

China Auto Sector

More NEV model rollouts as a positive catalyst

China's passenger-vehicle (PV) retail sales volume rose 2% YoY and 8% MoM to 1.92mn units in Aug 2023, the 3rd highest Aug in history, and 1% higher than our prior forecast. YTD retail sales volume rose 3% YoY. Wholesale volume rose 7% YoY and 8% MoM to 2.27mn units in Aug 2023, the best Aug in history, and 2% higher than our prior forecast. Wholesale volume rose 7% YoY (or +0.99mn units YoY) YTD, aided by 70% YoY growth (or +1.01mn units YoY) of exports.

Inventories at dealers in China rose about 52,000 units last month, higher than our expectation, leading to a restocking of 0.28mn units in the first eight months of 2023, based on our calculations. NEV makers added 0.3mn units of inventories YTD and ICE makers cut inventories by about 24,000 units YTD. We estimate both industrywide and NEV inventory levels to be about 1.9 months, based on our retail sales volume forecasts for the next few months.

■ **Wholesale volume in 2023 could hit a surprising all-time high.** We maintain our prior forecast of 1.9mn units (+2% YoY) for China's retail sales volume in Sep 2023 and 8mn units (+4.4% YoY) for the retail sales volume in the remaining four months of 2023. Therefore, we raise our full-year 2023 retail sales volume forecast by 0.48mn units to 21.27mn units, or 3.8% YoY growth. Accordingly, we raise our 2023 wholesale volume forecast by 0.5mn units to 24.88mn units (+5.6% YoY), which would beat China's historical highest wholesale volume of 24.72mn units in 2017. We project Sep 2023 wholesale volume to be 2.28mn units, assuming an inventory restocking of 0.1mn units.

We estimate NEV retail sales volume to rise 30% YoY to 0.7mn units in Sep 2023, assuming a market share of 36.7%. NEV market share on a retail basis has been rising sequentially since Apr 2023, as we had expected, and we expect such trend to continue. Therefore, we raise our China 2023 NEV retail sales volume forecast to 7.3mn units from prior 7.1mn units. Accordingly, we revise up China's 2023 NEV wholesale volume slightly from 8.5mn units to 8.6mn units. NEV wholesale volume may hit an all-time high again in Sep 2023, with our forecast of 0.83mn units.

■ **We see a possible short-time share price rebound with accelerated new NEV model rollouts.** Based on the data we compiled, there were nine major NEV model launches in Aug 2023 and would be about 12 in Sep and 40 in 4Q23. These more competitive models could be a positive catalyst for share price in the auto sector. NEV wholesale volume may hit 10mn units in 2024, with a market share of above 40%, in our view. We believe investors could pay more attention to technological advancement at Chinese automakers, which could be the key to their profitability amid prolonged price war.

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

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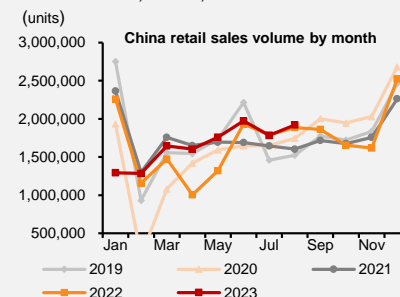
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Source: CAAM, CPCA, CMBIGM



Source: CATARC, CMBIGM

Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	55
Li Auto	2015 HK	BUY	215
NIO	NIO US	HOLD	10
Xpeng	XPEV US	HOLD	14
Xpeng	9868 HK	HOLD	55
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
BYD	1211 HK	HOLD	240
BYD	002594 CH	HOLD	265
Yongda	3669 HK	BUY	5
Meidong	1268 HK	BUY	7.2
EVA	838 HK	BUY	1.5

Source: Bloomberg, CMBIGM

Related Report:

["China Auto Sector – 2H23 auto sales could beat amid resilient Jul, Aug" – 25 Aug 2023](#)

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Company Watch List

Great Wall Motor

Great Wall's wholesale volume, including pick-up trucks, rose 29% YoY and 5% MoM to about 114,000 units in Aug 2023, stronger than the overall industry's 7% YoY increase, mainly due to its low YoY comparison base. Retail sales volume of PVs and pick-up trucks combined rose 4% YoY and fell 1% MoM to about 74,000 units last month, leading to an inventory addition of about 9,100 units, based on our calculation. Great Wall's inventory level is about 1.8 months now, still a bit better than the industry average level.

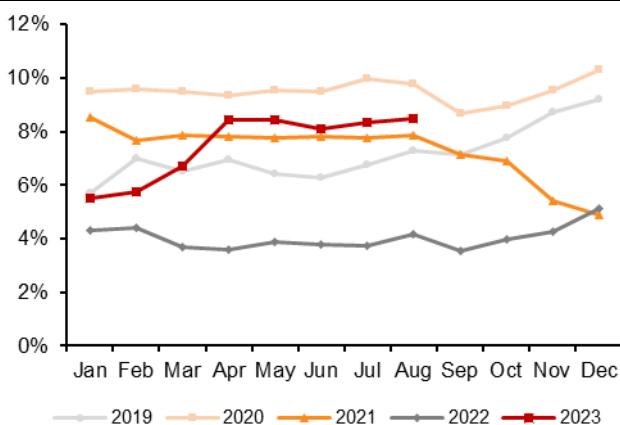
Great Wall's cumulative wholesale volume rose 5% YoY to about 742,000 units in the first eight months of 2023, slightly below the overall industry's 7% YoY increase. Great Wall's NEV market share in its PV wholesale volume fell to 27% in Aug from a record high of 31% in Jul 2023. Great Wall's major new PHEVs launched in 1H23, including the Haval *Xiaolong* series, *H-Dog*, and *Wey Lanshan*, all showed MoM sales volume decline in Aug 2023. The company needs more competitive new models to drive sales in 4Q23.

Great Wall now appears to differentiate itself with more off-road styling and four-wheel drive (Hi4). Its new PHEVs unveiled at the Chengdu Auto Show, including the Haval *Menglong*, *Tank 400* and *Gaoshan* MPV, all utilize its Hi4 hybrid technology. Both the *Menglong* and *Tank 400* are styled with off-road appearance. We are a bit concerned about the potential sales cannibalization between the *Menglong* and *Xiaolong Max*.

Great Wall's exports rose 14% MoM to the all-time high level of almost 31,000 units in Aug 2023, aided by the *Dagou*, *Jolion* and *M6*. In fact, Great Wall's sales volume MoM growth last month was mainly driven by the exports. We maintain our 2023 full-year sales volume forecast of 1.25mn units, implying an average monthly sales volume of 127,000 units for the remaining four months of the year.

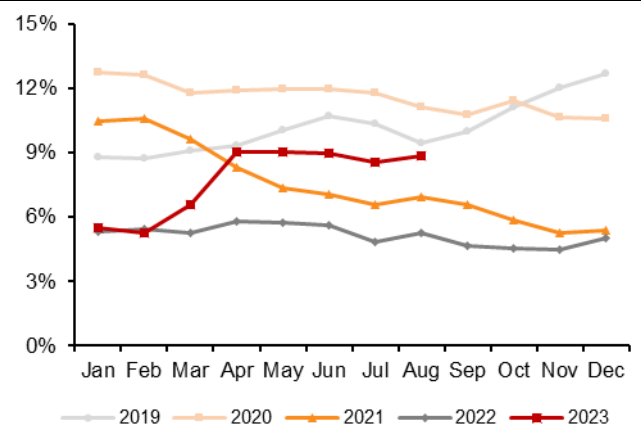
In Aug 2023, the weighted average discounts at Great Wall's dealers widened slightly MoM, as the new models cannot offset the widening discounts for the *M6*, *Tank 300* and *Flash Cat EV*.

Figure 1: Great Wall Motor discounts at dealers



Source: ThinkerCar, CMBIGM

Figure 2: Geely discounts at dealers



Source: ThinkerCar, CMBIGM

Geely

Geely's wholesale volume rose 24% YoY and 10% MoM to about 153,000 units in Aug 2023, with Zeekr's sales volume largely flat MoM at about 12,000 units. NEVs accounted for 31% of Geely's total wholesale volume last month. Retail sales volume at Geely rose 13% YoY and 6% MoM to about 123,000 units in Aug.

Geely added its inventories into dealers by about 5,000 units in Aug 2023. Its inventory level at dealers was about two months as of Aug 2023, based on our calculations. Geely's average discounts at dealers widened a bit MoM in Aug 2023, after narrowing for two months. That was in line with our prior argument, as Geely provided additional floating rebates to dealers in Aug for most internal-combustion engine (ICE) models. Geely's overall discounts have been around 7-9% for six months. We expect its discounts to be largely stable for the next few months.

The *Zeekr 001* provided price discounts of RMB 30,000-37,000 (about 10%) from 11 Aug, in a bid to rush for its full-year target of 0.14mn units. That could boost its sales over the short term, although it had not been reflected by retail sales volume in Aug. The *Zeekr 001*'s retail sales volume remained largely flat MoM at 5,400 units in Aug.

Geely's cumulative wholesale volume rose 15% YoY to about 985,000 units in the first eight months of 2023. The *Galaxy L7* PHEV's wholesale volume rose to 11,000 units with retail sales volume of 7,200 units last month. It appears that the *Galaxy L7*'s sales momentum is stronger than the *Haval Xiaolong*'s. The *Galaxy* series' second PHEV, the *Galaxy L6* PHEV (MSRP: RMB 115,800-149,800) may start deliveries in Sep 2023. We believe its pricing could be competitive.

The mid-to-large size SUV *Jiyue 01* EV, joint developed by Geely (65%) and Baidu (45%), has launched pre-sales and may start to deliver from Nov 2023. We are of the view that its current autonomous driving (AD) related functions are still among the top tier in China. It could be a positive catalyst for Geely's share price. Its new orders (refundable) reached 15,000 units in the first 24 hours of pre-sales.

BYD

BYD's PV wholesale volume rose 58% YoY and 5% MoM to about 274,000 units in Aug 2023, the highest in history again. BYD's retail sales volume rose 43% YoY and fell 6% MoM to about 224,000 units last month, which led to an inventory restocking of about 25,000 units. Its inventory level at dealers was about 1.5 months as of Aug 2023, still the lowest among automakers which adopt dealer sales network, although its inventories at dealers have risen for eight months in a row.

BYD's exports increased to about 25,000 units in Aug, from about 18,000 units in Jul and 10,500 units in Jun, driven by the *Dolphin* EV, *Seagull* EV and *Yuan Plus* EV. The company targets for 200,000-unit exports for FY23E, implying an average monthly export of about 21,000 units for the remaining four months. We are of the view that BYD could beat such export target. The recent EU probe into Chinese-made NEV's subsidies could accelerate BYD's decision to build a factory in Europe, in our view, as the company aims to double its overseas sales volume in 2024.

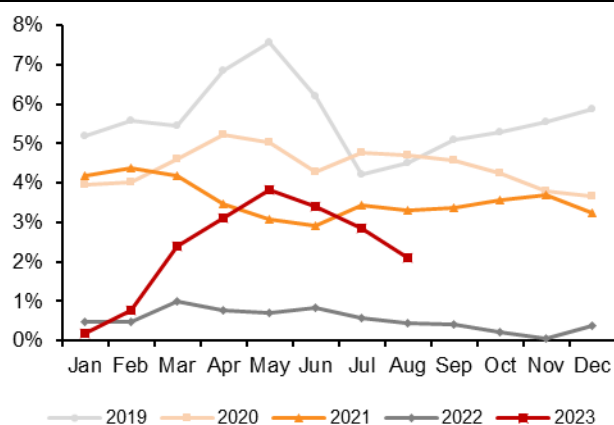
BYD's average discounts appeared to narrow to around 2% in Aug 2023, aided by lowered discounts for the *Song* series, as the automaker cleared all the inventories for the old *Song* series. In fact, BYD's actual discounts during Jun-Aug could be more stable than our data

showed, based on our channel checks. Our calculation for the overall discounts assumes equal sales volume for each trim level of one model given the lack of data granularity. Nevertheless, BYD's discounts remained the lowest among all major automakers. Given BYD's current cost advantage in NEVs, we believe its pricing strategy could partially depend on the sales gap between its target and actual volume.

The Denza *N7* and *N8* started to provide discounts in Aug, as their MSRPs were a bit too high, in our view. We expect such discounts to further widen. The Denza *N7* EV started deliveries in Aug 2023 with wholesale volume of 1,480 units and the Denza *N8* PHEV may start deliveries in Sep. Denza has lowered its FY23E sales target from 0.21mn units to 0.16mn units, which implies an average monthly sales of over 20,000 units for the remaining four months. Management believes the *D9* could reach 15,000 units per month in 4Q23E.

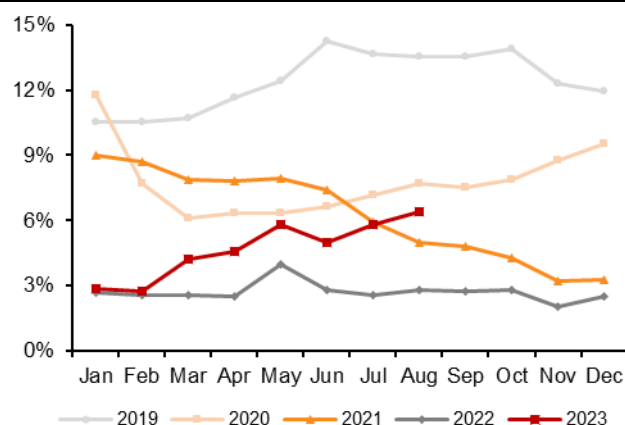
As premium off-road style SUVs, the Yangwang *U8* (priced at RMB 1,098,000) will start deliveries in late Sep, and the *Bao 5* (likely to be priced above RMB 400,000) is scheduled to deliver in 4Q23. Both brands (Fangchengbao and Yangwang) plan to launch three more new models in 2024, respectively. In our view, it is still a bit early to draw a conclusion for BYD's upmarket attempt. Similar to the Denza *N7* and *N8*, we are concerned about these two premium brands' pricing strategy.

Figure 3: BYD discounts at dealers



Source: ThinkerCar, CMBIGM

Figure 4: GAC Trumpchi & Aion discounts at dealers



Source: ThinkerCar, CMBIGM

Guangzhou Automobile Group

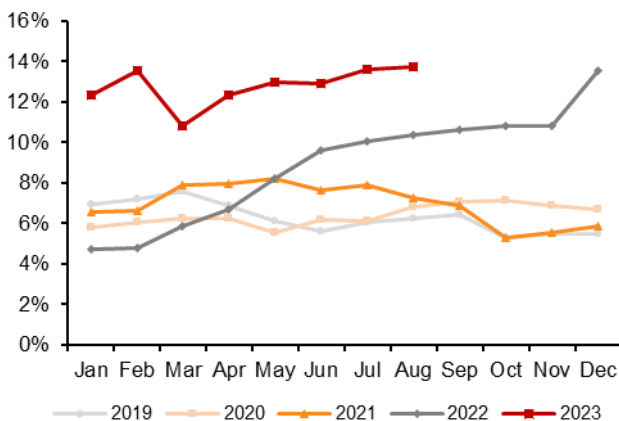
Total wholesale volume at GAC Group fell 10% YoY and rose 4% MoM to about 197,000 units in Aug 2023, much weaker than the industry average. GAC's sales volume was mainly dragged by GAC Honda (-40% YoY) and GAC Toyota (-17% YoY). Sales volume of GAC Aion remained flat MoM at around 45,000 units last month (+67% YoY).

Retail sales volume of Aion rose 40% MoM to about 51,000 units in Aug 2023 at a cost of wider discounts. We estimate Aion's inventory level to fall to about 1.8 months now, after an inventory cut of 6,000 units last month. The sales ramp-up for the *Hyper GT* EV, which started deliveries in late Jul, was slower than expected, partially due to limited trim level on sale. All other variants should start deliveries from Sep. We are still of the view that key to Aion's valuation now is its profitability, which lies on the Hyper series' sales volume.

GAC Toyota's retail sales volume fell 12% YoY and rose 6% MoM to about 78,000 units in Aug 2023. Its inventory level declined for a fifth consecutive month to about one month as of Aug 2023. GAC Toyota's average discounts widened slightly MoM in Aug 2023 to a record high level. The rising discounts have pushed Toyota to raise rebates for dealers, based on our channel checks. The company now attempts to improve product mix in order to prevent margin decline.

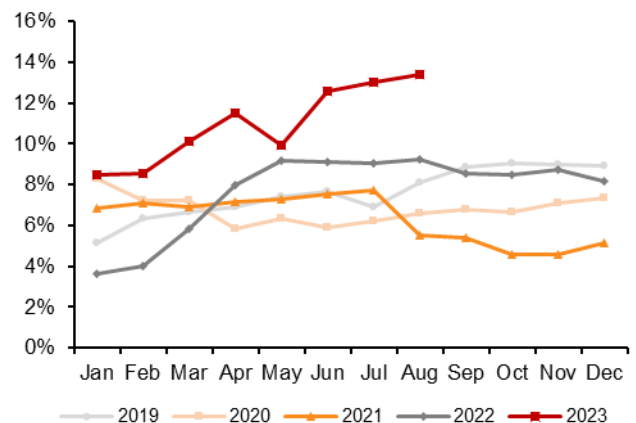
Retail volume of GAC Honda fell 36% YoY and rose 2% MoM to about 45,000 units in Aug 2023, which led to an inventory cut of about 4,200 units. Yet, its inventory level is still close to two months, based on our calculation. GAC Honda's discounts at dealers widened to a record high again last month. GAC Honda faces more challenges this year than ever before, in our view, and we see no sign to turnaround in the short term.

Figure 5: GAC Toyota discounts at dealers



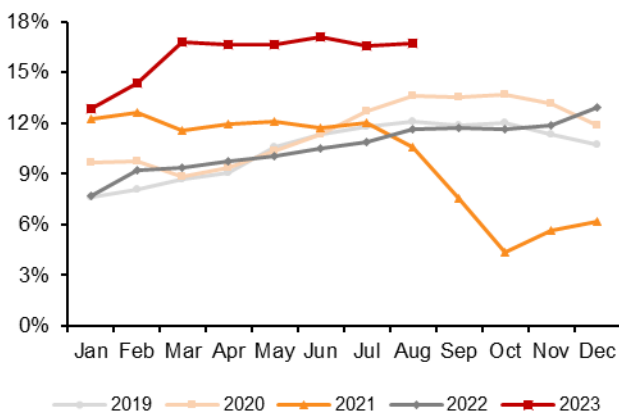
Source: ThinkerCar, CMBIGM

Figure 6: GAC Honda discounts at dealers



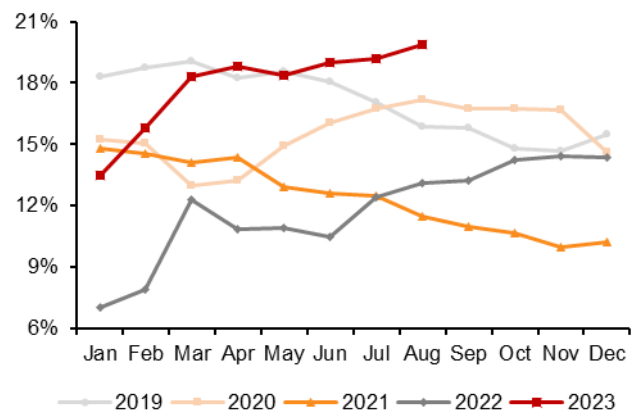
Source: ThinkerCar, CMBIGM

Figure 7: Beijing Benz discounts at dealers



Source: ThinkerCar, CMBIGM

Figure 8: BMW Brilliance discounts at dealers



Source: ThinkerCar, CMBIGM

Discounts for BMW Brilliance widened MoM in Aug 2023, to an all-time high level again (Figure 8), as BMW announced similar additional rebates for dealers in 3Q23 compared with 2Q23. Although the OEM revised down NEV market share target in China for 2H23, discounts for the *i3* and *iX3* EV continued to widen in Aug. The *1-Series* and *X2* now have the largest discounts among all BMW models, as their production is scheduled to be phased out gradually. **Based on our channel checks, BMW dealers' new-car gross margin in 3Q23 could be worse than that in 2Q23** (excluding the 1H23 subsidies announced on 1 Jun 2023). We are of the view that BMW dealers' gross margin in 2H23E

could largely depend on the OEM's year-end subsidies, as we believe its sales-volume cut could be of little help in 2H23E.

Discounts for Beijing Benz remained largely stable MoM in Aug (Figure 7), as widened discounts for the *EQE* EV, *EQE SUV* EV and *E-Class* PHEV were largely offset by the narrowed discounts of the *E-Class* and *GLB*.

Figure 9: China passenger-vehicle wholesale volume by OEM / brand

	Total					NEV				
	Aug 2023	YoY %	MoM %	YTD	YTD YoY %	Aug 2023	YoY %	MoM %	YTD	YTD YoY %
Chinese OEMs	1,302,063	25.1%	7.4%	8,616,276	20.7%	650,267	29.1%	5.4%	4,050,823	36.6%
Geely	152,626	24.5%	10.5%	984,806	14.6%	47,631	27.0%	16.1%	246,539	38.4%
Great Wall Motor	97,021	33.5%	4.1%	606,665	4.2%	26,266	119.5%	-9.1%	148,231	72.4%
Changan	132,775	93.3%	-2.6%	1,039,856	22.9%	36,930	121.4%	0.1%	235,773	118.8%
SAIC-GM-Wuling	91,124	-22.0%	8.4%	515,566	-30.6%	36,038	-31.4%	4.3%	181,275	-47.6%
SAIC	75,602	-10.4%	5.3%	557,673	4.0%	27,566	8.9%	9.6%	214,292	73.4%
BYD	274,086	57.5%	5.0%	1,783,352	82.1%	272,606	56.7%	4.4%	1,781,872	82.8%
GAC Motor	82,614	45.0%	8.2%	560,058	44.8%	46,871	73.5%	-1.3%	310,031	102.7%
Chery	161,756	21.1%	13.6%	999,329	42.9%	10,579	-62.4%	19.8%	64,393	-61.1%
Dongfeng	24,403	-30.0%	29.4%	169,506	-42.1%	8,002	-45.6%	26.8%	46,489	-50.4%
FAW	48,670	34.7%	22.5%	287,062	29.4%	6,803	-13.2%	35.8%	48,024	91.7%
BAIC	14,184	51.9%	48.7%	94,770	70.8%	8,677	130.4%	92.1%	51,868	112.4%
NIO	19,329	81.0%	-5.5%	94,352	31.9%	19,329	81.0%	-5.5%	94,352	31.9%
Li Auto	34,914	663.8%	2.3%	208,165	176.1%	34,914	663.8%	2.3%	208,165	176.1%
Xpeng	13,988	46.0%	27.1%	66,431	-26.3%	13,988	46.0%	27.1%	66,431	-26.3%
Neta	12,103	-24.4%	20.6%	84,559	-9.3%	12,103	-24.4%	20.6%	84,559	-9.3%
Leap Motor	14,190	13.3%	-1.0%	73,027	-4.6%	14,190	13.3%	-1.0%	73,027	-4.6%
Jinkang Seres	3,222	-67.9%	-23.8%	30,699	-18.1%	3,222	-67.9%	-23.8%	30,699	-18.1%
German Brands	383,406	-4.5%	8.4%	2,765,725	-1.9%	36,477	15.6%	5.9%	241,996	26.0%
VW	192,265	-11.1%	14.2%	1,327,699	-11.1%	16,986	-19.7%	-6.6%	95,243	-25.7%
Audi	56,517	-3.7%	7.3%	401,630	1.4%	3,164	118.5%	-7.6%	19,152	211.0%
BMW	61,362	3.7%	0.6%	456,448	7.5%	9,599	172.9%	78.2%	58,678	87.8%
Mercedes-Benz	58,370	4.0%	7.0%	429,467	6.1%	2,613	-51.9%	-2.8%	24,140	-8.9%
Jetta	10,777	-3.6%	-14.0%	105,698	6.3%	-	N/A	N/A	-	N/A
Japanese Brands	305,067	-17.2%	7.3%	2,264,022	-20.6%	9,635	187.9%	107.0%	46,007	91.5%
Honda	98,652	-18.1%	5.1%	706,200	-26.5%	3,990	45.1%	14.8%	18,109	21.7%
Toyota	145,222	-10.1%	3.9%	1,096,555	-9.8%	5,527	950.8%	422.9%	25,686	214.7%
Nissan	52,858	-32.2%	16.4%	403,449	-29.8%	96	N/A	3.2%	1,883	N/A
Mazda	7,933	71.4%	60.7%	44,967	-33.4%	22	144.4%	-24.1%	160	-39.6%
Mitsubishi	-	-100.0%	N/A	8,943	-57.3%	-	-100.0%	N/A	169	-74.2%
American Brands	199,034	-13.3%	14.8%	1,443,899	8.3%	92,712	12.0%	24.2%	672,370	55.4%
Buick	52,420	-22.3%	14.4%	363,114	-17.9%	6,971	50.1%	-22.7%	39,240	55.1%
Chevrolet	20,580	-31.2%	7.4%	149,990	-16.6%	416	-41.0%	-17.0%	4,757	5.7%
Cadillac	15,000	-33.9%	-26.1%	111,155	-7.3%	650	32400.0%	30.0%	2,234	4037.0%
Ford	22,160	-6.3%	36.7%	154,180	9.5%	516	51.8%	50.9%	1,152	-49.7%
Lincoln	4,715	-47.3%	-37.4%	40,477	-16.4%	-	-100.0%	-100.0%	4	-99.1%
Tesla	84,159	9.3%	30.9%	624,983	56.3%	84,159	9.3%	30.9%	624,983	56.3%
Korean Brands	36,696	-1.5%	29.4%	247,246	6.3%	116	-48.0%	792.3%	129	-87.3%
Hyundai	20,177	-22.6%	61.0%	151,034	4.7%	-	-100.0%	N/A	-	-100.0%
Kia	16,519	47.6%	4.3%	96,212	8.9%	116	-43.4%	792.3%	129	-82.2%
Others	30,146	-28.2%	2.2%	193,200	-11.4%	4,513	-59.8%	-38.6%	58,139	12.7%
PSA	7,826	-11.5%	61.0%	53,554	-26.1%	185	-82.1%	45.7%	3,953	-34.7%
Volvo	13,435	-15.0%	3.5%	94,521	0.2%	935	-33.4%	-9.6%	7,949	46.0%
Jaguar	1,847	22.7%	16.4%	14,651	13.3%	-	N/A	N/A	-	N/A
Land Rover	2,256	-32.6%	-8.3%	19,266	-4.3%	112	-66.8%	72.3%	843	-48.3%
Total	2,256,412	6.4%	8.4%	15,530,368	6.3%	793,720	25.4%	7.5%	5,069,464	38.2%

Source: CPCA, CMBIGM

Figure 10: China passenger-vehicle monthly retail sales volume by OEM / brand

	Total					NEV				
	Aug 2023	YoY %	MoM %	YTD	YTD YoY %	Aug 2023	YoY %	MoM %	YTD	YTD YoY %
Chinese OEMs										
Geely	112,849	13.2%	7.0%	750,840	8.7%	29,335	44.7%	-1.0%	167,211	58.7%
Zeekr	10,037	12.4%	-9.0%	62,008	96.6%	10,037	12.4%	-9.0%	62,008	96.6%
Great Wall	61,594	4.7%	-2.1%	450,420	-6.6%	19,077	181.2%	7.1%	105,740	39.3%
Changan	120,224	11.9%	2.7%	821,609	20.2%	37,098	62.2%	-0.3%	196,172	88.7%
SAIC Motor	22,648	-28.2%	3.4%	184,571	-29.4%	8,839	-7.3%	9.7%	55,994	-3.5%
GAC Trumpchi	30,109	12.9%	5.6%	220,104	14.0%	1,959	6655.2%	-28.6%	7,043	3253.8%
GAC Aion	50,982	125.9%	40.4%	286,103	122.1%	50,982	125.9%	40.4%	286,103	122.1%
BYD	223,578	42.9%	5.7%	1,524,507	72.7%	223,578	43.2%	5.7%	1,524,364	76.4%
SAIC-GM-Wuling	58,244	-10.3%	5.1%	424,843	-19.9%	36,253	-1.2%	4.3%	247,939	-15.3%
BAIC Magna	1,013	-3.1%	-21.4%	8,758	26.4%	1,013	-3.1%	-21.4%	8,758	26.4%
Voyah	2,783	14.0%	44.9%	13,628	27.5%	2,783	14.0%	44.9%	13,628	27.5%
NIO	18,813	78.0%	0.3%	94,097	33.8%	18,813	78.0%	0.3%	94,097	33.8%
Lixiang	33,892	621.4%	0.9%	208,863	172.7%	33,892	621.4%	0.9%	208,863	172.7%
Xpeng	13,922	46.0%	30.8%	65,695	-27.0%	13,922	46.0%	30.8%	65,695	-27.0%
Neta	11,217	-4.6%	30.5%	69,365	-15.5%	11,217	-4.6%	30.5%	69,365	-15.5%
Leapmotor	12,733	22.6%	7.6%	64,957	-3.7%	12,733	22.6%	7.6%	64,957	-3.7%
Human Horizons	1,197	197.8%	189.1%	4,049	15.3%	1,197	197.8%	189.1%	4,049	15.3%
Jinkang Seres	3,628	-52.9%	-19.5%	32,598	4.2%	3,628	-52.9%	-19.5%	32,598	4.2%
Foreign OEMs										
SAIC VW	107,880	-8.6%	11.5%	723,079	-5.1%	12,404	21.9%	-1.8%	57,778	-3.1%
FAW VW	156,085	-9.2%	-4.5%	1,149,884	3.5%	8,320	-22.2%	11.2%	55,137	-7.1%
Beijing Benz	56,300	4.9%	6.0%	406,622	6.0%	3,414	-0.3%	-1.7%	27,167	15.1%
BMW Brilliance	60,118	7.4%	8.3%	449,185	6.6%	8,095	116.2%	24.6%	61,236	94.4%
FAW Toyota	68,605	-15.5%	6.9%	486,781	-4.8%	3,618	479.8%	36.5%	18,355	269.1%
GAC Toyota	77,841	-12.3%	6.3%	568,013	-10.7%	89	-79.8%	-87.4%	5,616	14.8%
Dongfeng Honda	61,402	-5.9%	31.3%	347,389	-24.7%	1,630	-34.0%	-12.8%	10,906	-20.3%
GAC Honda	44,881	-35.6%	2.4%	360,109	-24.5%	1,652	158.1%	39.5%	7,998	10.5%
Dongfeng Nissan	58,589	-34.0%	8.5%	430,858	-25.5%	4,754	237600.0%	36.9%	12,008	63100.0%
GAC Mitsubishi	1,824	-19.3%	-21.3%	13,057	-42.2%	1	-98.2%	-50.0%	36	-90.8%
SAIC GM	78,178	-21.6%	7.6%	555,296	-13.5%	4,475	16.6%	-23.8%	34,171	34.0%
Changan Ford	13,030	-10.6%	6.9%	85,774	-20.7%	374	-16.7%	175.0%	1,874	-62.2%
Tesla China	64,397	80.7%	97.6%	391,805	61.4%	64,397	80.7%	97.6%	391,805	61.4%
Volvo Asia Pacific	13,329	-16.5%	3.7%	90,164	-1.1%	1,056	-11.5%	-7.5%	8,531	25.0%
Chery JLR	4,158	-10.6%	-3.7%	33,890	6.4%	91	-16.5%	4.6%	1,242	-13.2%
Beijing Hyundai	18,453	-26.7%	-2.0%	151,060	-3.8%	2	-96.0%	0.0%	19	-94.0%
Yueda Kia	6,431	-15.5%	-5.8%	51,825	-21.5%	0	-100.0%	#DIV/0!	79	-85.0%
Total (excl. imports)	1,857,470	2.5%	7.8%	12,780,280	3.8%	676,944	41.1%	11.5%	4,205,147	39.5%
Imports by Brand										
Lexus	18,373	-3.3%	14.8%	104,973	-15.9%	1,002	223.2%	102.8%	6,532	165.3%
BMW	7,897	-22.3%	-0.3%	67,292	-9.9%	807	148.3%	9.3%	4,621	219.8%
Mercedes-Benz	12,004	-23.1%	6.8%	103,717	-7.0%	278	-43.5%	-0.4%	2,779	-32.6%
Porsche	5,040	-45.8%	-5.8%	54,417	-12.0%	499	-64.7%	-8.6%	8,731	10.9%
Audi	5,461	28.4%	-5.4%	40,444	30.3%	35	12.9%	-41.7%	236	-27.2%
Total Imports	63,532	-15.2%	5.1%	489,006	-5.4%	3,832	27.3%	51.3%	28,586	49.3%
Total	1,921,002	1.8%	7.7%	13,269,286	3.4%	680,776	41.0%	11.7%	4,233,733	39.6%

Source: CATARC, CMBIGM

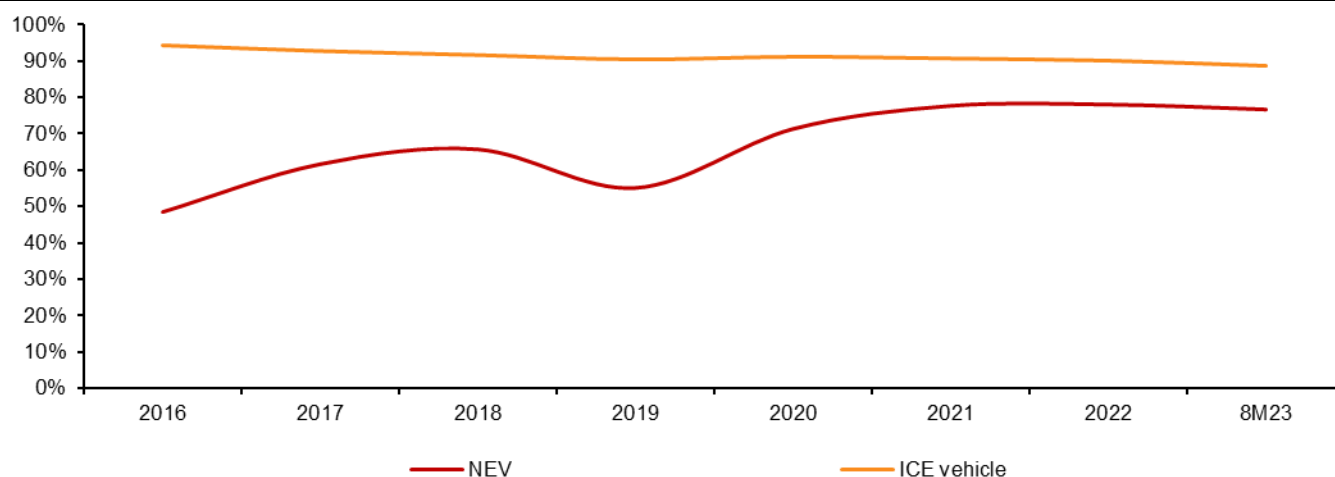
NEV Segment

We raise our NEV retail and wholesale volume again

In Aug 2023, retail sales volume of passenger NEVs rose 42% YoY and 12% MoM to about 680,000 units, 1% higher than our prior forecast. NEV's market share climbed to 35.4% in Aug 2023 from 34.2% in Jul 2023 on a retail basis, in line with our prior expectation. The trailing 12-month NEV market share rose for 38 months in a row to 30.9% as of Aug 2023. The cumulative NEV retail sales volume rose 40% YoY to 4.2mn units in the first eight months of 2023. We noted that NEV market share in China is likely to rise sequentially every month from May 2023, which has proven to be right. We believe such trend could continue until the year-end. Therefore, we raise our China's 2023 NEV retail sales volume forecast to about 7.3mn units from prior 7.1mn units. Accordingly, we revise up China's 2023 NEV wholesale volume slightly from 8.5mn units to 8.6mn units.

Individual customers accounted for about 76% of total NEV retail sales in Aug 2023. Such ratio hit a record high of 83% in Jan 2023, as purchases of more price-sensitive ride-hailing cars were pulled ahead of the subsidy phase-out. We expect such ratio to be stable now.

Figure 11: Proportion of NEVs sold to individual customers vs that of ICE vehicles in China



Source: CATARC, CMBIGM

Wholesale volume of passenger NEVs rose 27% YoY and 8% MoM to about 806,000 units in Aug 2023, with a market share of 35.5%. NEV wholesale volume hit a record high last month amid an inventory increase of about 48,000 units, which was largely in line our prior forecast of 0.8mn units. NEV inventories at dealers have increased by about 0.3mn units in the first eight months of 2023.

We estimate the current nationwide NEV inventory level to be about 1.9 months based on our NEV sales forecast for the next few months. In fact, the figure could be even higher for individual NEV makers because about 20% of total NEVs sold in 1H23 were through direct-sales model (excluding agency model) which is supposed to have minimal inventories.

NEV exports rose 13% YoY and fell 11% MoM to about 81,000 units in Aug 2023, lower than our prior expectation. That was mainly because Tesla's exports fell to only 19,000 units in Aug, partly due to the production switch for the redesigned *Model 3* in its Shanghai Gigafactory. BYD's exports rose to 25,000 units in Aug, surpassing Tesla to become the largest NEV exporter in China. The cumulative NEV exports rose 116% YoY to about 0.62mn units in the first eight months of 2023. Tesla accounted for 38% of China's total NEV exports in the first eight months of 2023 (vs. 48% in 2022), followed by BYD (19% vs.

10% in 2022) and MG (15% vs. 11% in 2022). Our full-year forecast of 0.99mn units assumes more Chinese brands to start or increase NEV exports in 2H23 but a moderate decline for Tesla in 4Q23.

New NEV models are one of the important drivers for sequentially rising NEV market share. Based on the data we compiled, there were nine brand-new NEV models launched in Aug 2023, including the Denza N8, BMW iX1 EV, Neta Aya EV, Jishi Stone 01 EREV, Dongfeng Mengshi 917, Dongfeng Aeolus Haohan PHEV, Baojun Yunduo EV, Kia EV6 EV and Yuanhang Y6 EV. We expect at least 12 new/redesigned NEV models to be delivered in Sep 2023, including BYD Seal PHEV, BYD Yangwang U8 EV, NIO EC6 EV, Geely Galaxy L6 PHEV, Lynk & Co 08 PHEV, Livan 7 EV, Changan Qiyuan A07 EV/EREV, Great Wall Tank 400 PHEV, Leap C01 EREV, Chery eQ7 EV, Arcfox Koala EV, JAC QX PHEV, Wuling Zhengcheng EV. We projected about 110 new NEV models or models with NEV powertrain available to be launched in 2023 in our [outlook report published on 7 Dec 2022](#). About 48 new NEV models were rolled out in the first eight months of 2023. We expect OEM's new model launches to be accelerated in 4Q23, although the total number of new NEV models in 2023 may be lower than we had expected.

NEV by city-tier: Tier-1 cities underperformed in Aug

NEV market share, on a trailing 12-month basis, rose to 42.2% (+0.7 ppt MoM), 32.4% (+0.9 ppt MoM), 28.2% (+1.1 ppts MoM) and 23.0% (+0.9 ppt MoM) in tier-1, tier-2, tier-3 and tier-4 and below cities as of Aug 2023, respectively.

On a MoM basis, NEV retail sales volume in tier-1 cities rose 8% in Aug 2023, continuing to underperform other city tiers, partly due to previous pre-buying effect before the local subsidy phase-out. On 7 Sep 2023, Shanghai government announced a six-month extension of local subsidies for replacing old cars with NEVs until 31 Dec 2023, which may boost Shanghai's NEV sales in 4Q23. NEV retail sales volume in tier-2, tier-3 and tier-4 and below cities rose 10-15% MoM in Aug.

On a YoY basis, NEV retail sales volume in tier-1 cities only rose 8% in Aug 2023 amid high comparison base. NEV retail sales volume in tier-2 and below cities rose 49% YoY in Aug 2023. That was in line with our prior argument that NEV retail sales growth in lower-tier cities could outpace that in tier-1 cities in 2H23.

The Tesla Model Y retained the best-selling NEV model with a market share of 9% in tier-1 and -2 cities combined in the first eight months of 2023. The sales volume of the Wuling Hongguang Mini EV still led in the tier-3 and below cities, with market share declining to 7% in the first eight months of 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 the first eight months of 2023, down from 26% in 2022.

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

Market Share	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023
Tier 1	39.7%	40.1%	40.3%	40.6%	40.9%	41.5%	42.2%
Tier 2	28.8%	29.1%	29.4%	29.9%	30.6%	31.5%	32.4%
Tier 3	24.4%	24.5%	24.7%	25.3%	26.1%	27.1%	28.2%
Tier 4 and below	19.8%	20.0%	20.3%	20.8%	21.3%	22.1%	23.0%
Nationwide	27.3%	27.6%	27.9%	28.4%	29.1%	29.9%	30.9%

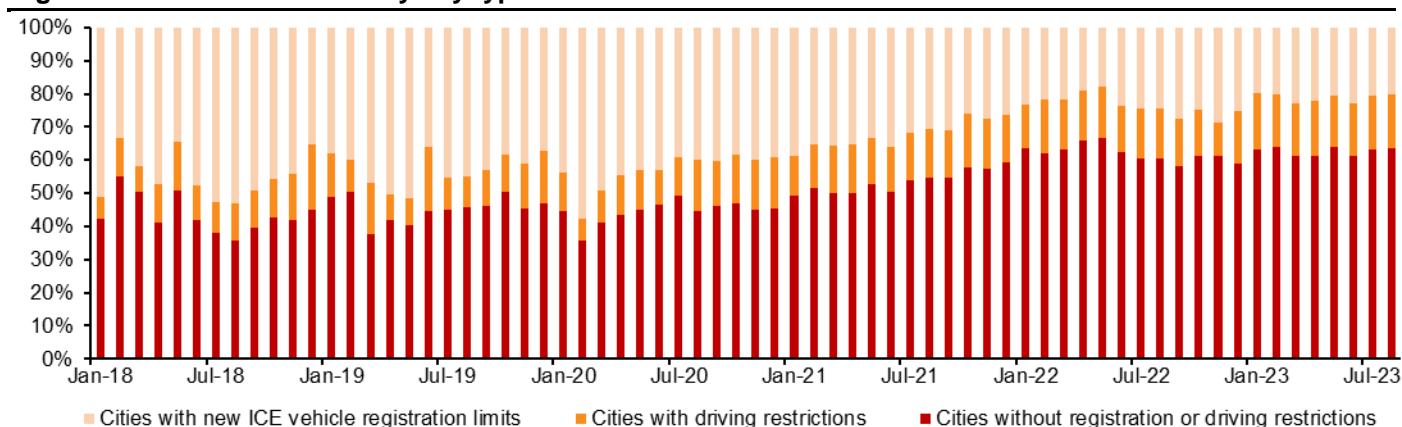
Source: CATARC, CMBIGM

NEV by city type: Shanghai tops in volume, Shenzhen in market share

We divide cities in China into three types based on whether there are restrictions for ICE vehicle registration or driving. In the first eight months of 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 4.9% of nationwide NEV retail sales in the first eight months of 2023, down from 6.4% in 2022. Despite that, China's PHEV retail sales volume YoY growth still outpaced BEV YTD, which underscored our previous argument that Shanghai's green license cancellation for PHEVs should have limited dent on PHEVs.

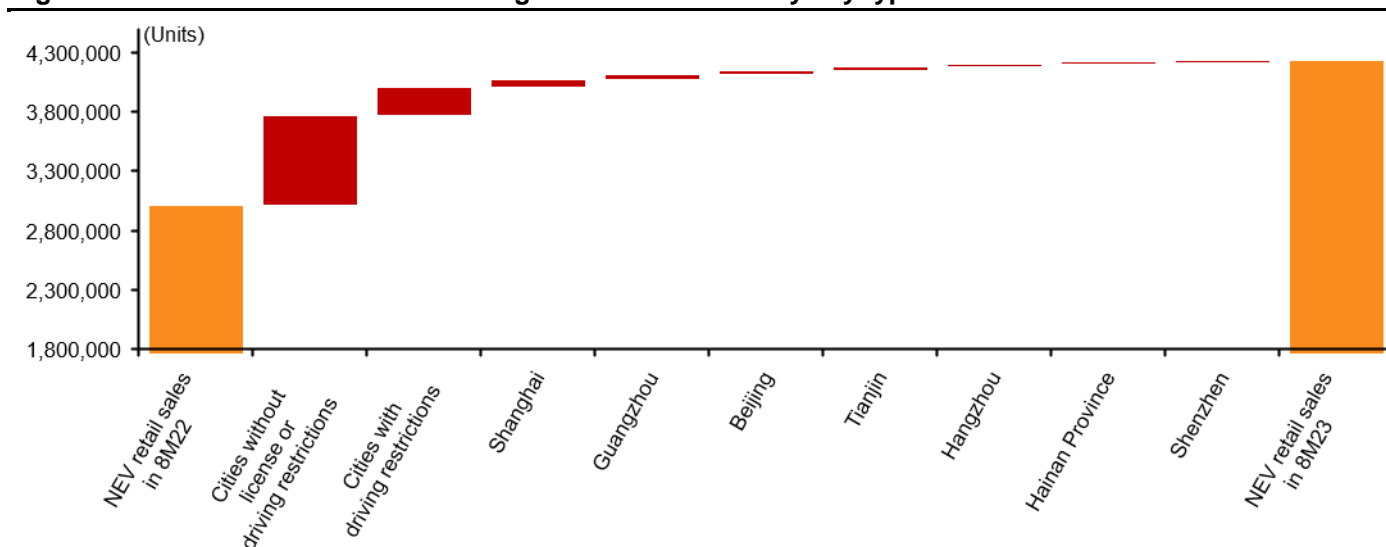
About 16% of NEV retail sales volume was from cities with driving restrictions (including 24 cities, like Baoding, Chongqing, Wuhan, Xi'an, etc.) in the first eight months of 2023, up from 14% in 2022. The remaining 63% of NEV retail sales volume was contributed by cities without license or driving restrictions in the first eight months of 2023, rising by 1 ppt from that of 2022.

Figure 13: NEV market share by city type



Source: CATARC, CMBIGM

Figure 14: NEV retail sales volume YoY growth contribution by city type in 8M23

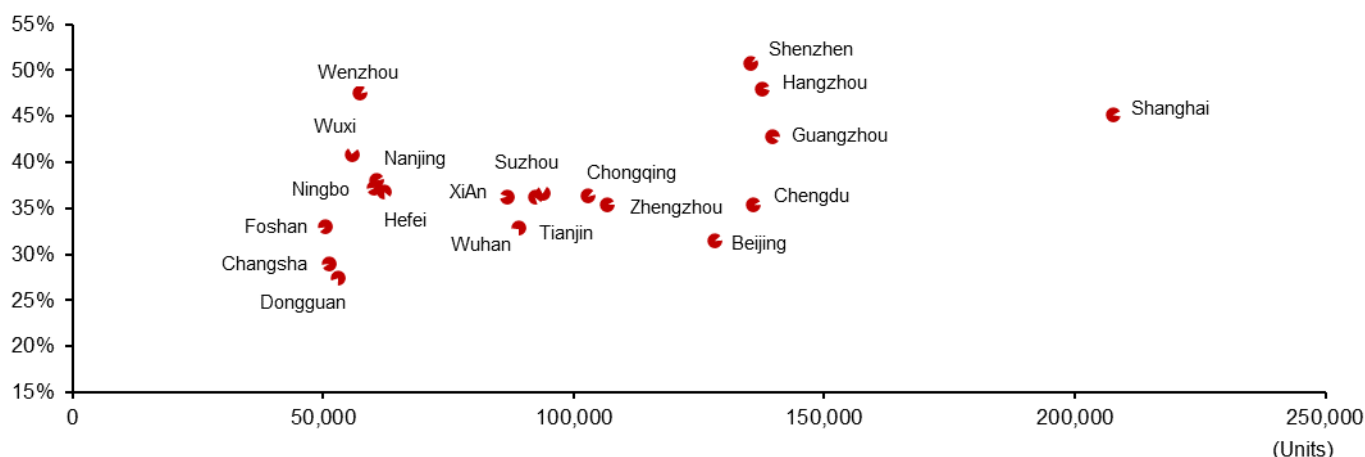


Source: CATARC, CMBIGM

China's total NEV retail sales volume increased by about 1.2mn units YoY in the first eight months of 2023. About 62% of the increment was from cities without license or driving

restrictions. Despite the cancellation of green license for PHEVs, NEV retail sales volume in Shanghai rose by about 64,000 units or 45% YoY in the first eight months of 2023, due to low comparison base. Therefore, Shanghai retained the NEV retail sales crown among all cities in China in the first eight months of 2023. PHEVs only accounted for 7% of total NEV retail sales volume in Shanghai in the first eight months of 2023, down from 37% in 2022.

Figure 15: NEV retail sales volume in top 20 cities with corresponding NEV market share in 8M23



Source: CATARC, CMBIGM

Among the top 20 cities in terms of NEV retail sales volume, Shenzhen had the largest NEV market share of 51% in the first eight months of 2023, followed by Hangzhou and Wenzhou in Zhejiang Province. Shanghai ranked the 4th place with 45% of retail sales volume from NEVs in the first eight months of 2023. Beijing's NEV market share rose to 31% in the first eight months of 2023, just ahead of Dongguan and Changsha to be the 3rd lowest among these 20 cities, and still below the national average (32%), due to its caps on new NEV registrations every year.

NEV by model: BYD and Tesla contributed 67% of the increment YTD

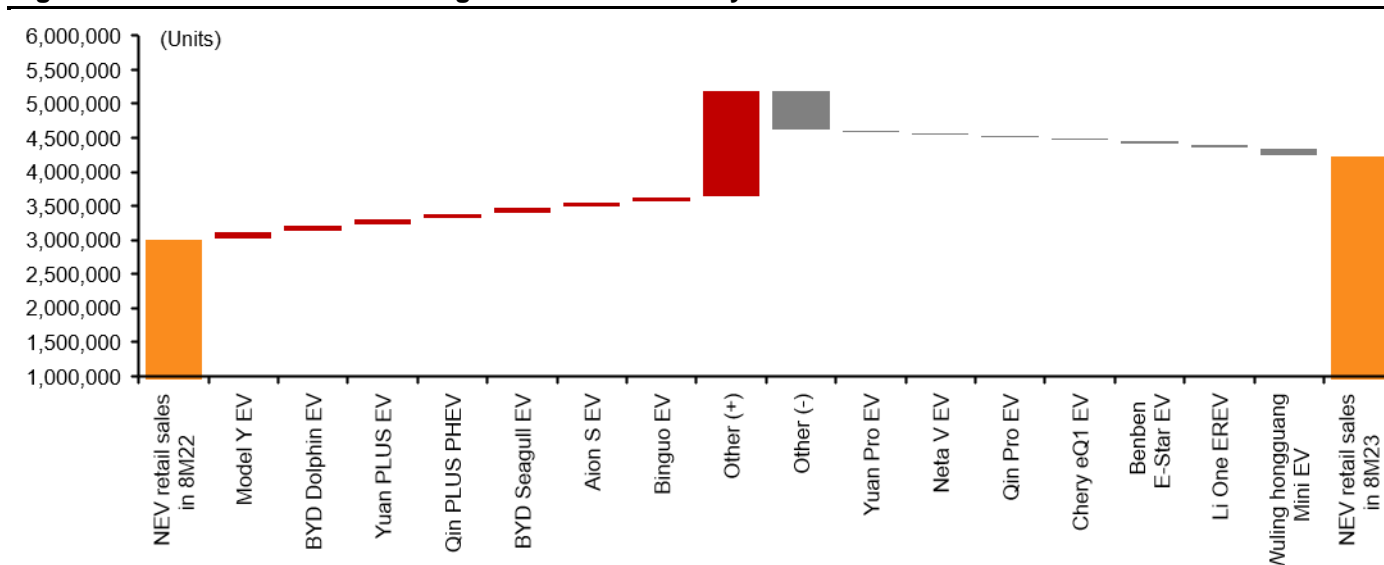
BYD took up half of the top 10 best-selling NEV models in the first eight months of 2023, with the *Dolphin* EV, *Qin Plus* PHEV, *Yuan Plus* EV, *Song Plus* PHEV and *Song Pro* PHEV. In fact, the combined retail sales volume of BYD's *Song Plus* and *Song Pro* PHEVs exceeded the Tesla *Model Y* in the first eight months of 2023 by about 2,000 units. Including exports, the *Model Y* still topped the NEV sales volume YTD, ahead of the combined wholesale volume of the BYD *Song* Series. The Wuling *Hongguang Mini EV* fell to the 6th place in the first eight months of 2023, from the No.1 in 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*, Chery *eQ1* and Changan *Benben E-Star*) posted the largest sales volume YoY decline in the first eight months of 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 *Yuan* BEVs (including the *Yuan Plus* and *Yuan Pro*) combined posted YoY unit growth of about 65,000 units in the first eight months of 2023. The BYD *Dolphin* EV and *Seagull* EV also posted YoY growth of about 98,000 units and 80,000 units YTD, respectively.

Although no single model had a significant contribution to the nationwide NEV retail sales volume YTD growth based on the chart below, BYD (including Denza) contributed 54% of

China's NEV retail sales volume growth in the eight months of 2023 while Tesla contributed about 13%.

Figure 16: NEV retail sales volume growth contribution by model in 8M23



Source: CATARC, CMBIGM

BEV brands: BMW was kicked out from the top 10

In the first eight months of 2023, total BEV retail sales volume rose 24% YoY to about 2.9mn units. BEV's market share in the NEV segment dropped to 68.7% in the first eight months of 2023 from 77.2% in 2022.

BYD and Tesla's market share increased to 26.0% and 13.6% in the BEV segment in the first eight months of 2023, from 20% and 11% in 2022, respectively. Tesla's deliveries rose to 65,000 units in Aug from 33,000 units in Jul, despite its production upgrade for the facelifted *Model 3* in the Shanghai Gigafactory. Tesla unveiled the facelifted *Model 3* on 1 Sep 2023 with an unexpected price hike of RMB 28,000. GAC Aion retained the 3rd place in Aug 2023 with monthly deliveries over 50,000 units for the first time last month. These top 3 brands all gained market share in the first eight months of 2023 compared with last year.

Wuling retained the 4th place in Aug 2023 (vs. No.3 in 2022), and Chery retained the 10th place last month (vs. No.6 in 2022). Both brands were dented by the shrinking mini-BEV segment and aging models. In contrast, Geely and Changan secured the 5th and 6th places, respectively, thanks to sales growth from the *Panda mini EV* and *Lumin EV*.

VW returned to the top 10 list in Jul 2023 and retained No.8 last month. The sales lift since Jul 2023 was mainly driven by a price cut of RMB 37,000 for the *ID.3 EV*. VW was the only foreign brand in the top 10 BEV list in the first eight months of 2023, also its BEV retail sales volume in China still fell 24% YoY YTD.

Xpeng replaced BMW to secure No.9 position in the first eight months of 2023, as BMW slipped to No.12. We are of the view that BMW's new *iX1 EV* may not be enough to help it return the top 10 list, as the competition becomes more and more intensifying. Compared with the top 10 list of 2022, Geely and NIO were the new joiners in the first eight months of 2023, while Dongfeng and Neta were kicked out.

Figure 17: Top 10 BEV brands' retail sales volume in China

Units	Aug 2023	YoY	YTD	YTD YoY	YTD Market Share in BEV Segment
Total BEV	485,021	31.7%	2,904,799	24.3%	100.0%
BYD	124,576	54.6%	754,505	67.0%	26.0%
Tesla	65,029	82.5%	394,724	62.6%	13.6%
GAC Aion	50,388	123.2%	284,562	120.9%	9.8%
Wuling	31,841	-9.0%	234,122	-15.0%	8.1%
Geely (incl. Geometry & Galaxy)	16,307	34.0%	105,872	59.9%	3.6%
Changan	15,462	-25.6%	98,334	5.4%	3.4%
NIO	18,813	78.0%	94,097	33.8%	3.2%
VW	15,710	-2.2%	68,916	-24.4%	2.4%
Xpeng	13,922	46.0%	65,695	-27.0%	2.3%
Chery	9,957	-27.5%	62,200	-48.8%	2.1%

Source: CATARC, CMBIGM

PHEV brands: Changan and Geely are catching up

In the first eight months of 2023, total PHEV (EREV included) retail sales volume rose 95% YoY to about 1.3mn units. PHEV's market share in the NEV segment increased to 31.3% in the first eight months of 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 53% in the first eight months of 2023 from 61% in 2022. Including Denza, the combined YTD market share of 58% was still lower than 61%, reflecting the heightened competition.

Lixiang's market share in the PHEV segment rose to 15.8% in the first eight months of 2023 from 10.4% in 2022. Li Auto's full-year sales volume may beat our prior forecast of 360,000 units this year.

Changan Deepal retained the 4th position in the PHEV segment in Aug, with the highest YTD YoY growth rate among the top 10 brands. The retail sales volume of the Deepal S7 EREV rose to about 8,600 units in Aug 2023. Changan (ranked No.5) and Deepal's combined market share rose to 6.6% in the first eight months of 2023.

Geely surpassed Haval to gain the 6th place last month, driven by the *Galaxy L7* PHEV, in line with our argument in the report published in Aug. Haval fell to the 7th position in terms of PHEV retail sales volume in the first eight months of 2023, as retail sales volume of the *Xiaolong Max* PHEV dropped to only 3,000 units in Aug. The upcoming Haval *Menglong* PHEV could be a new driver for Haval in the following months. The market share for Haval and Wey combined climbed to 3.7% YTD, higher than Geely's 2.5%.

Aito retained the 9th place in Aug 2023, compared with the 3rd position last year. Wey retained the No.10 spot in the first eight months of 2023, despite the retail sales volume of the *Lanshan* PHEV continued to fall to about 2,400 units last month.

Similar to the BEV segment, only one foreign brand (VW) is still in the top 10 list, vs. four last year (VW, Mercedes-Benz, Nissan and BMW). As more EREV models on sale from brands like Neta and Leap, Chinese brands could take all the spots among the top 10 list. In fact, Chinese brands' combined market share in the PHEV segment rose to 94% in the first eight months of 2023, from 89% in 2022. We expect such trend to continue based on the model pipeline.

Figure 18: Top 10 PHEV (EREV included) brands' retail sales volume in China

Units	Aug 2023	YoY	YTD	YTD YoY	YTD Market Share in PHEV Segment
Total PHEV	195,699	74.2%	1,323,780	94.8%	100.0%
BYD	88,019	16.6%	696,569	69.3%	52.6%
Lixiang	33,892	621.4%	208,863	172.7%	15.8%
Denza	8,760	33592.3%	66,724	7074.6%	5.0%
Deepal	12,336	2953.5%	50,147	11401.6%	3.8%
Changan	7,909	563.5%	37,550	284.7%	2.8%
Geely (incl. Geometry & Galaxy)	8,710	249.1%	32,621	294.8%	2.5%
Haval	5,132	N/A	29,165	N/A	2.2%
VW	2,531	-31.8%	25,087	8.7%	1.9%
Aito	2,563	-66.6%	23,405	-24.2%	1.8%
Wey	2,954	306.9%	19,725	327.9%	1.5%

Source: CATARC, CMBIGM

Other Industry Indicators to Watch

PV by city tier: Tier-4 and below cities outperformed in Aug

Total PV retail sales volume rose 2% YoY and 8% MoM to 1.92mn units in Aug 2023, largely in line with our prior forecast of 1.9mn units. Cumulative PV retail sales volume increased 3.4% YoY in the first eight months of 2023.

In Aug 2023, tier-1 cities underperformed tier-2 and below cities in terms of YoY growth amid the high YoY comparison base. Tier-4 and below cities outperformed tier-3 and above cities for the first time this year. In the first eight months of 2023, tier-1 cities still outperformed all other city tiers in terms of YTD YoY growth and tier-4 and below cities were the worst performer.

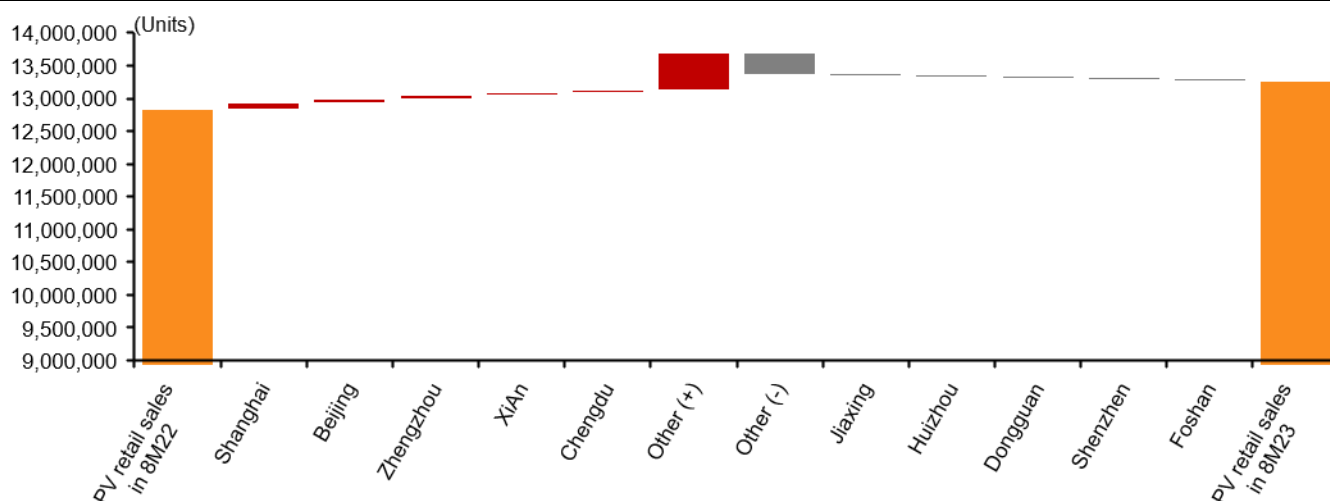
Figure 19: China auto retail sales growth by city tier

Retail Sales YoY Growth	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	YTD
Tier 1	28.2%	17.7%	97.6%	102.4%	15.3%	-6.7%	-10.5%	10.5%
Tier 2	17.4%	13.0%	63.5%	28.2%	2.0%	2.7%	3.5%	5.4%
Tier 3	-0.2%	9.8%	52.9%	33.3%	-1.2%	0.4%	2.7%	1.4%
Tier 4 and below	2.9%	6.4%	40.4%	22.1%	-1.8%	-4.9%	4.4%	-2.6%
Nationwide	11.2%	11.5%	59.5%	33.1%	2.1%	-0.4%	1.8%	3.4%

Source: CATARC, CMBIGM

The low base effect resulted from COVID last year still dominated the city-level retail sales volume YoY growth in the first eight months of 2023. Shanghai, Beijing, Zhengzhou, Xi'an and Chengdu posted the largest YoY retail sales volume growth in the first eight months of 2023. The four cities that showed largest YoY declines are all from Guangdong Province.

Figure 20: PV retail sales volume YoY growth contribution by city in 8M23



Source: CATARC, CMBIGM

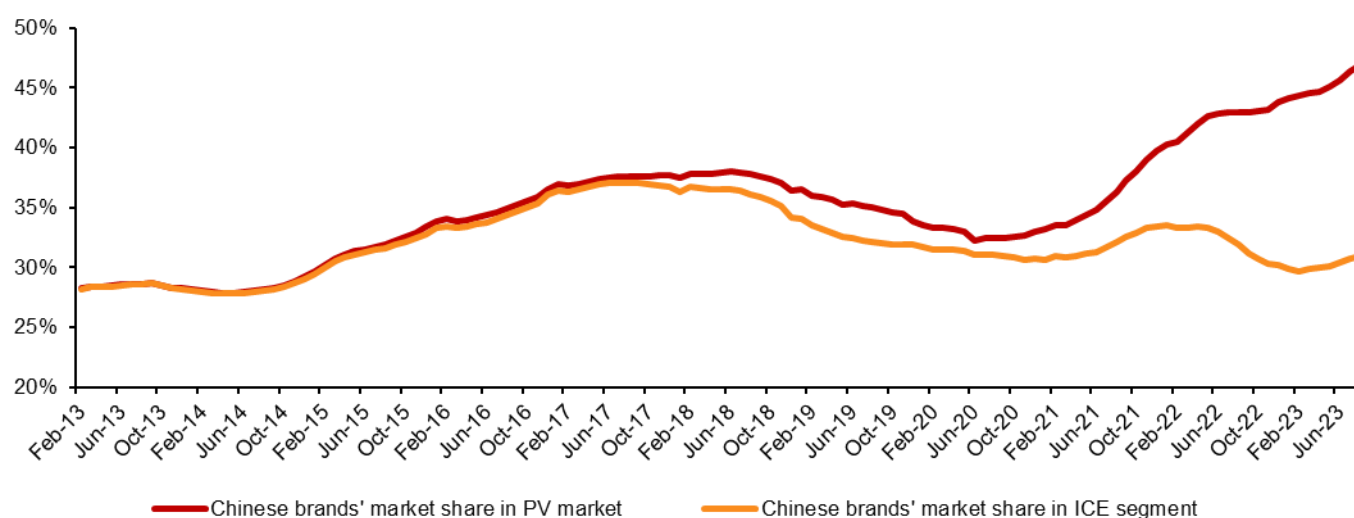
Chinese-brand trailing 12-month market share rose to 47%

Cumulative retail sales volume for Chinese brands rose 16% YoY in the first eight months of 2023, outpacing the overall industry by 12 pts, thanks to higher NEV penetration in China. Chinese-brand NEV retail sales volume rose 38% YoY in the first eight months of 2023, underperforming the overall NEV segment by 2 pts. Excluding NEVs, retail sales

volume of Chinese-brand ICE vehicles fell 4% YoY in the first eight months of 2023, stronger than the overall ICE segment by 4 ppts. Therefore, we can see from the chart below that 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 on its ICE models. It became more apparent in Jul-Aug 2023, as the ICE retail sales volume for Chinese brands only fell 2% YoY last month, significantly better than 12% YoY decline for the overall ICE segment.

US brands achieved market share gain in the NEV segment aided by Tesla while German brands' market share rose in the ICE segment in the first eight months of 2023. Chinese brands largely grabbed market share from Japanese brands, as Japanese brands posted the largest retail sales volume decline among all the brands in the first eight months of 2023 (-18% YoY).

Figure 21: Chinese brands' market share (trailing 12-month basis)



Source: CATARC, CMBIGM

Traditional luxury underperformed YTD

The retail sales volume of traditional luxury brands fell 6% YoY and rose 4% MoM to about 0.27mn units in Aug 2023, underperforming the overall industry for a fourth consecutive month after outperforming for eight months in a row. The cumulative retail sales volume of traditional luxury brands rose 2% YoY to 2mn units in the first eight months of 2023. Its YTD retail sales volume growth started to lag behind the overall industry in Aug (by 1 ppt), in line with our prior expectation, as major luxury brands have cut their full-year targets. The market share of traditional luxury brands, on a trailing 12-month basis, fell a bit MoM to 14.8% as of Aug 2023.

Figure 22: China traditional luxury auto market share by city tier (trailing 12-month basis)

Market Share	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023
Tier 1	20.8%	21.0%	20.9%	21.0%	20.8%	20.6%	20.5%
Tier 2	18.4%	18.4%	18.4%	18.3%	18.2%	18.0%	17.9%
Tier 3	11.0%	11.1%	11.2%	11.1%	11.1%	11.1%	11.0%
Tier 4 and below	7.4%	7.4%	7.5%	7.5%	7.5%	7.5%	7.5%
Nationwide	15.0%	15.1%	15.1%	15.1%	15.0%	14.9%	14.8%

Source: CATARC, CMBIGM

Mercedes-Benz retained the No.1 place among the traditional luxury brands in China in the first eight months of 2023, widening the YTD sales gap with BMW to about 12,000 units. The German "Big Three" (Mercedes-Benz, BMW, Audi) accounted for market share of 73% YTD, up from 72% in 2022. The German "Big Three" all achieved positive YoY growth (3-4%) in the first eight months of 2023, which was higher than our prior expectation, at a cost of higher discounts.

Cadillac retained the 4th place, while Volvo and Lexus switched their places in Aug, as Lexus's retail sales volume rose 15% MoM to over 18,000 units last month amid wider discounts for the Lexus ES. Lexus still posted the largest YTD YoY decline among the top 10.

We note in our report published in Jul 2023 that Porsche had decided to cut its full-year sales target in China by about 10% to 83,000 units in order to maintain its brand proposition. That probably explains why its retail sales volume plunged 46% YoY and 6% MoM to about 5,000 units in Aug, after its 22% MoM decline in Jul. We believe its tightened supply could benefit dealers' profitability of new-car sales. Smart retained the 10th place in the first eight months of 2023, despite the retail sales volume of both the Smart #1 EV and #3 EV dropped below 2,000 units in Aug.

Figure 23: Top 10 traditional luxury auto brands' retail sales volume in China

Units	Aug 2023	YoY	YTD	YTD YoY	YTD Market Share in Luxury Segment
Total Luxury	273,322	-5.8%	2,038,656	2.5%	100.0%
Mercedes-Benz	70,777	-2.2%	528,050	2.8%	25.9%
BMW	68,015	2.9%	516,477	4.1%	25.3%
Audi	59,969	-7.1%	442,496	3.5%	21.7%
Cadillac	14,247	-28.4%	114,571	-0.7%	5.6%
Lexus	18,373	-3.3%	104,973	-15.9%	5.1%
Volvo	15,101	-15.4%	103,736	0.0%	5.1%
Porsche	5,040	-45.8%	54,417	-12.0%	2.7%
Land Rover	6,547	4.8%	54,341	23.0%	2.7%
Lincoln	6,944	-16.2%	46,495	-13.5%	2.3%
Smart	2,956	10093.1%	30,816	29818.4%	1.5%

Source: CATARC, CMBIGM

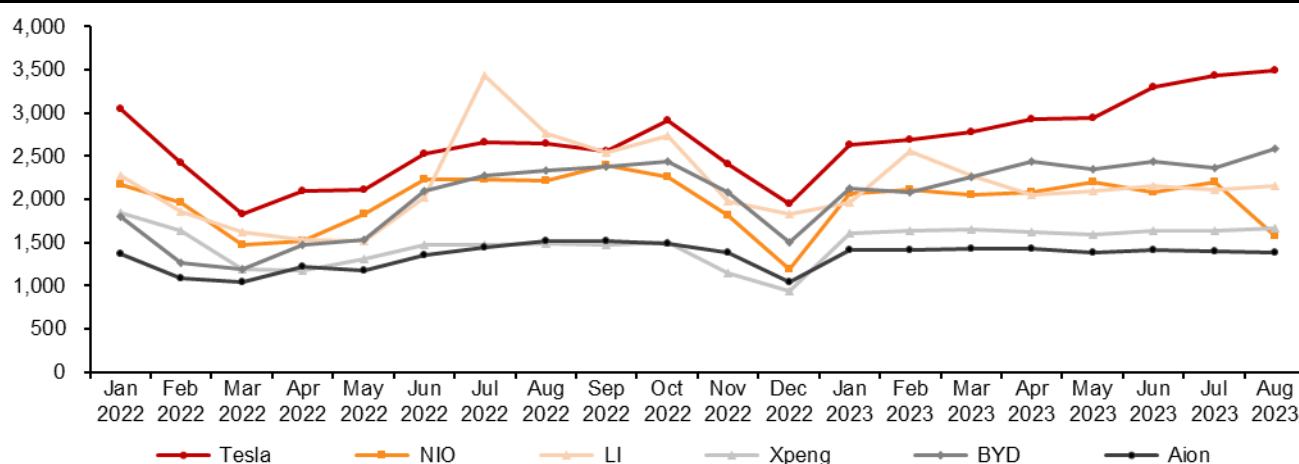
Appendix: NEV Leading Indicators

The leading indicators below, including number of leads, customer flows, and new orders generated, for Tesla, NIO, Lixiang, 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.

New orders per store for these six NEV brands have been rising MoM since Apr 2023, which is 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, in our view.

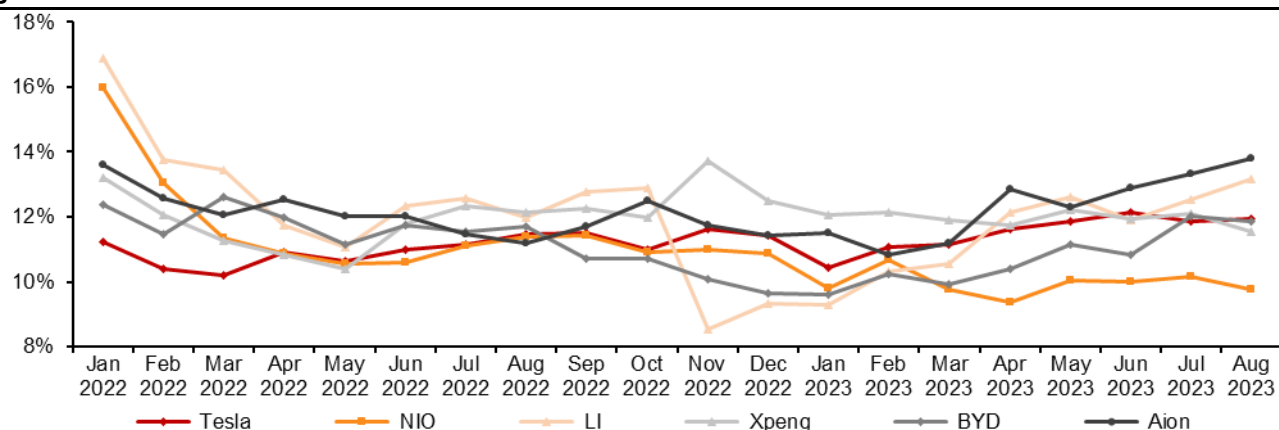
Note that the following data reflects same store metrics, and the total new orders and other metrics would rise more than these figures, as most players have reaccelerated their store expansion.

Figure 24: Number of leads per store on average for each brand

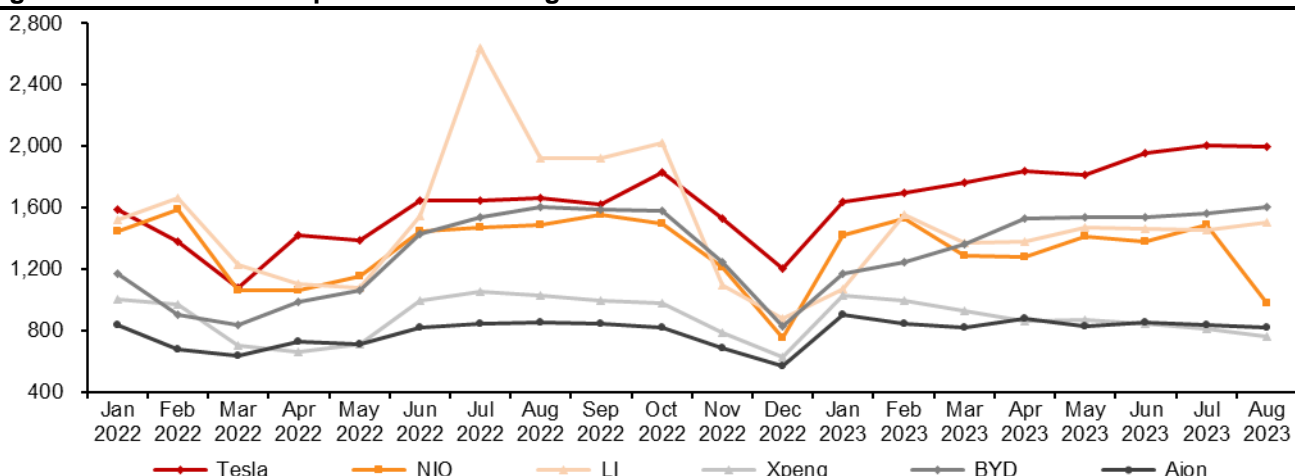


Source: Thinkercar, CMBIGM

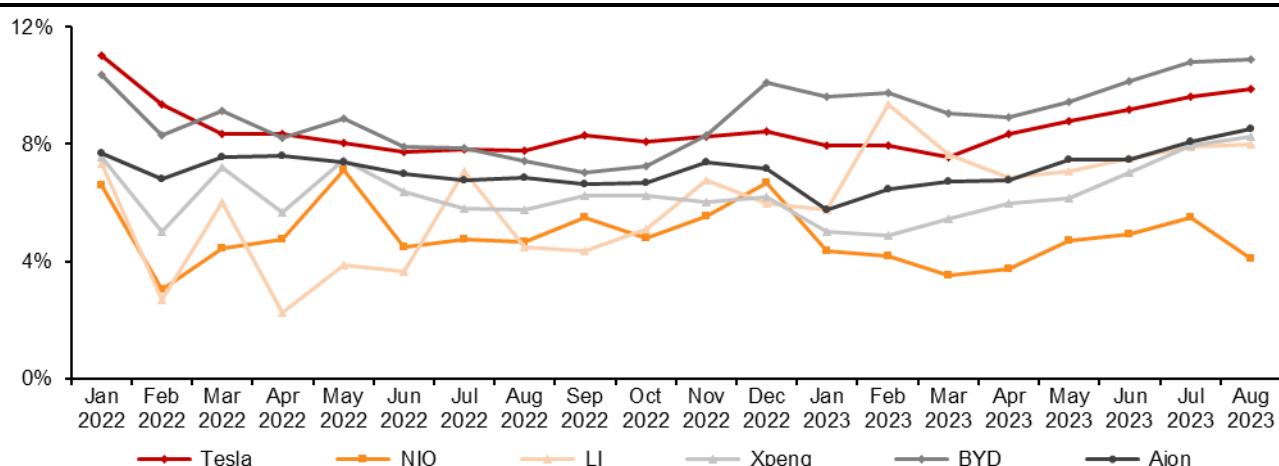
Figure 25: Conversion ratio from leads to store visit for each brand



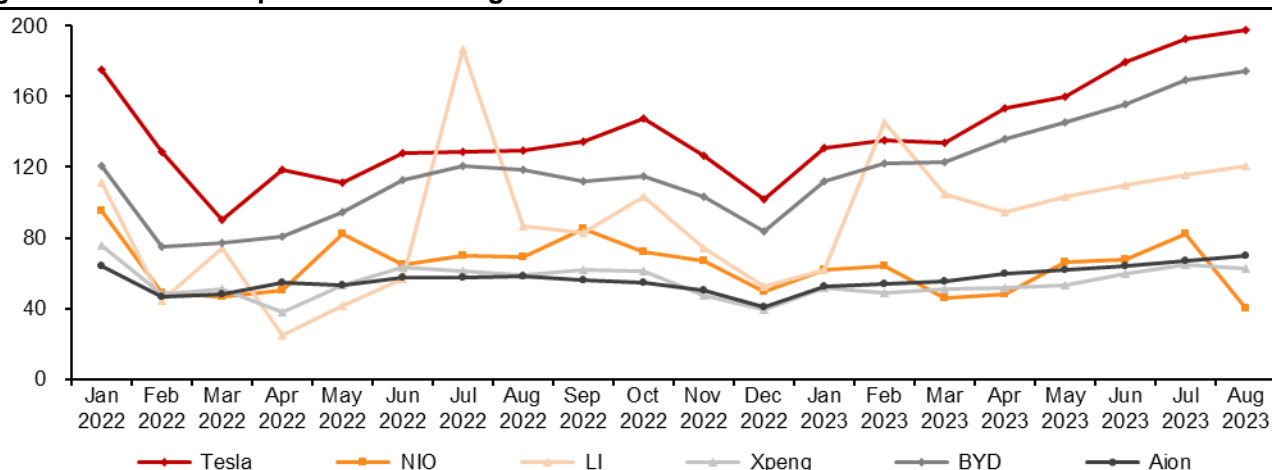
Source: Thinkercar, CMBIGM

Figure 26: Customer flow per store on average for each brand

Source: Thinkercar, CMBIGM

Figure 27: Conversion ratio from store visit to new order generation for each brand

Source: Thinkercar, CMBIGM

Figure 28: New orders per store on average for each brand

Source: Thinkercar, CMBIGM

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