

# China Auto Sector

## Sep leading indicators: Tesla new orders fell

We summarize the Sep 2023 leading indicators as below, including number of leads, customer flows, and new orders generated, for Tesla, NIO, Li Auto, Xpeng, BYD and Aion. Note that such data are based on a sample size of 96 stores (15-18 stores for each brand) in 15 major cities in China. In general, new orders per store for most brands (except NIO) have been rising MoM since Apr 2023, which have been consistent with our prior argument that NEV market share in China could rise sequentially for the remainder of the year. NEV sales volume for leading players is likely to be strong in 4Q23. Note that the following data reflect same-store metrics, and the total new orders and other metrics would rise more than these figures, as most players have reaccelerated their store expansion.

■ **Number of leads: all brands rose MoM.** Number of leads per store for Tesla rose the most (+18% MoM) among all the six brands in Sep, following the launch of the facelifted *Model 3* on 1 Sep. Number of leads per store of Tesla is still the highest among all the six brands (see Figure 1). Such number for NIO only rose 3% MoM in Sep, the smallest growth among all the six brands. NIO's plunge in terms of number of leads, customer flow and new orders in Aug initially surprised us, as it is difficult to quantify the pre-buying effect during May-Jul 2023 when the new models, price cuts and package for battery swap benefits all played in. It turned out to be in line with NIO's sales decline in Sep.

The conversion ratios from leads to store visit for all the brands remained largely stable MoM at 10-13% in Sep. Aion had the highest ratio among the six brands last month, followed by Li Auto, while NIO had the lowest ratio for seven consecutive months (see Figure 2).

■ **Customer flow: all brands rose MoM, except for Aion.** Customer flow per store was largely in line with the trend for number of leads last month. Such number for Tesla rose the most (+15% MoM) among all the six brands in Sep. Customer flow per store for Li Auto, Xpeng and BYD increased 4-6% MoM last month. Such number rose 2% MoM for NIO and was flat for Aion last month. Customer flow per store for Xpeng has been the lowest among these six brands for two consecutive months.

The conversion ratios from store visit to order generation remained stable MoM for all the brands in Sep, except for Tesla, probably due to its price hike of RMB 28,000 for the facelifted *Model 3*. BYD still had the highest ratio (11%) among the six brands, while NIO had the lowest conversion ratio (4%) in Sep.

■ **New orders: Li Auto rose most MoM.** Tesla's new orders per store fell MoM for the first time in the past six months (see Figure 5), following the price hike for the facelifted *Model 3*. Li Auto's new orders per store rose the most (+12% MoM) in Sep 2023, aided by its insurance subsidy of RMB 10,000 per vehicle. Its new order also reached a record high of over 40,000 units in Sep. NIO's new order per store has fallen to the lowest among the six brands since Aug 2023. It appears to us that the new *ES6* and price cut effects have been gradually fading away. New orders per store for NIO could be capped, as the automaker continued to expand stores and sales personnel aggressively. The new *G9* (launched on 19 Sep)'s boost to Xpeng's key leading indicators appears to be moderate in the first 10 days.

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### 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	55
Li Auto	2015 HK	BUY	215
Geely	175 HK	BUY	14
GWM	2333 HK	BUY	12
GWM	601633 CH	BUY	32
GAC	2238 HK	BUY	7
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	5
Meidong	1268 HK	BUY	7.2
NIO	NIO US	HOLD	10
Xpeng	XPEV US	HOLD	14
Xpeng	9868 HK	HOLD	55
BYD	1211 HK	HOLD	240
BYD	002594 CH	HOLD	265

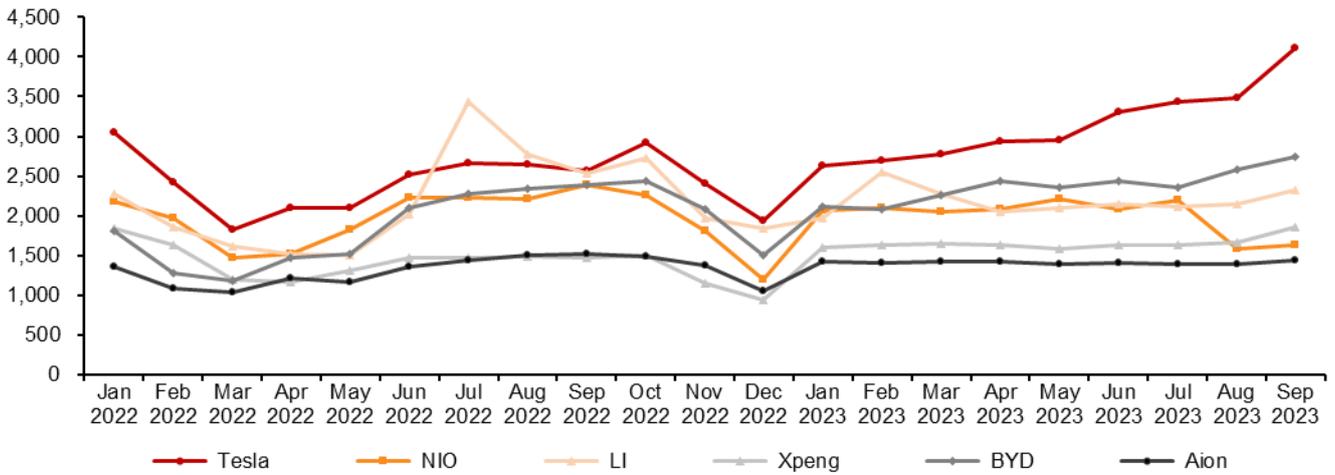
Source: Bloomberg, CMBIGM

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["China Auto Sector – Most NEV brands' Sep sales volume on track" – 3 Oct 2023](#)

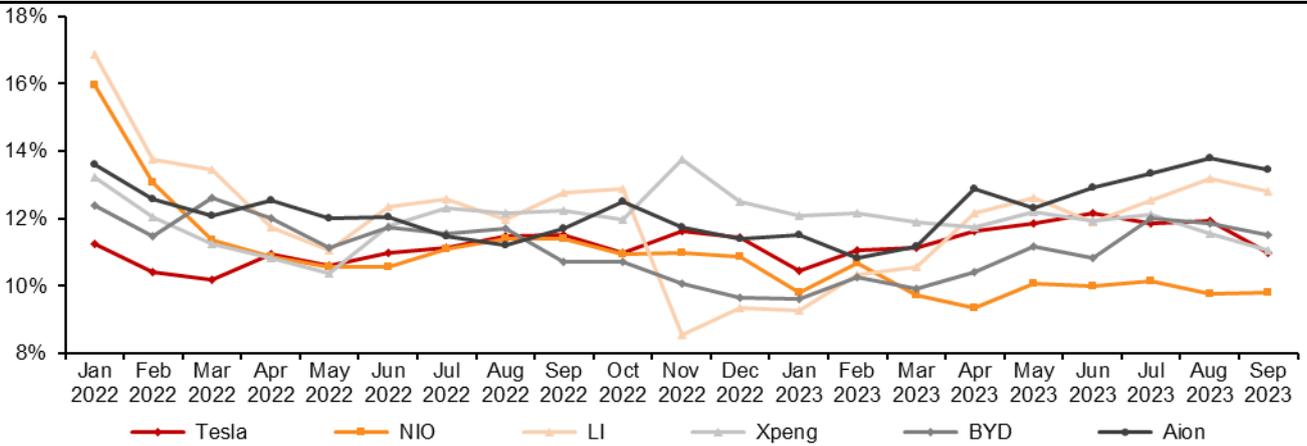
["China Auto Sector – More NEV model rollouts as a positive catalyst" – 25 Sep 2023](#)

**Figure 1: Number of leads per store on average for each brand**



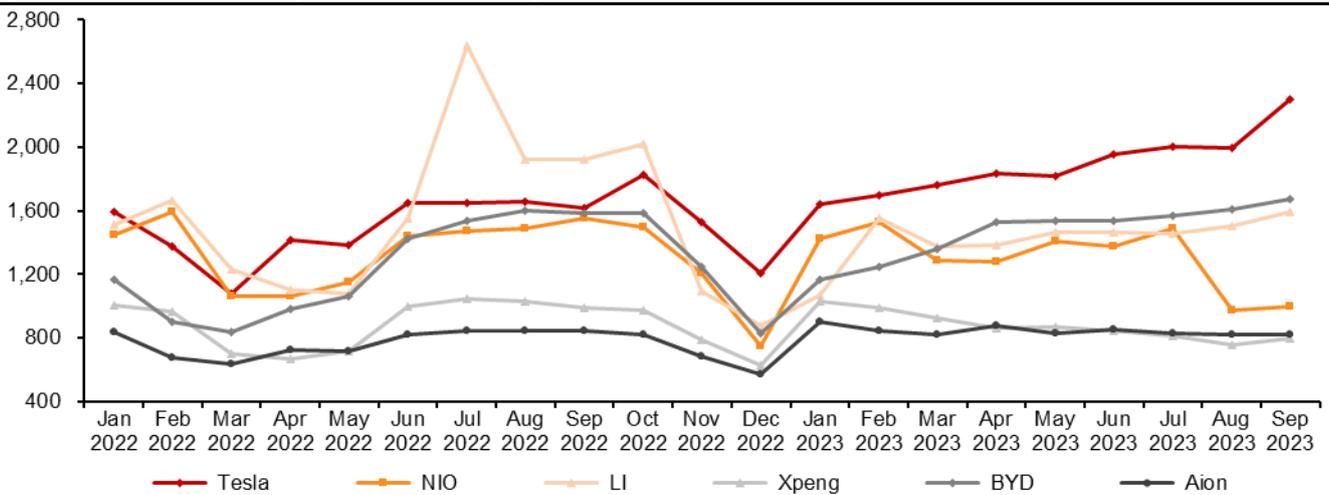
Source: Thinkercar, CMBIGM

**Figure 2: Conversion ratio from leads to store visit for each brand**



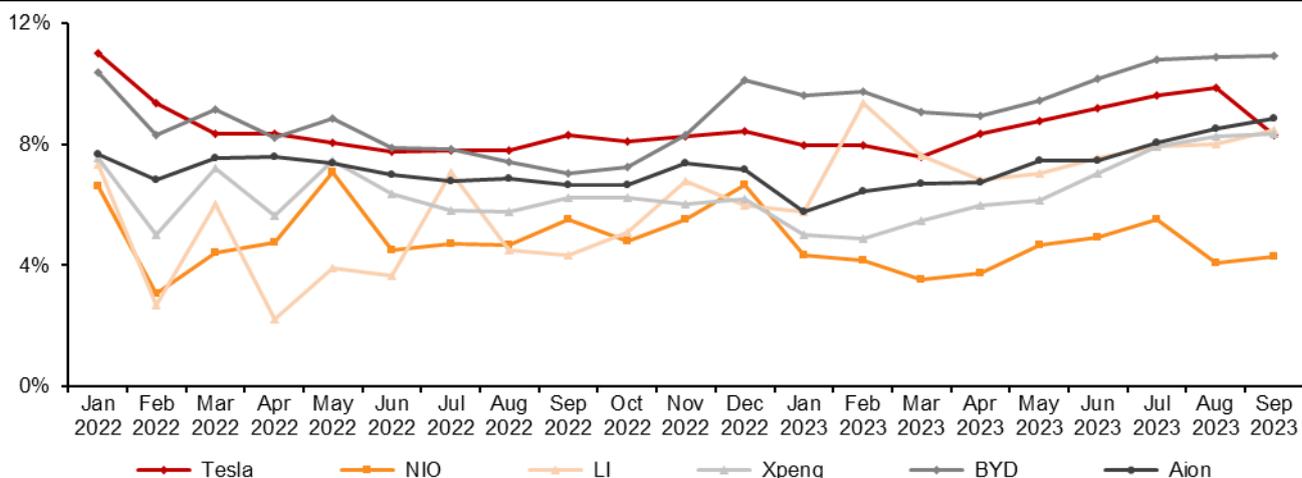
Source: Thinkercar, CMBIGM

**Figure 3: Customer flow per store on average for each brand**



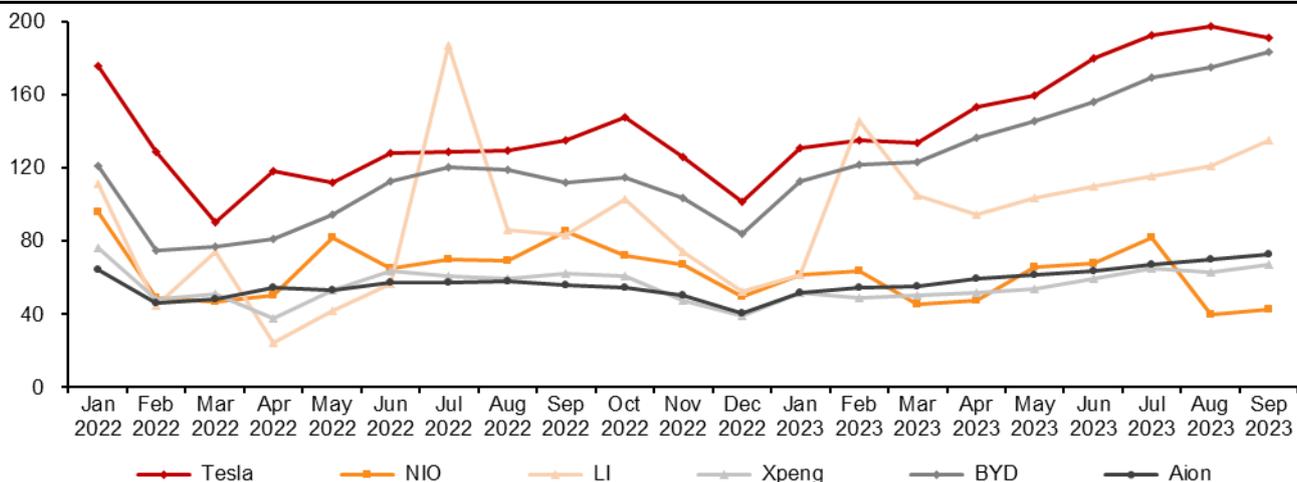
Source: Thinkercar, CMBIGM

**Figure 4: Conversion ratio from store visit to new order generation for each brand**



Source: Thinkercar, CMBIGM

**Figure 5: New orders per store on average for each brand**



Source: Thinkercar, CMBIGM

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## *CMB International Global Markets Limited*

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

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