

China Auto Sector

Moderate leading indicators may result in mild recovery after CNY

We summarize the Jan 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 fell MoM in Jan 2024 due to seasonality. However, such declines, especially for some brands, were still worse than our prior expectation. This could result in a mild sales-volume recovery after the Chinese New Year (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.

■ **Number of leads: Tesla, Li Auto and BYD rose YoY.** The number of leads per store for all the brands fell MoM, with the least for Li Auto (-15% MoM) and the most for Aion (-32% MoM). The number for NIO, Xpeng and BYD all fell 19% MoM. The number of leads per store for Tesla rose 39% YoY last month, the most among all the brands in terms of YoY growth. Li Auto (+16% YoY) and BYD (+14% YoY) also managed to post YoY growth last month in terms of the number of leads per store.

The conversion ratio from leads to store visits for Tesla improved 0.5ppt MoM last month, thanks to its price cut on 12 Jan, while such ratio for all other brands declined last month (see Figure 2).

■ **Customer flow: all brands fell 11-28% MoM.** Customer flow per store was largely in line with the trend for the number of leads last month (see Figure 3). Such number for Tesla fell the least (-11% MoM) among all the six brands in Jan, followed by NIO, Li Auto, Xpeng and BYD (-17% ~ -23% MoM). Customer flow per store for Aion fell 28% MoM in Jan, the most among the six brands.

The conversion ratios from store visits to order generation for all brands fell 0.4-3.2ppts MoM in Jan (see Figure 4). Although such ratio fell MoM in both Jan 2022 and Jan 2023, the decline in Jan 2024 was more severe. Such number for Xpeng fell the most last month. It appears to us that the launch of Xpeng's city XNGP in 243 cities has not helped improve the conversion ratio for new orders yet. Such ratio for NIO remained the lowest (5%) among the six brands, while BYD still had the highest ratio (11%).

■ **Tesla, Li Auto and BYD showed more resilient new orders last month.** New orders per store for Tesla only fell 15% MoM in Jan, the least among all the brands (see Figure 5). Although such number for Li Auto fell 34% MoM, its sales volume could be more resilient, as it has accelerated store opening in the past few months. New orders at the sample stores (same-store sales) for Li Auto rose 75% YoY in Jan 2024. BYD's new orders per store fell 28% MoM and rose 35% YoY last month. Such numbers for NIO, Aion and Xpeng fell 40-48% in Jan 2024. New orders per store for both NIO and Xpeng in Jan 2024 fell to the lowest level for at least three years. Such numbers for NIO and Xpeng were also the lowest among all the brands last month.

**OUTPERFORM
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China Auto Sector

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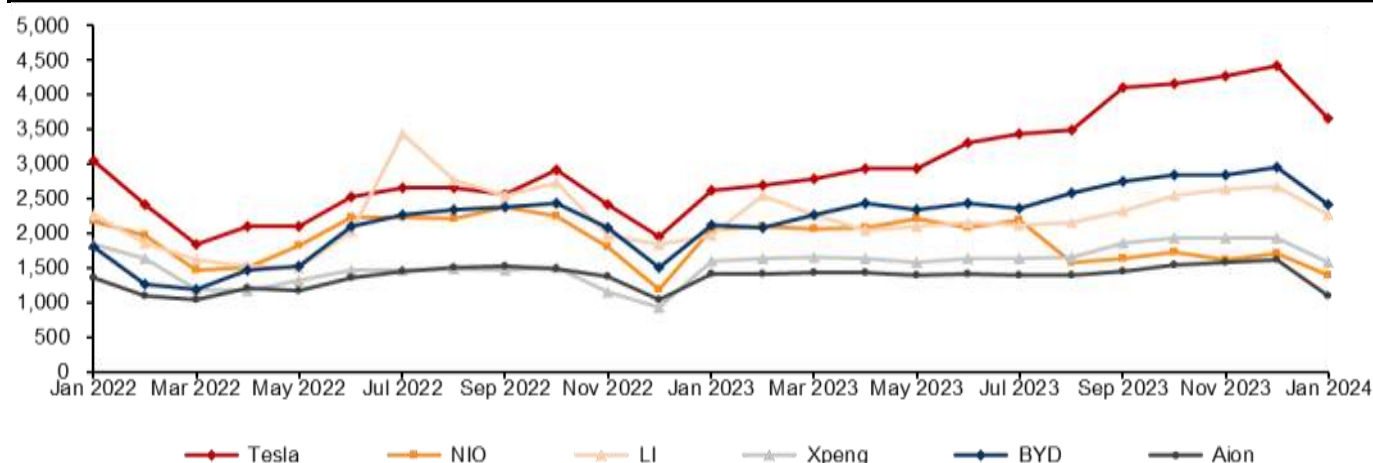
Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	45
Li Auto	2015 HK	BUY	187
NIO	NIO US	HOLD	8.5
Xpeng	XPEV US	HOLD	16
Xpeng	9868 HK	HOLD	62
Geely	175 HK	BUY	14
GWM	2333 HK	BUY	13
GWM	601633 CH	BUY	32
BYD	1211 HK	BUY	290
BYD	002594 CH	BUY	300
GAC	2238 HK	BUY	6.5
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	2.8
Meidong	1268 HK	BUY	4

Source: Bloomberg, CMBIGM

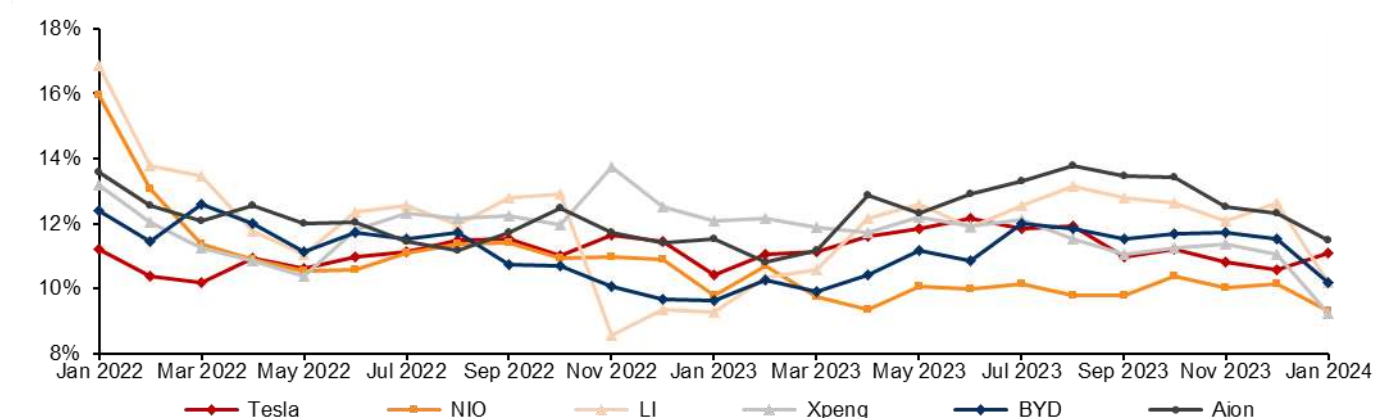
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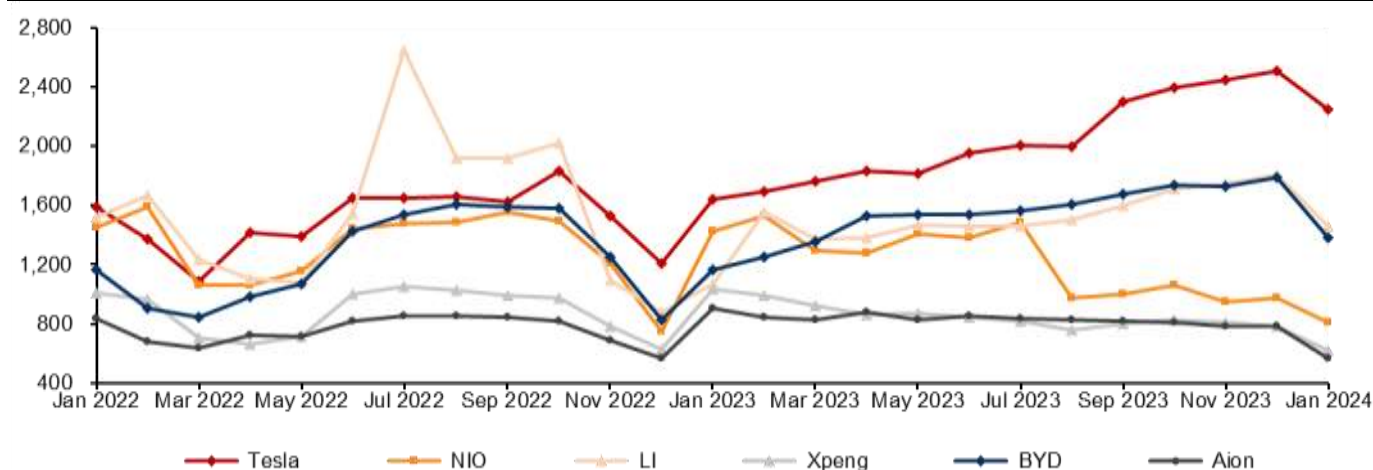
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Figure 1: Number of leads per store on average for each brand

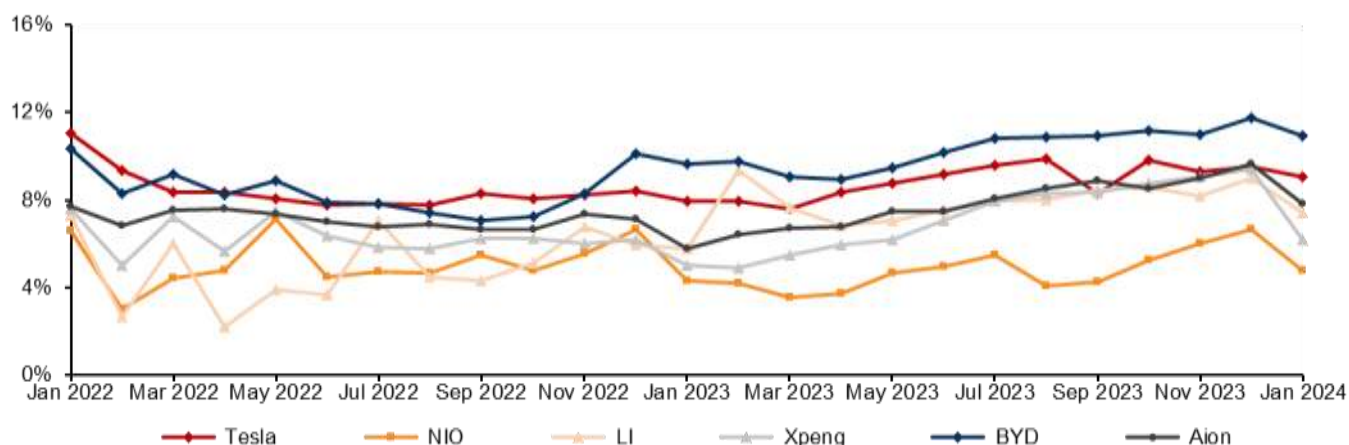
Source: Thinkercar, CMBIGM

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

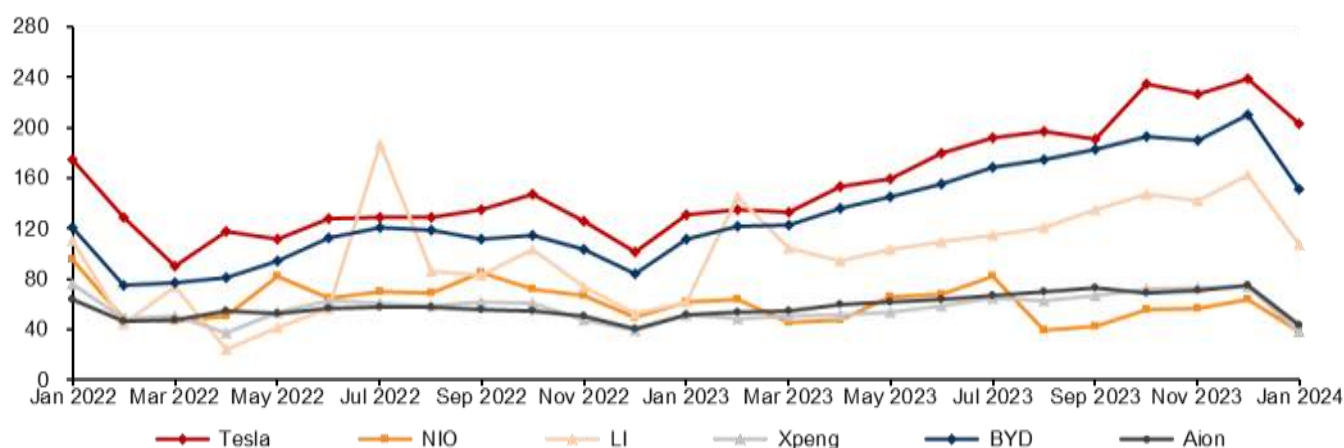
Source: Thinkercar, CMBIGM

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

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