

China Auto Sector

Set for NEV new-high sales in Sep and 4Q22

Eight new-energy vehicle (NEV) brands including NIO, Xpeng, Li Auto, Zeekr, Aion, Aito, Neta and Leap reported their Sep 2022 sales volumes on 1 Oct 2022. Sales volume of the eight brands combined rose 103% YoY (ranged from -19% to +172%) and 11% MoM (ranged from -12% to +152%).

■ **NIO, Xpeng miss, Li L9 exceeded 10,000 units.** Both NIO and Xpeng just hit the lower bound of their 3Q22 sales guidance. NIO's Sep sales volume was about 1,000 units lower than our prior estimates due to sequentially declining sales volume for the ET7. We suspect NIO's supply chain issue is still lingering given ET7's sufficient order backlog. We are still optimistic about NIO's 4Q22 deliveries with its current ET5 order backlog.

Xpeng's YTD sales volume is still leading among the NEV trio, but it could lose the full-year sales crown, should the current momentum continue. Li Auto delivered 10,123 units of the Li L9 in Sep, as the founder promised earlier. Li Auto's 3Q22 deliveries were about 500 units below its original guidance.

We project net losses for NIO, Li Auto and Xpeng all to narrow slightly QoQ in 3Q22, with higher average selling prices and potential NEV credit income.

■ **All-time high again for Aion, Aito, Zeekr and Neta.** New NEV brands except the NEV trio, have been replicating what the NEV trio did about a year ago, posting new-high sales volume almost every month. That could make the NEV competition more intensifying and our forecasts more difficult for next year, especially as the model cycle for NEV models now becomes much shorter than that for internal-combustion engine (ICE) vehicles.

■ **We maintain our forecast for Sep NEV retail sales volume of 0.53mn units.** We expect China's NEV retail sales volume to reach all-time high again in Sep 2022. As Tesla (TSLA US, NR) cut exports significantly in Sep compared with Jul and Aug, whether China's NEV wholesale volume could reach new high again depends on inventory restocking. Despite the direct-sales model adopted by some NEV start-ups, automakers in China have pushed 0.38mn more units of NEVs to dealers YTD. We project Sep NEV wholesale volume to be close to the Aug figure of 0.64mn units.

As Tesla and BYD have expanded production capacity, along with important new model launches from the NEV trio and other new NEV brands, we expect China's NEV retail sales volume to reach new highs every month in 4Q22.

NEV sales volume for selected brands

Units	Sep 2022	YoY %	MoM %	YTD	YTD YoY %
NIO	10,878	2.4%	1.9%	82,434	24.7%
Li Auto	11,531	62.5%	152.3%	86,927	57.3%
Xpeng	8,468	-18.7%	-11.6%	98,553	74.7%
Zeekr	8,276	N/A	15.5%	39,474	N/A
Leap	11,039	171.9%	-11.9%	87,602	219.2%
Neta	18,005	133.9%	12.4%	111,190	168.4%
Aion	30,016	121.0%	11.1%	182,323	131.5%
Aito	10,142	N/A	1.0%	47,635	N/A

Source: Company data, CMBIGM

OUTPERFORM
(Maintain)

China Auto Sector

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Stocks Covered

Name	Ticker	Rating	TP (LC)
Xpeng	XPEV US	BUY	40
Xpeng	9868 HK	BUY	156
NIO	NIO US	BUY	35
Li Auto	LI US	BUY	48
Li Auto	2015 HK	BUY	187.2
GWM	2333 HK	BUY	20
GWM	601633 CH	BUY	40
GAC	2238 HK	BUY	12
GAC	601238 CH	BUY	16.7
EVA	838 HK	BUY	3
Meidong	1268 HK	BUY	25
BYD	1211 HK	HOLD	255
BYD	002594 CH	HOLD	248
Geely	175 HK	HOLD	16.5

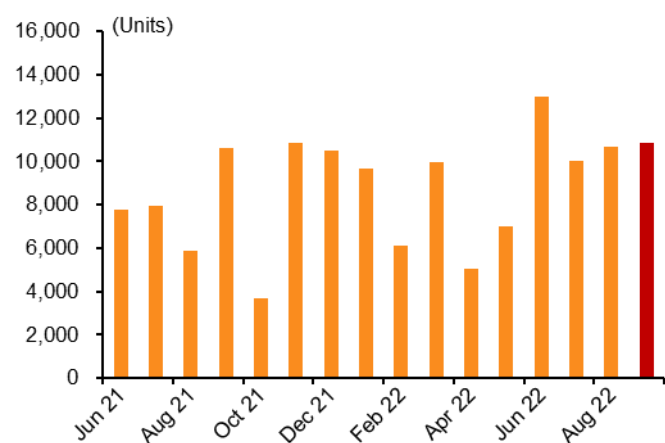
Source: Bloomberg, CMBIGM

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["China Auto Sector – Aug NEV: All-time high sales for tier-2 brands" – 2 Sep 2022](#)

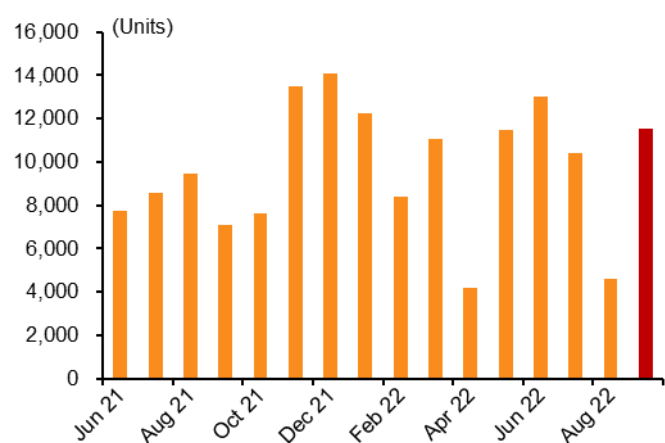
["China Auto Sector – What we worried earlier is partially priced in now" – 19 Sep 2022](#)

Figure 1: NIO's monthly delivery



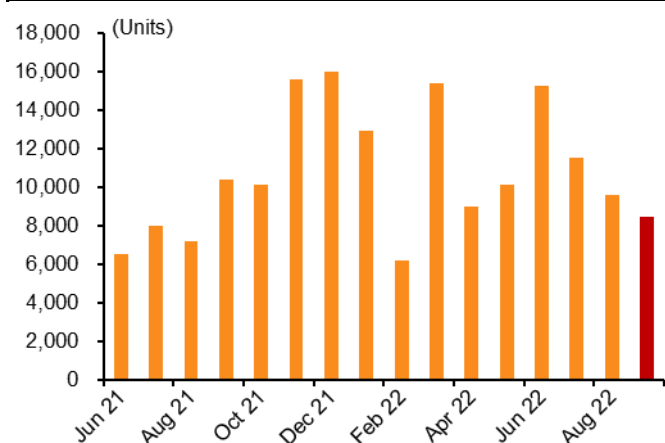
Source: Company data, CMBIGM

Figure 2: Li Auto's monthly delivery



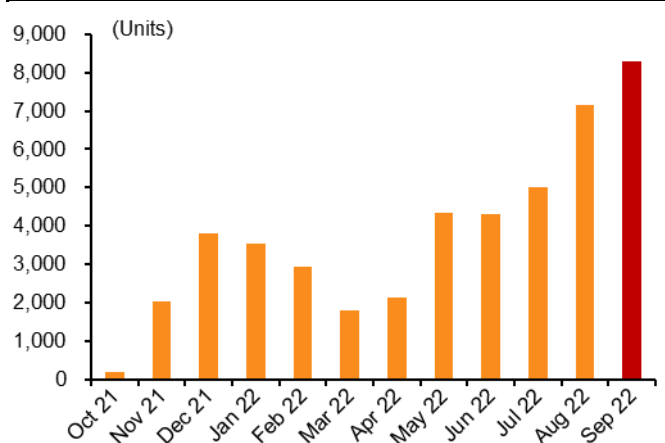
Source: Company data, CMBIGM

Figure 3: Xpeng's monthly delivery



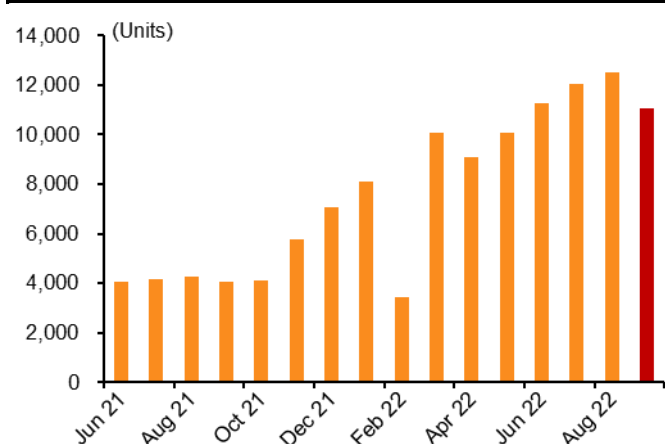
Source: Company data, CMBIGM

Figure 4: Zeekr's monthly delivery



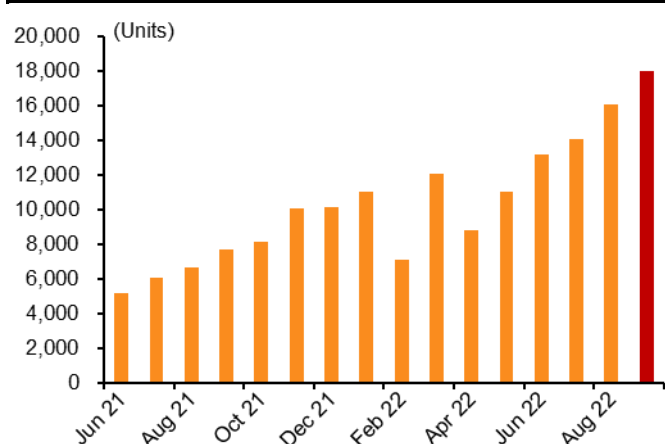
Source: Company data, CMBIGM

Figure 5: Leap's monthly delivery



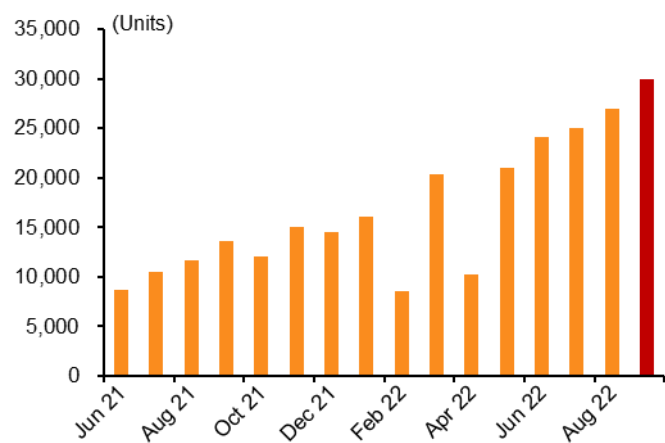
Source: Company data, CMBIGM

Figure 6: Neta's monthly delivery



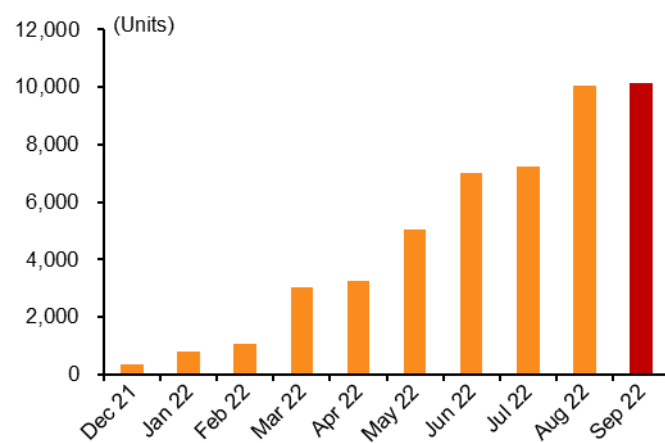
Source: Company data, CMBIGM

Figure 7: Aion's monthly delivery



Source: Company data, CMBIGM

Figure 8: Aito's monthly delivery



Source: Company data, CMBIGM

Figure 9: China weekly retail sales volume

	Total Locally-Produced			NEV		
	1-25 Sep 2022	Average daily sales YoY (%)	Average daily sales MoM (%)	1-25 Sep 2022	Average daily sales YoY (%)	Average daily sales MoM (%)
Chinese Brands	582,524	2.9%	-5.5%	317,647	68.4%	1.4%
Geely (incl. Geometry)	55,324	-29.2%	-12.2%	9,713	69.0%	-17.3%
Lynk & Co	10,059	-20.9%	-4.7%	1,174	61.1%	-22.7%
Zeekr	5,377	50737.1%	-23.8%	5,377	50737.1%	-23.8%
Haval	27,597	-39.0%	-10.1%	-	N/A	N/A
Wey	1,260	-58.8%	-13.4%	663	9750.3%	14.2%
Tank	7,448	74.1%	-17.7%	-	N/A	N/A
ORA	4,322	-54.4%	-7.8%	4,322	-54.4%	-7.8%
Changan	71,611	-2.8%	-16.9%	15,601	80.8%	-15.6%
SAIC PV	22,369	-37.4%	-4.1%	7,062	-4.2%	11.4%
Trumpchi	20,176	-8.7%	-4.1%	123	-71.4%	27.6%
Aion	17,672	61.1%	-0.6%	17,672	61.1%	-0.6%
Voyah	1,442	109.2%	-19.4%	1,442	109.2%	-19.4%
BYD	124,677	111.8%	2.2%	124,533	165.7%	2.3%
Baojun	3,170	-67.7%	16.0%	2,282	31.2%	72.5%
Wuling	42,245	0.2%	-11.3%	30,189	-4.7%	12.2%
Weltmeister	1,863	-23.6%	-35.3%	1,863	-23.6%	-35.3%
Neta	10,476	161.1%	29.2%	10,476	161.1%	29.2%
Leap	7,804	152.9%	-4.1%	7,804	152.9%	-4.1%
NIO	7,405	-2.5%	-7.1%	7,405	-2.5%	-7.1%
Lixiang	8,068	24.2%	136.7%	8,068	24.2%	136.7%
Xpeng	6,292	-14.6%	-15.9%	6,292	-14.6%	-15.9%
AITO	6,255	N/A	4.8%	6,255	N/A	4.8%
Arcfox	750	72.2%	-5.6%	750	72.2%	-5.6%
Hiphi	165	-62.6%	-24.6%	165	-62.6%	-24.6%
Foreign Brands	746,769	5.9%	-4.0%	92,610	59.3%	61.7%
VW	158,555	10.7%	-3.8%	12,533	86.3%	-20.1%
BMW	47,488	27.2%	14.6%	2,229	-40.8%	-23.5%
Mercedes-Benz	39,261	48.6%	-11.2%	2,742	192.8%	1.5%
Audi	38,146	57.5%	-18.5%	918	35.6%	19.3%
Toyota	117,118	51.1%	-9.0%	468	-67.3%	-42.8%
Honda	78,171	-22.5%	-25.4%	1,385	8.5%	-13.9%
Nissan	54,066	-16.1%	-13.4%	1,418	-73836.0%	-19.7%
Tesla	66,389	70.5%	151.3%	66,389	70.5%	151.3%
Cadillac	13,317	-29.4%	-10.3%	3	N/A	236.0%
Buick	40,480	-14.0%	-5.7%	2,565	-6.3%	4.7%
Chevrolet	13,540	1.8%	-1.7%	415	32.4%	-23.0%
Ford	13,866	-5.4%	-0.4%	264	13628.0%	-26.6%
Volvo	9,710	26.0%	-18.0%	550	-15.0%	-39.5%
Land Rover	2,005	-26.3%	-3.7%	150	41.8%	100.0%
Hyundai	18,933	-24.6%	-2.2%	74	-72.3%	45.4%
Kia	5,275	-49.1%	-12.8%	34	-50.2%	-11.4%
Total Volume (excl. imports)	1,329,293	4.5%	-4.6%	410,257	66.3%	10.7%

Source: IAC, CMBIGM estimates

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