

China Auto Sector

Leading indicators diverge; Tesla still resilient

We summarize the Mar 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 rose MoM in Mar 2024 after the Chinese New Year (CNY). However, most metrics have not recovered to the same levels as in Mar 2023. Despite Tesla's weak deliveries in 1Q24, its leading indicators still look resilient. BYD and Li Auto's major metrics were still better than others last month.

■ Number of leads: Tesla rose YoY, Li Auto recovered the most MoM.

The number of leads per store rose 39% MoM on average for all six brands (see Figure 1) in Mar 2024. Such number for Li Auto rose the most (+66% MoM), returning to almost the same level in Jan 2024. Tesla was the only brand that posted a YoY increase in Mar (+17% YoY). Li Auto (-4% YoY) and BYD (-5% YoY) posted the least YoY declines among the other five brands.

The conversion ratios from leads to store visits for all the brands improved by 1-4ppts MoM in Mar, with most brands also achieving YoY increases except for Li Auto and Xpeng (see Figure 2).

■ Customer flow: Aion and BYD recovered the most MoM. Customer flow per store was largely in line with the trend for the number of leads last month (see Figure 3). Total store visits for the six brands rose 58% MoM and fell 17% YoY in Mar. BYD's figure rose 72% MoM, the most among all the brands, followed by Aion (+71% MoM). Tesla was still the only brand which posted YoY growth (+3% YoY) for its customer flow per store in Mar 2024. Xpeng's customer flow per store was almost halved compared with Mar 2023.

The conversion ratios from store visits to order generation improved both MoM and YoY for all the brands, implying customers' higher acceptance for EVs. Such ratios for BYD (14%) and Tesla (13%) in Mar 2024 hit their all-time highs.

■ Total new orders per store for six brands rose 27% YoY but divergence increases. Tesla's new orders per store surged 76% YoY in Mar, more resilient than we had expected, partially due to its insurance benefits and pre-buying before its early notice of price hikes from 1 Apr 2024 in China.

BYD's new orders per store rose 50% YoY, thanks to its aggressive price cuts for the facelifted versions of almost all the models. We expect BYD's new orders to remain strong in the next few months.

Li Auto's new orders per store was flat YoY, as the flagship MPV *Mega* was below the company's initial expectation. We project *Mega*'s sales could rise gradually and the key to Li Auto's FY24 sales volume growth still lies on the EREVs.

Xpeng's new orders per store fell 31% YoY, the most among all the brands. Such challenging situation is likely to continue until its new-model launches, as the Xiaomi *SU7* probably hits Xpeng the most, in our view.

NIO's new orders per store fell 12% YoY and we see little signal of any YoY improvement in the next few months given the high base last year with the *ES6* rollouts and price cuts.

OUTPERFORM
(Maintain)

China Auto Sector

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Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	48
Li Auto	2015 HK	BUY	187
NIO	NIO US	HOLD	6.2
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	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

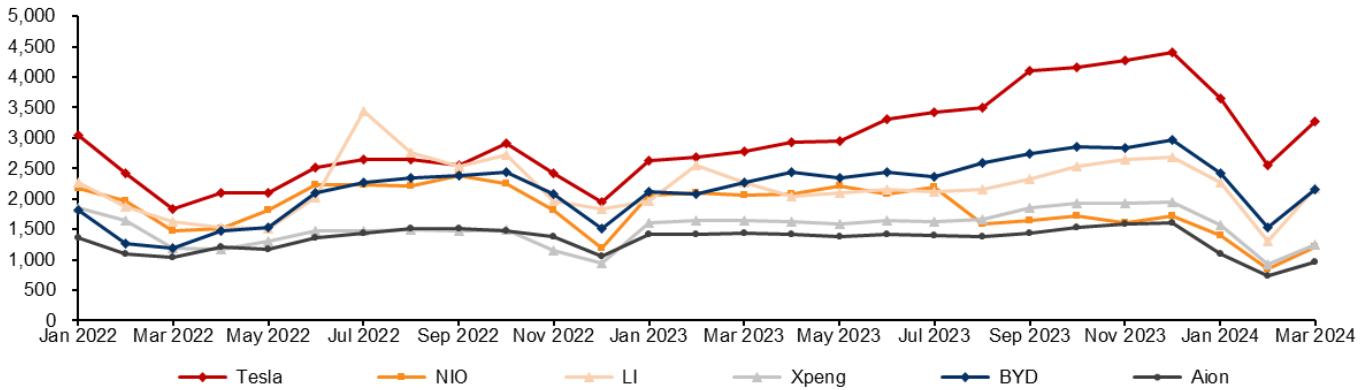
Source: Bloomberg, CMBIGM

Related Reports:

["Auto - Moderate leading indicators may result in mild recovery after CNY" – 5 Feb 2024](#)

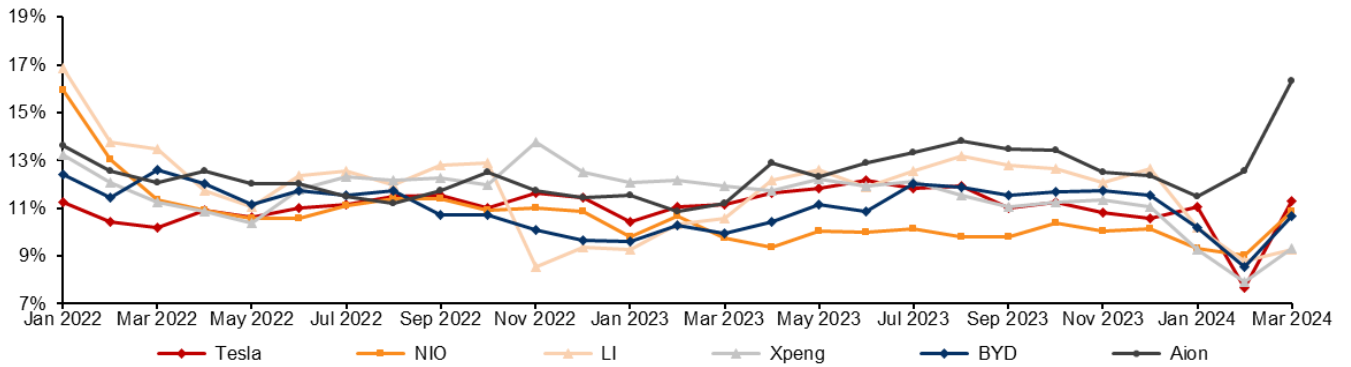
["China Auto Sector – Jan NEV sales in line; more catalysts after CNY" – 2 Feb 2024](#)

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



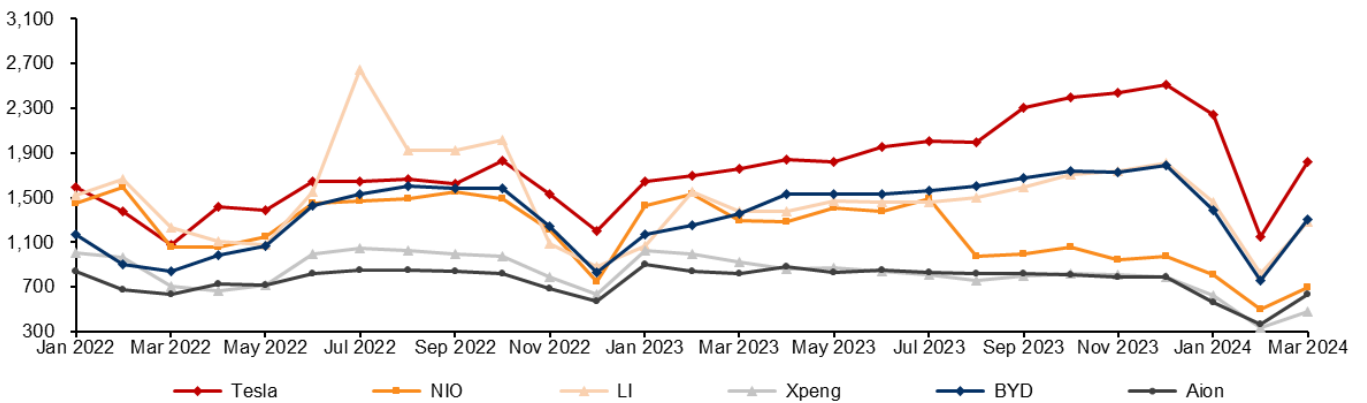
Source: Thinkercar, CMBIGM

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



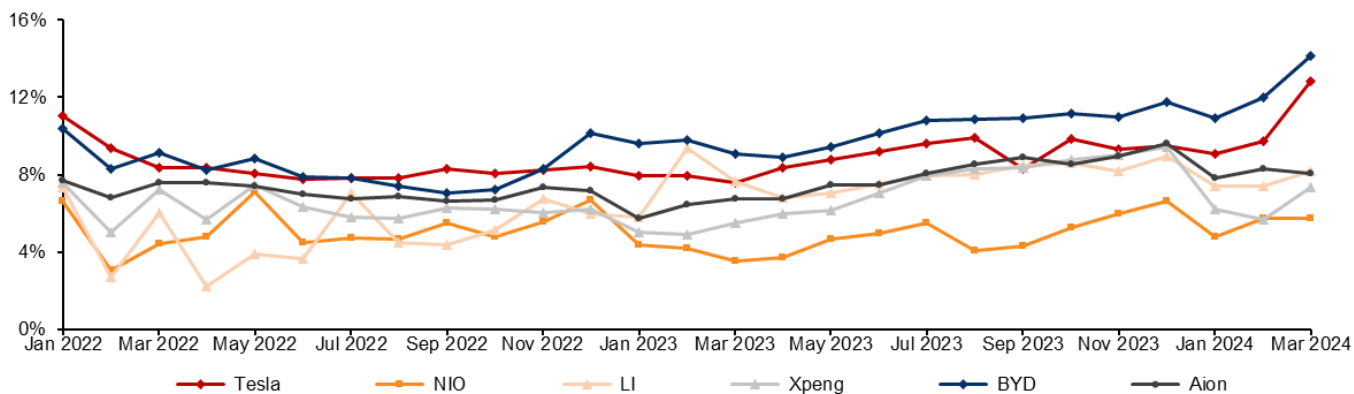
Source: Thinkercar, CMBIGM

Figure 3: Customer flow per store on average for each brand



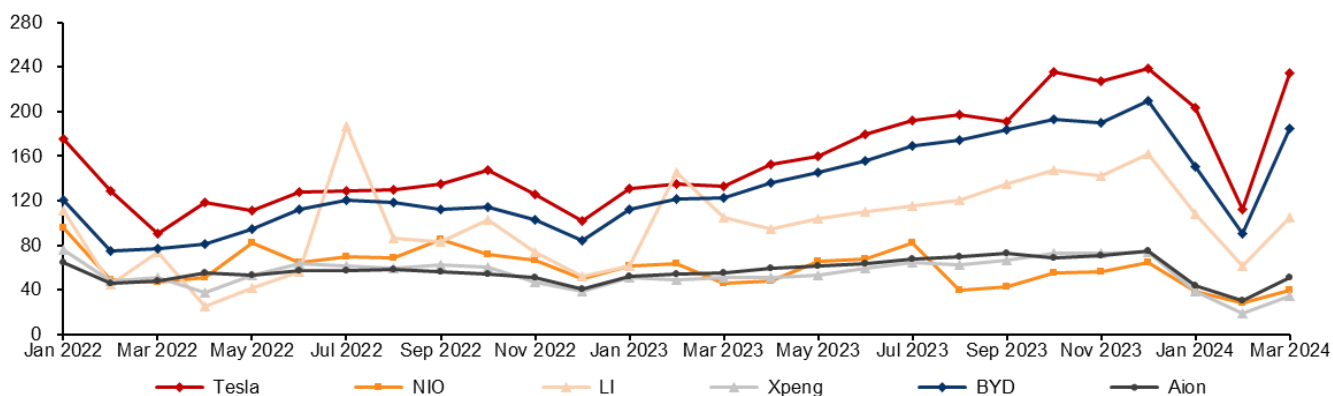
Source: Thinkercar, CMBIGM

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

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