

SEPT QUARTER DRIVE fuelled by 3-wheeler recovery, boosting Ebitda

# Third Wheel Gives Bajaj Auto Profits a Leg Up

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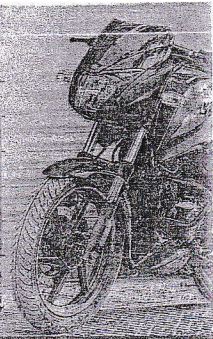
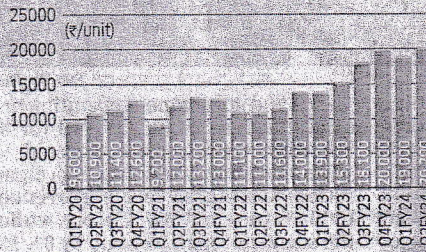
**ET Intelligence Group:** Bajaj Auto reported a record operating profit before depreciation and amortisation (Ebitda) for the September quarter despite weakness in the core two-wheeler (2w) category. The higher profitability was on account of a sustained volume recovery in the three-wheeler (3w) segment during the quarter.

The company's thrust on increasing the share of clean fuel-powered vehicles in both the 2w and 3w categories is expected to keep the stock buoyant. It gained nearly 6% intraday on Thursday following the result announcement the previous evening. It has outperformed the benchmark indices by 26% over the past 12 months.

The Ebitda margin of Bajaj Auto expanded by 260 basis points year-on-year to 19.8% in the September quarter following the rising share of the high-margin 3w segment in the total volume and the benefit of moderating raw material prices. The Ebitda per vehicle reached a record ₹20,200.

The domestic 3w volume rose by 80% year-on-year to 132,236 units while the total volume dropped by

**Rising Ebitda Per Vehicle**



8.4% to 1.05 million units reflecting the weakness in the 2w category where the volume dropped by 18%. The share of 3w in the total volume increased to 12.5% from 6.4% a year ago.

The company's market share in the domestic 3w market reached 80% for the first time driven by the compressed natural gas (CNG) segment owing to better unit economics and expanding CNG accessibility

across cities. The market share of Bajaj Auto in the CNG segment crossed 90%. The company's 3w volume is expected to grow by 60% for FY24. The company sold over 600 electric 3w units in the September quarter after its launch in Agra both in cargo and passenger segments.

It expects to expand the 3w electric business to 40 cities by the end of the current fiscal year from seven. The margin of electric 3w is similar to conventional vehicles after factoring in production-linked incentive (PLI) scheme benefits. On the electric 2w front, Bajaj Auto's retail market share increased by 700 basis points year-on-year to 11% in the September quarter. The category's volume rose by 16% sequentially to 24,500 units.

The company expects to expand its 2w electric presence across 180 cities by the end of FY24 from 120 cities as of now. It plans a new model launch every quarter in the category over the next year. The segment volume is expected to touch 75,000-80,000 units in FY24 and 125,000-150,000 units in the next fiscal year.

## Earnings Review

