

Auto

Leading indicators show Jun MoM sales growth

We summarize the May 2024 leading indicators as below, including the 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 cities in China. The following data reflect same-store metrics, and the metrics on a company level could be better than these figures, as most players are still expanding their sales network.

Most leading indicators of major NEV brands rose MoM in May 2024 on higher incentives offered. We project sales volume for most leading NEV makers to rise MoM in Jun 2024. Order backlog and production ramp-up for new models, including the BYD *Qin L*, *Seal 06* PHEVs and the Li *L6*, should worth noticing in Jun. The Mona's debut could also be a positive catalyst for Xpeng.

- **Number of leads: NIO rose the most MoM.** The number of leads per store for the six brands all rose MoM last month, with about 5% on average (see Figure 1). Such number for NIO rose the most MoM (+15%) in May, thanks to the incentives provided for its BaaS scheme and configuration options. The pre-buying effect, along with slightly lower incentives from 1 Jun, could make 3Q24 sales a bit challenging for NIO. The number of leads for Xpeng and Aion both rose 9% MoM, but still lower than that a year ago. Such number for Tesla, Li Auto and BYD rose 2-4% MoM.

The conversion ratios from leads to store visits improved MoM for all the six brands in May (Figure 2). Such ratio for Aion still stayed at the highest among peers (16%), while the other five brands' ratios were at 11-12%.

- **Customer flow and conversion ratio improved.** Customer flow per store was largely in line with the trend for the number of leads last month (see Figure 3). Total per-store visits for the six brands rose 6% MoM and fell 6% YoY in May. Although NIO's customer flow per store rose 10% MoM in May, its figure was still lower than 50% of Li Auto's and was around 1/3 of Tesla's. NIO and Li Auto's customer flows per store were at a similar level during Feb-Jul 2023 and the divergence started from Aug 2023. Such figure for Xpeng rose 9% MoM, but still the lowest among all the six brands.

The conversion ratios from store visits to order generation improved MoM for all the brands except Xpeng in May. Such ratios also changed rapidly in the past 12 months. BYD's ratio rose to 15% in May 2024 from 9% a year ago. NIO's ratio almost doubled in one year to 8% in May. Such ratio for Li Auto (7% in May) now became the lowest among all the brands.

- **Total new orders rose 17% MoM.** NIO's new orders per store rose 37% MoM in May, the most among the six brands (see Figure 5), aided by its improved conversion ratio. We attribute such improvement to its incentives for the BaaS scheme and sales team restructuring from late last year. The new orders per store for Tesla, Li Auto, BYD and Aion rose 14-17% MoM in May, while that for Xpeng only rose 9% MoM. We estimate Tesla, NIO, Li Auto and BYD's new order intakes could be higher than their deliveries in May. Li Auto's current order backlog could probably support its *L6*'s deliveries to exceed 20,000 units in Jun and 25,000 units in Jul, in our view.

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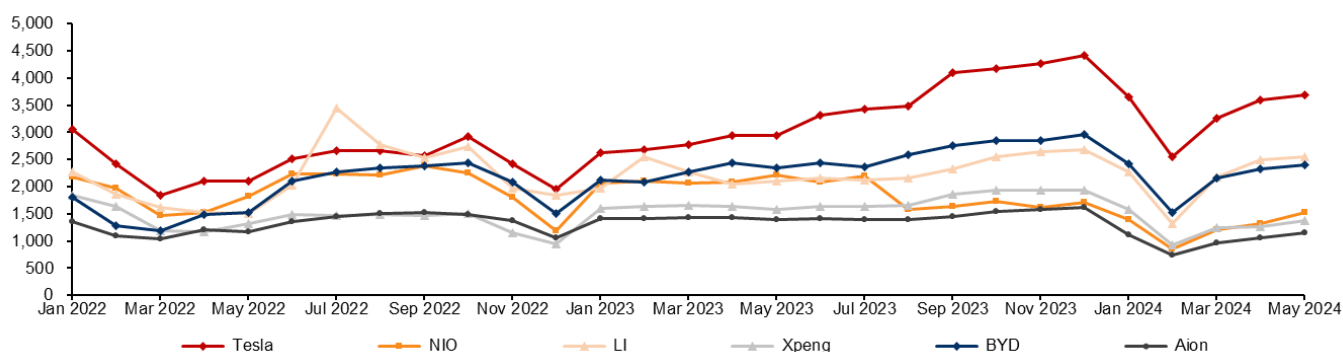
Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	26
Li Auto	2015 HK	BUY	101
NIO	NIO US	HOLD	6.2
Xpeng	XPEV US	HOLD	10
Xpeng	9868 HK	HOLD	39
GWM	2333 HK	BUY	14
GWM	601633 CH	BUY	32
BYD	1211 HK	BUY	262
BYD	002594 CH	BUY	285
GAC	2238 HK	BUY	5.5
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	2.7
Meidong	1268 HK	BUY	4

Source: Bloomberg, CMBIGM

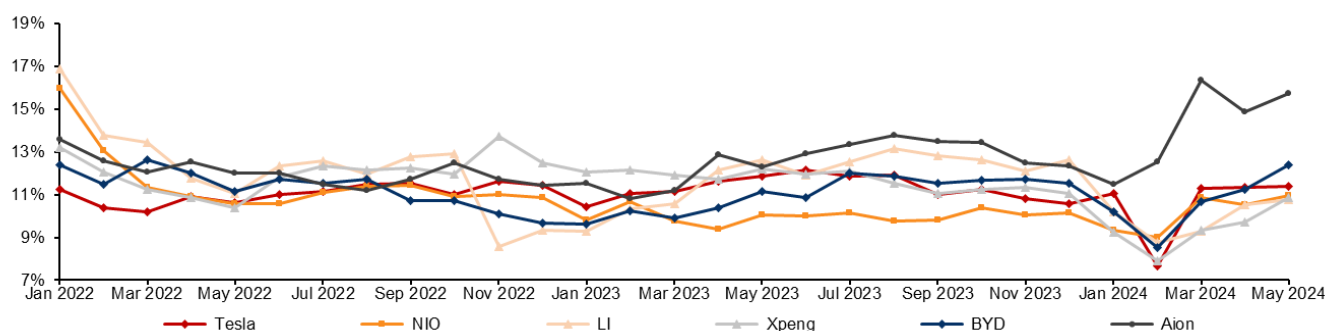
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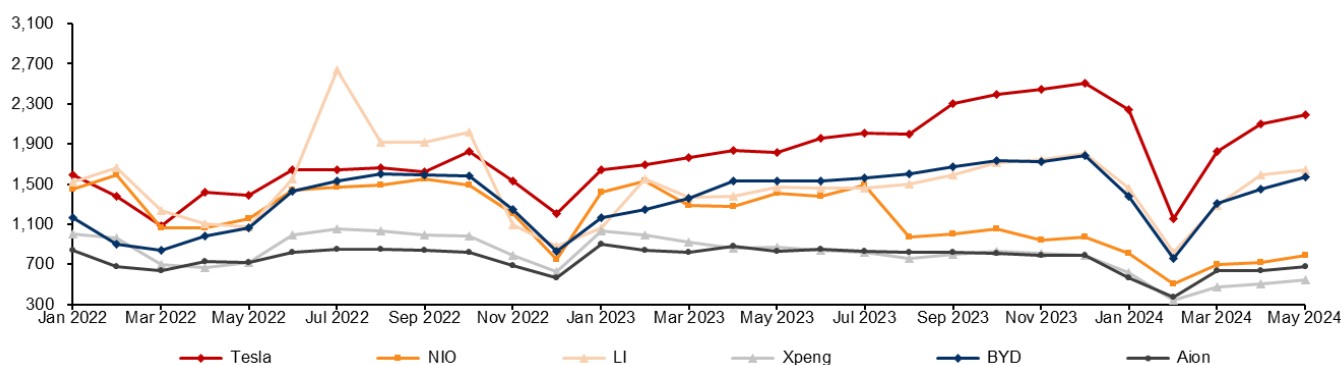
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Figure 1: Number of leads per store on average for each brand

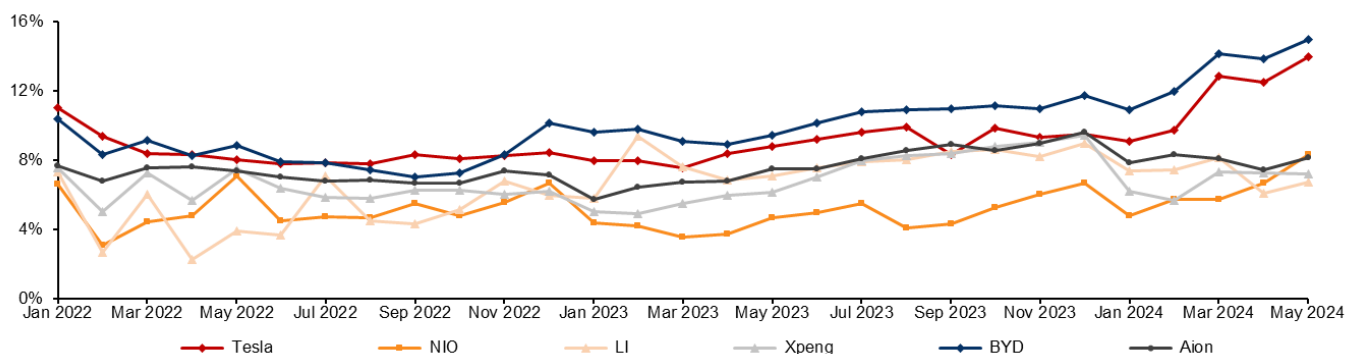
Source: Thinkercar, CMBIGM

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

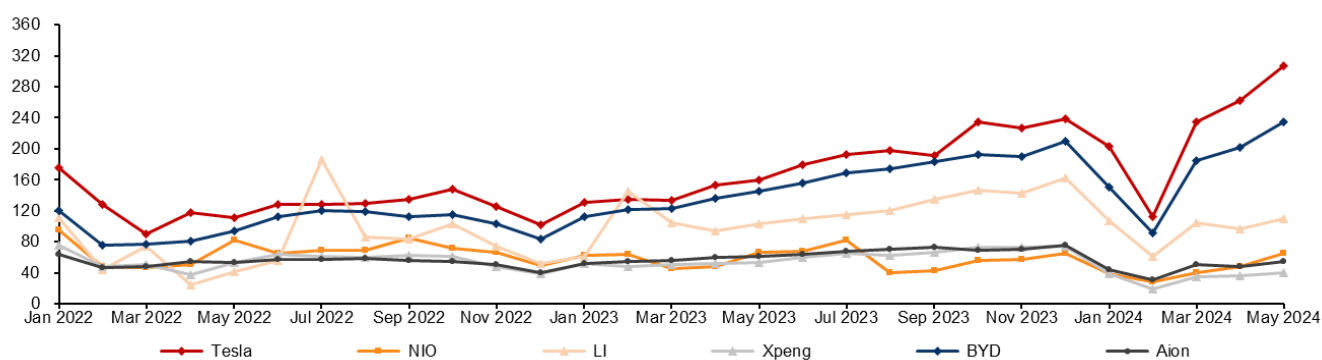
Source: Thinkercar, CMBIGM

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

Source: Thinkercar, CMBIGM

Figure 4: Conversion ratio from store visits 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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