

Auto

Leading indicators, policy imply a strong May

We summarize the Apr 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 Apr 2024 on seasonality, although divergence increases among brands. Tesla and Li Auto showed the highest improvement in leads and customer flow, thanks to MSRP cuts, while NIO posted the largest MoM increase in new orders intake in Apr amid rising discounts. BYD's leading indicators still remained solid in Apr after its aggressive price cuts post Chinese New Year.

■ **Number of leads: Li Auto rose the most YoY and MoM.** The number of leads per store rose 9% MoM on average for all six brands (see Figure 1) in Apr 2024. Such number for Li Auto rose the most MoM (+15%) in Apr, thanks to the launch of the *L6* on 18 Apr and price cuts of RMB18,000-30,000 on 22 Apr. Tesla's number of leads per store rose 10% MoM last month. It raised MSRPs for the *Model Y* by RMB5,000 on 1 Apr and cut MSRPs for the *Model 3/Y* by RMB14,000 on 21 Apr in China. Xpeng's leads number only rose 2% MoM in Apr, the lowest among the six brands. Only Tesla and Li Auto posted YoY growth in number of leads per store in Apr. Both numbers rose 22% YoY last month.

The conversion ratios from leads to store visits for Li Auto, BYD, Xpeng and Tesla improved slightly MoM in Apr, while that for NIO and Aion fell MoM last month. Such ratio for Aion still stayed at the highest among peers (15%), while the remaining five brands' ratios were at 10-11%.

■ **Customer flow: Divergence increases.** Customer flow per store was largely in line with the trend for the number of leads last month (see Figure 3). Total store visits for the six brands rose 12% MoM and fell 10% YoY in Apr. Li Auto's figure rose 24% MoM, the most among all the six brands, followed by Tesla (+15% MoM) and BYD (+11% MoM). Customer flow for NIO and Xpeng both fell more than 40% YoY in Apr. Such declines could continue for both brands in May-Jun 2024, given their high base last year amid new model launches.

The conversion ratios from store visits to order generation for NIO improved 1ppt MoM in Apr, thanks to its increased discounts, while such number for all the other five brands fell a bit MoM (see Figure 4). The ratio for Li Auto fell to the lowest (6%) among all the six brands last month.

■ **NIO's new orders rose the most MoM.** NIO's new orders per store rose 19% MoM in Apr, the most among the six brands (see Figure 5), aided by improved conversion ratios with higher discounts. The order momentum continued for NIO during the Labor Day holiday according to our channel checks, which could imply solid deliveries again in May. Li Auto's new orders per store rose 2% YoY, while its number of stores surged 59% YoY. The Li *L6*'s order backlog reached 41,000 units on 5 May, which gives us more confidence in our prior forecast of Li Auto's 50,000-unit deliveries in Jun. BYD and Xpeng's new orders per store rose 9% and 4% MoM, respectively, last month.

OUTPERFORM
(Maintain)

China Auto Sector

Ji SHI, CFA

(852) 3761 8728

shiji@cmbi.com.hk

Wenjing DOU, CFA

(852) 6939 4751

douwenjing@cmbi.com.hk

Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	48
Li Auto	2015 HK	BUY	187
NIO	NIO US	HOLD	6.2
Xpeng	XPEV US	HOLD	10.5
Xpeng	9868 HK	HOLD	41
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

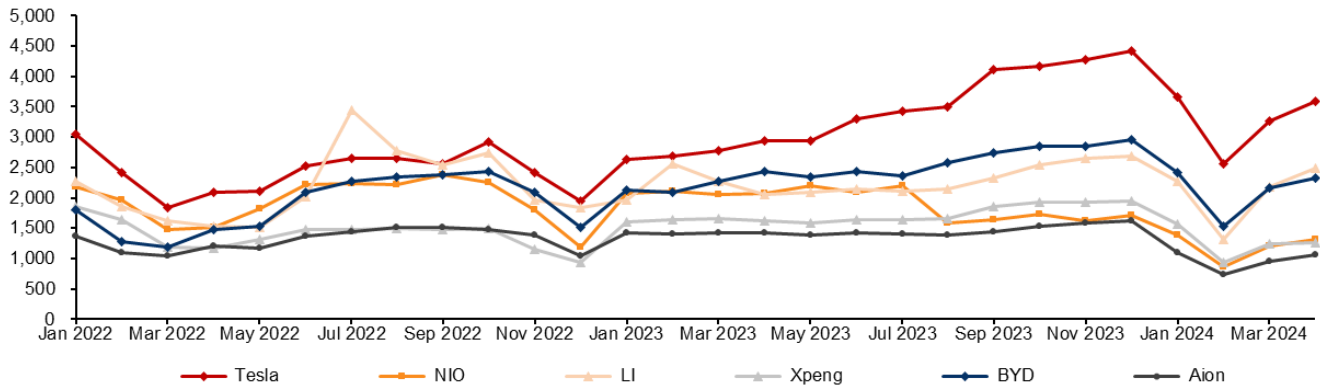
Related Reports:

["Auto - Apr NEV sales beat: Price war continues" - 2 May 2024](#)

["China Auto Sector - Leading indicators diverge: Tesla still resilient" - 8 Apr 2024](#)

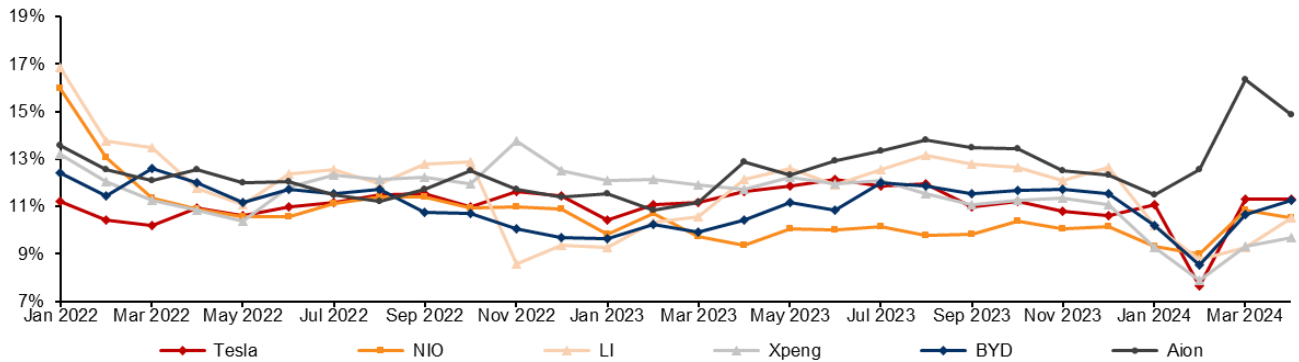
["China Auto Sector - Moderate leading indicators may result in mild recovery after CNY" - 5 Feb 2024](#)

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



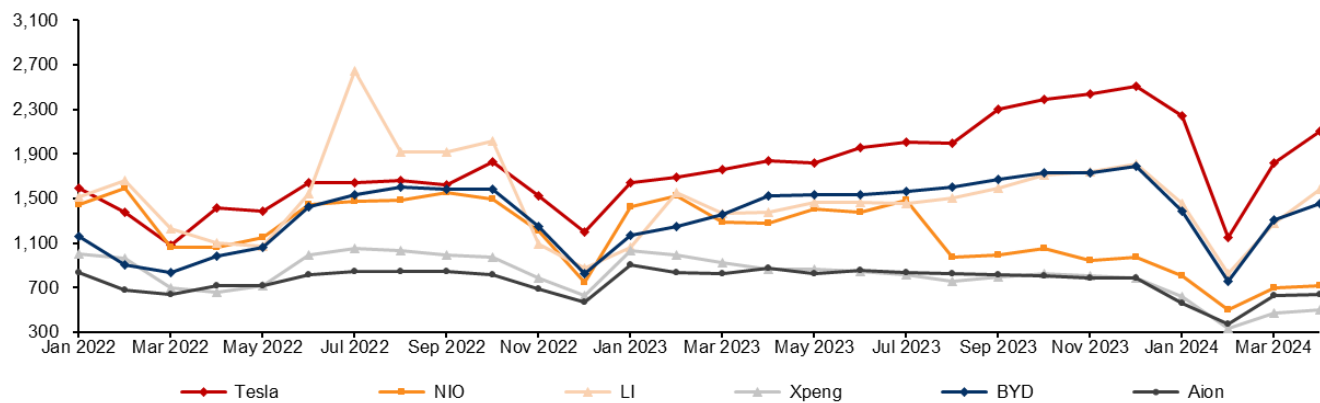
Source: Thinkercar, CMBIGM

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



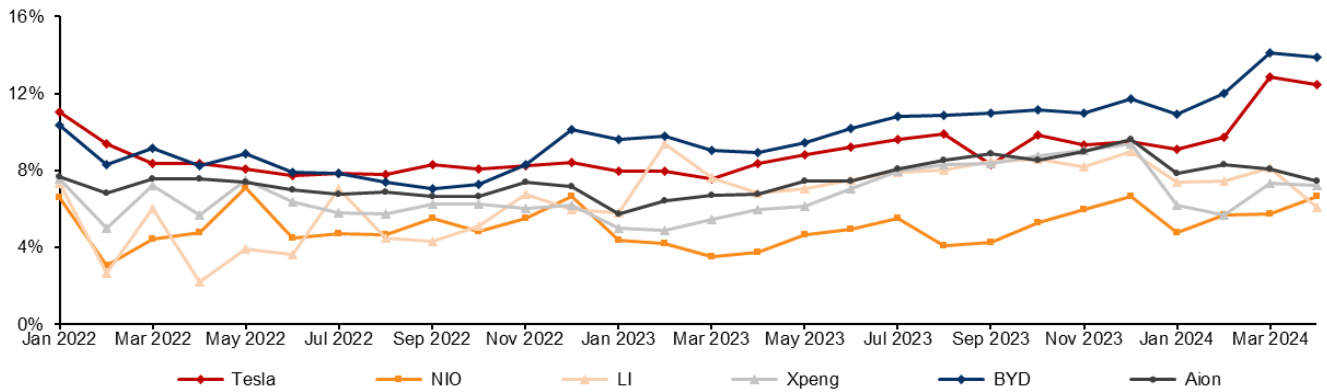
Source: Thinkercar, CMBIGM

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



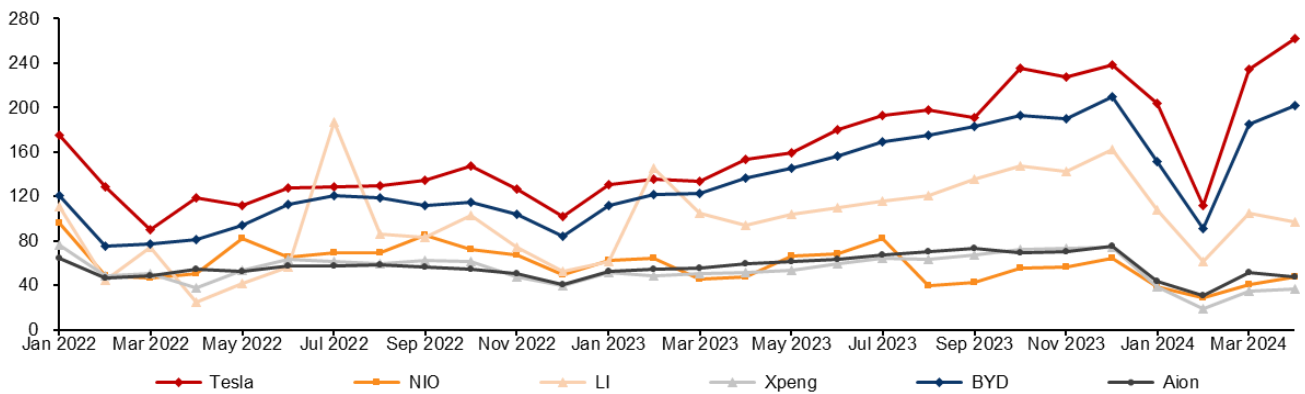
Source: Thinkercar, CMBIGM

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

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

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

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.