

China Auto/EV

EQUITY: AUTOS & AUTO PARTS

EVs outperform ICE; overall market remains muted Quick Note

Similar market situation for May-26 vs Apr-26 as local demand remains unexciting

China OEMs released their May-26 wholesales data on 1 June 2026. With local demand situation not showing any meaningful change post the Beijing Auto Show, the overall wholesales shipment performance continues to be suboptimal, while the overseas performance shows further support. According to our industry checks regarding the order situation, and also based on the CPCA's prelim data for the first 24 days of May-26 ([news in Chinese](#)), we estimate the local China PV market to witness another 20%+ y-y decline in the month. Nevertheless, thanks to more active product and technology upgrades, EV players continue to outperform ICE car makers, and we expect to see another month of 60%+ EV penetration in the China market.

In the absence of incremental supportive policies, we turn more cautious on the local demand outlook in the remainder of 2026F. In such a challenging market environment, we believe only players with strong overseas contributions or who enjoy evident growth in local shipments/market share to potentially outperform peers.

Diversified performance by EV market players again while clearly outperforming ICE car players

BYD (1211 HK, Buy) delivered 377k PV unit sales in May-26 (remained flattish y-y and +20.0% m-m), which was its first month of not showing a y-y declining trend since Sep-25, and of course mainly driven by overseas sales. As its overseas sales were 160.6k, +80% y-y, we calculate that its local wholesales were at 216.3k, -25% y-y, that showed further improvement from -39% y-y in Apr-26. With positive market feedback for its models with ultra-fast charging capabilities, and considering its latest smart driving update event hosted on 28 May that revealed an in-house developed 4nm smart driving chip ([link](#)), we expect the company to gradually regain customer attention. With its blade battery capacity further ramping up, we believe the company could show y-y improvement in shipments in 2H26F, together with solid overseas growth.

Geely's total NEV sales were 133.4k in the same month (-3.4% y-y and -1.6% m-m). In which, Zeekr delivered 34.4k shipments (+81.8% y-y and +8.1% m-m), continuing its strong growth momentum, while Galaxy shipments were 81.7k (-19.8% y-y and -10.2% m-m). Leapmotor reported wholesales shipments of 81.6k (+81.0% y-y, +14.3% m-m), reaching a new record-high level and remaining the best performer among the new car-making forces.

NIO (NIO US, Buy) reported 37.7k shipments in May-26 (+62.3% y-y and +28.4% m-m). In which, the NIO brand enjoyed another 20k+ of monthly shipments (ES8 shipments were 11.5k, its seven consecutive month of surpassing 10k) while Onvo achieved 12k sales (+125% m-m as a result of the launch of Onvo L80) and Firefly with 5.7k shipments. Looking ahead, as NIO ES9 is receiving positive feedback and therefore witnessing solid order momentum, according to our industry checks, we expect the company to enjoy sequential improvement in shipments in the coming months and 2Q26F shipments to be in line with its guidance of 110-115k.

Meanwhile, XPENG (XPEV US, Buy) reported 32.2k shipments in May-26 (-4.1% y-y while +3.7% m-m). As GX enjoys solid demand momentum in the market, based on our industry checks, we reaffirm our view that the company will deliver improving shipments over the next few months. And, we believe its 2Q26E guidance of 100-106k is likely to be achieved.

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Li Auto (LI US, Neutral) delivered 33.4k shipments in May-26 (-18.4% y-y and -2.2% m-m). While Li L9 Livis received 10k+ orders, according to the company, we believe more effort is needed from the company to improve its order situation for the L9 Ultra version. Given its May deliveries, we also believe the company is on track to meet its 2Q26E guidance of 95k-100k shipments. The company will host a technology event to dig deep into its smart vehicle capabilities in terms of hardware and software in June followed by the launch of the new L8, which we expect to become the next potential catalyst for the name.

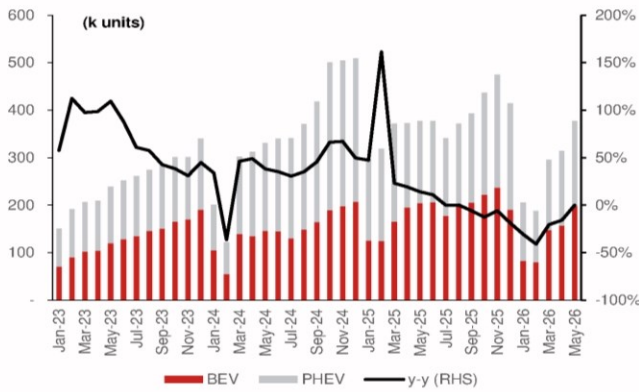
Xiaomi announced another 30k+ deliveries in the month (roughly +7% y-y) and HIMA (Harmony Intelligent Mobility Alliance) achieved 46.1k deliveries (+3.8% y-y and +40.8% m-m).

Fig. 1: PV EV wholesale shipments by brand

	May-26	Apr-26	May-25	y-y	m-m	YTD y-y	YTD 2026	FY26E target	As % of FY26E
BYD	377.0	314.1	376.9	0.0%	20.0%	-20.5%	1,380	5,200	26.5%
Geely	133.4	135.6	138.0	-3.4%	-1.6%	5.8%	638	2,220	28.7%
GAC Aion	33.1	32.7	26.8	23.8%	1.3%	12.3%	140	488	33.3%
Li Auto	33.4	34.1	40.9	-18.4%	-2.2%	-3.0%	163		
GWM	30.4	26.9	32.6	-6.7%	13.2%	-11.3%	110		
XPENG	32.2	31.0	33.5	-4.1%	3.7%	-22.6%	126		
Leapmotor	81.6	71.4	45.1	81.0%	14.3%	51.5%	263	1,000	26.3%
NIO	37.7	29.4	23.2	62.3%	28.4%	68.7%	151	475	31.7%
HIMA	46.1	32.8	44.5	3.8%	40.8%	26.5%	192		
Seres	30.2	30.0	36.5	-17.2%	0.6%	19.9%	130		
Xiaomi	30.0	36.7	28.0	7.1%	-18.3%	11.4%	148	550	26.8%
Voyah	13.0	15.1	10.0	29.7%	-14.1%	34.7%	62	225	27.6%

Source: CAAM, company data, Nomura research

Fig. 2: BYD – monthly PV EV shipments trend



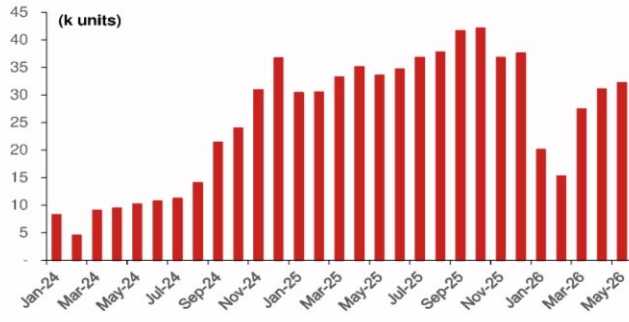
Source: Company data, Nomura research

Fig. 3: NIO – monthly sales by sub brands



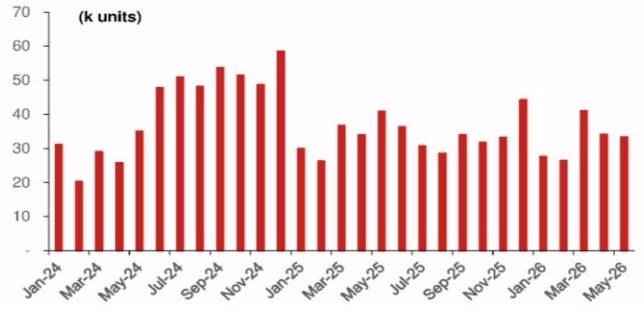
Source: Company data, CAAM, Nomura research

Fig. 4: XPENG monthly sales



Source: Company data, Nomura research

Fig. 5: Li Auto monthly sales



Source: Company data, Nomura research

Appendix A-1

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Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
BYD	1211 HK	HKD 90.75	01-Jun-2026	Buy	N/A	A10
Li Auto Inc.	LI US	USD 15.01	29-May-2026	Neutral	N/A	A10
NIO Inc	NIO US	USD 5.60	29-May-2026	Buy	N/A	
XPENG Inc.	XPEV US	USD 16.45	29-May-2026	Buy	N/A	A10

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BYD (1211 HK)

HKD 90.75 (01-Jun-2026) Buy (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of HKD127.00 is based on SOTP valuation method. We value BYD's auto and related products segment at CNY959bn based on 25x FY26F P/E multiple (12% discount comparing with BYD's historical median level while also based on 1x PEG during FY25-28F) while value BYD Electronics at CNY57.2bn based on 17x FY26E (based on Bloomberg consensus estimates) P/E multiple (0.5SDV above its historical median level). Our benchmark for the stock is HSI Index.

Risks that may impede the achievement of the target price Downside risks include: (1) further intensifying market competition dynamics which may have negative impact to its margins and/or market share; (2) slower-than-expected overseas business expansion; (3) less-than-expected positive effect on demand from further upgrade of its technology platform.

Li Auto Inc. (LI US)

USD 15.01 (29-May-2026) Neutral (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of USD20.00 is based on DCF valuation method. Our DCF valuation assumes a WACC of 11.9%, market risk premium of 11.1% and terminal growth rate of 1.5% while we discounted back cash flow to 2026 as a 12 months forward valuation. Our TP implies 1.1x 2026F P/S. The benchmark index for this stock is the NASDAQ Composite Index.

Risks that may impede the achievement of the target price Downside risks include: 1) intensified competition in China EV market; 2) weaker-than-expected momentum for its new L series models; and 3) unexpected supply chain disruption for EV and smart vehicles. Upside risk include: 1) stronger-than-expected sales for its BEV and new L series models; 2) better-than-expected margins recovery; and 3) faster-than-expected overseas expansion.

NIO Inc (NIO US)

USD 5.60 (29-May-2026) Buy (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of USD8.60 is based on DCF valuation method. Our DCF valuation assumes a WACC of 9.8%, market risk premium of 10.1% and terminal growth rate of 1.5% while we discounted back cash flow to 2026 as a 12 months forward valuation. Our TP implies 1.1x 2026F P/S. The benchmark index for this stock is the NASDAQ Composite Index.

Risks that may impede the achievement of the target price Downside risks include: 1) failure to ramp up production capacity meeting its rising demand; 2) fail to gain further market share from new models; 3) less than expected opex improvement lead to more pressure on its financials.

XPENG Inc. (XPEV US)

USD 16.45 (29-May-2026) Buy (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of USD23.00 is based on DCF valuation method. Our DCF valuation assumes a WACC of 9.9%, market risk premium of 10.9% and terminal growth rate of 1.5% while we discounted back cash flow to 2026 as a 12 months forward valuation. Our TP implies 1.6x 2026F P/S. The benchmark index for this stock is the NASDAQ Composite Index.

Risks that may impede the achievement of the target price Downside risks include: 1) weaker-than-expected growth for its new models to be launched within 2026; 2) further competition intensified in China auto market; 3) slower-than-expected development in robotaxi and humanoid robots.

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