

China Auto Sector

Strong NEV sales recovery in May

Seven new-energy vehicle (NEV) brands including NIO, Xpeng, Li Auto, Zeekr, Aion, Neta and Leap reported their May 2022 sales volumes on 1 Jun 2022. Sales volume of the seven brands combined rose 129% YoY (ranged from +5% to +223%) and 55% MoM (ranged from +11% to +176%).

- **Li Auto leads among NEV trio.** Li Auto delivered 11,496 units in May 2022, or +176% MoM, the highest among the NEV trio. We expect its Jun sales volume to rise sequentially and beat its 2Q22 sales guidance of 21,000-24,000 units.

Xpeng's 10,125-unit sales volume in May is largely in line with our expectation and on track to meet its 2Q22 guidance of 31,000-34,000 units.

NIO delivered 7,024 units last month, slightly below our expectation, partially due to its shift of production line for new products including the ET7 in our view. Manufacturing capabilities appear to drag down NIO's sales, as a similar issue occurred in Oct 2021. We expect its sales volume to rise substantially MoM in Jun 2022.

- **May sales of Aion, Neta and Leap overtake NEV trio.** Aion delivered 21,056 units in May 2022, the highest among the seven brands. Its retail sales volume in May, however, could be about 7,000-8,000 units fewer than its wholesale volume, based on our estimates.

Both Neta and Leap appear to be less affected by the Shanghai lockdown during Apr-May. Both sales volumes exceeded 10,000 units. Both of their sales volumes have more than tripled in the first five months of 2022, higher than our prior expectations. Zeekr also delivered the highest monthly volume of 4,330 units last month, although its supply chain should still be constrained given its current order backlog. We are of the view that manufacturing capabilities could also be a cap for Zeekr's sales volume in 2022.

- **We project industry-wide NEV wholesale volume to be about 0.38mn units in May, as we estimate Tesla's production volume of around 37,000 units.** We estimate the industry-wide NEV retail sales volume in May to be around 0.32mn units, or 25% market share (see page 3 for our weekly retail sales volume). We estimate Tesla's (TSLA US) production volume to be about 37,000 units last month, with 2/3 exported. Therefore, we project China's NEV wholesale volume to rise 86% YoY to about 0.38mn units in May 2022, well on track of our full-year forecast of 5.5mn units. It also appears to us that the combined market share of the seven brands has been rising since Feb 2022.

NEV sales volume for selected brands

Units	May 2022	YoY %	MoM %	YTD	YTD YoY %
NIO	7,024	4.7%	38.4%	37,866	11.8%
Li Auto	11,496	165.9%	175.9%	47,379	111.1%
Xpeng	10,125	78.1%	12.5%	53,688	122.1%
Zeekr	4,330	N/A	102.6%	14,708	N/A
Leap	10,069	222.6%	10.8%	40,735	273.4%
Neta	11,009	144.2%	24.9%	49,974	213.0%
Aion	21,056	150.2%	106.2%	76,144	121.5%

Source: Company data, CMBIGM

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China Auto Sector

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

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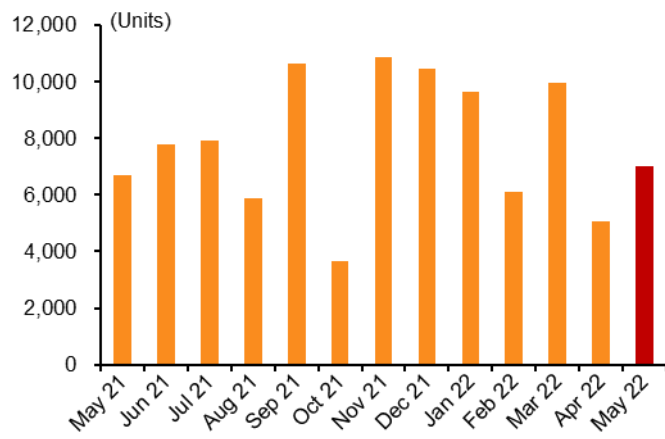
Name	Ticker	Rating	TP (LC)
Xpeng	XPEV US	BUY	60
Xpeng	9868 HK	BUY	234
NIO	NIO US	BUY	45
Li Auto	LI US	BUY	48
Li Auto	2015 HK	BUY	187.2
GWM	2333 HK	BUY	20
GWM	601633 CH	BUY	59
GAC	2238 HK	BUY	12
GAC	601238 CH	BUY	18.4
EVA	838 HK	BUY	3
Meidong	1268 HK	BUY	48
BYD	1211 HK	HOLD	255
BYD	002594 CH	HOLD	270
Geely	175 HK	HOLD	13.5

Source: Bloomberg, CMBIGM

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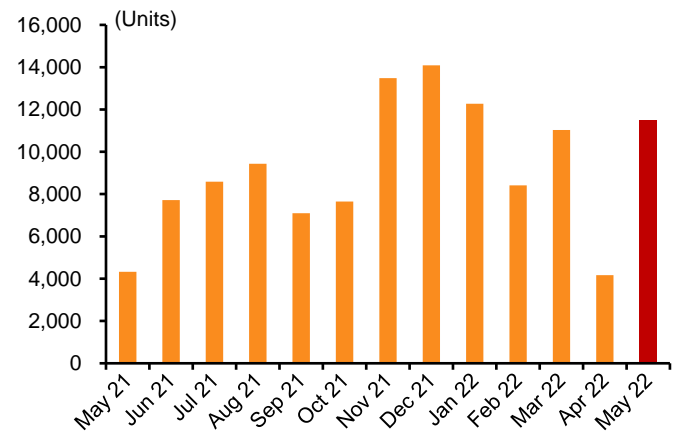
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Figure 1: NIO's monthly delivery



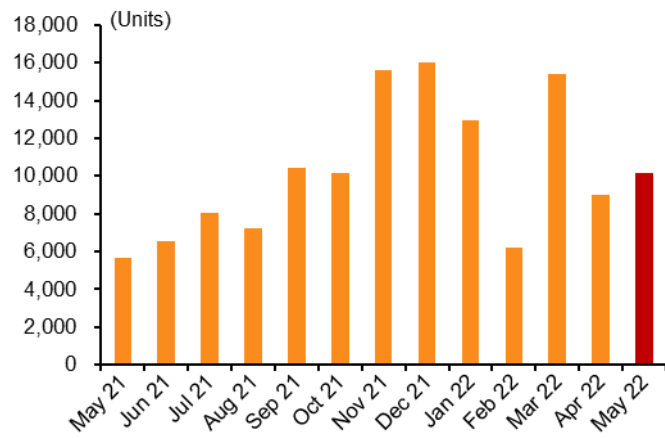
Source: Company data, CMBIGM

Figure 2: Li Auto's monthly delivery



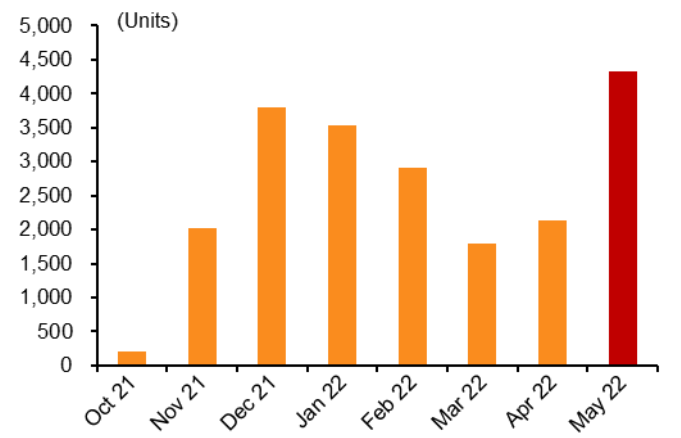
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Figure 3: Xpeng's monthly delivery



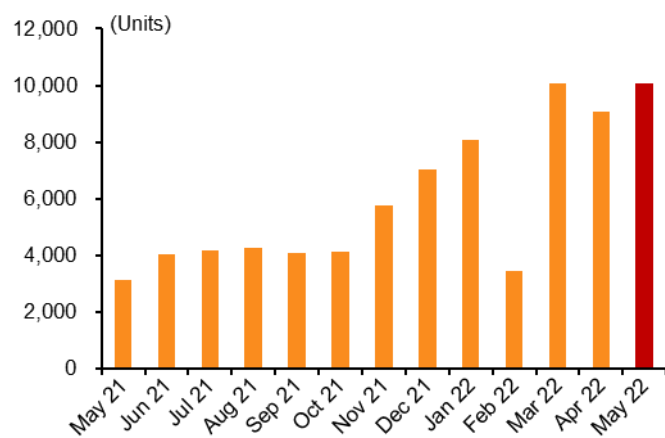
Source: Company data, CMBIGM

Figure 4: Zeekr's monthly delivery



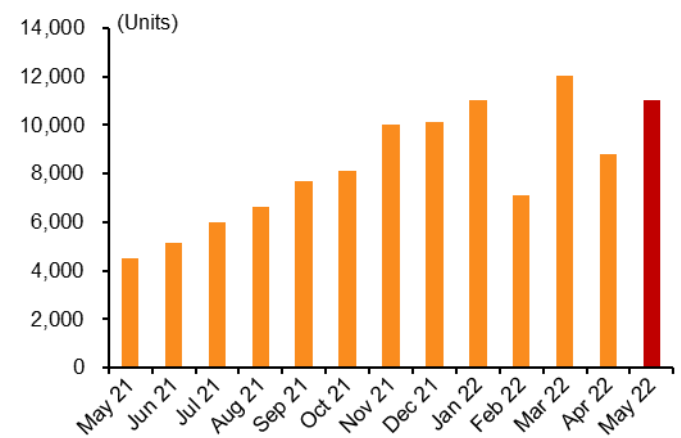
Source: Company data, CMBIGM

Figure 5: Leap's monthly delivery



Source: Company data, CMBIGM

Figure 6: Neta's monthly delivery



Source: Company data, CMBIGM

Figure 7: China weekly retail sales volume

	Total locally-produced			NEV		
	1-29 May 2022	Average daily sales YoY (%)	Average daily sales MoM (%)	1-29 May 2022	Average daily sales YoY (%)	Average daily sales MoM (%)
Chinese brands	519,680	-7.8%	19.6%	258,365	106.9%	10.6%
Geely (incl. Geometry)	49,149	-29.2%	29.4%	6,456	109.8%	34.5%
Lynk & Co	9,812	-37.3%	13.5%	1,815	281.6%	-1.7%
Zeekr	3,626	N/A	73.7%	3,626	N/A	73.7%
Haval	25,966	-50.7%	24.9%	-	N/A	N/A
Wey	1,965	-53.9%	-12.4%	448	2339.2%	-33.1%
Tank	7,131	24.1%	3.7%	-	N/A	N/A
ORA	8,057	74.2%	89.3%	8,057	74.2%	89.3%
Changan	65,214	-24.8%	32.8%	10,947	73.4%	52.6%
SAIC PV	18,641	-47.5%	23.4%	2,473	-62.0%	-22.4%
Trumpchi	20,391	-17.3%	36.0%	174	-73.3%	-52.0%
Aion	9,906	5.3%	-22.0%	9,906	5.3%	-22.0%
Voyah	643	N/A	-37.5%	643	N/A	-37.5%
BYD	93,052	149.7%	6.6%	91,721	304.1%	6.8%
Baojun	3,502	-80.0%	14.4%	1,961	-18.0%	4.3%
Wuling	46,454	-21.6%	20.4%	27,422	4.7%	9.7%
Weltmeister	2,690	14.3%	-15.9%	2,690	14.3%	-15.9%
Neta	8,293	130.5%	-4.7%	8,293	130.5%	-4.7%
Leap	7,546	203.3%	-5.2%	7,546	203.3%	-5.2%
NIO	5,536	1.8%	7.9%	5,536	1.8%	7.9%
Lixiang	10,726	149.1%	163.8%	10,726	149.1%	163.8%
Xpeng	8,755	69.4%	1.9%	8,755	69.4%	1.9%
Foreign brands	617,208	-32.4%	25.0%	29,185	-17.5%	39.7%
VW	114,167	-38.0%	22.0%	8,177	90.1%	1.5%
BMW	45,238	-19.7%	51.2%	2,934	-2.8%	71.8%
Mercedes-Benz	35,586	-33.9%	2.0%	2,075	250.2%	0.8%
Audi	35,975	-34.2%	53.9%	345	-73.2%	-3.5%
Toyota	116,280	-5.3%	25.8%	918	-32.3%	8.4%
Honda	89,484	-24.6%	15.6%	1,272	185.4%	27.9%
Nissan	48,095	-34.4%	27.6%	1,595	1220.0%	-4.1%
Tesla	8,544	-58.7%	410.0%	8,544	-58.7%	410.0%
Cadillac	9,054	-49.2%	16.4%	-	N/A	N/A
Buick	31,525	-51.9%	24.7%	1,688	-26.9%	34.5%
Chevrolet	9,774	-46.9%	11.4%	359	145.9%	-41.5%
Ford	12,657	7.2%	14.3%	537	5455.2%	-26.4%
Volvo	7,229	-42.6%	13.2%	354	-36.1%	-28.5%
Land Rover	1,754	-29.1%	12.8%	182	121.5%	15.5%
Hyundai	12,186	-58.2%	28.3%	29	-87.6%	20.0%
Kia	6,195	-52.4%	17.0%	7	-86.6%	-92.3%
Total volume (excl. imports)	1,136,888	-23.0%	22.5%	287,550	79.4%	13.0%

Source: IAC, CMBIGM estimates

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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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