

China Auto Sector

May NEV likely to hit second highest in history

Nine new-energy vehicle (NEV) brands including BYD, NIO, Xpeng, Li Auto, Zeekr, Aion, Aito, Neta and Leap reported their May 2023 sales volumes on 1 Jun 2023. Sales volume of the nine brands combined rose 88% YoY (ranged from -26% to +146%) and 13% MoM (ranged from -8% to 38%) in May 2023.

- Li Auto's May sales more than doubled NIO and Xpeng combined.** Li Auto is on track to exceed 30,000 units in Jun 2023 as management guided previously, with deliveries of above 28,000 units last month. It is likely to surpass the upper limit of its 2Q23 sales volume guidance of 81,000 units, should such momentum continue, as the L7 keeps beating our expectation.

NIO delivered about 6,200 units last month, the lowest in the past 13 months and the lowest among the nine brands. The key for the short term lies on the new ES6 launched on 24 May 2023.

Xpeng's sales volume dropped 26% YoY and rose 6% MoM about 7,500 units in May 2023. Xpeng posted the largest YTD YoY decline among the nine brands. It appears that the P7i is not enough to lift its sales, while its new mid-size SUV G6 will start pre-sale on 9 Jun 2023, which, in our view, will face more intensifying competition than management's expectation.

- BYD, Aion hit all-time high monthly sales.** BYD's passenger NEV wholesale volume rose 14% MoM to about 239,000 units last month. That means BYD continued to push inventories to dealers with about 25,000 units in May 2023 on our estimates. Aion kept beating our expectation with about 45,000 units sold last month, which has not been reflected in its share price, in our view. The key probably lies in its profitability with rising sales volume. Zeekr, Leap, Aito and Neta posted MoM increases between 7-38% last month. The Aito M5, with the Huawei ADS 2.0 (supporting city NCA) and Harmony OS 3.0 equipped, will start deliveries in Jun 2023.
- May NEV retail sales volume largely in line with our prior forecast.** We estimate NEV retail sales volume in May 2023 to be in line or slightly lower than our prior forecast of 560,000 units, which will likely be the second highest monthly sales volume in China's history. As noted in our previous report, we expect China's NEV market share on a retail basis to rise sequentially for the remainder of the year, with more new model rollouts.

NEV sales volume for selected brands

Units	May 2023	YoY %	MoM %	YTD	YTD YoY %
BYD	239,092	109.4%	14.1%	996,476	97.6%
NIO	6,155	-12.4%	-7.6%	43,854	15.8%
Li Auto	28,277	146.0%	10.1%	106,542	124.9%
Xpeng	7,506	-25.9%	6.0%	32,815	-38.9%
Zeekr	8,678	100.4%	7.1%	32,013	117.7%
Leap	12,058	19.8%	38.2%	31,293	-23.2%
Neta	13,029	18.3%	17.6%	52,224	4.5%
Aion	45,003	113.7%	9.7%	166,323	118.4%
AITO	5,629	11.8%	22.7%	21,873	65.7%

Source: Company data, CMBIGM

OUTPERFORM
(Maintain)

China Auto Sector

SHI Ji, CFA

(852) 3761 8728

shiji@cmbi.com.hk

DOU Wenjing, CFA

(852) 6939 4751

douwenjing@cmbi.com.hk

GU Sijie

jasongu@cmbi.com.hk

Stocks Covered:

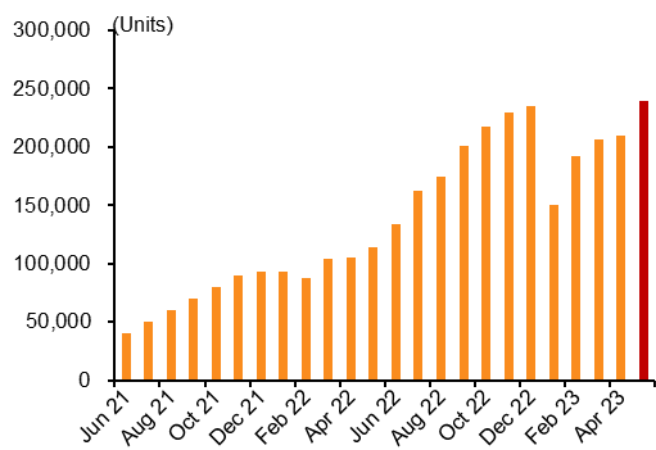
Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	44
Li Auto	2015 HK	BUY	172
NIO	NIO US	BUY	21
Geely	175 HK	BUY	15
GWM	2333 HK	BUY	12
GWM	601633 CH	BUY	32
GAC	2238 HK	BUY	7.5
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	3
Yongda	3669 HK	BUY	8.5
Meidong	1268 HK	HOLD	17
Xpeng	XPEV US	HOLD	9
Xpeng	9868 HK	HOLD	35.1
BYD	1211 HK	HOLD	230
BYD	002594 CH	HOLD	240

Source: Bloomberg, CMBIGM

Related Report:

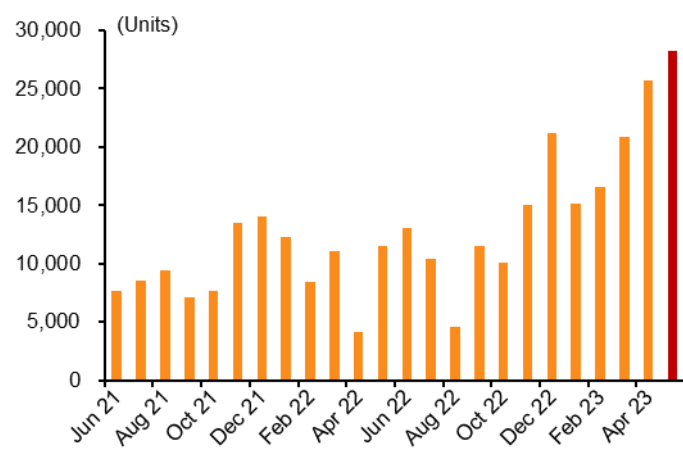
["China Auto Sector – Mixed picture ahead as inventory risk lingers" – 29 May 2023](#)

Figure 1: BYD's monthly delivery



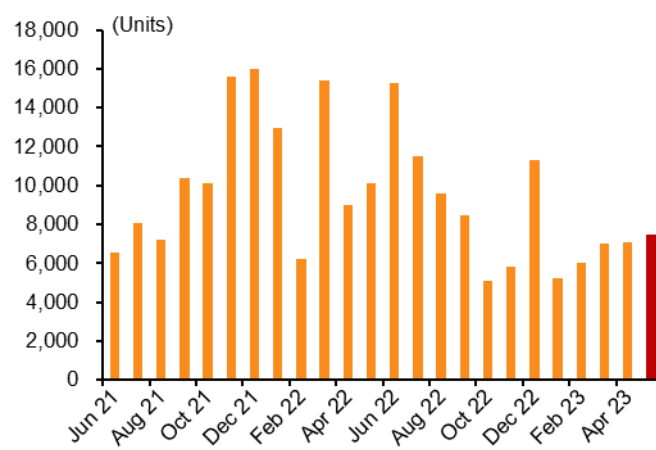
Source: Company data, CMBIGM

Figure 2: Li Auto's monthly delivery



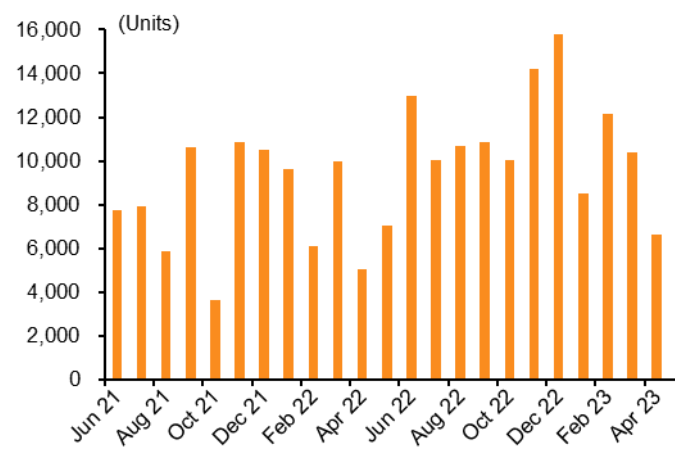
Source: Company data, CMBIGM

Figure 3: Xpeng's monthly delivery



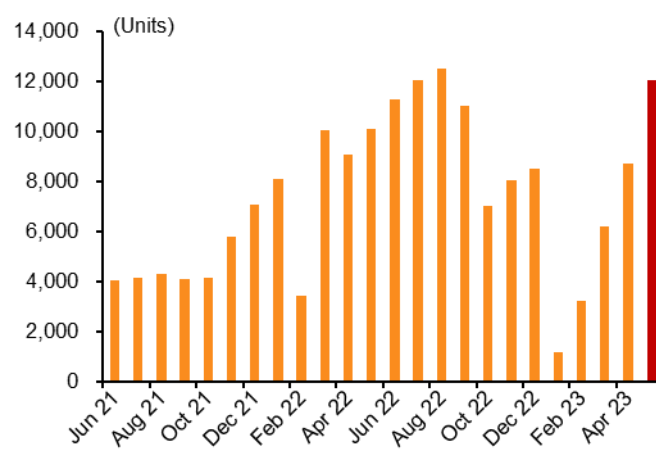
Source: Company data, CMBIGM

Figure 4: NIO's monthly delivery



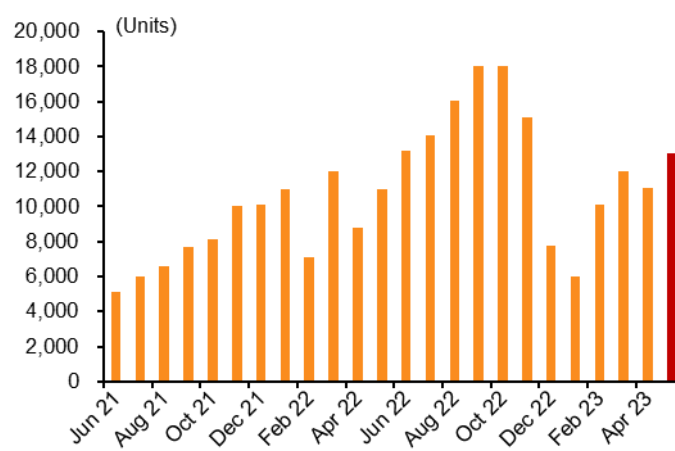
Source: Company data, CMBIGM

Figure 5: Leap's monthly delivery



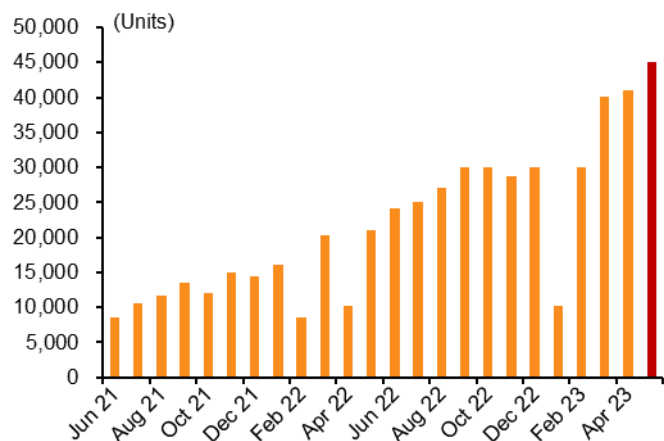
Source: Company data, CMBIGM

Figure 6: Neta's monthly delivery



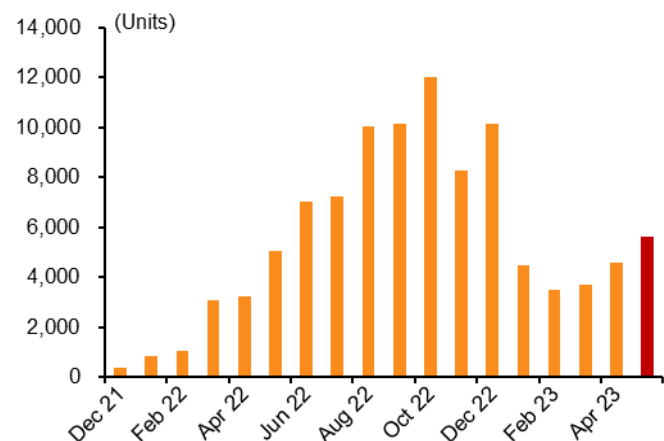
Source: Company data, CMBIGM

Figure 7: Aion's monthly delivery



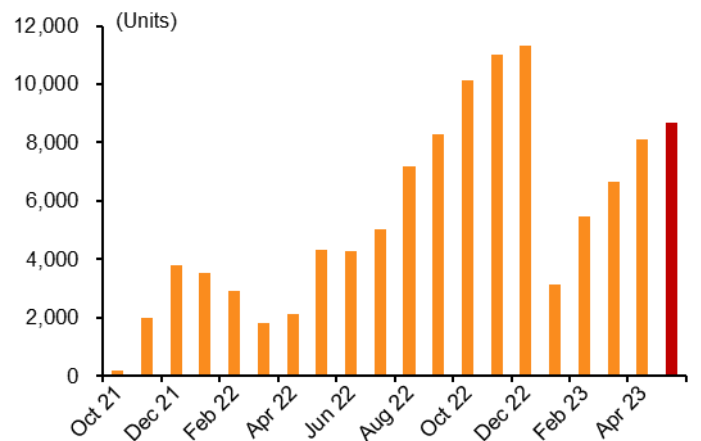
Source: Company data, CMBIGM

Figure 8: AITO's monthly delivery



Source: Company data, CMBIGM

Figure 9: Zeekr's monthly delivery



Source: Company data, CMBIGM

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.