Auto

Post CNY sales recovery could be mild

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(Maintain)

China's passenger-vehicle (PV) retail sales volume rose 72% YoY and fell 12% MoM to 2.22mn units in Jan 2024, based on insurance data, 2% higher than our prior forecast. China's PV wholesale volume rose 44% YoY and fell 24% MoM to 2.11mn units in Jan 2024, according to CAAM, 10% lower than our forecast, as automakers cut more than 0.4mn units of inventories. PV exports rose 48% YoY and fell 12% MoM to 0.37mn units in Jan, also 10% lower than our projection.

- **Auto sales recovery after the Chinese New Year (CNY) could be slower than expected**. We project retail sales volume in Feb 2024 to decline 14% YoY to about 1.1mn units. We also expect Mar retail sales volume to post YoY decline again. Based on our channel checks, it appears to us that the sales ramp-up after CNY has been slower than previous years. That partially explains the recent price cuts by many automakers to boost sales. Inventories could be another reason, especially for NEVs, as we estimate the industrywide NEV inventories to be at least two months as of Feb 2024, based on our sales forecast for Mar and Apr. We are of the view that share prices for auto stocks could be volatile in the next few months, as concerns for price wars and hopes for new models could take turns to drive the share prices.

- **NEV exports could face a bumpy road ahead**. After the EU's investigation on China's NEV subsidies, the US President Joe Biden made an announcement on 29 Feb to curb Chinese NEV sales in the US, as these vehicles "pose "risks to national security". Although it sounds more like a gesture for the election in our view, geopolitical risks cannot be overlooked for China's NEV exports. China exported about 1.16mn-unit NEVs in 2023, 55% of which were Chinese brands. We maintain our forecast of 1.8mn-unit NEV exports in 2024, with about 64% being Chinese brands, as the majority of the exports are not in the EU or US. However, we turn more cautious on long-term export growth, as more countries, especially with large auto markets and homegrown brands, are likely to impose restrictions on Chinese EVs.

- **Li Auto and Geely still our top picks**. We maintain Li Auto and Geely as our top picks, as we believe new models and profitability have become more important to automakers amid the prolonged price war. BYD and Li Auto are the only two profitable Chinese NEV makers now. Li Auto has higher net profit per vehicle and higher sales-volume growth potential, in our view. Li Auto plans to unveil five new models in 2024, to more than double its current number of models on sale. Geely's NEV retail sales volume in Jan 2024 surpassed Tesla (TSLA US, NR) and SAIC-GM-Wuling to rank the 2nd place after BYD, with 8% market share in the NEV segment. Geely's total wholesale volume in the first two months also surpassed BYD's, which may also be overlooked by investors. Profitable ICE vehicles at Geely could also make the automaker more aggressive in the NEV competition.

  In this report, we summarize key auto data for both the industry and key companies in Jan-Feb 2024 from different perspectives, such as retail sales volume, inventories, discounts and leading indicators.

China Auto Sector

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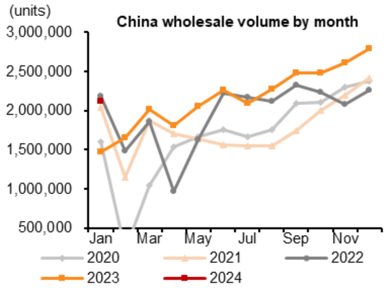

Source: CAAM, CPCA, CMBIGM

Source: CATARC, CMBIGM

Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	48
Li Auto	2015 HK	BUY	187
NIO	NIO US	HOLD	6.8
Xpeng	XPEV US	HOLD	10.5
Xpeng	9868 HK	HOLD	41
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
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	2.8
Meidong	1268 HK	BUY	4

Source: Bloomberg, CMBIGM

Related Report:

"Auto - Chinese brands' discounts continued to widen in Jan" – 6 Feb 2024

"Auto – Moderate leading indicators may result in mild recovery after CNY " – 5 Feb 2024

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Great Wall Motor

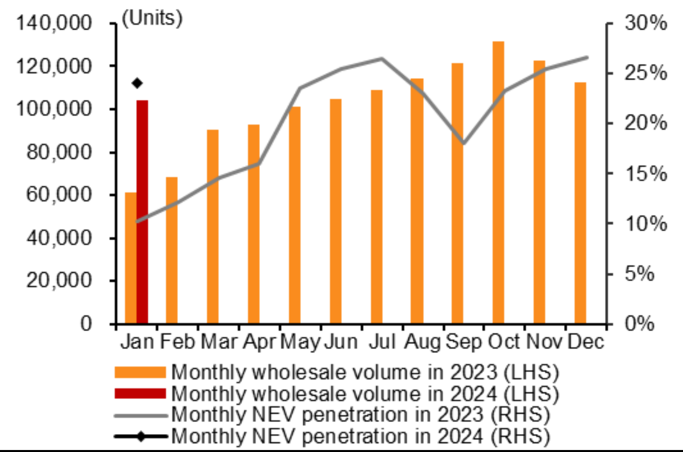
Great Wall's retail sales volume, including pick-up trucks, rose 45% YoY and fell 8% MoM to about 93,000 units in Jan 2024, in line with our prior forecast. Its wholesale volume rose 69% YoY and fell 8% MoM to about 104,000 units, slightly lower than our projection, as the automaker cut almost 16,000 units of inventories at dealers in Jan 2024. We estimate that Great Wall's inventory level was about 1.5 months as of Jan 2024.

NEV accounted for 28% of Great Wall's total PV wholesale volume in Jan 2024, vs. 25% in 2022. Although such ratio may decline in Feb 2024 based on our estimates, we still expect NEVs to account for almost 40% of Great Wall's PV wholesale volume in 2024, close to the industry average level, mainly driven by the Haval *Menglong* PHEV and several Tank-brand PHEVs. Wholesale volume for the Tank brand exceeded 20,000 units in Jan 2024, the second highest in history. PHEVs accounted for 48% of Tank's wholesale volume in Jan. We expect such ratio to exceed 50% soon with the new *Tank 700* PHEV unveiled on 26 Feb 2024.

Great Wall's average discounts at dealers widened by 0.07ppt MoM in Jan 2024, as higher sales volume contribution from newer models with low discounts largely offset the rising discounts for aging models. We expect Great Wall's discounts to remain largely stable in the next few months with its healthy inventories and more sales contribution from new models.

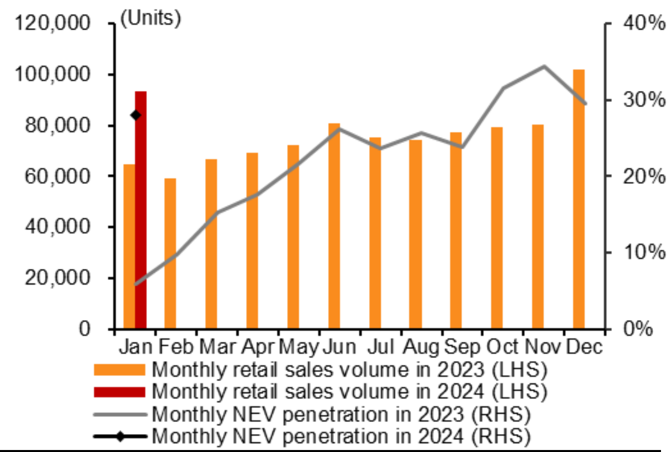
We project Great Wall's FY24E sales volume to rise 10% YoY to 1.35mn units, with the majority of growth coming from Tank and exports. These are also key drivers for Great Wall's earnings. On the other hand, Great Wall's success in the off-road style SUVs has not been extended into other segments. Its premium 6-seater SUV, the Wey *Lanshan* PHEV, and mass-market SUV, the Haval *Xiaolong* PHEV, have failed to achieve the automaker's expectation so far. In our view, should Great Wall be only successful in the off-road style SUVs, it may face a similar key-model risk as the *H6* risk in 2018-19.

Figure 1: Great Wall Motor's wholesale volume (incl. pickup trucks)



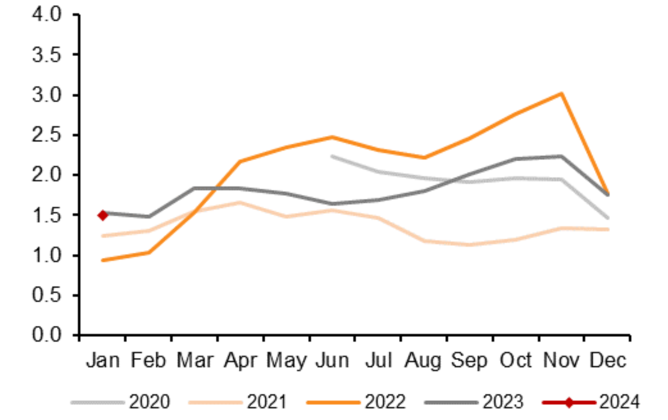
Source: CAAM, CMBIGM

Figure 2: Great Wall Motor's retail sales volume (incl. pickup trucks)



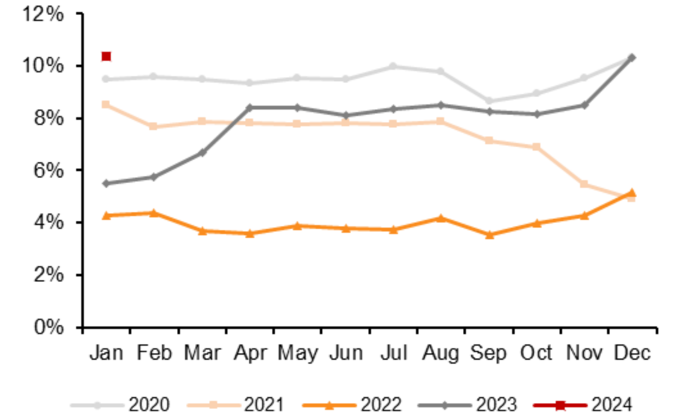
Source: CATARC, CMBIGM

Figure 3: GWM's inventory level (incl. pickup trucks)



Source: CAAM, CATARC, CMBIGM

Figure 4: Great Wall Motor's discounts at dealers



Source: ThinkerCar, CMBIGM

Geely

Geely's total wholesale volume during Jan-Feb 2024 rose 53% YoY to 325,000 units, higher than total wholesale volume in 1Q23. We expect Geely's 1Q24 wholesale volume to hit an all-time high. Geely's ICE models, such as the *Xingrui*, *Xinyue L* and *Emgrand* still played an important role in sales volume growth. Unlike other automakers, Geely added inventories at dealers by about 21,000 units in Jan 2024. We estimate that Geely cut inventories mildly in Feb 2024, leading to an inventory level of almost two months as of Feb 2024, based on our forecast of its retail sales volume in Mar and Apr 2024.

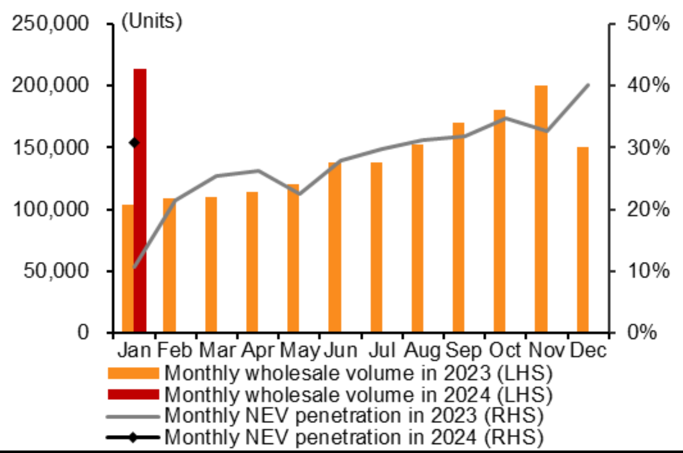
Zeekr delivered about 20,000 units in the first two months of 2024, with the new *Zeekr 007* taking up half of the sales volume. Similar to Xpeng, sales volume of Zeekr's old models fell a bit too sharply when there was a new model launch. In our view, Zeekr's 2Q24 sales volume could be crucial to the whole-year deliveries, as the *Zeekr 001* recently unveiled its facelifted version with better functionalities but lower manufacturer's suggested retail prices (MSRPs).

Galaxy's wholesale volume reached 28,000 units in the first two months of 2024, thanks to the launch of the *Galaxy E8* EV. We estimate that this flagship EV under the Galaxy series posted a retail sales volume of about 4,500 units in the first two months of its launch. Lynk & Co's sales volume was more resilient than we had expected, thanks to the *Lynk & Co 08* PHEV.

NEVs accounted for 31% of Geely's wholesale volume during Jan-Feb 2024. We expect such ratio to climb to 39% in 2024 at Geely. PHEVs already took up 43% of Geely's total NEV wholesale volume in the first two months of 2024. Discounts for Galaxy's PHEVs have been widening, which probably reflects Geely's determination to boost PHEV sales, especially as sales for Geometry may wind down.

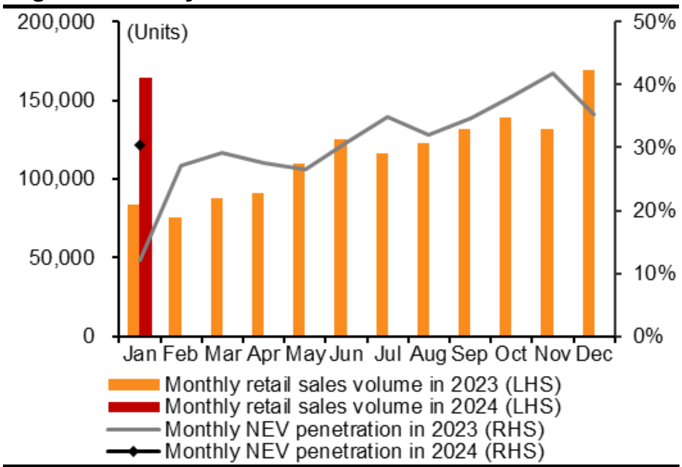
We estimate Geely's overall discounts widened by about 0.6ppt MoM in Jan 2024, the highest in two years. We expect Geely's discounts to remain high in 2024. We maintain our FY24 sales volume forecast of 1.8mn units, mainly driven by Zeekr brand and Galaxy series, although the automaker set a target of 1.9mn units for 2024. We believe that electrification is still the key to Geely's share price. However, we are of the view that investors may be distracted by Geely's multiple brands and overlook its resilient sales growth. The disposal of Livan from the listed company probably underscores its intention to refocus on core brands and vehicle models.

Figure 5: Geely's wholesale volume



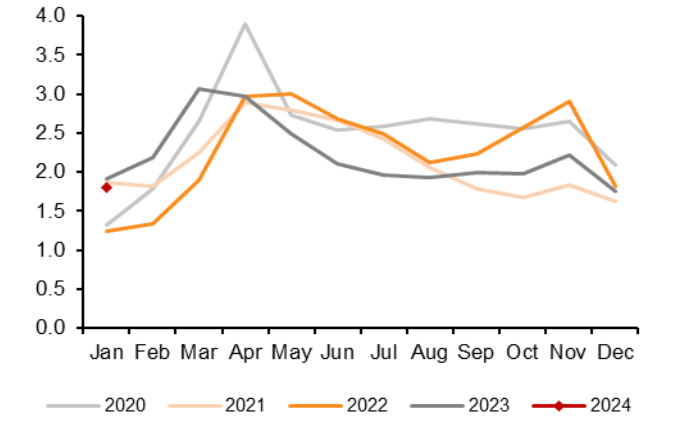
Source: CAAM, CMBIGM

Figure 6: Geely's retail sales volume



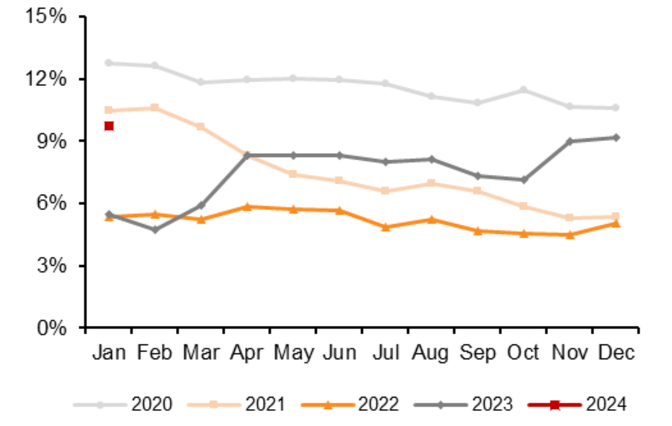
Source: CATARC, CMBIGM

Figure 7: Geely's inventory level



Source: CAAM, CATARC, CMBIGM

Figure 8: Geely's discounts at dealers



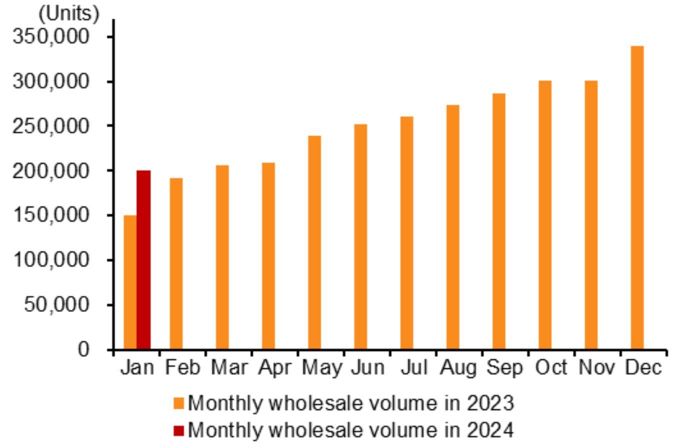
Source: ThinkerCar, CMBIGM

BYD

BYD's wholesale volume (including commercial vehicles) fell 6% YoY to about 0.32mn units during Jan-Feb 2024. Its Feb wholesale volume was below our expectation, which explained its aggressive pricing for its facelifted models. We estimate that BYD has probably cut its inventories by more than 60,000 units in the first two months of 2024. We estimate BYD's inventory level at dealers to be close to two months, based on our forecast for its retail sales volume in Mar and Apr. Discounts at dealers may not be a good metric to measure BYD's pricing strategy, as it prefers cutting MSRPs when unveiling facelifted versions, which occurs as frequently as each year. For example, BYD cut the MSRPs for the facelifted *Qin*, *Han*, *Tang*, *Song*, *Dolphin* and *Seal* by about RMB20,000-30,000 (or 11-15%) in Feb 2024. That was consistent with our previous argument that the company is likely to continue widening its discounts to pursue its 2024 sales target, as greater economies of scale and lowered raw-material prices could cut costs for BYD, especially as its businesses are more vertically integrated than its peers.

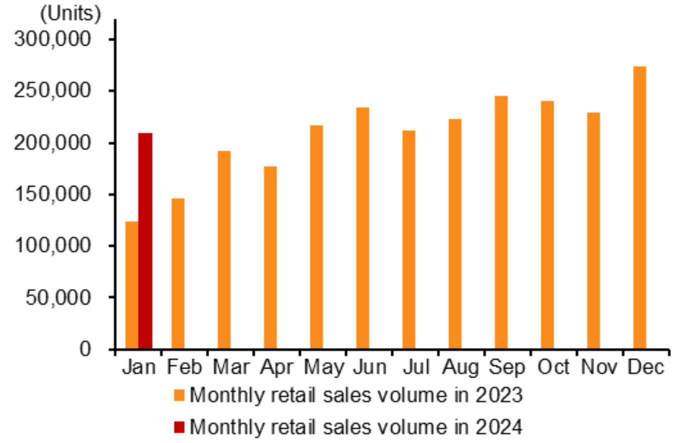
After the failure of the Denza *N7* and *N8*, it appears that Fangchengbao and Yangwang have become new building blocks for BYD's upmarket movement. Retail sales volume for the *Bao 5* exceeded 5,000 units in Jan 2024. The Yangwang *U8*, priced above RMB1mn, also posted a retail sales volume of about 1,700 units in Jan.

Figure 9: BYD's PV wholesale volume



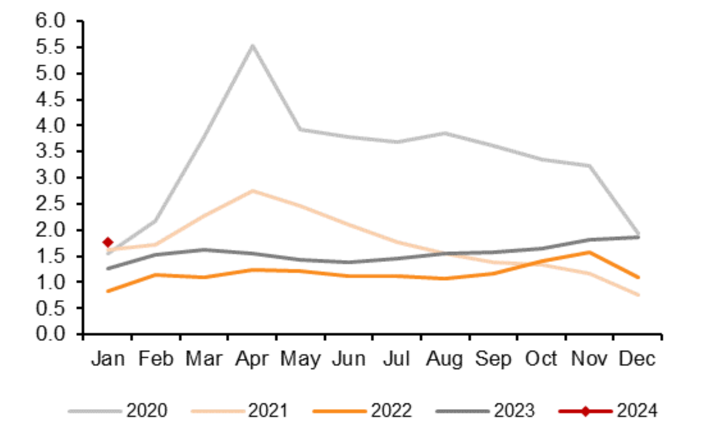
Source: CAAM, CMBIGM

Figure 10: BYD's PV retail sales volume



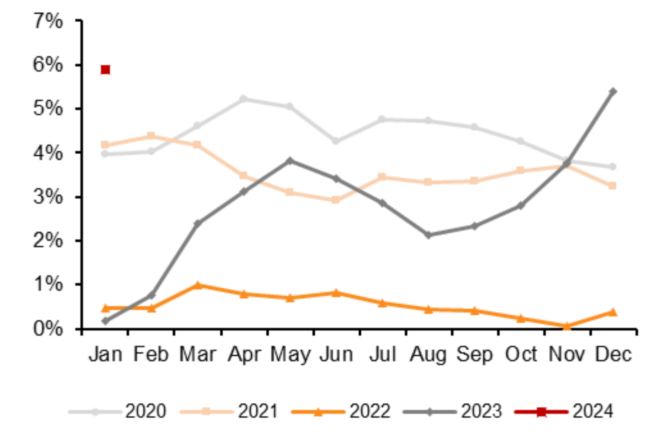
Source: CATARC, CMBIGM

Figure 11: BYD's inventory level



Source: CAAM, CATARC, CMBIGM

Figure 12: BYD's discounts at dealers



Source: ThinkerCar, CMBIGM

Guangzhou Automobile Group

Total wholesale volume at GAC Group fell 10% YoY and 49% MoM to about 132,000 units in Jan 2024, as all its brands cut inventories before CNY. More importantly, we have not seen clear signals for Aion to go upmarket amid Hyper's sluggish sales volume. As the NEV competition continues to rise, especially in the price range of RMB100,000-200,000, Aion could face more challenges in the short term.

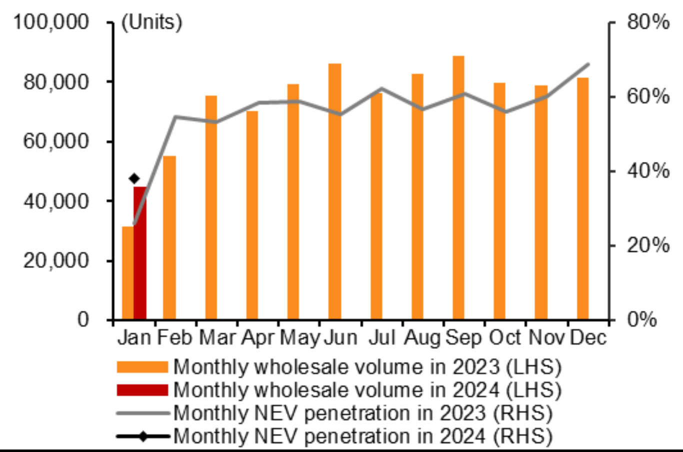
Wholesale volume of GAC Aion fell 76% MoM to only 11,000 units in Jan 2024, leading to an inventory destocking of about 13,000 units. Aion's retail sales volume in the first two months of 2024 was about 42,000 units. We expect Aion to further cut inventories in 1H24. Retail sales volume for the Hyper *GT* and *HT* combined was below 1,000 units in Jan 2024 despite low discounts. In our view, Hyper needs to widen discounts in a bid to boost sales. More importantly, Hyper's upcoming new models need to be labelled with unique features, in order to build its brand image among consumers. We maintain our FY24E sales volume forecast of 0.5mn units for Aion.

Trumpchi appears to be more resilient than Aion, aided by its MPV models and *GS3* SUV. About 34% of Trumpchi's wholesale volume in Jan 2024 was contributed by MPVs. Retail sales volume of the *E8* PHEV reached 4,200 units in Jan 2024. GAC's PHEV sales volume in 2024 may beat investors' expectation, in our view.

GAC Toyota's wholesales volume fell 48% MoM to about 51,000 units in Jan 2024, largely due to inventory destocking and the transition of the *Camry*. We estimate GAC Toyota's inventory level to be 1.1 months as of Jan 2024. GAC Toyota's average discounts at dealers narrowed by about 0.6ppt MoM in Jan 2024, from its all-time high of more than 16% in Dec 2023, based on our calculations. We expect its discounts to narrow sequentially in the next few months amid the launch of the new *Camry* and to widen again in 2H24. *Highlander*, which did not offer discounts in China before 2023, now has a discount of about 10% and two-month inventories. We maintain our forecast of 0.87mn units (-8% YoY) for GAC Toyota's wholesale volume in 2024.

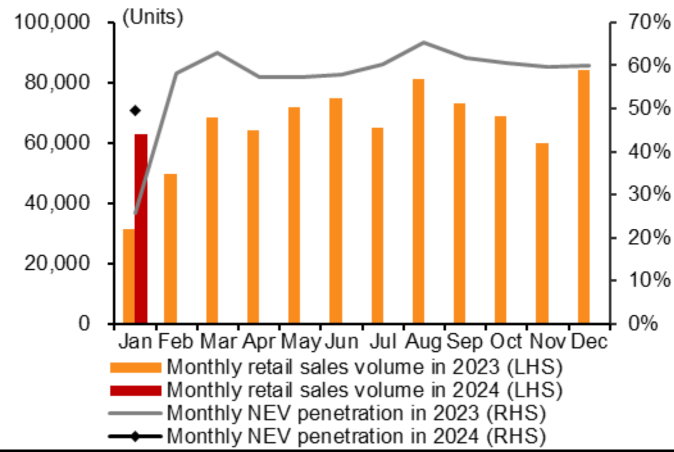
Retail volume of GAC Honda doubled YoY and fell 30% MoM to almost 58,000 units in Jan 2024, which led to an inventory cut of about 25,000 units. Its inventory level was about 1.3 months as of Jan 2024, based on our calculations. Such inventory cuts only helped narrow its discounts at dealers by about 0.2ppt MoM. We expect GAC Honda's discounts to widen to all-time highs in 2024. The new-generation *Accord*, which was unveiled in May 2023, already has a discount of about 18% in Jan 2024.

Figure 13: Trumpchi & Aion's wholesale volume



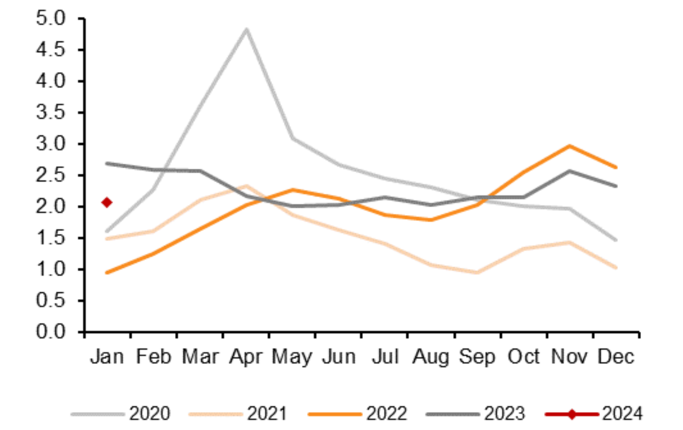
Source: CAAM, CMBIGM

Figure 14: Trumpchi & Aion's retail sales volume



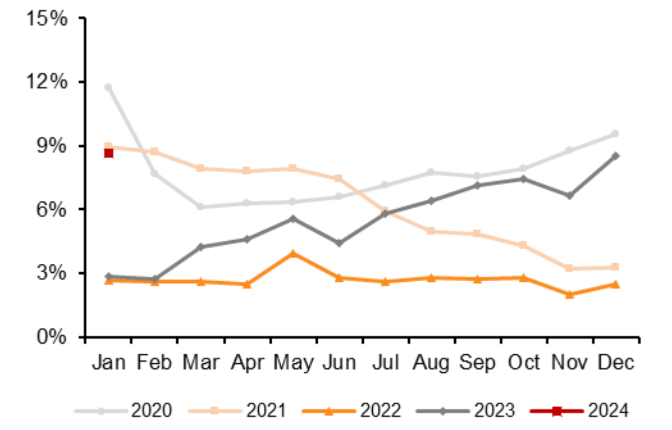
Source: CATARC, CMBIGM

Figure 15: Trumpchi & Aion's inventory level



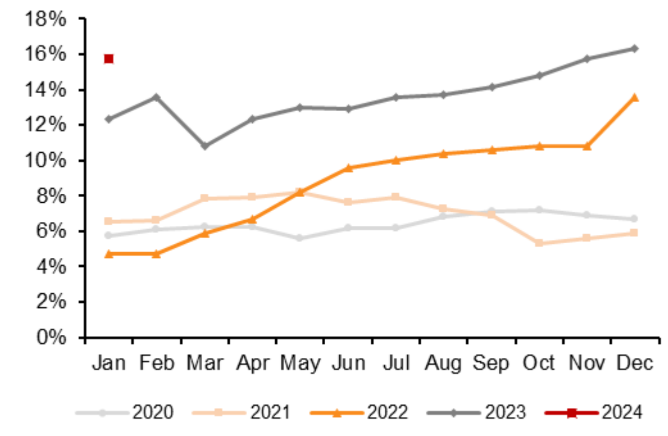
Source: CAAM, CATARC, CMBIGM

Figure 16: Trumpchi & Aion's discounts at dealers



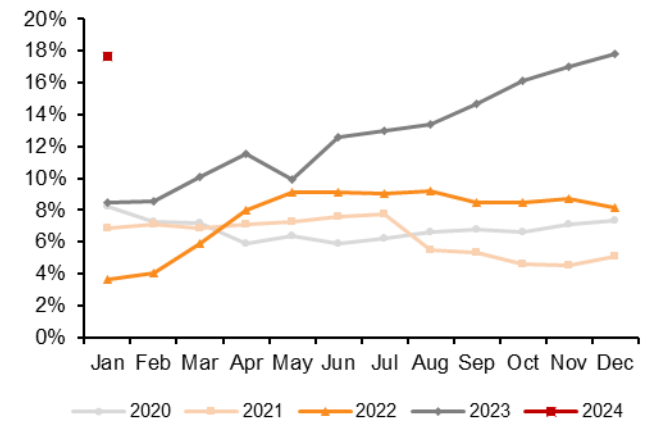
Source: ThinkerCar, CMBIGM

Figure 17: GAC Toyota discounts at dealers



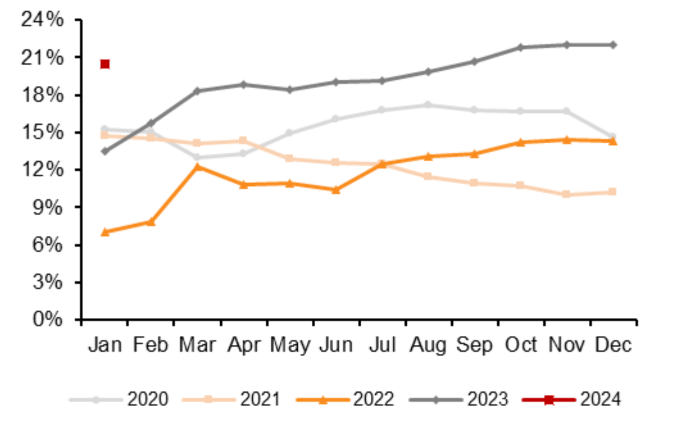
Source: ThinkerCar, CMBIGM

Figure 18: GAC Honda discounts at dealers



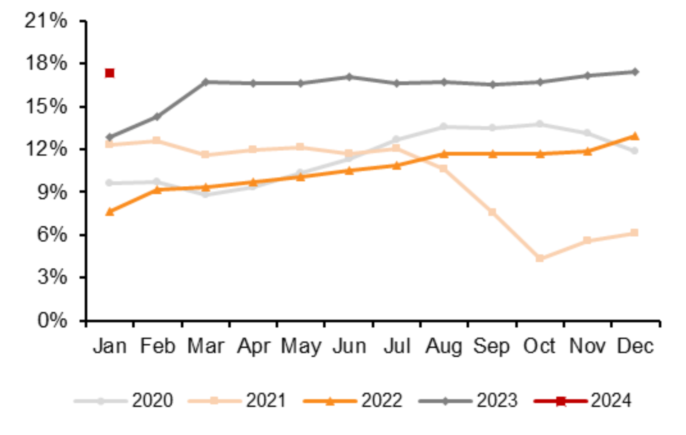
Source: ThinkerCar, CMBIGM

Figure 19: BMW Brilliance discounts at dealers



Source: ThinkerCar, CMBIGM

Figure 20: Beijing Benz discounts at dealers



Source: ThinkerCar, CMBIGM

Discounts for BMW Brilliance narrowed by 1.5ppts MoM in Jan 2024 amid the phase-out of the old *5-Series*. Almost all other models posted larger discounts in Jan 2024 than Dec 2023. Therefore, we are of the view that such discount narrowing could be short-lived, as the discount for the new *5-Series* is likely to follow the pattern for the new Mercedes *E-Class*. We also think the NEV penetration of 20% for BMW in China in 2024 is a bit too aggressive, which could lift its overall discounts. Although BMW Brilliance set its new *i5*'s MSRP at the same level as that for its new *5-Series* ICE version (RMB439,900) to lure consumers, the *i5* still faces fierce competition from Chinese brands, in our view.

Beijing Benz's discounts at dealers narrowed by 0.07ppt MoM in Jan 2024, the second highest in its history. Despite that, the discount expansion for Mercedes-Benz has been slower than BMW in China.

Figure 21: China passenger-vehicle wholesale volume by OEM / brand

	Total					NEV				
	Jan 2024	YoY %	MoM %	YTD	YTD YoY %	Jan 2024	YoY %	MoM %	YTD	YTD YoY %
Chinese OEMs	**1,270,711**	**66.0%**	**-20.9%**	**1,271,369**	**66.0%**	**549,067**	**87.8%**	**-41.4%**	**549,720**	**87.8%**
Geely	215,564	109.0%	43.7%	215,564	109.0%	66,578	521.5%	10.9%	66,578	521.5%
Great Wall Motor	88,522	77.6%	-8.2%	88,522	77.6%	24,988	295.8%	-16.2%	24,988	295.8%
Changan	193,298	54.6%	67.8%	193,298	54.6%	46,056	84.5%	-14.8%	46,056	84.5%
SAIC-GM-Wuling	32,665	28.2%	-80.4%	32,665	28.2%	18,270	298.6%	-84.6%	18,270	298.6%
SAIC	50,592	-9.2%	-63.0%	50,592	-9.2%	12,287	-33.8%	-68.9%	12,287	-33.8%
BYD	201,019	33.9%	-40.9%	201,019	33.9%	201,019	33.9%	-40.9%	201,019	33.9%
GAC Motor (incl. Aion)	44,804	31.1%	-44.9%	44,804	31.1%	17,038	66.9%	-69.6%	17,038	66.9%
Chery	191,675	107.6%	-2.5%	191,675	107.6%	14,871	207.7%	-14.8%	14,871	207.7%
Dongfeng	32,625	62.5%	45.7%	32,625	62.5%	6,643	65.2%	98.7%	6,643	65.2%
FAW	50,419	114.4%	8.6%	50,419	114.4%	5,525	63.8%	-39.5%	5,525	63.8%
BAIC	6,614	12.5%	-78.0%	6,614	12.5%	1,658	-35.1%	-92.2%	1,658	-35.1%
NIO	10,055	18.2%	-44.2%	10,055	18.2%	10,055	18.2%	-44.2%	10,055	18.2%
Li Auto	31,165	105.8%	-38.1%	31,165	105.8%	31,165	105.8%	-38.1%	31,165	105.8%
Xpeng	8,648	65.7%	-57.0%	8,648	65.7%	8,648	65.7%	-57.0%	8,648	65.7%
Neta	10,032	66.8%	95.4%	10,032	66.8%	10,032	66.8%	95.4%	10,032	66.8%
Leap Motor	12,277	977.9%	-34.1%	12,277	977.9%	12,277	977.9%	-34.1%	12,277	977.9%
Jinkang Seres	30,855	590.4%	0.7%	30,855	590.4%	30,855	590.4%	0.7%	30,855	590.4%
German Brands	**362,440**	**25.2%**	**-22.1%**	**362,440**	**25.2%**	**36,041**	**87.6%**	**-27.0%**	**36,041**	**87.6%**
VW	195,793	39.4%	-18.7%	195,793	39.4%	17,477	304.1%	-36.5%	17,477	304.1%
Audi	45,527	44.4%	-41.9%	45,527	44.4%	1,951	126.6%	-36.3%	1,951	126.6%
BMW	63,121	8.3%	-1.6%	63,121	8.3%	11,102	39.1%	5.5%	11,102	39.1%
Mercedes-Benz	43,571	-2.9%	-21.7%	43,571	-2.9%	2,583	-5.6%	-9.5%	2,583	-5.6%
Jetta	11,500	4.3%	-44.9%	11,500	4.3%	-	N/A	N/A	-	N/A
Japanese Brands	**277,886**	**28.5%**	**-29.2%**	**277,886**	**28.5%**	**6,132**	**150.8%**	**-18.1%**	**6,132**	**150.8%**
Honda	101,861	48.4%	-24.2%	101,861	48.4%	3,405	552.3%	-31.4%	3,405	552.3%
Toyota	92,912	-16.9%	-50.3%	92,912	-16.9%	2,477	32.5%	4.8%	2,477	32.5%
Nissan	73,716	145.0%	22.8%	73,716	145.0%	245	469.8%	64.4%	245	469.8%
Mazda	9,208	128.8%	-16.5%	9,208	128.8%	5	-44.4%	-50.0%	5	-44.4%
Mitsubishi	-	-100.0%	N/A	-	-100.0%	-	-100.0%	N/A	-	-100.0%
American Brands	**131,916**	**-5.1%**	**-40.8%**	**131,916**	**-5.1%**	**85,168**	**22.6%**	**-25.0%**	**85,168**	**22.6%**
Buick	27,012	-19.2%	-59.9%	27,012	-19.2%	13,512	422.1%	-24.0%	13,512	422.1%
Chevrolet	2,988	-76.2%	-77.0%	2,988	-76.2%	-	-100.0%	-100.0%	-	-100.0%
Cadillac	6,000	-33.3%	-75.4%	6,000	-33.3%	50	-90.0%	-95.6%	50	-90.0%
Ford	17,144	25.8%	-9.7%	17,144	25.8%	159	5200.0%	-72.4%	159	5200.0%
Lincoln	7,325	68.0%	50.3%	7,325	68.0%	-	N/A	-100.0%	-	N/A
Tesla	71,447	8.2%	-24.1%	71,447	8.2%	71,447	8.2%	-24.1%	71,447	8.2%
Korean Brands	**29,336**	**23.3%**	**-38.4%**	**29,336**	**23.3%**	**763**	**N/A**	**-30.4%**	**763**	**N/A**
Hyundai	14,224	-5.4%	-50.1%	14,224	-5.4%	-	N/A	N/A	-	N/A
Kia	15,112	72.6%	-20.7%	15,112	72.6%	763	N/A	-30.4%	763	N/A
Others	**25,059**	**-0.7%**	**7.3%**	**24,401**	**-0.7%**	**1,231**	**-80.0%**	**-6.5%**	**578**	**-80.0%**
PSA	6,489	34.3%	49.8%	6,489	34.3%	-	-100.0%	-100.0%	5	-100.0%
Volvo	12,940	22.2%	-3.8%	12,940	22.2%	573	-38.7%	-51.5%	573	-38.7%
Jaguar	1,663	-19.6%	-8.6%	1,663	-19.6%	-	N/A	N/A	-	N/A
Land Rover	2,209	-11.2%	-13.3%	2,209	-11.2%	-	-100.0%	-100.0%	-	-100.0%
Total	**2,097,348**	**43.7%**	**-24.0%**	**2,097,348**	**43.7%**	**678,402**	**74.1%**	**-38.9%**	**678,402**	**74.1%**

Source: CPCA, CMBIGM

Figure 22: China passenger-vehicle monthly retail sales volume by OEM / brand

	Total					NEV				
	Jan 2024	YoY %	MoM %	YTD	YTD YoY %	Jan 2024	YoY %	MoM %	YTD	YTD YoY %
Chinese OEMs										
Geely	153,975	93.1%	-2.0%	153,975	93.1%	39,337	542.1%	-17.5%	39,337	542.1%
Zeekr	12,419	215.0%	2.4%	12,419	215.0%	12,419	215.0%	2.4%	12,419	215.0%
Great Wall	81,959	56.5%	-7.9%	81,959	56.5%	26,152	585.9%	-12.9%	26,152	585.9%
Changan	154,291	55.5%	6.3%	154,291	55.5%	39,693	161.5%	-6.7%	39,693	161.5%
SAIC Motor	38,121	45.2%	-14.6%	38,121	45.2%	15,307	565.5%	-32.0%	15,307	565.5%
GAC Trumpchi	39,480	67.8%	-5.7%	39,480	67.8%	7,801	59907.7%	-5.4%	7,801	59907.7%
GAC Aion	23,382	189.5%	-44.7%	23,382	189.5%	23,382	189.5%	-44.7%	23,382	189.5%
BYD	209,282	69.5%	-23.5%	209,282	69.5%	209,282	69.6%	-23.5%	209,282	69.6%
SAIC-GM-Wuling	70,206	45.3%	-18.7%	70,206	45.3%	43,911	125.0%	-28.9%	43,911	125.0%
BAIC Magna	2,060	336.4%	-31.1%	2,060	336.4%	2,060	336.4%	-31.1%	2,060	336.4%
Voyah	6,545	522.7%	-10.2%	6,545	522.7%	6,545	522.7%	-10.2%	6,545	522.7%
NIO	11,617	15.4%	-33.7%	11,617	15.4%	11,617	15.4%	-33.7%	11,617	15.4%
Lixiang	31,637	104.5%	-37.7%	31,637	104.5%	31,637	104.5%	-37.7%	31,637	104.5%
Xpeng	8,607	71.2%	-50.4%	8,607	71.2%	8,607	71.2%	-50.4%	8,607	71.2%
Neta	6,259	25.9%	0.5%	6,259	25.9%	6,259	25.9%	0.5%	6,259	25.9%
Leapmotor	12,411	1908.3%	-29.3%	12,411	1908.3%	12,411	1908.3%	-29.3%	12,411	1908.3%
Human Horizons	299	45.1%	-48.5%	299	45.1%	299	45.1%	-48.5%	299	45.1%
Jinkang Seres	32,954	907.5%	33.0%	32,954	907.5%	32,954	907.5%	33.0%	32,954	907.5%
Foreign OEMs										
SAIC VW	151,274	101.2%	10.2%	151,274	101.2%	11,335	259.4%	-41.2%	11,335	259.4%
FAW VW	203,090	86.8%	-0.3%	203,090	86.8%	7,574	110.3%	-28.7%	7,574	110.3%
Beijing Benz	57,084	26.4%	32.8%	57,084	26.4%	2,799	-6.7%	-2.0%	2,799	-6.7%
BMW Brilliance	74,070	40.5%	4.8%	74,070	40.5%	9,558	30.7%	-14.9%	9,558	30.7%
FAW Toyota	73,858	84.4%	-18.5%	73,858	84.4%	1,838	341.8%	-31.3%	1,838	341.8%
GAC Toyota	67,405	27.3%	-27.1%	67,405	27.3%	161	-70.3%	-29.4%	161	-70.3%
Dongfeng Honda	53,140	75.5%	-41.6%	53,140	75.5%	1,444	-17.1%	-34.1%	1,444	-17.1%
GAC Honda	57,737	105.8%	-30.2%	57,737	105.8%	1,174	116.2%	-20.9%	1,174	116.2%
Dongfeng Nissan	85,738	64.7%	-21.8%	85,738	64.7%	2,719	4508.5%	-37.5%	2,719	4508.5%
GAC Mitsubishi	178	-87.9%	-83.3%	178	-87.9%	3	-25.0%	50.0%	3	-25.0%
SAIC GM	72,889	54.1%	-11.3%	72,889	54.1%	7,033	462.2%	-44.2%	7,033	462.2%
Changan Ford	14,333	55.4%	-17.4%	14,333	55.4%	129	-18.4%	-34.2%	129	-18.4%
Tesla China	41,424	52.3%	-44.8%	41,424	52.3%	41,424	52.3%	-44.8%	41,424	52.3%
Volvo Asia Pacific	13,146	65.0%	-12.2%	13,146	65.0%	829	-0.4%	-46.5%	829	-0.4%
Chery JLR	4,846	63.5%	-11.3%	4,846	63.5%	2	-98.4%	-99.1%	2	-98.4%
Beijing Hyundai	21,214	3.6%	-29.0%	21,214	3.6%	0	N/A	-100.0%	0	N/A
Yueda Kia	6,704	13.2%	-5.6%	6,704	13.2%	531	1029.8%	33.8%	531	1029.8%
Total (excl. imports)	**2,145,277**	**-1.3%**	**-12.7%**	**2,145,277**	**-1.3%**	**661,101**	**110.6%**	**-6.3%**	**3,291,026**	**948.6%**
Imports by Brand										
Lexus	17,058	88.9%	-24.5%	17,058	88.9%	343	26.6%	-39.2%	343	26.6%
BMW	10,728	15.5%	6.0%	10,728	15.5%	482	33.1%	-48.7%	482	33.1%
Mercedes-Benz	17,575	24.4%	26.1%	17,575	24.4%	362	-43.8%	-69.0%	362	-43.8%
Porsche	6,663	-8.2%	-11.7%	6,663	-8.2%	1,093	-13.0%	-28.0%	1,093	-13.0%
Audi	7,413	162.2%	16.1%	7,413	162.2%	19	-26.9%	-26.9%	19	-26.9%
Total Imports	**77,459**	**-12.9%**	**15.4%**	**77,459**	**-12.9%**	**2,697**	**18.4%**	**-32.2%**	**22,002**	**866.3%**
Total	**2,222,736**	**-1.8%**	**-12.0%**	**2,222,736**	**-1.8%**	**663,798**	**110.0%**	**-6.4%**	**3,313,028**	**948.0%**

Source: CATARC, CMBIGM

NEV Segment

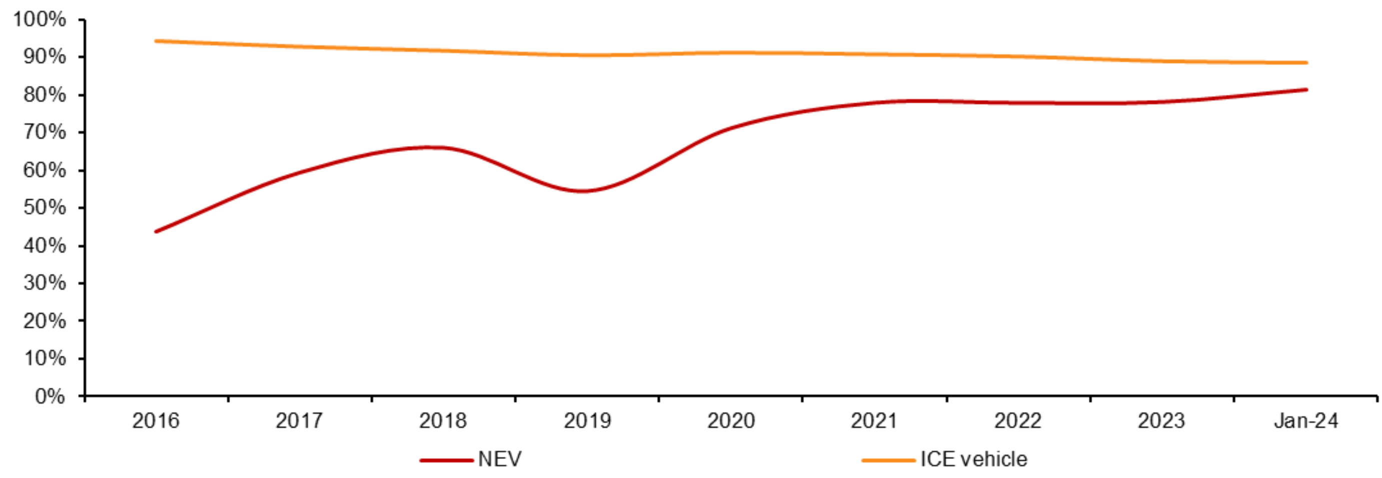
Jan NEV retail sales in line, wholesale volume missed

In Jan 2024, retail sales volume of passenger NEVs in China rose 126% YoY and fell 26% MoM to about 0.66mn units, lower than our prior forecast by 1%. NEV's market share fell to 29.9% in Jan 2024 from 35.3% in Dec 2023 on a retail basis, but 7.2ppts higher than that in Jan 2023. The trailing 12-month NEV market share rose for 43 months in a row to 33.7% as of Jan 2024.

We expect NEV market share to rise sequentially in Feb-Mar 2024, driven by more competitive new models after the CNY. As noted in our previous sector report, we project NEV market share to rise from 33.7% in 2023 to 41% in 2024 on a retail basis, with NEV retail sales volume rising 21% YoY to 8.8mn units this year.

Individual customers accounted for about 81% of total NEV retail sales in Jan 2024, the highest level for the past 12 months. Such ratio has been close to that for ICE vehicles, meaning that NEV in China has been largely market driven. We expect such ratio to be stable for NEVs in 2024.

Figure 23: Proportion of NEVs sold to individual customers vs that of ICE vehicles in China



Source: CATARC, CMBIGM

In Jan 2024, wholesale volume of passenger NEVs rose 78% YoY to about 0.7mn units, 12% lower than our prior forecast, due to stronger-than-expected destocking. NEV market share on a wholesale basis fell from the historical high of 40.3% in Dec 2023 to 33% in Jan 2024.

We maintain our passenger NEV wholesale volume forecast of 11mn units in 2024, assuming NEV exports of 1.8mn units and an inventory restocking of 0.3mn units in 2024 (more details in our 2024 outlook report). However, we turn a bit more cautious about China's NEV exports, as more countries have started to consider curbing NEV sales from Chinese automakers.

NEV inventories declined for the first time since Jan 2023

NEV inventories fell by about 60,000 units in Jan 2024, the first decline since Jan 2023. We expect NEV makers to cut inventories slightly again in Feb 2024. We estimate the industrywide NEV inventory level to be around two months as of Feb 2024, based on our retail sales forecast for the next few months. In fact, the figure could be even higher for individual NEV makers because about 21% of total NEVs sold in 2023 were through direct-sales model which is supposed to have minimal inventories.

NEV exports rose 27% YoY and fell 8% MoM to about 97,000 units in Jan 2024, 3% lower than our prior forecast. BYD accounted for 37% of China's total NEV exports in Jan 2024 (vs. 24% in 2023), followed by Tesla (33% vs. 34% in 2023). MG, the third largest NEV exporter in 2023, only exported about 2,500 units in Jan 2024.

New model rollouts to be accelerated after CNY

Based on the data we compiled, about 11 new NEV models were launched in Jan 2024, including the *Xpeng X9*, *Geely Galaxy E8*, *Zeekr 007*, *BMW i5*, and *Chery Fulwin A8 PHEV*. In Feb 2024, important new models included the *Tank 700* PHEV and Chery *Fulwin T6* PHEV. The Aito *M9* also started mass deliveries in Feb 2024. We expect new model launches to reaccelerate after the CNY. We project about 20 new models to be rolled out in Mar 2024, such as the *Li Mega*, *BYD Qin L*, *Leap C10*, new *Toyota Camry*, *Changan UNI-Z*, and *Exeed Sterra ET*. About 90% of them are NEVs.

NEV by city-tier: Tier-2 cities' NEV share exceeded tier-1's in Jan

According to insurance data, tier-1, -2, -3, and -4 and below cities contributed about 11%, 52%, 20%, and 17% of total NEV retail sales, respectively, in China in Jan 2024. Compared with Dec 2023, about 4ppts market share of tier-1 cities was grabbed by tier-2 and below cities in Jan 2024, mainly due to NEV sales plunge in Shanghai (17,000 units in Jan 2024 vs. 58,000 units in Dec 2023) due in part to local government subsidies phase-out.

NEVs accounted for 32%, 32%, 30%, and 24% of total retail sales volume in tier-1, -2, -3, and -4 and below cities, respectively, in Jan 2024. Tier-2 cities' NEV market share surpassed tier-1 cities' for the first time in history in Jan, partly due to the CNY effect. On a trailing 12-month basis, NEV market share was about 42%, 35%, 33% and 27% in tier-1, -2, -3, and -4 and below cities as of Jan 2024, respectively.

Interestingly, the *Aito M7* EREV was the best-selling NEV model nationwide in Jan 2024, with retail sales volume of about 31,324 units, 166 units more than the *Model Y.* The combined retail sales volume of the *BYD Song Plus* and *Song Pro* PHEVs reached 44,000 units in Jan. The *Tesla Model Y* remained the best-selling NEV model in tier-1 and -2 cities in Jan 2024, with market share of 7% (vs. 9% in 2023). In tier-3 and below cities, the *BYD Seagull* EV replaced the *Wuling Hongguang Mini* EV to be the best-selling NEV model in Jan 2024. Mini-size BEVs' market share in the BEV segment further fell to 12% in Jan 2024 (vs. 14% in 2023).

Figure 24: China NEV market share by city tier (trailing 12-month basis)

Market Share	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024
Tier 1	41.5%	42.2%	42.1%	42.6%	42.7%	43.2%	42.4%
Tier 2	31.5%	32.4%	33.1%	34.0%	34.5%	35.4%	35.5%
Tier 3	27.1%	28.2%	29.2%	30.3%	31.2%	32.1%	32.8%
Tier 4 and below	22.1%	23.0%	23.7%	24.4%	25.0%	26.0%	26.6%
Nationwide	**29.9%**	**30.9%**	**31.5%**	**32.3%**	**32.9%**	**33.7%**	**33.9%**

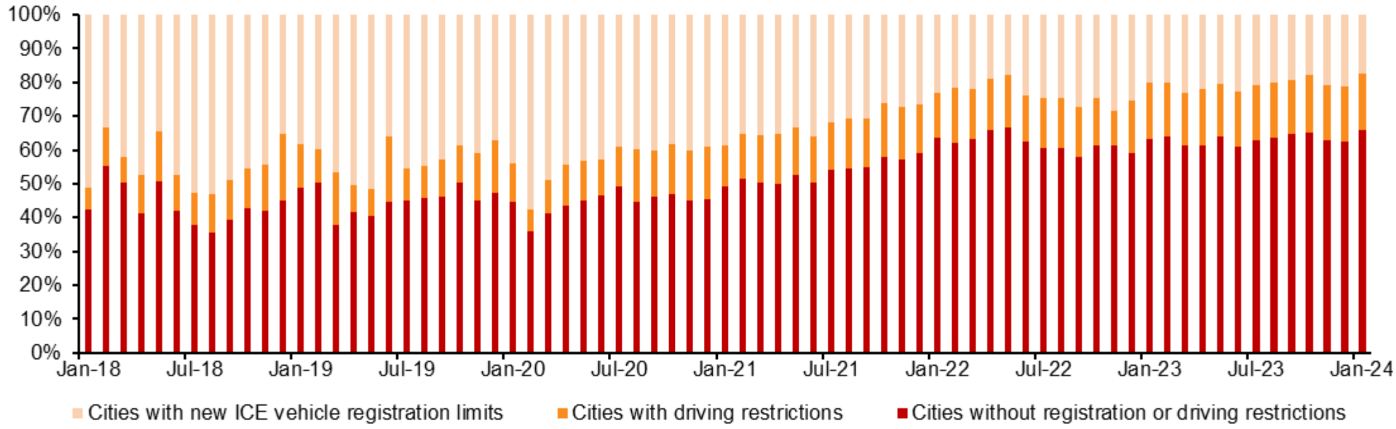
Source: CATARC, CMBIGM

NEV by city type: Contribution from cities with ICE license caps hit the all-time low

We divide cities in China into three types based on whether there are restrictions on ICE vehicle registration or driving. In Jan 2024, only 17% (vs. 21% in 2023) 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), the lowest level in history, due to Shanghai's NEV sales slump. Shanghai accounted for 2.5% of nationwide NEV retail sales in Jan 2024, down from 5% in 2023. We expect NEV sales volume to ramp up in Shanghai after the CNY, especially as the local government has decided to extend the NEV subsidies for replacement purchases in 2024..

About 17% of NEV retail sales volume was from cities with driving restrictions (including 24 cities, like Baoding, Chongqing, Wuhan, and Xi'an) in Jan 2024, up from 16% in 2023. The remaining 66% of NEV retail sales volume was contributed by cities without license or driving restrictions in Jan 2024, 3ppts higher than that in 2023.

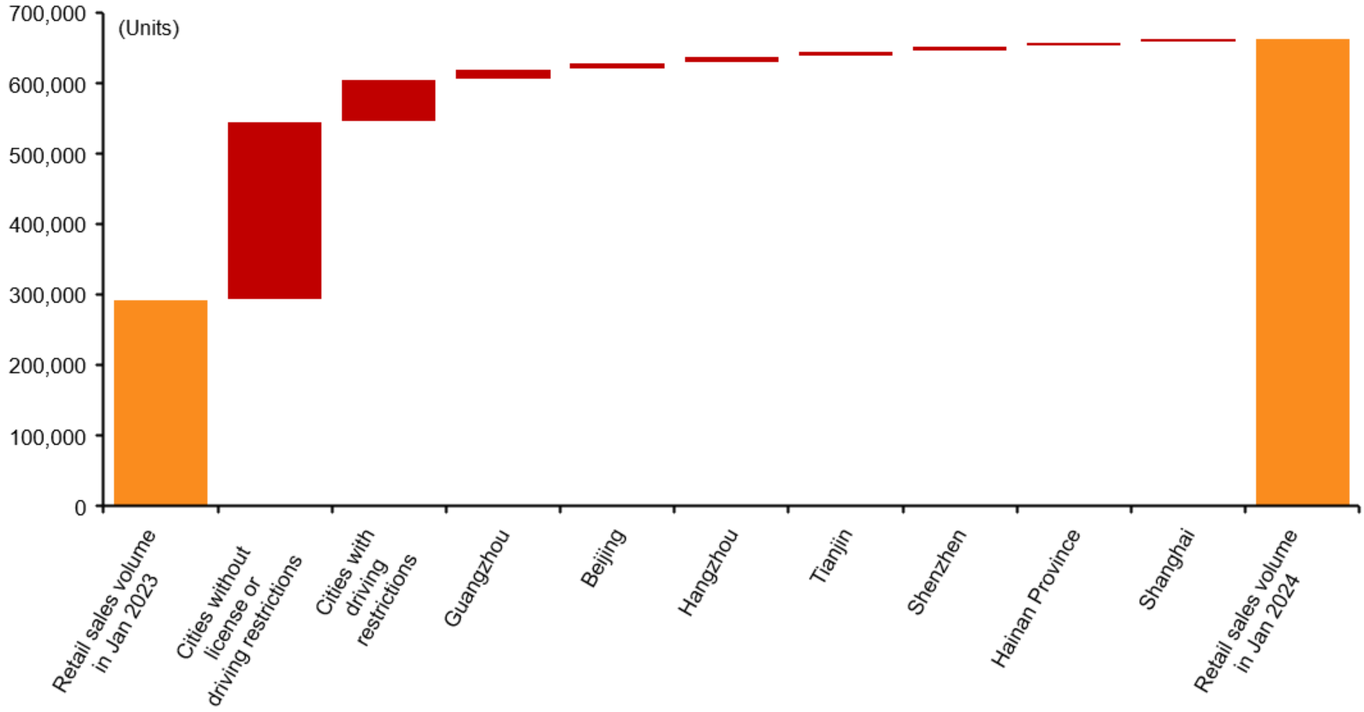
Figure 25: NEV market share by city type



Source: CATARC, CMBIGM

China's total NEV retail sales volume increased by about 0.37mn units YoY in Jan 2024. About 68% of the increment was from cities without license or driving restrictions. Guangzhou posted the largest YoY sales increase among the seven regions with new ICE vehicle registration limits in Jan 2024, and took over the NEV retail sales crown from Shanghai. Shanghai fell to No.6 among all cities in Jan 2024.

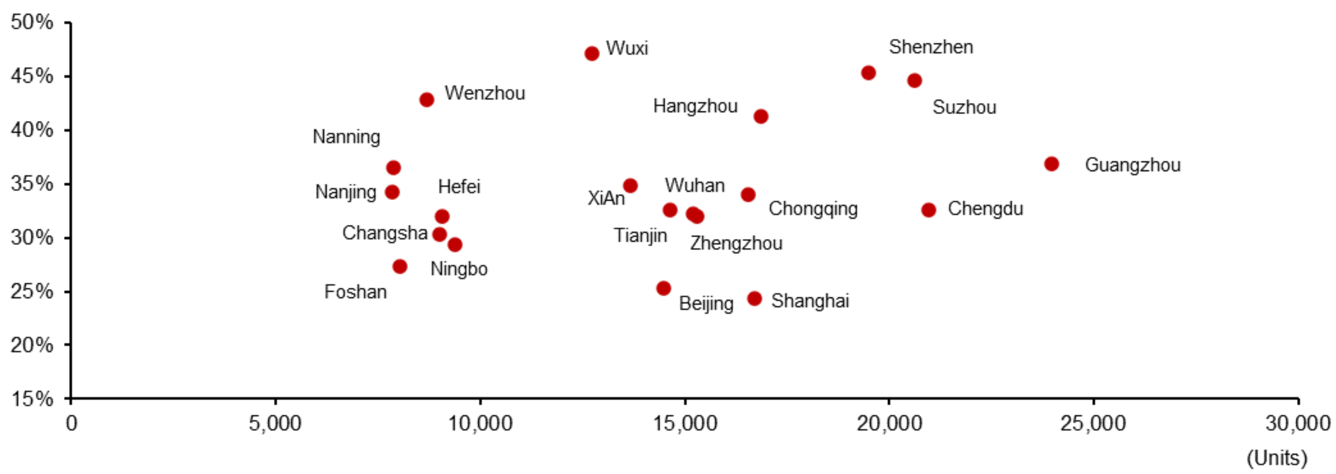
Figure 26: NEV retail sales volume YoY growth contribution by city type in Jan 2024



Source: CATARC, CMBIGM

Among the top 20 cities in terms of NEV retail sales volume, Wuxi, in Jiangsu Province, surpassed Shenzhen to become the city with the highest NEV market share in Jan 2024 (47%). Suzhou, another city in Jiangsu Province, ranked No.3 in terms of NEV market share in Jan 2024 (45%). Shenzhen, Hangzhou and Shanghai were the top 3 cities in 2023. Shanghai's NEV market share fell to only 24% in Jan 2024, the lowest among the top 20 cities, followed by Beijing with NEV market share of 25%.

Figure 27: NEV retail sales volume in top 20 cities with corresponding NEV market share in Jan 2024



Source: CATARC, CMBIGM

NEV by model: Stiffer competition in the mid-size BEV segment

As noted above, the *Aito M7* EREV topped the NEV retail sales volume with about 31,000 units sold in Jan 2024, followed by the *Tesla Model Y* with 166 units fewer. BYD took up six spots (No.3 – No.8) of the top 10 best-selling NEV models in Jan 2024, led by the

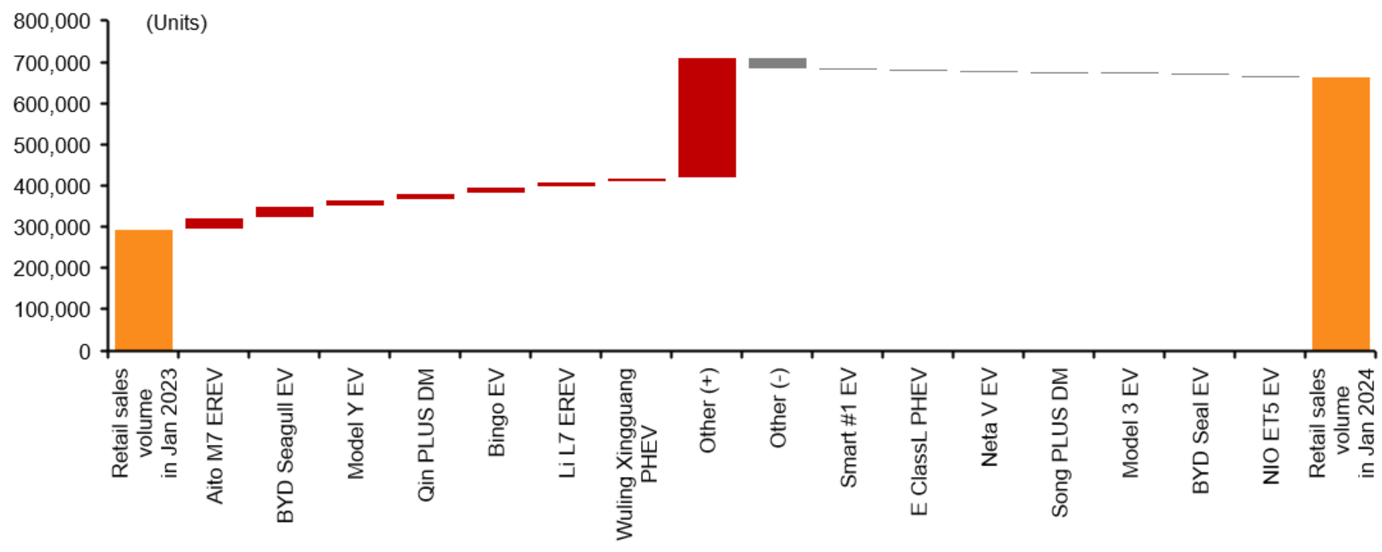
Seagull EV, *Song Plus* PHEV, *Qin Plus* PHEV, *Song Pro* PHEV, *Yuan Plus* PHEV and *Dolphin* EV. The combined retail sales volume of the *BYD Song Plus* and *Song Pro* PHEVs reached 44,000 units in Jan 2024, 13,000 units higher than the Aito *M7* EREV. The Wuling *Hongguang Mini EV* fell to the 9th place in Jan 2024, from No.6 in 2023 and No.1 during 2020-22.

Three mid-size sedan BEV, i.e. the *NIO ET5*, *BYD Seal* and *Tesla Model 3*, posted the largest sales volume YoY decline in Jan 2024, reflecting heightened competition in this segment. The new *Zeekr 007* posted retail sales volume of 4,700 units in Jan 2024.

The *Aito M7* EREV, *BYD Seagull* EV and *Tesla Model Y* posted the largest YoY retail sales volume increase in Jan 2024. During 2020-21, single models such as the Tesla *Model Y* and Wuling *Hongguang Mini* contributed significant portions of NEV sales growth. In 2022-23, single models' contribution became limited, as NEV makers unveiled much more new models. BYD dominated the top 10 models with the largest sales growth contribution and sales for mini-size BEV models declined the most in 2023. In 2024, we expect this list to reflect the model cycle, as intensifying competition will make aging models' sales more volatile. Chinese NEV makers have redefined the model cycle, as leading start-ups have shortened it to less than three years, from 5-7 years in the ICE era.

BYD (including Denza, Fangchengbao and Yangwang) contributed 23% (vs. 45% in 2023) of China's NEV retail sales volume growth in Jan 2024, followed by Geely's (including Zeekr) 11% and Seres' 8%. Tesla only contributed about 4% (vs. 8%) in Jan 2024.

Figure 28: NEV retail sales volume growth contribution by model in Jan 2024



Source: CATARC, CMBIGM

BEV brands: Tesla's market share to fall in 2024

In Jan 2024, total BEV retail sales volume rose 103% YoY and fell 33% MoM to about 0.37mn units. BEV's market share in the NEV segment dropped to 55.9% in Jan 2024 from 67.6% in 2023.

BYD's market share in the BEV segment increased to 26.8% in Jan 2024, from 26% in 2023, mainly driven by the *Seagull* EV. Tesla's market share in the BEV segment fell to 11.2% in Jan 2024 from 12% in 2023. Tesla announced price cuts of RMB6,500-15,500 for the *Model 3/Y* in China on 12 Jan 2024 and a discount of RMB8,000 for specific versions of the *Model Y* before the end of Mar 2024. The current MSRP for the rear-wheel-drive *Model Y* in China (RMB258,900) has been the lowest in history. We expect the MSRP for the *Model 3* in China to drop to the lowest in history in 2024. Nevertheless, we still expect Tesla's market share in the BEV segment to fall to about 10% in China this year.

Compared with the list in 2023, Wuling replaced GAC Aion to take the 3rd place in Jan 2024. Geely retained the 5th place with the highest BEV retail sales volume YoY growth in Jan 2024, mainly driven by the *Panda mini* EV. Zeekr rose to the 7th place in Jan 2024 from No.10 in 2023.

VW moved up two spots to be the 6th place in Jan 2024, thanks to the *ID.3* EV. BMW became a new joiner in the top 10 list in Jan 2024, aided by the *i3* and *iX3*. The brand-new BMW *i5* was rolled out with the same minimum MSRP as the new *5-Series* ICE in Jan 2024.

NIO and Changan's BEV retail sales volume YoY growth underperformed peers in the top 10 list and industry average in Jan 2024. Xpeng was kicked out from the top 10 list in Jan 2024.

Figure 29: Top 10 BEV brands' retail sales volume in China

Units	Jan 2024	YoY	YTD	YTD YoY	YTD Market Share in BEV Segment
Total BEV	**371,088**	**103.1%**	**371,088**	**103.1%**	**100.0%**
BYD	99,274	90.6%	99,274	90.6%	26.8%
Tesla	41,471	52.4%	41,471	52.4%	11.2%
Wuling	30,025	58.9%	30,025	58.9%	8.1%
GAC Aion	22,451	178.1%	22,451	178.1%	6.1%
Geely (incl. Geometry & Galaxy)	15,768	381.5%	15,768	381.5%	4.2%
VW	14,744	331.4%	14,744	331.4%	4.0%
Zeekr	12,419	215.0%	12,419	215.0%	3.3%
NIO	11,617	15.4%	11,617	15.4%	3.1%
Changan	11,239	19.6%	11,239	19.6%	3.0%
BMW	9,777	50.7%	9,777	50.7%	2.6%

Source: CATARC, CMBIGM

PHEV brands: Chinese brands took up all top 10 spots in Jan

In Jan 2024, total PHEV (EREV included) retail sales volume rose 164% YoY and fell 13% MoM to about 0.29mn units. PHEV's market share in the NEV segment increased to 44.1% in Jan 2024 from 32.4% in 2023. We expect PHEV's sales volume growth to outpace BEV's again in 2024.

BYD's market share in the PHEV segment dropped to 32.2% in Jan 2024 from 46% in 2023. Denza even fell to No.10 in Jan 2024 from No.3 in 2023. Aito climbed to the second place in terms of retail sales volume of PHEVs in Jan 2024, driven by the *Aito M7* EREV. Li Auto fell to the 3rd spot with about 800 units fewer. We believe Li Auto is likely to grab the second place again in the following months, as the company targets sales volume of 50,000 units in Mar 2024, after the launch of the *Mega* and facelifted *L9*, *L8*, and *L7* on 1 Mar 2024. The new *Li L6* could be rolled out in Apr 2024.

Compared with the list in 2023, Changan Deepal remained the 4th place in Jan 2024, while Geely moved up one spot to No.5 and Lynk & Co rose to No.7 driven by the *Lynk & Co 08*. Wuling, as the new joiner in the top 10 list, ranked No.6 with only one model in Jan 2024.

Retail sales volume for the *Wuling Xingguang* PHEV exceeded 10,000 units in the 2nd month of its launch, which makes Wuling a potentially important player in the PHEV market in 2024.

Tank, as another new joiner, ranked No.8 in Jan 2024, driven by the *Tank 400* and *500* PHEVs. Changan Nevo climbed to No.9, aided by its Nevo A07 EREV. Chinese brands' combined market share in the PHEV segment rose to 98% in Jan 2024 from 95% in 2023.

Figure 30: Top 10 PHEV (EREV included) brands' retail sales volume in China

Units	Jan 2024	YoY	YTD	YTD YoY	YTD Market Share in PHEV Segment
Total PHEV	**292,695**	**164.1%**	**292,695**	**164.1%**	**100.0%**
BYD	94,383	43.3%	94,383	43.3%	32.2%
Aito	32,416	1137.7%	32,416	1137.7%	11.1%
Lixiang	31,570	104.1%	31,570	104.1%	10.8%
Deepal	12,543	275.3%	12,543	275.3%	4.3%
Geely (incl. Geometry & Galaxy)	11,639	1099.9%	11,639	1099.9%	4.0%
Wuling	10,224	N/A	10,224	N/A	3.5%
Lynk & Co	10,021	800.4%	10,021	800.4%	3.4%
Tank	9,079	N/A	9,079	N/A	3.1%
Changan Nevo	8,567	N/A	8,567	N/A	2.9%
Denza	7,939	46.0%	7,939	46.0%	2.7%

Source: CATARC, CMBIGM

From the automaker perspectives in China, BYD with four brands still had market share of 32% in the NEV segment (BEV, PHEV and EREV combined) in Jan 2024. Geely surpassed SAIC-GM-Wuling and Tesla to be No.2, aided by Galaxy and Zeekr. Changan ranked the 5th place, as the Nevo brand starts to ramp up. Both Geely and Changan could grab market share in the NEV segment in 2024, in our view. Leapmotor ranked No. 10 with 2% market share in the NEV segment, although either its BEV or EREV did not enter the top 10 list in Jan 2024.

Other Industry Indicators to Watch

PV by city tier: Lower-tier cities outperformed in terms of MoM growth

Total PV retail sales volume rose 72% YoY and fell 12% MoM to 2.22mn units in Jan 2024, 1% higher than our prior forecast, mainly due to stronger-than-expected ICE vehicle sales before the CNY. We expect total PV retail sales volume to fall 1% YoY to about 21.5mn in 2024.

In Jan 2024, PV retail sales volume fell 20%, 13%, 11% and 8% MoM in tier-1, -2, -3, -4 and below cities, respectively. Therefore, lower-tier cities showed stronger sales performance than higher-tier cities in Jan 2024, consistent with the consumption pattern before the CNY.

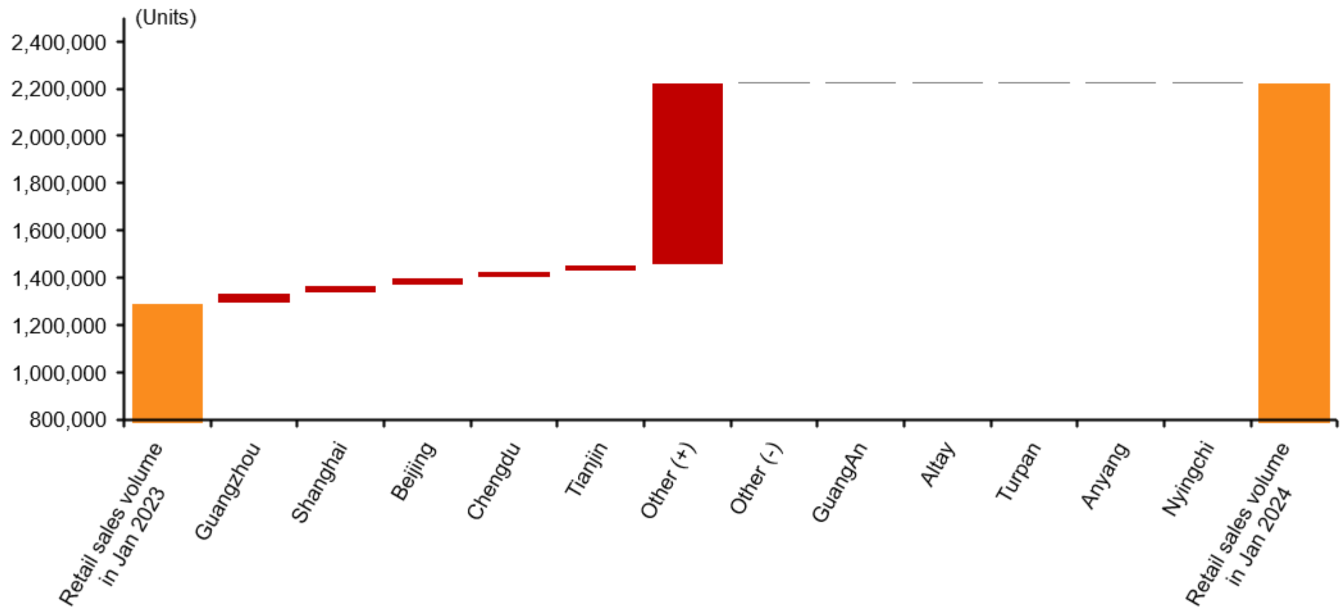
Figure 31: China auto retail sales growth by city tier

Retail Sales YoY Growth	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	YTD
Tier 1	-6.7%	-10.5%	-13.8%	-3.8%	-0.2%	-0.5%	115.9%	115.9%
Tier 2	2.7%	3.5%	7.4%	15.6%	18.4%	1.2%	87.4%	87.4%
Tier 3	0.4%	2.7%	8.7%	23.9%	48.2%	3.0%	51.5%	51.5%
Tier 4 and below	-4.9%	4.4%	12.6%	29.8%	27.9%	-3.7%	47.9%	47.9%
Nationwide	**-0.4%**	**1.8%**	**5.7%**	**17.5%**	**22.4%**	**0.3%**	**71.8%**	**71.8%**

Source: CATARC, CMBIGM

Guangzhou, Shanghai, Beijing, Chengdu, and Tianjin posted the largest YoY unit sales growth in Jan 2024. The five cities that showed largest YoY declines were all from Central and Western China, and the sales volume YoY declines were all less than 100 units.

Figure 32: PV retail sales volume YoY growth contribution by city in Jan 2024



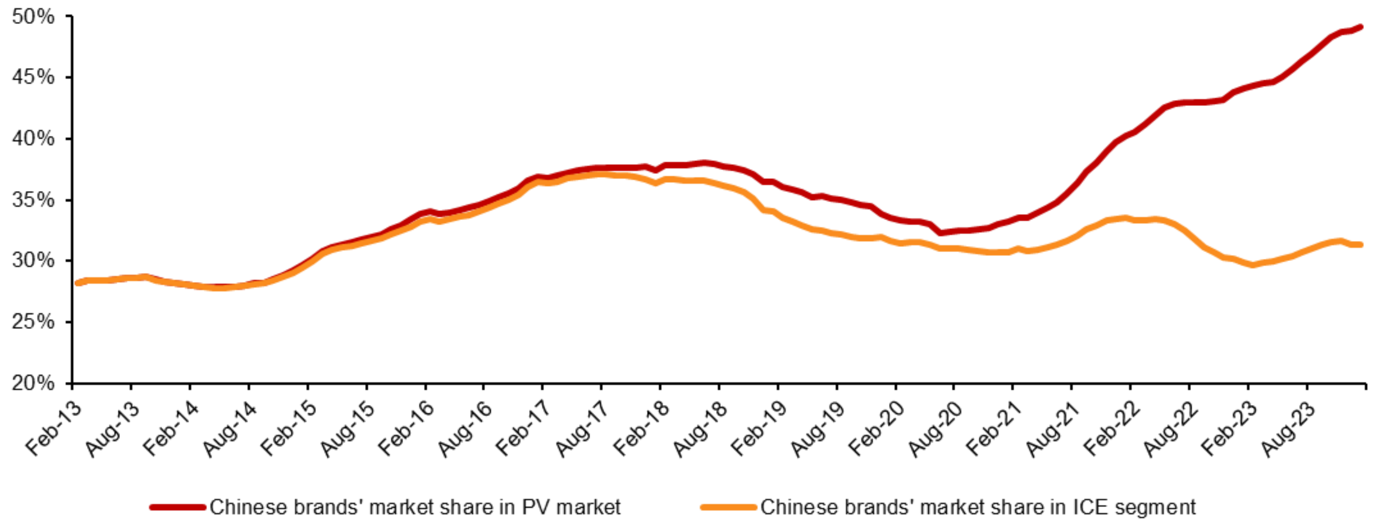
Source: CATARC, CMBIGM

Chinese-brand market share rose to 50.4% in Jan on a retail basis

In Jan 2024, total retail sales volume for Chinese brands rose 82% YoY and fell 12% MoM, outpacing the overall industry by 10ppts on a YoY basis (in line on a MoM basis). Excluding NEVs, retail sales volume of Chinese-brand ICE vehicles rose 4% MoM in Jan 2024, outpacing the overall ICE segment by 9ppts. Chinese brands' trailing 12-month market share rose to 49.1% as of Jan 2024. Chinese brands' market share had increased for three consecutive years during 2021-23. We project it to continue rising in China in 2024.

German brands were the best performer in terms of MoM growth among all brands in Jan 2024, as their combined retail sales volume rose 7% MoM in Jan 2024, higher than the industry average by 19ppts. German brands' market share rose to 24% in Jan 2024 from 19.7% in Dec 2023 on a retail basis, thanks to strong sales of traditional luxury brands before the CNY. However, we project German brands' market share to fall YoY in 2024, given rising competition from Chinese NEV brands.

Figure 33: Chinese brands' market share (trailing 12-month basis)



Source: CATARC, CMBIGM

Traditional luxury sales reached a 24-month high level in Jan

In Jan 2024, the retail sales volume of traditional luxury brands rose 52% YoY and 5% MoM to about 0.32mn units, the highest level since Feb 2022. That was in line with the seasonality in our view, given Dec 2022 sales were hurt by COVID-19 and the 2023 CNY was in Jan 2023. On the other hand, traditional luxury brands have underperformed the overall industry on a YoY basis for nine consecutive months. Their trailing 12-month market share dropped to 14.4% as of Jan 2024.

The traditional luxury brands had underperformed the overall market for three consecutive years during 2021-23, mainly due to rising competition from premium NEV brands, in our view. Such trend is likely to continue, and we expect traditional luxury brand market share to fall to 14.0% in 2024.

Figure 34: China traditional luxury auto market share by city tier (trailing 12-month basis)

Market Share	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024
Tier 1	20.6%	20.5%	20.5%	20.4%	20.5%	20.5%	20.3%
Tier 2	18.0%	17.9%	17.8%	17.6%	17.5%	17.5%	17.3%
Tier 3	11.1%	11.0%	11.0%	10.9%	10.8%	10.8%	10.8%
Tier 4 and below	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Nationwide	**14.9%**	**14.8%**	**14.7%**	**14.6%**	**14.5%**	**14.5%**	**14.4%**

Source: CATARC, CMBIGM

BMW retained the luxury-sales crown in Jan 2024 with retail sales volume of about 85,000 units in China, the highest level since Feb 2022. Audi moved up to the second place in Jan 2024 with retail sales volume of 82,000 units, the highest level in three years. Mercedes-Benz fell to the 3rd place amid its *E-Class* transition. The combined market share of the "Big Three" rose to 76% in Jan 2024 from 73% in 2023 within the traditional luxury segment.

Lexus and Cadillac are likely to compete for the 4th place in 2024. Jaguar climbed to the 10th spot in Jan 2024, while Smart slipped to the 11th spot. Smart's sales have been sluggish since its launch of the second model, the *Smart #3* EV, in Jun 2023. It could also face more competition from new locally-produced MINI BEVs in 2024.

Figure 35: Top 10 traditional luxury auto brands' retail sales volume in China

Units	Jan 2024	YoY	YTD	YTD YoY	YTD Market Share in Luxury Segment
Total Luxury	**322,042**	**51.5%**	**322,042**	**51.5%**	**100.0%**
BMW	84,798	36.8%	84,798	36.8%	26.3%
Audi	81,646	121.6%	81,646	121.6%	25.4%
Mercedes-Benz	77,309	27.0%	77,309	27.0%	24.0%
Cadillac	18,139	116.5%	18,139	116.5%	5.6%
Lexus	17,058	88.9%	17,058	88.9%	5.3%
Volvo	15,224	56.2%	15,224	56.2%	4.7%
Land Rover	8,178	30.1%	8,178	30.1%	2.5%
Porsche	6,663	-8.2%	6,663	-8.2%	2.1%
Lincoln	6,013	15.8%	6,013	15.8%	1.9%
Jaguar	2,310	73.4%	2,310	73.4%	0.7%

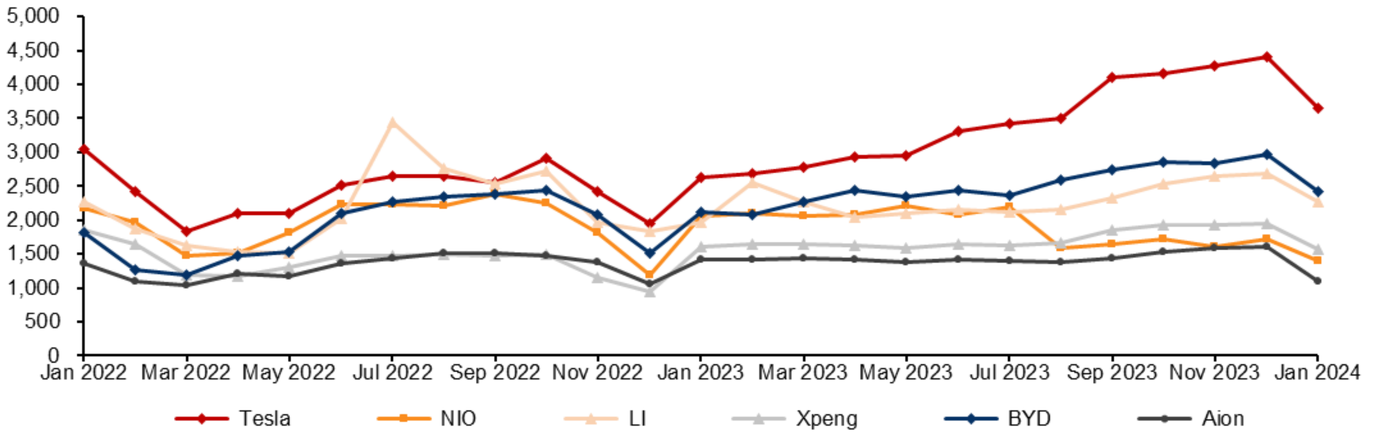
Source: CATARC, CMBIGM

Appendix: NEV Leading Indicators

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

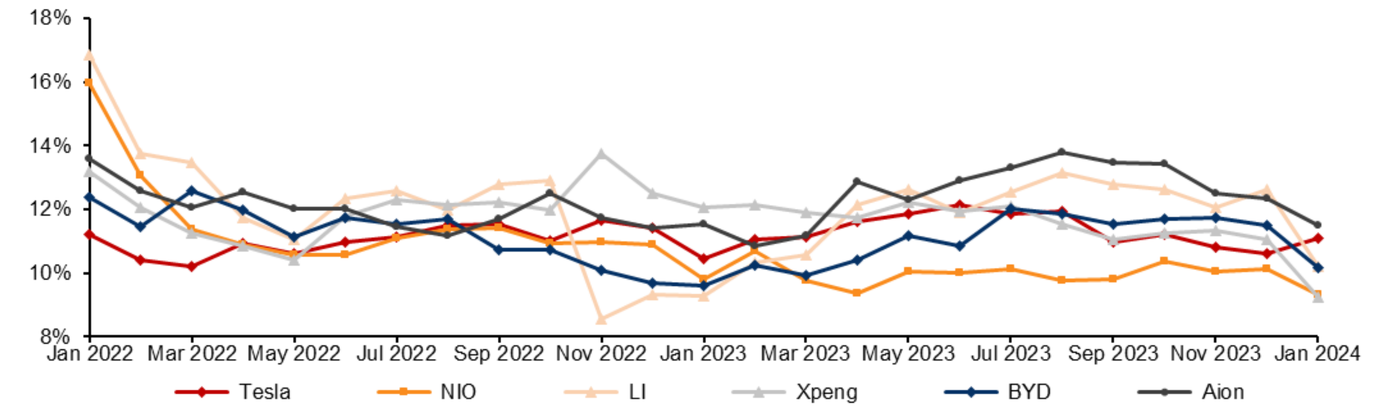
Most leading indicators of major NEV brands fell MoM in Jan 2024 due to seasonality, which may result in a mild sales-volume recovery after the CNY. We are of the view that sales volume for Tesla, Li Auto and BYD could be more resilient in 1Q24E, whereas Xpeng, NIO and Aion could face challenges, based on such data in Jan 2024. We have more detailed discussions in the report "Auto - Moderate leading indicators may result in mild recovery after CNY" published on 5 Feb 2024.

Figure 36: Number of leads per store on average for each brand



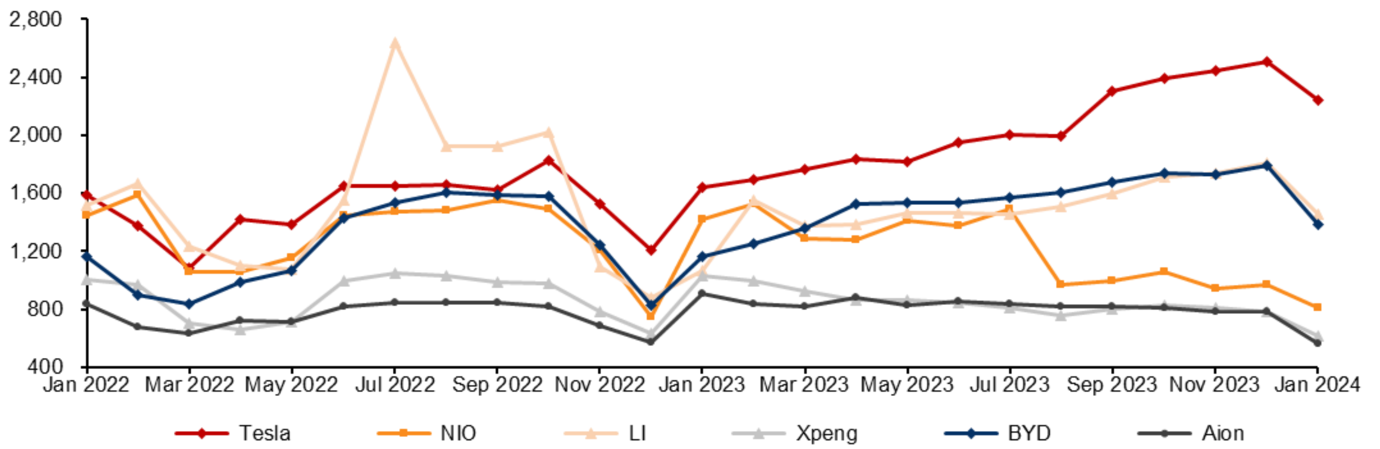
Source: Thinkercar, CMBIGM

Figure 37: Conversion ratio from leads to store visits for each brand



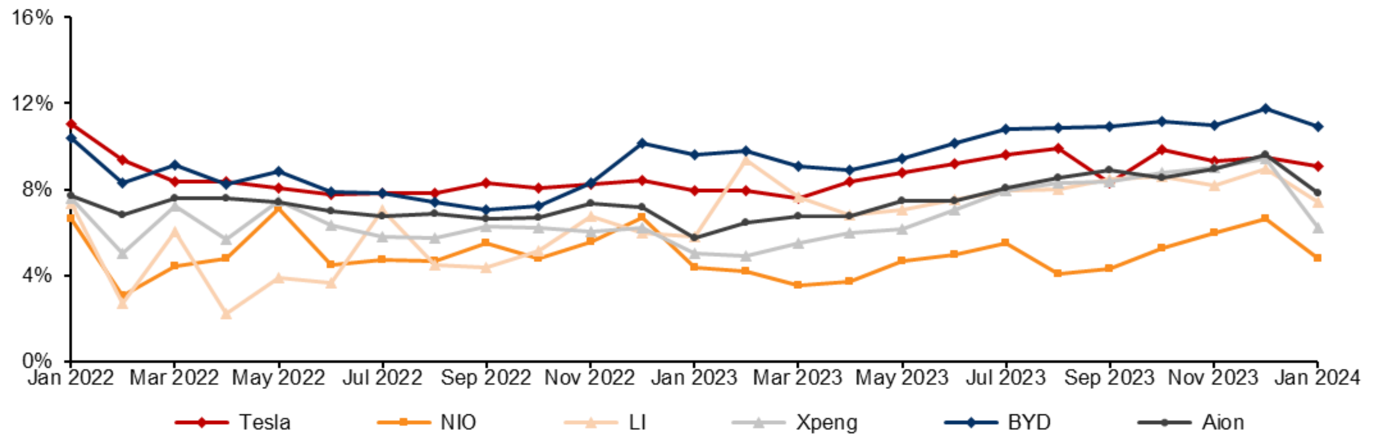
Source: Thinkercar, CMBIGM

Figure 38: Customer flow per store on average for each brand



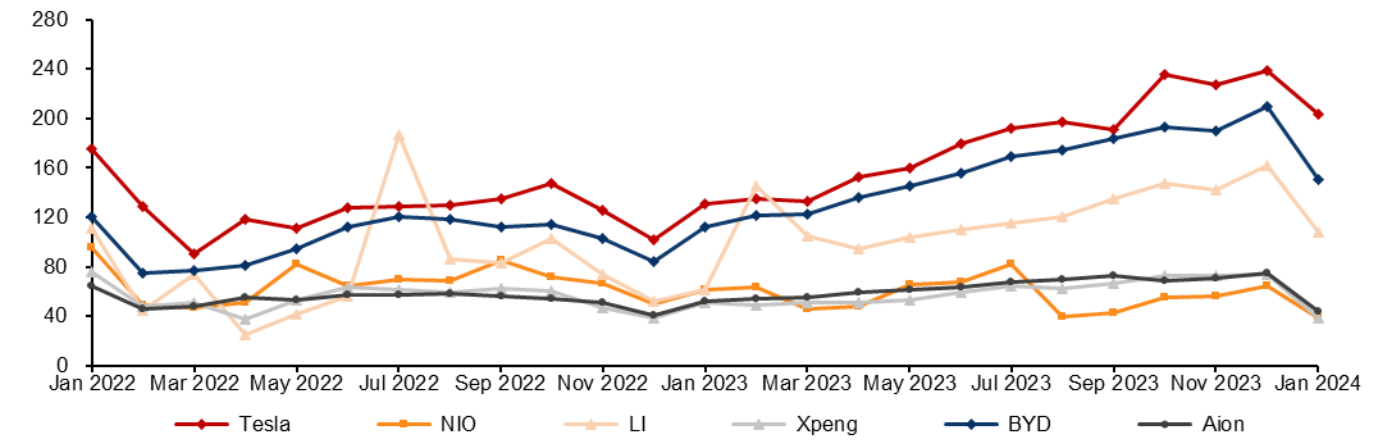
Source: Thinkercar, CMBIGM

Figure 39: Conversion ratio from store visits to new order generation for each brand



Source: Thinkercar, CMBIGM

Figure 40: New orders per store on average for each brand



Source: Thinkercar, CMBIGM

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