

Sector View

Car Part Manufacturers

French auto market up 1.6% in September, diesel share continues to slide

	1 M	3 M	6 M	31/12/15
Auto & Parts	0.0%	14.3%	-3.4%	-14.2%
DJ Stoxx 600	-0.2%	4.0%	1.6%	-6.3%

*Stoxx Sector Indices

According to CCFA figures, French automotive registrations (PC+LCV) were up 1.6% YoY in September, with PC sales up 2.5% and LCV down 2.1%. The share of diesel cars continued to fall (52.5% of YTD sales vs. 58% one year ago). Within French OEMs, Renault performed well (+3.6%) unlike PSA (-5.4%). The French market is still expected to rise by 4-5% over 2016.

Companies covered

FAURECIA	BUY	EUR47
Last Price	EUR34.9	Market Cap. EUR4,812m
HELLA	BUY	EUR45
Last Price	EUR35.26	Market Cap. EUR3,918m
PLASTIC OMNIUM	BUY	EUR36
Last Price	EUR29.52	Market Cap. EUR4,501m
VALEO	NEUTRAL	EUR49
Last Price	EUR51.93	Market Cap. EUR12,379m

ANALYSIS

- A market up 1.6% in September, and 6.3% since January:** According to CCFA figures, French automotive registrations (PC+LCV) were up **1.6% YoY in September** (same number of days compared with last year), after rising **3.4% LfL** in August (+8.3% YoY). PC registrations were up 2.5% while LCV registrations declined by 2.1%. On a YTD basis, the French market (PC+LCV) has risen **6.3% YoY** but only **5.2%** on a LfL basis.
- Renault group performed well, unlike PSA:** French OEMs represented **55.8%** of September registrations (PC+LCV) vs. **57.3%** in September 2015, with **Renault group** performing well thanks to **Dacia** (+12.7%), unlike **PSA group** for which registrations collapsed by **5.4%** notably due to bad figures from the **Citroen** brand (-10%). Among foreign OEMs, only **Ford** (-5.9%) and **Nissan** (-5%) performed negatively, while **VW group** (+7.6%), **FCA group** (+10%), Toyota (+8.7%), **GM** (+8.7%) and **Hyundai** (+15.4%) performed strongly. BMW sales remained flat while **Daimler** posted a **4.2%** sales increase. Within the PC market (83% of market), the **Renault Clio** remained the favourite vehicle (9.2% market share), followed by the **Peugeot 208** (8.9%) and **Renault Captur** (6.8%).
- Diesel share continued to fall:** As expected, the share of Diesel within new registrations continued to fall. Since January, diesel represented **53%** of September PC registrations, vs. **58%** one year ago, and vs. **64%** in 2014. This shift benefited petrol vehicles (44% vs. 38%) and electrical vehicles (1.1% vs. 0.8%) confirming the positive trend already observed last year on this market.
- We still expect the French market to rise by 4-5% over 2016:** Despite this slowdown in the market compared with August 2016 we confirm our growth expectations (4-5%) for 2016. The more favourable base effect for October should help positively, yet this favourable effect should disappear for October and December.

VALUATION

- At the current share price the automotive sector is trading at 12.2x its 2017x & its 14x its EPS
- BG Auto Top pick: Faurecia** (Buy, FV @ EUR47) & **BG Q4 Top pick: Plastic Omnium** (Buy, FV @ EUR36)

NEXT CATALYSTS

- 13th October – Faurecia // Q3 2016 sales
- 20th October – Plastic Omnium // Q3 2016 sales
- 20th October – Valeo // Q3 2016 sales

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BUY ratings 55.8%

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