



Flash Note: Automobiles & Components Sector

快讯：汽车及零部件行业

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Sales Growth Slowed

销售增长放缓

- Sales slowed down on rising base.** According to the China Association of Automobile Manufacturers (CAAM), China vehicle sales in April 2021 was up 8.6% yoy to 2.25 million units, the 13th consecutive month of growth. In 1-4M21, sales was up by 51.8% yoy. Passenger vehicle (PV) sales growth was up by 10.8% yoy and 1-4M21 sales was up by 53.1% yoy. By vehicle type, SUVs had the highest sales among other vehicle types, up by 17.6% yoy to 821,000 units. Meanwhile, sedan sales was up by 2.0% yoy (See Table-1 for sales details). On the other hand, commercial vehicle (CV) sales slowed significantly, up by only 2.3% yoy, with truck sales roughly flat. In terms of new energy vehicles (NEV), sales continued to be very strong in April, up by 180.3% yoy to 206,200 units.
- Cautious in 2Q21.** We maintain our view that we expect growth to significantly slow in 2Q21, especially in May and June where comparison base is normalizing and second quarter is traditionally a low season. Moreover, maintaining production stability is a more challenging task for OEMs at the moment due to chip shortage. This should remain a risk for the industry this year, especially in the first half as new chip supply for autos may only improve in 3Q21. We think growth could slow down more than expected. We expect sales growth in this quarter to slow to single digits or even be negative. Other than this, we believe demand side is still quite healthy. Inventory remains at reasonable levels, with inventory coefficient at 1.57 in Apr.2021. Industry incentives was at 13.9% in Mar. 2021, and we expect this to decline as industry inventory level is reducing. Downstream demand is also showing strength with retail sales up by 12.4% yoy in April.
- OEM sales review:** Similar to industry growth, OEMs exhibited various degrees of slowing sales momentum due to normalizing base and chip shortage. In particular, we see that Geely Auto registered a yoy decline of 4.9% this month, despite being partly offset by the strong Lynk & Co. brand (+87.3% yoy). On the other hand, Great Wall Motor sales outperformed peers, with sales growing by 13.6% yoy. However, we also see possible impact from chip shortages as Haval brand sales dropped by 3.6% yoy. In April, Guangqi Honda also saw sales decline. NEVs still remain very strong among our coverage, with the Aion and ORA brand maintaining triple-digit growth (See Table-2 for sales by major brand).
- Sector view:** Investment sentiment for the industry is weak, mainly affected by the chip shortage as it is affecting sales growth. The shortage problem will be more noticeable in 2Q21 as we have witnessed this month. Rising raw material price is also worrying as this will also impact profit recovery. We believe that sector valuation will be suppressed in the short term. Currently, our top pick is Great Wall Motor (02333 HK, "Buy"), with TP of HK\$28.91. Our TP represents 32.3x 2021 PER and 21.0x 2022 PER.
- 销售因基数上升而放缓。**根据中国汽车工业协会的数据，2021年4月中国汽车销量同比增长8.6%至225万辆，连续第13个月增长。2021年前4个月，销售同比增长51.8%。乘用车销量同比增长10.8%，2021年前4个月的销量同比增长53.1%。按车型划分，SUV在所有车型中销量最高，同比增长17.6%至821,000辆。同时，轿车销量同比增长2.0%（详细信息参见表-1）。另一方面，商用车的销售大幅放缓，仅同比增长2.3%，卡车的销售大致持平。在新能源汽车方面，4月份的销售继续保持强劲，同比增长180.3%至206,200辆。
- 2021年第二季度保持谨慎态度。**我们保持我们的观点并预计2021年第二季度的增长将显著放缓，尤其是在5月和6月，因为其基数正常化及第二季度为传统淡季。此外，由于芯片短缺，目前对于制造商来说维持生产稳定性是一项更具挑战性的任务。今年芯片短缺仍将是行业的风险，尤其是在上半年，因为汽车的新芯片供应可能在2021年第三季度才会有所改善。我们认为增长的放缓幅度可能超过预期。我们预计本季度的销售增长将放缓至个位数或甚至为负数。除此之外，我们认为需求方面仍然很强健。库存保持在合理水平，2021年4月的库存系数为1.57。行业折扣在2021年3月为13.9%，我们预计其会随着行业库存水平的下降而下降。下游需求也显示出强劲态势，4月份零售同比增长12.4%。
- OEM销售回顾：**与行业增长类似，由于基数正常化和芯片短缺，汽车制造商的销售在不同程度上展现出了放缓的势头。特别是我们看到吉利汽车本月录得4.9%的同比跌幅，尽管部分销售下降被强劲的领克品牌（同比增长87.3%）所抵消。另一方面，长城



汽车的销售优于同业，销售同比增长 13.6%。但是，我们也看到芯片短缺可能带来的影响，因为哈弗品牌的销售同比下降 3.6%。4 月份广汽本田的销量也有所下降。在我们的覆盖中，新能源汽车仍然保持非常强劲的势头，其中埃安和欧拉品牌保持了三位数的增长（主要品牌的销售情况见表-2）。

- **行业观点：**行业的投资情绪疲软，主要受芯片短缺影响，因为其影响了销售增长。正如我们在本月所看到的那样，芯片短缺问题将在 2021 年第二季度更为突出。原材料价格上涨也令人担忧，因为这也会影响利润复苏。我们认为短期内行业估值将受到抑制。目前，我们的首选股是长城汽车（02333 HK，“买入”），目标价 28.91 港元。我们的目标价相当于 32.3 倍 2021 年市盈率和 21.0 倍 2022 年市盈率。

Table-1: China Vehicle Sales ('000 units)

	Apr-21	1-4M21	YoY	MoM	YTD YoY
Vehicle Sales	2,252	8,748	8.6%	-10.8%	51.8%
PV Sales	1,704	6,791	10.8%	-9.1%	53.1%
Sedan	757	3,140	2.0%	-13.1%	51.0%
MPV	85	307	39.7%	-9.0%	56.0%
SUV	821	3,237	17.6%	-6.4%	55.7%
Cross-over	41	107	13.0%	22.8%	31.6%
CV Sales	548	1,956	2.3%	-15.9%	47.3%
Bus	47	159	23.1%	-9.5%	52.2%
Truck	501	1,797	0.7%	-16.5%	46.9%
NEV Sales	206	732	180.3%	-8.7%	249.2%

Source: CAAM, Guotai Junan International.

Table-2: Vehicle Sales of Major H-listed Automakers

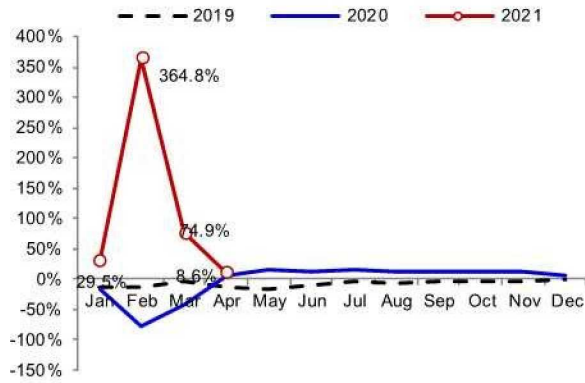
Company	Sales (Units)					
	Apr-21	Apr-20	yoy	YTD 2021	YTD 2020	yoy
Dongfeng Motors (00489 HK)	268,473	244,205	9.9%	971,233	606,801	60.1%
Dongfeng Honda	81,758	73,829	10.7%	284,719	151,354	88.1%
Dongfeng Nissan	90,206	87,719	2.8%	348,885	248,891	40.2%
Dongfeng PSA	7,595	5,222	45.4%	25,134	11,607	116.5%
Dongfeng Liuzhou	21,989	18,136	21.2%	78,942	51,261	54.0%
Dongfeng self owned brand	9,736	5,003	94.6%	32,505	18,104	79.5%
Dongfeng CV	24,687	25,093	-1.6%	94,493	57,637	63.9%
Geely Auto (00175 HK)	100,331	105,468	-4.9%	433,907	311,495	39.3%
BMW Brilliance (01114 HK)*	65,543	41,161	59.2%	180,572	91,816	96.7%
Great Wall Motor (02333 HK)	91,784	80,828	13.6%	430,582	231,160	86.3%
GAC (02238 HK)	187,096	166,273	12.5%	683,656	472,370	44.7%
Guangqi Honda	70,972	71,730	-1.1%	252,920	174,434	45.0%
GAC Toyota	73,900	63,607	16.2%	274,000	186,207	47.1%
GAC Trumpchi	25,739	18,321	40.5%	99,998	72,799	37.4%
Aion	8,309	3,950	110.4%	25,958	11,940	117.4%
GAC FCA	2,176	3,509	-38.0%	9,702	10,896	-11.0%
GAC Mitsubishi	5,602	5,000	12.0%	20,006	15,672	27.7%
BAIC (01958 HK)*						
Beijing Benz	60,195	51,425	17.1%	166,615	110,043	51.4%
Beijing Hyundai	37,060	55,038	-32.7%	96,331	90,008	7.0%

Source: CAAM, the Companies.

Note: Sales figures for Mar. 2021, as latest figures not yet announced as at distribution date of this report.

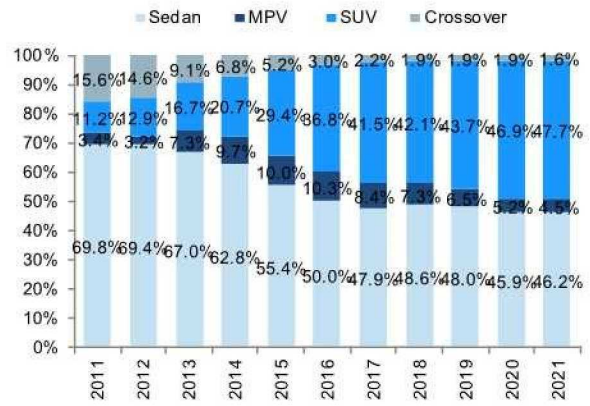


Figure-1: China Auto Sales Growth



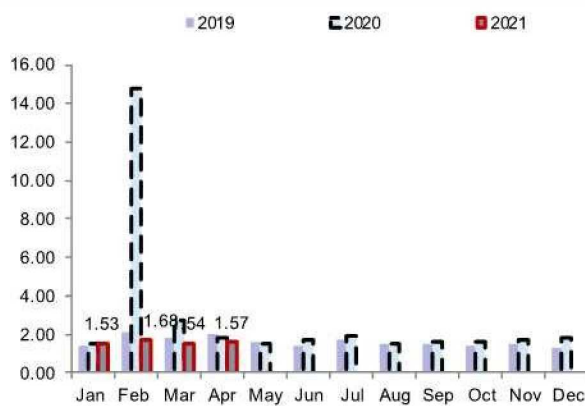
Source: CAAM, Guotai Junan International.

Figure-2: PV Sales Composition by Type



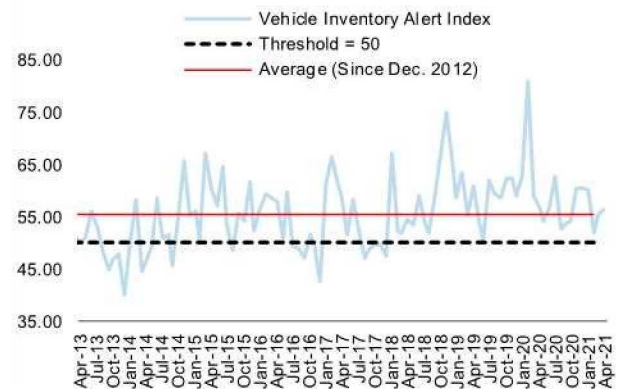
Source: CAAM, Guotai Junan International.

Figure-3: Inventory Coefficient



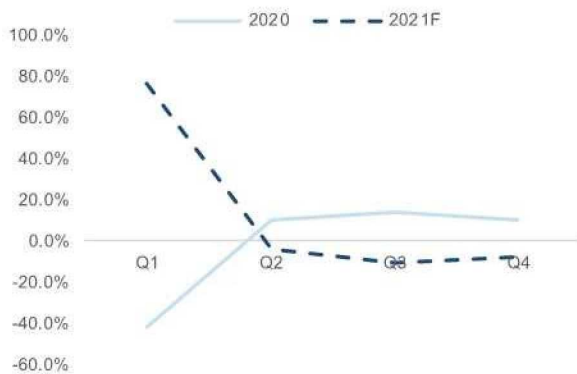
Source: China Automobile Dealers Association, Guotai Junan International.

Figure-4: Vehicle Inventory Alert Index



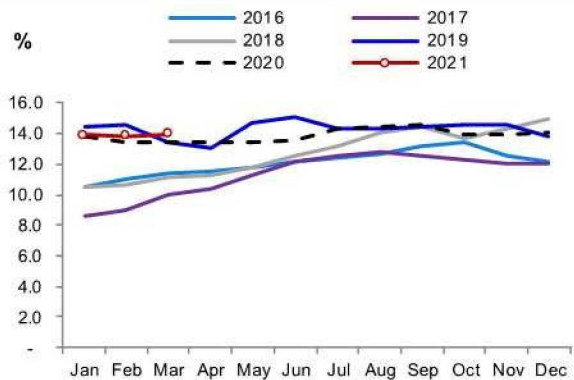
Source: China Automobile Dealers Association, Guotai Junan International.

Figure-5: Sales Expectation by Quarter



Source: CAAM, Guotai Junan International.

Figure-6: Discount Rate



Source: I.S. Engine, Guotai Junan International.

**Company Rating Definition**

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance >15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance <-15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance >5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance <-5%; or the fundamental outlook of the sector is unfavorable.

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