



Sector Report: Automobiles Sector

行业报告：汽车行业

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Bi-Weekly Update: Auto Sector Keeps Recovering; A New Round of Upward Cycle on NEV Penetration Expected

双周报：汽车板块持续修复，新能源车渗透率有望迎来新一轮向上周期

- **The auto sector continues to recover, and a new round of upward cycle on NEV penetration is expected.** Short-term subsidy policy support - since May, many regions have launched new rounds of subsidy policies for purchase of NEVs. CPCA expects retail sales of new energy PVs in May to be 580,000 units, up 60.9% yoy/ 10.5% mom, with penetration rate of 33.5%. Penetration rate of NEVs will continue to advance in June, and long-term replacement logic of NEVs for FVs remain unchanged. The industry is expected to enter in a new round of upward cycle.
- **Both supply and demand show strong upward trend, further opening up low-tier markets.** On the supply end, many vehicle models have been launched by OEMs recently; on the demand end, the executive meeting of the State Council adopted implementation of NEVs in the countryside to promote the construction of charging infrastructure and support the purchase and use of NEVs in rural areas. The increasingly clear policy orientation of NEV sales in the countryside is expected to further stimulate the increase of consumer confidence in the auto market. Cost-effective mid- to low-end PHEV models will boost sales in low-tier markets, which further opens up low-tier markets.
- **The Ministry of Commerce has taken three measures to ensure automobiles go abroad, and NEV export sales is expected to grow rapidly.** On 25 May, the Ministry of Commerce announced three measures to ensure that automobiles go overseas: (1) to enhance transportation safety; (2) to encourage OEMs to cooperate with domestic and foreign financial institutions; (3) to support OEMs to improve their international marketing and after-sales service systems. Overseas deployment of NEV OEMs has continued to achieve results, and international competitiveness keeps improving. In particular, self-owned brands achieved significant growth in the exports market. NEV export sales is expected to grow rapidly.
- **Opportunities in the auto sector lie in OEMs and components companies with better earnings performance.** For the OEM sector, we recommend Geely Auto (00175 HK), Great Wall Motor-H (02333 HK) and Li Auto-W (02015 HK); for the components sector, we recommend Nexteer (01316 HK).
- **Risks:** 1) Industry competition may intensify; price war risk may further increase; 2) PV sales may fall short of expectations.
- **汽车板块持续修复，新能源车渗透率有望迎来新一轮向上周期。** 短期受补贴政策支持，5月以来，多地区开启新一轮购置新能源车补贴政策。乘联会预计5月狭义新能源乘用车零售销量为58.0万辆，同环比增60.9%/10.5%，渗透率为33.5%。预计6月新能源车渗透率将继续实现增长，长期新能源车对油车替代的逻辑不变，行业有望迎来新一轮向上周期。
- **供需两端双双发力，进一步打开下沉市场。** 供给端：近期车企众多车型密集上市。需求端：国务院常务会议通过新能源汽车下乡实施意见，推进充电基础设施建设，支持农村地区购买和使用新能源汽车。新能源汽车下乡政策导向日益明确，有望进一步刺激车市消费信心增加，高性价比中低端插混车型将助推下沉市场销量增长，进一步打开下沉市场。
- **商务部三措施护航汽车出海，新能源出口销量高增有望延续。** 5月25日商务部宣布三措施护航汽车出海：一是加强运输保证；二是鼓励车企与国内外金融机构合作；三是支持车企完善国际营销和售后服务体系。新能源车企海外布局持续收获成效，国际竞争力不断攀升，尤其是自主品牌在出口市场获得明显增量。新能源出口销量高增有望延续。
- **汽车板块机会在于业绩兑现能力较好的车企及零部件公司。** 整车板块，我们推荐吉利汽车(00175 HK)、长城汽车-H (02333 HK) 和理想汽车-W (02015 HK)；零部件板块，我们推荐耐世特(01316 HK)。
- **风险提示：** 1) 行业竞争加剧，价格战风险进一步提升；2) 乘用车销量不及预期。

Rating:

Outperform

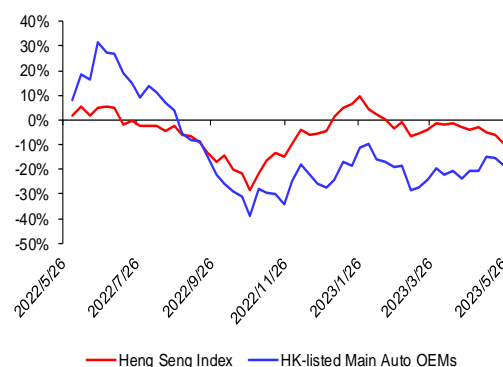
Maintained

评级:

跑赢大市 (维持)

HK-listed OEMs and HSI performance

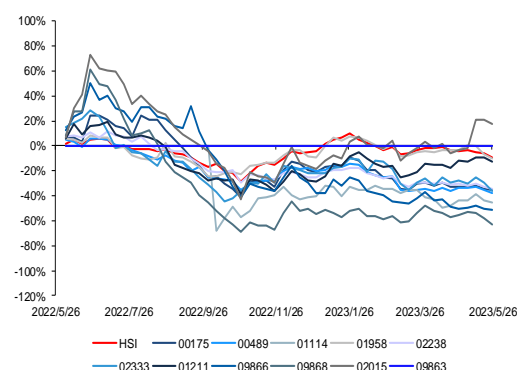
港股上市整车企业和恒生指数表现



Source: Bloomberg, Guotai Junan International.

HK main OEMs and HSI performance

港股主要整车企业和恒生指数表现



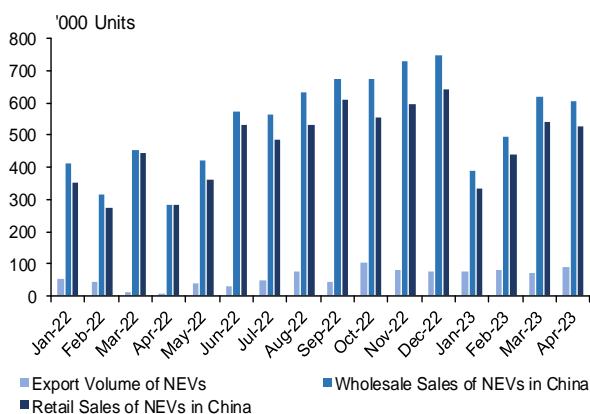
Source: Bloomberg, Guotai Junan International.

The auto sector continues to recover, and a new round of upward cycle on new energy vehicle (NEV) penetration is expected. Short-term policy support - since May, many regions have launched new rounds of subsidy policies for the purchase of NEVs. China Passenger Car Association (CPCA) expects retail sales of passenger vehicles in May to reach 1.73 mn units, up 27.7% yoy and 6.6% mom; retail sales of new energy PVs in May is expected to reach 580,000 units, up 60.9% yoy and 10.5% mom, with penetration rate of 33.5%. Overall, auto sector sales continued to recover. In the past few months, penetration of NEVs has gradually increased; we expect penetration of NEVs in the domestic market to continue to advance in June, and our long-term replacement logic of NEVs for fuel vehicles (FV) remains unchanged. The auto industry is expected to enter into a new round of upward cycle.

Both supply and demand show strong upward trend, further opening up low-tier markets. On the supply end, many OEMs have been intensively launched a variety of vehicle models recently, including high-quality models and cost-effective PHEV models; on the demand end, the executive meeting of the State Council adopted implementation of NEVs in the countryside to promote the construction of charging infrastructure and support the purchase and use of NEVs in rural areas. Since the beginning of the year, the Central government has repeatedly emphasized NEV promotion and development in the countryside. The increasingly clear policy orientation of NEV sales in the countryside is expected to further stimulate the increase of consumer confidence in the China auto market. Cost-effective mid- to low-end PHEV models will boost sales in the low-tier markets, which further opens up the low-tier markets.

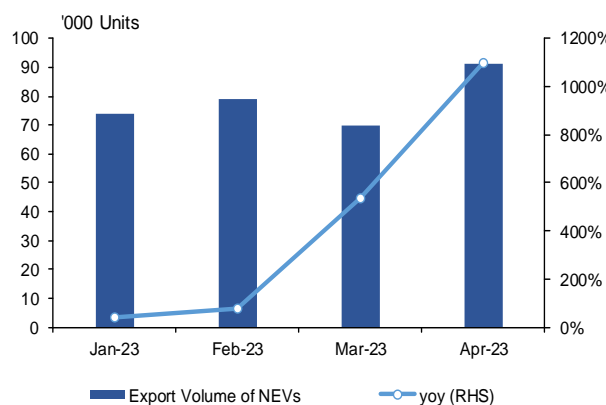
The Ministry of Commerce has taken three measures to ensure automobiles go abroad, and NEV export sales is expected to grow rapidly. On 25 May, the Ministry of Commerce announced three measures to ensure that Chinese automobiles go overseas: (1) to enhance transportation safety; (2) to encourage OEMs to cooperate with domestic and foreign financial institutions; (3) to support OEMs to improve their international marketing and after-sales service systems, which is conducive to Chinese vehicles going overseas. We expect that more policies will be introduced this year to support the development of NEVs in China. In addition, overseas deployment of NEV OEMs has continued to achieve results, and their international competitiveness keeps improving. In particular, self-owned brands achieved significant growth in exports market. 1-4M2023, China's NEV export sales soared month by month in terms of year-on-year. NEV export sales is expected to grow rapidly this year.

Figure 1: Sales recovery and high export growth of NEVs will be the new normal in 2023



Source: CPCA, Guotai Junan International.

Figure 2: 1-4M2023 - China's yoy NEV export sales soared month by month



Source: CPCA, Guotai Junan International.

Figure 3: Penetration rate of new energy PVs (wholesale & retail sales) in China is expected to continue to rise in 2Q2023

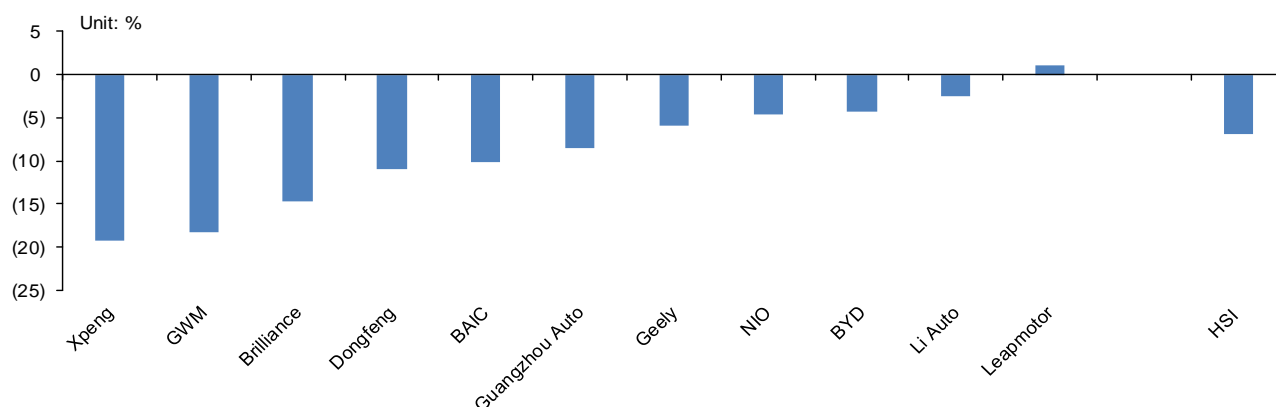


Source: CPCA, Guotai Junan International.

Opportunities in the auto sector lie in OEMs and components companies with better earnings performance. In the past two weeks, auto sector stock prices have fallen along with the Hang Seng Index, and the stock prices of some OEMs underperformed the Hang Seng Index. However, we are still optimistic that self-owned brand OEMs will further seize FV market share this year in China and further realize replacement of joint venture (JV) brands. For the OEM sector, we continue to recommend Geely Auto (00175 HK), Great Wall Motor-H (02333 HK) and Li Auto-W (02015 HK). We continue to believe that a more market-oriented pricing strategy and clear market positioning (actively lowering price and improving product cost efficiency) adopted by Geely Auto and Great Wall Motor are expected to work well in 2023, especially under the situation of intensified competition in China's auto industry. In 2023, Geely and Great Wall Motor will also launch many new NEV models this year. Recently, Geely and Great Wall Motor launched some new models and the overall market response has been good. With the launch of new vehicle models, sales will gradually climb, which is expected to make an important contribution to full-year sales in 2023. Geely Auto and Great Wall Motor are expected to become two powers in the domestic NEV industry in the next 1-2 years. The sales fundamentals of Li Auto are the strongest among the "new EV forces" in China. In 1-4M2023, a total of 78,265 units delivered, an increase of 118.1% yoy. In May, Li Auto became the sales champion of China's "new EV forces" in China for three consecutive weeks, delivering 18,335 units in total. Also, Li Auto is expected to release its first pure electric vehicle in 4Q2024 to further improve its product matrix. Li Auto was profitable in the first quarter and vehicle deliveries have been strong so far in the second quarter; we believe that Li Auto will turn positive in net profit this year. Meanwhile, for the components sector, we continue to recommend Nexteer (01316 HK). As the impact from the price war gradually recedes and PV sales gradually recover in the Chinese auto market, pressure on OEMs to lower prices on upstream components suppliers has eased. In addition, PV sales in North American and European markets are recovering, and the number of new orders for Nexteer is expected to continue to increase. Nexteer's electric power steering business sales are expected continue to lead in the industry.

Risks: 1) Increasing industry competition may put pressure on industry recovery; downstream PV price war risk may further increase; 2) sales may fall short of expectations.

Figure 4: In the past two weeks, auto sector stock prices have fallen along with the Hang Seng Index, and stock prices of some OEMs underperformed the Hang Seng Index



Source: Bloomberg, Guotai Junan International.

Note: The data shows the stock price performance of Hong Kong auto companies in the past two weeks.

Table 1: Global Peers Comparison -- OEMs

Company	Stock Code	Currency	Last Price	PE (fiscal year)				PB (fiscal year)				ROE (%)		D/Y (%)	EV/EBITDA
				2022A	2023F	2024F	2025F	2022A	2023F	2024F	2025F	2023F	2023F		
Hong Kong-listed OEMs															
Dongfeng Motor Grp Co Ltd-H	00489 HK	HKD	3.380	2.4	3.0	3.0	3.1	0.2	0.2	0.2	0.1	6.1	8.0		3.5
Geely Automobile Holdings Lt	00175 HK	HKD	9.180	15.5	15.2	10.9	8.7	1.1	1.0	1.0	0.9	6.9	2.4		4.8
Brilliance China Automotive	01114 HK	HKD	2.910	1.8	1.9	1.9	2.1	0.3	0.3	0.2	0.2	13.0	18.8		n.a.
Great Wall Motor Company-H	02333 HK	HKD	8.020	7.6	10.7	8.5	7.3	1.0	0.9	0.8	0.8	8.6	4.0		14.1
Qingling Motors Co Ltd-H	01122 HK	HKD	0.810	n.a.	n.a.	n.a.	n.a.	0.2	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.
Byd Co Ltd-H	01211 HK	HKD	229.800	34.6	26.3	18.9	13.2	5.3	4.6	3.7	2.9	18.5	0.6		11.1
Guangzhou Automobile Group-H	02238 HK	HKD	4.500	5.0	4.7	4.2	4.0	0.4	0.3	0.3	0.3	7.8	6.4		42.3
Baic Motor Corp Ltd-H	01958 HK	HKD	2.020	3.3	3.7	3.5	3.7	0.3	0.3	0.2	0.2	7.0	8.9		0.1
Nio Inc-Class A	09866 HK	HKD	59.000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	(58.1)	0.0		n.a.
Xpeng Inc - Class A Shares	09868 HK	HKD	30.550	n.a.	n.a.	n.a.	n.a.	1.3	2.2	2.4	2.8	(25.1)	0.0		n.a.
Li Auto Inc-Class A	02015 HK	HKD	110.800	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.1	0.0		37.5
Weichai Power Co Ltd-H	02338 HK	HKD	10.740	16.2	11.2	9.8	8.6	1.1	1.1	1.0	0.9	9.4	3.2		5.9
Sinotruk Hong Kong Ltd	03808 HK	HKD	11.020	14.6	7.9	5.7	4.5	0.7	0.7	0.6	0.6	8.9	6.3		3.0
Simple Average				11.2	9.4	7.4	6.1	1.1	1.1	1.0	1.0	0.8	4.9		13.6
Weighted Average				24.0	19.1	14.1	10.3	3.3	2.9	2.4	2.0	7.7	1.9		16.3
Median				7.6	7.9	5.7	4.5	0.7	0.8	0.7	0.7	7.4	3.6		5.9
Mainland China-listed OEMs															
Dongfeng Automobile Co Ltd-A	600006 CH	CNY	5.580	39.2	15.9	13.6	n.a.	1.4	n.a.	n.a.	n.a.	7.8	n.a.		n.a.
Great Wall Motor Co Ltd-A	601633 CH	CNY	22.700	24.9	34.1	23.2	18.4	3.1	2.8	2.5	2.3	8.2	1.3		15.1
Faw Jiefang Group Co Ltd	000800 CH	CNY	8.150	102.5	27.2	12.0	8.4	1.6	1.5	1.3	1.2	9.0	2.9		5.5
Saic Motor Corp Ltd-A	600104 CH	CNY	13.480	9.6	8.3	7.6	7.7	0.6	0.5	0.5	0.5	6.2	3.8		6.7
Chongqing Changan Automob-A	000625 CH	CNY	11.980	15.1	12.7	13.1	11.3	1.9	1.6	1.5	1.4	13.6	2.4		4.8
Weichai Power Co Ltd-A	000338 CH	CNY	11.560	20.3	14.7	11.3	9.6	1.4	1.3	1.2	1.1	9.2	3.1		9.0
Beiqi Foton Motor Co Ltd-A	600166 CH	CNY	3.100	344.4	16.3	11.1	8.3	1.8	1.6	1.4	1.2	10.2	n.a.		n.a.
Anhui Jianghuai Auto Group-A	600418 CH	CNY	11.520	n.a.	50.5	36.2	30.3	1.8	1.7	1.6	1.6	1.7	0.2		10.5
Cnhc Jinan Truck Co Ltd-A	000951 CH	CNY	14.680	81.6	16.8	11.7	8.8	1.2	1.2	1.1	1.0	7.5	2.1		4.1
Yutong Bus Co Ltd-A	600066 CH	CNY	12.820	37.7	21.8	16.2	12.7	2.0	2.0	1.9	1.7	9.1	6.3		17.8
Xiamen King Long Motor Gr -A	600686 CH	CNY	7.660	n.a.	76.6	22.5	10.4	1.8	1.7	1.6	1.4	2.0	n.a.		n.a.
Jiangling Motors Corp Ltd-A	000550 CH	CNY	12.730	12.0	18.3	16.6	13.7	1.2	1.2	1.1	1.0	6.1	1.5		1.3
Yangzhou Yaxing Motor Co-A	600213 CH	CNY	8.970	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.
Zhongtong Bus Co Ltd-A	000957 CH	CNY	9.760	58.9	n.a.	n.a.	n.a.	2.2	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.
Simple Average				67.8	26.1	16.3	12.7	1.7	1.6	1.4	1.3	7.5	2.6		8.3
Weighted Average				38.1	20.4	14.8	12.3	1.7	1.5	1.5	1.3	8.5	2.5		9.2
Median				37.7	17.5	13.4	10.4	1.8	1.6	1.4	1.2	8.0	2.4		6.7
Japan-listed OEMs															
Nissan Motor Co Ltd	7201 JP	JPY	524.900	9.5	9.3	6.8	5.8	0.4	0.4	0.4	0.4	4.6	2.0		3.9
Toyota Motor Corp	7203 JP	JPY	1,928.500	9.4	10.7	9.2	8.5	1.0	0.9	0.9	0.8	9.0	3.2		4.6
Honda Motor Co Ltd	7267 JP	JPY	4,025.000	9.8	9.8	8.2	7.5	0.7	0.6	0.6	0.5	6.4	3.4		6.4
Mazda Motor Corp	7261 JP	JPY	1,216.000	9.4	5.4	5.9	5.2	0.6	0.5	0.5	0.5	10.4	3.7		2.8
Mitsubishi Heavy Industries	7011 JP	JPY	6,134.000	18.1	15.8	11.8	10.7	1.3	1.2	1.1	1.0	7.9	2.7		8.3
Subaru Corp	7270 JP	JPY	2,402.000	26.3	9.2	8.1	7.4	1.0	0.9	0.8	0.8	10.0	3.6		1.1
Suzuki Motor Corp	7269 JP	JPY	4,575.000	13.9	10.1	9.3	8.6	1.2	1.1	1.0	0.9	11.2	2.1		4.8
Hino Motors Ltd	7205 JP	JPY	553.000	n.a.	n.a.	28.9	9.2	0.7	0.9	0.8	0.8	(28.5)	0.0		8.1
Isuzu Motors Ltd	7202 JP	JPY	1,632.000	10.0	8.3	7.5	6.8	1.1	1.0	0.9	0.8	12.1	5.0		4.3
Simple Average				13.3	9.8	10.6	7.7	0.9	0.8	0.8	0.7	4.8	2.8		4.9
Weighted Average				10.7	10.5	9.1	8.2	0.9	0.9	0.8	0.8	8.4	3.1		4.8
Median				9.9	9.5	8.2	7.5	1.0	0.9	0.8	0.8	9.0	3.2		4.6
Other Nation-listed OEMs															
Hyundai Motor Co	005380 KS	KRW	205,500.000	7.2	5.1	5.3	5.0	0.5	0.6	0.6	0.5	11.8	4.6		7.5
Ford Motor Co	F US	USD	12.090	n.a.	6.9	7.4	6.8	1.1	1.1	1.0	0.9	15.7	10.3		2.2
Paccar Inc	PCAR US	USD	71.350	12.4	9.1	11.0	10.1	2.8	2.3	2.1	1.9	29.5	4.9		7.0
Volkswagen Ag	VOW GR	EUR	148.300	5.0	4.7	4.6	4.3	0.5	0.4	0.4	0.3	9.6	6.2		1.7
Bayerische Motoren Werke Ag	BMW GR	EUR	104.740	3.8	6.6	6.7	6.4	0.8	0.8	0.7	0.7	12.1	4.9		2.1
Renault Sa	RNO FP	EUR	33.080	n.a.	3.6	3.0	2.7	0.3	0.3	0.3	0.3	8.1	3.5		1.2
Volvo Ab-B Shs	VOLVB SS	SEK	204.200	12.7	9.0	10.3	9.6	2.6	2.4	2.2	2.1	27.3	5.9		4.2
General Motors Co	GM US	USD	33.290	5.4	5.0	5.3	4.8	0.7	0.6	0.6	0.5	13.3	1.6		2.8
Tata Steel Ltd	TATA IN	INR	108.500	3.3	15.1	10.7	7.9	1.2	1.3	1.1	1.0	8.1	3.4		6.1
Simple Average				7.1	7.2	7.1	6.4	1.2	1.1	1.0	0.9	15.0	5.0		3.9
Weighted Average				6.7	6.7	6.9	6.4	1.1	1.0	1.0	0.9	15.2	5.4		3.4
Median				5.4	6.6	6.7	6.4	0.8	0.8	0.7	0.7	12.1	4.9		2.8
Global Average				28.7	14.3	10.8	8.5	1.2	1.2	1.1	1.0	6.6	3.9		7.7
Global Weighted Average				14.4	11.5	9.6	8.3	1.5	1.4	1.2	1.1	10.7	3.7		6.9

Source: Bloomberg, Guotai Junan International.

Table 2: Global Peers Comparison -- Components

Company	Stock Code	Currency	Last Price	PE (fiscal year)				PB (fiscal year)				ROE (%)		D/Y (%)	EV/EBITDA
				2022A	2023F	2024F	2025F	2022A	2023F	2024F	2025F	2023F	2023F		
Hong Kong-listed Component Companies															
Mint Group Ltd	00425 HK	HKD	19.720	13.0	10.5	8.5	7.1	1.2	1.1	1.0	0.9	10.9	3.6	7.0	
Fuyao Glass Industry Group-H	03606 HK	HKD	28.800	13.6	13.6	11.2	9.5	2.3	2.2	2.0	1.8	16.9	4.8	9.9	
Zhejiang Shibao Co Ltd-H	01057 HK	HKD	1.420	61.0	n.a.	n.a.	n.a.	0.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Xinchen China Power Holdings	01148 HK	HKD	0.270	n.a.	n.a.	n.a.	n.a.	0.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Shuanghua Holdings Ltd	01241 HK	HKD	0.077	n.a.	n.a.	n.a.	n.a.	0.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Nexteer Automotive Group Ltd	01316 HK	HKD	3.590	22.9	7.1	5.1	5.0	0.6	0.5	0.5	0.5	7.4	3.1	1.9	
Xin Point Holdings Ltd	01571 HK	HKD	2.500	5.0	n.a.	n.a.	n.a.	0.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Xingda Int'L Holdings	01899 HK	HKD	1.600	6.5	n.a.	n.a.	n.a.	0.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Prinx Chengshan Holdings Ltd	01809 HK	HKD	6.210	8.6	n.a.	n.a.	n.a.	0.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Huazhong In-Vehicle Holdings	06830 HK	HKD	2.450	34.4	n.a.	n.a.	n.a.	3.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Simple Average				20.6	10.4	8.3	7.2	1.0	1.3	1.2	1.1	11.7	3.8	6.3	
Weighted Average				16.1	12.5	10.2	8.7	1.9	1.8	1.7	1.5	15.1	4.5	8.8	
Median				13.3	10.5	8.5	7.1	0.7	1.1	1.0	0.9	10.9	3.6	7.0	
Mainland China-listed Component Companies															
Anhui Zhongding Sealing Pa-A	000887 CH	CNY	12.180	16.5	13.2	10.8	9.0	1.4	1.3	1.2	1.1	10.0	1.7	n.a.	
Jiangnan Mould And Plastic-A	000700 CH	CNY	4.950	9.1	n.a.	n.a.	n.a.	1.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Songz Automobile Air Con-A	002454 CH	CNY	7.730	51.5	28.6	18.9	16.8	1.3	1.2	1.2	1.1	4.4	0.8	n.a.	
Wanxiang Qianchao Co Ltd-A	000559 CH	CNY	5.170	21.5	n.a.	n.a.	n.a.	2.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Lingyun Industrial Corp-A	600480 CH	CNY	7.660	19.6	18.5	14.7	11.5	1.4	1.1	1.0	1.0	6.4	2.2	5.9	
Ningbo Huaxiang Electronic-A	002048 CH	CNY	12.800	10.3	7.8	7.4	6.3	0.9	0.9	0.8	0.7	11.9	3.8	n.a.	
Zhejiang Wanfeng Auto -A	002085 CH	CNY	6.510	16.7	15.1	12.4	10.2	2.3	2.0	1.8	1.4	13.6	2.5	n.a.	
Zhejiang Yinlun Machinery -A	002126 CH	CNY	13.740	28.6	19.3	14.2	11.2	2.3	2.1	1.8	1.6	11.1	1.2	n.a.	
Zhejiang Asia-Pacific Mech-A	002284 CH	CNY	7.900	87.8	33.3	22.1	17.6	2.2	2.2	2.0	1.8	6.1	n.a.	n.a.	
Xingmin Intelligent Trans-A	002355 CH	CNY	4.150	n.a.	n.a.	n.a.	n.a.	1.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Changchun Faway Automobile-A	600742 CH	CNY	8.110	10.4	n.a.	n.a.	n.a.	0.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Huayu Automotive Systems -A	600741 CH	CNY	17.530	7.7	7.4	6.6	6.3	1.0	0.9	0.8	0.8	12.9	5.0	3.1	
Dongfeng Electronic Tech -A	600081 CH	CNY	11.530	49.9	n.a.	n.a.	n.a.	1.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Greatoo Intelligent Equipmen	002031 CH	CNY	3.130	182.0	n.a.	n.a.	n.a.	2.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Zhejiang Wanliyang Co Ltd-A	002434 CH	CNY	8.260	35.9	20.7	14.8	11.7	1.9	1.8	1.6	1.4	8.7	2.2	12.5	
Xuchang Yuandong Drive-A	002406 CH	CNY	5.510	45.9	n.a.	n.a.	n.a.	1.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Zhejiang Jingu Co Ltd-A	002488 CH	CNY	6.440	58.5	n.a.	n.a.	n.a.	1.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Simple Average				40.8	18.2	13.5	11.2	1.6	1.5	1.4	1.2	9.5	2.4	7.2	
Weighted Average				27.9	13.4	10.6	9.0	1.5	1.0	1.2	1.1	11.1	3.2	2.7	
Median				25.1	18.5	14.2	11.2	1.6	1.3	1.2	1.1	10.0	2.2	5.9	
Japan-listed Component Companies															
Denso Corp	6902 JP	JPY	8,778.000	25.6	21.1	15.3	13.3	1.6	1.5	1.4	1.3	7.3	2.5	7.5	
Aisin Corp	7259 JP	JPY	4,010.000	7.6	28.7	8.4	7.2	0.6	0.6	0.6	0.6	2.1	4.7	5.3	
Toyota Industries Corp	6201 JP	JPY	8,460.000	14.6	13.6	12.7	11.8	0.7	0.7	0.7	0.6	5.0	2.6	8.1	
Nok Corp	7240 JP	JPY	1,873.000	12.5	24.2	14.6	10.8	0.6	0.6	0.6	0.6	2.6	5.1	4.4	
Stanley Electric Co Ltd	6923 JP	JPY	2,856.000	21.4	17.6	15.0	11.5	1.1	1.0	1.0	0.9	5.8	1.7	5.0	
Bridgestone Corp	5108 JP	JPY	5,763.000	13.3	11.1	10.4	9.8	1.3	1.3	1.2	1.1	11.8	3.5	5.1	
Sumitomo Rubber Industries	5110 JP	JPY	1,285.000	35.9	14.8	10.4	9.1	0.6	0.6	0.6	0.6	4.2	2.9	5.7	
Toyota Boshoku Corp	3116 JP	JPY	2,293.000	10.9	29.2	9.3	8.1	1.1	1.1	1.0	0.9	3.7	3.3	3.6	
Yokohama Rubber Co Ltd	5101 JP	JPY	3,050.000	10.7	9.3	7.8	7.1	0.8	0.7	0.7	0.6	8.1	2.4	5.3	
Jtekt Corp	6473 JP	JPY	1,207.000	20.0	12.1	9.9	8.1	0.7	0.6	0.6	0.6	5.3	2.9	4.3	
Nsk Ltd	6471 JP	JPY	865.000	26.7	24.1	18.6	13.9	0.7	0.7	0.7	0.7	3.0	4.0	5.4	
Simple Average				18.1	18.7	12.0	10.1	0.9	0.9	0.8	0.8	5.4	3.2	5.4	
Weighted Average				18.9	17.7	12.8	11.3	1.2	1.1	1.1	1.0	7.2	3.0	6.4	
Median				14.6	17.6	10.4	9.8	0.7	0.7	0.7	0.6	5.0	2.9	5.3	
Other Nation-listed Component Companies															
Hanon Systems	018880 KS	KRW	9,400.000	247.4	20.9	16.3	14.0	2.2	2.2	2.1	2.0	10.5	4.0	8.4	
Hankook & Co	000240 KS	KRW	12,240.000	7.0	n.a.	n.a.	n.a.	0.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Kumho Tire Co Inc	073240 KS	KRW	4,860.000	n.a.	13.9	11.1	9.2	1.2	1.1	1.0	0.9	8.5	n.a.	7.8	
Hyundai Mobis Co Ltd	012330 KS	KRW	227,000.000	8.4	6.8	6.3	5.9	0.6	0.5	0.5	0.5	8.0	2.1	5.3	
HI Mando Co Ltd	204320 KS	KRW	47,500.000	22.7	9.8	8.2	7.4	1.0	1.0	0.9	0.8	10.3	1.7	5.3	
Tong Yang Industry	1319 TT	TWD	49.900	13.7	13.6	11.6	n.a.	1.2	1.2	1.2	n.a.	9.0	5.0	5.4	
Cheng Shin Rubber Ind Co Ltd	2105 TT	TWD	39.600	25.9	n.a.	n.a.	n.a.	1.5	1.5	n.a.	n.a.	8.4	3.9	n.a.	
American Axle & Mfg Holdings	AXL US	USD	7.160	13.3	19.5	8.6	6.9	1.3	1.3	1.2	1.1	6.9	0.0	4.0	
Borgwarner Inc	BWA US	USD	47.170	11.8	9.5	8.1	6.9	1.5	1.3	1.2	1.0	14.3	1.5	5.6	
Johnson Controls Internation	JCI US	USD	61.880	28.1	17.3	15.3	13.7	2.6	2.4	2.3	2.2	14.4	2.3	12.1	
Lear Corp	LEA US	USD	127.610	23.2	11.7	8.1	6.1	1.6	1.5	1.5	1.3	13.1	2.5	5.7	
Stoneridge Inc	SRI US	USD	16.510	n.a.	n.a.	35.5	n.a.	1.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Goodyear Tire & Rubber Co	GT US	USD	14.360	20.2	15.3	8.6	7.2	0.8	0.7	0.7	0.6	4.5	0.0	5.4	

Gentex Corp	GNTX US	USD	26.980	19.8	16.1	12.9	11.3	3.1	2.7	2.4	2.2	17.8	1.8	n.a.
General Motors Co	GM US	USD	33.290	5.4	5.0	5.3	4.8	0.7	0.6	0.6	0.5	13.3	1.6	2.8
Valeo	FR FP	EUR	18.930	19.9	12.4	7.5	5.3	1.2	1.1	1.0	0.9	9.5	2.8	3.5
Brembo Spa	BRE IM	EUR	14.000	15.6	14.2	12.6	11.4	2.4	2.1	1.9	1.7	15.6	2.2	7.3
Faurecia	EO FP	EUR	20.760	n.a.	9.4	5.6	4.1	0.9	0.8	0.7	0.6	9.8	2.2	3.8
Autoliv Inc	ALV US	USD	84.170	17.3	13.1	9.2	7.9	2.8	2.6	2.3	2.0	20.7	3.2	6.9
Continental Ag	CON GY	EUR	66.160	200.5	8.5	7.0	5.6	1.0	1.0	0.9	0.8	11.8	3.2	3.7
Michelin (Cgde)	ML FP	EUR	27.410	9.8	9.2	8.5	7.8	1.1	1.1	1.0	0.9	11.8	4.9	4.4
Simple Average				39.4	12.6	10.9	8.0	1.5	1.4	1.3	1.2	11.5	2.5	5.7
Weighted Average				33.0	10.8	9.3	8.1	1.5	1.4	1.3	1.2	12.8	2.5	6.1
Median				18.6	12.7	8.6	7.2	1.2	1.2	1.1	0.9	10.5	2.2	5.4
Global Average				32.6	15.3	11.6	9.2	1.3	1.3	1.2	1.1	9.5	2.8	5.8
Global Weighted Average				26.9	13.5	10.7	9.3	1.4	1.3	1.2	1.1	10.8	2.8	6.3

Source: Bloomberg, 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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