

China Auto Sector

Jul NEV sales: NEV trio miss, Zeekr, Neta beat

Seven new-energy vehicle (NEV) brands including NIO, Xpeng, Li Auto, Zeekr, Aion, Neta and Leap reported their Jul 2022 sales volumes on 1 Aug 2022. Sales volume of the seven brands combined rose 95% YoY (ranged from +21% to +190%) and fell 6% MoM (ranged from -25% to +17%).

■ **NEV trio sales below our expectation.** Xpeng, Li Auto and NIO delivered 11,524, 10,422 and 10,052 units in Jul 2022, respectively. It appears to us that all three companies did not push hard for deliveries in the last week of Jul. Although Xpeng led July sales volume among the NEV trio, the figure missed our prior forecast the most. NIO attributes the MoM sales volume decline to the supply shortage of casting parts, which can be at least reflected by its *ET7* deliveries.

■ **Neta beat, Leap in line, Zeekr and Aion rose MoM.** Aion delivered 25,033 units in Jul, consistent with our previous argument that "its monthly wholesale volume to remain at around 15,000 units in the next few months". On the other hand, we estimate Aion continued to push inventories to dealers last month.

Zeekr's new orders exceeded 10,000 units in Jul, higher than our prior expectation. We expect its production to continue ramping up in Aug 2022, making all-time high deliveries again. We also project Zeekr's monthly sales volume to reach 10,000 units in 4Q22, which could make its full-year target of 70,000 units still feasible.

Neta delivered 14,037 units in Jul, or 7% MoM growth, aided by its exports of 1,382 units last month.

■ **We project industry-wide NEV retail sale volume to fall 13% to about 0.44mn units in Jul, whereas NEV wholesale volume largely depends on inventory movement.** We estimate the industry-wide NEV retail sales volume in Jul 2022 to be around 0.44mn units, or 25% market share (see page 3 for our weekly retail sales volume). We estimate Tesla's (TSLA US) production volume to be about 41,000 units last month due to production facilities upgrade, with 2/3 exported. Therefore, we estimate industry-wide NEV wholesale volume could be close to 0.5mn units in Jul 2022, should NEV inventory restocking continue. As we project inventory destocking for the overall industry in Jul 2022, NEV market share in Jul 2022 on a wholesale volume basis could be even higher than 25%.

NEV sales volume for selected brands

Units	Jul 2022	YoY %	MoM %	YTD	YTD YoY %
NIO	10,052	26.7%	-22.4%	60,879	22.8%
Li Auto	10,422	21.3%	-20.0%	70,825	82.8%
Xpeng	11,524	43.3%	-24.7%	80,507	107.6%
Zeekr	5,022	N/A	16.7%	24,032	N/A
Leap	12,044	189.7%	7.0%	64,038	235.0%
Neta	14,037	133.5%	6.7%	77,168	184.6%
Aion	25,033	137.8%	3.8%	125,286	134.0%

Source: Company data, CMBIGM

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China Auto Sector

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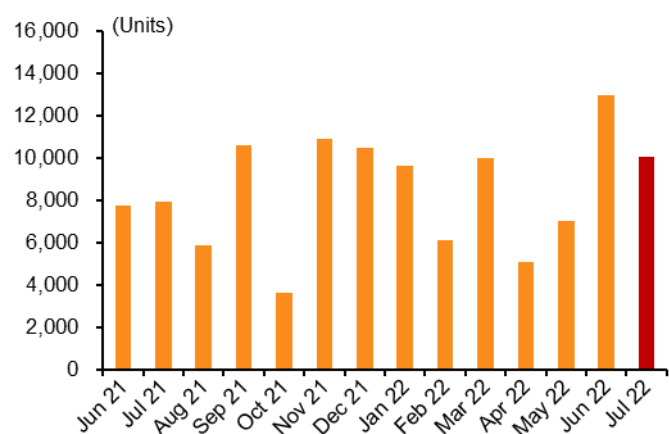
Stock Covered

Name	Ticker	Rating	TP (LC)
Xpeng	XPEV US	BUY	60
Xpeng	9868 HK	BUY	234
NIO	NIO US	BUY	45
Li Auto	LI US	BUY	48
Li Auto	2015 HK	BUY	187.2
GWM	2333 HK	BUY	20
GWM	601633 CH	BUY	59
GAC	2238 HK	BUY	12
GAC	601238 CH	BUY	18.4
EVA	838 HK	BUY	3
Meidong	1268 HK	BUY	40
BYD	1211 HK	HOLD	255
BYD	002594 CH	HOLD	270
Geely	175 HK	HOLD	13.5

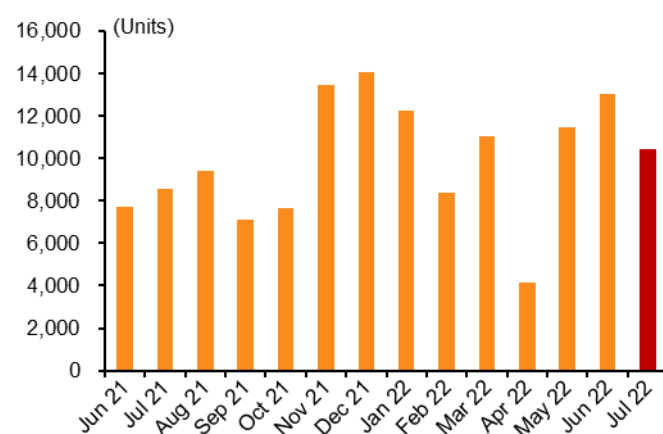
Source: Bloomberg, CMBIGM

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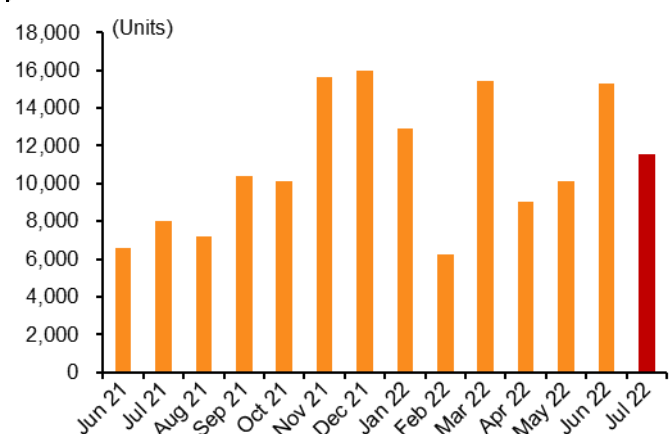
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Figure 1: NIO's monthly delivery

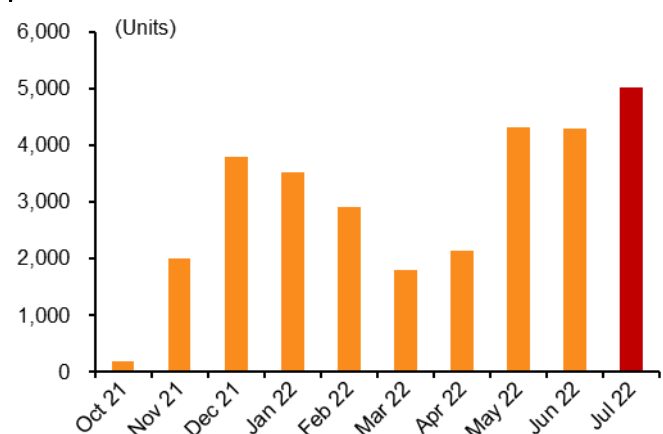
Source: Company data, CMBIGM

Figure 2: Li Auto's monthly delivery

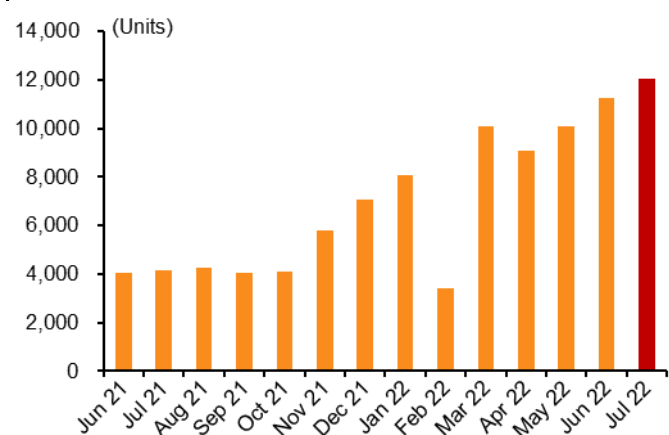
Source: Company data, CMBIGM

Figure 3: Xpeng's monthly delivery

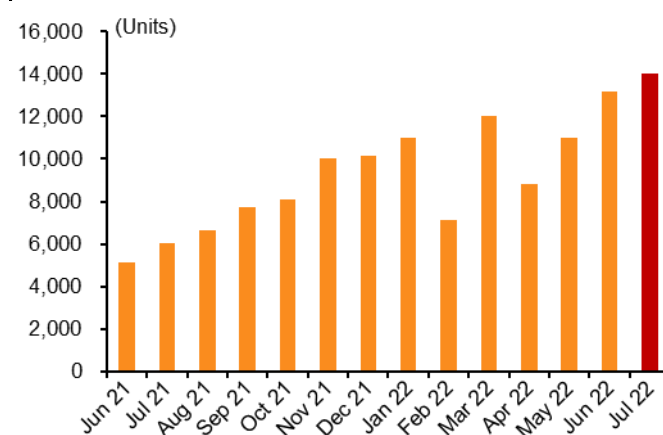
Source: Company data, CMBIGM

Figure 4: Zeekr's monthly delivery

Source: Company data, CMBIGM

Figure 5: Leap's monthly delivery

Source: Company data, CMBIGM

Figure 6: Neta's monthly delivery

Source: Company data, CMBIGM

Figure 7: China weekly retail sales volume

	Total Locally-Produced			NEV		
	1-24 Jul 2022	Average daily sales YoY (%)	Average daily sales MoM (%)	1-24 Jul 2022	Average daily sales YoY (%)	Average daily sales MoM (%)
Chinese Brands	547,308	9.5%	-3.2%	279,364	108.5%	0.4%
Geely (incl. Geometry)	49,416	-18.9%	-10.4%	11,224	177.3%	48.2%
Lynk & Co	9,576	-25.7%	-16.8%	1,903	274.0%	-0.8%
Zeekr	1,823	N/A	-16.1%	1,823	N/A	-16.1%
Haval	28,655	-34.2%	0.9%	-	N/A	N/A
Wey	1,454	-56.2%	-32.4%	507	10462.5%	48.4%
Tank	9,607	73.3%	20.9%	-	N/A	N/A
ORA	5,835	6.5%	-18.1%	5,835	6.5%	-18.1%
Changan	71,356	0.9%	2.4%	12,677	75.6%	12.8%
SAIC PV	21,628	-25.2%	-7.5%	5,652	-14.9%	8.9%
Trumpchi	19,766	-20.4%	-6.7%	237	-51.7%	18.3%
Aion	17,193	127.3%	8.7%	17,193	127.3%	8.7%
Voyah	809	1023.6%	8.9%	809	1023.6%	8.9%
BYD	99,489	134.6%	3.7%	99,166	226.4%	4.2%
Baojun	3,250	-74.5%	-9.6%	1,753	52.8%	-22.8%
Wuling	47,920	-4.5%	-8.4%	27,102	15.0%	-13.5%
Weltmeister	3,027	-4.5%	11.4%	3,027	-4.5%	11.4%
Neta	7,921	170.4%	-10.6%	7,921	170.4%	-10.6%
Leap	8,230	155.8%	5.8%	8,230	155.8%	5.8%
NIO	7,462	35.7%	-11.9%	7,462	35.7%	-11.9%
Lixiang	7,910	15.4%	-15.9%	7,910	15.4%	-15.9%
Xpeng	8,122	45.2%	-27.3%	8,122	45.2%	-27.3%
AITO	4,773	N/A	24.5%	4,773	N/A	24.5%
Arcfox	982	288.9%	20.2%	982	288.9%	20.2%
Hiphi	323	21.5%	4.8%	323	21.5%	4.8%
Foreign Brands	668,452	2.6%	-15.5%	34,796	65.6%	-59.8%
VW	136,617	14.7%	-10.6%	15,753	253.7%	15.6%
BMW	40,400	6.5%	-6.0%	3,911	39.3%	24.7%
Mercedes-Benz	43,703	51.4%	1.6%	2,890	433.8%	3.3%
Audi	40,768	12.1%	-16.1%	578	-24.8%	6.3%
Toyota	118,687	13.8%	-14.2%	853	-31.9%	18.5%
Honda	96,631	8.9%	-1.5%	1,219	86.7%	-16.2%
Nissan	50,043	-22.9%	-14.7%	1,729	89952.1%	-22.9%
Tesla	3,713	-48.9%	-93.6%	3,713	-48.9%	-93.6%
Cadillac	11,418	-21.4%	-5.1%	55	N/A	213.6%
Buick	39,113	5.8%	-3.4%	2,107	27.8%	-9.9%
Chevrolet	11,060	-26.7%	-10.9%	422	95.4%	-24.2%
Ford	12,955	44.6%	-16.5%	558	28962.5%	12.4%
Volvo	8,981	8.9%	-6.3%	518	-7.8%	-13.7%
Land Rover	2,046	7.5%	-6.7%	204	48.6%	8.9%
Hyundai	15,739	-37.1%	-0.4%	39	-91.7%	76.0%
Kia	6,003	-36.8%	-18.6%	35	-48.7%	18.5%
Total Volume (excl. imports)	1,215,760	5.6%	-10.4%	314,160	102.7%	-13.9%

Source: IAC, CMBIGM estimates

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