

Greater China EV and EV battery

Key takeaways: ample M7/M9 orders backlog; AITO/Luxeed new models

Industry Overview

AITO sales target of 600k units in 2024

On 30 Jan, we hosted a conference call with Mr. Tang, who runs a dealership for AITO and Luxeed brands in Beijing. According to Mr. Tang, AITO's non-refundable new orders win significantly improved from 3k units in Aug 2023 to 30k units in Sep 2023, supported by the launch of new M7 with lower price and upgraded configurations. Mr. Tang guides AITO M7's total non-refundable accumulated orders reached over 120k units as of January, and AITO has delivered around 30-40% of total orders win since September. In addition, M9 saw over 30k units new orders in a month after launch in end-2023. AITO plans to launch facelifted M5/M7 and new model M8 in 2024, and targets delivery of 600k units in 2024. Mr. Tang expects AITO delivery of 30k units in Jan, and the monthly delivery could improve to 40-50k units after capacity ramp-up. According to Mr. Tang, AITO's current order backlog is able to support its delivery for four months.

Update on Luxeed brand; one new SUV model in 2024

According to Mr. Tang, Luxeed S7 sedan received over 10k units non-refundable new orders in a month after launch, while new orders win was weak after that. Mr. Tang attributes the weaker-than-expected sales of Luxeed S7 to the following: many competitive B-class sedans already in the segment, and demand for large-sized sedan smaller than for family-use SUV. Luxeed is also likely to launch its second model, a SUV, in 2H24.

Dealers rebate from AITO; HIMA stores

According to Mr. Tang, dealers' rebate from AITO brand was at a very healthy level in 2023, but will be lower in 2024, mainly given 1) Huawei needs profit/cashflow for continuous R&D and marketing activities; and 2) dealers' profitability has improved on ramping-up delivery of AITO. Mr. Tang believes existing AITO dealers who apply to join HIMA (Harmony intelligent Mobility Alliance) to sell vehicles of other brands that are cooperating with Huawei (like Luxeed), will have higher requirements, such as transferring of management rights to Huawei, more investment in stores, salespersons certification, etc. Mr. Tang expects HIMA stores to account for 30-40% of total Huawei stores in China.

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