

China Auto Sector

Will April showers bring May flowers?

China's passenger-vehicle (PV) wholesale volume fell 43% YoY in Apr 2022, according to China Association of Automobile Manufacturers (CAAM), as COVID-19 resurgence disrupted both supply chain and consumption. Retail sales volume, based on insurance data, fell 39% YoY, better than our forecast of 50% YoY decline made in the report on 15 Apr 2022.

Unlike Aprils in the past years when automakers usually added inventories to dealers, industry-wide inventory level fell about 106,000 units, as the Shanghai lockdown dented the supply chain more than the weakened demand nationwide. Inventory months rose to 1.91 months in Apr from 1.75 in Mar, according to China Automobile Dealers Association (CADA), as sales volume declined in Apr 2022.

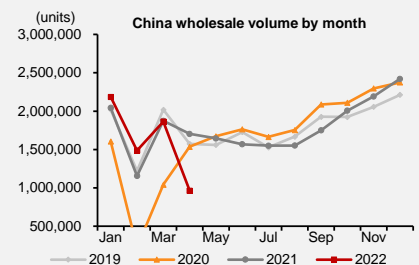
- We cut our 2022 PV wholesale volume forecast by 0.69mn to 22.41mn units.** Our revised forecast implies a **4.3% YoY growth**, versus our previous projection of 7.5% YoY growth, as we think the recovery in 2H22 may not offset the production loss during Mar-May 2022, coupled with potentially weak demand. In fact, we raise our forecast for sales volume in May-Dec 2022 by 2% to account for production ramp-up post the lockdown. Our new forecast assumes a wholesale volume rebound of 10.7% YoY growth in 2H22, versus 8.6% YoY growth in 2H20 as a reference for post COVID-19 recovery. We make our previous forecast of **7.5% YoY PV wholesale-volume growth as our bull-case scenario assuming strong stimulus measures.** We assume **1% YoY decline** for 2022 as our **bear-case scenario** for PV wholesale volume.
- We raise our 2022 NEV wholesale volume by 0.5mn to 5.5mn units.** New-energy vehicle (NEV) market share fell from 30% in Mar 2022 to 26% in Apr on retail basis, and further to 21% in the first week of May, as what we expected in our report on 15 Apr. Nevertheless, we raise our 2022 NEV wholesale volume forecast from 5.0mn to 5.5mn units, although we only raise our NEV retail sales forecast by 0.3mn, as we probably underestimated China's NEV exports and inventory restocking. We also underestimated the NEV sales volume priced between RMB 100,000-200,000 based on the data in the first four months of 2022. Our wholesale volume forecast implies a 25% NEV market share in 2022.
- May 2022 outlook: We expect retail sales volume to fall 23% YoY.** The YoY declines of retail sales volume have been narrowing from 53% in the second week of Apr to 29% in the first week of May. We expect such decline to continue mildly in May and therefore, we expect retail sales volume to fall 23% YoY and rise 30% MoM. Wholesale volume could be more resilient, aided by exports. We project 15% YoY decline for wholesale volume in May.
- Discounts at dealers widen.** The uncertainties brought by COVID-19 resurgence in China, including showroom closure, have pushed dealers to get rid of inventories as soon as possible and hence dented profitability for both dealers and automakers. We also discuss our views on possible stimulus measures, NEV sales, Chinese brands' outperformance and inventories for key companies on page 2-15 in this report.

OUTPERFORM
(Maintain)

China Auto Sector

SHI Ji, CFA
(852) 3761 8728
shiji@cmbi.com.hk

DOU Wenjing, CFA
(852) 6939 4751
douwenjing@cmbi.com.hk



Source: CAAM, CPCA, CMBIGM



Source: CATARC, CMBIGM

Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	48.00
Xpeng	XPEV US	BUY	67.00
NIO	NIO US	BUY	45.00
GWM	2333 HK	BUY	20.00
GAC	2238 HK	BUY	12.00
Meidong	1268 HK	BUY	48.00
EVA	838 HK	BUY	3.00
BYD	1211 HK	HOLD	255.00
Geely	175 HK	HOLD	13.50

Source: Bloomberg, CMBIGM

Related Reports:

"China Auto Sector – March sales: Double hit in supply and demand" – 15 Apr 2022

Stimulus or Not, That Is the Question

Are stimulus measures possible from the central government?

Although we are of the view that the effectiveness of a stimulus plan could be limited for China's current auto market, we cannot rule out the possibility of some stimulus measures, especially from the central government. The first-time buyer ratio has dropped to below 40%, versus over 90% in 2009 and 60% in 2016. The subsidies could be less attractive to consumers whose families already have a vehicle, compared with that in 2009 and 2016 when the central government cut the purchase-tax rate from 10% to 5% for vehicles with engine size of no more than 1.6 liters.

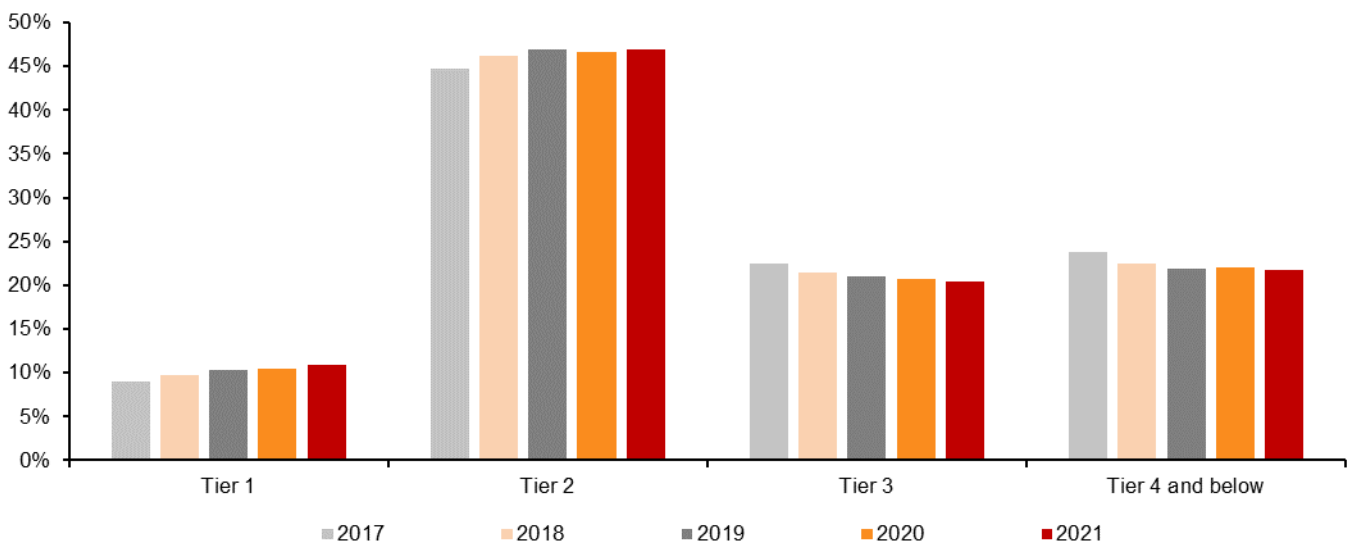
What are the possible stimulus measures?

1) In our view, purchase-tax cut for small-engine vehicles, which used to favor Chinese automakers, is no longer a proper stimulus plan, as foreign automakers in China have been downsizing their engines.

2) Subsidizing NEVs is apparently a possible plan, as Chinese automakers dominate in this segment.

3) Subsidizing consumers in rural areas is another option often used in the past. We are of the view that such measure could be of limited use given that people are still moving from rural areas to urban cities in China. Although sales volume by city tier is not a very accurate measurement for sales in rural areas, we can still see that retail sales volumes in tier-3 and below cities as a percentage of nationwide sales have been consistently declining in the past few years.

Figure 1: China auto retail sales market share by city tier



Source: CATARC, CMBIGM

4) Although it is less likely to remove new-vehicle license caps in big cities, we believe subsidizing consumers in higher-tier cities could be more effective given their higher and likely more resilient household income. Although cities like Guangzhou and Shenzhen have been loosening license caps since 2019, local governments, which have power on such decisions, have to take costs such as congestion into consideration.

5) Guangzhou government has already started to subsidize replacement purchases since the end of Apr 2022. It could be less effective than previous stimulus measures, especially nationwide, as we noted in the previous paragraph.

Our base-case scenario for 2022: retail flat YoY, wholesale +4.3% YoY

We cut our China PV retail sales volume projection for 2022 by 0.96mn to 21.09mn, or flat versus 2021, as the actual PV retail sales volume in the first four months was 0.95mn units lower than our prior expectation. As the disruption from the lockdown for production and consumption could linger into Jun 2022, our new forecast implies a 15.1% YoY increase for China PV retail sales volume in 2H22, versus 12.0% YoY growth in 2H20.

Our base-case scenario assumes 1.78mn units of exports in 2022 (1.60mn units in 2021) and 0.4mn units of inventory restocking. Accordingly, we project China PV wholesale volume to rise 4.3% YoY to 22.41mn, or 0.69mn lower than our prior forecast of 23.10mn (+7.5% YoY). Such forecast implies wholesale volume of 10.7% YoY increase in 2H22, versus 8.6% YoY growth in 2H20 amid recovery post COVID-19 with stimulus measures from some local governments but not from the central government. We raise our wholesale volume forecasts during May-Dec 2022 by 0.32mn or 2%, largely due to possible production catch-up post the lockdowns.

Our bull-case scenario for 2022: retail +4.5% YoY, wholesale +7.5% YoY

We make our previous forecast as our bull case now, which may need strong stimulus measures. We estimate that the purchase-tax cut in 2016 could probably lift its wholesale volume by 2.4mn units, as China's wholesale volume rose 15.1% YoY in 2016 whereas its 3-year CAGR during 2016-18 was only about 3.9%. Given that stimulus measures could be less effective now than in 2016 and the impact could only be six months of this year, we think a lift of 0.7mn units from our base-case scenario due to potential stimulus measures is reasonable.

Our bear-case scenario for 2022: retail -5.7% YoY, wholesale -1.0% YoY

Our bear-case scenario assumes weakened demand persists longer than our prior expectation and the aggregated retail sales volume during May-Dec 2022 is 8% lower than our previous forecast. Retail sales volume was 13.8% lower than our prior forecast in the first four months of 2022 and 6.3% lower in 1Q22. Accordingly, our bear-case scenario projects wholesale volume in 2022 to fall 1.0% YoY, assuming 1.78mn units of exports and 0.3mn units of inventory restocking.

Company Watch List

Great Wall Motor

Great Wall's wholesale volume, including pick-up trucks, fell 41% YoY and 47% MoM to about 54,000 units in Apr 2022. Retail sales volume of PVs and pick-up trucks combined declined 51% YoY to about 47,500 units, leading to an inventory reduction of nearly 1,500 units as of Apr 2022.

We estimate that Great Wall's inventory level to be about 139,000 units. Discounts at dealers remained largely stable last month. Management expects new chip suppliers to start deliveries in May-Jun 2022, which could aid sales in 2H22.

In our report titled '*1Q22 earnings beat on vehicle upscaling*' for Great Wall on 25 Apr 2022, we noted 2Q22 could be more challenging than we had expected, as the lockdowns dented both supply and demand. We think our prior net profit forecast of RMB 8.2bn is still achievable but would require a strong recovery pace in 2H22 at Great Wall.

Geely

Geely's wholesale volume decreased 28% YoY and 29% MoM to about 72,000 units in Apr 2022, outpacing the overall industry's decline, thanks to strong exports. Wholesale volume of Geely's battery-electric vehicles (BEVs), including Zeekr, Geometry and Livan, only fell 8% MoM, also outpacing the overall BEV segment's 43% MoM decline in Apr 2022. Over 50% of Geometry retail sales volume in the first four months of 2022 came from ride-hailing fleets, significantly higher than its peers.

Retail sales volume at Geely fell 28% MoM in Apr 2022 to about 52,000 units, leading to an inventory restocking of 2,900 units. According to management, Geely now has an order backlog of about 150,000 units, 35,000 of which are the *Xingyue L*, including 9,000 units from the *Xingyue L* hybrid version. Management also expects chip shortage to ease from May-Jun 2022.

In Apr 2022, discounts at dealers widened by 0.6 ppt from Mar 2022 for Geely, based on our estimates, as dealers rush to get rid of inventories amid the uncertainties brought by COVID-19 resurgence which could lead to showroom closure. Geely also raised its fixed rebate slightly for dealers in Apr compared with Mar (by about RMB 600 per vehicle on average based on our estimates), which supported the widened discounts.

BYD

Unlike other automakers' significant sales declines, BYD's PV wholesale volume rose 1% MoM to about 105,000 units in Apr 2022, the highest in history, thanks to its strong order backlog, more vertically-integrated supply chain and production bases that are far away from Shanghai.

BYD's retail sales volume dropped 16% MoM to about 90,000 units in Apr 2022, which led to an inventory increase of 14,500 units in Apr 2022. We estimate BYD's current inventory level to be 1.4 months. Discounts at dealers further narrowed slightly MoM in Apr 2022 amid the rising battery and other raw-material costs. It appears to us that BYD's new orders are still solid even after two rounds of retail price hike.

In addition to potential supply chain difficulties caused by Shanghai lockdown, we note that BYD's Changsha plant has been going through environmental investigation since May 2022, which could dent about half of its production capacity for several months, in our view. BYD's Changsha plant has an annual production capacity of 300,000 units now.

Guangzhou Automobile Group

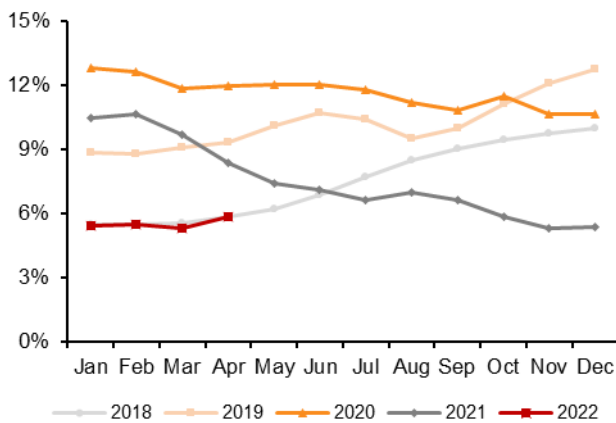
Total wholesale volume at GAC Group fell 45% MoM, within which GAC Toyota was the most resilient with a decline of 7% YoY and 29% MoM. GAC Toyota added about 9,000 units of inventories, leading to 1.7-month inventory level as of Apr 2022 on our calculations. We believe GAC Toyota is still on track for our projected FY22 sales volume of 990,000 units, despite multiple industry headwinds.

Wholesale volume at GAC Honda decreased 69% MoM in Apr 2022, with significant sales volume cuts of the *Accord*, *Vezei* and *Breeze*. Retail sales volume of GAC Honda was more resilient with 22% MoM decline in Apr 2022, leading to an inventory cut of over 18,000 units last month.

Similar to GAC Honda, the production of GAC Motor, especially for its Aion brand, was also disrupted by the lockdowns with wholesale volume falling 40% MoM for Trumpchi and 50% MoM for Aion. Inventories of Aion was cut by about 3,000 units in Apr after adding almost 8,000 units in 1Q22.

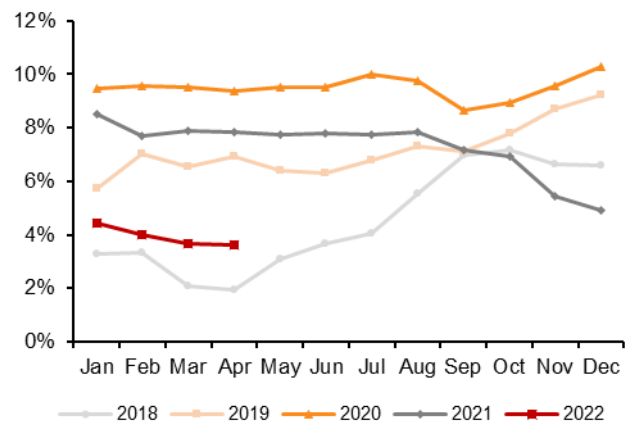
In our report titled ‘1Q22 earnings beat on joint ventures’ for GAC on 29 Apr 2022, we noted that GAC should be one of the automakers that could benefit the most from the recent stimulus measures in Guangdong. Retail sales volumes in Guangdong province in the first four months of 2022 accounted for 46%/22%/22%/21% for Aion/Trumpchi/GAC Honda/GAC Toyota, respectively.

Figure 2: Geely discounts at dealers



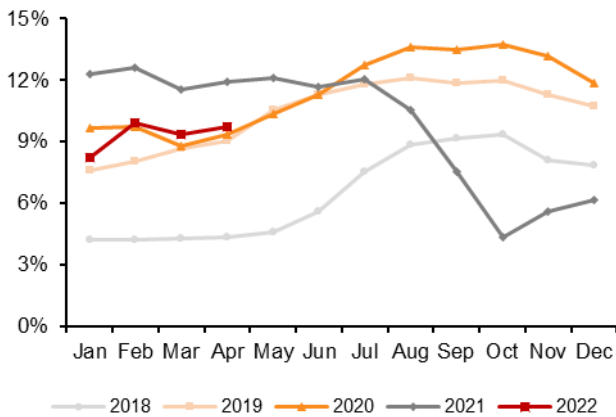
Source: ThinkerCar, CMBIGM

Figure 3: Great Wall Motor discounts at dealers



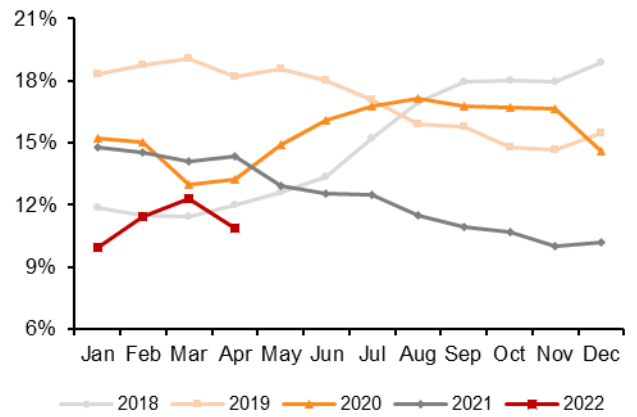
Source: ThinkerCar, CMBIGM

Figure 4: Beijing Benz discounts at dealers



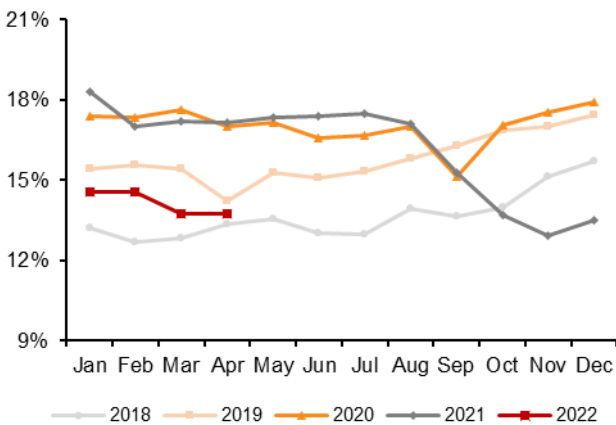
Source: ThinkerCar, CMBIGM

Figure 5: BMW Brilliance discounts at dealers



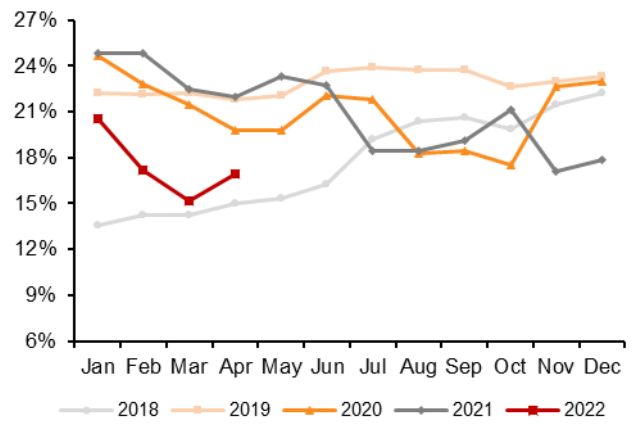
Source: ThinkerCar, CMBIGM

Figure 6: SAIC VW discounts at dealers



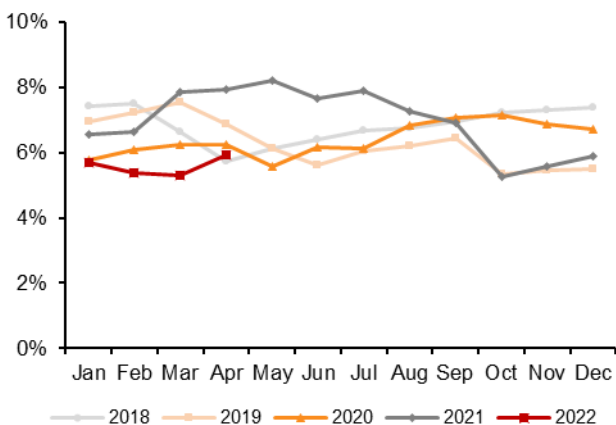
Source: ThinkerCar, CMBIGM

Figure 7: Buick discounts at dealers



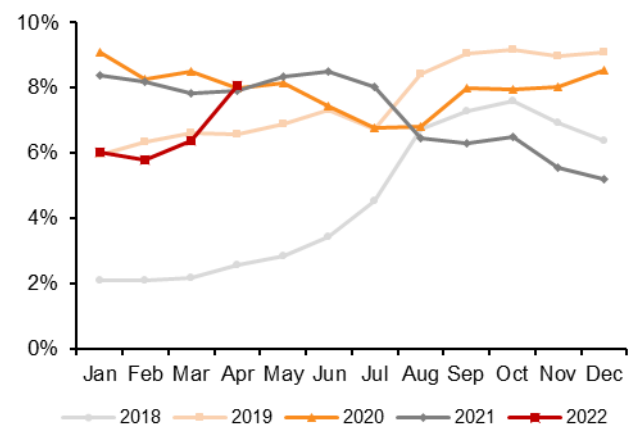
Source: ThinkerCar, CMBIGM

Figure 8: GAC Toyota discounts at dealers



Source: ThinkerCar, CMBIGM

Figure 9: Dongfeng Honda discounts at dealers



Source: ThinkerCar, CMBIGM

Major luxury brands including Benz and Audi lifted their discounts at dealers in Apr 2022 to lure consumers. On the other hand, BMW narrowed its overall discounts in Apr 2022, thanks to the launch of locally-produced X5. SAIC VW also lowered discounts at dealers amid the Shanghai lockdown.

NEV Segment

NEV market share narrowed MoM in Apr 2022

In Apr 2022, retail sales volume of passenger NEV rose 58% YoY and dropped 41% MoM to about 265,000 units, with the market share narrowing to 26.4% from 30.3% in Mar 2022, which underscored our argument on 15 Apr 2022 that NEV market share pattern should be different from previous years when such market share widens sequentially until the year end. Trailing 12-month market share for NEVs nationwide still widened to 18.0% as of Apr 2022, the highest in history.

NEV retail sales volume in the first four months of 2022 was still 96,000 units higher than our prior forecast. We raise our 2022 NEV retail sales volume forecast by 0.30mn units to 4.92mn units. Accordingly, we raise our NEV wholesale volume forecast for 2022 by 0.5mn units to 5.5mn units, assuming NEV exports of 0.5mn units and inventory restocking of 0.11mn units.

For every 10 passenger vehicles sold in tier-1 cities in China, 3.3 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 16% and 12%, respectively, as of Apr 2022, compared with 6% and 4% a year ago, which is very impressive to us.

Unlike tier-1 and tier-2 cities where the best-selling model *Tesla Model Y* only accounted for 9% of NEV market in the first four months of 2022, lower-tier city (tier-3 and below) consumers prefer mini-size BEVs, as the *Wuling Hongguang Mini* took up a market share of 18% in the first four months of 2022. Mini BEVs accounted for over 50% of total BEV retail sales volume in tier-3 and below cities YTD.

Figure 10: China NEV market share by city tier (trailing 12-month basis)

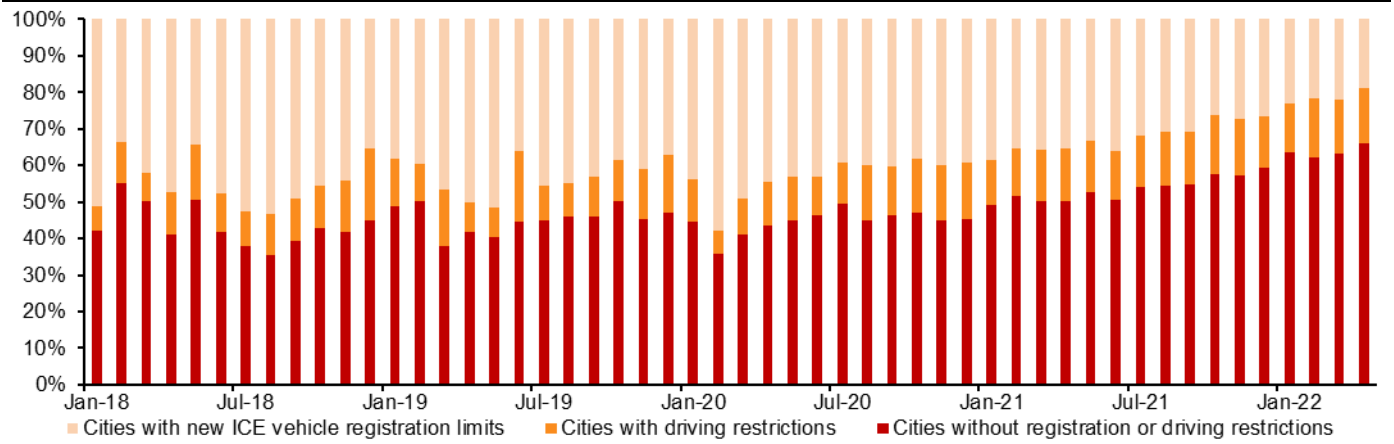
Market Share	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022
Tier 1	25.8%	26.8%	28.0%	28.5%	29.0%	30.2%	30.8%
Tier 2	11.0%	12.2%	13.9%	15.0%	15.9%	17.6%	18.8%
Tier 3	9.4%	10.2%	11.5%	12.3%	13.3%	14.7%	15.7%
Tier 4 and below	7.0%	7.7%	8.8%	9.5%	10.2%	11.3%	12.2%
Nationwide	11.4%	12.4%	13.8%	14.7%	15.5%	17.0%	18.0%

Source: CATARC, CMBIGM

About 19% 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 Apr 2022 (versus 22% in Mar 2022), the lowest in history. The ratio has been gradually declining since 2H20. Shanghai only had 341 units of NEVs registered in Apr 2022, due to the COVID lockdown.

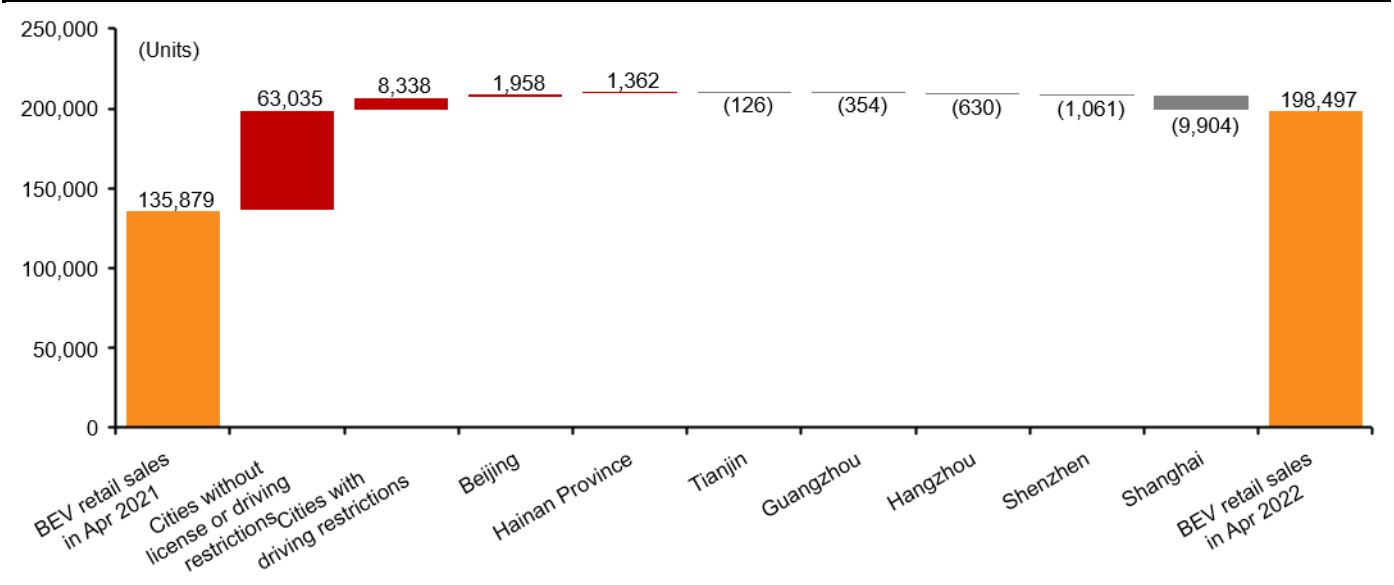
On the other hand, cities without license or driving restrictions accounted for 66% of the nationwide NEV retail sales volume in Apr 2022 (vs 63% in Mar 2022). As shown in Figure 12, almost all the NEV growth was contributed by these cities. Shanghai posted the largest decline for NEVs in Apr 2022 due to the lockdown. The *BYD Dolphin EV* replaced the *Tesla Model Y* to become the largest contributor to the NEV sales growth in the cities without registration or driving restrictions due to Tesla's Shanghai plant production halt, followed by the *BYD Yuan Plus EV*, *Chery QQ Ice Cream*, *BYD Qin Pro EV* and *Aion Y EV*.

Figure 11: NEV market share by city type



Source: CATARC, CMBIGM

Figure 12: BEV retail sales volume growth contribution by city type in Apr 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 four months of 2022, based on our channel checks.

BEV brands in China: Tesla fell to the 3rd place

In Apr 2022, total BEV retail sales volume rose 46% YoY and fell 45% MoM to about 198,000 units. BEV’s market share in the NEV segment dropped to 77.4% in the first four months of 2022 from 81.5% in 2021.

Among players, BYD retained the YTD BEV sales crown, with a market share up to 17.4%. Wuling climbed to the second place in terms of YTD BEV retail sales volume, as Tesla only registered 1,733 units of new vehicles last month.

On 19 Apr 2022, Tesla started to resume production in its Shanghai plant and Elon Musk expected production in Shanghai in 2Q22 to be flattish versus 1Q22 (about 179,000 units). That means its Shanghai plant’s monthly capacity needs to exceed 100,000 units in Jun

2022 at the latest. This is not the end of the story, as Tesla has planned to further expand its Shanghai plant. We estimate that Tesla has secured an annual production capacity of 2mn units in Shanghai so far. In our view, Tesla still has a chance to win China's BEV retail sales volume crown in 2022, depending on its recovery pace and export plans.

The top 3 BEV makers accounted for 42% of the BEV market share in the first four months of 2022. Chery and GAC Aion retained the 4th and 5th positions, respectively. Xpeng surpassed Ora to take the 6th position in terms of YTD BEV retail sales volume. VW is the only foreign brand in the top 10 list. Retail sales volume at Leapmotor climbed to the 7th position among all the brands in Apr 2022, and we may see its name soon in this list.

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

Units	Apr 2022	YoY	YTD	YTD YoY	YTD market share in BEV segment
Total BEV	198,497	46.1%	987,833	99.3%	100.0%
BYD	46,037	247.5%	172,358	267.2%	17.4%
Wuling	25,850	-1.3%	130,057	29.8%	13.2%
Tesla	1,733	-85.5%	110,626	35.6%	11.2%
Chery	12,369	113.2%	61,004	220.5%	6.2%
GAC Aion	13,136	46.2%	50,208	124.1%	5.1%
Xpeng	8,890	79.2%	43,535	147.0%	4.4%
Ora	4,403	-63.4%	39,613	0.8%	4.0%
Neta	9,004	208.5%	35,781	350.6%	3.6%
VW	6,364	136.1%	33,077	457.4%	3.3%
NIO	5,310	-28.3%	30,981	13.7%	3.1%

Source: CATARC, CMBIGM

PHEVs gain market share in the NEV segment

In Apr 2022, total PHEV retail sales volume increased 109% YoY and decreased 23% MoM to about 67,000 units. In the first four months of 2022, PHEV accounted for 22.6% of overall NEV segment, up from 18.5% in 2021.

As of Apr 2022, BYD's YTD market share further increased to 56.9% in the PHEV segment aided by its DM-i models. Lixiang retained its second place in the PHEV segment, while its YTD market share fell slightly to 12.5% amid the Shanghai lockdown in Apr 2022.

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. Overall, Chinese brands gained market share in the PHEV segment, as the combined market share rose to 82% YTD versus 73% in 2021.

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

Units	Apr 2022	YoY	YTD	YTD YoY	YTD market share in PHEV segment
Total PHEV	66,760	109.5%	288,261	177.1%	100.0%
BYD	42,839	394.6%	164,161	645.9%	56.9%
Lixiang	4,206	-23.8%	36,079	102.2%	12.5%
VW	1,966	-61.0%	9,807	-45.6%	3.4%
Mercedes-Benz	1,776	552.9%	8,972	1211.7%	3.1%
Lynk & Co	1,911	282.2%	7,470	275.2%	2.6%
BMW	943	-57.6%	7,169	-18.3%	2.5%
Seres	3,020	1861.0%	6,961	1671.2%	2.4%
Nissan	1,720	N/A	6,958	N/A	2.4%
Changan	1,193	29725.0%	4,894	40683.3%	1.7%
Honda	1,023	235.4%	4,727	335.7%	1.6%

Source: CATARC, CMBIGM

Other Industry Indicators to Watch

COVID-19 as the major uncertainty for city performance

In Apr 2022, retail sales volume in tier-1 cities fell 48% YoY, the largest decline among different city tiers due to the Shanghai lockdown. 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.

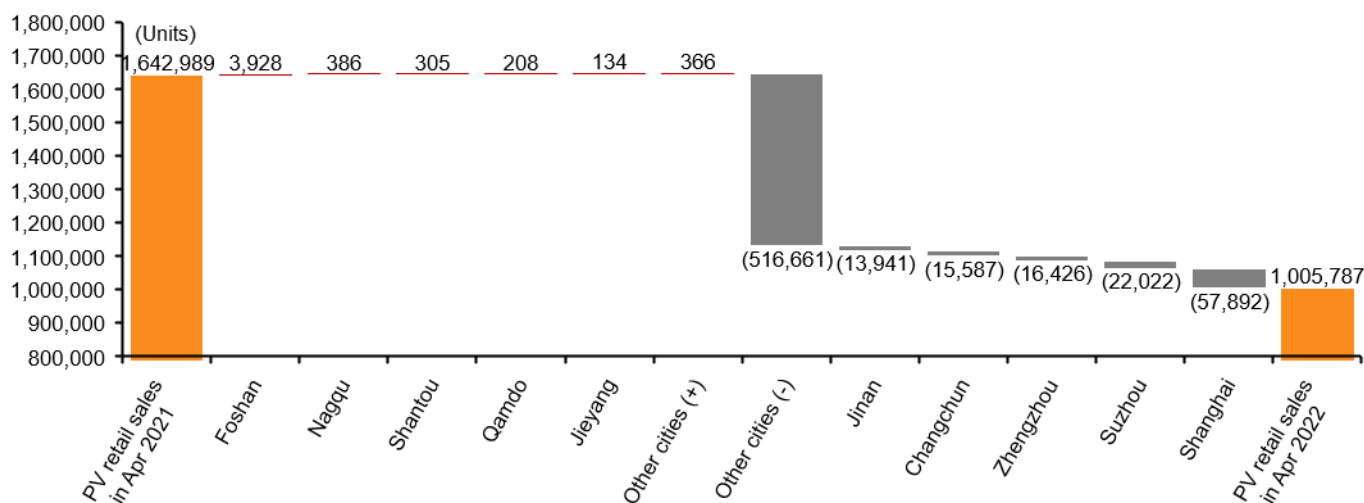
Figure 15: China auto retail sales growth by city tier

Retail sales YoY growth	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	YTD
Tier 1	-10.3%	-14.6%	-15.5%	-9.8%	-0.1%	-18.7%	-47.5%	-20.5%
Tier 2	-15.1%	-13.1%	-13.2%	-5.0%	-3.4%	-13.1%	-38.6%	-15.0%
Tier 3	-14.2%	-14.8%	-18.2%	-4.6%	-16.9%	-23.4%	-40.1%	-19.4%
Tier 4 and below	-12.2%	-12.5%	-18.1%	-0.6%	-22.0%	-14.6%	-34.7%	-15.4%
Nationwide	-13.8%	-13.4%	-15.6%	-4.3%	-11.1%	-16.1%	-39.1%	-16.6%

Source: CATARC, CMBIGM

Looking into different cities, cities with the largest YoY declines in Apr 2022 were all affected by the COVID-19 lockdown, including Shanghai, Suzhou, Zhengzhou and Changchun. We expect some pent-up demand after the removal of lockdown in these cities.

Figure 16: PV retail sales volume YoY growth contribution by city in Apr 2022

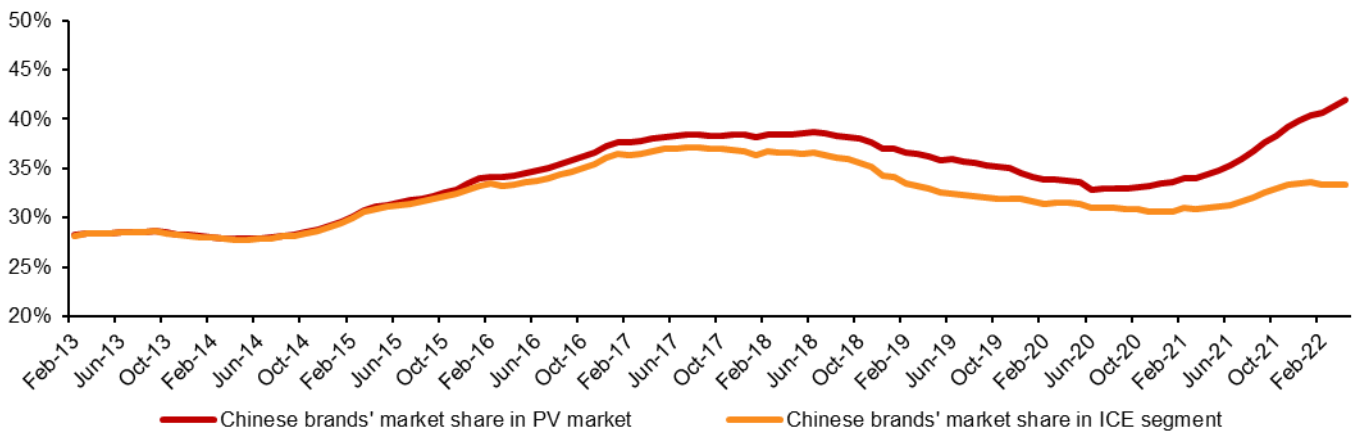


Source: CATARC, CMBIGM

Chinese-brand market share rose for 22 months in a row

Retail sales volume for Chinese brands decreased 22% YoY and 28% MoM in Apr 2022, outpacing industrywide 39% YoY and 32% MoM declines, thanks to rising demand for NEVs. Excluding NEVs, retail sales volume of Chinese-brand ICE vehicles fell 53% YoY in Apr 2022, a bit weaker than the overall ICE segment (-50% YoY).

The trailing 12-month market share for Chinese brands rose for 22 consecutive months to 42% as of Apr 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

Luxury brands underperformed again due to Tesla's plant lockdown

The total retail sales volume of luxury brands fell 52% YoY in Apr 2022, underperforming the overall industry by 13.1 ppts, partially due to the production suspension of Tesla's Shanghai plant. In the first four months of 2022, total retail sales volume of luxury brands dropped 21% YoY, weaker than the overall industry by 4.6 ppts, missing our prior expectation. We still project luxury brands to outperform the overall industry for the full year of 2022, as the resilient demand post the resurgence of COVID-19 could make luxury brands follow the pattern in 2H20, should the supply chain constraints ease.

Luxury market share, on a trailing 12-month basis, shrank MoM to 16.6% as of Apr 2022. Among different city tiers in Apr 2022, the trailing 12-month market share of luxury brands in tier-1 and tier-2 cities narrowed by 0.4 ppt MoM whereas market share in other city tiers narrowed by 0.2 ppt MoM.

In Apr 2022, luxury and NEV combined accounted for 54% of total PV retail sales volume in tier-1 cities. Luxury ICE models' market share rose about 2 ppts MoM to 22% in tier-1 cities as of Apr 2022.

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

Market Share	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022
Tier 1	28.3%	27.9%	28.0%	28.0%	27.7%	27.5%	27.1%
Tier 2	21.5%	21.4%	21.6%	21.7%	21.6%	21.6%	21.2%
Tier 3	10.9%	10.7%	10.8%	10.9%	10.9%	10.8%	10.6%
Tier 4 and below	7.3%	7.2%	7.2%	7.2%	7.2%	7.2%	7.0%
Nationwide	17.0%	16.8%	16.9%	17.0%	17.0%	16.9%	16.6%

Source: CATARC, CMBIGM

As of Apr 2022, the top-10 ranking of YTD luxury sales kept unchanged from last month. Mercedes-Benz retained the YTD luxury-sales crown in Apr 2022. BMW targets 10% YoY growth for its retail sales volume in China in 2022. Its locally-produced new X5 has been well received by consumers, which may help it win the luxury-sales crown for two years in a row in our view, should its supply chain management continue to outperform its peers. The 'Big Three' accounted for 65% of total luxury retail sales volume in China YTD.

Tesla retained the 4th position among luxury brands in the first four months of 2022, despite its 1,733 units sold in Apr 2022. Looking ahead, the interesting trend to watch is whether Tesla could surpass Audi to become the third best-selling luxury brand in China this year.

Lexus, Cadillac, Volvo, Lincoln, Porsche and Land Rover retained their positions of 5th to 10th in terms of YTD sales volume in China, respectively, in Apr 2022. 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	Apr 2022	YoY	YTD	YTD YoY	YTD market share in luxury segment
Total luxury	157,440	-51.9%	1,020,450	-20.8%	100.0%
Mercedes-Benz	46,162	-42.4%	243,899	-19.4%	23.9%
BMW	37,379	-49.1%	234,706	-20.5%	23.0%
Audi	26,734	-62.5%	186,953	-30.3%	18.3%
Tesla	1,733	-85.5%	110,626	35.6%	10.8%
Lexus	10,270	-55.4%	56,606	-32.3%	5.5%
Cadillac	8,046	-58.9%	50,905	-34.9%	5.0%
Volvo	7,795	-48.8%	43,874	-25.4%	4.3%
Lincoln	4,898	-36.1%	24,293	-10.6%	2.4%
Porsche	5,754	-41.6%	23,907	-22.0%	2.3%
Land Rover	4,197	-34.0%	21,406	-22.2%	2.1%

Source: CATARC, CMBIGM

Figure 20: China passenger-vehicle wholesale volume by OEM / brand

	Sales volume in Apr 2022 (units)	YoY (%)	MoM (%)	Sales volume YTD (units)	YTD YoY (%)	YTD market share (%)
Chinese OEMs	566,260	-21.8%	-38.7%	3,168,041	11.5%	48.8%
Geely	72,153	-28.1%	-28.7%	398,177	-8.2%	6.1%
Great Wall Motor	40,571	-43.3%	-50.8%	281,119	-19.9%	4.3%
Changan	63,855	-41.5%	-53.2%	435,106	-10.0%	6.7%
SAIC-GM-Wuling	59,860	-39.8%	-47.8%	314,603	-3.9%	4.8%
SAIC	18,519	-67.3%	-70.2%	212,702	0.0%	3.3%
BYD	105,475	136.5%	1.1%	395,261	168.2%	6.1%
GAC Motor	30,330	-10.9%	-39.8%	166,310	32.1%	2.6%
Chery	52,609	-24.9%	-29.4%	263,187	2.9%	4.1%
Dongfeng	29,324	-7.3%	-40.8%	173,521	47.9%	2.7%
FAW	8,663	-68.7%	-38.6%	92,581	-17.7%	1.4%
BAIC	4,543	-62.7%	-56.1%	25,363	-40.1%	0.4%
NIO	5,074	-28.6%	-49.2%	30,842	13.5%	0.5%
Li Auto	4,167	-24.8%	-62.2%	35,883	98.1%	0.6%
Xpeng	9,002	74.9%	-41.6%	43,563	135.6%	0.7%
Weltmeister	1,521	-49.8%	-59.1%	8,997	4.9%	0.1%
German brands	147,468	-60.5%	-52.8%	1,205,741	-20.5%	18.6%
VW	68,129	-59.2%	-62.3%	633,582	-12.9%	9.8%
Audi	14,129	-79.2%	-55.4%	152,208	-41.2%	2.3%
BMW	31,743	-46.4%	-11.1%	190,111	-19.5%	2.9%
Mercedes-Benz	29,460	-53.2%	-41.3%	179,656	-24.4%	2.8%
Jetta	4,007	-75.0%	-71.8%	50,184	-10.8%	0.8%
Japanese brands	183,191	-53.5%	-52.2%	1,340,073	-10.9%	20.6%
Honda	40,183	-73.4%	-72.7%	457,083	-14.1%	7.0%
Toyota	99,893	-25.0%	-40.2%	543,621	-0.8%	8.4%
Nissan	38,037	-55.9%	-33.3%	282,505	-15.7%	4.3%
Mazda	2,875	-82.3%	-65.4%	38,171	-39.3%	0.6%
Mitsubishi	1,002	-82.1%	-50.0%	10,441	-47.8%	0.2%
American brands	37,531	-70.3%	-78.8%	559,341	-8.1%	8.6%
Buick	16,490	-66.5%	-71.1%	177,621	-34.6%	2.7%
Chevrolet	6,232	-55.0%	-71.5%	74,412	7.8%	1.1%
Cadillac	1,107	-93.7%	-88.4%	46,332	-38.8%	0.7%
Ford	8,949	-28.4%	-41.4%	55,600	-12.2%	0.9%
Lincoln	3,241	-38.7%	-54.9%	19,834	-16.4%	0.3%
Tesla	1,512	-94.1%	-97.7%	183,686	93.0%	2.8%
Korean brands	15,709	-64.2%	-44.4%	109,332	-38.4%	1.7%
Hyundai	10,012	-68.0%	-41.5%	67,627	-47.0%	1.0%
Kia	5,697	-54.5%	-48.9%	41,705	-16.1%	0.6%
Others	16,546	-49.3%	-52.6%	114,030	2.5%	1.8%
PSA	8,225	8.3%	-25.7%	40,368	60.4%	0.6%
Volvo	5,338	-59.6%	-58.5%	42,487	-18.6%	0.7%
Jaguar	673	-48.8%	-78.1%	6,926	0.3%	0.1%
Land Rover	1,110	-49.4%	-53.3%	7,479	-27.9%	0.1%
Total	966,705	-42.9%	-48.0%	6,496,558	-3.9%	100.0%

Source: CPCA, CMBIGM

Figure 21: China monthly retail sales volume by OEM / brand

	Retail sales volume Apr 2022 (Units)	YoY %	MoM %	Retail sales volume YTD (Units)	YTD YoY %
Chinese OEMs					
Geely	50,382	-40.9%	-28.5%	347,611	-16.9%
Great Wall	35,337	-54.1%	-34.6%	253,643	-27.2%
Changan	50,152	-44.2%	-17.1%	312,032	-24.4%
SAIC Motor	15,669	-60.1%	-47.1%	144,502	-23.7%
GAC Motor (incl. Aion)	28,291	-9.5%	-26.5%	140,827	19.8%
BYD	90,313	141.0%	-15.6%	352,788	140.3%
SAIC-GM-Wuling	43,087	-45.1%	-41.1%	269,749	-26.1%
NIO	5,310	-28.3%	-46.0%	30,981	13.7%
Lixiang	4,206	-23.8%	-62.0%	36,079	102.2%
Xpeng	8,890	79.2%	-42.6%	43,535	147.0%
Foreign OEMs					
SAIC VW	53,377	-54.4%	-32.3%	346,609	-33.6%
FAW VW	77,164	-54.4%	-35.4%	485,705	-32.3%
Beijing Benz	34,420	-44.9%	-25.2%	181,936	-22.9%
BMW Brilliance	30,943	-48.8%	-25.3%	195,927	-17.2%
FAW Toyota	36,638	-41.7%	-39.6%	212,856	-16.7%
GAC Toyota	59,133	-11.9%	-16.4%	271,925	7.7%
Dongfeng Honda	39,069	-44.6%	-28.7%	216,425	-24.4%
GAC Honda	42,119	-32.0%	-22.3%	218,914	-7.3%
Dongfeng Nissan	44,152	-45.2%	-24.3%	263,617	-27.9%
GAC Mitsubishi	1,679	-70.6%	-30.7%	12,291	-47.8%
SAIC GM	43,283	-60.0%	-36.1%	294,453	-36.8%
Changan Ford	9,406	-26.9%	-5.8%	51,204	-19.4%
Tesla China	1,733	-85.5%	-97.3%	110,626	36.3%
GAC FCA	413	-83.1%	-45.4%	3,549	-70.6%
Volvo Asia Pacific	6,606	-50.4%	-43.4%	38,399	-25.2%
Chery JLR	2,760	-45.5%	-28.0%	14,097	-34.7%
Beijing Hyundai	9,829	-66.7%	-26.7%	75,549	-46.4%
Yueda Kia	5,476	-56.2%	-23.7%	33,651	-39.5%
Total volume (excl. imports)	960,252	-38.3%	-31.9%	5,659,098	-15.7%
Imports by Brand					
Lexus	10,270	-55.4%	-39.3%	56,606	-32.3%
BMW	6,436	-50.5%	-24.9%	38,779	-34.1%
Mercedes-Benz	10,063	-32.3%	-29.1%	53,425	-5.6%
Porsche	5,754	-41.6%	-19.7%	23,907	-22.0%
Audi	2,547	-62.3%	-43.6%	15,584	-41.5%
Total imports	45,535	-47.1%	-30.0%	241,092	-26.3%
Total retail sales volume	1,005,787	-38.8%	-31.8%	5,900,190	-16.2%

Source: CATARC, CMBIGM

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