

# EICHER MOTORS LIMITED

*February 15, 2019*

**Current Price:**
**₹ 20024.80**

## Financial Results

**In Cr.**

Particulars	Qtr Ending Dec. 18	Qtr Ending Dec. 17	Var. (%)
Total Income	2341.06	2269.01	3
OPM (%)	29.03	30.71	-2
OP	679.53	696.81	-2
Other income	188.60	119.80	57
PBIDT	868.13	816.61	6
Net Finance Charges	1.88	1.58	19
PBDT	866.25	815.03	6
Depreciation	76.84	64.94	18
PBT	789.41	750.09	5
Tax expense	256.46	229.59	12
PAT	532.95	520.50	2
EPS (Rs)	195.43	191.08	

## STOCK DATA

BSE Code	505200
NSE Symbol	EICHERMOT
Reuters	EICH.BO
Bloomberg	EIM IN

## VALUE PARAMETERS

52 W H/L(Rs)	32209.50/18780.00
Mkt. Cap.(Rs Cr)	54617.14
Latest Equity(Subscribed)	27.27
Latest Reserve (cons.)	7002.81
Latest EPS (cons.) -Unit Curr.	777.06
Latest P/E Ratio -cons	25.77
Latest Bookvalue (cons.) -Unit Curr.	2867.26
Latest P/BV - cons	6.98
Dividend Yield -%	0.55
Face Value	10

**Eicher Motors Ltd.'s profit rose marginally for the December-ended quarter, matching analyst estimates, even as sales of its flagship Royal Enfield motorcycles declined.**

In the quarter ended December 2018, Royal Enfield's total revenue from operations rose 3% to Rs. 2,341 crore, compared to Rs. 2,269 crores in the same period last year; Operating margin (OPM) went down by 168 bps to 29.03% and the Operating profit was Rs. 679.53 crores, down by 2% compared to Rs 696.81 crores in the same period last year.

The other income went up by 57% to Rs 188.60 crore, thus the PBIDT rose by 6% to Rs 868.13 crore. The Company interest cost jumped to Rs 1.88 crore and depreciation rose to Rs 76.84 crore. Thus, the PBT grew by 5% to Rs 789.41 crore.

Tax expense increased by 12% to Rs 256.46 crore and Profit After Tax grew by 2% to Rs. 532.95 crores from Rs. 520.50 crores in the same period last year. Royal Enfield sold 193,871 motorcycles in the quarter, registering a decline of 6% from 202,736 motorcycles sold in the same period last year.

In the Commercial Vehicles (CV) segment, Volvo Eicher Commercial Vehicles (VECV) - Eicher's joint-venture with AB Volvo - was affected by the industry slowdown especially in Heavy Duty (HD) segment. VECV's revenue from operations rose by 9% to Rs. 2,818 crores from Rs. 2,590 crores in the same period last year; EBITDA declined by 18% to Rs. 186 crores from Rs. 226 crores in the same period last year; Profit After Tax declined by 43% to Rs. 76 crores from Rs. 133 crores last year.

VECV sold 16,936 trucks and buses in the quarter, growing 4% over the same period last year. VECV's performance in the Light and Medium Duty (LMD) segment continued to be in line with the industry registering 9% growth on a year-on-year basis. In the HD segment, the VECV recorded a growth of 4% while industry declined by 13% year-on-year. During the quarter, certain non-banking financial companies (NBFCs) scaled back their lending activities affecting sales. The trend of heavy discounting continues in the CV industry despite the sustained demand.

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding <b>31/12/2018</b>
Foreign	31.5
Institutions	6.18
Govt Holding	0.06
Non Promoter Corp. Hold.	1.77
Promoters	49.34
Public & Others	11.15



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## Management Comments

**Siddhartha Lal, Managing Director and CEO Eicher Motors Ltd, said,** "The latter half of 2018 was a challenging period for the two-wheeler industry in India. Factors like increased insurance requirements, rising raw material costs and the subsequent price increase due to regulatory safety requirements impacted the momentum of the industry. Royal Enfield's market share recorded improvement on a sequential basis, while volumes in the quarter were impacted. We believe this is a temporary impact due to a price reset. We continue to remain optimistic about the trend of premiumization in the motorcycling industry, and are confident that this trend will continue in the future."

The third quarter was very exciting for Royal Enfield as the 650 Twin motorcycles - the Interceptor 650 and the Continental GT 650 motorcycles were launched in India and other key markets across the globe. The India launch in November was timed along with Rider Mania - Royal Enfield's biggest annual festival held on Goa - where the Royal Enfield community and motorcycling enthusiasts got an opportunity to be the first ones to test ride the Twin motorcycles. During the quarter, the 650 Twins were also launched in the UK and Europe at the EICMA Motorcycle Show in Milan, Italy and also in Thailand, Indonesia, Brazil, Colombia and Australia. While retail sales have already begun in India, deliveries in the global markets are expected to begin soon.

"The Interceptor 650 and Continental GT 650 have been loved for their classic styling, simple design and being fun to ride. Consumer response from our test ride experience zones at EICMA 2018, and at Rider Mania has been phenomenal. The 'Indian Motorcycle of The Year' 2019 award for the Interceptor reiterates this consumer response and is a testament of our development and design efforts on these motorcycles. The initial enthusiasm from markets has been very encouraging, and we strongly believe that these modern classics will be an attractive and evocative option for motorcycle lovers everywhere" added Siddhartha.

Speaking on VECV's performance Siddhartha said "While the demand momentum continues in the CV industry, sales were affected especially in HD segment due to change in axle load norms and liquidity crunch. However, in Q3 2019, VECV increased its market share in HD Trucks through focused market penetration and strengthening the product portfolio with new launches of our modernised 'Value Trucks' over the past year. We continue to believe that we can be the catalyst that drives modernisation of commercial transportation in India and other developing markets."



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