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# China Auto Sector

## Sep, Oct data key as chips may start to recover

**OUTPERFORM**
**(Maintain)**

China's passenger-vehicle (PV) wholesale volume surged 41% YoY in Jun 2022, according to China Association of Automobile Manufacturers (CAAM), 20% higher than our prior projection, amid strong retail sales and inventory restocking. Retail sales volume rose 14% YoY, 15% higher than our prior forecast.

Industry-wide inventory level rose by about 140,000 units in Jun 2022, making a total inventory addition of about 504,000 units in 1H22. New-energy vehicles (NEVs) accounted for 41% of inventory restocking in 1H22. Overall inventory months fell to 1.4 months in Jun, according to China Automobile Dealers Association (CADA), lower than our calculated data of about 1.7 months.

- **Jul 2022 outlook: We expect retail sales volume to rise 3% YoY, wholesale volume to rise 7% YoY.** Retail sales volume excluding imports rose 1% YoY in the first 10 days of Jul 2022. We expect the pent-up demand from the previous lockdowns and consumers' excitement for the purchase-tax cuts to wind down slightly in Jul, and therefore, we project retail sales volume to rise 3% YoY to about 1.70mn units. We project wholesale volume to rise 7% YoY to 1.67mn units, assuming inventory reduction to offset exports.

- **Sep, Oct sales/order data crucial for the whole-year sales, as we see early signs for easing chip constraints.** Despite traditional off-season, we are not too concerned about sales volume in Jul and Aug 2022 amid low comparison base last year due to chip shortage and sufficient order backlog at many automakers, especially those NEV makers. We believe sales volume in Sep and Oct should set the tone for the whole year as strong Nov and Dec have already been anticipated due to pre-buying effect before tax cuts expire.

  Although some automakers expect chip supply constraints to ease from 2023 and we still see shortage for some specific chips, we believe chip shortage could no longer be a key constraint for auto industry or share price, and we expect sufficient chip supply to support potentially strong 4Q22 auto sales in China. Therefore, how shining 'the golden Sep and silver Oct' could be an important indicator for the vehicle demand.

- **NEV 3Q22 market share decline could be milder than we had expected after NEV sales volume reached all-time high in Jun.** NEV retail sales volume rose 131% YoY to 0.51mn units, or 3% higher than our previous forecast. Passenger NEV wholesale volume rose to almost 0.57mn units, or 9% higher than our prior forecast. NEV sales took up 26.1% of total wholesale volume and 25.6% of total retail sales volume in Jun 2022, in line with our estimates. In Apr 2022, we expected a market share decline for NEVs in 3Q22, once large orders booked prior to the price hike were delivered. Now we still hold the same view, but we believe the decline could be milder than we had expected. We project NEV market share in Jul 2022 to be about 25%. In our view, full-year 2022 NEV wholesale volume could still beat our 5.5mn-unit forecast, should supply chain and macro economy condition not deteriorate.

- **1H22 earnings could have little impact share price.** Please see page 2-3 for our earnings preview for Geely and GAC. We are of the view most of expectation has been priced in.

**China Auto Sector**

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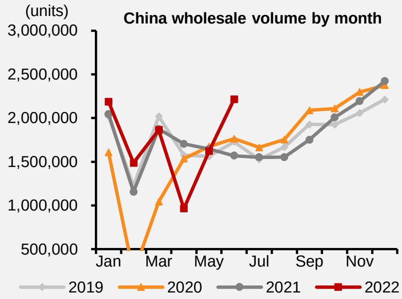
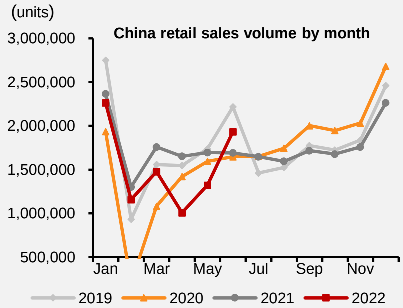



Source: CAAM, CPCA, CMBIGM




Source: CATARC, CMBIGM

**Stocks 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

**Related Reports:**
"China Auto Sector – We expect June wholesale to rise double-digit" – 14 Jun 2022
"China Auto Sector – Jun NEV sales volume to reach all-time high" – 3 Jul 2022

# Company Watch List

**Great Wall Motor**

Great Wall's wholesale volume, including pick-up trucks, rose 1% YoY to about 101,000 units in Jun 2022, lower than its previously announced Jun production plan of 120,000 units. Retail sales volume of PVs and pick-up trucks combined declined 14% YoY to about 75,000 units, leading to an inventory restocking of about 12,000 units as of Jun 2022.

We estimate that Great Wall's inventory level to be about 150,000 units, as WEY has accumulated inventories with declining retail sales volume, based on our data. Therefore, we expect the weakness of WEY's wholesale volume to continue. The company said it has an order backlog of more than 200,000 units as of Jun 2022, with Tank contributing about 160,000 units, almost unchanged from that in May 2022. The company's production plan for Jul 2022 will increase slightly compared with Jun, but a more significant improvement starting from Aug 2022.

The company announced its preliminary 2Q22 net profit of about RMB 3.7-4.3bn, significantly higher than our prior estimates, due to extraordinary items including forex gains. Our prior 2Q22 net profit forecast excluding extraordinary items was about RMB 0.8bn, falling into its preliminary net profit excluding extraordinary items corridor of RMB 0.5-1.0bn. As quite a few new model launches, especially for Wey, have been postponed to 2H22, there could be more positive catalysts for its share price in 2H22. The key probably lies in whether there is a model to drive sales to offset the sales decline from the *H6* family, especially under the Wey or Ora brand.

**Geely**

Geely's wholesale volume rose 26% YoY to almost 127,000 units in Jun 2022. Wholesale volume of Geely's battery-electric vehicles (BEVs), including Zeekr, Geometry and Livan, more than tripled YoY to almost 20,000 units. NEV wholesale volume accounted for 23% of Geely's total sales in Jun 2022. On the other hand, only 41% of Geometry's retail sales volume came from individual consumers in 1H22, significantly lower than its peers.

Retail sales volume at Geely rose 2% YoY in Jun 2022 to almost 100,000 units, leading to an inventory restocking of 4,200 units. We estimate that inventories at Geely's dealers were about 1.8 months as of Jun 2022, using Jun retail sales volume as the denominator. Models such as the *Boyue* drove up the total inventories. The inventories for Geometry derived from the difference between the wholesale and retail sales volume appear to be larger than what its order backlog indicates. We calculate that more than 9,000 units of Geometry vehicles have been added into dealer showrooms in 1H22, or about one month of its current sales volume, whereas Geometry still has about 40,000 orders in hand yet to deliver.

According to management, Geely now has an order backlog of about 200,000 units, from which we can derive that the automaker received about 147,000 new orders in Jun 2022. Apart from Geometry, the *Xingyue L* has 40,000 units to deliver, and the *Emgrand L Hi X* also contributed about 30,000 units in the order backlog. Management expects Jul wholesale volume to rise MoM (at least 127,000 units).

As noted in our report titled 'Jun NEV sales volume to reach all-time high' on 3 Jul 2022, despite a possible MoM decline for new orders in Jun on our estimates, Zeekr still has sufficient orders backlog. However, we may still see flattish sales volume in the short term capped by supply chain and manufacturing capabilities.

Despite 3% YoY sales volume decline in 1H22, **we project Geely's 1H22 revenue to rise 18% YoY and net profit to increase 21% YoY to RMB 2.9bn**, aided by auto parts, IP licensing and R&D supprt services.

**BYD**

BYD wholesale volume rose 17% MoM to all-time high again of about 134,000 units in Jun 2022. Retail sales volume increased 14% MoM to about 131,000 units, which led to an unchanged inventory level compared with that in May. We estimate BYD's current inventory level to be 1.2 months.

We expect BYD's wholesale volume to further rise in the next few months, as its new Changzhou, Fuzhou and Hefei plants ramp up. We estimate BYD's pro-rata production capacity could reach 2mn units per annum in 2H22. Based on the information that we have compiled, another two new plants for BYD could start production before the end of 2022. A number of new battery manufacturing bases have also been planned in order to supply enough batteries for new vehicle capacity. We estimate BYD's battery annual capacity to reach about 275 GWh in 2023 and 350 GWh in 2024. Given the cyclical nature in the automotive industry, investors should probably be aware of the medium-term risk, should the model cycle deteriorate. We have seen many examples of capacity underutilization after the aggressive capacity expansion, from Ford and Hyundai, to Geely and Trumpchi.

On the other hand, BYD's 2Q22 preliminary net profit of RMB 2.0-2.8bn beat our prior expectation. Net profit per vehicle exceeded RMB 6,000 in 2Q22 (including other non-vehicle businesses). We are of the view that BYD may continue to benefit from economies of scale and previous NEV price hike in 2H22.

**Guangzhou Automobile Group**

Total wholesale volume at GAC Group rose 41% YoY, aided by Aion.

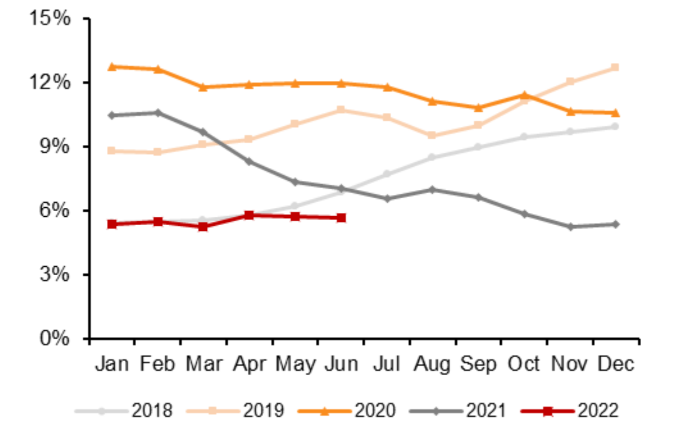
Wholesale volume of Aion rose 15% MoM to about 24,000 units in Jun 2022, and its retail sales volume was about 22,000 units. We calculate that Aion has accumulated more than 17,000 units of inventories in 1H22. As noted in the previous report, we expect Aion's monthly wholesale volume to remain at around 25,000 units in the next few months until its second plant to start production in Oct 2022.

Wholesale volume at GAC Toyota rose 38% YoY to all-time high of about 101,000 units in Jun and retail sales volume rose 57% YoY to about 113,000 units, leading to a 1.1-month inventory level as of Jun 2022 on our calculations. The purchase-tax cuts helped inventory reduction of the *Camry* and *Levin*, which were two major models that drove up GAC Toyota's inventories earlier. we believe GAC Toyota is well on track for our projected FY22 sales volume of 990,000 units, or even higher, should such sales momentum continue.

Wholesale volume at GAC Honda surged 38% YoY in Jun 2022 as supply chain constraints ease. Inventories at its dealers fell to about 1.7 months as of Jun 2022 on our estimates.

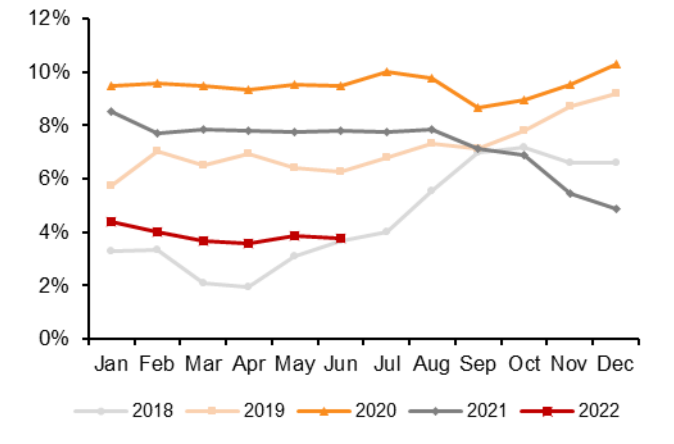
**We project GAC's 2Q22 net profit to rise 28% YoY and fall 16% QoQ to about RMB 2.5bn**, as equity income from joint ventures and associates may decline slightly QoQ.

### Figure 1: Geely discounts at dealers



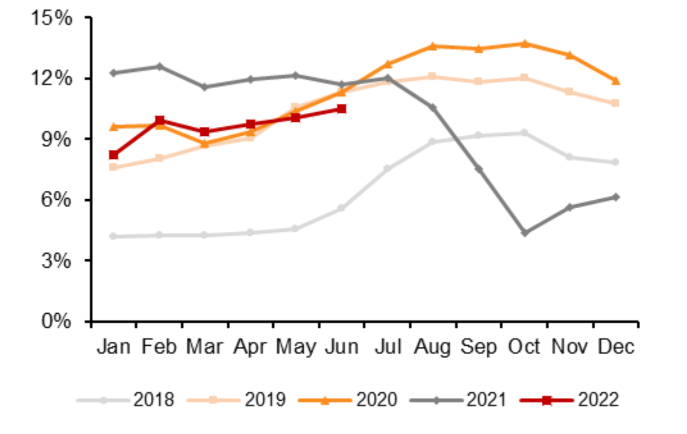

Source: ThinkerCar, CMBIGM

### Figure 2: Great Wall Motor discounts at dealers



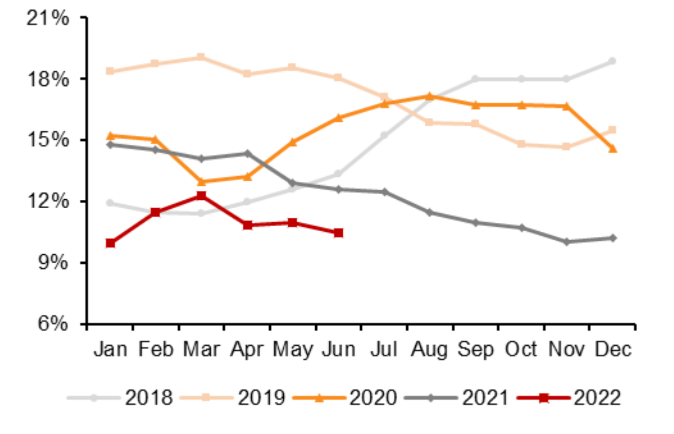

Source: ThinkerCar, CMBIGM

### Figure 3: Beijing Benz discounts at dealers



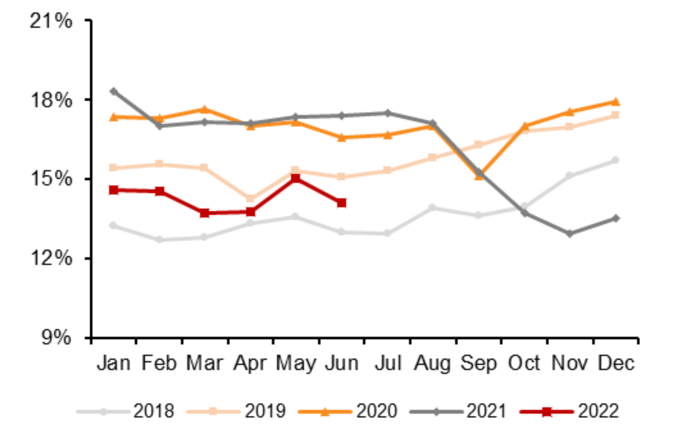

Source: ThinkerCar, CMBIGM

### Figure 4: BMW Brilliance discounts at dealers



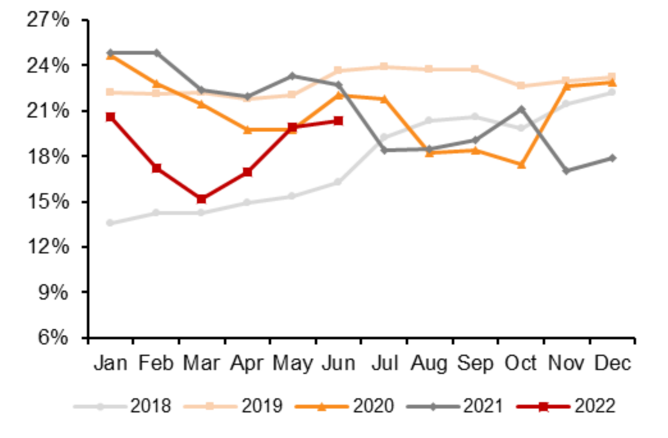

Source: ThinkerCar, CMBIGM

### Figure 5: SAIC VW discounts at dealers



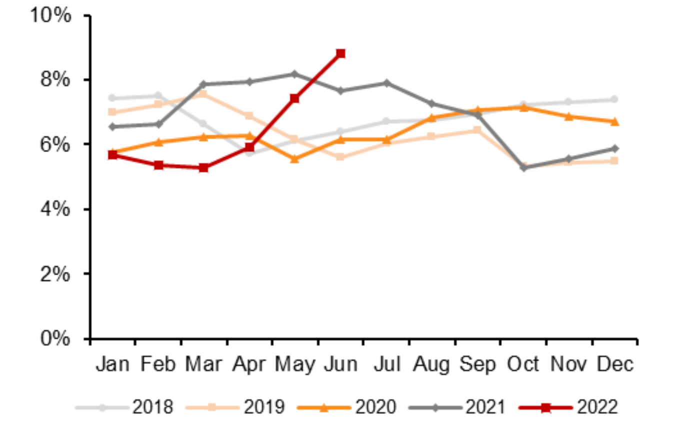

Source: ThinkerCar, CMBIGM

### Figure 6: Buick discounts at dealers



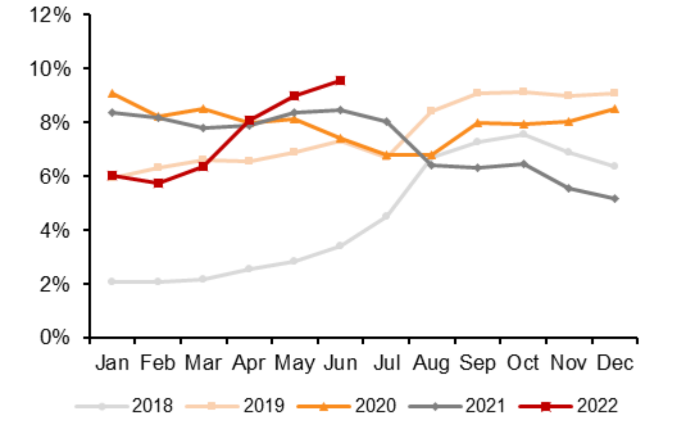

Source: ThinkerCar, CMBIGM

**Figure 7: GAC Toyota discounts at dealers**




Source: ThinkerCar, CMBIGM

**Figure 8: Dongfeng Honda discounts at dealers**




Source: ThinkerCar, CMBIGM

Discounts at dealers for most Chinese brands, including Great Wall, Geely, Changan, Trumpchi and BYD, remain almost unchanged MoM in Jun 2022.

Discounts at dealers for most luxury brands, including Beijing Benz, Audi and Cadillac, rose MoM in Jun 2022, whereas discounts at BMW dealers fell 1ppt MoM, aided by its new models the *X5* and *i3*.

## NEV Segment

### 3Q22 NEV market share dent could be milder than we had expected

In Jun 2022, retail sales volume of passenger NEV rose 131% YoY and 55% MoM to about 505,000 units, the highest in history, or 3% higher than our prior forecast. Its market share widened to 26.1% in Jun 2022 from 24.7% in May. Trailing 12-month market share for NEVs nationwide widened to 20.3% as of Jun 2022, the highest in history again.

In Apr 2022, we expected a market share decline for NEVs in 3Q22, once large orders booked prior to the price hike were delivered in 2Q22. Now we still hold the same view, but we believe the decline could be milder than we had expected. We project NEV market share in Jul 2022 to be about 25% in retail basis. In our view, full-year 2022 NEV wholesale volume could still beat our 5.5mn-uni forecast, should supply chain and macro economy condition not deteriorate.

For every 10 passenger vehicles sold in tier-1 cities in China, four of them were NEVs last month. Trailing 12-month market share for NEVs in tier-3 cities and tier-4 and below cities further increased to about 18% and 14%, respectively, as of Jun 2022, compared with 7% and 5% a year ago.

Unlike tier-1 and tier-2 cities where the best-selling model *Tesla Model Y* only accounted for 9% of the NEV market in 1H22, lower-tier city (tier-3 and below) consumers prefer mini-size BEVs, as the *Wuling Hongguang Mini* took up a market share of 17% in 1H22. Mini BEVs accounted for over 50% of total BEV retail sales volume in tier-3 and below cities in 1H22.

**Figure 9: China NEV market share by city tier (trailing 12-month basis)**

| Market Share | Dec 2021 | Jan 2022 | Feb 2022 | Mar 2022 | Apr 2022 | May 2022 | Jun 2022 |
|---|---|---|---|---|---|---|---|
| Tier 1 | 28.0% | 28.5% | 29.0% | 30.2% | 30.8% | 31.7% | 32.6% |
| Tier 2 | 13.9% | 15.0% | 15.9% | 17.6% | 18.8% | 20.1% | 21.5% |
| Tier 3 | 11.5% | 12.3% | 13.3% | 14.7% | 15.7% | 16.8% | 17.9% |
| Tier 4 and below | 8.8% | 9.5% | 10.2% | 11.3% | 12.2% | 13.1% | 14.1% |
| **Nationwide** | **13.8%** | **14.7%** | **15.5%** | **17.0%** | **18.0%** | **19.1%** | **20.3%** |

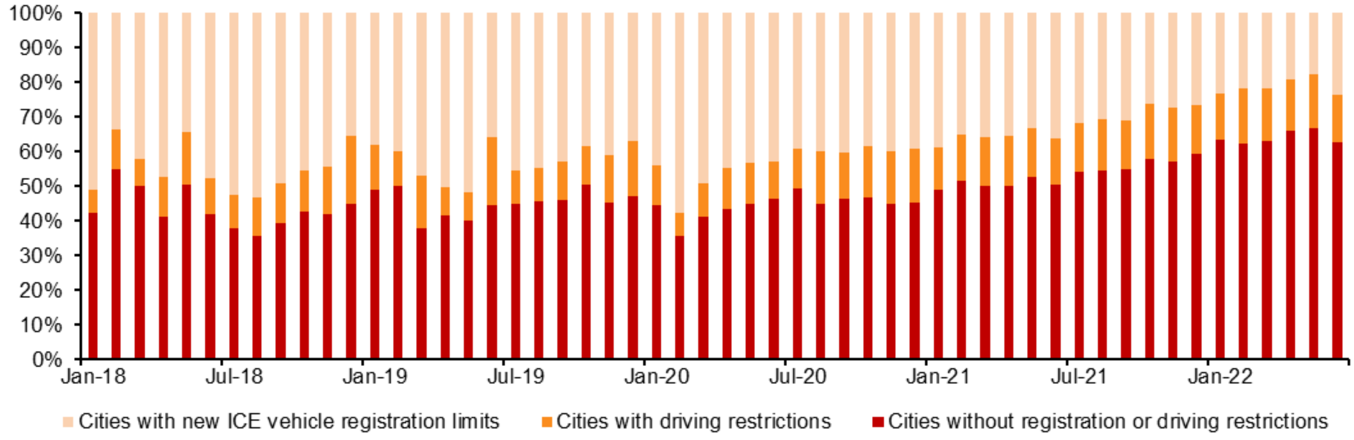
Source: CATARC, CMBIGM

About 24% of NEV retail sales volumes came from regions with internal-combustion engine (ICE) vehicle registration limits (Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Hangzhou and Hainan province) in Jun 2022 (versus the historical low of 18% in May 2022), as sales in Shanghai rebounded.

Cities without license or driving restrictions accounted for 63% of the nationwide NEV retail sales volume in Jun 2022 (vs 67% in May 2022). As shown in Figure 11, about 72% of NEV YoY growth was contributed by these cities.

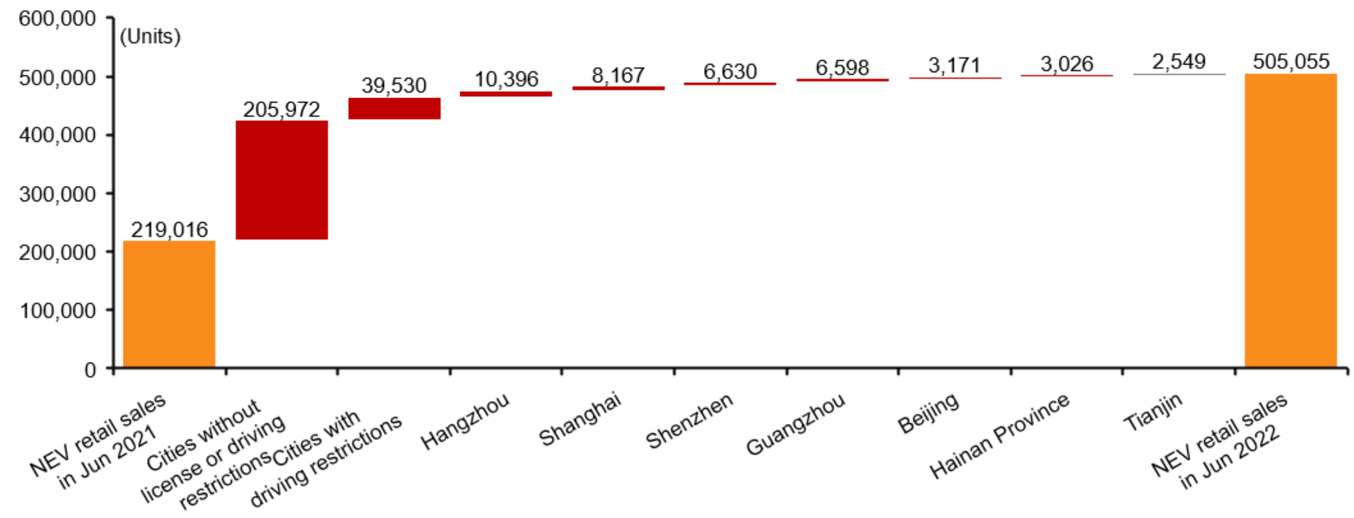
As shown in Figure 12, the *Model Y* was the largest contributor in unit basis to the NEV sales YoY growth nationwide, followed by the BYD *Song Plus PHEV*. The *Ora Black Cat* dragged down the NEV sales the most last month as Great Wall Motor had stopped taking new orders for the *Ora Black Cat and White Cat* amid rising battery costs.

**Figure 10: NEV market share by city type**



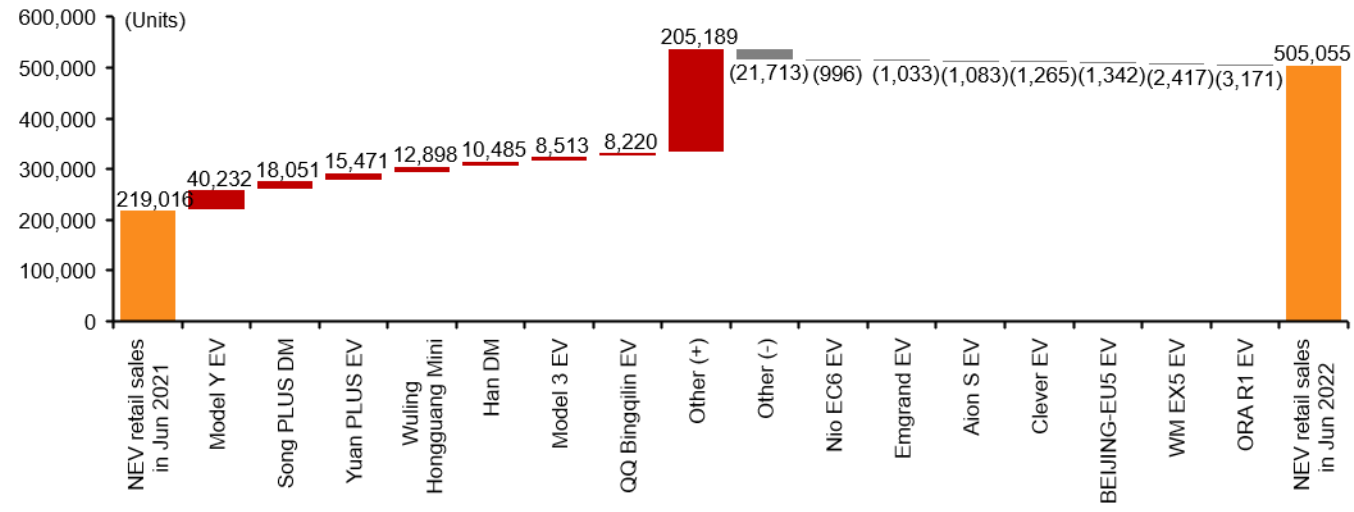

Source: CATARC, CMBIGM

**Figure 11: NEV retail sales volume growth contribution by city type in Jun 2022**




Source: CATARC, CMBIGM

**Figure 12: NEV retail sales volume growth contribution by model in Jun 2022**




Source: CATARC, CMBIGM

In addition, the percentage of NEVs sold for ride-hailing fleets has been declining since 3Q20, and individual customers accounted for over 80% of total NEV sales in the first six months of 2022, based on our calculations.

## BEVs in China: BYD likely takes 2022 crown in retail sales volume

In Jun 2022, total BEV retail sales volume rose 124% YoY and 65% MoM to about 401,000 units. BEV's market share in the NEV segment dropped to 77.4% in 1H22 from 81.5% in 2021.

BYD retained the YTD BEV crown in terms of retail sales volume, with a market share of 18%. BYD's 1H22 BEV retail sales volume was only 2,300 units fewer than its full-year 2021 sales volume. Although we expect Tesla Shanghai Gigafactory's monthly production capacity to reach about 90,000 units by the end of Aug 2022, BYD is likely to take the BEV retail sales volume crown in 2022 for the first time in its history, given Tesla's export plan.

Wuling, the king of mini BEV, is likely to secure the third place in 2022. The top three BEV brands accounted for 42.5% of total BEV sales volume.

Chery, GAC Aion and Xpeng retained the 4-6th positions in terms of YTD BEV retail sales volume, respectively. VW is the only foreign brand in the top 10 list. The competition for the 7-10th positions has been intensified. NIO, Dongfeng and Leap ranked the 11-13th places in terms of 1H22 BEV retail sales volume with each market share of around 3%.

**Figure 13: Top 10 BEV brands' retail sales volume in China**

| Units | Jun 2022 | YoY | YTD | YTD YoY | YTD Market Share in BEV Segment |
|---|---|---|---|---|---|
| **Total BEV** | **401,321** | **124.0%** | **1,631,727** | **98.3%** | **100.0%** |
| BYD | 70,826 | 243.9% | 294,202 | 258.5% | 18.0% |
| Wuling | 42,285 | 47.9% | 202,617 | 29.0% | 12.4% |
| Tesla | 77,253 | 170.8% | 198,209 | 49.9% | 12.1% |
| Chery | 17,117 | 187.4% | 93,312 | 209.5% | 5.7% |
| GAC Aion | 21,720 | 112.4% | 83,153 | 94.4% | 5.1% |
| Xpeng | 15,352 | 131.2% | 68,824 | 129.4% | 4.2% |
| Neta | 12,667 | 176.4% | 58,889 | 245.9% | 3.6% |
| Ora | 9,300 | 6.6% | 57,587 | 8.6% | 3.5% |
| VW | 15,847 | 337.8% | 55,897 | 379.9% | 3.4% |
| Changan | 13,451 | 85.7% | 55,590 | 73.6% | 3.4% |

Source: CATARC, CMBIGM

## More new models to make PHEV competition heightened

In Jun 2022, total PHEV (EREV included) retail sales volume increased 160% YoY and 23% MoM to about 104,000 units. In 1H22, PHEV accounted for 22.6% of overall NEV segment, up from 18.5% in 2021.

BYD's 1H22 market share was almost 58% in the PHEV segment aided by its DM-i models. Lixiang retained the second place in the PHEV segment, with 1H22 market share of 13%. Huawei-backed Aito surpassed VW to take the 3rd place in terms of 1H22 PHEV retail sales volume, with its *M5* model ramping up. We expect Aito's sales volume to rise sequentially in the next few months, aided by Hauwei's extensive sales network and the new *M7*.

Unlike the BEV segment, which is largely dominated by Chinese brands, foreign brands took five spots in the top 10 PHEV brands in China, despite large market share gap with

Chinese brands. With new upcoming PHEV models from Chinese brands, such as Geely, Changan, Aito and Great Wall, we expect Chinese brands to continue gaining market share in the PHEV segment and take up more spots in the top 10 list.

**Figure 14: Top 10 PHEV (EREV included) brands' retail sales volume in China**

| Units | Jun 2022 | YoY | YTD | YTD YoY | YTD Market Share in PHEV Segment |
|---|---|---|---|---|---|
| **Total PHEV** | **103,734** | **160.2%** | **476,087** | **172.2%** | **100.0%** |
| BYD | 59,240 | 302.6% | 274,042 | 486.5% | 57.6% |
| Lixiang | 13,149 | 68.0% | 60,824 | 99.3% | 12.8% |
| Aito | 5,613 | N/A | 16,717 | N/A | 3.5% |
| VW | 3,758 | -4.1% | 16,110 | -38.0% | 3.4% |
| Mercedes-Benz | 2,243 | 189.0% | 12,971 | 591.8% | 2.7% |
| Lynk & Co | 2,671 | 246.4% | 12,169 | 269.1% | 2.6% |
| Nissan | 3,022 | N/A | 11,746 | N/A | 2.5% |
| BMW | 1,460 | -35.4% | 10,059 | -24.4% | 2.1% |
| Honda | 1,440 | 123.6% | 7,289 | 229.4% | 1.5% |
| Changan | 1,651 | 165000.0% | 7,150 | 44587.5% | 1.5% |

Source: CATARC, CMBIGM

## Other Industry Indicators to Watch

### COVID-19 as the major uncertainty for city performance

In Jun 2022, retail sales volume in tier-1 cities rise 9% YoY, the worst growth among all the city tiers, dragged down by Beijing's 14% YoY decline. Shanghai's post-lockdown rebound was not as significant as we had expected, with retail sales volume only rising 5% YoY. We expected retail sales volume in different city tiers to grow at a similar pace in 2022 at the beginning of 2022 but pandemic recurrence could make the pattern more volatile. In 1H22, tier-2 cities were the best performer with 10% YoY decline.

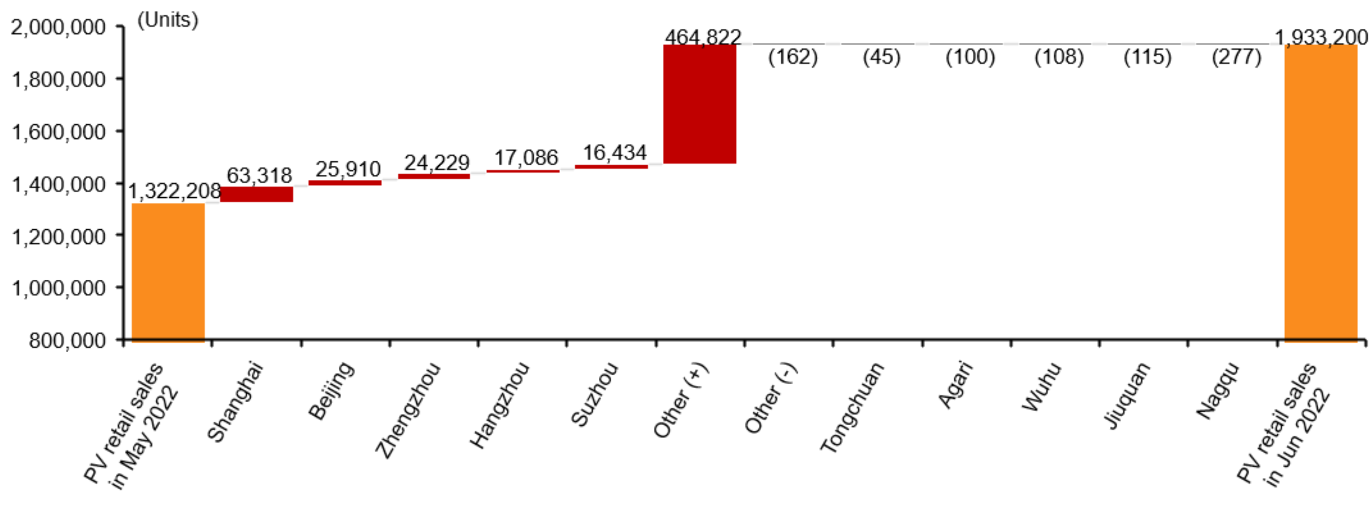
**Figure 15: China auto retail sales growth by city tier**

| Retail Sales YoY Growth | Dec 2021 | Jan 2022 | Feb 2022 | Mar 2022 | Apr 2022 | May 2022 | Jun 2022 | YTD |
|---|---|---|---|---|---|---|---|---|
| Tier 1 | -15.5% | -9.8% | -0.1% | -18.7% | -47.5% | -46.9% | 9.1% | -19.6% |
| Tier 2 | -13.2% | -5.0% | -3.4% | -13.1% | -38.6% | -17.0% | 18.4% | -9.8% |
| Tier 3 | -18.2% | -4.6% | -16.9% | -23.4% | -40.1% | -24.4% | 12.2% | -15.3% |
| Tier 4 and below | -18.1% | -0.6% | -22.0% | -14.6% | -34.7% | -18.6% | 10.0% | -12.1% |
| **Nationwide** | **-15.6%** | **-4.3%** | **-11.1%** | **-16.1%** | **-39.1%** | **-22.0%** | **14.4%** | **-12.5%** |

Source: CATARC, CMBIGM

Most cities enjoyed retail sales volume MoM growth in Jun 2022 amid lockdown relaxation and purchase-tax cuts. Shanghai contributed the most to the MoM growth in unit basis last month, followed by Beijing. Only a few cities experienced MoM declines in retail sales volume last month, most of which were small cities.

**Figure 16: PV retail sales volume MoM growth contribution by city in Jun 2022**




Source: CATARC, CMBIGM

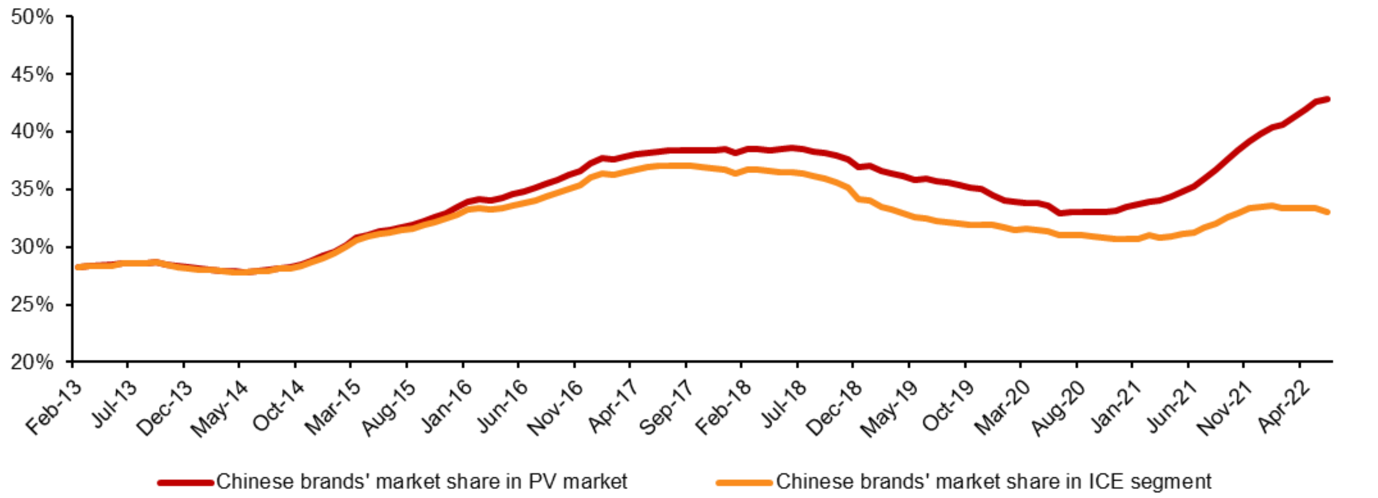
On the other hand, Shanghai apparently contributed the most to the YoY decline in 1H22, in terms of retail sales volume, followed by Zhengzhou and Beijing. Two out of the top four cities with the highest YoY retail sales volume growth in 1H22 came from Guangdong province (Foshan as No. 1 and Zhongshan as No. 4), thanks to the strong stimulus measures by the provincial government.

## Chinese-brand market share rose for 24 months in a row

Retail sales volume for Chinese brands rose 24% YoY in Jun 2022, outpacing industrywide 14% YoY growth, thanks to rising demand for NEVs. Excluding NEVs, retail sales volume of Chinese-brand ICE vehicles fell 15% YoY in Jun 2022, weaker than the overall ICE segment of 3% YoY decline. It appears that the purchase-tax cuts benefited foreign-brand ICE vehicles more than Chinese brands in Jun 2022, which is consistent with our prior argument.

The trailing 12-month market share for Chinese brands rose for 24 consecutive months to 42.8% as of Jun 2022, on the right track to our projection of the full-year market share gain for the second year following 2021. Should such momentum continue, our 2022 market share projection could be a bit too conservative for Chinese brands.

**Figure 17: Chinese brands' market share (trailing 12-month basis)**




Source: CATARC, CMBIGM

## Lack of NEV models leads to luxury brands' underperformance

The total retail sales volume of luxury brands rose 13% YoY in Jun 2022, underperforming the overall industry by 1.4 ppts. In 1H22, total retail sales volume of luxury brands dropped 17% YoY, weaker than the overall industry by 4.7 ppts, missing our prior expectation. Retail sales volume of luxury brands in China, excluding Tesla, fell 22% YoY in 1H22.

Apart from the supply chain constraints at the beginning of 2022, we are of the view that one of the key reasons for luxury brands' underperformance in 1H22 was lack of NEV models. Retail sales volume of luxury ICE vehicles fell 23% YoY in 1H22, slightly outperforming the industrywide ICE decline of 25% YoY during the same period.

Luxury market share, on a trailing 12-month basis, remained stable MoM at 16.4% as of Jun 2022, with almost no MoM changes for each city tier.

In Jun 2022, luxury and NEV combined accounted for 59% of total PV retail sales volume in tier-1 cities.

**Figure 18: China luxury auto market share by city tier (trailing 12-month basis)**

| Market Share | Dec 2021 | Jan 2022 | Feb 2022 | Mar 2022 | Apr 2022 | May 2022 | Jun 2022 |
|---|---|---|---|---|---|---|---|
| Tier 1 | 28.0% | 28.0% | 27.7% | 27.5% | 27.1% | 26.5% | 26.6% |
| Tier 2 | 21.6% | 21.7% | 21.6% | 21.6% | 21.2% | 21.0% | 21.0% |
| Tier 3 | 10.8% | 10.9% | 10.9% | 10.8% | 10.6% | 10.6% | 10.6% |
| Tier 4 and below | 7.2% | 7.2% | 7.2% | 7.2% | 7.0% | 7.0% | 6.9% |
| **Nationwide** | **16.9%** | **17.0%** | **17.0%** | **16.9%** | **16.6%** | **16.4%** | **16.4%** |

Source: CATARC, CMBIGM

Although Mercedes-Benz took the 1H22 luxury-sales crown, BMW only sold 3,400 units fewer than Mercedes-Benz in 1H22. We still expect BMW to take the luxury-sales crown in 2022, with its locally-produced *X5*. The 'Big Three' accounted for 64% of total luxury retail sales volume in 1H22 in China.

Tesla retained the 4th position among luxury brands in 1H22, despite the Shanghai lockdown. Lexus, Cadillac, Volvo, Porsche, Lincoln and Land Rover retained their positions of 5th to 10th in terms of YTD sales volume in China, respectively, as of Jun 2022. Retail sales volume growth was volatile for different luxury brands in Jun 2022, as Porsche rose 28% YoY and Lexus fell 17% YoY. In our view, supply chain security is still the key factor for the sales growth of Porsche and Lexus in 2022.

**Figure 19: Top 10 luxury auto brands' retail sales volume in China**

| Units | Jun 2022 | YoY | YTD | YTD YoY | YTD Market Share in Luxury Segment |
|---|---|---|---|---|---|
| **Total Luxury** | **372,186** | **13.0%** | **1,613,115** | **-16.8%** | **100.0%** |
| Mercedes-Benz | 71,826 | 9.0% | 366,985 | -16.9% | 22.8% |
| BMW | 69,937 | -10.4% | 363,567 | -19.1% | 22.5% |
| Audi | 70,897 | 4.8% | 301,680 | -25.1% | 18.7% |
| Tesla | 77,253 | 170.8% | 198,209 | 49.9% | 12.3% |
| Lexus | 16,139 | -21.7% | 86,493 | -29.7% | 5.4% |
| Cadillac | 17,381 | -16.5% | 78,285 | -34.0% | 4.9% |
| Volvo | 16,270 | -8.2% | 70,156 | -24.2% | 4.3% |
| Porsche | 10,745 | 28.1% | 42,423 | -10.1% | 2.6% |
| Lincoln | 8,010 | 13.4% | 37,779 | -9.5% | 2.3% |
| Land Rover | 5,655 | -20.5% | 31,477 | -23.0% | 2.0% |

Source: CATARC, CMBIGM

Figure 20: China passenger-vehicle monthly retail sales volume by OEM / brand

| | Retail Sales Volume Jun 2022 (Units) | YoY % | MoM % | Retail Sales Volume YTD (Units) | YTD YoY % |
|---|---|---|---|---|---|
| **Chinese OEMs** | | | | | |
| Geely (incl. Lynk & co, Geometry) | 93,311 | 0.9% | 42.5% | 495,943 | -18.4% |
| Zeekr | 4,053 | N/A | -6.2% | 18,825 | N/A |
| Great Wall | 61,159 | -17.2% | 31.9% | 361,163 | -27.0% |
| Changan | 94,183 | 0.3% | 33.1% | 476,966 | -19.8% |
| SAIC Motor | 33,040 | -17.1% | 46.9% | 200,031 | -25.8% |
| GAC Trumpchi | 27,855 | 10.3% | 27.9% | 140,245 | -3.8% |
| GAC Aion | 21,720 | 113.9% | 93.5% | 83,157 | 94.1% |
| BYD | 131,085 | 226.9% | 27.1% | 586,980 | 147.0% |
| SAIC-GM-Wuling | 73,662 | -8.3% | 38.0% | 396,798 | -23.0% |
| BAIC Magna | 1,142 | 510.7% | 79.3% | 4,645 | 466.5% |
| Voyah | 1,067 | N/A | 43.0% | 6,730 | 61081.8% |
| NIO | 11,991 | 97.3% | 84.1% | 49,485 | 20.4% |
| Lixiang | 13,149 | 171.4% | 13.4% | 60,824 | 99.3% |
| Xpeng | 15,352 | 167.6% | 54.5% | 68,824 | 129.4% |
| Weltmeister | 3,677 | 44.1% | 13.5% | 21,738 | 62.2% |
| Neta | 12,667 | 181.4% | 21.3% | 58,889 | 245.9% |
| Leapmotor | 10,940 | 296.7% | 30.8% | 46,177 | 234.9% |
| Human Horizons | 535 | 643.1% | 45.0% | 2,584 | 403.7% |
| Jinkang Seres | 5,634 | 5021.8% | 26.9% | 17,034 | 1678.1% |
| **Foreign OEMs** | | | | | |
| SAIC VW | 113,549 | -4.6% | 65.3% | 528,846 | -30.1% |
| FAW VW | 179,064 | 7.4% | 49.8% | 784,300 | -24.6% |
| Beijing Benz | 54,385 | -1.0% | 43.9% | 274,102 | -18.6% |
| BMW Brilliance | 60,425 | -3.2% | 16.1% | 308,414 | -14.7% |
| FAW Toyota | 80,978 | 20.9% | 56.4% | 345,622 | -10.1% |
| GAC Toyota | 112,810 | 63.6% | 44.7% | 462,715 | 17.4% |
| Dongfeng Honda | 64,825 | -0.4% | 38.7% | 328,004 | -19.9% |
| GAC Honda | 70,821 | 9.5% | 39.6% | 340,466 | -4.5% |
| Dongfeng Nissan | 87,557 | 3.2% | 51.0% | 409,142 | -24.1% |
| GAC Mitsubishi | 2,783 | -48.5% | 12.1% | 17,556 | -48.1% |
| SAIC GM | 91,847 | -19.3% | 63.6% | 442,428 | -36.9% |
| Changan Ford | 16,981 | 23.8% | 49.2% | 79,565 | -12.5% |
| Tesla China | 77,253 | 249.4% | 647.9% | 198,209 | 50.4% |
| GAC FCA | 567 | -78.3% | 16.7% | 4,602 | -72.8% |
| Volvo Asia Pacific | 14,217 | 0.7% | 63.9% | 61,288 | -24.5% |
| Chery JLR | 5,063 | 12.9% | 51.8% | 22,496 | -26.8% |
| Beijing Hyundai | 21,301 | -32.5% | 64.6% | 109,788 | -46.0% |
| Yueda Kia | 9,856 | -30.0% | 48.5% | 50,145 | -39.0% |
| **Total Volume (excl. imports)** | **1,861,445** | **16.2%** | **46.9%** | **8,787,966** | **-11.4%** |
| **Imports by Brand** | | | | | |
| Lexus | 16,139 | -14.1% | 17.4% | 86,493 | -29.7% |
| BMW | 9,512 | -29.4% | 38.6% | 55,153 | -37.2% |
| Mercedes-Benz | 15,081 | -1.1% | 27.1% | 80,368 | -9.9% |
| Porsche | 10,745 | 31.9% | 38.3% | 42,423 | -10.1% |
| Audi | 4,145 | -39.8% | 31.8% | 22,875 | -45.2% |
| **Total Imports** | **71,755** | **-18.4%** | **31.0%** | **367,632** | **-25.7%** |
| **Total Retail Sales Volume** | **1,933,200** | **14.4%** | **46.2%** | **9,155,598** | **-12.1%** |

Source: CPCA, CMBIGM

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

| | Sales Volume in Jun 2022 (units) | YoY (%) | MoM (%) | Sales Volume YTD (units) | YTD YoY (%) | YTD Market Share (%) |
|---|---|---|---|---|---|---|
| **Chinese OEMs** | **1,013,059** | **45.2%** | **24.8%** | **4,878,013** | **18.2%** | **47.3%** |
| Geely | 126,595 | 26.4% | 42.1% | 613,842 | -2.6% | 5.9% |
| Great Wall Motor | 79,935 | -3.2% | 26.8% | 424,108 | -15.2% | 4.1% |
| Changan | 121,050 | 36.6% | 42.2% | 641,281 | -4.3% | 6.2% |
| SAIC-GM-Wuling | 101,037 | 33.3% | 15.3% | 503,299 | 1.9% | 4.9% |
| SAIC | 82,400 | 66.7% | 16.9% | 365,569 | 15.5% | 3.5% |
| BYD | 133,762 | 168.8% | 17.1% | 643,206 | 165.4% | 6.2% |
| GAC Motor (incl. Aion) | 56,774 | 69.0% | 12.6% | 273,490 | 41.0% | 2.6% |
| Chery | 98,692 | 49.0% | 24.8% | 440,951 | 15.9% | 4.3% |
| Dongfeng | 44,395 | 56.5% | 32.2% | 251,496 | 41.9% | 2.4% |
| FAW | 5,850 | -28.6% | -46.8% | 26,429 | -24.7% | 0.3% |
| BAIC | 8,275 | -25.0% | 113.3% | 37,517 | -40.7% | 0.4% |
| NIO | 12,961 | 60.3% | 84.5% | 50,827 | 21.1% | 0.5% |
| Li Auto | 13,024 | 68.9% | 13.3% | 60,403 | 100.3% | 0.6% |
| Xpeng | 15,295 | 133.0% | 51.1% | 68,983 | 124.4% | 0.7% |
| Weltmeister | 4,031 | 0.6% | 34.2% | 16,031 | 2.3% | 0.2% |
| Neta | 13,157 | 156.1% | 19.5% | 63,131 | 199.1% | 0.6% |
| Leap Motor | 11,259 | 185.7% | 11.8% | 51,994 | 250.6% | 0.5% |
| **German Brands** | **458,557** | **60.5%** | **34.7%** | **2,004,625** | **-8.4%** | **19.4%** |
| VW | 245,459 | 110.2% | 42.3% | 1,051,568 | 0.4% | 10.2% |
| Audi | 74,714 | 39.6% | 47.6% | 277,546 | -24.4% | 2.7% |
| BMW | 62,149 | 8.4% | -0.7% | 314,827 | -11.2% | 3.1% |
| Mercedes-Benz | 60,036 | 37.0% | 40.4% | 282,463 | -15.6% | 2.7% |
| Jetta | 16,199 | 13.6% | 36.8% | 78,221 | -8.5% | 0.8% |
| **Japanese Brands** | **443,629** | **22.0%** | **54.1%** | **2,071,559** | **-6.6%** | **20.1%** |
| Honda | 147,792 | 38.8% | 80.1% | 686,933 | -8.5% | 6.7% |
| Toyota | 202,833 | 37.2% | 43.2% | 888,142 | 6.7% | 8.6% |
| Nissan | 80,071 | -6.2% | 51.0% | 415,608 | -17.1% | 4.0% |
| Mazda | 9,688 | -41.1% | 22.9% | 55,742 | -40.3% | 0.5% |
| Mitsubishi | 2,003 | -58.3% | 33.4% | 13,945 | -53.5% | 0.1% |
| **American Brands** | **238,244** | **66.0%** | **82.3%** | **928,279** | **4.0%** | **9.0%** |
| Buick | 75,866 | 54.2% | 48.8% | 304,477 | -17.2% | 2.9% |
| Chevrolet | 28,647 | 42.5% | 22.7% | 126,406 | 23.6% | 1.2% |
| Cadillac | 20,807 | 31.7% | 139.2% | 75,839 | -32.2% | 0.7% |
| Ford | 23,936 | 40.6% | 90.3% | 92,111 | -7.4% | 0.9% |
| Lincoln | 10,082 | 30.6% | 245.7% | 32,832 | -12.6% | 0.3% |
| Tesla | 78,906 | 138.0% | 145.3% | 294,757 | 82.2% | 2.9% |
| **Korean Brands** | **30,738** | **-33.4%** | **86.1%** | **156,587** | **-42.3%** | **1.5%** |
| Hyundai | 18,097 | -43.7% | 114.5% | 94,159 | -51.5% | 0.9% |
| Kia | 12,641 | -9.7% | 56.4% | 62,428 | -19.2% | 0.6% |
| **Others** | **29,803** | **8.9%** | **25.9%** | **167,511** | **-1.1%** | **1.6%** |
| PSA | 8,605 | 7.5% | 2.7% | 57,350 | 40.0% | 0.6% |
| Volvo | 13,519 | 2.5% | 82.5% | 63,413 | -20.1% | 0.6% |
| Jaguar | 1,336 | -34.2% | -19.5% | 9,922 | -5.0% | 0.1% |
| Land Rover | 3,043 | 36.0% | 3.2% | 13,472 | -15.9% | 0.1% |
| **Total** | **2,214,030** | **41.5%** | **37.4%** | **10,321,699** | **3.6%** | **100.0%** |

Source: CATARC, CMBIGM

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