BAJAJ AUTO

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BAJAJ AUTO

- Bajaj Auto, the flagship company of Bajaj Group, is a two-wheeler and three wheeler manufacturing company that exports to 79 countries across several countries in Latin America , southeast Asia, and many more its. headquarters is in Pune , India.
- It has acquired 48% of the KTM Brand which manufactures sports and super
- Sports two-wheeler, which was 14% in 2007 when the company first acquired KTM.

MARKET LEADERSHIP

- The company is the 2nd –largest player in the domestic motorcycle segment in term of value.it is the largest 3W producer in the world and the largest exporter of 2W and 3W from India.
- Bajaj auto, a leading Indian automotive manufacturer, has demonstrated robust performance in recent times, particularly in the electric vehicle (EV) segment. While maintaining strong EBITDA margin and market share in the domestic motorcycle market, the company is also seeing a positive trend in its export business, driven bt growth in Latin America and Africa. However, challenges remain in the KTM overseas business, and the company is also navigating near-term uncertainties

KEY HIGHLIGHTS

- EV MOMENTUM:
- Bajaj auto has seen significant market share gains in both electric 2-wheelers (E2W) and electric 3-wheeler (E3W).
- CHETAK' S SUCCESS:
- The chetak brand has achived leadership in the domestic E2w market with a 25% Share in Q4FY25.

E3W LEADERSHIP

- The newly launched Gogo brand has helped BAJAJ AUTO double its market share in the E3W segment to 35%
- E-RICKSHAW LAUNCH:
- The upcoming launch of an e-rickshaw is expected to further strengthen their position in the electric mobility space.
- EXPORT RECOVERY:
- Bajaj auto is witnessing an impressive recovery in exports, Particularly in Latin America and Nigeria.

KTM CHALLENGES:

- THE company is facing challenges in its KTM overseas business , which has impacted exports.
- EBITDA MARGINS:
- BAJAJ auto has sustained EBITDA margins above 20.0% for three consecutive quarters.
- PREMIUMIZATION:
- The company is focusing on Premiumization in the domestic 2W segment , with a strong presence in the 125cc+ motorcycle segment.

PULSOR PORTFOLIO

- The new PULSOR NS400Z has received a positive market response.
- FINANCIAL PERFORMANCE:
- REVENUE:
- BAJAJ auto’s revenue for Q1FY25 was Rs 5,95,322 million.
- EBITDA:
- EBITDA for Q1FY25 was Rs 120,989 million, with a margin of 20.3%.

COST RATIONALIZATION

- The company has been able to maintain strong EBITDA margins through cost rationalization efforts.
- FUTURE OUTLOOK:
- EXPORT GROWTH:
- Management expects exports growth to exceed 20% YoY in the next 3-6 months.

EV EXPANSION

- The company is focused on building capabilities in the electric segment including both 2 wheeler and 3 wheelers.
- LONG-TERM VISION:
- BAJAJ auto aims to double its exports business over a 5-years period (FY20-25).

INVESTMENT CONSIDERATION

- HOLD RATING:
- One analyst has assigned a HOLD rating on bajaj auto, citing near-term uncertainties and valuations.
- FAIRLY VALUED:
- Another analyst suggests that the stock is fairly valued at -25.5* FY26E/22.2* FY27E EPS.

PRICE TARGET:

- Analysys have set price target ranging from INR 7,250 to INR 11,000.
- KEY TRIGGERS FOR FUTURE PRICE PERFORMANCE
- Ramp-up of volume in electric 2-W space, expansion of network to 100 cities by April 2023 from current -65 cities and unveiling of captive offering in electric -3W space with deliveries to commence from march 2023.
- Replication of success of its partnership with KTM to triumph channels. Further leveraging its partnership with KTM to export chetak in Q1CY24

SALES VOLUME

- With gradual recovery in sales volume and near normal supply chain we expect volume, net sales CAGE of – 3.5%, - 10.9% over F22-25E
- Margins/RoCE to reach 19.6%/31% levels respectively by FY25E amid operating leverage gains, stable prices & healthy export realization.