

China Auto Sector

Jun leading indicators: NIO weaker than expected

OUTPERFORM
 (Maintain)

We summarize the Jun 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. We are of the view that Tesla is still resilient, while NIO's key metrics in Jun were below our expectation.

- **Number of leads: Tesla rose most MoM.** Despite a plethora of new models in Jun 2023 with competitive pricing, number of leads per store for Tesla is still the highest among all the six brands and rose the most (12% MoM) in last month. Such number of NIO fell 5% MoM in Jun, weaker than our prior expectation, as it cut prices on 12 Jun and launched the *ET5 Touring* on 15 Jun. Number of leads per store for Li Auto, Xpeng, BYD and Aion rose 2-3% MoM last month (see Figure 1). The conversion ratios from leads to store visit for all the brands remained largely stable MoM at 10-13% in Jun. Aion had the highest ratio among the six brands last month, while NIO had the lowest ratio for four consecutive months (see Figure 2).

- **Customer flow: Tesla rose most MoM, Xpeng fell most MoM.** Customer flow per store for Tesla rose 7% MoM in Jun 2023, probably aided by a rebate of RMB 8,000 for the *Model 3* during the 2nd half of Jun. Such number for NIO dropped 2% MoM last month, weaker than our prior expectation. Customer per store for Xpeng fell the most (-3% MoM), which could rebound sharply in Jul, aided by the G6, in our view. Customer flow per store for Li Auto and BYD remained largely stable MoM in Jun (see Figure 3).

The conversion ratios from store visit to order generation improved MoM for all six brands in Jun, expect for Aion. BYD still had the highest ratio (10%) among the six brands, while NIO still had the lowest conversion ratio (5%) in Jun (see Figure 4).

- **New orders rose MoM for all NEV brands.** In general, new orders per store for these six NEV brands have been rising sequentially since Jan 2023, which is consistent with our argument in May that NEV market share in China could rise sequentially for the remainder of the year. The divergence between brands also started from this year, with stronger recovery for Tesla, BYD and Li Auto (see Figure 5). New orders for Xpeng and NIO in Jul could be a key indicator for their sales trend in 2H23.

Although it is still a bit early to draw a conclusion, it appears to us that NIO's sales surge from price cuts may be short-lived. Its new orders generated last month was about 1.2x its Jun retail sales volume, falling significantly from 1.9x in May. NIO's retail sales volume rose 74% MoM in Jun 2023.

NEV retail sales volume for selected Brands

Brand (unit)	Jun 2023	YoY %	MoM %	YTD	YTD YoY %
BYD*	~ 218,000	~ 66%	~ 6%	~ 1,032,546	~ 76%
NIO	10,707	(17.4%)	74.0%	54,561	7.3%
Li Auto	32,575	150.1%	15.2%	139,117	130.3%
Xpeng	8,620	(43.6%)	14.8%	41,435	(39.9%)
Aion*	~ 40,000	~ 84%	~ (2%)	~ 197,389	~ 137%
Tesla*	~ 70,000	~ (9%)	~ 59%	~ 291,778	~ 47%

Source: Company data, CMBIGM estimates; Note: *Jun numbers are our estimates.

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Stocks Covered:

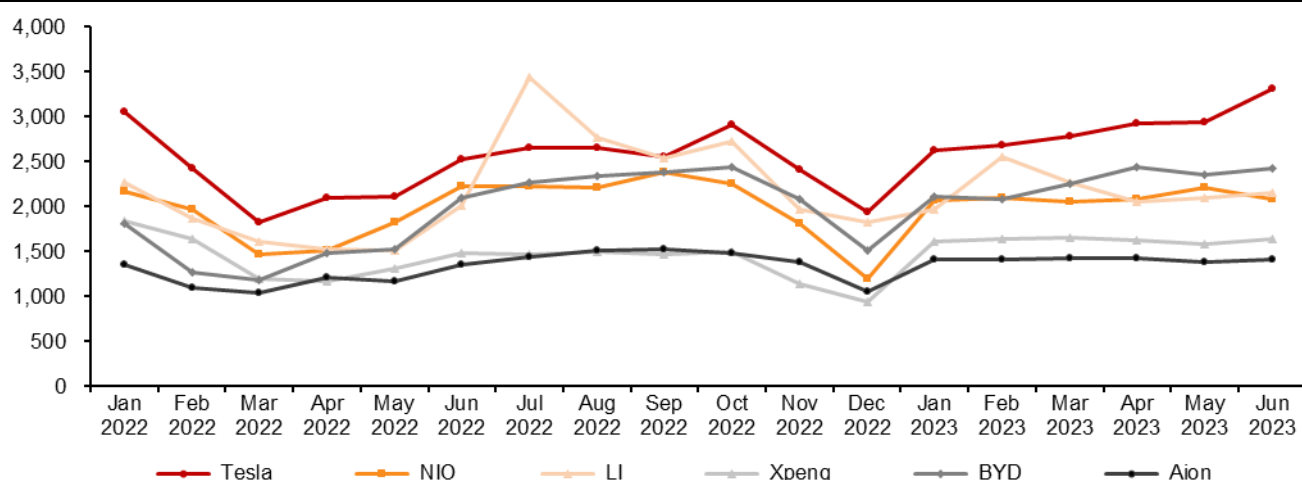
Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	44
Li Auto	2015 HK	BUY	172
Geely	175 HK	BUY	14.5
GWM	2333 HK	BUY	12
GWM	601633 CH	BUY	32
GAC	2238 HK	BUY	7
GAC	601238 CH	BUY	14
EVA	838 HK	BUY	1.5
Yongda	3669 HK	BUY	8.5
NIO	NIO US	HOLD	9.2
Meidong	1268 HK	HOLD	17
Xpeng	XPEV US	HOLD	9
Xpeng	9868 HK	HOLD	35
BYD	1211 HK	HOLD	240
BYD	002594 CH	HOLD	265

Source: Bloomberg, CMBIGM

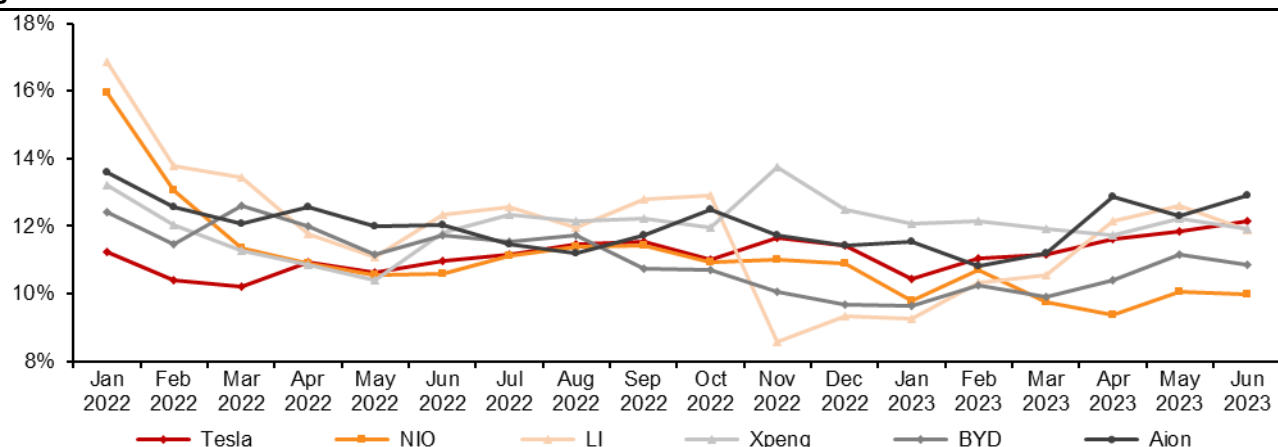
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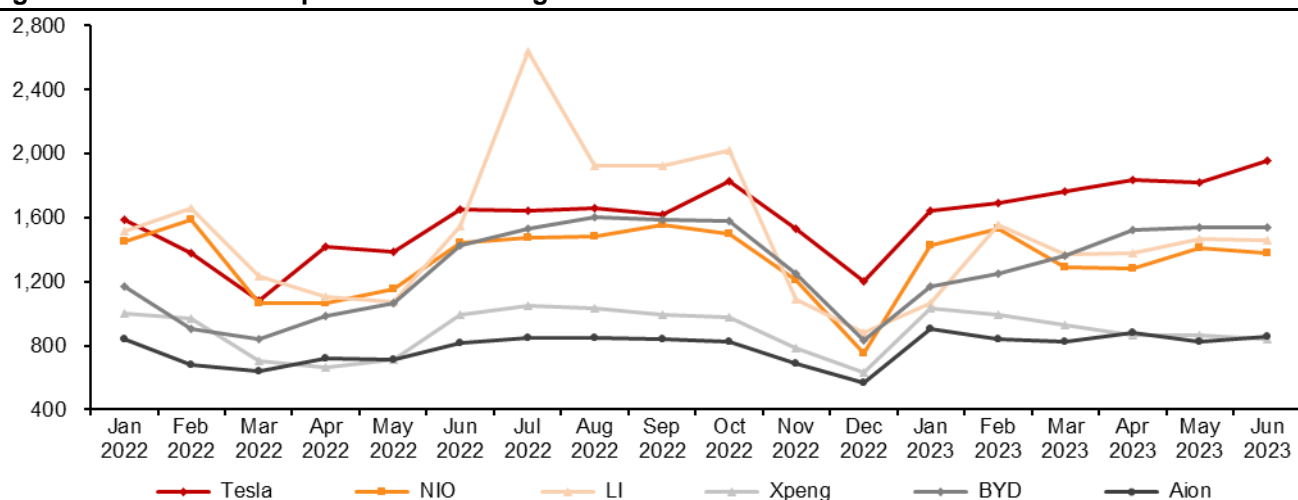
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Figure 1: Number of leads per store on average for each brand

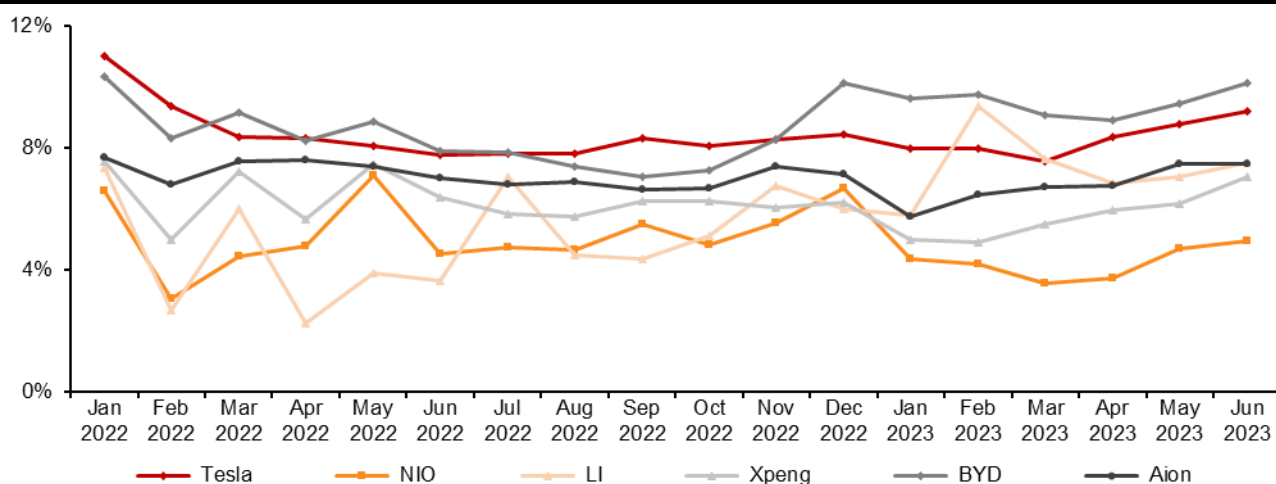
Source: Thinkercar, CMBIGM

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

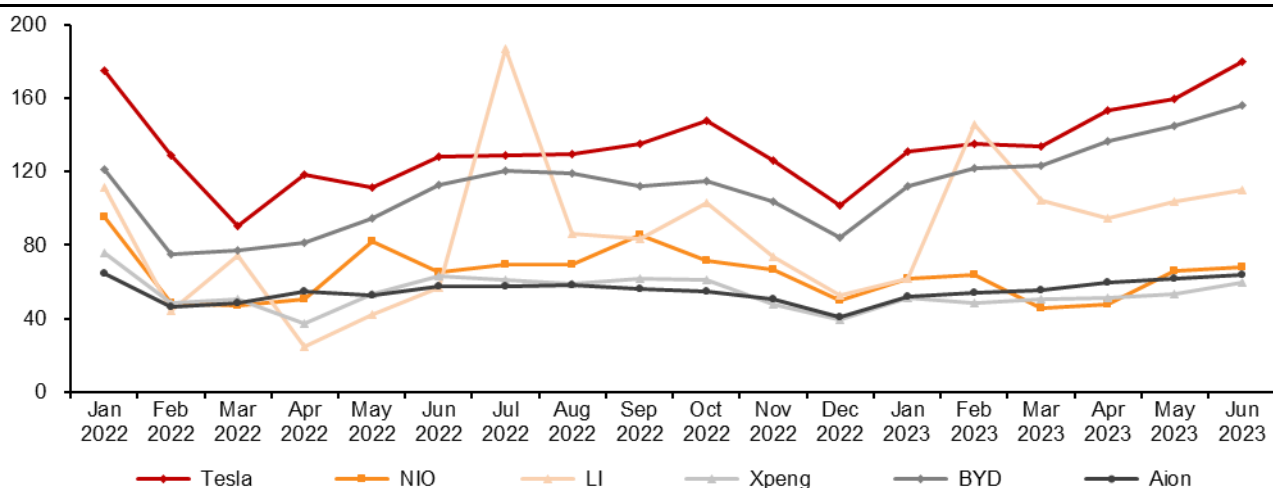
Source: Thinkercar, CMBIGM

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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