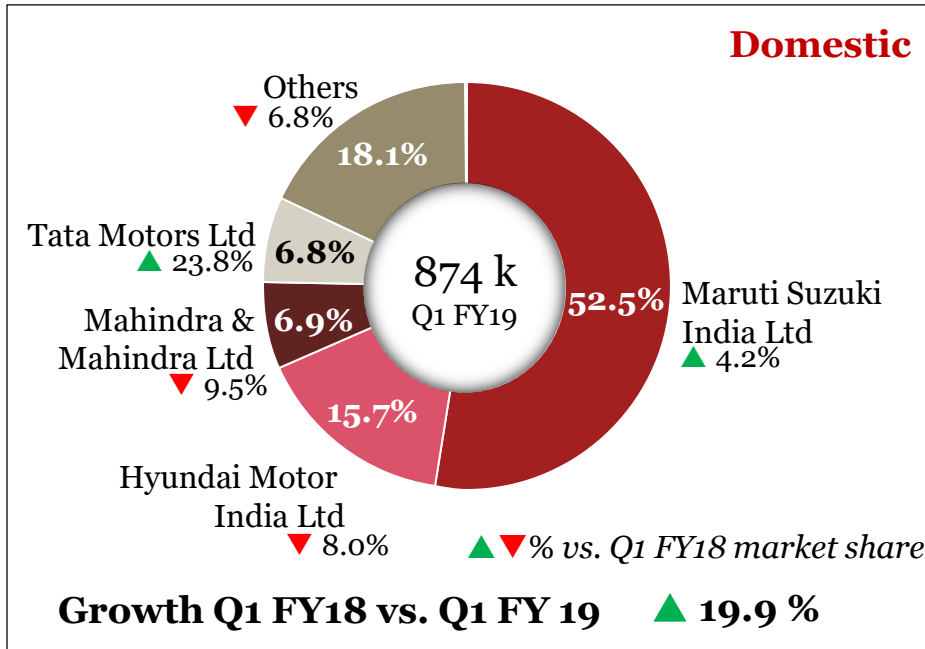
Industry Trends

- This quarter's (April-June) high growth rests on the **low base** of the same period last year.
- Pick-up in infra spending by the government, restrictions on overloading in many states, as well as improvement in transport efficiency post GST **boosted domestic demand** in the **commercial vehicle** segment.
- The **passenger vehicle** segment saw **successful new rollouts** in multiple segments - Honda Amaze and Toyota Yaris along with Maruti Suzuki's Swift, Baleno and Vitara Brezza that drove volumes in the segment.
- Ford and Mahindra are collaborating on multiple areas including connected vehicle projects, electric vehicles, development of compact SUVs, B-segment SUVs and power trains.

Source : SIAM, PwC Analysis

Segment wise Q1 FY 19 industry performance

Passenger vehicles

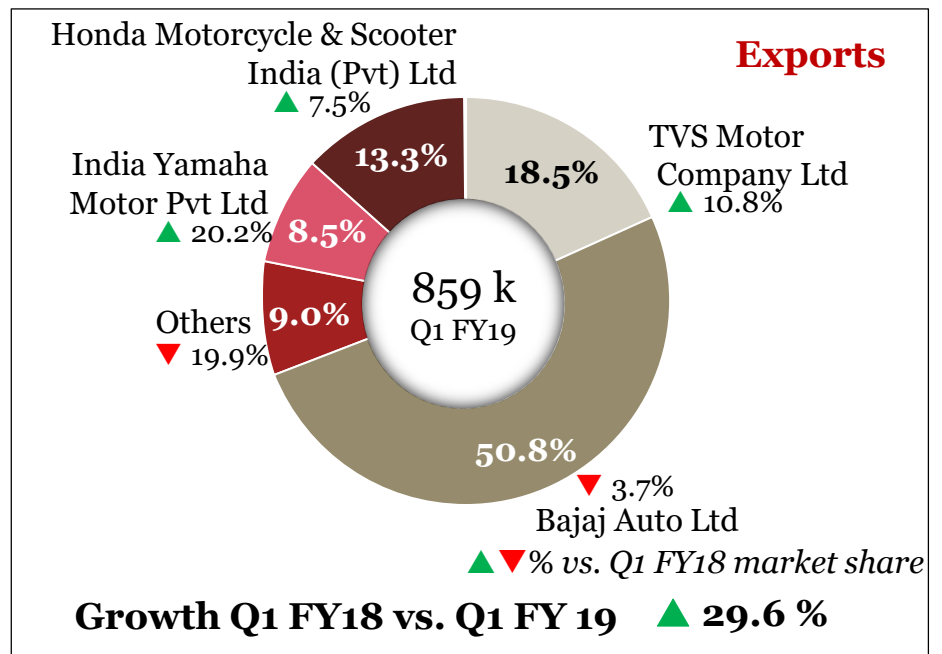
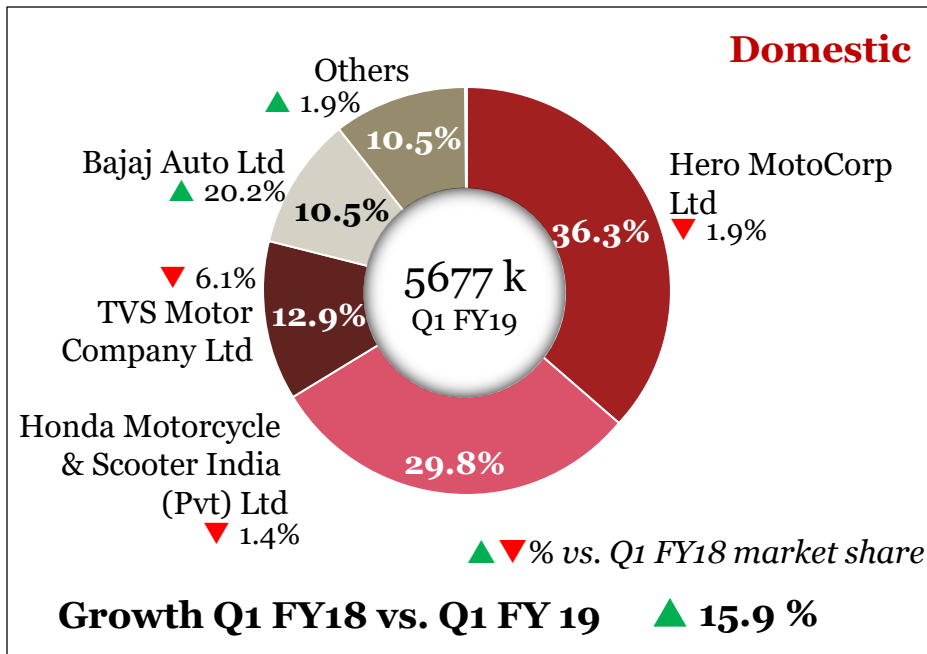


- The highest growth within the segment was posted by vans at 27.29 percent with domestic sales of 55,078 units, followed by utility vehicles at 23.22 percent.
- The high growth this year is attributed to the low base of last year when consumers postponed their purchase in anticipation of a drop in prices after GST implementation.

- The overall exports for Q1 FY19 have not maintained pace with overall segment growth.
- The drop in exports is said to be due to various leading exporters focused on domestic market while issues at some key markets abroad curtailed overseas shipments.
- Domestic players Mahindra & Mahindra and Tata Motors witnessed growth in exports.

Source : SIAM, PwC Analysis

2 wheelers

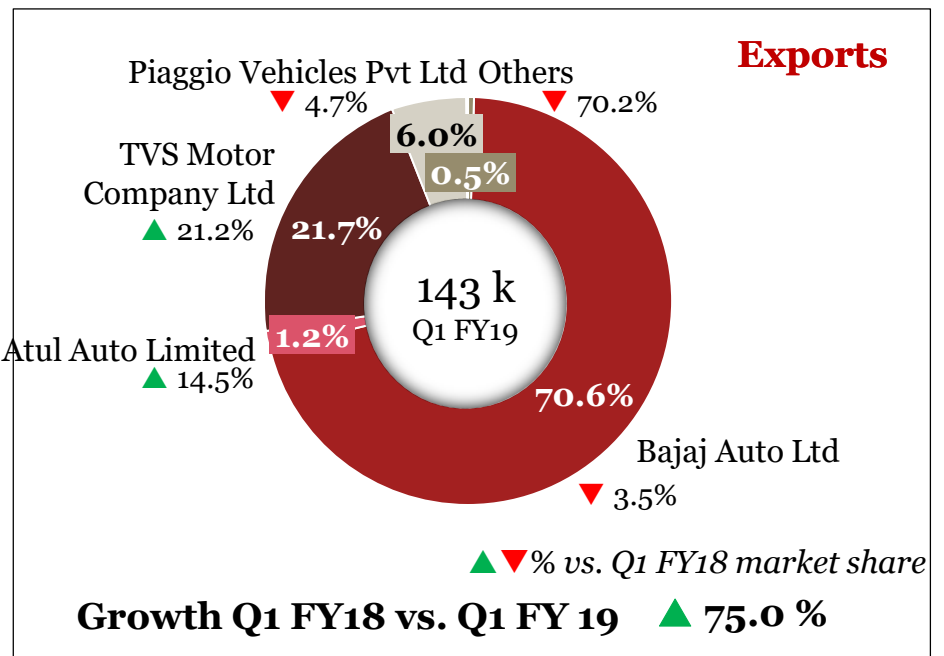
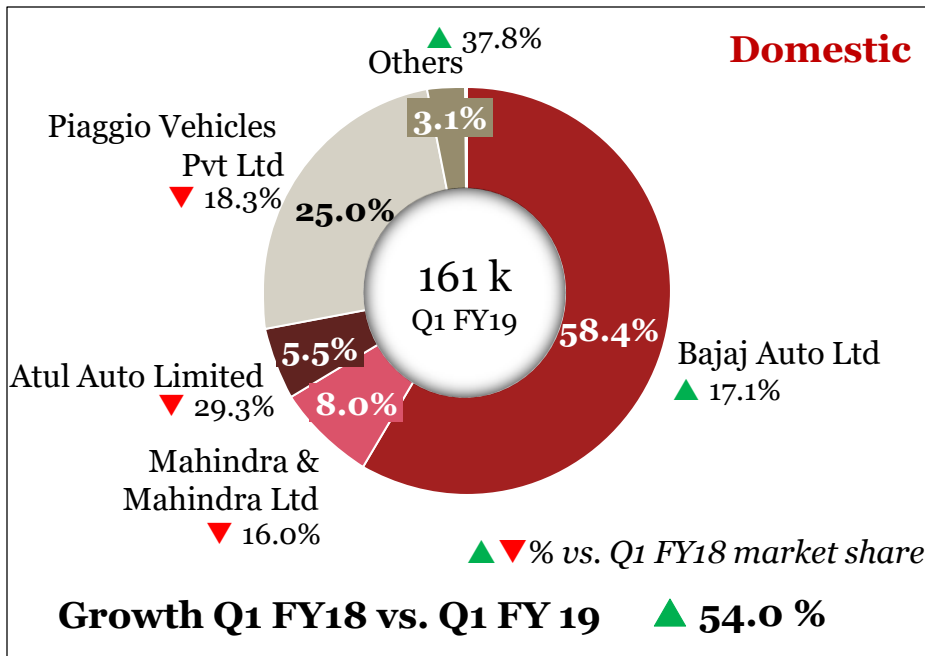


- Motorcycles experienced robust growth primarily helped by the rural economy and growth in scooters moderated due to high base in FY 18 and capacity constraints.
- Scooters and mopeds grew over the quarter at 10.35 and 7.27 percent respectively.
- Bajaj Auto Ltd reported increase in domestic market share owing to its Pulsar, Discover, Platina and CT100 brands.

- Overall exports increased on account of geography additions over the years and enhancing market share in these geographies.
- Mopeds witnessed increase in exports of 154.32 percent at 10,061 units shipped, followed by scooters with motorcycles forming the smallest share of two-wheeler exports.

Source : SIAM, PwC Analysis

3 wheelers



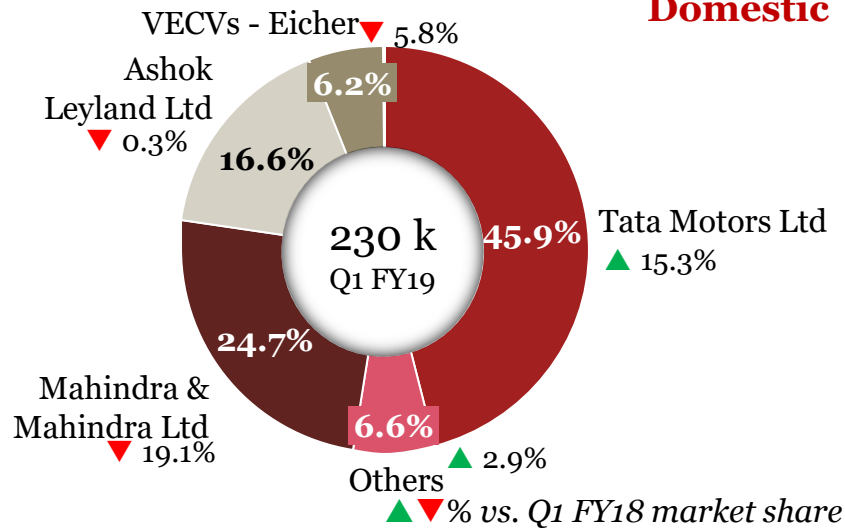
- Passenger carriers grew 64.5% whereas goods carriers grew by 21% in Q1 FY 19.
- The removal of permit system in states such as Maharashtra and mobility providers such as Ola aggressively expanding three-wheeler transportation to provide last mile connectivity for city commuters, is opening up new opportunities for the segment.

- The segment saw the maximum number of growth in volume terms with overall exports growing almost three-fold in the quarter to June.
- Passenger carriers drove export growth in Q1 FY 19 at 75.95 percent and 142,472 units. Indian three-wheeler manufacturers failed to make a mark on the goods segment, which saw 7.8% growth in the quarter.

Source : SIAM, PwC Analysis

Commercial vehicles

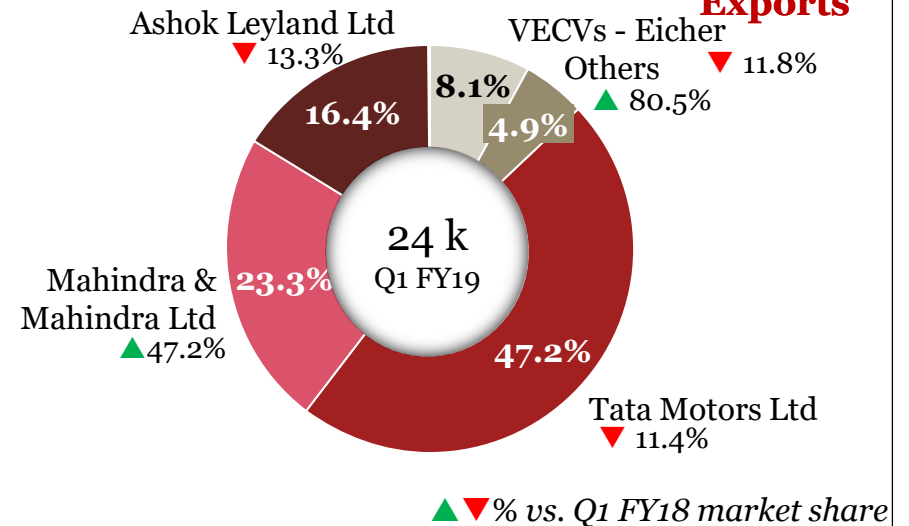
Domestic



Growth Q1 FY18 vs. Q1 FY 19 ▲ 51.6 %

- Medium & heavy commercial vehicle segment grew 83.59 percent and light commercial vehicles experienced an upswing of 36.51 percent.
- Domestic bus segment registered recovery owing to demand from schools and tourist applications and M&HCV buses grew due to increasing demand from staff bus operators segment.

Exports



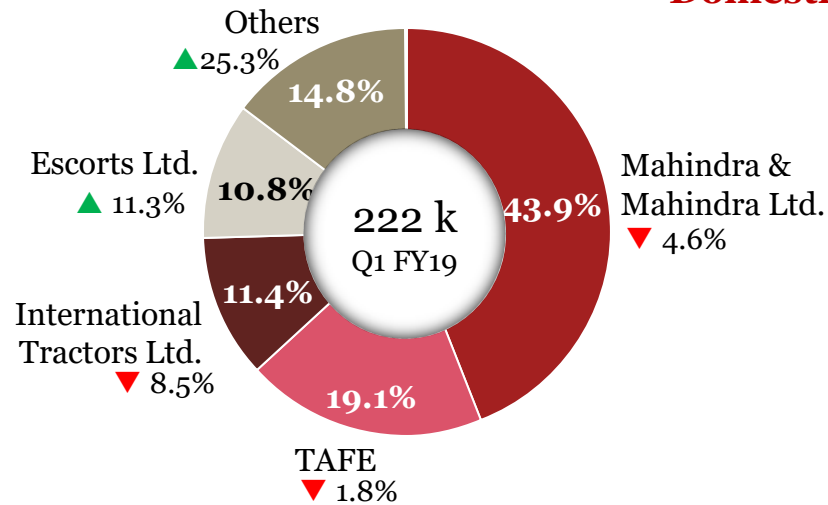
Growth Q1 FY18 vs. Q1 FY 19 ▲ 41.0 %

- Exports of LCVs grew by 56.07 percent and of M&HCVs by 26.66 percent respectively.
- Tata Motors remains the top exporter. Mahindra outpaced Ashok Leyland to become the second largest exporter.

Source : SIAM, PwC Analysis

Tractors

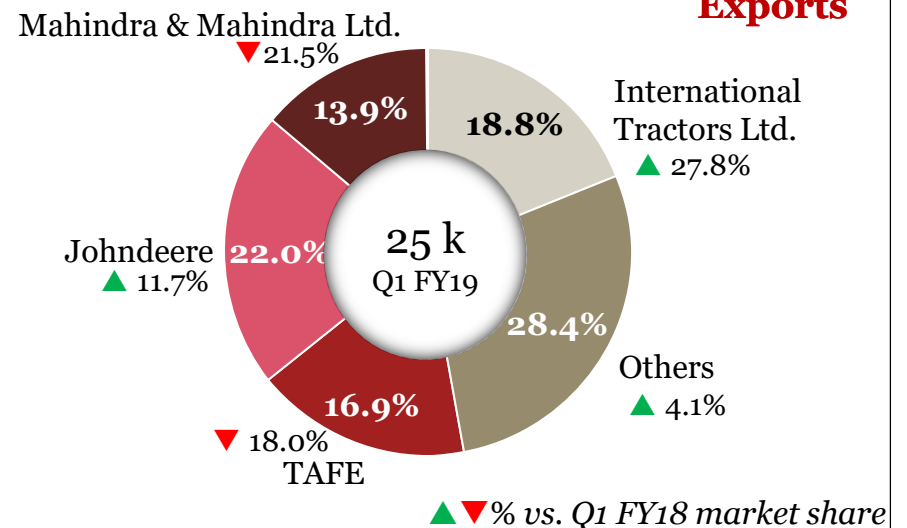
Domestic



Growth Q1 FY18 vs. Q1 FY 19 ▲ 25.1 %

- Domestic sales showed strong growth due to increasing spending on infrastructure, support for farmers and good monsoon resulting in strong rural demand.
- North and West India recorded growth of 19 and 36 percent respectively, fuelled by tractors in the 41-50 hp category.
- Strong segment growth is expected to continue.

Exports



Growth Q1 FY18 vs. Q1 FY 19 ▲ 27.7 %

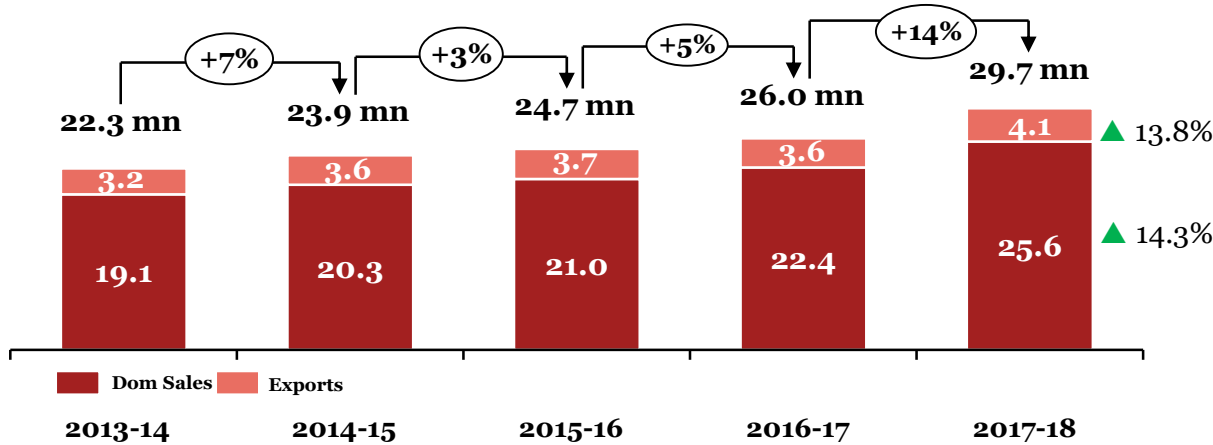
- International tractors witnessed boost in demand from Africa where government is encouraging agriculture mechanisation.
- In a bid to further expand international footprint, many players are introducing and adopting newer technologies to make their tractor models export compliant in developed markets such as Europe.

Source : SIAM, PwC Analysis

Appendix

FY18 Overview - Automotive industry performance

OEM - Domestic sales and exports | million units



Indian automotive domestic sales and exports grew at an overall CAGR of 7.6 % over last 5 years .

Infrastructure improvements, revival post GST, Demonetisation

⚡ GDP ▲ after Q2 FY18

💎 Public capex : 24% jump in FY18

📉 Int. Rates dipped 0.25% in Q1 FY18

Vehicle	Dom. Sales CAGR FY 14-18	Exports CAGR FY 14-18
	▲ 8.1%	▲ 7.8%
	▲ 7.1%	▲ 5.9%
	▲ 7.9%	▲ 5.9%
	▲ 2.9%	▲ 8.0%
	▲ 7.3%	▲ 1.9%
TOTAL	▲ 7.7%	▲ 6.8%



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** This map is not to scale. It is an indicative outline intended for general reference use only.

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