

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.

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:

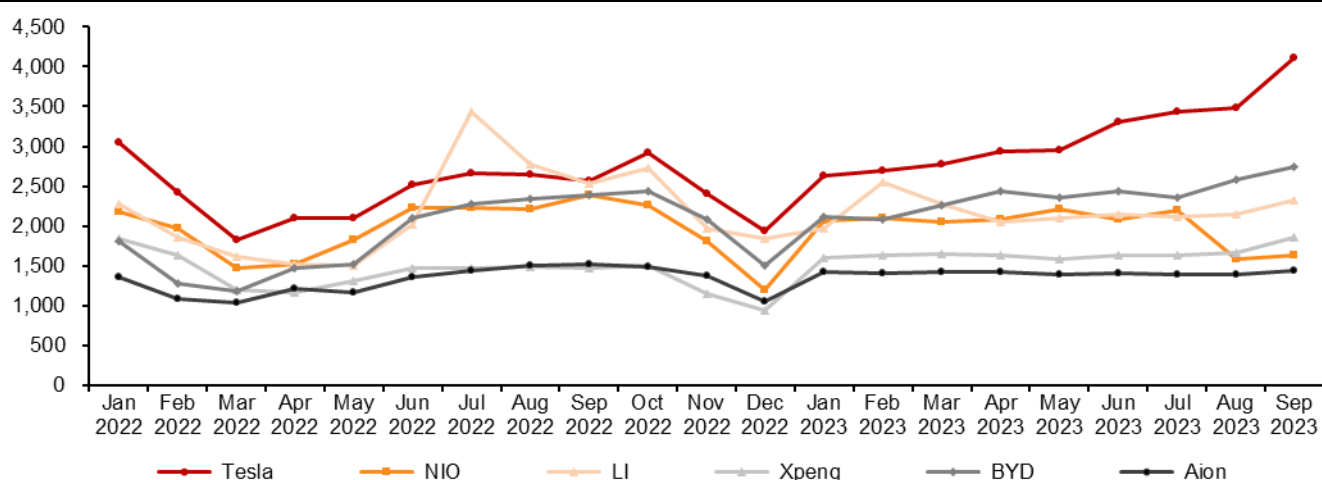
Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	55
Li Auto	2015 HK	BUY	215
Geely	175 HK	BUY	14
GWM	2333 HK	BUY	12
GWM	601633 CH	BUY	32
GAC	2238 HK	BUY	7
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	5
Meidong	1268 HK	BUY	7.2
NIO	NIO US	HOLD	10
Xpeng	XPEV US	HOLD	14
Xpeng	9868 HK	HOLD	55
BYD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

Source: Bloomberg, CMBIGM

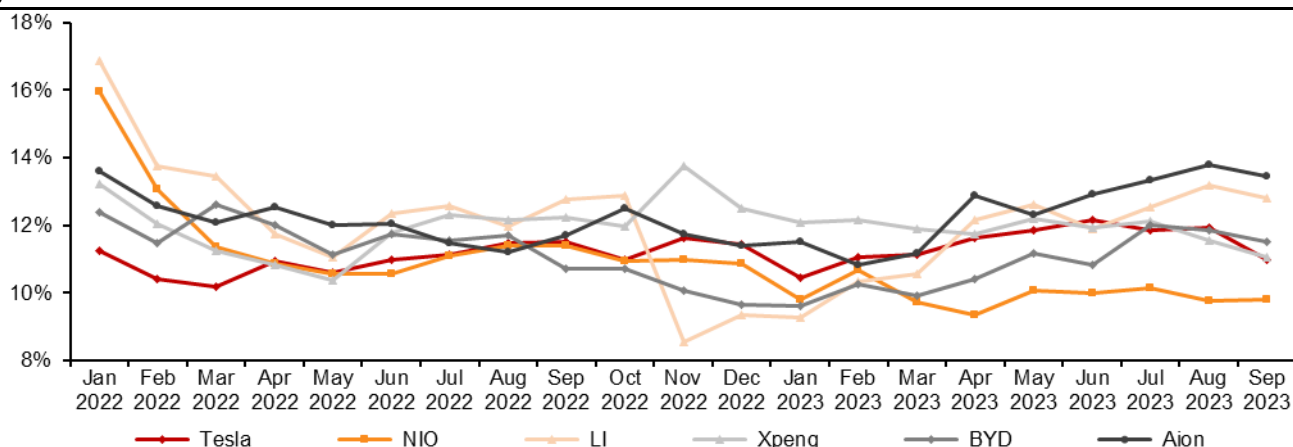
Related Reports:

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

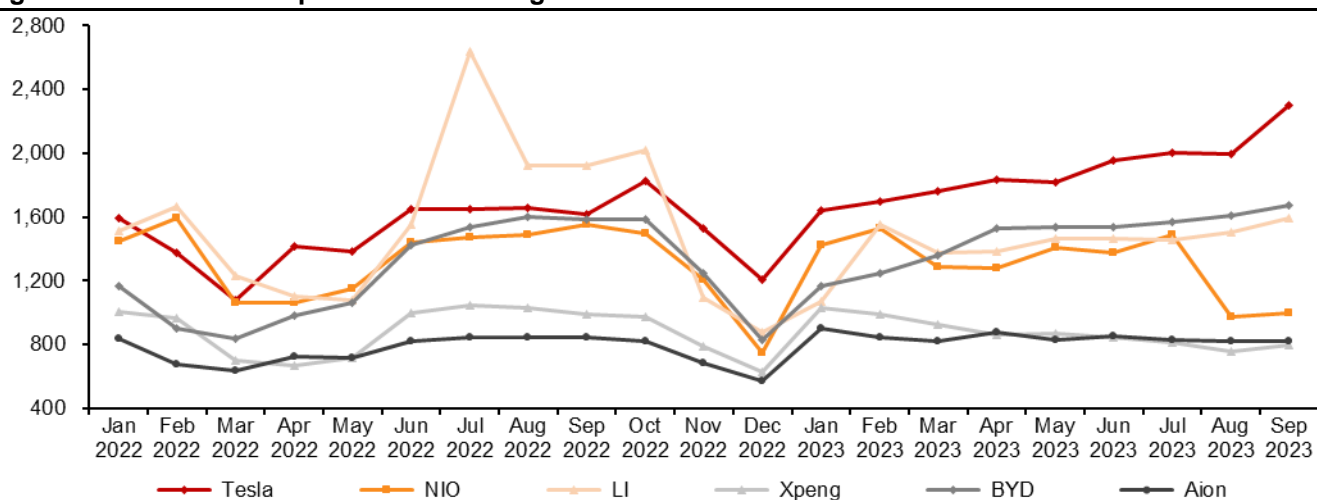
["China Auto Sector – More NEV model rollouts as a positive catalyst" – 25 Sep 2023](#)

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

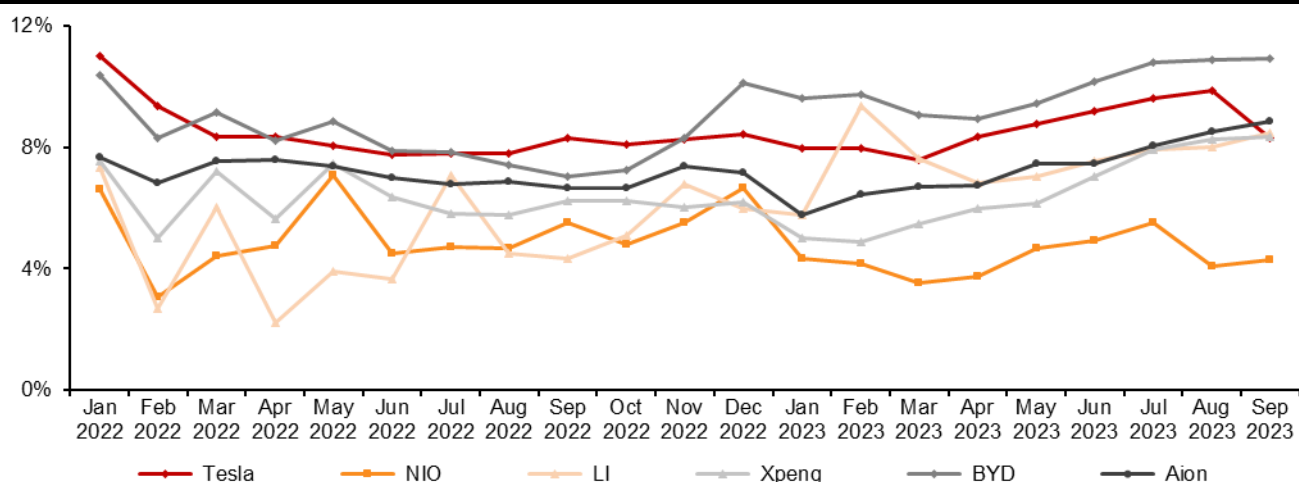
Source: Thinkercar, CMBIGM

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

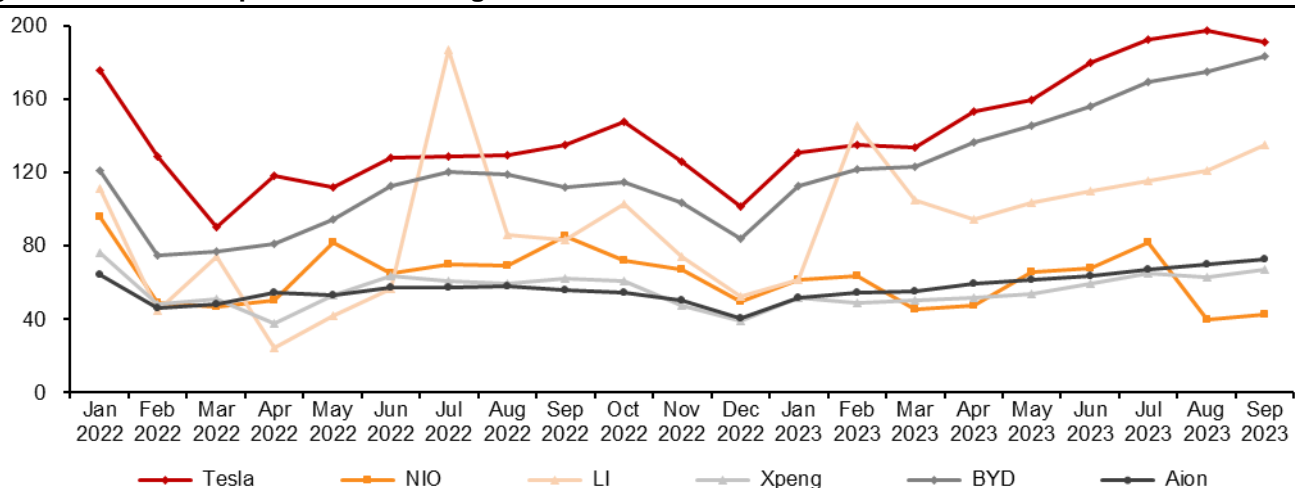
Source: Thinkercar, CMBIGM

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

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.