

Auto

Leap, BYD, Aion led discount increase in Jan

We summarize the Jan 2025 price discounts at dealers for major automakers in this report. Note that Jan discounts for each automaker are calculated based on the weighted average of Dec 2024 retail sales volume for each model, as Jan 2025 retail sales volume data have not been released yet.

The industrywide average discounts widened by 0.3ppts MoM in Jan 2025, based on our calculations, mainly driven by Chinese automakers, including BYD, Leapmotor and GAC Aion, and German brands, such as BMW and Audi. BYD plans to cover the majority of its models with autonomous driving (AD) functions this year, which may have resulted in higher discounts for its existing models. We still believe Geely and Xpeng could be more resilient than most peers this year.

- **The NEV trio and Leapmotor.** In Jan 2025, both **NIO** and **Li Auto's** average discounts remained flat MoM (Figure 1 & 2), which could partly explain their larger-than-peers MoM sales volume declines last month. **Xpeng's** average discounts widened by 0.8ppts MoM in Jan 2025 (Figure 3), as the discounts for the *G6* and *X9* widened by 4-5ppts MoM. The discounts for the *Mona M3* remained at a very low level. Xpeng may roll out its redesigned *P7* in 1Q25, followed by the *G7* in 2Q25. **Leapmotor's** average discounts widened by 3.1ppts MoM to 9.1% in Jan 2025 (Figure 4), as the discounts for the *C01*, *C11* and *C10* rose by 3-6ppts MoM. The discounts for the *C16* also widened by about 1.7ppts, at a faster pace than we had expected.
- **Great Wall Motor.** Great Wall's average discounts at dealers widened by 0.2ppts MoM to 10.9% in Jan (Figure 5), as the discounts for the *H6*, *Tank 500* and *Wey Lanshan* rose by 0.2-0.6ppts MoM, respectively. The discount increase for the *Tank 500* PHEV was partly due to the launch of the *Hi4-Z* versions in Jan 2025. Great Wall's wholesale volume fell 40% MoM and 22% YoY to about 81,000 units in Jan. We are of the view that Great Wall's 1Q25 earnings may face headwinds with sluggish sales and widening discounts. The automaker plans to roll out the facelifted *Tank 300*, redesigned *Wey Gaoshan*, and brand-new *Haval H7* during Mar-Apr 2025.
- **Geely.** Geely's average discounts at dealers narrowed by 0.3ppts MoM to 9.8% in Jan (Figure 6), stronger than most peers. That was mainly due to the discount narrowing for the *Galaxy E5* EV, *Galaxy Starship 7* PHEV and *Starwish* EV. More importantly, Geely's total wholesale volume rose 27% MoM to about 0.27mn units in Jan 2025, the highest in history, mainly driven by the Geely brand. Geely plans to launch 10 brand-new NEV models under Geely, Lynk & Co and Zeekr brands this year.
- **BYD.** BYD's average discounts at dealers rose 1.2ppts MoM to 6.1% in Jan (Figure 7), the third fastest jump after Leapmotor among all major automakers in China. The discount increases for the *Song Plus*, *Qin Plus*, *Qin L*, *Destroyer 05 / Sea Lion 05*, *Han* and *Seal*, all exceeded 1.6ppts MoM last month. It appears to us that BYD's massive model facelift may come a bit earlier this year, as BYD aims to significantly increase its AD technology penetration in 2025. We are of the view that the costs for such option could be lower than some investors have expected.
- **GAC Group.** Trumpchi's average discounts rose 0.2ppts MoM in Jan (Figure 8), mainly due to the Trumpchi *E8* and *E9* MPVs. Aion's average discounts at dealers rose 1.4ppts MoM to 9.8% in Jan (Figure 9), mainly

OUTPERFORM (Maintain)

China Auto Sector

Ji SHI, CFA

(852) 3761 8728

shiji@cmbi.com.hk

Wenjing DOU, CFA

(852) 6939 4751

douwenjing@cmbi.com.hk

Austin Liang

(852) 3900 0856

austinliang@cmbi.com.hk

Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	30
Li Auto	2015 HK	BUY	117
NIO	NIO US	HOLD	5
Xpeng	XPEV US	BUY	16
Xpeng	9868 HK	BUY	62.4
Geely	175 HK	BUY	19
GWM	2333 HK	BUY	17
GWM	601633 CH	BUY	35
BYD	1211 HK	BUY	350
BYD	002594 CH	BUY	382
GAC	2238 HK	BUY	3.3
GAC	601238 CH	BUY	10
Leapmotor	9863 HK	BUY	40
Yongda	3669 HK	BUY	1.8
Meidong	1268 HK	BUY	2.8
Tuhu	9690 HK	BUY	20
Minth	425 HK	BUY	21
EVA	838 HK	BUY	1.3

Source: Bloomberg, CMBIGM

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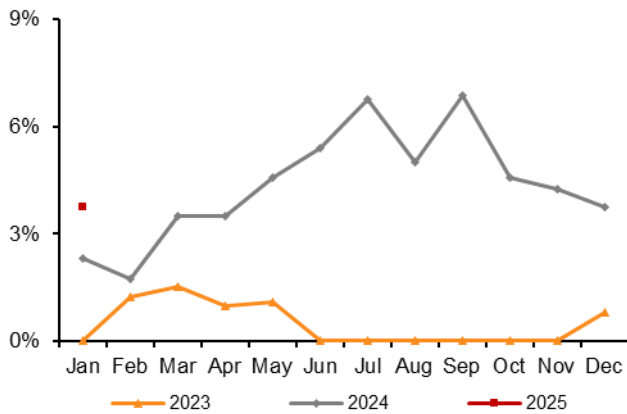
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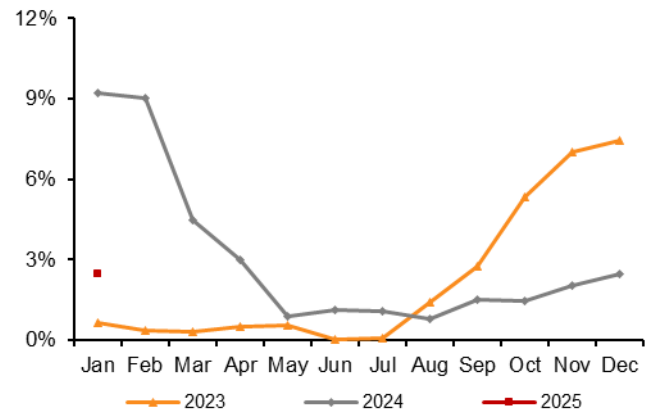
due to the Aion *RT* and Hyptec brand. Aion's wholesale volume fell 88% MoM to about 8,000 units in Jan, as it pushed inventories of about 33,000 units to dealers in Dec 2024, based on our estimates.

The average discounts at GAC Toyota (Figure 10) narrowed by 0.5ppts MoM to about 21.3% in Jan, the lowest since Jul 2024, while its wholesale volume fell 26% MoM last month. Discounts for all the models narrowed MoM in Jan, except the *bZ4X* EV. The average discounts at GAC Honda (Figure 11) remained flat MoM at the historical highest level (20.7%) in Jan. Its wholesale volume fell 81% MoM to only 15,000 units last month.

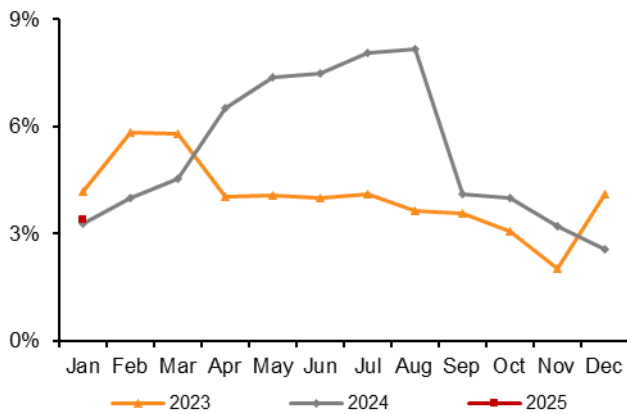
- **BMW.** Discounts at BMW Brilliance widened by 0.9ppts MoM to 31.7% in Jan (Figure 12), a record high again. Discounts for the *3-Series*, *5-Series* and *X3* were about 30-34%, while discount for the *X5* was about 16%, the lowest among all the BMW Brilliance models. Discounts for the BEVs, including the *i3*, *iX1* and *iX3*, were about 41-48% in Jan, while discount for the *i5* EV was about 25%. After being the best-selling luxury brand in China in terms of retail sales volume during 2021-23, BMW lost the crown to Mercedes-Benz in 2024. We have not seen any signals for BMW dealers to revive their new-car gross margin in 2025.
- **Mercedes-Benz.** Discounts at Beijing Benz rose 0.1ppts MoM to 25.3% in Jan (Figure 13), a record high again, but still lower than BMW's by about 6ppts. The discount increase of 1.9ppts MoM for the *C-Class* was largely offset by discount decreases for all other models in Jan. Discounts for its BEVs, including the *EQA*, *EQB*, *EQE* and *EQE SUV*, ranged at about 34-60%.

Figure 1: NIO's discounts

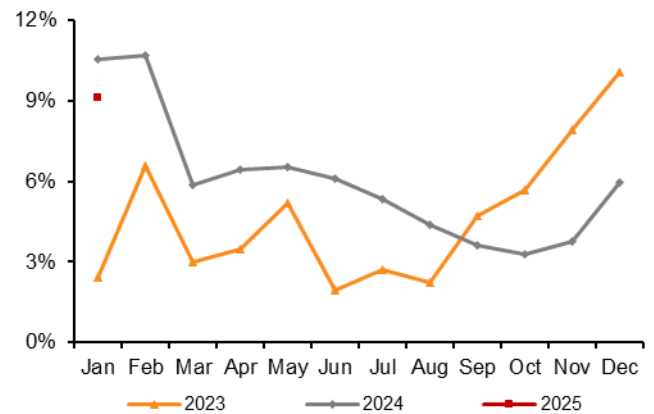
Source: ThinkerCar, CMBIGM

Figure 2: Li Auto's discounts

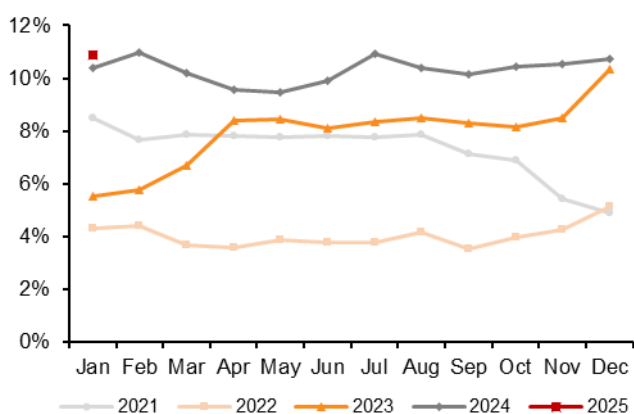
Source: ThinkerCar, CMBIGM

Figure 3: Xpeng's discounts

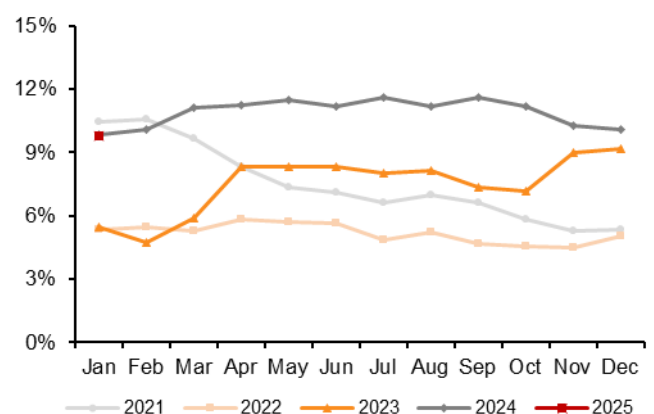
Source: ThinkerCar, CMBIGM

Figure 4: Leapmotor's discounts

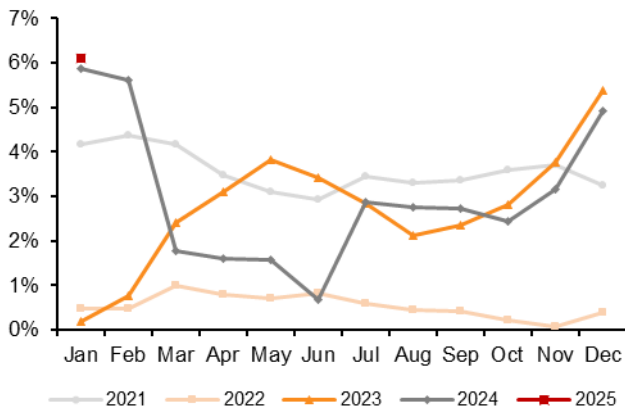
Source: ThinkerCar, CMBIGM

Figure 5: Great Wall Motor discounts at dealers

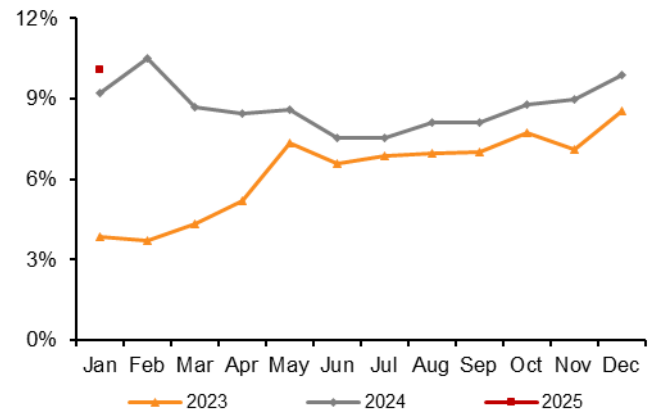
Source: ThinkerCar, CMBIGM

Figure 6: Geely discounts at dealers

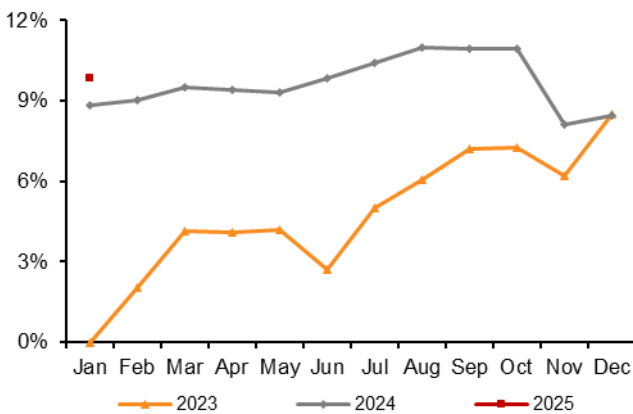
Source: ThinkerCar, CMBIGM

Figure 7: BYD discounts at dealers

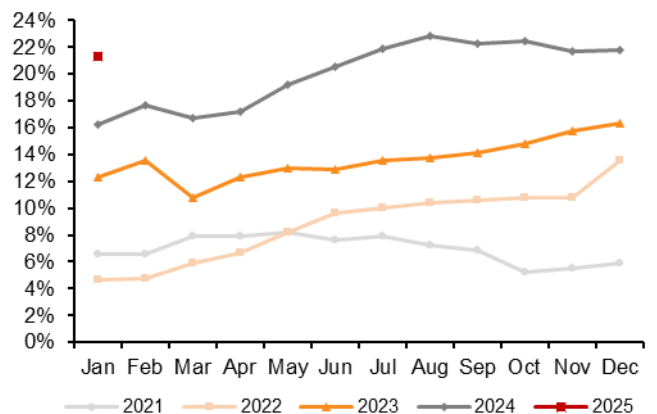
Source: ThinkerCar, CMBIGM

Figure 8: GAC Trumpchi discounts at dealers

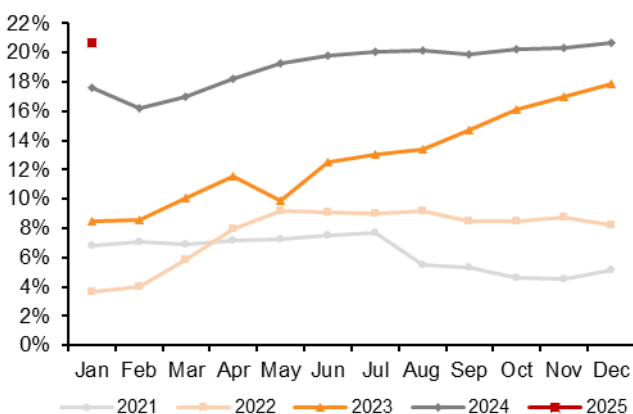
Source: ThinkerCar, CMBIGM

Figure 9: GAC Aion discounts at dealers

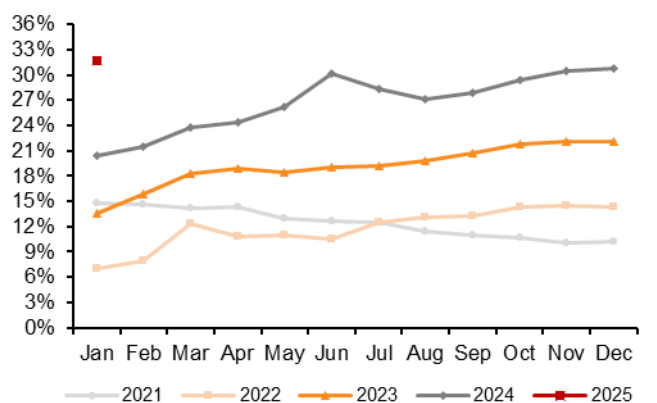
Source: ThinkerCar, CMBIGM

Figure 10: GAC Toyota discounts at dealers

Source: ThinkerCar, CMBIGM

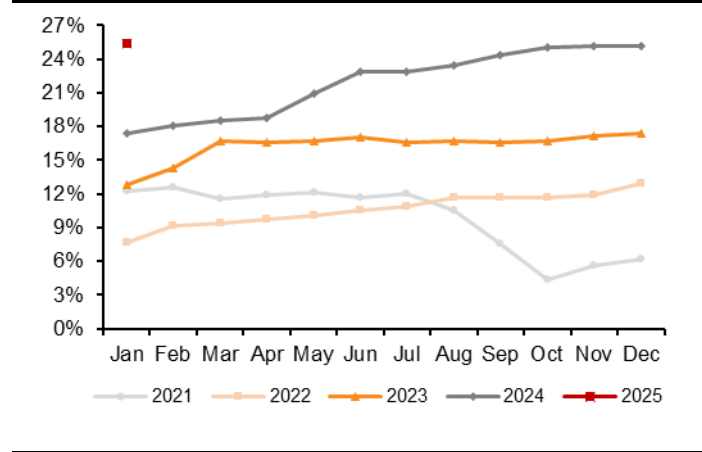
Figure 11: GAC Honda discounts at dealers

Source: ThinkerCar, CMBIGM

Figure 12: BMW Brilliance discounts at dealers

Source: ThinkerCar, CMBIGM

Figure 13: Beijing Benz discounts at dealers



Source: ThinkerCar, CMBIGM

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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