

18th Nov '24 - Uno Minda Q2FY25 - Everything you need to know. Results review, intrinsic value, target price and recos.

Q2FY25 results review: (results were announced on 12th Nov 2024)

1. Revenue increased by 17% YoY to ₹5,112 crore.
 - a. Division wise revenue mix stays largely the same as in the year ago period.
 - b. Switches, Lighting and Casting continue to dominate at over 20% each. Seatings and Acoustics have 5 to 7% each.
 - c. Revenue growth of Switches segment continued at 25%; Lighting at 23%; Castings at 20%; Acoustics at 4% and; Seating at 7%.
 - d. 89% revenue is contributed by India and 11% international.
 - e. 93% revenue is contributed by OEMs and 7% aftermarket.
 - f. 4W and 2W revenue contribution at 46% and 44% respectively.
2. EBITDA increased by 20% YoY to ₹482 crore. Margins at 11.36%, up 28 bps YoY.
3. PAT increased by 9% YoY to ₹245 crore. PAT margins at 5.13%, up 3 bps YoY.
4. The aftermarket segment (B2C) is having a leadership position in major product categories and has expanded its network of retailers and business partners. It has generated a revenue of ₹245 crore in Q2FY25.
5. EV product portfolio
 - a. 2W and 3W comprises Battery Management Systems, Traction Motors and Motor Controllers. Sales to 2W Electric Vehicles at ₹228 crore, up 60% YoY.
 - b. 4W comprises Battery Disconnect Unit, Integrated Charging Control Unit, AC Charging Cable, Wall-Mount Charging Unit and Electric Drive Unit.

Intrinsic Value

Current Valuation Status: (as on 14th November 2024)

The current valuation of the UNOMINDA stock stands at ₹1,007 per share at 57x Current TTM EPS of ₹16.15 including a justifiable 10% premium. The current price

of the stock is ₹1,005 per share. In a nutshell, after Sona BLW Precision Forgings, Uno Minda has been a massive outperformer among all the industry peers but is less expensive in terms of PE ratio and hence justifies a 10% premium.

Target Price:

The UNOMINDA stock is a Buy at current level (CMP: ₹1,005) with a Target Price of ₹1,129 per share including a 10% premium based on 57x FY25E EPS.

The company provides investors a very good opportunity to play out the rise in the automobile industry in India.

Analysts Recommendation:

1. Nomura

Rated Buy with a target price of ₹1,252 (earlier ₹1,190).

Premiumisation and the rise of electronics content in the automotive industry are acting as tailwinds for Uno Minda. They have also won orders for 2W hub drive motors, mid-drive motors, and wall mounted chargers, and are in the final stage of talks for the supply of axles for EVs. Their lighting systems and alloy wheels production facility is also coming online.

This is a report by Chaitanya Sabharwal for guruspakes.com/markets

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