

Auto

Jun indicators mixed as BYD, NIO outperformed

We summarize the Jun 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.

Leading indicators of the six NEV brands diverged in Jun, as NIO and BYD posted MoM increases in their major metrics while Tesla and Li Auto showed MoM decreases. Leading indicators for Xpeng and Aion remained sluggish. We expect total NEV retail sales volume to fall MoM in Jul. New order intakes for NIO and BYD should worth noticing in Jul, as they have been rising since Feb 2024. The *Mona M03's* launch could also be a positive catalyst for Xpeng in Jul.

- **Number of leads: mixed in Jun.** The number of leads per store for the six brands combined fell 1% MoM in Jun with three brands up and three brands down (see Figure 1). Such number for Li Auto fell the most MoM (-11%) in Jun, as the *L6's* new-model promotion expired. Leads number for Tesla also fell 4% MoM in Jun. That may explain why Tesla announced auto finance incentives on 1 Jul in China. The per-store number of leads for NIO rose 2% MoM in Jun, despite the reduced BaaS incentives compared with May, better than our prior expectation. Such number for BYD rose 7% MoM in Jun, the strongest among the six brands.

The conversion ratios from leads to store visits fell MoM for all the six brands in Jun (Figure 2), probably due to hot and rainy weather. Such ratio for Aion fell the most (-2.4 ppts MoM) in Jun, although it still stayed at the highest among peers (13%).

- **Customer flow fell MoM for all brands except BYD.** Total per-store visits for the six brands fell 7% MoM and fell 14% YoY in Jun (see Figure 3). Such number for Li Auto fell 18% MoM in Jun, and that for Tesla and Xpeng also fell 7-8% MoM last month. Although NIO and Aion's leads number rose MoM last month, their per-store customer flow fell 4% and 9% MoM, respectively, due to lower conversion ratios. BYD was the only brand which posted MoM increase in customer flow last month, aided by the rollouts of the new *Qin L* and *Sea/06* PHEVs with the 5th-generation DM-i technology.

The conversion ratios from store visits to order generation improved MoM for all the brands in Jun. NIO doubled such conversation ratio from 5% at the beginning of 2024 to 10% in Jun, which showcases its improving sales efficiency. Such ratio for Li Auto (7% in Jun) has remained the lowest for three months among all the six brands.

- **Total new orders rose 2% MoM.** NIO's new orders per store rose 11% MoM in Jun (see Figure 5), stronger than expected, aided by its improved conversion ratio. Such number for BYD also rose 10% MoM in Jun, indicating a stronger Jul sales volume ahead. Li Auto's new orders per store fell 10% MoM in Jun, which was a bit weaker than we had expected. We are of the view that Li Auto may need another round of price cuts in 3Q24 in order to achieve its whole-year sales volume target. Tesla's new orders per store fell 2% MoM in Jun. Xpeng and Aion may need new models to regain the traction.

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	26
Li Auto	2015 HK	BUY	101
NIO	NIO US	HOLD	5.6
Xpeng	XPEV US	HOLD	10
Xpeng	9868 HK	HOLD	39
Geely	175 HK	BUY	14
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

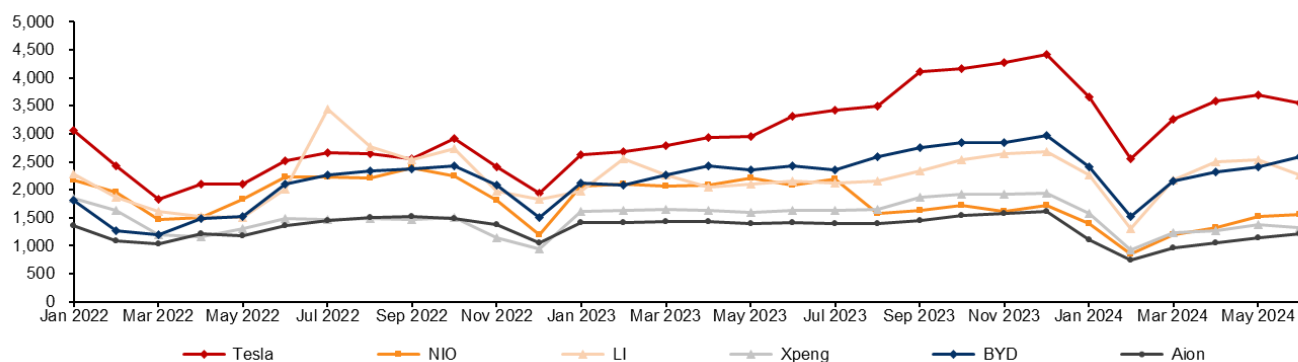
Source: Bloomberg, CMBIGM

Related Reports:

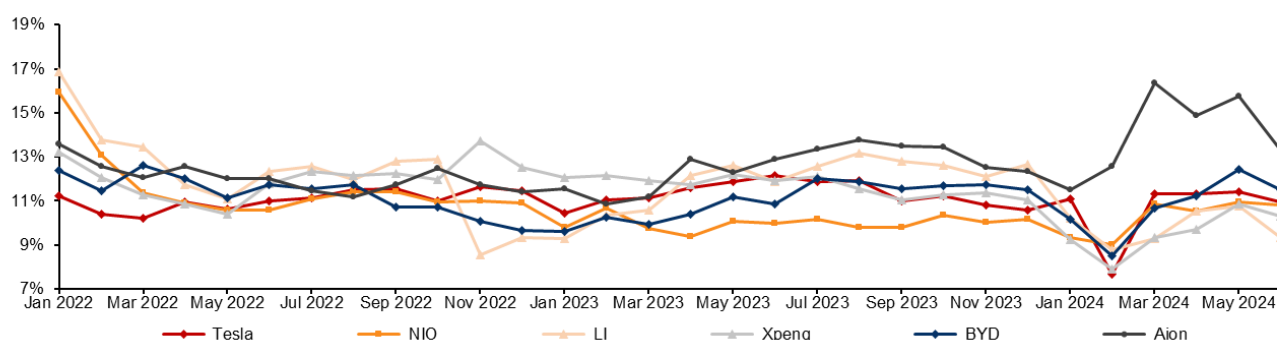
["China Auto Sector - Six NEV brands hit a record-high in Jun" – 2 Jul 2024](#)

["China Auto Sector - Leading indicators show Jun MoM sales growth" – 6 Jun 2024](#)

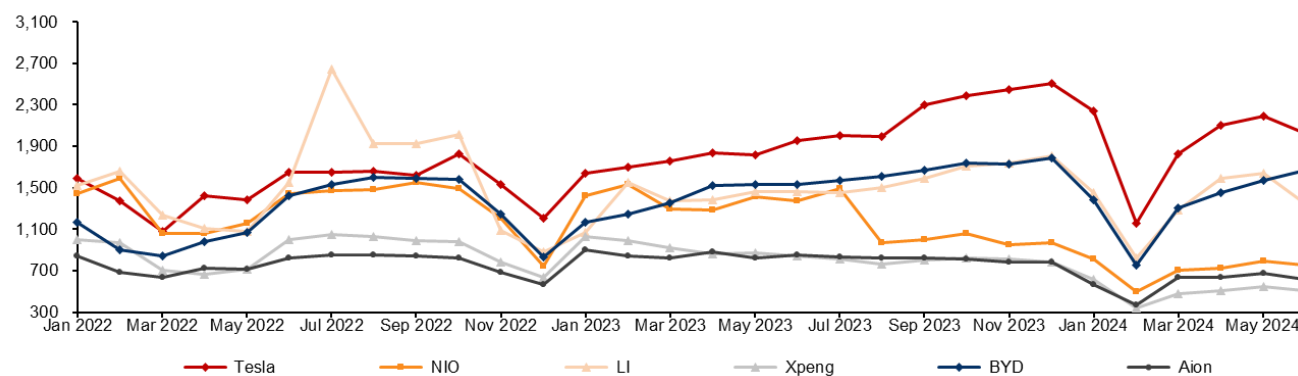
["China Auto Sector - Foreign brands' pricing system has faltered" – 5 Jun 2024](#)

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

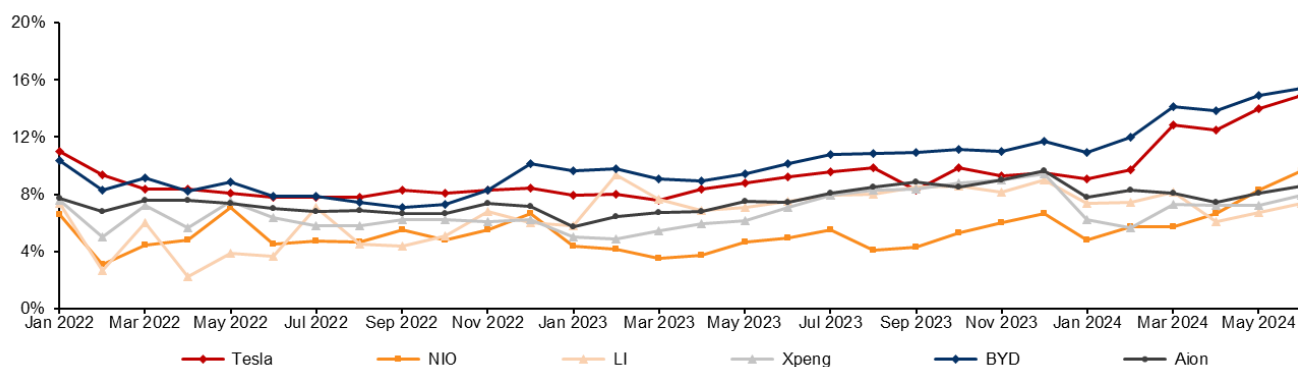
Source: Thinkercar, CMBIGM

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

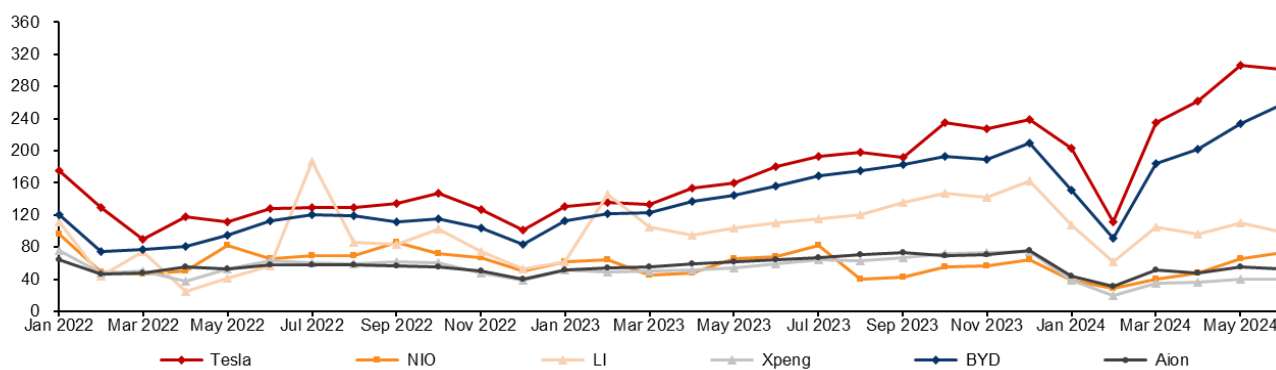
Source: Thinkercar, CMBIGM

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.