

China Auto Sector

Attractive valuation with likely resilient earnings

According to insurance data, China's passenger-vehicle (PV) retail sales volume rose 0.3% YoY and 28% MoM to 2.53mn units in Dec 2023, 6% higher than our prior forecast. PV retail sales volume in 2023 rose 6% YoY to 21.7mn units. Wholesale volume rose 23% YoY and 7% MoM to 2.79mn units in Dec 2023, the best Dec in history, and 11% higher than our prior forecast. PV wholesale volume rose 11% YoY to 26.06mn units in 2023, the highest in China's history. About 65% of wholesale volume YoY growth in 2023 was contributed by the export surge.

Inventories at dealers in China only fell about 0.1mn units in Dec 2023, vs. our expectation of 0.3mn-unit destocking. We estimate that industrywide inventories in 2023 rose by 0.7mn units, the third highest in China's history. Almost all the inventory restocking in 2023 was contributed by NEVs. We estimate industrywide and NEV inventory levels to be about 1.8 and 2.1 months, respectively.

- **We project Jan 2024 retail sales volume to surge 69% YoY as the Chinese New Year (CNY) holiday falls late on Feb 10.** We expect China's retail sales volume in Jan 2024 to be 2.19mn, slightly lower than 2.26mn units in Jan 2022 (CNY from Feb 1) and 2.36mn units in Jan 2021 (CNY from Feb 12). We project China's wholesale volume in Jan 2024 to rise 60% YoY to 2.35mn units, the second-best Jan in history, assuming export volume of 0.41mn units and inventory destocking of 0.21mn units.

We project China's retail sales volume in 2024 to fall 1% YoY to 21.5mn units and wholesale volume to rise 2% YoY to 26.5mn units.

- **NEV market share decline could be short-lived in our view.** We project NEV retail sales volume in Jan 2024 to rise 128% YoY to 0.67mn units, assuming market share of 30.5%. We believe NEV market share in 2024 could rise sequentially, similar to the pattern in 2023. We project NEV wholesale volume to double YoY to 0.8mn units in Jan 2024.

We project China's NEV retail sales volume to rise 21% YoY to 8.8mn units in 2024 and NEV wholesale volume to rise 22% YoY to 11mn units this year.

- **Recent share price retreat could provide some buying opportunities.** The NEV market share decline in the first three weeks of Jan 2024, along with the prolonged price war, has pushed automakers' share prices lower recently. We are of the view that profitability for most Chinese automakers in FY24E could be more resilient than expected amid the price war, similar to 3Q23, as the NEV supply chain matures and technology advances. The sector's valuation now looks more attractive, in our view, although we still suggest range trading, as the price war concerns linger. We expect more new model launches after the CNY and rising NEV market share to be positive catalysts for share price.

In this report, we summarize key auto data for both the industry and key companies in 2023 from different perspectives, such as retail sales volume, inventories, leading indicators, and discounts.

OUTPERFORM (Maintain)

China Auto Sector

SHI Ji, CFA

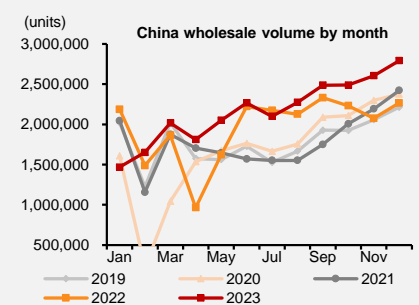
(852) 3761 8728

shiji@cmbi.com.hk

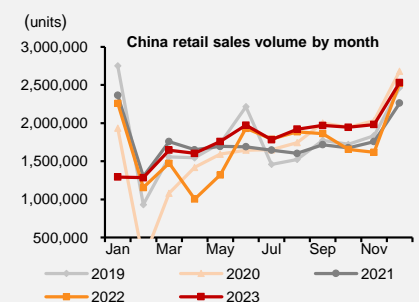
DOU Wenjing, CFA

(852) 6939 4751

douwenjing@cmbi.com.hk



Source: CAAM, CPCA, CMBIGM



Source: CATARC, CMBIGM

Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	45
Li Auto	2015 HK	BUY	187
NIO	NIO US	HOLD	8.5
Xpeng	XPEV US	HOLD	16
Xpeng	9868 HK	HOLD	62
Geely	175 HK	BUY	14
GWM	2333 HK	BUY	13
GWM	601633 CH	BUY	32
BYD	1211 HK	BUY	290
BYD	002594 CH	BUY	300
GAC	2238 HK	BUY	6.5
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	5
Meidong	1268 HK	BUY	7.2

Source: Bloomberg, CMBIGM

Related Report:

["China Auto Sector - 2024 Outlook: Competition pushes technological advancement, overseas expansion" - 30 Nov 2023](#)

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Company Watch List

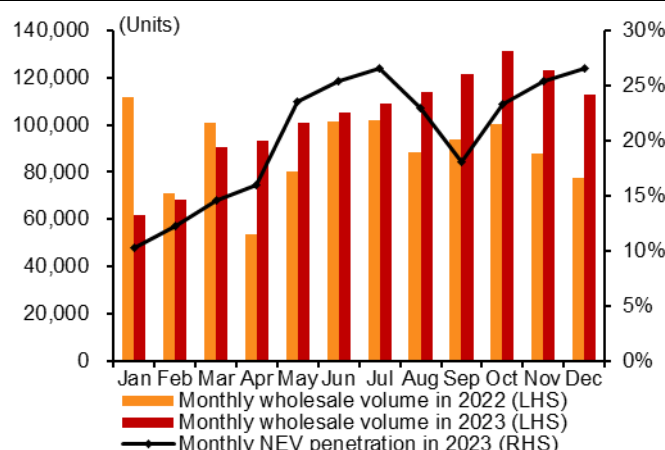
Great Wall Motor

In 2023, Great Wall's wholesale volume, including pick-up trucks, rose 15% YoY to about 1.23mn units, largely in line with our prior forecast, but lower than its target of 1.6mn units. Its YoY growth was stronger than the overall industry's by 5 ppts. Its exports surged 82% YoY to about 0.32mn units in 2023. The company targets 0.5-0.6mn units for exports in 2024, which could help sustain its margins this year. Retail sales volume of PVs and pick-up trucks combined rose 1% YoY to about 0.9mn units in 2023, leading to an inventory addition of about 13,000 units in 2023, based on our calculation. Great Wall's inventory level was about 1.8 months as of Dec 2023, still better than the industry average.

NEV accounted for 25% of Great Wall's total PV wholesale volume in 2023, up from 15% in 2022, but still below the industry average of 35%. PHEVs contributed 97% of Great Wall's NEV growth in 2023, as ORA's wholesale volume only rose 4% YoY in 2023. We expect Great Wall's NEV market share to rise to an industry average level (about 40%) in 2024, mainly driven by the Haval *Menglong* PHEV and several Tank-brand PHEVs.

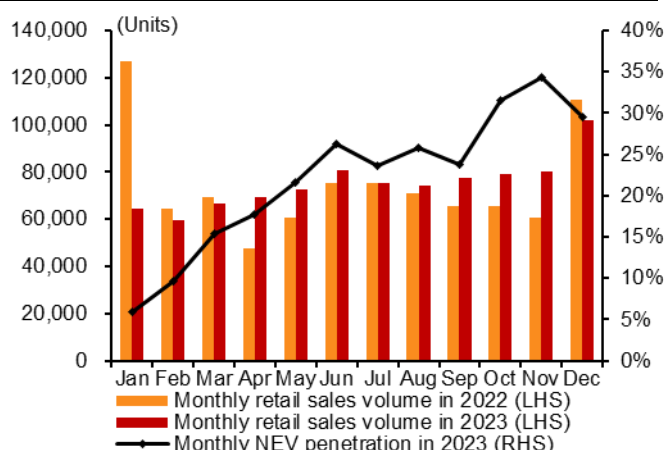
In 4Q23, we estimate Great Wall's overall discounts widened by about 0.6 ppt QoQ. The company announced its preliminary FY23E results on 23 Jan 2024, implying 4Q23 net profit of RMB2bn, about 10% lower than our prior forecast. 4Q23 net profit excluding extraordinary items was only about RMB0.9bn, much lower than our expectation. Excluding year-end bonus and extraordinary items, we estimate 4Q23 core earnings to be about RMB3.2bn, or net profit per vehicle of RMB8,700, at a similar level as 3Q23 (RMB8,900). We estimate about 96% of share options granted for 2023 could be exercisable based on its sales and earnings performance. Great Wall's H-shares are now trading at 9x FY23 P/E.

Figure 1: Great Wall Motor's wholesale volume (incl. pickup trucks)

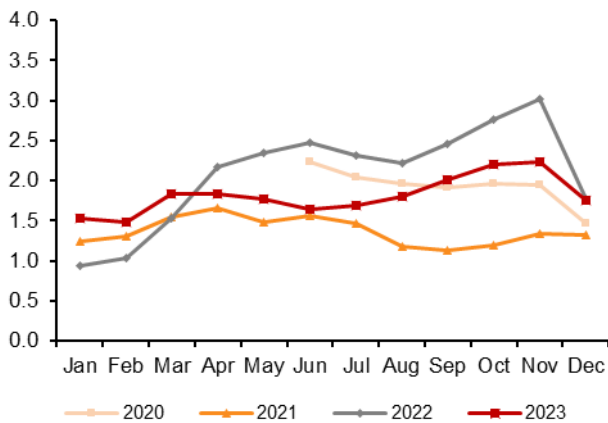


Source: CAAM, CMBIGM

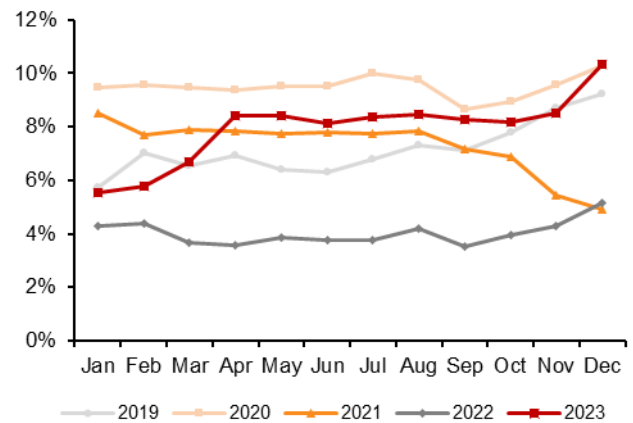
Figure 2: Great Wall Motor's retail sales volume (incl. pickup trucks)



Source: CATARC, CMBIGM

Figure 3: GWM's inventory level (incl. pickup trucks)

Source: CAAM, CATARC, CMBIGM

Figure 4: Great Wall Motor's discounts at dealers

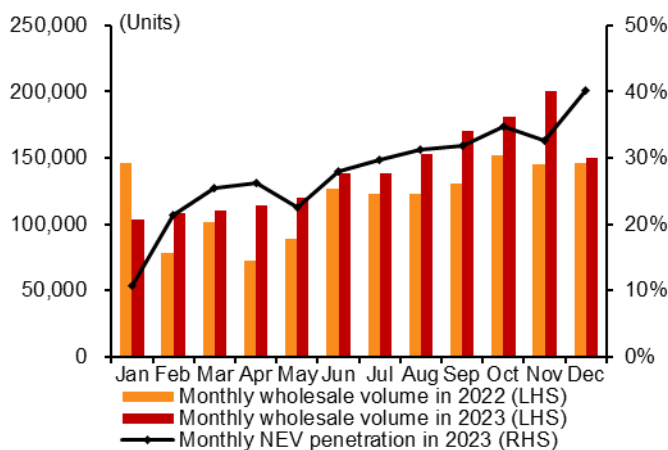
Source: ThinkerCar, CMBIGM

Geely

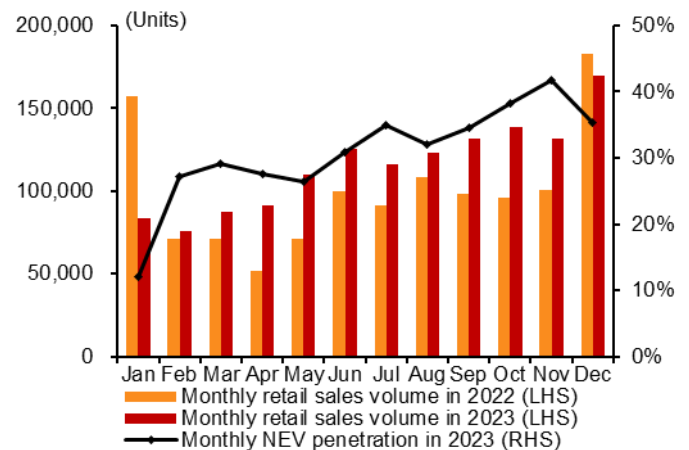
In 2023, Geely's wholesale volume rose 18% YoY to about 1.69mn units in 2023, slightly higher than its full-year target of 1.65mn units. Zeekr's sales volume rose 65% YoY to about 0.12mn units in 2023, slightly weaker than its prior target amid stiffer competition in the smart EV segment. NEVs accounted for 29% of Geely's total wholesale volume in 2023, 6 ppts higher than 2022. Retail sales volume at Geely rose 15% YoY to about 1.38mn units in 2023, stronger than the overall industry by 9 ppts.

Geely added inventories into dealers by about 23,000 units in 2023, based on our calculation. Its inventory level at dealers was cut to about 1.7 months as of Dec 2023, better than the industry average. We estimate Geely's overall discounts widened by about 1.3 ppts HoH in 2H23, also better than the industry average. We project Geely's gross margin to be more resilient than some investors' expectation in 2H23E, thanks to greater economies of scale and raw-material price drops.

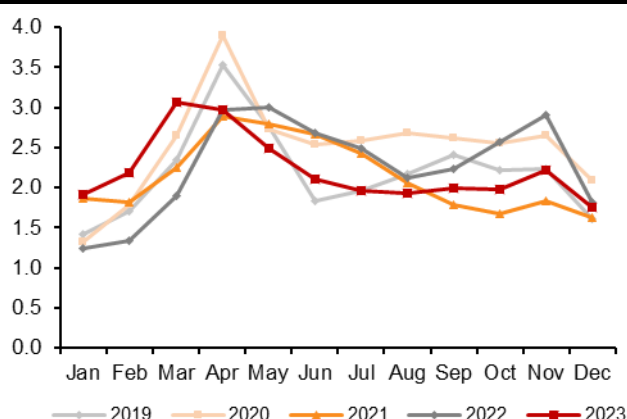
We maintain our FY24 sales volume forecast of 1.8mn units, mainly driven by Zeekr brand and Galaxy series, although the automaker set a target of 1.9mn units for 2024. We are of the view that Geely's current valuation is attractive and the sales ramp-up of new models, including the Zeekr 007, Lynk & Co 08 and more Galaxy models could be positive catalysts for its share price.

Figure 5: Geely's wholesale volume

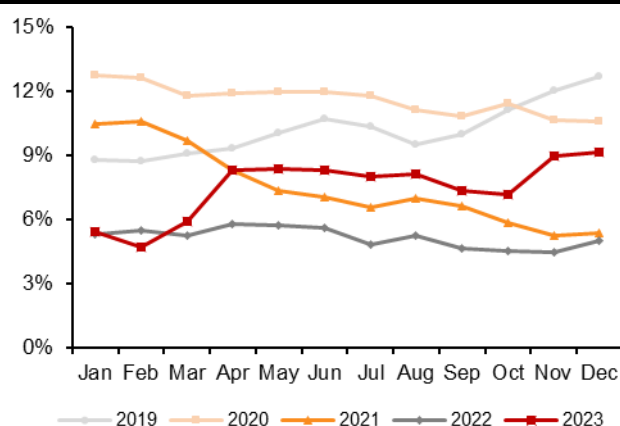
Source: CAAM, CMBIGM

Figure 6: Geely's retail sales volume

Source: CATARC, CMBIGM

Figure 7: Geely's inventory level

Source: CAAM, CATARC, CMBIGM

Figure 8: Geely's discounts at dealers

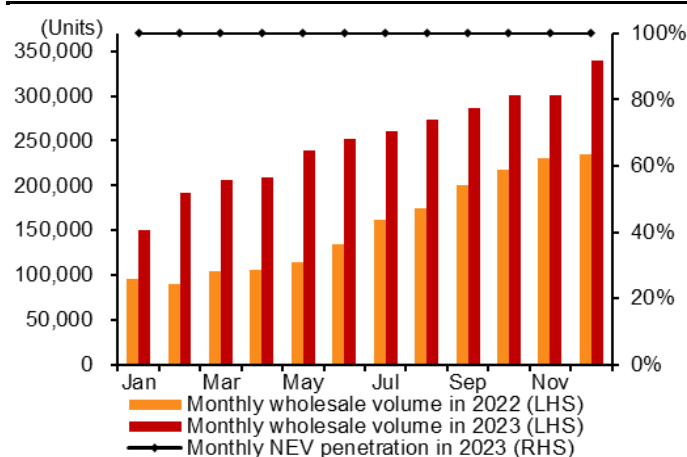
Source: ThinkerCar, CMBIGM

BYD

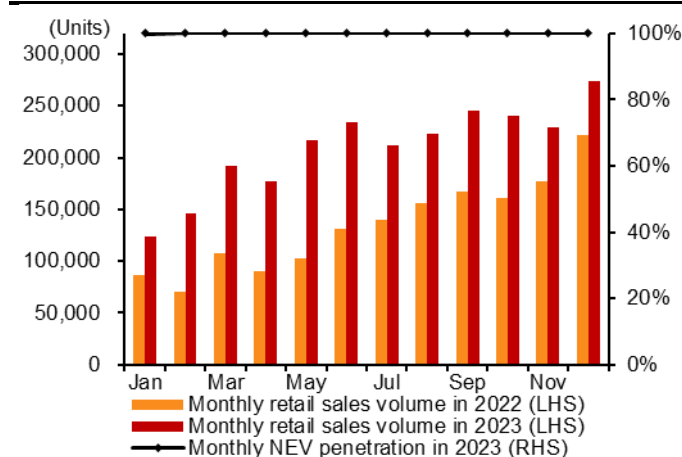
In 2023, BYD's wholesale volume (including commercial vehicles) rose 62% YoY to about 3.02mn units, becoming the best-selling NEV maker across the globe. The wholesale volume for the BYD brand (2.88mn units) also surpassed VW (2.22mn units) in China in 2023. BYD's exports more than quadrupled YoY to about 0.24mn units in 2023, which could be almost doubled in 2024, in our view.

BYD's PV retail sales volume in China rose 56% YoY to about 2.5mn units last year, which led to an inventory restocking of about 0.26mn units in 2023. Its inventory level at dealers increased to about 1.8 months as of Dec 2023, after inventory addition for six consecutive months to push for FY23 target of 3mn units.

We estimate BYD's average discounts at dealers widened 1.5 ppts QoQ to about 4% in 4Q23, still the lowest among all major automakers. In our view, the company may continue to widen its discounts to pursue its aggressive sales target in 2024, as greater economies of scale and lowered raw-material prices could partially offset the higher discounts. Although we agree that BYD's FY24 sales target of 4mn units is quite aggressive amid fiercer competition, we believe some investors' current forecasts for the company's sales and profit this year could be a bit too pessimistic.

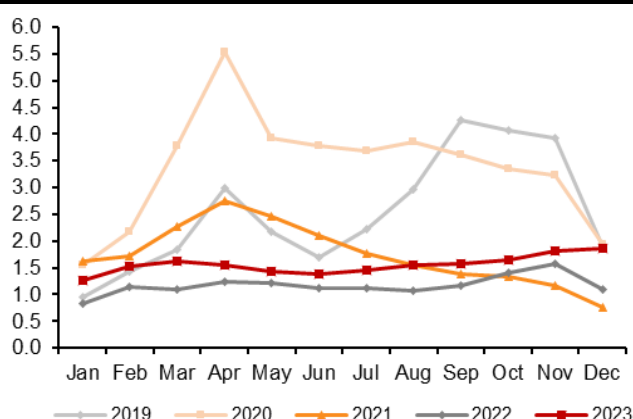
Figure 9: BYD's wholesale volume

Source: CAAM, CMBIGM

Figure 10: BYD's retail sales volume

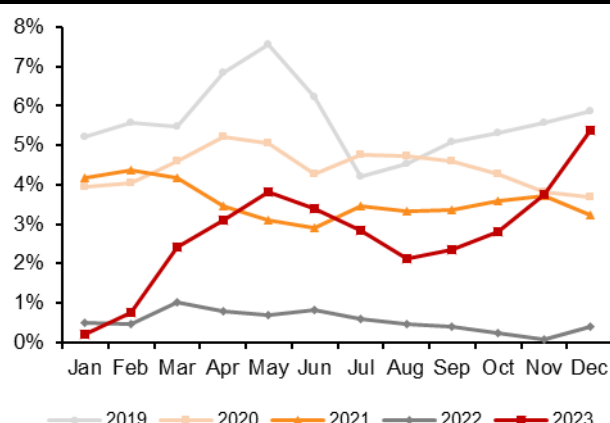
Source: CATARC, CMBIGM

Figure 11: BYD's inventory level



Source: CAAM, CATARC, CMBIGM

Figure 12: BYD's discounts at dealers



Source: ThinkerCar, CMBIGM

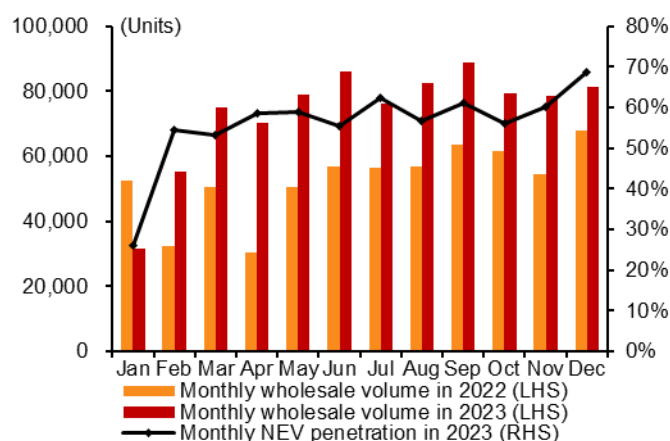
Guangzhou Automobile Group

In 2023, total wholesale volume at GAC Group rose 3% YoY to about 2.5mn units, driven by Aion (+77% YoY) and Trumpchi (+12% YoY). Two Japanese joint ventures both posted YoY sales decline in 2023. Wholesale volume at GAC Honda fell 14% YoY in 2023, the largest decline in its history and extended its YoY declines for three years in a row (2021-23). Wholesale volume at GAC Toyota fell 5% YoY, the first-year decline since 2013.

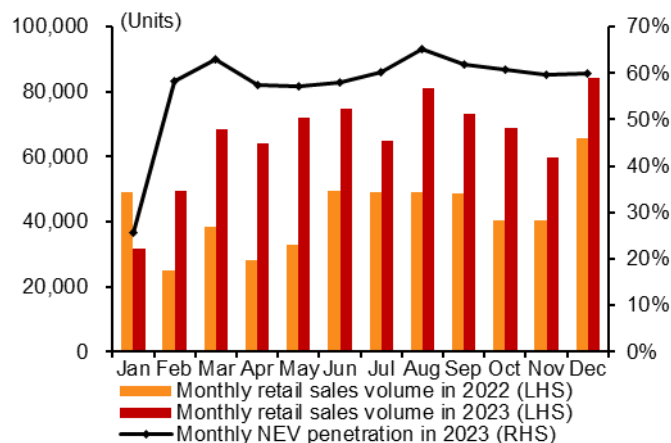
Although wholesale volume at GAC Aion reached 0.48mn units in 2023 and was stronger than our expectation at the beginning of 2023, it still missed the automaker's target of 0.5mn units due to weaker-than-expected sales in 4Q23. Retail sales volume of Aion more than doubled YoY to about 0.44mn units with wider discounts. We estimate Aion's inventory level rose to almost 2.5 months as of Dec 2023, after an inventory increase of 30,000 units last year. The *Hyper GT*'s monthly retail sales volume remained below 1,000 units after being launched for half a year, despite widening discounts. The initial sales ramp-up of the *Hyper HT* appeared to be more encouraging in Dec 2023. We are still of the view that the key to Aion's valuation now is its profitability, which lies in the Hyper series' sales volume.

GAC Toyota's wholesales volume of 0.95mn units in 2023 just met its revised full-year target. Its retail sales volume fell 11% YoY to about 0.9mn units last year, leading to an inventory restocking of about 50,000 units at dealers. Its inventory level was about 1.2 months as of Dec 2023, based on our estimates. GAC Toyota's overall discounts have been hitting record highs every month since Jul 2023. Its average discounts widened by 1.8 ppts QoQ to about 16% in 4Q23, based on our calculations. We estimate new-car margins at GAC Toyota's dealers in 2H23 to be slightly better than 1H23, thanks to the automaker's increased rebates to dealers.

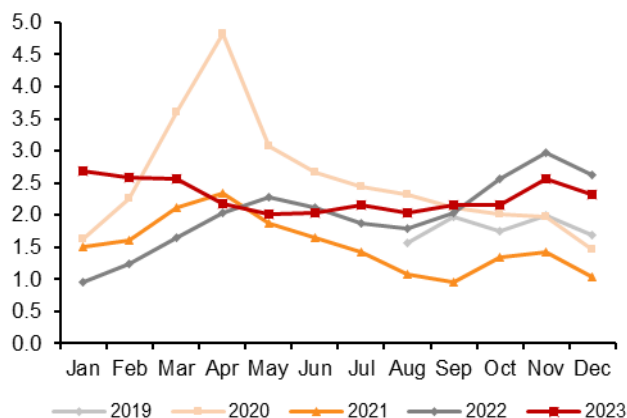
Retail volume at GAC Honda fell 17% YoY about 0.6mn units in 2023, which led to an inventory increase of about 17,000 units last year. Its inventory level was about 1.7 months as of Dec 2023, based on our calculations. Similar to GAC Toyota, GAC Honda's discounts at dealers have been hitting record highs every month since Jun 2023. The average discounts widened by 3.3 ppts QoQ to about 17% in 4Q23. Honda faces more challenges than Toyota and ever before in China, in our view, and we see no sign of a turnaround in the short term.

Figure 13: Trumpchi & Aion's wholesale volume

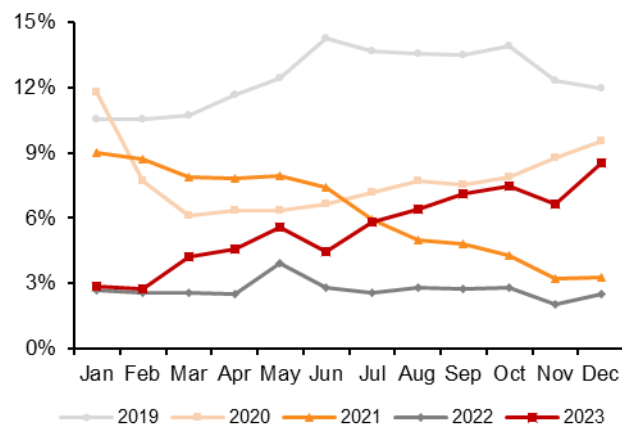
Source: CAAM, CMBIGM

Figure 14: Trumpchi & Aion's retail sales volume

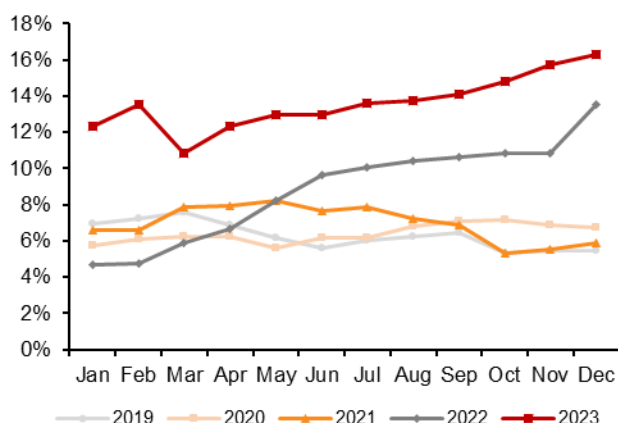
Source: CATARC, CMBIGM

Figure 15: Trumpchi & Aion's inventory level

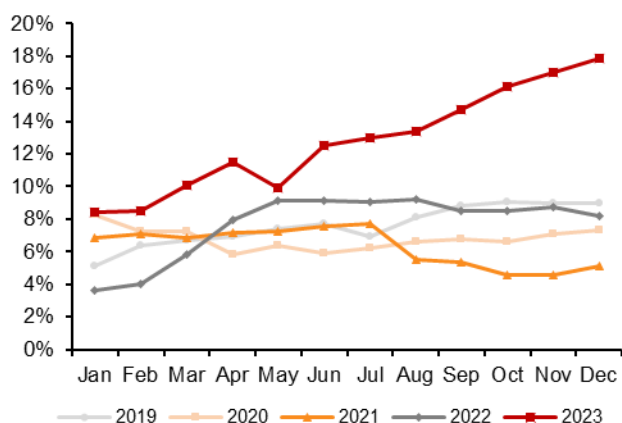
Source: CAAM, CATARC, CMBIGM

Figure 16: Trumpchi & Aion's discounts at dealers

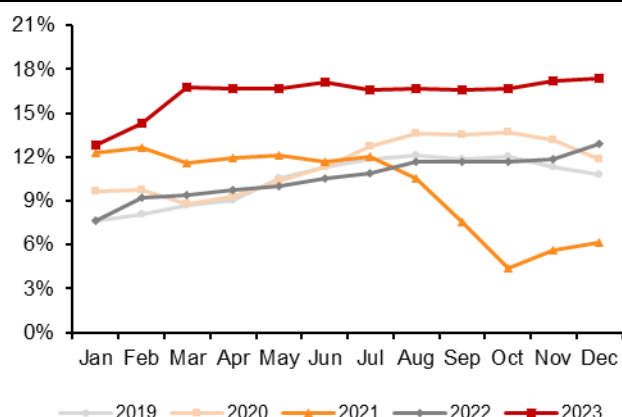
Source: ThinkerCar, CMBIGM

Figure 17: GAC Toyota discounts at dealers

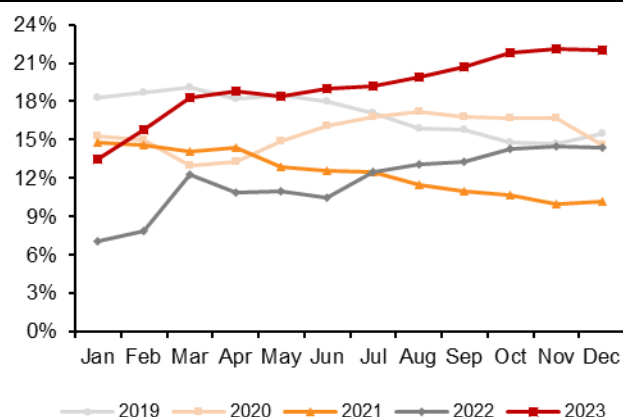
Source: ThinkerCar, CMBIGM

Figure 18: GAC Honda discounts at dealers

Source: ThinkerCar, CMBIGM

Figure 19: Beijing Benz discounts at dealers

Source: ThinkerCar, CMBIGM

Figure 20: BMW Brilliance discounts at dealers

Source: ThinkerCar, CMBIGM

Discounts for BMW Brilliance have been hitting record highs every month since Jul 2023. We estimate BMW Brilliance's average discounts to widen by 3.6 pts HoH to about 21% in 2H23. We believe BMW dealers should have faced more challenges in new-car gross margin in 4Q23 than in 1H23. Such situation could extend into 2024. We project BMW dealers' new-car gross margin to be 0-1% in 2024E after special subsidies from the OEM.

Beijing Benz's discount expansion is slower than BMW Brilliance's, although its average discounts have also been at historical high levels since Feb 2023. Beijing Benz's average discounts widened by 1.1 pts HoH to about 17% in 2H23, based on our calculations. In Dec 2023, the new-generation *E-Class* was launched with the manufacturer's suggested retail price (MSRP) lifted by about RMB10,000-25,000 in China. We believe the discounts for the new *E-Class* could follow the patterns for the new *GLC* launched in May 2023. The German marque may still have underestimated the intensity of competition in China.

Figure 21: China passenger-vehicle wholesale volume by OEM / brand

	Total					NEV				
	Dec 2023	YoY %	MoM %	2023	2023 YoY %	Dec 2023	YoY %	MoM %	2023	2023 YoY %
Chinese OEMs	1,607,165	23.1%	4.0%	14,673,356	22.5%	937,457	46.2%	18.2%	7,260,645	36.2%
Geely	147,600	6.6%	-25.3%	1,659,962	19.2%	57,594	56.9%	-8.5%	462,694	61.4%
Great Wall Motor	96,428	51.5%	-9.4%	1,027,847	16.7%	29,816	168.6%	-4.3%	261,546	99.2%
Changan	115,191	-34.0%	-17.1%	1,607,785	13.7%	54,060	34.1%	28.3%	432,008	76.8%
SAIC-GM-Wuling	166,828	0.3%	34.7%	999,125	-23.3%	118,302	38.2%	66.3%	444,566	-27.4%
SAIC	136,886	57.5%	30.8%	985,519	17.4%	39,454	32.4%	34.6%	330,789	45.3%
BYD	340,178	45.0%	12.9%	3,012,906	61.8%	340,178	45.0%	12.9%	3,012,906	62.2%
GAC Motor	81,272	19.5%	3.2%	888,508	40.1%	55,960	86.5%	17.9%	512,270	88.5%
Chery	207,593	106.7%	2.0%	1,783,138	53.7%	20,887	48.5%	37.5%	125,160	-46.4%
Dongfeng	22,393	-48.8%	-21.8%	277,242	-39.5%	3,343	-81.5%	-28.2%	65,089	-59.6%
FAW	46,412	-9.0%	-5.3%	472,357	22.4%	9,129	-20.9%	7.8%	83,127	45.1%
BAIC	30,021	84.1%	75.8%	169,747	59.0%	21,351	110.0%	115.5%	98,835	71.2%
NIO	18,012	13.9%	12.9%	160,038	30.7%	18,012	13.9%	12.9%	160,038	30.7%
Li Auto	50,353	137.1%	22.7%	376,030	182.2%	50,353	137.1%	22.7%	376,030	182.2%
Xpeng	20,107	78.1%	-4.0%	144,161	19.4%	20,107	78.1%	-4.0%	144,161	19.4%
Neta	5,135	-34.1%	-58.9%	127,496	-16.2%	5,135	-34.1%	-58.9%	127,496	-16.2%
Leap Motor	18,618	119.2%	0.6%	144,155	29.7%	18,618	119.2%	0.6%	144,155	29.7%
Jinkang Seres	30,648	201.1%	46.1%	103,534	32.6%	30,648	201.1%	46.1%	103,534	32.6%
German Brands	465,167	20.6%	13.7%	4,446,842	1.6%	49,373	51.3%	2.8%	424,078	36.9%
VW	240,682	13.2%	8.7%	2,218,704	-4.9%	27,520	86.1%	8.3%	190,802	1.4%
Audi	78,414	48.0%	18.3%	665,965	11.1%	3,065	34.5%	-20.2%	31,449	118.4%
BMW	64,166	6.7%	-7.5%	710,000	6.8%	10,519	30.3%	-4.9%	100,071	60.0%
Mercedes-Benz	55,620	18.9%	47.1%	623,393	-0.2%	2,854	5.7%	-16.4%	34,732	-12.9%
Jetta	20,870	151.4%	108.1%	161,756	8.6%	-	N/A	N/A	-	N/A
Japanese Brands	392,728	22.8%	7.8%	3,743,014	-10.6%	7,489	16.1%	-37.4%	94,354	117.8%
Honda	134,374	12.6%	0.2%	1,228,183	-11.5%	4,966	177.9%	-37.8%	40,641	65.5%
Toyota	187,098	39.2%	26.7%	1,749,909	-4.8%	2,364	-47.9%	-30.8%	39,058	139.1%
Nissan	60,018	5.1%	-17.8%	662,055	-19.1%	149	28.4%	-73.2%	14,301	972.8%
Mazda	11,028	86.9%	17.8%	88,564	-4.5%	10	100.0%	150.0%	185	-44.6%
Mitsubishi	-	-100.0%	N/A	8,943	-73.5%	-	-100.0%	N/A	169	-75.8%
American Brands	222,755	28.7%	17.5%	2,244,476	3.2%	113,628	83.3%	16.7%	1,049,729	37.0%
Buick	67,388	42.3%	22.4%	606,400	-10.6%	17,782	535.3%	26.8%	88,954	126.5%
Chevrolet	13,016	-35.7%	-23.3%	216,210	-21.9%	4	-99.6%	-95.3%	5,646	-21.6%
Cadillac	24,354	-8.5%	62.4%	178,407	-17.1%	1,125	55.2%	51.8%	5,400	112.8%
Ford	18,984	5.7%	19.1%	233,602	5.9%	577	-62.5%	1009.6%	1,982	-61.1%
Lincoln	4,874	-5.0%	17.5%	62,115	-13.5%	1	-98.4%	N/A	5	-99.6%
Tesla	94,139	68.7%	14.2%	947,742	33.3%	94,139	68.7%	14.2%	947,742	33.3%
Korean Brands	47,587	34.5%	19.2%	409,671	7.5%	1,096	N/A	193.8%	1,633	44.3%
Hyundai	28,525	13.8%	31.7%	242,441	-3.2%	-	N/A	N/A	-	-100.0%
Kia	19,062	84.6%	4.5%	167,230	28.0%	1,096	N/A	193.8%	1,633	124.3%
Others	23,345	-39.7%	4.7%	288,932	-19.9%	1,316	-86.6%	-14.8%	18,135	-25.9%
PSA	4,333	-55.3%	-19.4%	75,008	-34.9%	113	-55.7%	-70.7%	4,779	-50.5%
Volvo	13,445	-17.4%	16.7%	146,599	0.2%	1,181	-39.8%	11.6%	12,223	19.8%
Jaguar	1,819	-16.3%	7.6%	22,032	6.0%	-	N/A	N/A	-	N/A
Land Rover	2,548	139.7%	-5.4%	28,985	-3.2%	22	-42.1%	-78.0%	1,133	-55.4%
Total	2,758,747	22.2%	7.3%	25,806,291	9.9%	1,110,359	47.7%	16.6%	8,848,574	36.0%

Source: CPCA, CMBIGM

Figure 22: China passenger-vehicle monthly retail sales volume by OEM / brand

	Total					NEV				
	Dec 2023	YoY %	MoM %	2023	2023 YoY %	Dec 2023	YoY %	MoM %	2023	2023 YoY %
Chinese OEMs										
Geely	157,174	-8.4%	28.6%	1,280,170	13.3%	47,658	28.8%	4.7%	338,215	76.5%
Zeekr	12,130	6.2%	18.9%	105,431	47.6%	12,130	6.2%	18.9%	105,431	47.6%
Great Wall	89,024	-9.6%	29.8%	740,237	-0.2%	30,031	166.0%	8.9%	363,802	240.4%
Changan	145,089	-15.7%	24.6%	1,334,498	15.7%	42,543	4.8%	-0.3%	453,429	104.5%
SAIC Motor	44,655	-4.4%	51.1%	309,181	-21.4%	22,506	27.4%	48.5%	257,637	141.2%
GAC Trumpchi	41,876	4.3%	48.8%	349,514	15.2%	8,249	18647.7%	100.5%	68,372	18530.1%
GAC Aion	42,303	65.2%	33.8%	442,871	107.1%	42,303	65.2%	33.8%	484,746	126.7%
BYD	273,640	23.7%	19.6%	2,512,394	56.2%	273,639	23.7%	19.6%	2,785,888	75.2%
SAIC-GM-Wuling	86,303	14.7%	19.7%	714,878	-10.4%	61,740	65.6%	15.7%	538,424	20.5%
BAIC Magna	2,991	83.6%	46.5%	17,393	46.2%	2,991	83.6%	46.5%	24,685	107.5%
Voyah	7,288	353.5%	47.4%	33,491	92.8%	7,288	353.5%	47.4%	51,008	193.6%
NIO	17,517	16.4%	15.9%	160,143	33.3%	17,517	16.4%	15.9%	210,926	75.5%
Lixiang	50,781	137.4%	18.9%	378,284	179.6%	50,781	137.4%	18.9%	395,622	192.4%
Xpeng	17,338	50.4%	-5.0%	133,578	10.9%	17,338	50.4%	-5.0%	139,804	16.1%
Neta	6,227	-72.7%	-40.0%	105,502	-27.8%	6,227	-72.7%	-40.0%	106,085	-27.4%
Leapmotor	17,551	18.2%	-3.6%	130,291	19.7%	17,551	18.2%	-3.6%	155,064	42.4%
Human Horizons	581	159.4%	-7.8%	7,874	74.2%	581	159.4%	-7.8%	7,874	74.2%
Jinkang Seres	24,771	128.2%	31.0%	92,751	30.9%	24,771	128.1%	31.0%	230,031	224.6%
Foreign OEMs										
SAIC VW	137,280	-14.5%	32.1%	1,180,775	-5.0%	19,266	148.9%	10.6%	330,172	265.2%
FAW VW	203,629	-5.2%	34.7%	1,815,639	4.1%	10,627	25.6%	21.1%	135,527	44.9%
Beijing Benz	42,978	-21.7%	1.9%	588,916	0.9%	2,856	-10.0%	-15.8%	110,730	212.9%
BMW Brilliance	70,683	6.1%	8.5%	706,331	7.4%	11,225	4.3%	9.5%	191,972	231.0%
FAW Toyota	90,674	-6.1%	56.1%	765,206	-5.2%	2,675	157.7%	-19.8%	123,993	1499.1%
GAC Toyota	92,433	-22.5%	19.1%	900,789	-10.5%	228	-89.0%	-16.8%	97,552	1185.8%
Dongfeng Honda	90,998	33.7%	67.6%	606,231	-7.2%	2,191	-18.9%	21.2%	101,304	365.8%
GAC Honda	82,734	-2.5%	59.5%	602,369	-16.9%	1,485	1.2%	14.7%	123,278	1017.6%
Dongfeng Nissan	109,705	0.0%	58.1%	729,522	-18.2%	4,347	978.7%	29.7%	29,311	2263.8%
GAC Mitsubishi	1,063	-58.0%	10.0%	17,612	-39.5%	2	-84.6%	100.0%	82,208	15862.7%
SAIC GM	82,167	-21.6%	-1.7%	872,645	-13.0%	12,597	60.7%	0.4%	84,713	77.4%
Changan Ford	17,361	-6.1%	48.6%	142,064	-16.3%	196	-62.3%	108.5%	77,602	1112.0%
Tesla China	75,043	80.0%	11.3%	607,522	37.5%	75,043	80.0%	11.3%	622,487	40.9%
Volvo Asia Pacific	14,965	-15.9%	21.6%	142,816	-3.1%	1,550	-16.4%	32.8%	43,300	272.8%
Chery JLR	5,464	-5.6%	43.6%	51,376	2.5%	223	13.2%	197.3%	8,775	294.4%
Beijing Hyundai	29,894	-16.6%	60.2%	236,662	-9.1%	1	-94.1%	-83.3%	2,451,141	485274.5%
Yueda Kia	7,099	-32.2%	26.4%	76,481	-18.9%	397	678.4%	2546.7%	493	-45.3%
Total (excl. imports)	2,451,110	-0.3%	28.1%	20,932,057	6.1%	886,278	25.7%	14.8%	7,269,821	38.8%
Imports by Brand										
Lexus	22,591	47.2%	16.9%	180,904	-1.0%	564	77.4%	-8.6%	9,767	173.2%
BMW	10,124	7.5%	14.0%	102,886	-8.4%	939	69.2%	19.6%	7,633	124.6%
Mercedes-Benz	13,937	3.7%	3.2%	155,876	-4.6%	1,169	55.9%	26.8%	6,171	-3.3%
Porsche	7,545	-26.2%	5.4%	80,691	-14.5%	1,519	-16.5%	24.9%	12,509	-1.8%
Audi	6,386	86.5%	23.3%	62,779	40.9%	26	-77.4%	136.4%	293	-45.0%
Total Imports	81,140	20.9%	16.8%	769,024	0.1%	6,593	65.7%	63.4%	46,374	49.0%
Total	2,532,250	0.3%	27.7%	21,701,081	5.9%	892,871	25.9%	15.0%	7,316,195	38.9%

Source: CATARC, CMBIGM

NEV Segment

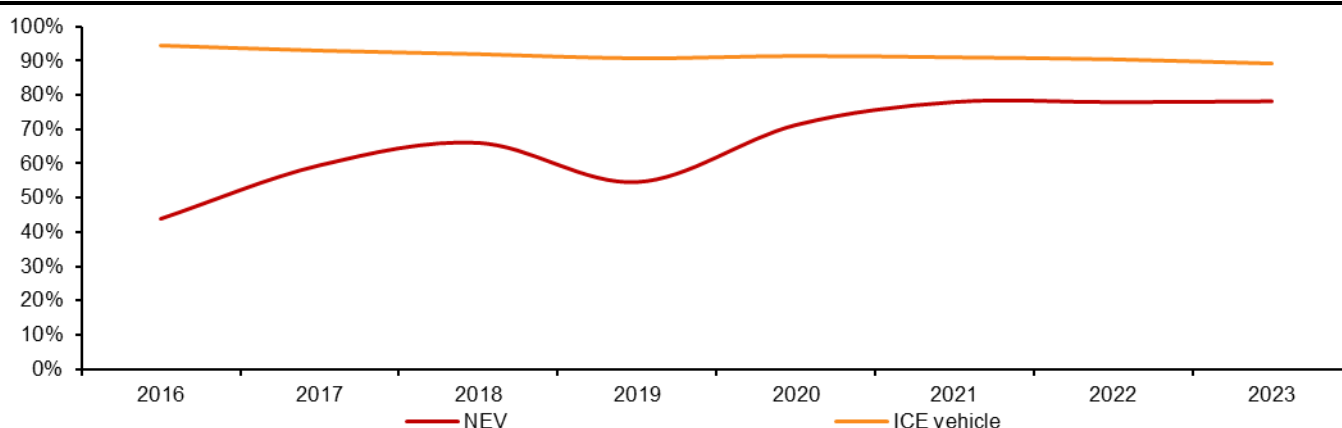
Dec BEV retail and wholesale volume both below expectation

In 2023, retail sales volume of passenger NEVs in China rose 39% YoY to about 7.3mn units, slightly lower than our prior forecast of 7.4mn units. Dec NEV retail sales volume was 8% lower than our expectation, as ICE makers pushed sales at year end. NEV's market share rose 8.1 ppts YoY to 33.7% in 2023 on a retail basis. The trailing 12-month NEV market share rose for 42 months in a row since Jul 2020.

As noted in our [2024 outlook report](#), we project China's passenger NEV retail sales volume to rise 22% YoY to 8.9mn units in 2024 with NEV market share of 42%, driven by more competitive new models. We also estimate NEVs to take up more than 50% of PVs sold with RMB150,000-350,000 this year.

Individual customers accounted for about 78% of total NEV retail sales in 2023. Such ratio had been stable in 2023. Individual customers accounted for 81% in Dec 2023, up 1 ppt MoM. Unlike Dec 2022 when such ratio fell to only 70% due to the pre-buying effect for ride-hailing fleets before the subsidy expiry. We expect such ratio to continue to be stable in 2024.

Figure 23: Proportion of NEVs sold to individual customers vs that of ICE vehicles in China



Source: CATARC, CMBIGM

Wholesale volume of passenger NEVs rose 38% YoY to about 9.0mn units in 2023, higher than our prior forecast by 2%, mainly due to stronger-than-expected restocking in Dec 2023. Unlike the MoM market share shrinkage on a retail basis in Dec, NEV market share on a wholesale basis exceeded 40% for the first time in history last month. In 2023, NEV market share rose 6.8 ppts YoY to 34.5% on a wholesale basis. We project China's passenger NEV wholesale volume to rise 22% YoY to 11mn units in 2024 (market share of 42%), assuming NEV exports of 1.8mn units and an inventory restocking of 0.3mn units in 2024 (more details in our [2024 outlook report](#)).

NEV inventory level at all-time high

NEV inventories rose by about 0.14mn units in Dec 2023, the largest increase in history and much more aggressive than we had expected. NEV inventories at dealers increased by about 0.71mn units in 2023, based on our calculations. We estimate the current nationwide NEV inventory level to be more than two months. In fact, the figure could be even higher for individual NEV makers because about 21% of total NEVs sold in 2023 were through direct-sales model which is supposed to have minimal inventories.

NEV exports rose 80% YoY to about 1mn units in 2023, largely in line with our prior forecast of 0.99mn units. Tesla accounted for 34% of China's total NEV exports in 2023 (vs. 48% in 2022), followed by BYD (24% vs. 10% in 2022) and MG (15% vs. 11% in 2022).

Slower new model rollouts before Chinese New Year

Based on the data we compiled, about 105 new NEV models were launched in 2023, largely in line with our projection of 110 new NEV models in our [2023 outlook report published on 7 Dec 2022](#). We expect at least six new NEV models to be rolled out in Jan 2024, including the Xpeng X9, Geely *Galaxy E8*, and Chery *Fulwin A8*. We expect new model launches to reaccelerate after the CNY in Feb 2024. In 2024, we project about 130 new NEV models or models with NEV powertrain available to be launched, even higher than the number in 2023.

NEV by city-tier: Tier-3 and below cities still have large growth room

According to insurance data, tier-1, -2, -3, and -4 and below cities contributed about 14%, 51%, 19%, and 16% of total NEV retail sales, respectively, in China in 2023. The contribution from tier-1 cities fell about 3 ppts compared with 2022, which was grabbed by tier-3 and below cities. Tier-3 cities were the largest NEV sales driver in 2023, as the NEV retail sales volume in these cities rose 52% YoY last year, the most among all the city tiers.

NEVs accounted for 43%, 35%, 32%, and 26% in tier-1, -2, -3, and -4 and below cities, respectively, in China in 2023, about 5-9 ppts higher than a year before. The market share growth slowdown in tier-1 cities was partly due to Shanghai's cancellation of green license for PHEVs from last year. PHEVs only accounted for 25% of total NEV retail sales volume in tier-1 cities in 2023, vs. 32% in 2022. On the other hand, PHEVs accounted for 34% of total NEV retail sales volume in tier-2 and below cities in 2023, up from 23% in 2022. This is in line with our previous argument made in our [2023 outlook report published on 7 Dec 2022](#) that lower-tier cities could be the driver for PHEVs in 2023.

The Tesla *Model Y* remained the best-selling NEV model nationwide and in tier-1 and -2 cities in 2023. Its market share even rose by 1 ppt YoY to 9% in tier-1 and -2 cities combined last year. The *Wuling Hongguang Mini EV* still led the NEV retail sales volume in the tier-3 and below cities, with market share declining to 6% in 2023 (vs. 15% in 2022). The market share for mini-size BEVs has been falling as we expected. Mini BEVs accounted for 14% of total BEV retail sales volume nationwide in 2023, nearly halved from 26% in 2022.

Figure 24: China NEV market share by city tier (trailing 12-month basis)

Market Share	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
Tier 1	40.9%	41.5%	42.2%	42.1%	42.6%	42.7%	43.2%
Tier 2	30.6%	31.5%	32.4%	33.1%	34.0%	34.5%	35.4%
Tier 3	26.1%	27.1%	28.2%	29.2%	30.3%	31.2%	32.1%
Tier 4 and below	21.3%	22.1%	23.0%	23.7%	24.4%	25.0%	26.0%
Nationwide	29.1%	29.9%	30.9%	31.5%	32.3%	32.9%	33.7%

Source: CATARC, CMBIGM

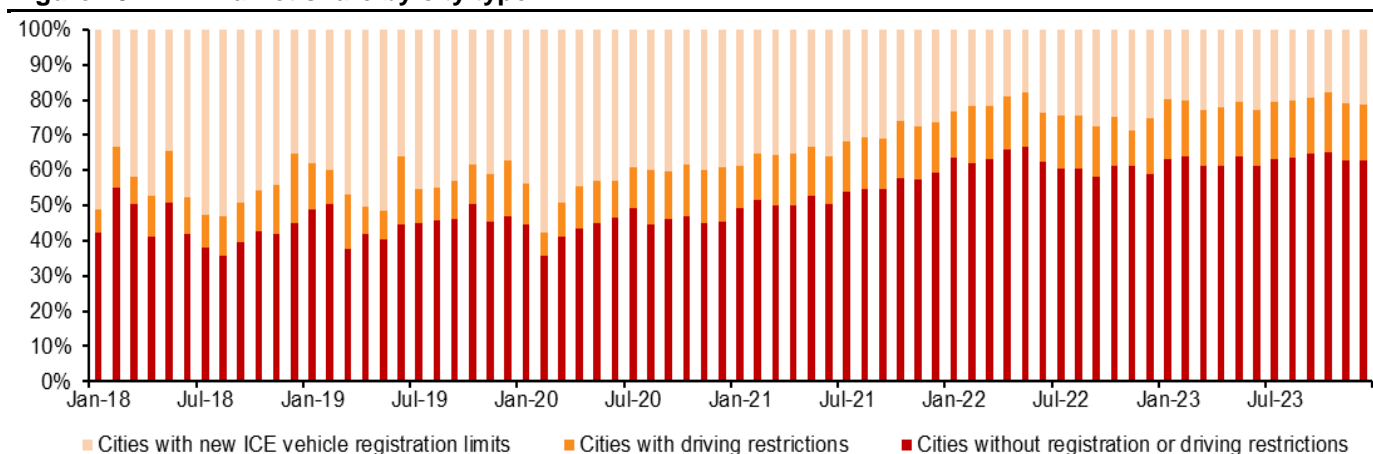
NEV by city type: Only one city with ICE limits outperformed in 2023

We divide cities in China into three types based on whether there are restrictions on ICE vehicle registration or driving. In 2023, about 21% of NEV retail sales volume came from the seven regions with new ICE vehicle registration limits (Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Hangzhou and Hainan province), down from 24% in 2022, partly due to Shanghai's cancellation of green license for PHEVs from 2023. Shanghai accounted for

5.0% of nationwide NEV retail sales in 2023, down from 6.4% in 2022. Despite that, China's PHEV retail sales volume YoY growth still outpaced BEV in 2023, which underscored our previous argument that Shanghai's green license cancellation for PHEVs should have a limited dent on PHEVs. Shanghai further raised standards for obtaining a green license from 2024, which may also have a limited dent on Shanghai's NEV sales growth this year, in our view.

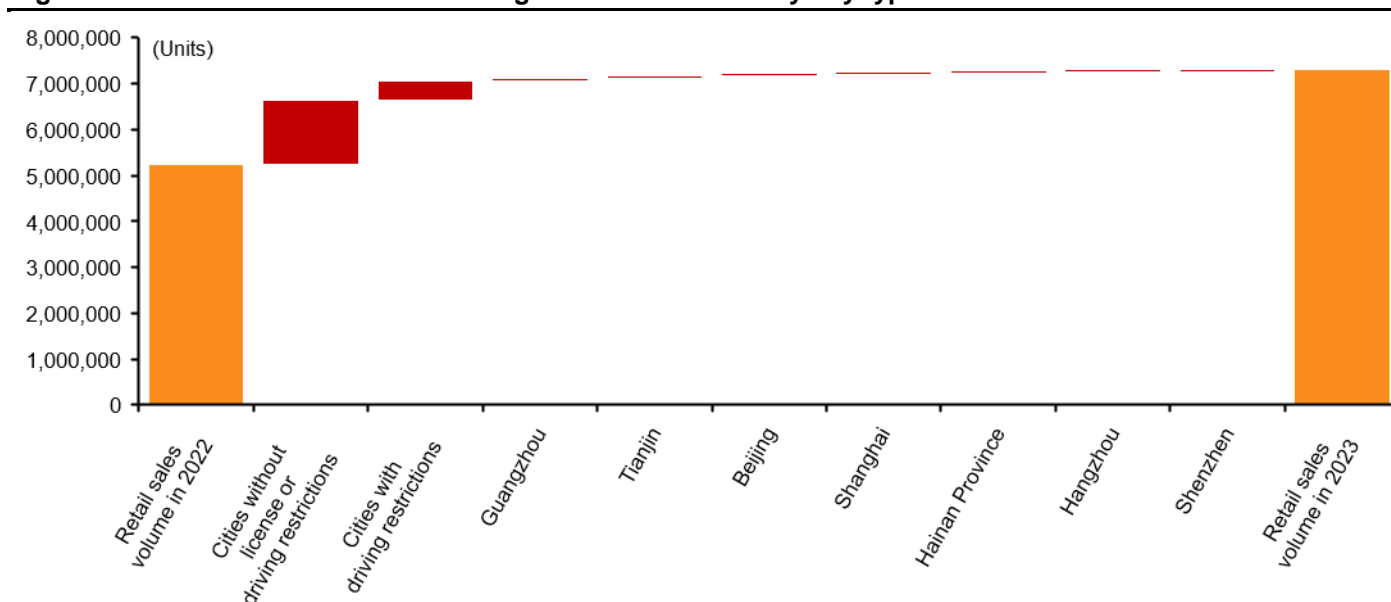
About 16% of NEV retail sales volume was from cities with driving restrictions (including 24 cities, like Baoding, Chongqing, Wuhan, and Xi'an) in 2023, up from 14% in 2022. The remaining 63% of NEV retail sales volume was contributed by cities without license or driving restrictions in 2023, 1.6 ppts higher than that in 2022.

Figure 25: NEV market share by city type



Source: CATARC, CMBIGM

Figure 26: NEV retail sales volume YoY growth contribution by city type in 2023

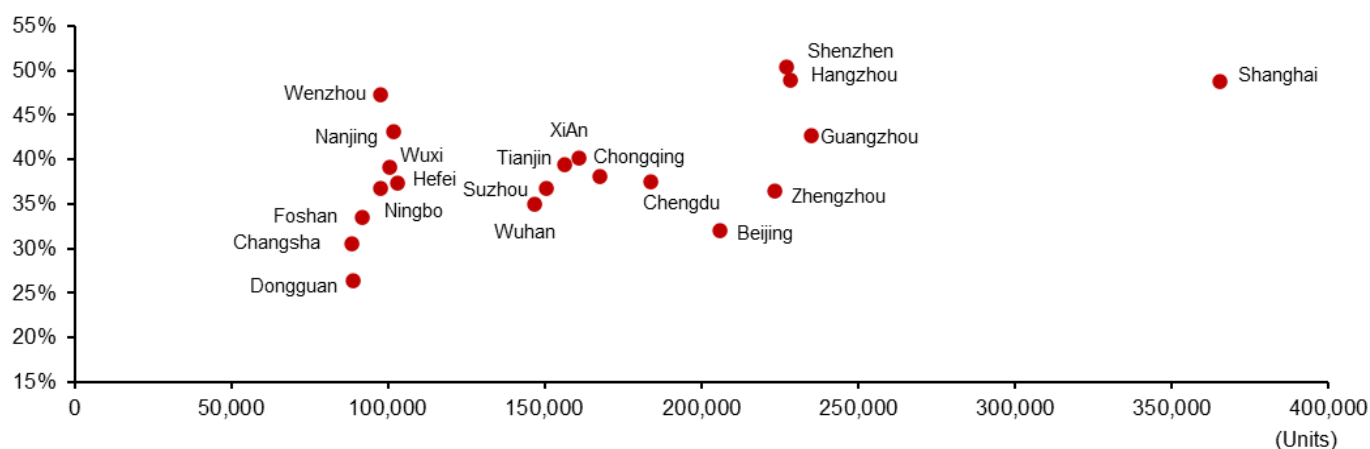


Source: CATARC, CMBIGM

China's total NEV retail sales volume increased by about 2.1mn units YoY in 2023. About 67% of the increment was from cities without license or driving restrictions. Among the seven regions with new ICE vehicle registration limits, only Tianjin outperformed the overall NEV segment in terms of NEV YoY growth in 2023. Nevertheless, Shanghai retained the

NEV retail sales crown among all cities in China in 2023. PHEVs only accounted for 8% of total NEV retail sales volume in Shanghai in 2023, down from 37% in 2022.

Figure 27: NEV retail sales volume in top 20 cities with corresponding NEV market share in 2023



Source: CATARC, CMBIGM

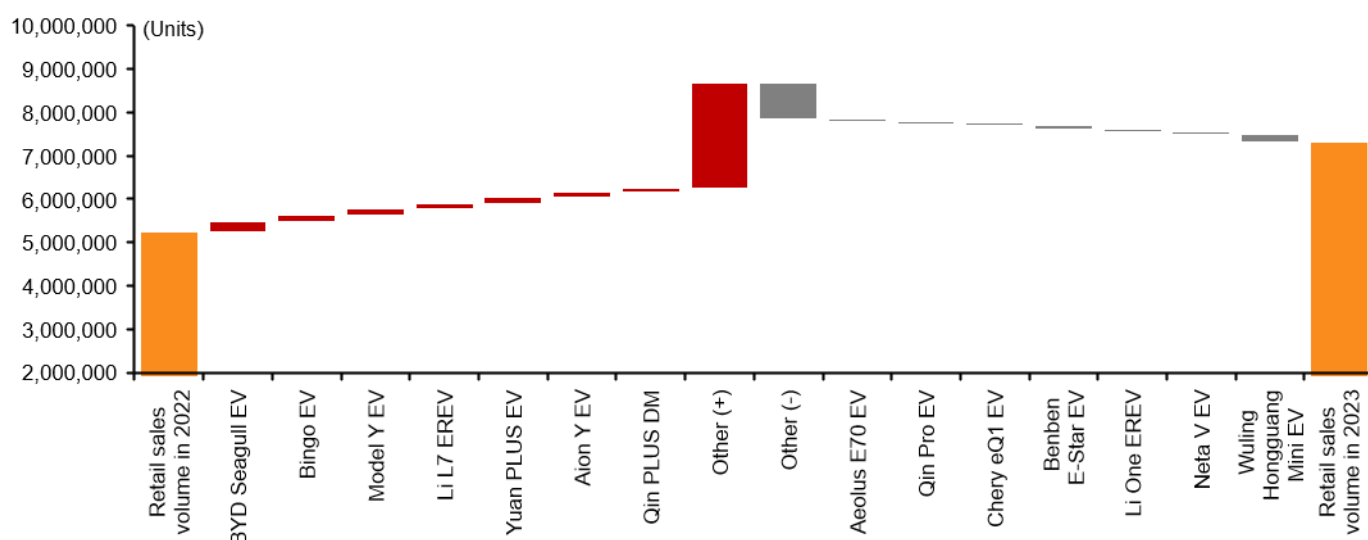
Among the top 20 cities in terms of NEV retail sales volume, Shenzhen had the largest NEV market share of 50% in 2023, followed by Hangzhou. Shanghai ranked the 3rd place with 49% of retail sales volume from NEVs in 2023. Beijing's NEV market share rose to 32% in 2023, just ahead of Dongguan and Changsha to be the 3rd lowest among these 20 cities, and still below the national average (34%), due to its caps on new NEV registrations every year.

NEV by model: BYD contributed 45% of 2023 sales growth

The Tesla *Model Y* still topped the NEV retail sales volume with about 460,000 units sold in 2023, followed by the BYD *Dolphin* with about 170,000 units fewer. BYD took up six spots of the top 10 best-selling NEV models in 2023, with the *Dolphin* EV, *Yuan Plus* EV, *Qin Plus* PHEV, *Song Plus* PHEV, *Seagull* EV and *Song Pro* PHEV. The combined retail sales volume of the BYD *Song Plus* and *Song Pro* PHEVs was only 6,000 units fewer than the *Model Y* sales in China in 2023. The Wuling *Hongguang Mini EV* fell to the 6th place in 2023, from the No.1 during 2020-22.

Excluding those discontinued models, such as the *Li One* EREV and *Qin Pro* EV, three mini-size BEVs (the Wuling *Hongguang Mini EV*, Changan *Benben E-Star* and Chery *eQ1*) posted the largest sales volume YoY decline in 2023. It appears to us that the low-end BEV market also shows consumption upgrade, as small-size and compact BEVs are gaining market share from mini-size BEVs. The BYD *Seagull* and Wuling *Bingo* posted the largest retail sales volume YoY increase in 2023. Both of them are small-size BEVs.

Although no single model had a significant contribution to the nationwide NEV retail sales volume growth in 2023 based on the chart below, BYD (including Denza) contributed 45% of China's NEV retail sales volume growth in 2023, followed by Li Auto (12%) and GAC Aion (11%), while Tesla only contributed about 8%.

Figure 28: NEV retail sales volume growth contribution by model in 2023

Source: CATARC, CMBIGM

BEV brands: Competition to be stiffer in 2024

In 2023, total BEV retail sales volume rose 25% YoY to about 4.9mn units. BEV's market share in the NEV segment dropped to 67.6% in 2023 from 77.2% in 2022.

BYD's market share in the BEV segment increased to 26% in 2023, from 20% in 2022, mainly driven by the *Seagull* EV and *Yuan Plus* EV. Tesla's market share in the BEV segment increased 1 ppt YoY to 12% in 2023. The facelifted *Model 3*, which started deliveries from the end of Oct 2023, hit its monthly sales volume of about 16,000 units in Nov-Dec 2023. Although Tesla raised its MSRP for nine times in China in 2023, its MSRP at the end of 2023 was still lower than that a year before, as Tesla cut its MSRP twice in Jan and Aug 2023 more aggressively. On 12 Jan 2024, Tesla cut its MSRP for the *Model 3/Y* by RMB 6,500-15,500 in China. Its weekly retail sales volume rebounded to almost 12,000 units in the third week of Jan 2024.

Compared with the list in 2022, GAC Aion replaced Wuling to be the 3rd place in 2023 with the highest sales volume YoY growth rate among the top 10. Wuling slipped to the 4th place in 2023 with market share loss of 2.3 pts YoY. Chery and Neta were even kicked out from the top 10 list in 2023 (vs. No.6 and No.8 in 2022), given the sales shrinkage of mini-BEVs and heightened competition in the small-size BEV segment.

Both Geely and Zeekr were new joiners in 2023 compared with 2022. Geely jumped to the 5th place last year, thanks to the *Panda mini* EV. Zeekr secured No.10 with more than 100,000-unit of retail sales volume. Changan fell to the 6th place in 2023, as sales increment from the *Lumin* EV was not enough to offset sales decline from other models, such as the *Benben E-Star* EV, and *Eado* EV.

NIO was also a new joiner for 2023, taking the 7th spot in the BEV segment. Xpeng also ranked one place higher than 2022. VW moved up one spot to be No.8 in 2023. The sales lift since Jul 2023 was mainly driven by a price cut of RMB 37,000 for the *ID.3* EV, although VW's 12% YoY sales growth still underperformed the BEV segment.

Three brands, Neta, Chery and Dongfeng, were squeezed out from the 2023 top 10 list compared with 2022. We expect competition to be even stiffer in 2024, especially for the 3rd-10th positions, as all the eight brands in 2023 were different from 2022.

Figure 29: Top 10 BEV brands' retail sales volume in China

Units	Dec 2023	YoY	2023	2023 YoY	2023 Market Share in BEV Segment
Total BEV	554,739	7.2%	4,940,987	24.5%	100.0%
BYD	133,974	34.6%	1,290,981	63.6%	26.1%
Tesla	76,967	84.6%	613,236	38.8%	12.4%
GAC Aion	40,577	58.5%	437,687	104.7%	8.9%
Wuling	48,248	34.8%	410,579	-2.5%	8.3%
Geely (incl. Geometry & Galaxy)	17,939	-10.6%	185,335	59.3%	3.8%
Changan	15,680	-45.7%	165,932	-7.4%	3.4%
NIO	17,517	16.4%	160,143	33.3%	3.2%
VW	23,850	132.4%	153,062	11.5%	3.1%
Xpeng	17,338	50.4%	133,578	10.9%	2.7%
Zeekr	12,130	6.2%	105,431	47.6%	2.1%

Source: CATARC, CMBIGM

PHEV brands: Chinese brands to take up all top 10 spots in 2024

In 2023, total PHEV (EREV included) retail sales volume rose 85% YoY to about 2.4mn units. PHEV's market share in the NEV segment increased to 32.4% in 2023 from 22.8% in 2022, in line with our previous forecast that PHEV's sales volume growth would outpace BEV's in 2023.

BYD's market share in the PHEV segment dropped to 46% in 2023 from 61% in 2022. Including Denza (No.3), the combined market share of 51% in 2023 was still lower than a year before, reflecting the heightened competition.

Li Auto's market share in the PHEV segment rose to 16% in 2023 from 10.4% in 2022. Li Auto targets deliveries of 800,000 units in 2024, the majority of which should still be EREVs. The company plans to launch its first BEV, the *Mega* MPV, on 1 Mar 2024.

Compared with the list in 2022, Changan Deepal was a new joiner in 2023 and took the 4th position in the PHEV segment, driven by the *Deepal S7* EREV. The average monthly deliveries of the *Deepal S7* EREV was about 8,000 units in 2H23. Changan (ranked No.7) and Deepal's combined market share rose to 7% in 2023.

Aito slipped to No.5 in 2023 from No.3 in 2022. However, its redesigned Aito *M7* EREV unveiled in Sep 2023 has been well received, which boosted its Dec sales to be the 3rd best-selling PHEV brand. In our view, Aito could compete for the 3rd spot in the PHEV market in 2024, along with its new *M9* EREV.

Geely jumped to the 6th place in 2023 from No.10 in 2022, driven by the Galaxy series. However, Lynk & Co fell to No.9 in 2023 from No.6 in 2022. Haval was also a new joiner in 2023 and took the 8th place in the PHEV segment, driven by the *Xiaolong Max* and *Menglong* PHEVs. Great Wall plans to roll out a facelifted *Xiaolong Max* in 2Q24, given its recent sluggish sales.

VW was the only foreign brand in the top 10 list in 2023, vs. four in 2022 (VW, Mercedes-Benz, Nissan and BMW). With more PHEVs and EREVs on sale from brands like Leap, Wey and Tank, we expect all the foreign brands to be squeezed out from the top 10 list in 2024. In fact, Chinese brands' combined market share in the PHEV segment rose to 95% in 2023, from 89% in 2022. We expect such trend to continue based on the model pipeline.

Figure 30: Top 10 PHEV (EREV included) brands' retail sales volume in China

Units	Dec 2023	YoY	2023	2023 YoY	2023 Market Share in PHEV Segment
Total PHEV	338,119	77.5%	2,369,745	85.3%	100.0%
BYD	122,847	5.0%	1,100,302	38.6%	46.4%
Li Auto	50,779	137.4%	378,282	179.6%	16.0%
Denza	9,558	104.1%	102,227	1384.6%	4.3%
Deepal	12,661	93.1%	101,269	520.0%	4.3%
Aito	22,915	174.0%	79,214	24.0%	3.3%
Geely (incl. Geometry & Galaxy)	15,211	588.3%	79,075	379.3%	3.3%
Changan	5,217	86.1%	63,265	263.3%	2.7%
Haval	8,085	637.0%	58,589	2222.2%	2.5%
Lynk & Co	12,963	389.2%	47,405	93.0%	2.0%
VW	2,759	-32.4%	35,992	-0.5%	1.5%

Source: CATARC, CMBIGM

Other Industry Indicators to Watch

PV by city tier: Tier-2 and -3 cities were the main sales drivers in 2023

Total PV retail sales volume rose 6% YoY to 21.7mn units in 2023, 0.6% higher than our forecast of 21.6mn units made in Nov 2023, due to stronger-than-expected ICE sales in Dec 2023. In 2024, we expect PV retail sales volume to fall 1% YoY to about 21.5mn units given a high base.

In 2023, despite tier-4 and below cities' outperformance in NEV segment, their total PV retail sales growth (+3% YoY) was still lower than the overall market. It appears to us that lower-tier cities are facing more challenges amid the economic downturn cycle. Tier-1 cities also underperformed tier-2 and -3 cities in terms of YoY sales growth in 2023, less resilient than we had expected. Tier-2 and -3 cities were the main sales drivers in 2023.

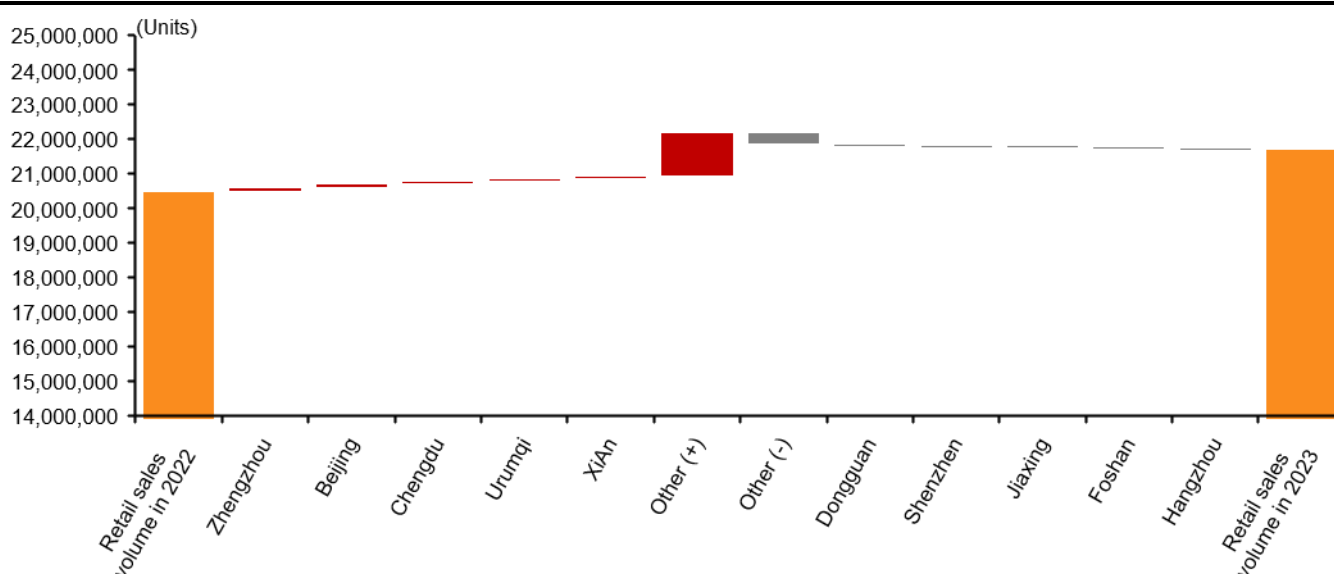
Figure 31: China auto retail sales growth by city tier

Retail Sales YoY Growth	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	2023
Tier 1	15.3%	-6.7%	-10.5%	-13.8%	-3.8%	-0.2%	-0.5%	4.1%
Tier 2	2.0%	2.7%	3.5%	7.4%	15.6%	18.4%	1.2%	7.0%
Tier 3	-1.2%	0.4%	2.7%	8.7%	23.9%	48.2%	3.0%	7.2%
Tier 4 and below	-1.8%	-4.9%	4.4%	12.6%	29.8%	27.9%	-3.7%	3.0%
Nationwide	2.1%	-0.4%	1.8%	5.7%	17.5%	22.4%	0.3%	5.9%

Source: CATARC, CMBIGM

The low base effect resulted from COVID last year still dominated the city-level retail sales volume YoY growth in 2023. Zhengzhou, Beijing, Chengdu, Urumqi, and Xi'an posted the largest YoY unit sales growth in 2023. The five cities that showed largest YoY declines were all from Zhejiang and Guangdong.

Figure 32: PV retail sales volume YoY growth contribution by city in 2023



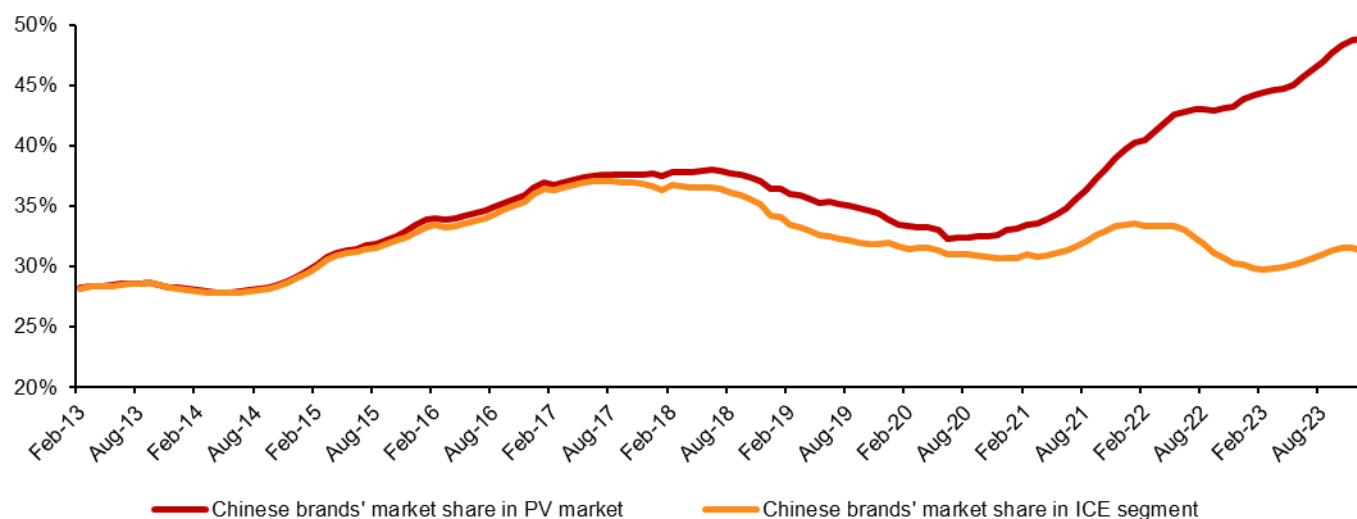
Source: CATARC, CMBIGM

Chinese-brand market share rose to 49% in 2023 on a retail basis

In 2023, total retail sales volume for Chinese brands rose 18% YoY, outpacing the overall industry by 12 ppts, thanks to higher NEV penetration in China. Excluding NEVs, retail sales volume of Chinese-brand ICE vehicles fell 2% YoY in 2023, outpacing the overall ICE segment by 4 ppts. As we can see from the chart below, Chinese brands' trailing 12-month market share in the ICE segment started to rise since Apr 2023, as Chinese brands' dominance in the NEV segment probably gives consumers more confidence in their ICE models. Chinese brands' market share had increased for three consecutive years during 2021-23. We project it to continue rising in China in 2024.

Chinese brands' market share gain in 2023 was at the cost of all foreign brands' share loss. Japanese brands' market share declined the most among all the brands in 2023 (-3.4 ppts YoY), given a lack of competitive NEV models. German brands gained market share in the ICE segment by 1.6 ppts in 2023, which was still not enough to offset German marques' lagging in the NEV segment. Their overall market share fell 0.8 ppt YoY to 22% in 2023. US brands' market share fell 0.5 ppt YoY to 8% in 2023, despite Tesla's market share gain of 0.8 ppt. In 2023, Tesla surpassed Buick to be the best-selling US brand in China.

Figure 33: Chinese brands' market share (trailing 12-month basis)



Source: CATARC, CMBIGM

Traditional luxury underperformed during 2021-23

In 2023, the retail sales volume of traditional luxury brands rose 3% YoY to about 3.1mn units, underperforming the overall industry by 3 ppts. The traditional luxury brands had underperformed for three consecutive years during 2021-23, mainly due to rising competition from premium NEV brands, in our view. Traditional luxury brands' market share fell 0.4 ppt YoY to 14.5% in 2023, in line with our prior forecast. Such trend is likely to continue, and we expect traditional luxury brand market share to fall to 14.0% in 2024.

Figure 34: China traditional luxury auto market share by city tier (trailing 12-month basis)

Market Share	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
Tier 1	20.8%	20.6%	20.5%	20.5%	20.4%	20.5%	20.5%
Tier 2	18.2%	18.0%	17.9%	17.8%	17.6%	17.5%	17.5%
Tier 3	11.1%	11.1%	11.0%	11.0%	10.9%	10.8%	10.8%
Tier 4 and below	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Nationwide	15.0%	14.9%	14.8%	14.7%	14.6%	14.5%	14.5%

Source: CATARC, CMBIGM

BMW took over the luxury-sales crown from Mercedes-Benz in 2023 with its strong Dec sales. BMW lost the crown to Mercedes-Benz in 2022 with a sales volume gap of only 4,000 units. Mercedes-Benz was the only one among the German “Big Three” to post retail sales volume decline in 2023 (-0.3% YoY), largely due to its new model transition of the *E-Class* in 4Q23. Its retail sales volume in 4Q23 fell 9% YoY. BMW’s retail sales volume rose 5% YoY to about 0.81mn units in 2023, better than our expectation made at the end of 2022. The combined market of the “Big Three” remained at around 73%.

Lexus surpassed Cadillac to be the 4th place in 2023, despite its market share loss compared with a year before. Retail sales volume for both Cadillac and Volvo declined in 2023, reflecting weakening demand for traditional luxury brands, especially for tier-2 brands.

Land Rover replaced Porsche to be the No.7 in 2023 with the highest sales volume growth among the top 9 list, mainly driven by its imported premium models, the *Defender* and *Range Rover*. Porsche’s retail sales volume fell 15% YoY to about 81,000 units in 2023, showing its strong determination to cut inventories and to maintain its brand image. Based on our channel checks, Porsche’s inventory clearance has not finished yet and its new-car margins at dealers in 2H23 and 1Q24 could be still weak. We project Porsche dealers’ new-car margins in 2H23 to be largely flat compared with 1H23.

Figure 35: Top 10 traditional luxury auto brands’ retail sales volume in China

Units	Dec 2023	YoY	2023	2023 YoY	2023 Market Share in Luxury Segment
Total Luxury	307,928	1.3%	3,147,669	3.3%	100.0%
BMW	80,807	6.3%	809,217	5.1%	25.7%
Mercedes-Benz	59,213	-15.7%	771,571	-0.3%	24.5%
Audi	76,524	16.3%	701,709	9.1%	22.3%
Lexus	22,591	47.2%	180,904	-1.0%	5.7%
Cadillac	19,181	-12.4%	178,276	-4.2%	5.7%
Volvo	17,383	-11.1%	163,926	-1.7%	5.2%
Land Rover	8,372	19.7%	82,193	21.0%	2.6%
Porsche	7,545	-26.2%	80,691	-14.5%	2.6%
Lincoln	6,183	-5.2%	70,563	-11.1%	2.2%
Smart	2,642	-42.8%	41,466	359.4%	1.3%

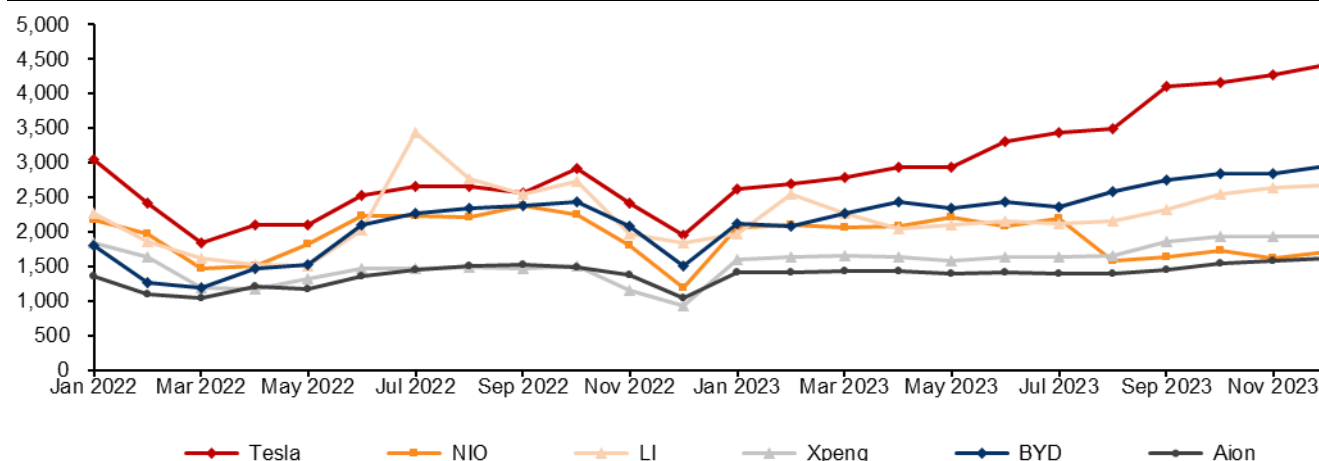
Source: CATARC, CMBIGM

Appendix: NEV Leading Indicators

The leading indicators below, including number of leads, customer flows, and new orders generated, for Tesla, NIO, Li Auto, Xpeng, BYD and Aion are based on data from a sample size of 96 stores (15-18 stores for each brand) in 15 major cities in China.

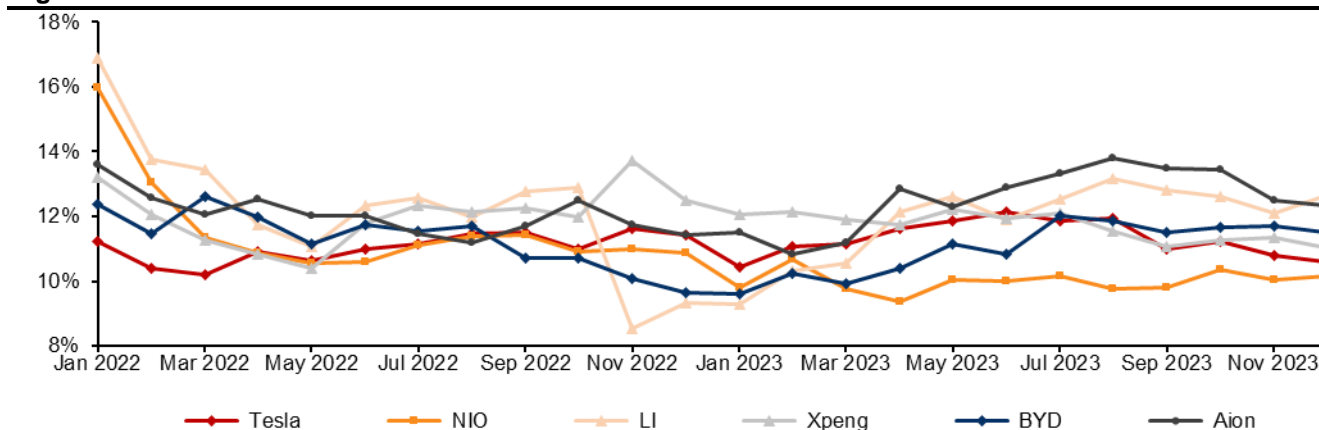
Most leading indicators of major NEV brands rose MoM in Dec 2023, which could imply a solid NEV sales volume before the CNY in Feb 2024, at least stronger than Jan 2023. We have more detailed discussions in the report "[China Auto Sector - 2023 ended with rising NEV leading indicators](#)" published on 5 Jan 2024.

Figure 36: Number of leads per store on average for each brand

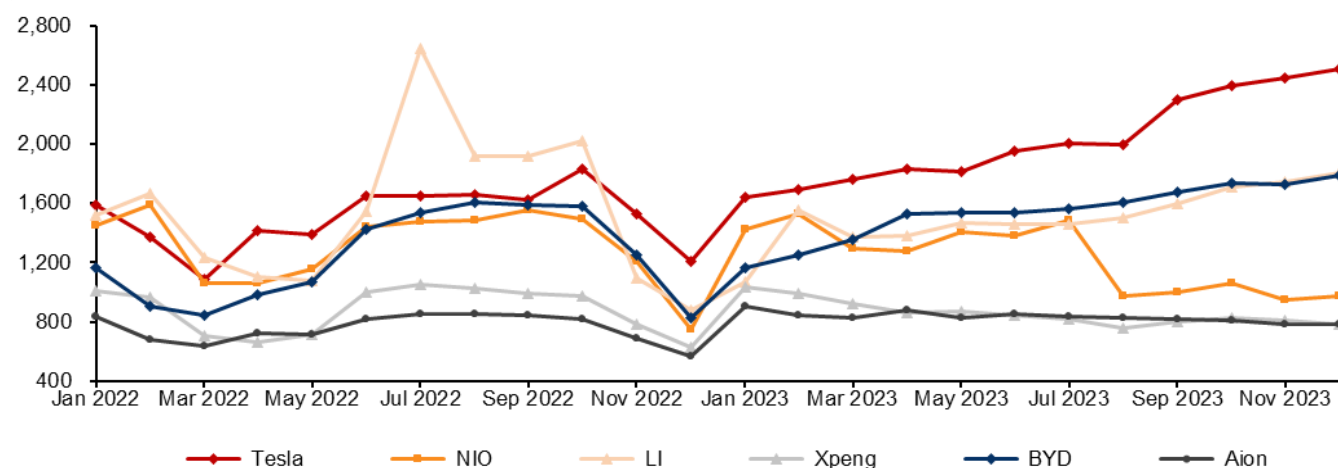


Source: Thinkercar, CMBIGM

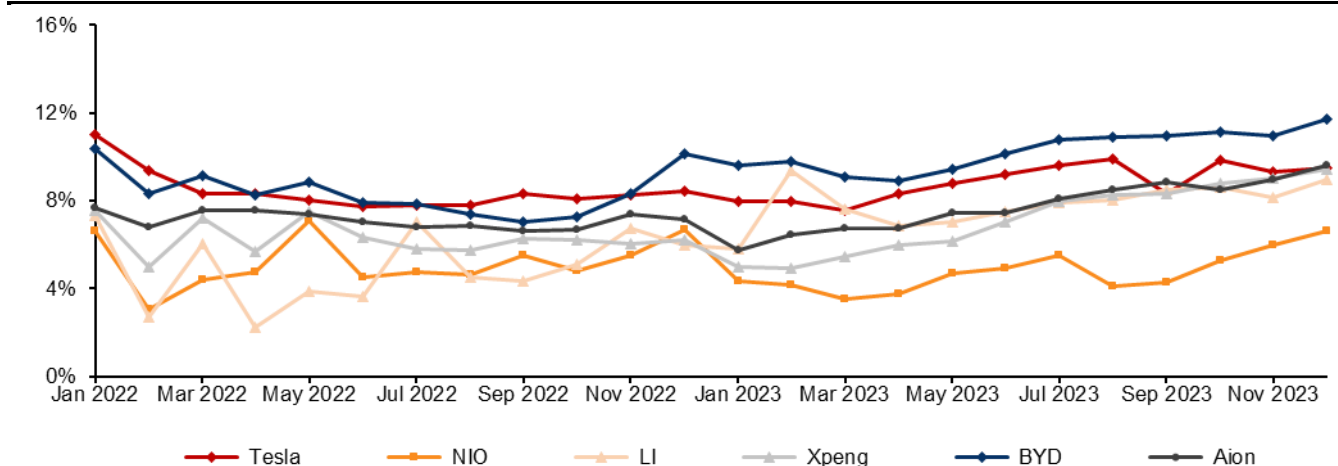
Figure 37: Conversion ratio from leads to store visits for each brand



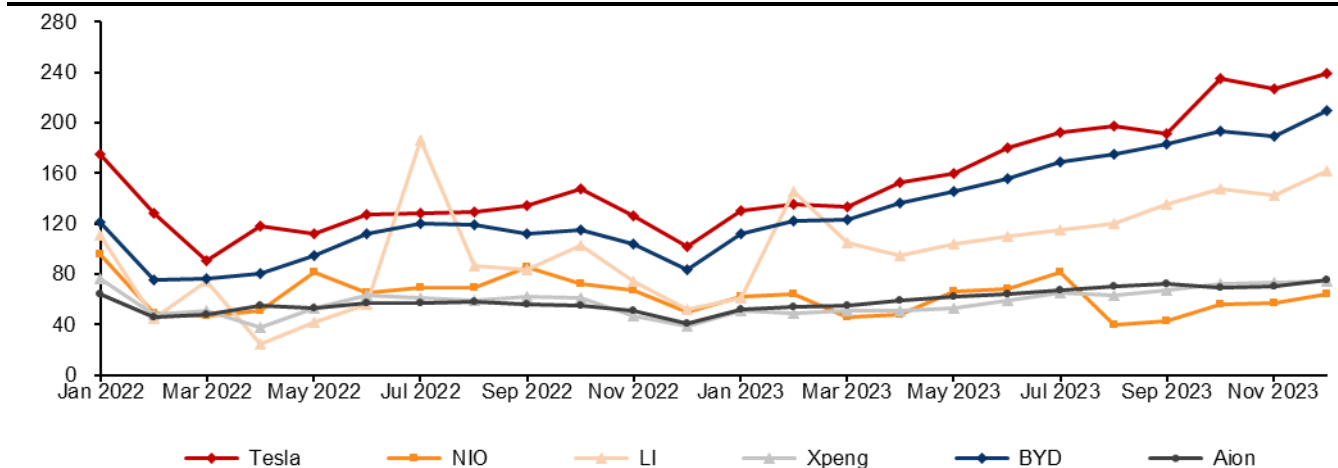
Source: Thinkercar, CMBIGM

Figure 38: Customer flow per store on average for each brand

Source: Thinkercar, CMBIGM

Figure 39: Conversion ratio from store visits to new order generation for each brand

Source: Thinkercar, CMBIGM

Figure 40: New orders per store on average for each brand

Source: Thinkercar, CMBIGM

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