

# Auto

## Aug leading indicators may imply a solid Sep

We summarize the Aug 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.

Leading indicators fell slightly MoM for most brands in Aug, largely due to seasonality, in our view. We expect a solid Sep sales volume for leading NEV brands, because of the new model for Xpeng, better penetration in smaller cities for Tesla and resilient new orders for BYD and Li Auto.

- **Number of leads: All brands fell MoM except Xpeng.** Number of leads for almost all the brands fell MoM in Aug after rising MoM in Jul (see Figure 1). We attribute such declines mainly to seasonality. Xpeng was the only brand with number of leads per store rising 2% MoM, aided by the *Mona M03*, which arrived at showrooms from 1 Aug and started deliveries with retail prices announced on 27 Aug.

The conversion ratios from leads to store visits (see Figure 2) fell MoM for Tesla (-1.1ppts), Xpeng (-0.6ppts), Li Auto (-0.5ppts) and BYD (-0.3ppts). Such conversion ratios rose 0.9ppts MoM to 14.4% for Aion and 0.5ppts MoM to 11.9% for NIO, respectively, with these two brands having the highest conversion ratios from leads to store visits. The average ratio was about 11% in Aug.

- **Customer flow: All brands fell MoM.** Total per-store visits for the six brands fell 5% MoM in Aug after rising 5% MoM in Jul (see Figure 3). BYD was the most resilient in terms of customer flow with almost flat MoM and 9% YoY growth in Aug. The customer flow per store for Li Auto, Aion, NIO and Xpeng fell 4-6% MoM last month. Such number fell the most for Tesla (-8% MoM) last month, partially due to Tesla's greater focus on sales in lower-tier cities now with more digital marketing, in our view.

We are of the view that all the automakers have been trying their best to improve their conversion ratios from store visits to order generation amid heightened competition (see Figure 4). Such conversion ratio improved the most YoY for NIO (+5.3ppts YoY to 9.4% in Aug 2024), after its sales personnel expansion from 2H23. The DM-i 5.0 models have lifted BYD's conversion ratio from store visits to order generation significantly since Mar 2024. It had the highest ratio of 15.7% among all the six brands in Aug, up from about 11% in 4Q23. Such ratio for Xpeng widened the most MoM (+2.8ppts) last month, aided by the *Mona M03*.

- **New orders in Aug more diverged for different brands.** Total new orders generated based on our sample store data fell 2% MoM, more resilient than leads and customer flow numbers, thanks to the improved conversion ratios. New orders per store for Xpeng rose 28% MoM in Aug and we expect such number to hit an all-time high in Sep, as new orders for the *Mona M03* are likely to exceed those for the *G6* in 2H23. Although new orders per store for Tesla fell 10% MoM based on our sample store data (in tier-1 and -2 cities), it may post the highest quarterly retail sales volume in China in 3Q24, on our estimates, aided by strong sales growth in lower-tier cities. New orders for Li Auto and BYD remained resilient in Aug and we expect both to post all-time high sales volumes in Sep.

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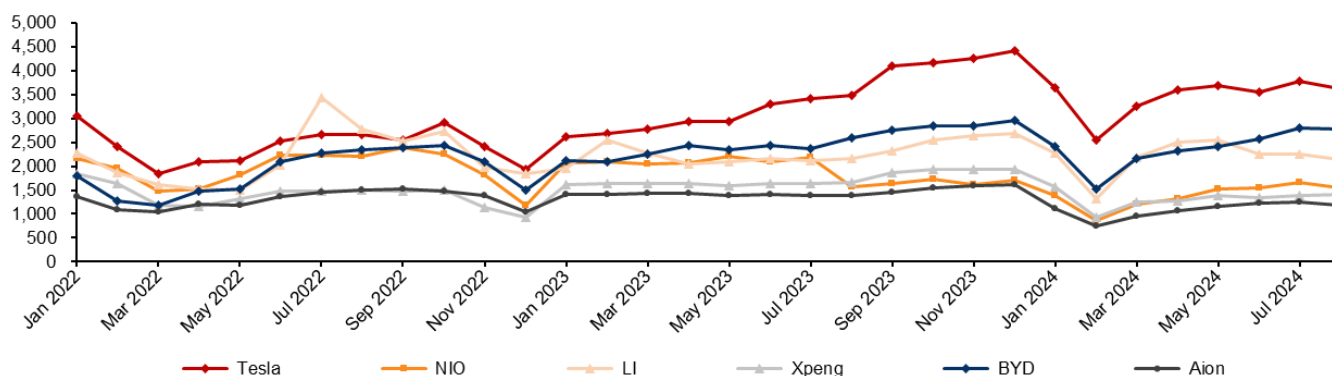
#### Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	25
Li Auto	2015 HK	BUY	97.5
NIO	NIO US	HOLD	5.1
Xpeng	XPEV US	HOLD	8
Xpeng	9868 HK	HOLD	31.2
Geely	175 HK	BUY	14
GWM	2333 HK	BUY	14
GWM	601633 CH	BUY	32
BYD	1211 HK	BUY	262
BYD	002594 CH	BUY	286
GAC	2238 HK	BUY	3
GAC	601238 CH	BUY	9
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	1.8
Meidong	1268 HK	BUY	2.8
Minth	425 HK	BUY	21
Tuhu	9690 HK	BUY	23

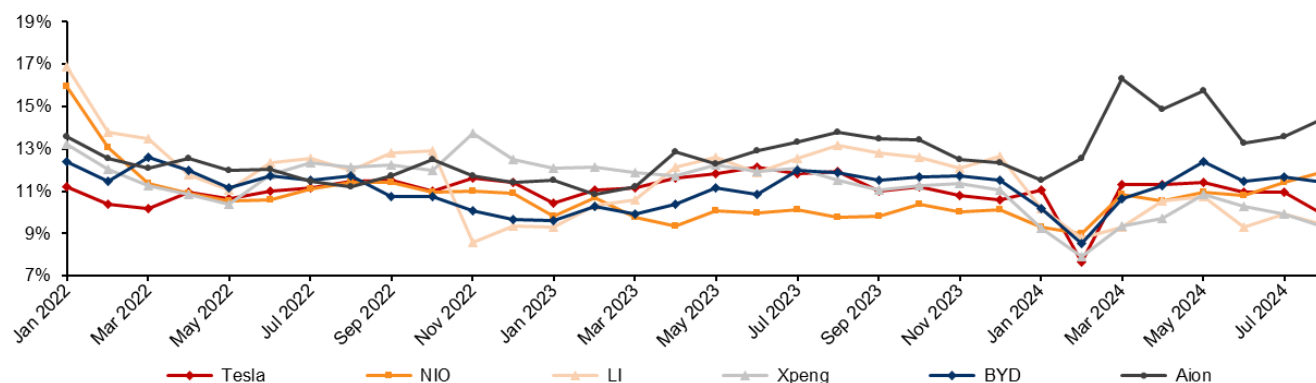
Source: Bloomberg, CMBIGM

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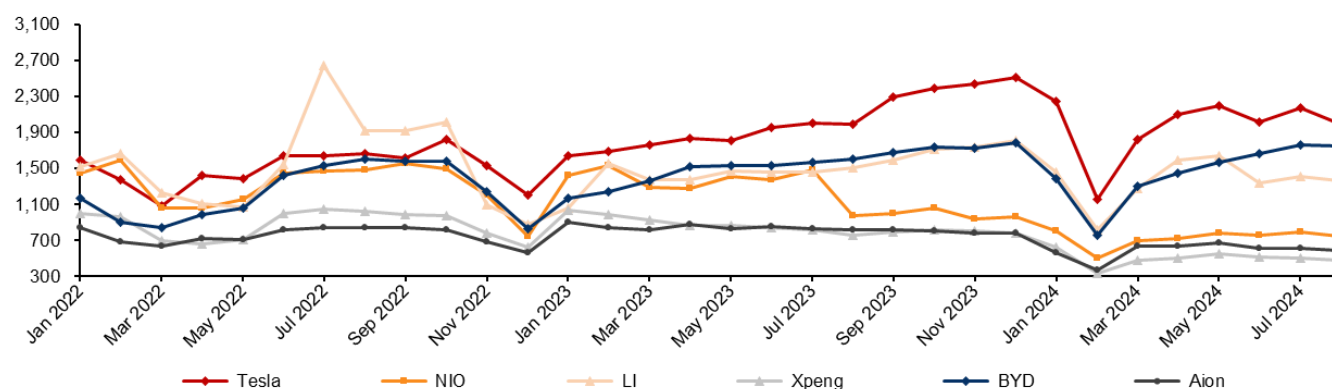
["China Auto Sector - Resilient leading indicators during off-peak time" - 7 Aug 2024](#)

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

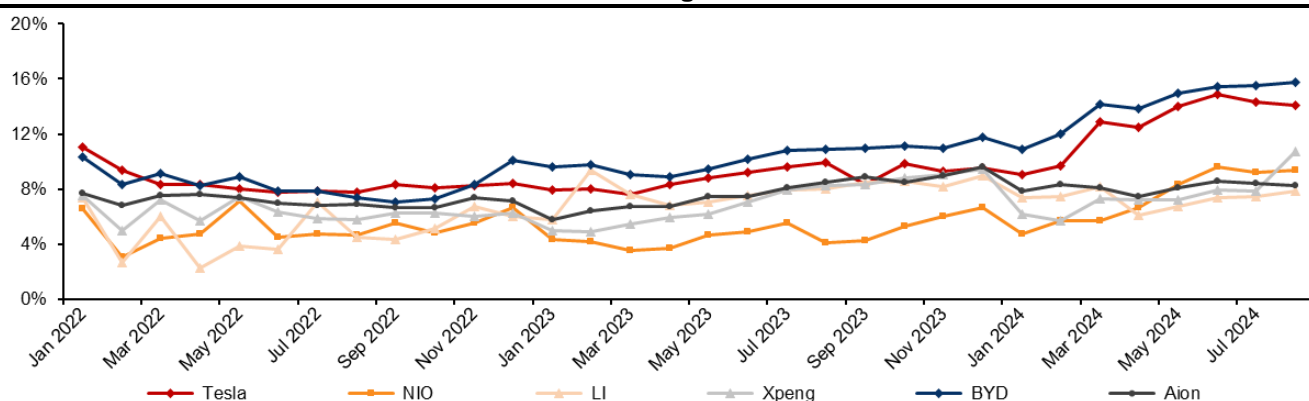
Source: Thinkercar, CMBIGM

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

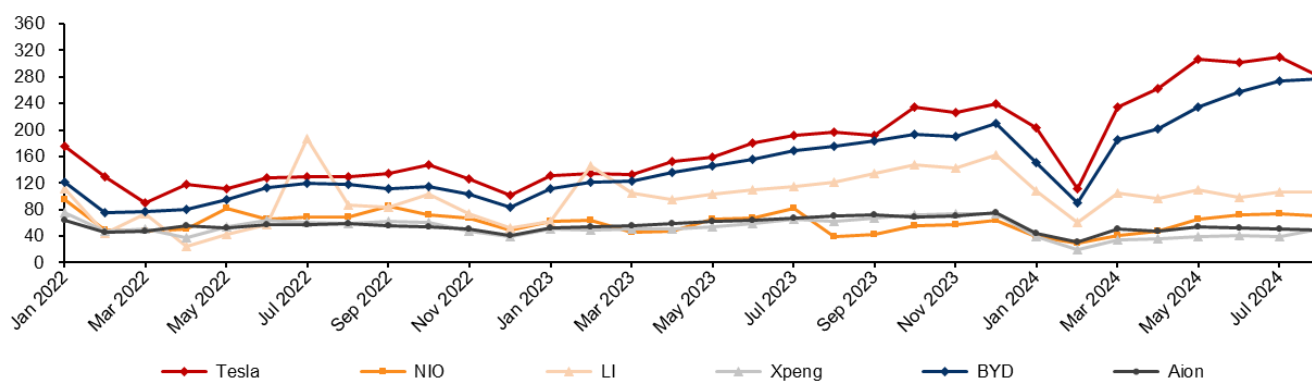
Source: Thinkercar, CMBIGM

**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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