

# China Auto Sector

## Jan NEV sales in line; more catalysts after CNY

Eleven Chinese automakers including BYD, Great Wall, NIO, Xpeng, Li Auto, Zeekr, Aion, Deepal, Neta, Leap and Aito reported their Jan 2024 sales volumes on 1 Feb 2024. Sales volume of the 11 automakers combined rose 80% YoY (ranging from +18% to +978%) on low a base (Chinese New Year (CNY) in Jan 2023)) and fell 34% MoM (ranging from -59% to +95%) in Jan 2024.

- **Xpeng fell most MoM.** Li Auto's deliveries rose 106% YoY and fell 38% MoM to about 31,000 units in Jan 2024, in line with its weekly insurance data. Li Auto's monthly deliveries were surpassed by Aito by about 1,800 units last month, the first time since Nov 2022. Li Auto will launch its first BEV, the *Mega*, and the facelifted *Li L9*, *L8* and *L7* in Mar 2024. The three existing models provided discounts of RMB33,000-36,000 in Jan 2024.

NIO's deliveries rose 18% YoY and fell 44% MoM to about 10,000 units in Jan, slightly lower than our expectation.

Xpeng's deliveries fell 59% MoM to about 8,000 units last month, the largest MoM decline among the 11 brands. Excluding the X9's deliveries of 2,500 units, the total sales volume of Xpeng's other models fell 71% MoM in Jan, which underscored [our prior argument](#) that sales volume for models other than the X9 could decline sequentially, as the average monthly sales of 20,000 units in 4Q23 were at the cost of future demand.

- **BYD and Great Wall cut inventories in Jan, while Neta and Deepal were likely restocking.** BYD's wholesale volume fell 41% MoM to about 0.2mn units in Jan, as it cut inventories at dealers by about 40,000 units on our estimates. Sales volume for Yangwang exceeded our forecast and Fangchengbao was in line. Great Wall's NEV wholesale volume fell 16% MoM on inventory destocking. In contrast, we estimate Neta and Deepal added inventories at dealers in Jan 2024. Aion's wholesale volume fell 46% MoM to about 25,000 units last month. We are of the view that Aion's wholesale volume in Feb could still face challenges given its high inventory level.

- **Jan NEV retail sales volume likely in line.** We estimate that NEV retail sales volume in Jan could be in line with [our prior forecast of 0.67mn units](#), based on NEV retail sales volume in the first 28 days of Jan. The NEV market share is likely to fall to about 30% in Jan 2024. Tesla's retail sales volume in China could be close to 42,000 units in Jan on our estimates, down 45% MoM.

### NEV sales volume for selected OEMs

Units	Jan 2024	YoY %	MoM %	YTD	YTD YoY %
BYD	201,019	33.9%	-40.9%	201,019	33.9%
Great Wall	24,988	295.8%	-16.2%	24,988	295.8%
NIO	10,055	18.2%	-44.2%	10,055	18.2%
Li Auto	31,165	105.8%	-38.1%	31,165	105.8%
Xpeng	8,250	58.1%	-59.0%	8,250	58.1%
Zeekr	12,537	302.3%	-7.0%	12,537	302.3%
Leap	12,277	977.9%	-34.1%	12,277	977.9%
Neta	10,032	66.8%	95.4%	10,032	66.8%
Aion	24,947	204.0%	-45.7%	24,947	204.0%
Deepal	17,042	177.7%	-7.1%	17,042	177.7%
AITO	32,973	636.8%	34.8%	32,973	636.8%

Source: Company data, CMBIGM

**OUTPERFORM**  
(Maintain)

### China Auto Sector

#### SHI Ji, CFA

(852) 3761 8728  
shiji@cmbi.com.hk

#### DOU Wenjing, CFA

(852) 6939 4751  
douwenjing@cmbi.com.hk

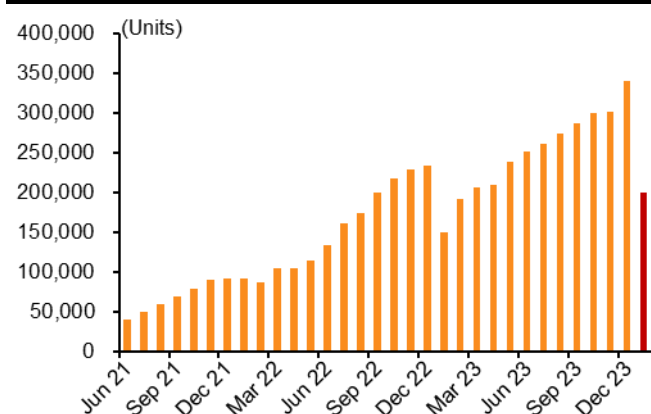
### Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	45
Li Auto	2015 HK	BUY	187
NIO	NIO US	HOLD	8.5
Xpeng	XPEV US	HOLD	16
Xpeng	9868 HK	HOLD	62
Geely	175 HK	BUY	14
GWM	2333 HK	BUY	13
GWM	601633 CH	BUY	32
BYD	1211 HK	BUY	290
BYD	002594 CH	BUY	300
GAC	2238 HK	BUY	6.5
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	5
Meidong	1268 HK	BUY	4

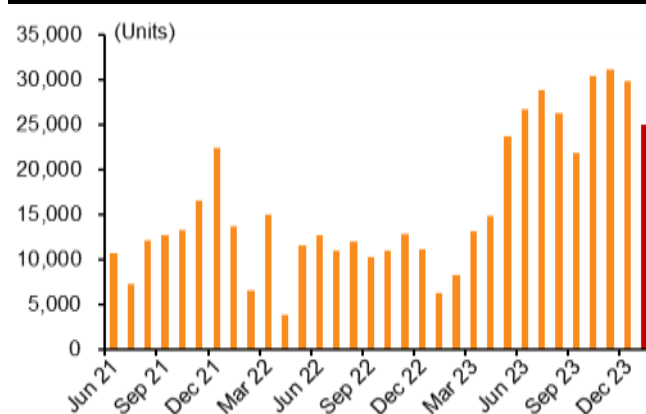
Source: Bloomberg, CMBIGM

### Related Reports:

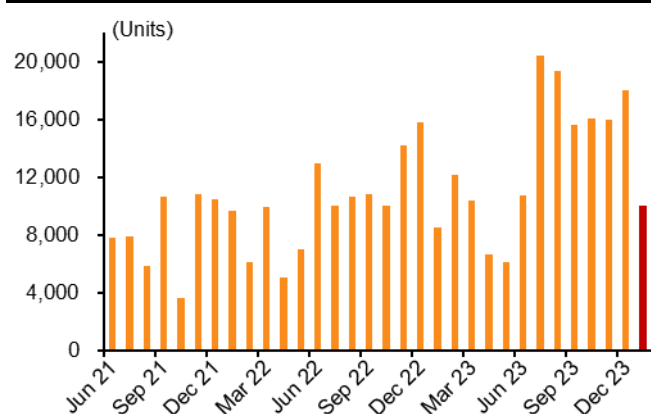
["China Auto Sector – Attractive valuation with likely resilient earnings" – 25 Jan 2024](#)

**Figure 1: BYD's monthly NEV delivery**

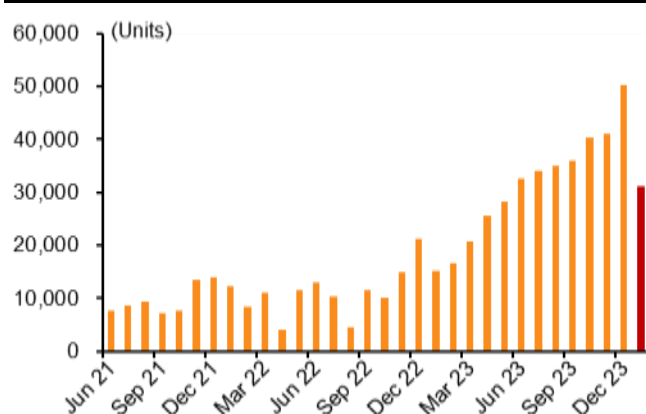
Source: Company data, CMBIGM

**Figure 2: Great Wall's monthly NEV delivery**

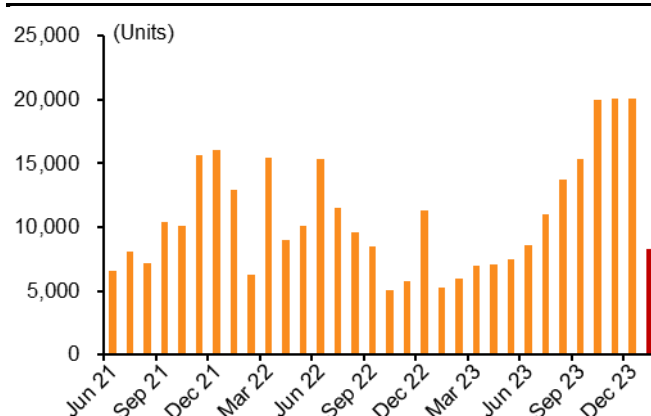
Source: Company data, CMBIGM

**Figure 3: NIO's monthly delivery**

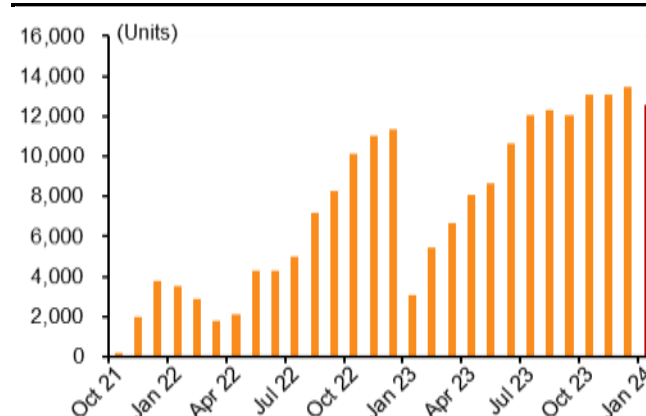
Source: Company data, CMBIGM

**Figure 4: Li Auto's monthly delivery**

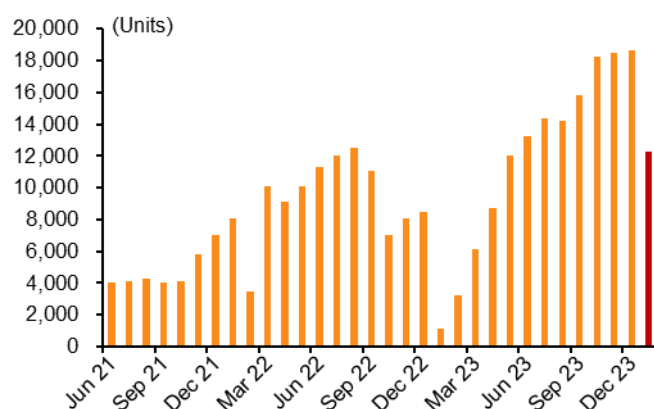
Source: Company data, CMBIGM

**Figure 5: Xpeng's monthly delivery**

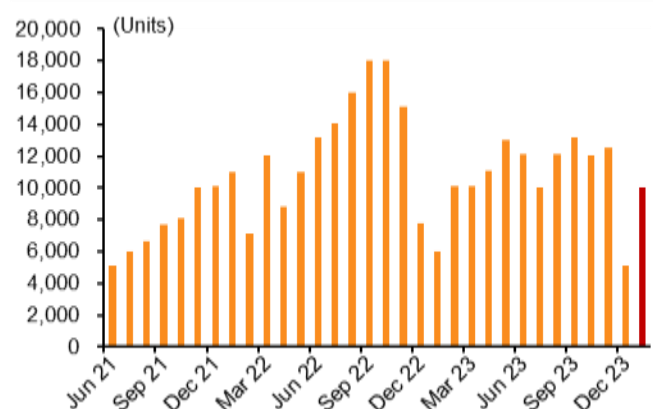
Source: Company data, CMBIGM

**Figure 6: Zeekr's monthly delivery**

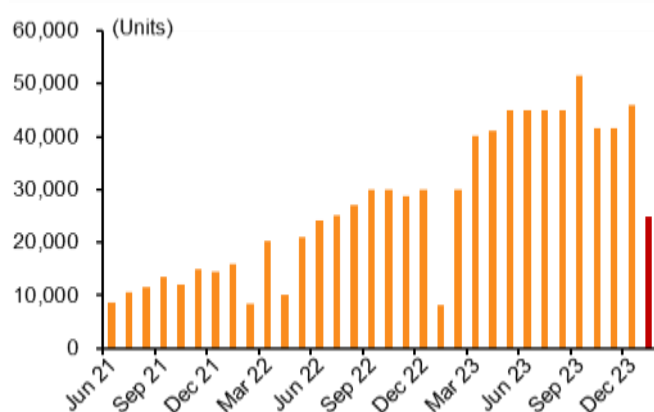
Source: Company data, CMBIGM

**Figure 7: Leap's monthly delivery**

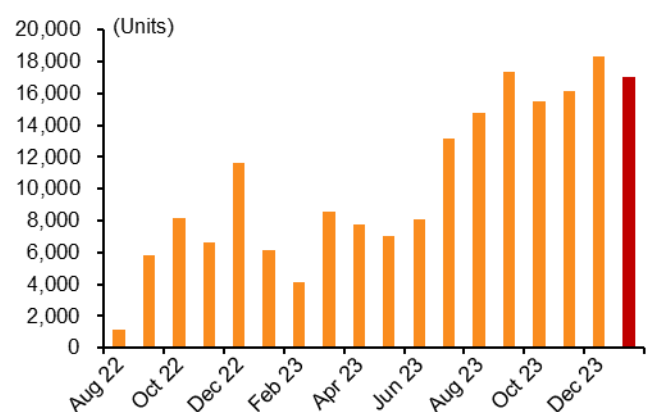
Source: Company data, CMBIGM

**Figure 8: Neta's monthly delivery**

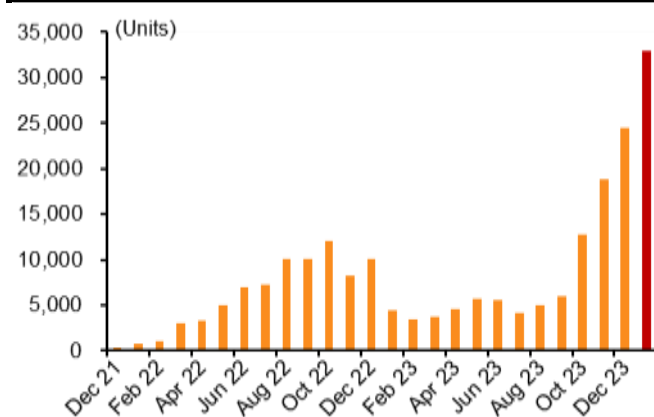
Source: Company data, CMBIGM

**Figure 9: Aion's monthly NEV delivery**

Source: Company data, CMBIGM

**Figure 10: Deepal's monthly delivery**

Source: Company data, CMBIGM

**Figure 11: Aito's monthly NEV delivery**

Source: Company data, 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

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

<b>OUTPERFORM</b>	: Industry expected to outperform the relevant broad market benchmark over next 12 months
<b>MARKET-PERFORM</b>	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
<b>UNDERPERFORM</b>	: 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.