

Bloomberg Code	EIM.IN
No of share O/S (Nos in Cr)	27.3
Market Cap (Rs Cr)	98,086
Face Value (Rs)	1.0
Dividend Yield (%)	0.61
52 Wk High/Low (Rs)	3,890/2,332

Key result highlights
Decline in volumes impacted revenue performance, price hikes improved average realization

Eicher Motors Ltd (EICHER) reported a QoQ/YoY revenue growth of 2.2%/19.1%, respectively, to Rs.3,804 cr in Q4FY23 on account strong recovery in the Royal Enfield (RE) sales volume. RE volumes posted a YoY growth of 17.7% to 2,18,525 units during the quarter. RE reported improvement in average per-unit revenue (APUR), which grew at a YoY rate of 1.8% to Rs.1.73 lakhs per motorcycle (grew at 7.7% QoQ). Price hikes are expected to cover higher input costs, while favourable product mix improved APUR.

Shareholding (%)	
Promoters	49.2
Institutional	39.8
Public	11.0
Total	100

RE's export volumes grew at a QoQ/YoY rate of 37.4%/4.6%, respectively, to 26,503 units during the quarter, while domestic volumes registered a QoQ/YoY change of -5.0%/19.8%, respectively, to 192,022 units. Similarly, RE sold 195,719 units of 350 cc motorcycles and recorded a QoQ/YoY change of -3.1%/26.5%, respectively, while the volumes in more than 350cc were at 22,806 units, marking a QoQ/YoY change of 17.6%/-26.3%, respectively, during the quarter. The management is planning to launch at least one new product every quarter to sustain the sale volume momentum in domestic as well as export markets.

Improvement in capacity utilization and favourable product mix impacted EBITDA margins QoQ

Gross profit reported a QoQ/YoY growth of 8.4%/20.8%, respectively, to Rs.1,686 cr, while gross margins grew by 253bps QoQ and 61bps YoY to 44.3% in Q4FY23. The price hike on higher input cost was a full pass-on to the customers which resulted in improvement of margins.

Management took cost optimization measures which helped to rationalize few cost components. As a result, EBITDA reported a QoQ/YoY growth of 8.9%/23.3% to Rs.934 cr, while EBITDA margins grew by 83bps YoY and 150bps QoQ to 24.5% in Q4FY23. Net profit grew at a QoQ/YoY rate of 22.2%/48.4% respectively to Rs.906 cr, while net margins improved by 389bps QoQ and 470bps YoY to 23.8% during the quarter.

Volvo Eicher Commercial Vehicles

Volvo Eicher Commercial Vehicle (VECV) reported QoQ/YoY revenue change of 34.7%/43.9%, respectively, to Rs.6,200 cr in Q4FY23. VECV sold 25,028 commercial vehicles in Q4FY23 and registered a QoQ/YoY change of 42.4%/27.6%, respectively, while APUR grew at a YoY rate of 12.8% to Rs.24.8 lakhs per vehicle. Price hikes to cover higher input cost and BS6 standards improved APUR.

VECV's EBITDA grew at a QoQ/YoY rate of 16.7%/115.3%, respectively, to Rs.615 cr during the quarter. Upswing in the Indian CV cycle due to increasing demand from infrastructure, construction and mining have accelerated the industry sales, while improving product mix and market share gains improve VECV's performance

Concall Highlights

- ASP performance was largely due to higher share of exports, price hike taken in Q3FY23 reflecting in Q4FY23.
- On the margins front, the management informed about commodity basked decline benefitting margin profile by 0.9% and further expects minimal gain in coming quarters amid a slight increase in steel cost.
- The company's market share in >125 cc segment reaching to ~33.5% in FY23 with overall market share at 7.2% in FY23.
- The company's market share in America, APAC & EMEA remained at ~8%, ~9% & ~9%, respectively, in mid-weight segment. Further, the management said the company's international volumes reaching ~1 lakh units vs. ~21,000 in FY19 implying ~4x growth.
- The company's non-automotive segment is witnessing good traction with revenues reaching ~INR 2,041 cr in FY23 vs. ~INR 1,104 cr in FY19. Further, the management indicated that they were launching new products in this space to boost revenue
- The management indicated that they were spending INR 1,000 cr in FY24 for EV manufacturing & development of both ICE & EV platforms. Further, they said they were focusing on product development rather than capacity expansion.
- The management informed about surpassing its previous volume peak in the VECV arm. Further, the company said market share in heavy truck, light truck & bus market share was at 7.7%, 31.5% & 23.8%, respectively. Overall the company's share in the CV space was at 17.1% for FY23

Valuation

EICHER is currently trading at a FY25 P/E of 21.1x

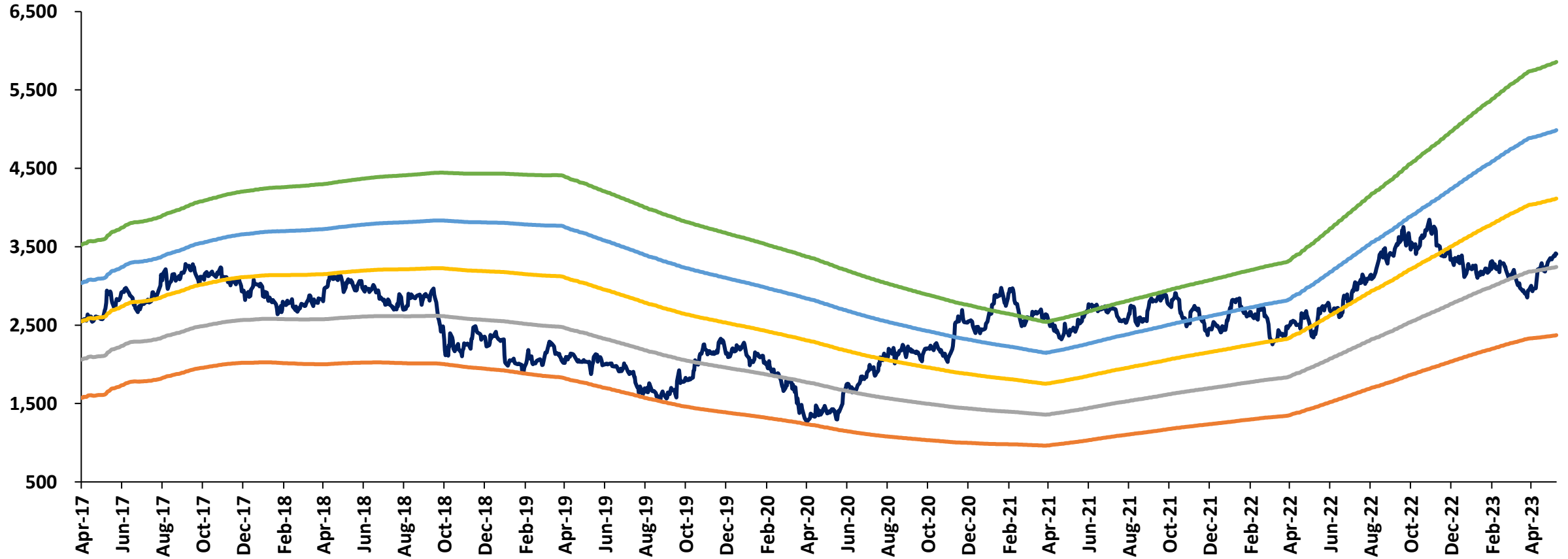
Financial Summary

Fig in INR Cr (unless specified)	FY21	FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23E	FY23E	FY24E	FY25E	FY26E
RE revenue	8,571.6	9,983.1	3,204.3	3,354.2	3,546.3	3,770.2	13,875.0	15,957.5	18,405.0	20,967.5
<i>YoY Growth (%)</i>	<i>(4.9)</i>	<i>16.5</i>	<i>69.9</i>	<i>55.5</i>	<i>27.0</i>	<i>19.8</i>	<i>39.0</i>	<i>15.0</i>	<i>15.3</i>	<i>13.9</i>
RE sales volume	612,168	602,268	187,205	207,764	221,401	218,525	834,895	965,000	1,080,000	1,195,000
<i>YoY Growth (%)</i>	<i>(12.0)</i>	<i>(1.6)</i>	<i>51.4</i>	<i>68.3</i>	<i>30.6</i>	<i>17.7</i>	<i>38.6</i>	<i>15.6</i>	<i>11.9</i>	<i>10.6</i>
<i>ASP (INR 000)</i>	<i>140.0</i>	<i>165.8</i>	<i>171.2</i>	<i>161.4</i>	<i>160.2</i>	<i>172.5</i>	<i>166.2</i>	<i>165.4</i>	<i>170.4</i>	<i>175.5</i>
Other operating revenue	148.7	314.7	193.2	165.2	174.7	34.2	567.2	652.3	752.4	857.1
Revenue from operations	8,720.4	10,297.8	3,397.5	3,519.4	3,721.0	3,804.3	14,442.2	16,609.8	19,157.4	21,824.6
<i>YoY Growth (%)</i>	<i>(4.7)</i>	<i>18.1</i>	<i>72.1</i>	<i>56.4</i>	<i>29.2</i>	<i>19.1</i>	<i>40.2</i>	<i>15.0</i>	<i>15.3</i>	<i>13.9</i>
Raw Material Cost	5,112.8	5,955.7	1,903.0	2,025.6	2,165.5	2,117.8	8,211.9	9,301.5	10,728.1	12,221.8
<i>RM Cost to Sales (%)</i>	<i>58.6</i>	<i>57.8</i>	<i>56.0</i>	<i>57.6</i>	<i>58.2</i>	<i>55.7</i>	<i>56.9</i>	<i>56.0</i>	<i>56.0</i>	<i>56.0</i>
Employee Cost	843.2	821.0	247.0	243.5	259.4	252.1	1,001.9	1,135.7	1,290.7	1,448.6
<i>Employee Cost to Sales (%)</i>	<i>9.7</i>	<i>8.0</i>	<i>7.3</i>	<i>6.9</i>	<i>7.0</i>	<i>6.6</i>	<i>6.9</i>	<i>6.8</i>	<i>6.7</i>	<i>6.6</i>
Other Expenses	983.1	1,348.9	416.5	428.7	438.9	500.7	1,784.8	2,034.6	2,311.3	2,598.9
<i>Other Expenses to Sales (%)</i>	<i>11.3</i>	<i>13.1</i>	<i>12.3</i>	<i>12.2</i>	<i>11.8</i>	<i>13.2</i>	<i>12.4</i>	<i>12.2</i>	<i>12.1</i>	<i>11.9</i>
EBITDA	1,781.3	2,172.3	831.1	821.6	857.2	933.7	3,443.6	4,138.1	4,827.2	5,555.3
<i>EBITDA Margin (%)</i>	<i>20.4</i>	<i>21.1</i>	<i>24.5</i>	<i>23.3</i>	<i>23.0</i>	<i>24.5</i>	<i>23.8</i>	<i>24.9</i>	<i>25.2</i>	<i>25.5</i>
PAT	1,315.8	1,616.5	576.9	612.7	677.0	732.2	2,598.8	3,217.0	3,754.2	4,327.6
<i>PAT Margin (%)</i>	<i>15.1</i>	<i>15.7</i>	<i>17.0</i>	<i>17.4</i>	<i>18.2</i>	<i>19.2</i>	<i>18.0</i>	<i>19.4</i>	<i>19.6</i>	<i>19.8</i>
Net Profit	1,346.9	1,676.6	610.7	656.9	740.8	905.6	2,913.9	3,598.8	4,211.0	4,916.7
<i>Net Margin (%)</i>	<i>15.4</i>	<i>16.3</i>	<i>18.0</i>	<i>18.7</i>	<i>19.9</i>	<i>23.8</i>	<i>20.2</i>	<i>21.7</i>	<i>22.0</i>	<i>22.5</i>

1 year forward valuation band chart

1 year forward P/E band chart

Adj Price 21.77x 29.77x 37.77x 45.77x 53.77x



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