

# Auto

## 1Q25 sales volume, discounts may lead to larger earnings divergence

In this report, we summarize the Mar 2025 price discounts at dealers for major automakers. Note that Mar discounts for each automaker are calculated based on the weighted average of Feb 2025 retail sales volume for each model, as Mar 2025 retail sales volume data have not been released yet.

The industrywide average discounts narrowed by 0.1ppts MoM in Mar 2025, based on our calculations, thanks to the narrowing discounts from some German brands (VW, Audi). Although the industrywide retail sales volume in Mar could beat our prior expectation, discounts of leading brands remained relatively stable last month, aided by new or facelifted models. We expect Chinese automakers' 1Q25 earnings to show a larger divergence than 4Q24. Xpeng and Geely may outperform peers given their strong sales and narrowed discounts in 1Q25, based on our estimates.

More new models are scheduled to debut during Shanghai Auto Show (Li i8, Xpeng G7, Zeekr 9X, Xiaomi Yu7, Onvo L90, etc.) or start deliveries in Apr (Zeekr 007 wagon, Lynk & Co 900, Leapmotor B10, Firefly, Aito M8, BYD Han L/Tang L, etc.), which could drive NEV sales volume growth in 2Q25.

■ **The NEV trio and Leapmotor.** In Mar 2025, **Li Auto's** average discounts widened by 1.6ppts (Figure 1), driven by the L series. Li Auto's average discounts rose 2.4ppts QoQ to 4.4% in 1Q25, while total deliveries fell 41% QoQ to about 93,000 units. We expect its 1Q25 GPM to be around 19% (vs. 20.3% in 4Q24), in line with its previous management guidance. **Xpeng's** average discounts fell 0.7ppts MoM in Mar (Figure 3), thanks to the launches of the facelifted G6 and G9. In 1Q25, Xpeng's average discounts narrowed by 0.4ppts QoQ to 2.9% with total sales volume up 3% QoQ to 94,000 units. We expect Xpeng's 1Q25 vehicle GPM to improve QoQ from 10% in 4Q24. **NIO** increased discounts in Mar to boost sales (Figure 2), although the effect has not been apparent yet. NIO's 1Q25 average discounts narrowed by 0.4ppts QoQ with higher sales contribution from the Onvo L60. We expect NIO's GPM to decline QoQ in 1Q25 with lower sales volume and a worse model mix. **Leapmotor's** average discounts rose 5.5ppts QoQ to 9.8% in 1Q25 (Figure 4). Its wholesale volume jumped 47% MoM to 37,000 units in Mar, stronger than market's expectation. Leapmotor's 1Q25 GPM could set the tone for FY25 and be a good earnings resilience test when discounts rise substantially in order to boost sales.

■ **Great Wall Motor.** Great Wall's average discounts at dealers widened by 0.6ppts MoM in Mar (Figure 5), despite the narrowing discounts for the *Tank 300* amid its facelift last month. OEM's rebates for Haval-brand dealers increased by about 1ppt MoM in Mar, according to our channel checks. Great Wall's 1Q25 average discounts rose 1.2ppts QoQ to 11.8%, while total wholesale volume fell 32% QoQ to 257,000 units. We expect Great Wall's 1Q25 GPM to be slightly below or even at a similar level as 1Q24 after the warranty provision adjustment, as a better product mix may partially offset the rising discounts. New models could be key to Great Wall's sales volume growth in FY25E. It plans to roll out the 2nd-generation *Xiaolong* PHEV, facelifted *Wey Gaoshan* and redesigned *Ora Haomao* EV in 2Q25.

■ **Geely.** Geely's average discounts at dealers remained largely stable MoM in Mar (Figure 6), better than our expectation, as the company announced discounts of RMB3,000-6,000 for all the Galaxy-brand models at its AI event on 3 Mar 2025. The average rebates for Galaxy

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### China Auto Sector

#### Ji SHI, CFA

(852) 3761 8728

shiji@cmbi.com.hk

#### Wenjing DOU, CFA

(852) 6939 4751

douwenjing@cmbi.com.hk

#### Austin Liang

(852) 3900 0856

austinliang@cmbi.com.hk

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Name	Ticker	Rating	TP (LC)
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Li Auto	2015 HK	BUY	131
NIO	NIO US	HOLD	5
Xpeng	XPEV US	BUY	28
Xpeng	9868 HK	BUY	110
Geely	175 HK	BUY	23
GWM	2333 HK	BUY	17
GWM	601633 CH	BUY	32
BYD	1211 HK	BUY	470
BYD	002594 CH	BUY	440
GAC	2238 HK	BUY	3.6
GAC	601238 CH	BUY	10
Leapmotor	9863 HK	BUY	50
Yongda	3669 HK	BUY	3.2
Meidong	1268 HK	BUY	3.2
Tuhu	9690 HK	BUY	21.5
Mint	425 HK	BUY	26
EVA	838 HK	BUY	1.3

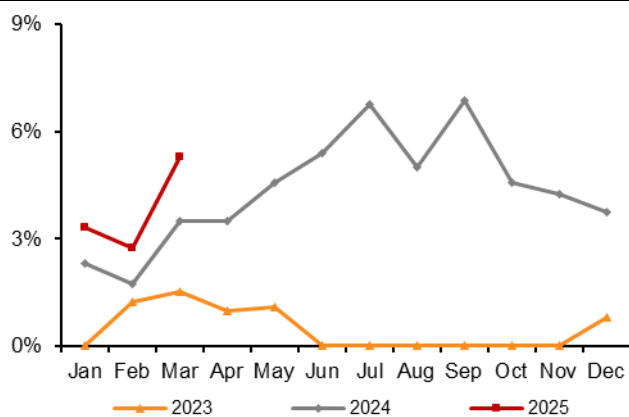
Source: Bloomberg, CMBIGM

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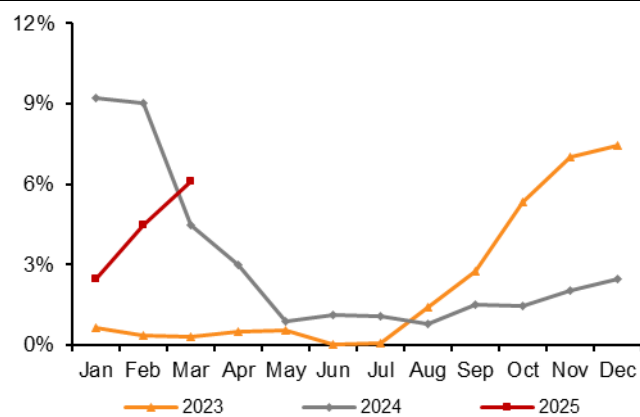
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dealers rose 1-2ppts MoM in Mar, based on our channel checks. Geely's 1Q25 average discounts narrowed by 1.2ppts QoQ, thanks to the Galaxy models' sales ramp-up. Geely was also one of the few automakers with a QoQ sales volume increase in 1Q25 (+2% QoQ). Therefore, we are of the view that the management guidance of its capabilities to absorb additional rebates with greater economies of scale is reasonable. In fact, we project Geely's GPM to widen QoQ in 1Q25.

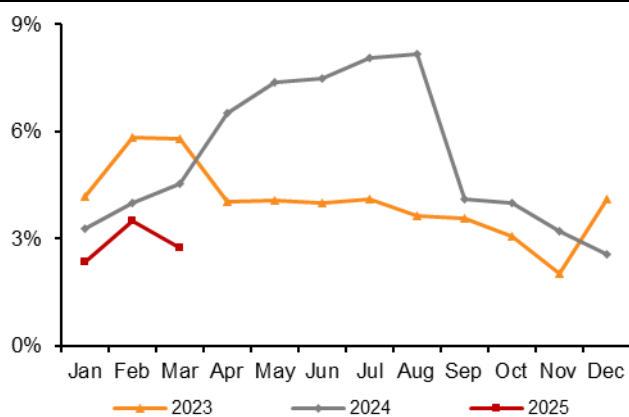
- **BYD.** BYD's average discounts at dealers fell 1.1ppts MoM in Mar (Figure 7) on the surface, as the sales ramp-up of the zero-discount Model Year 2025 vehicle appeared to outweigh the old model inventory clearance last month. The actual result could be more complicated, as we do not have trim-level sales volume data. BYD's 1Q25 average discounts rose 2.3ppts QoQ, while total wholesale volume fell 34% QoQ to 1mn units. It could be difficult to forecast BYD's 1Q25 GPM with complex model mix. We expect its 1Q25 GPM to be weaker than some investors' expectations, as old models could take a large portion of 1Q25 sales based on our channel checks and its rising inventories. The initial GPM for the models with ADAS functions could also be lower than the previous versions without such functionalities.
- **GAC Group.** Both Trumpchi and Aion's average discounts at dealers widened by 0.7ppts MoM in Mar (Figure 8-9), respectively. Their 1Q25 average discounts rose about 2ppts QoQ, while the combined wholesale volume fell 59% QoQ. GAC Honda's average discounts at dealers remained largely stable QoQ in 1Q25 (Figure 11) with wholesale volume falling 43% QoQ. Although GAC Toyota's average discounts narrowed by 1.1ppts QoQ in 1Q25 (Figure 10), its wholesale volume dropped 27% QoQ. GAC Group may continue to book large net losses excluding extraordinary items in 1Q25, based on our estimates.
- **BMW.** Discounts at BMW Brilliance widened by 0.8ppts MoM to 31.0% in Mar (Figure 12), a record high again. In 1Q25, BMW Brilliance's average discounts at dealers widened by 0.3ppts QoQ, despite the launch of the redesigned X3 with a longer wheelbase. The new-car gross margin including commissions from auto finance and insurance for the new X3 is close to zero now. We estimate the rebates to dealers in 1Q25 to rise about 0.5ppts QoQ, according to our channel checks, which could lead to a similar new-car gross margin in 1Q25 compared to 4Q24 for BMW dealers in China. We are of the view that BMW dealers could face more headwinds in 2Q25 for three reasons: 1) higher tariffs; 2) the X3 sales ramp-up with higher discounts; 3) BMW gave rebates to dealers which failed to achieve sales target in 1Q25 on the condition that they need to make it up in 2Q25.
- **Mercedes-Benz.** Discounts at Beijing Benz rose 1.5ppts MoM to 28.2% in Mar (Figure 13), also a record high. The OEM did not announce incremental rebates for dealers in Mar, except for the *E-Class* PHEV, according to our channel checks. In 1Q25, Beijing Benz's average discounts at dealers rose 1.5ppts QoQ to 26.7%. Mercedes-Benz could be dented more than BMW and Audi by higher tariffs, as it has the highest imported vehicle portion (18% in 2024) among the "German Big Three".

**Figure 1: NIO's discounts**

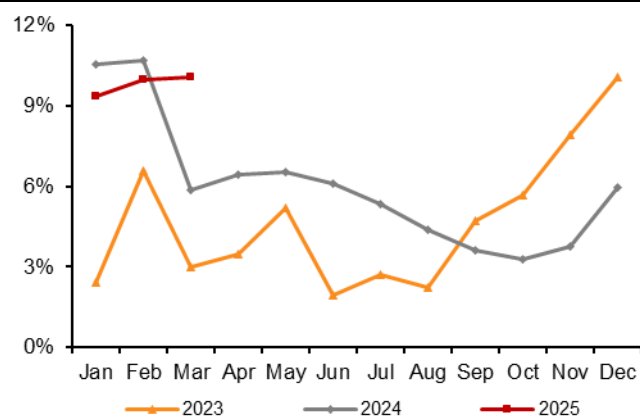
Source: ThinkerCar, CMBIGM

**Figure 2: Li Auto's discounts**

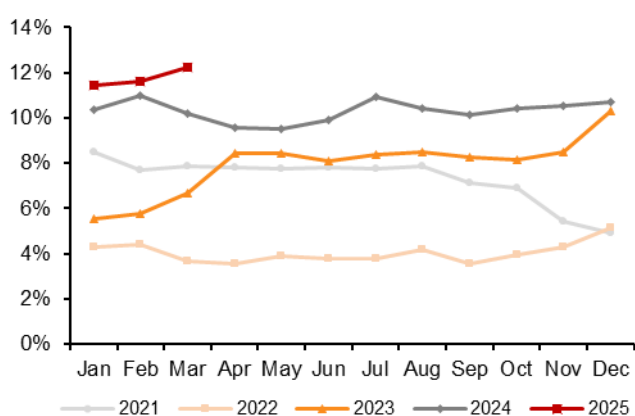
Source: ThinkerCar, CMBIGM

**Figure 3: Xpeng's discounts**

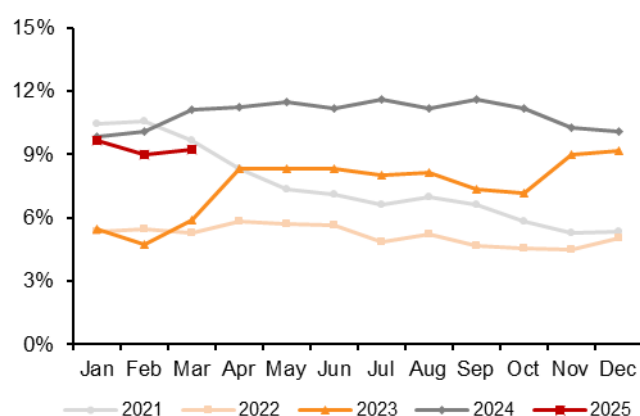
Source: ThinkerCar, CMBIGM

**Figure 4: Leapmotor's discounts**

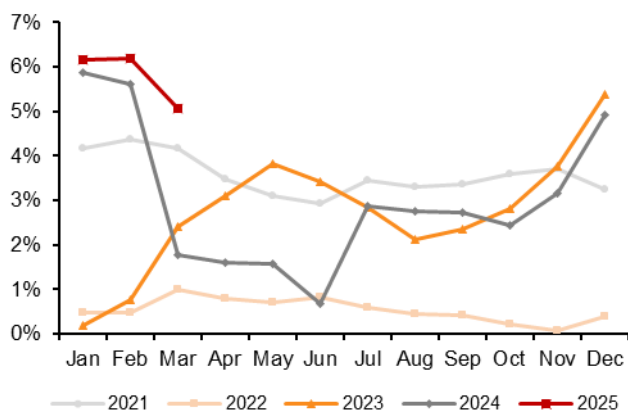
Source: ThinkerCar, CMBIGM

**Figure 5: Great Wall Motor's discounts at dealers**

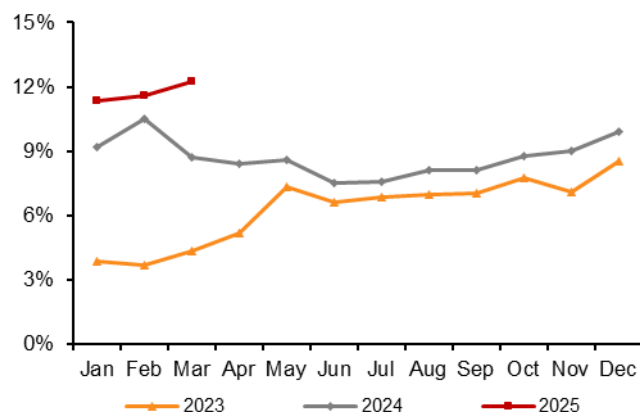
Source: ThinkerCar, CMBIGM

**Figure 6: Geely's discounts at dealers**

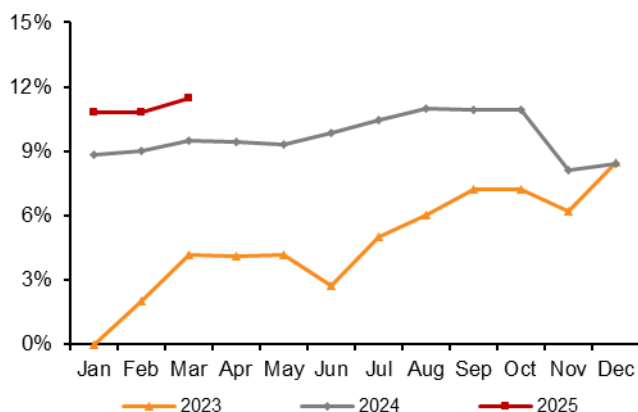
Source: ThinkerCar, CMBIGM

**Figure 7: BYD's discounts at dealers**

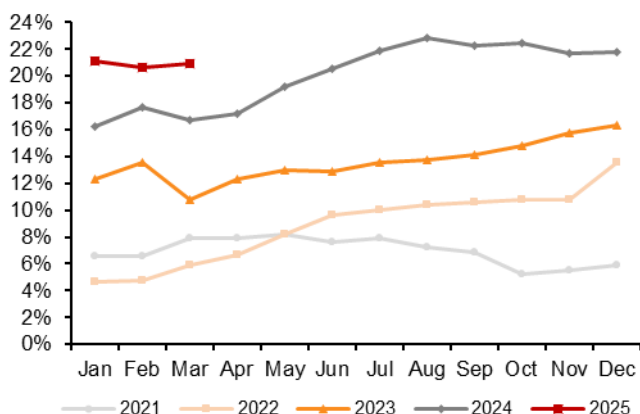
Source: ThinkerCar, CMBIGM

**Figure 8: GAC Trumpchi's discounts at dealers**

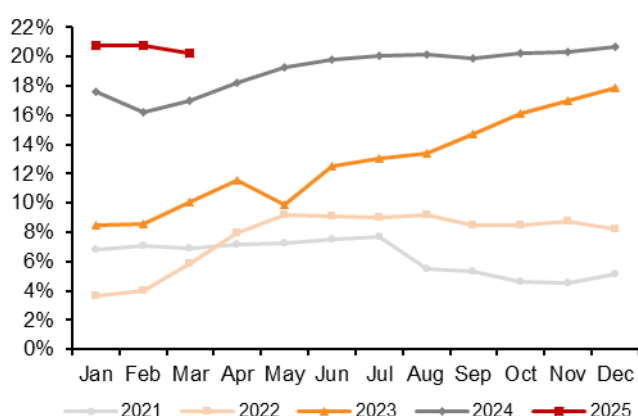
Source: ThinkerCar, CMBIGM

**Figure 9: GAC Aion's discounts at dealers**

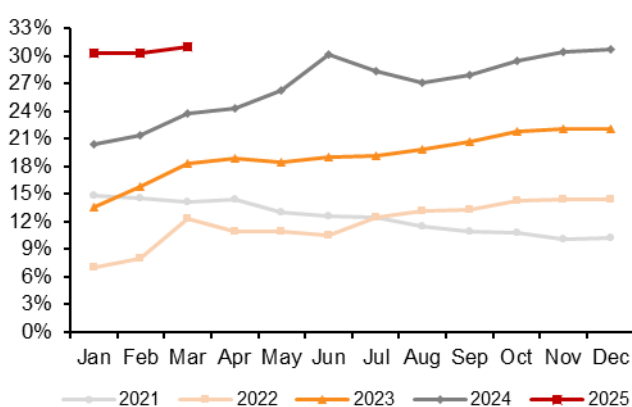
Source: ThinkerCar, CMBIGM

**Figure 10: GAC Toyota's discounts at dealers**

Source: ThinkerCar, CMBIGM

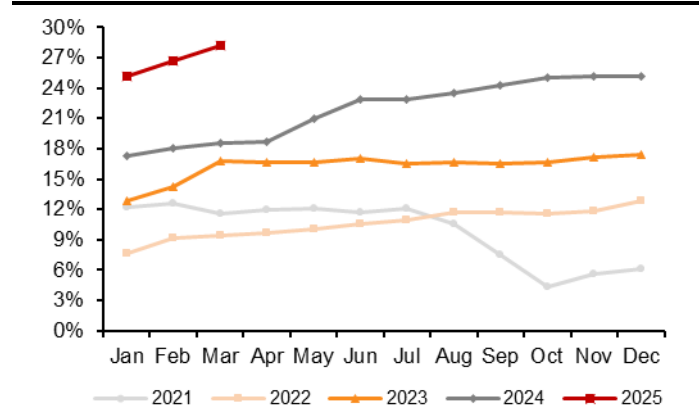
**Figure 11: GAC Honda's discounts at dealers**

Source: ThinkerCar, CMBIGM

**Figure 12: BMW Brilliance's discounts at dealers**

Source: ThinkerCar, CMBIGM

Figure 13: Beijing Benz's discounts at dealers



Source: ThinkerCar, CMBIGM

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

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