

China Auto Sector

Jul leading indicators: NEV new orders rose MoM

OUTPERFORM
 (Maintain)

We summarize the Jul 2023 leading indicators as below, including 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 major cities in China. New orders per store for these six NEV brands have been rising MoM since Apr 2023, which is consistent with our prior argument that NEV market share in China could rise sequentially for the remainder of the year. NEV sales volume for leading players is likely to be strong in Aug-Sep 2023, in our view. Note that the following data reflects same-store metrics, and the total new orders and other metrics would rise more than these figures, as most players have reaccelerated their store expansion.

- **Number of leads: NIO rose most MoM.** Number of leads per store for NIO rose the most (+5% MoM) among all the six brands in Jul, following its price cuts in Jun. Number of leads per store of Tesla is still the highest among all the six brands. Such number for BYD fell 3% MoM, probably due to new competitive model launches at the NEV trio (see Figure 1).

The conversion ratios from leads to store visit for all the brands remained largely stable MoM at 10-13% in Jul. Aion had the highest ratio among the six brands last month, while NIO had the lowest ratio for five consecutive months (see Figure 2).

- **Customer flow appears to be weaker than what we observed anecdotally.** Customer flow refers to those consumers who have visited the store and left their contact information, which may not fully reflect the new-model effect in recent months, in our view. Nevertheless, customer flow per store for NIO rose 8% MoM in Jul 2023, again the highest among the six brands (see Figure 3).

The conversion ratios from store visit to order generation improved MoM for all six brands in Jul. BYD still had the highest ratio (11%) among the six brands, while NIO still had the lowest conversion ratio in Jul, although such number has improved from 4% in 1Q23 to 6% in Jul 2023 (see Figure 4).

- **New orders rose MoM for all NEV brands.** New orders per store for all the six brands rose MoM for three months in a row since May 2023 (see Figure 5). NIO's new orders per store rose 21% MoM in Jul 2023, again the highest among all the six brands. In fact, NIO's new orders per store rose 72% in Jul compared with Apr 2023, followed by Xpeng's 26% during the same period. Xpeng's G6 sales volume may be capped by its production capacity in 3Q23. Tesla's new orders per store in Jul rose almost 26% from its Apr level, more resilient than we had expected, although its sales volume could be volatile in 3Q23 in our view, as customers may start to wait for the facelifted Model 3. Li Auto's new orders per store in Jul rose 22% from its Apr level, but more than doubled compared with its Dec 2022 level. Aion's new orders per store in Jul only rose 13% from its Apr level, the lowest among all the six brands.

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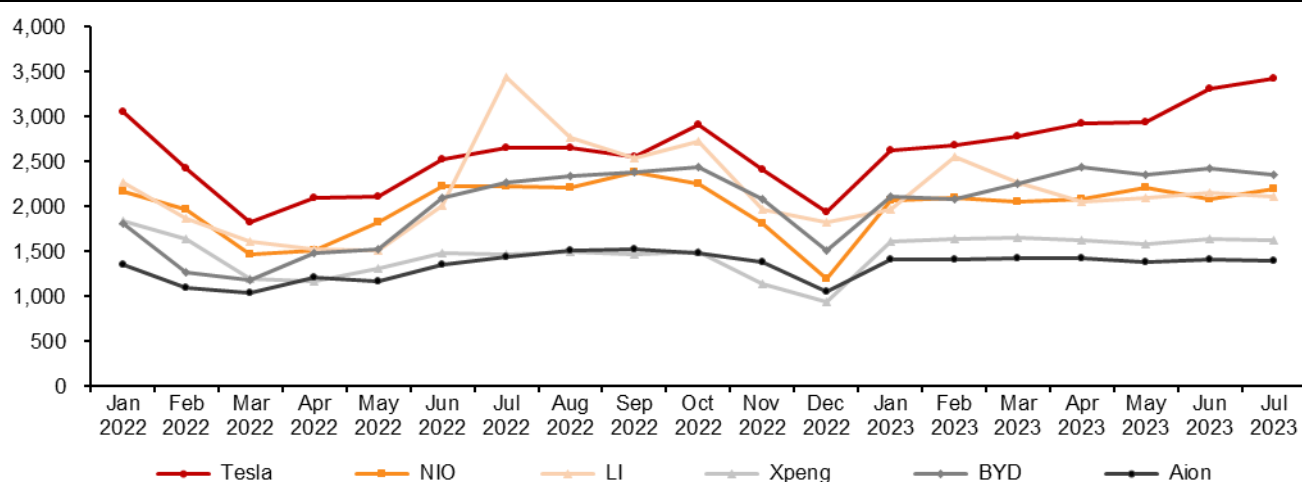
Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	44
Li Auto	2015 HK	BUY	172
Geely	175 HK	BUY	14.5
GWM	2333 HK	BUY	12
GWM	601633 CH	BUY	32
GAC	2238 HK	BUY	7
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	6.5
Meidong	1268 HK	HOLD	11
NIO	NIO US	HOLD	9.2
Xpeng	XPEV US	HOLD	9
Xpeng	9868 HK	HOLD	35
BYD	1211 HK	HOLD	240
BYD	002594 CH	HOLD	265

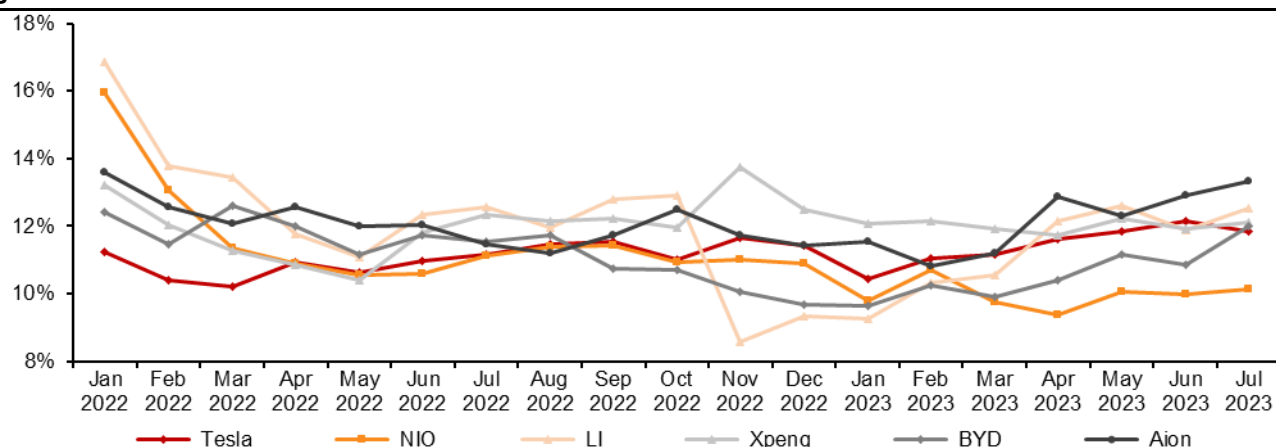
Source: Bloomberg, CMBIGM

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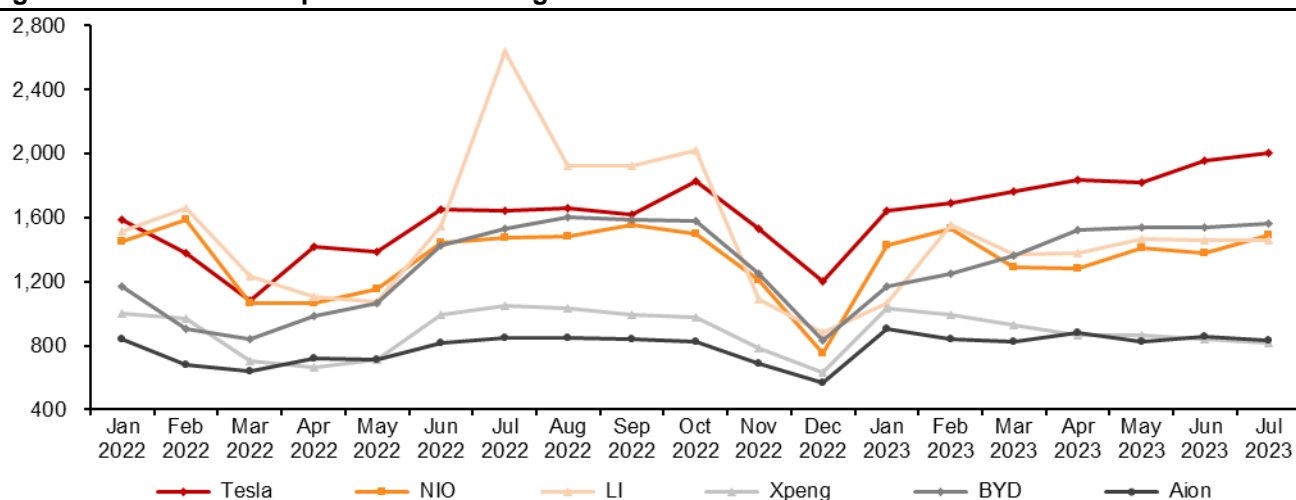
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Figure 1: Number of leads per store on average for each brand

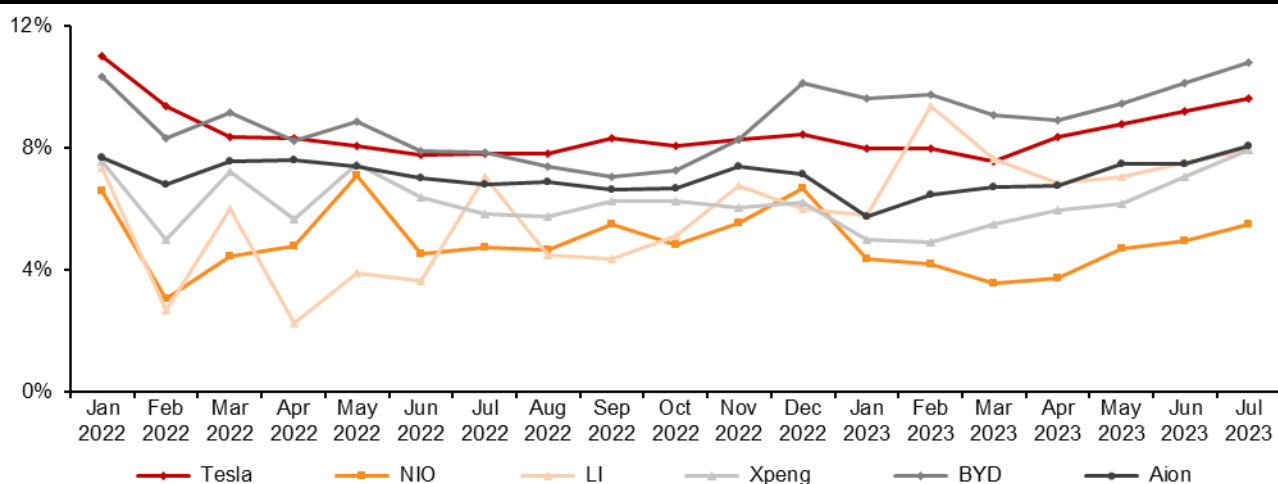
Source: Thinkercar, CMBIGM

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

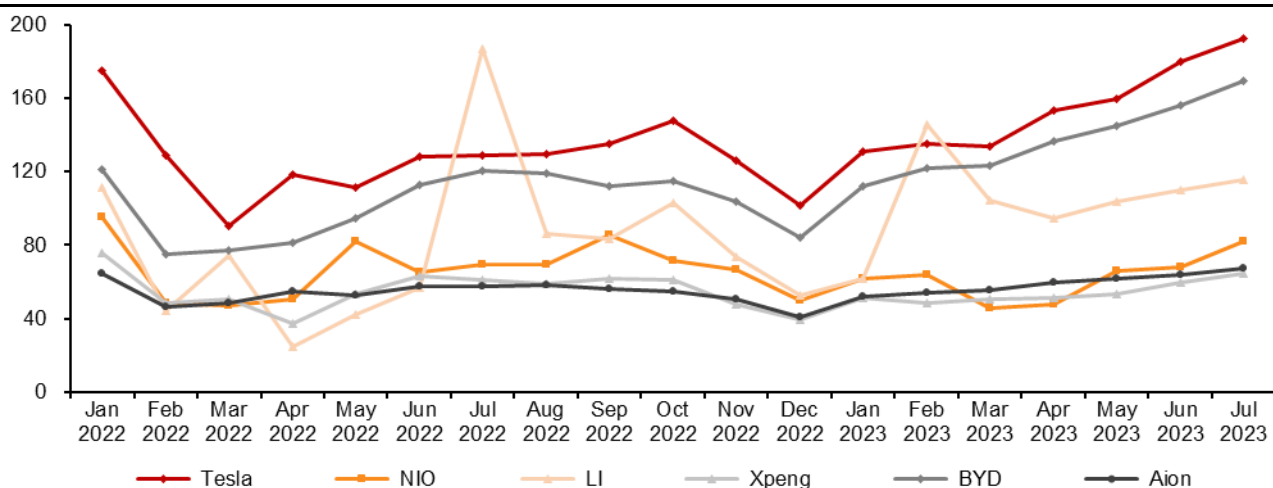
Source: Thinkercar, CMBIGM

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

Source: Thinkercar, CMBIGM

Figure 4: Conversion ratio from store visit 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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