BERNSTEIN
SOCIETE GENERALE GROUP

21 September 2026

Asian Autos

Chinese Autos: Weak gets weaker – August domestic sales -22.7% YoY, EV penetration 63.1%; Export + 67.1% YoY



Eunice Lee, CFA
+852 2123 2606
eunice.lee@bernsteinsg.com



Ethan Xu
+852 2123 2634
ethan.xu@bernsteinsg.com

China auto wholesale -5.9% YoY in August, with domestic retail volume -22.7% and export +67.1%. We track mandatory first-time auto insurance volumes in China, which we believe gives the most accurate read on retail sell-through. August retail passenger vehicle sales totaled 1.56mn units, -22.7% yoy. This marks the second-weakest August print over the past decade, behind only 2019, when the implementation of new national emission standards weighed on demand.

August retail SAAR reached 19.4mn units only, trending lower than 20.8mn in July 2026 and below our estimate of normalized annual demand of c.22mn units. August softness was driven by the pull-forward effect of the 2024-25 subsidy programs and a high base, while anticipation of new model launches likely kept some buyers on the sidelines. Barring further policy stimulus, we see limited catalysts for a meaningful recovery in domestic demand before November–December, when base effects are expected to normalize. *(Links to monthly sales volume trackers: Wholesale, and Retail.)*

August EV penetration reached 63.1%, with BEVs accounting for 44.2% and PHEVs 18.9%. EV sales declined -11.3% YoY, with BEVs down -3.4% and PHEVs down -25.6%. PHEV demand remains under pressure as improvements in BEV range and charging performance, coupled with narrowing price differentials, have weakened PHEVs' value proposition. Policy changes, including reduced tax incentives, are likely to further accelerate the shift toward BEVs. On the other hand, **ICE sales -36.7% YoY.** Persistent weakness among traditional automakers could drive further consolidation and restructuring. Recent developments, including the proposed GAC-FAW restructuring, suggest the industry consolidation theme is beginning to gain traction. *(GAC announces restructuring with FAW)*

BYD's China EV market share reached 23.7% in August, versus 21.5% in 1H 2026. BYD maintained its position as China's largest EV manufacturer, delivering 233k units across its BYD, Fangchengbao, Denza, Yangwang, and Linghui brands. Demand for its latest fast-charging models remains strong, with a 2 to 3.5 months backlog for longer ranger versions. We expect deliveries to accelerate in the coming months as battery supply constraints ease. Management expects battery capacity additions to support an incremental 20k flash-charging EVs per month, with constraints fully resolved by Q1 2027. Geely Group ranked second with 111k units and 11.4% share, followed by Leapmotor at 72k units (7.3%).

Premium brand sales saw -15.1% yoy decline in August and mass market brand cars plunged -23.9% yoy, reflecting ongoing weakness driven by a high comparison base and demand pulled forward by last year's subsidies. Among major traditional premium brands, Porsche posted the weakest performance, declining 38%, followed by Mercedes at 34%, BMW at 28%, and Audi at 26%.

Exports grew +67.1% yoy in August, with ICE +17% and EV +139%. Exports made up 37% of total PV wholesale, partially offsetting the weak domestic demand. BEV & PHEV exports contributed c.59% of total export volume. Chery continued to lead with 194k units (+53% yoy), followed by BYD with 184k (+122%) and Geely with 109k units (+203%).

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.

First Published: 21 Sep 2026 02:44 UTC Completion Date: 21 Sep 2026 02:44 UTC

BERNSTEIN TICKER TABLE

Ticker	Rating	Cur	18 Sep 2026 Closing Price	Price Target	TTM Rel. Perf.	Cur	Reported EPS 2025A	2026E	2027E	Reported P/E (x) 2025A	2026E	2027E
1211.HK (BYD)	O	HKD	81.50	130.00	(52.0)%	CNY	3.58	4.12	5.50	19.4	16.9	12.7
002594.CH (BYD)	O	CNY	84.30	114.00	(46.5)%	CNY	3.58	4.12	5.50	23.5	20.5	15.3
1810.HK (Xiaomi)	O	HKD	26.40	35.00	(68.8)%	CNY	1.62	0.89	1.29	13.9	25.4	17.5
175.HK (Geely)	O	HKD	15.94	25.00	(39.9)%	CNY	1.67	2.09	2.29	8.2	6.5	5.9
LI (Li Auto)	M	USD	12.14	14.50	(68.8)%	CNY	1.13	(5.24)	1.08	71.9	(15.5)	75.0
2015.HK (Li Auto)	M	HKD	47.56	57.00	(76.5)%	CNY	0.57	(2.62)	0.54	71.8	(15.5)	74.9
XPEV (XPeng)	M	USD	10.62	20.00	(65.5)%	CNY	(1.20)	(2.03)	0.45	(59.4)	(35.0)	157.5
9868.HK (XPeng)	M	HKD	42.04	78.00	(73.8)%	CNY	(0.60)	(1.02)	0.23	(60.0)	(35.3)	158.9
NIO (NIO)	M	USD	3.66	5.00	(65.7)%	CNY	(6.85)	(1.73)	(1.03)	(3.6)	(14.2)	(23.8)
9866.HK (NIO)	M	HKD	29.10	39.00	(74.2)%	CNY	(6.85)	(1.73)	(1.03)	(3.6)	(14.4)	(24.1)
2333.HK (Great Wall-H)	M	HKD	7.48	10.00	(80.1)%	CNY	1.16	0.98	1.25	5.5	6.5	5.1
2238.HK (GAC)	M	HKD	2.45	2.00	(51.1)%	CNY	(0.85)	(0.74)	(0.15)	(2.5)	(2.8)	(13.5)
600104.CH (SAIC)	M	CNY	11.10	12.00	(66.1)%	CNY	0.89	0.72	0.85	12.5	15.5	13.1
ASIAX			1,953.49									
SPX			7,650.50									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

We maintain a cautious outlook for the sector. The reduction in subsidies and a 5% purchase tax hike on EVs have slowed market momentum. This follows strong demand pulled forward into 2024-2025 and a high comparison base, while macro headwinds and weak consumer sentiment persist. The industry will also face pressure from material cost inflation headwinds. We expect industry wholesale volumes to reach c.29-30 mn units, representing flat to -3% yoy growth. We forecast domestic retail demand of 20-21mn units, declining 11-13% yoy. Exports should remain a growth driver, arriving at 8.5-9mn units, growing 40-50% yoy.

The long term secular growth outlook for EVs remains intact and even though EV transition has come to the mass adoption phase in China, we forecast domestic EV sales growth will be c.1-3% yoy for 2026 and drive EV penetration to 62%. EV exports is going from strength to strength and projected to grow c.65-75% yoy in 2026, bringing overall EV wholesale shipment to 15-20% yoy. We believe competition within the domestic market will remain intense and overseas markets are increasingly important as a strategic growth opportunity. For our EV names, we rate **BYD and Xiaomi Outperform**, and **XPeng, Li Auto, and NIO Market-Perform**. Within our traditional Chinese OEMs coverage, we rate **Geely Outperform** and **Great Wall, GAC, and SAIC Market-Perform**.

Recent research highlights:

14 Sep 2026 - Quick Take: GAC announces restructuring with FAW. China's auto consolidation theme gains traction

7 Sep 2026 - EV TRACKER - July 2026: International EV sales surge as more consumers make the switch

4 Sep 2026 - China Smartphone Tracker (July): Sharper- than-usual seasonal slowdown post the "618" festival

1 Sep 2026 - NIO Q2: The launch treadmill — Growth awaits earnings leverage

31 Aug 2026 - SAIC Q2: The script has flipped — Self-owned brands step up as Volkswagen JV awaits inflection still

30 Aug 2026 - GAC Q2: Troubles on multiple fronts — Trumpchi weak, Honda in freefall; Toyota holding up, but Qijing execution key

28 Aug 2026 - BYD: Q2 Stronger than it looks; Share recovery underway

26 Aug 2026 - Li Auto Q2: Cash near market cap, yet earnings recovery pending

25 Aug 2026 - Great Wall: Soft Q2 — Russia exposure weighs on visibility

25 Aug 2026 - Humanoid robotics: The road to real-world adoption -- the market size and ROI of four key applications

24 Aug 2026 - XPeng: Q2 Losses Widen, Soft Q3 Outlook; US$6.3bn Robotics valuation highlights long-term optionality

21 Aug 2026 - Asia Consumer Blast: How to Revive China's Economy? Lessons from Henry Ford

18 Aug 2026 - Xiaomi Q2: Smartphones hold up better than feared; EV and IoT remain under pressure

18 Aug 2026 - Geely: Q2 in-line; Premium Mix and Exports drive resilience, Overseas guidance raised again

人在草木间

VALUATION COMPS TABLE

EXHIBIT 1: **Global autos comps sheet**

		Market cap $m	EV $m	Cars Sold m	P/E CY	P/E NTM+1	P/E NTM+2	EV/EBITDA CY	EV/EBITDA NTM+1	EV/EBITDA NTM+2	EV/SALES CY	EV/SALES NTM+1	EV/SALES NTM+2	Dividend yield CY	Dividend yield FY+1	Dividend yield FY+2	FCF Yield FY+2	EBIT% FY+1	ROCE FY+1	Net debt / EBITDA CY	Net debt / EBITDA FY+1	Net debt / EBITDA FY+2
BYD		104 *45	116.382	4 6	17 9x	13 9x	11 5x	6 0x	5 1x	4 5x	0 9x	0 8x	0 7x	1 4%	1 4%	1 4%	7 4%	6 0%	15 3%	0 0x	-0 2x	-0 4x
Xiaomi		84 453	72.323	0 4	22 1x	16 7x	13 1x	15 4x	11 9x	9 1x	1 1x	0 9x	0 8x	0 0%	0 0%	0 0%	6 2%	6 7%	11 4%	-0 1x	1 0x	0 9x
Li		12.490	6,798	0.4	n.a.	28.8x	14 0x	n.a.	7.5x	4.3x	0.4x	0.3x	0.3x	0.1%	0.1%	0.1%	6.5%	0.5%	0.8%	94.4x	-11.7x	-7.5x
NIO		9,906	10 393	0 4	n a	37 * 6x	26 0x	n.a	34.2x	14 5x	0 8x	0.6x	0 5x	0 0%	0 0%	0 0%	10.0%	0 7%	1 6%	5 5x	-5 2x	-3 4x
XPeng		8,970	8,397	0 3	n a	24 2x	12 3x	8 2x	5 5x	4 3x	0 4x	0 4x	0 3x	0 0%	0 0%	0 0%	16 0%	1 0%	4 1%	-1 4x	-1 4x	-1 8x
China EVs		**219,965**	**214,293**	**6.2**	**25.3x**	**16.4x**	**12.6x**	**8.7x**	**6.8x**	**5.6x**	**0.9x**	**0.7x**	**0.7x**	**0.7%**	**0.7%**	**0.7%**	**7.3%**	**5.0%**	**11.1%**	**-0.5x**	**-0.8x**	**-1.0x**
Geely		21 750	20.412	3 0	6 9x	5 7x	4 8x	3.8x	3 3x	2.9x	0 3x	0.3x	0.3x	4 4%	4.4%	4.4%	17.6%	5 9%	22.1%	-1.6x	-1 5x	-1 7x
SAIC		19 287	16 541	4 5	12 0x	10 6x	9 2x	3 3x	3 0x	2 9x	0 2x	0 2x	0 2x	2 5%	2 5%	2 5%	5 9%	3 0%	3 9%	-2 4x	-2 3x	-2 5x
Great Wall		15 292	14 425	1 3	11 0x	9 1x	7 9x	5 2x	4 6x	4 1x	0 4x	0.4x	0 3x	5 2%	5 2%	5 2%	10 0%	4 8%	9.9%	-1 2x	-0 9x	-1 0x
GAC		6,446	9,399	1.7	n.a.	n.a	n.a.	n.a.	123.3x	16.2x	0.6x	0.5x	0.5x	0.0%	0.0%	0.0%	18.2%	6.9%	5.8%	-1.0x	16 1x	2.1x
China OEMs		**62,775**	**60,777**	**10.6**	**12.3x**	**9.3x**	**7.5x**	**4.8x**	**4.1x**	**3.6x**	**0.3x**	**0.3x**	**0.2x**	**3.6%**	**3.6%**	**3.6%**	**8.5%**	**3.5%**	**5.7%**	**-1.8x**	**-1.6x**	**-1.7x**
Mercedes-Benz	§	50.060	25.033	2 2	8 7x	7 1x	6 3x	1 5x	1 4x	1 3x	0 2x	0 2x	0 2x	7 2%	7 2%	7 2%	10.5%	5.9%	3.8%	2 2x	2 0x	2 0x
Volkswagen	§	45 288	43 765	9 0	4 7x	3 6x	3 2x	0 9x	0 8x	0.8x	0 1x	0.1x	0.1x	6 5%	6.5%	6.5%	13.1%	4.8%	3.3%	0 0x	-0 1x	-0 1x
BMW	§	43.898	31.675	2.5	9 8x	7.0x	5.7x	1.8x	1.7x	1.5x	0.2x	0.2x	0.2x	3 8%	3.8%	3 8%	9 5%	5 8%	3.7%	2 9x	2.1x	2.1x
Stellantis	*	14,286	6,527	5 5	10 9x	4 8x	2 8x	0 6x	0 5x	0 4x	0 0x	0 0x	0 0x	0 7%	0 7%	0.7%	0 5%	2.6%	4.5%	-0.8x	-0 6x	-0 6x
Renault	§	9,561	-184	2 3	4 9x	4 7x	4 5x	0 0x	0 0x	0 0x	0 0x	0.0x	0 0x	7 9%	7 9%	7 9%	16 5%	4 7%	3.0%	-1 3x	-1 4x	-1 2x
Volvo Cars	&	5,496	5,177	0 7	9 4x	5 8x	4 4x	1 5x	1 3x	1 2x	0 1x	0 1x	0 1x	0 0%	0 0%	0 0%	18 0%	3 6%	6 4%	-0 7x	-0 8x	-0 9x
EU OEMs		**168,408**	**111,993**	**22.1**	**7.1x**	**5.3x**	**4.4x**	**1.0x**	**1.0x**	**0.9x**	**0.1x**	**0.1x**	**0.1x**	**5.4%**	**5.4%**	**5.4%**	**11%**	**4.7%**	**3.8%**	**-0.1x**	**-0.2x**	**-0.2x**
GM	*	73 960	71 930	6 2	6 3x	6 0x	6 1x	3 2x	3 0x	3 0x	0 4x	0.4x	0 4x	0 9%	0 9%	0 9%	13.6%	8 4%	7.3%	-0 2x	-0 4x	-0 4x
Ford	*	53 234	50.388	4 4	7 0x	6 7x	6 4x	3 6x	3 4x	3 1x	0 3x	0.3x	0 3x	4 5%	4.5%	4 5%	7 7%	6 1%	6.2%	-0 1x	-0 3x	-0 3x
US OEMs		**127,195**	**122,319**	**10.6**	**6.6x**	**6.3x**	**6.2x**	**3.3x**	**3.1x**	**3.1x**	**0.3x**	**0.3x**	**0.3x**	**2.4%**	**2.4%**	**2.4%**	**11%**	**7.3%**	**6.8%**	**-0.2x**	**-0.3x**	**-0.4x**
Tesla	*	1,414.254	1 387 471	1 6	251 9x	182 3x	127.3x	99 7x	78.8x	56 0x	*3.1x	11 6x	9 9x	0.0%	0.0%	0.0%	-0.6%	5.3%	6.0%	-1 9x	-1 0x	-0 1x
Rivian	*	22 051	23 545	0 0	n a	n a	n.a.	n.a	n a	n.a	3 2x	2.0x	1 5x	0 0%	0 0%	0 0%	-14 5%	-26 8%	-32 3%	0 8x	4.7x	539 8x
Lucid	*	1,592	7,394	0 0	n a	n a	n a	n a	n a	n a	4 6x	2 2x	1 1x	0 0%	0 0%	0 0%	-145 3%	-78 2%	-42 4%			
Polestar	*	1,051	3,883	n a	n a	n a	n.a.	n.a.	n.a	n.a.	1 2x	0.9x	0.6x	0 0%	0 0%	0 0%	n.a.	-22 1%	78 6%	-5 5x	-7 7x	-10 7x
US EVs		**1,438,948**	**1,422,292**	**1.7**	**n.a.**	**1,171.0x**	**234.2x**	**174.0x**	**101.1x**	**61.1x**	**12.0x**	**10.2x**	**8.4x**	**0.0%**	**0.0%**	**0.0%**	**-0.9%**	**-0.3%**	**-0.3%**	**-2.8x**	**-1.2x**	**-0.1x**
Toyota	%	283 041	240.891	9 6	11 8x	10 8x	10 1x	6 4x	5 7x	5 3x	0 7x	0 7x	0 7x	3 4%	3 4%	3 4%	4 0%	8 1%	5 3%	3 5x	3 3x	2 9x
Honda	%	49 236	104.791	2 7	14 4x	9 1x	7 7x	10 6x	7 8x	7 0x	0 7x	0 7x	0 6x	4 2%	4 2%	4 2%	1 4%	5 0%	4 7%	5 5x	4 4x	4 4x
Suzuki	%	25 597	28.939	3 6	8 7x	8 9x	8 3x	5 2x	4 8x	4 5x	0 6x	0 6x	0 6x	2 6%	2 6%	2 6%	6 5%	9 1%	13 4%	-0 6x	-0 7x	-0 8x
Subaru	%	12 212	3.364	0 9	12 3x	10 0x	9 1x	1 5x	1 3x	1 3x	0 1x	0 1x	0 1x	4 5%	4 5%	4 5%	11 7%	4 0%	6 8%	-1 8x	-1 9x	-2 0x
Nissan	%	7,431	4,256	2 4	34 2x	8 2x	6 2x	1 1x	0 9x	0 8x	0 1x	0 1x	0 0x	0 0%	0 0%	0 0%	11 3%	2 1%	2.0%	11 7x	10 3x	9 4x
Mazda	%	4,706	2,656	1.1	7 2x	6.1x	5.5x	1.5x	1.4x	1.3x	0.1x	0.1x	0.1x	4.7%	4.7%	4.7%	11.2%	3.1%	6.3%	-1.0x	-1 0x	-1 2x
Mitsubishi	*	3,459	4,393	1 0	18 6x	11 5x	9 4x	4 0x	3 6x	3 5x	0 2x	0 2x	0 2x	2 7%	2 7%	2 7%	-1 1%	3 1%	7 8%	-0 6x	-0 7x	-0 9x
Japanese OEMs		**385,682**	**389,290**	**21.3**	**11.9x**	**10.3x**	**9.3x**	**6.2x**	**5.4x**	**5.0x**	**0.5x**	**0.5x**	**0.5x**	**3.4%**	**3.4%**	**3.4%**	**4.3%**	**6.2%**	**5 2%**	**3.6x**	**3.2x**	**3.0x**
Hyundai	*	53 453	167.059	4 1	7 3x	6 5x	6 0x	13 3x	11 9x	11 0x	1 2x	1 1x	1 1x	3 1%	3 1%	3 1%	0 0%	6 5%	4.5%	8 9x	8.2x	7 6x
Kia	*	33 827	20.138	3 1	5 4x	5 0x	4 6x	2 1x	1 9x	1 8x	0 2x	0.2x	0 2x	5 7%	5 7%	5 7%	17 4%	8 5%	17 7%	-1 7x	-1 8x	-2 0x
Korean OEMs		**87,280**	**187,197**	**7.3**	**6.4x**	**5.8x**	**5.4x**	**8.4x**	**7.6x**	**7.1x**	**0.8x**	**0.8x**	**0.7x**	**4.1%**	**4.1%**	**4.1%**	**7%**	**7.3%**	**6.8%**	**4.3x**	**3.9x**	**3.5x**
Ferrari	§	72 534	64 980	0 014	35 9x	32 6x	30 4x	18 7x	17.0x	15 8x	7 3x	6 8x	6 4x	1 1%	1 1%	1 1%	2 7%	30 5%	36 5%	0 0x	-0 1x	-0 2x
Porsche AG	§	47 262	46.015	0 3	23 8x	21 7x	16 6x	6 2x	5 8x	5 1x	1 1x	1 2x	1 1x	2 2%	2 2%	2 2%	4 8%	7 6%	7 0%	1 3x	1 0x	1 0x
Aston Martin	&	445	2.456	0 005	n a	n a	n a	6 5x	5 1x	4 5x	1 2x	1 1x	1 1x	0 0%	0 0%	0 0%	-26 7%	-0 8%	-0 7%	5 4x	4 5x	4 1x
Luxury OEMs		**120,241**	**113,450**	**0.3**	**32.5x**	**28.9x**	**23.9x**	**10.1x**	**9.3x**	**8.3x**	**2.2x**	**2.2x**	**2.1x**	**1.5%**	**1.5%**	**1.5%**	**3.4%**	**11.5%**	**11.0%**	**1.0x**	**0.8x**	**0.7x**
Global OEMs (ex EV)		**951,581**	**985,027**	**72.2**	**9.7x**	**8.2x**	**7.3x**	**3.9x**	**3.5x**	**3.3x**	**0.4x**	**0.4x**	**0.4x**	**3.4%**	**3.4%**	**3.4%**	**8%**	**5.7%**	**5.0%**	**1.2x**	**1.0x**	**0.9x**
Global EVs		**1,658,912**	**1,636.586**	**7.9**	**271.2x**	**113.3x**	**70.3x**	**49.8x**	**35.9x**	**26.6x**	**4.5x**	**3.8x**	**3.3x**	**0.1%**	**0.1%**	**0.1%**	**0%**	**3.3%**	**5.6%**	**-1.1x**	**-0.9x**	**-0.6x**

Pricing date: Sep 21, 2026; § covered by Bernstein's Stephen Reitman; & covered by Bernstein's Harry Martin; % covered by Bernstein's Masahiro Akita* not covered by Bernstein; calculated EVs exclude finco debt
Source: Bloomberg, Bernstein analysis

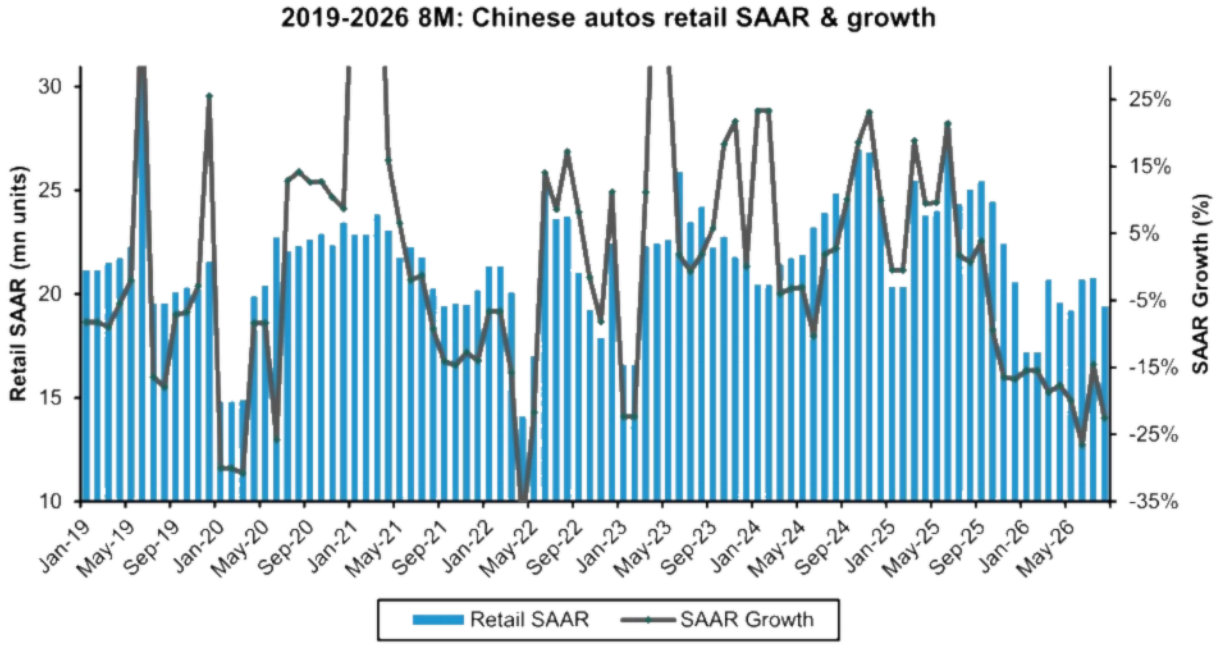
DETAILS

AUGUST 2026 CHINESE AUTOS RETAIL SELL-THROUGH 1.56MN UNITS, -22.7% YOY

Chinese autos retail sales, as measured by mandatory first-time insurance volumes, came in at 1.56mn units in August 2026, down 22.7% YoY. Retail SAAR registered at 19.4mn units, lower than 20.8mn in July 2026 and 25.1mn in August 2025. It was also below our estimate of normalized annual demand of c.22mn units. (Exhibit 2) August volumes remained weak, pressured by the pull-forward effects of last year's subsidy program. Consumer demand remained subdued, with buyers exhibiting high price sensitivity and waiting for more attractive discounts or policy support.

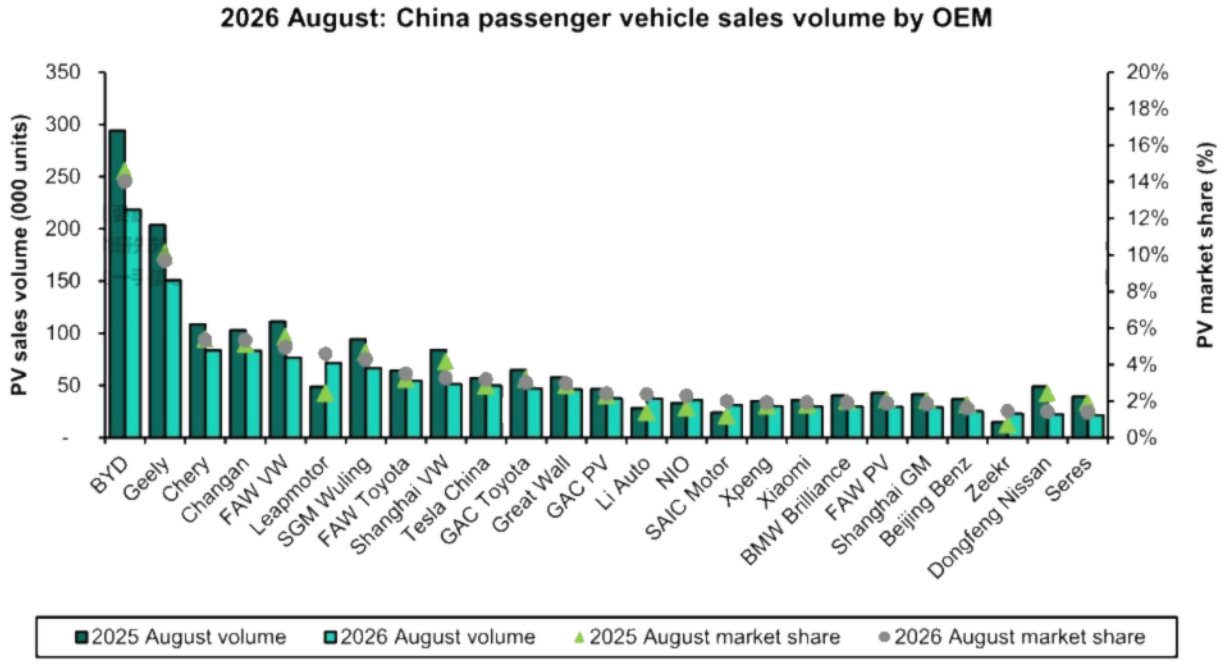
Across OEMs, mass-market makers recorded some of the steepest declines, with BYD -26% and Geely (excluding Zeekr) -26% YoY. Performance among premium EV brands diverged: NIO +8% YoY, while Xiaomi -17%, Huawei-backed AITO -45%, and Tesla -12%. Meanwhile, major traditional premium brands also weakened, with BMW -28% and Mercedes -34% at the overall brand level, while Audi -26% and Porsche -38%. JV brands continued to post steep declines, with GAC Honda -53%, Dongfeng Honda -42%, Dongfeng Nissan -54%, VW -35%, FAW Toyota -15%, and GAC Toyota -27%. Among other traditional Chinese automakers, Chery -23%, SGM Wuling -30%, and Changan -19%. (Exhibit 3 - Exhibit 4)

EXHIBIT 2: **Chinese autos retail sales came in at 1.56mn units in August 2026, -22.7% YoY**



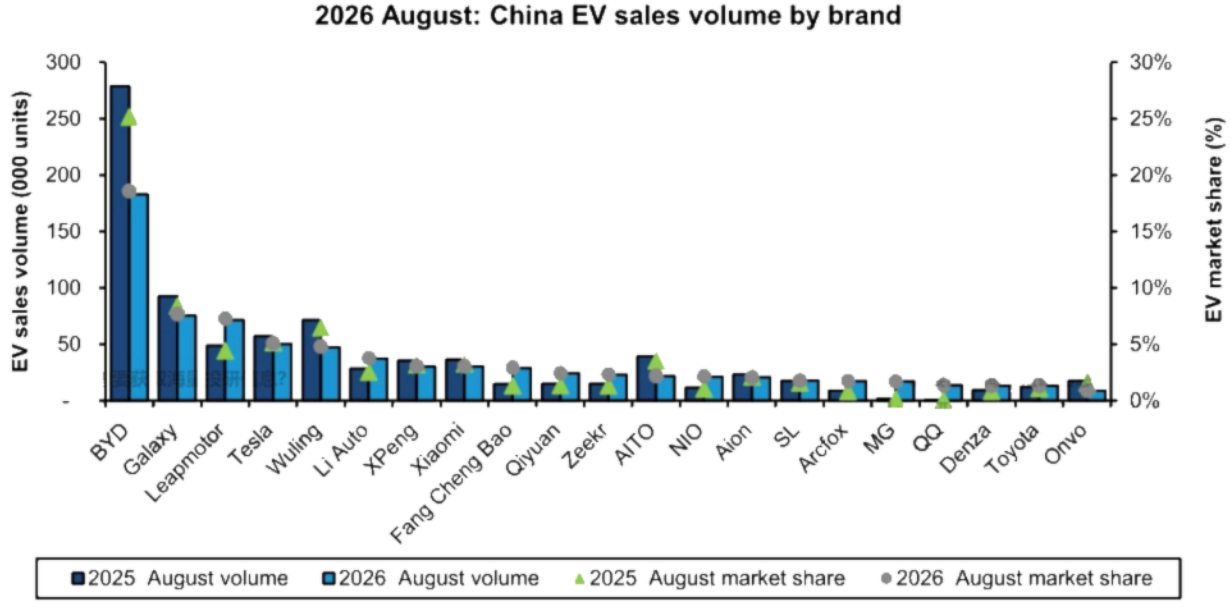
Source: C.A.D. and Bernstein analysis

EXHIBIT 3: **BYD Group (incl. BYD, Denza, Fangchengbao, Yangwang, and Linghui) maintained the top spot with 231k units and a 14.9% passenger vehicle market share, followed by Geely Group (incl. Galaxy, Geometry, Zeekr, and Lynk & Co) with 174k units and an 11.2% share, and Changan with 84k units and a 5.4% share**



Source: C.A.D. and Bernstein analysis

EXHIBIT 4: **BYD Group remained China's largest EV seller in August 2026, with volume rising to 233k units while share edged down to 23.7%; Geely Group ranked second with 111k units and 11.4% share, followed by Leapmotor at 72k units (7.3%)**



Source: C.A.D. and Bernstein analysis

19.4MN UNITS OF RETAIL SAAR FOR AUGUST 2026

We maintain an estimate of retail SAAR in China, based on historical monthly seasonality, adjusted for the timing of Lunar New Year holidays. We calculated that average retail SAAR for August 2026 came in at 19.4mn units (Exhibit 5), lower than 20.8mn units in July 2026, and trending below our estimate of c.22mn units for normalized annual Chinese autos demand. Excluding both imports and exports, we estimate domestic-only wholesale SAAR reached 19.5mn units in August, above domestic-only retail SAAR of 19.0mn units (Exhibit 6). On a 6-month rolling basis, our estimate for domestic-only wholesale SAAR was 19.5mn units, higher vs. domestic-only retail SAAR of 18.6mn units.

EXHIBIT 5: **Retail SAAR registered 19.4mn units, down from 20.8mn in July 2026 and 25.1mn in August 2025. August volumes remained weak, pressured by earlier demand pull-forward**



Note: For January and February of each year we've shown aggregate 2M retail SAAR, to minimize the volatility driven by Lunar New Year timing.
Source: C.A.D., Bernstein estimates and analysis

EXHIBIT 6: **Excluding both imports and exports, we estimate that the average aggregate SAAR of cars produced and sold domestically in China reached 19.5mn units in August, higher than the domestic retail SAAR of 19.0mn units**

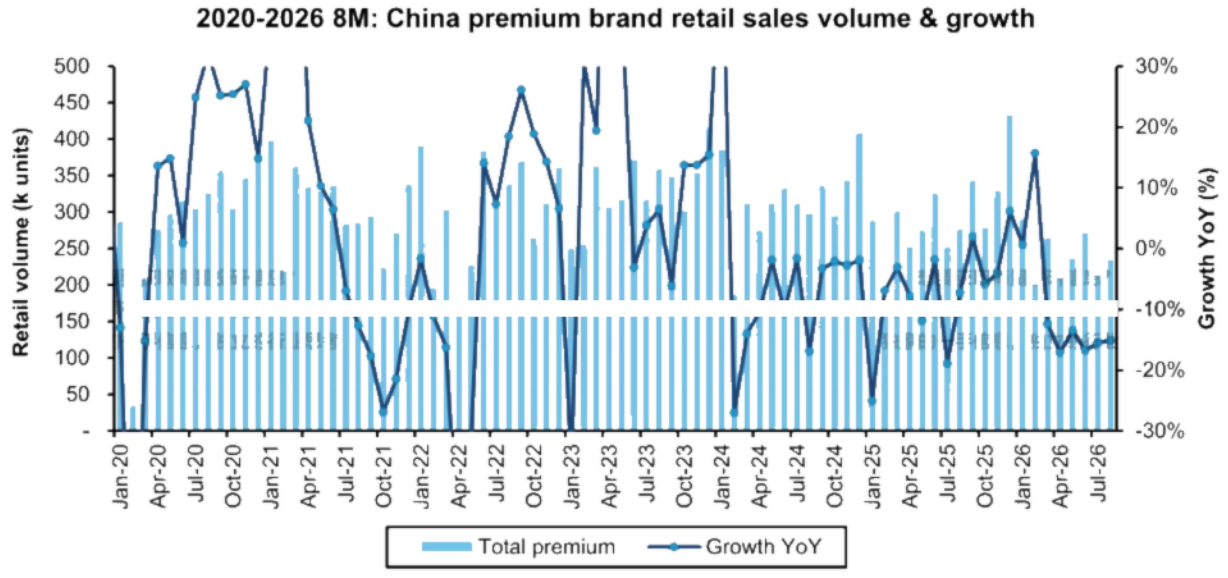


Note: For January and February of each year we've shown aggregate 2M retail SAAR, to minimize the volatility driven by Lunar New Year timing.
Source: CAAM, C.A.D., and Bernstein estimates and analysis

PREMIUM BRAND SALES -15.1% VS. MASS MARKET -23.9% YOY IN AUGUST 2026

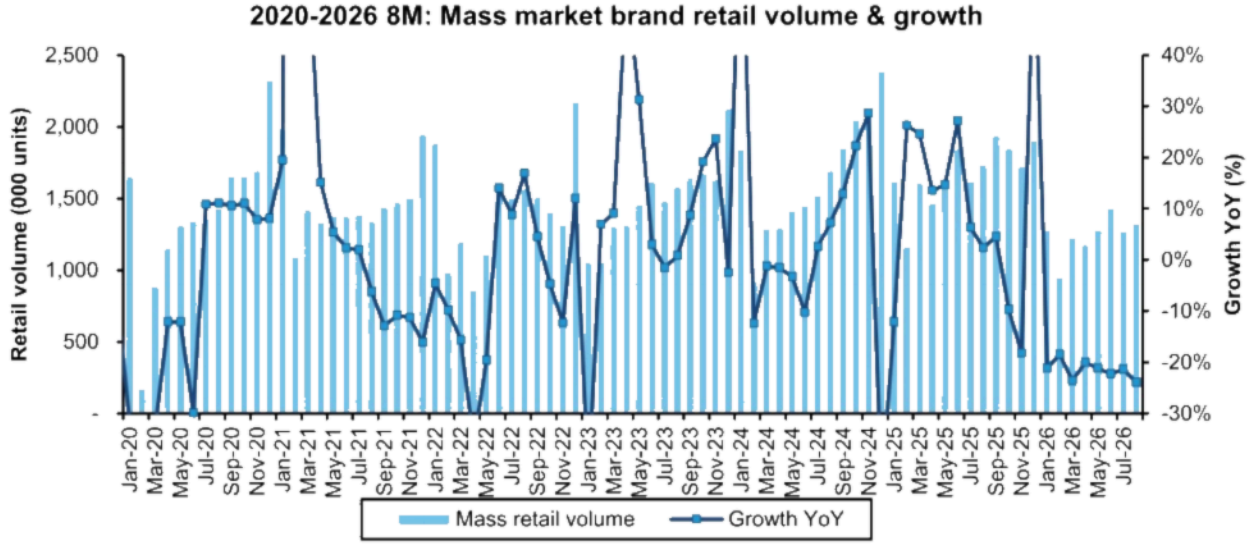
Premium brand sales saw a -15.1% yoy decline in August (Exhibit 7). Overall premium penetration increased to 15.1% in August from 14.4% in July 2026, and higher than 13.8% in August 2025. Retail sales volume of mass market brand cars plunged -23.9% yoy, reflecting ongoing weakness driven by a high comparison base and demand pulled forward by last year's subsidies. The sales of locally-built premium brand cars dropped by -11% yoy and import premium retail sales tumbled -37% yoy in August 2026 (Exhibit 8). Among major traditional premium brands, Porsche posted the weakest performance with a -38% decline, while Mercedes fell -34%, BMW fell -28% and Audi -26%.

EXHIBIT 7: **Retail volumes of premium market brand cars declined by -15.1% YoY in August 2026**



Source: C.A.D. and Bernstein analysis

EXHIBIT 8: **Retail sales volume of mass-market brand cars plunged -23.9% YoY in August 2026**



Source: C.A.D. and Bernstein analysis

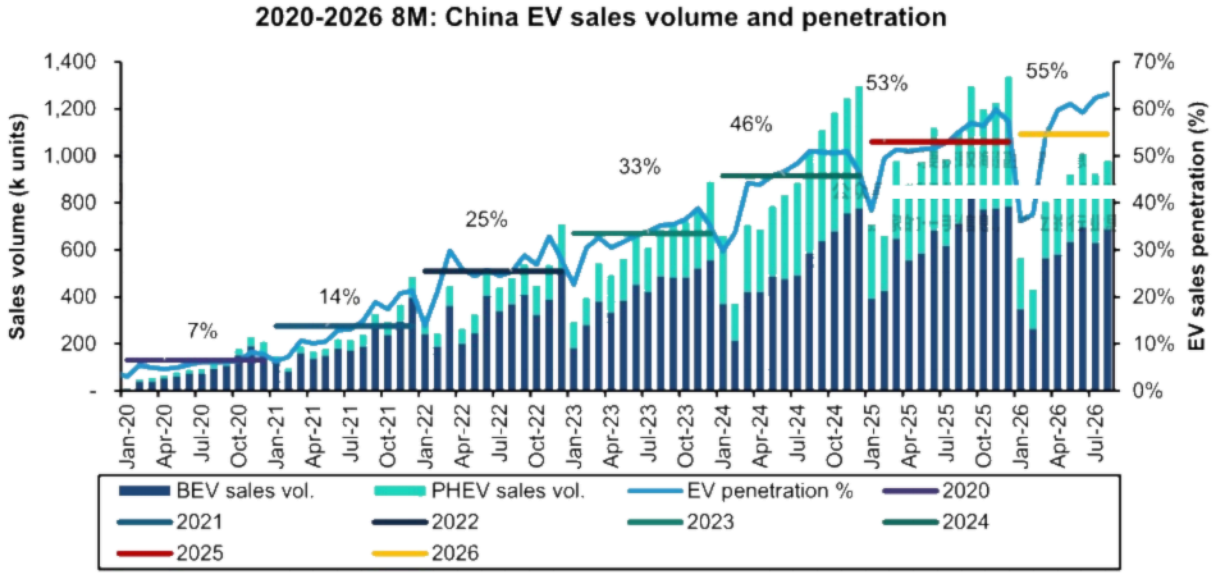
OVERALL EV SALES PENETRATION REACHED 63.1% IN AUGUST 2026

Overall EV sales (BEV & PHEV) fell -11.3% YoY to 0.98mn units in August, but showed improvement from March (-17.7% YoY), as consumers get used to higher purchase tax rate (5%) and welcome the rollout of new models. Rising oil price also help. Both BEV and PHEV sales weakened, with BEV sales decelerating -3.4% YoY and PHEV sales falling -25.6% YoY. Overall EV sales penetration grew to 63.1% in August 2026, with BEV penetration reaching 44.2% and PHEV at 18.9%. As of August 2026, BEV penetration rates in tier 1, 2, and 3 cities came in at 44%, 40%, and 35%, respectively; and PHEV penetration maintained 17% across Tier 1, 2, and 3 cities. (Exhibit 9— Exhibit 12)

BYD Group remained the largest EV seller in China with volume and share improving to 233k units and 23.7%. Geely Group ranked second with 111k units and 11.4% share, followed by Leapmotor at 72k units (7.3%). Other EV pure-plays included Xiaomi 30k

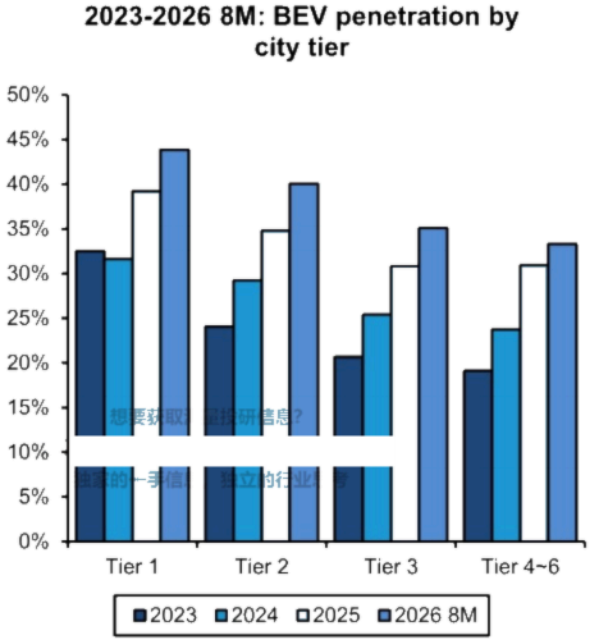
(3.1%), Li Auto 37k (3.8%), Tesla 50k (5.1%), XPeng 30k (3.1%), AITO 22k (2.2%) and NIO 21k (2.2%).(Exhibit 4)

EXHIBIT 9: **August EV penetration reached 63.1%; overall EV sales (BEV & PHEV) fell 11.3% YoY to 0.98mn units in August, dragged by PHEV, which fell 25.6%; meanwhile, BEV declined 3.4%**



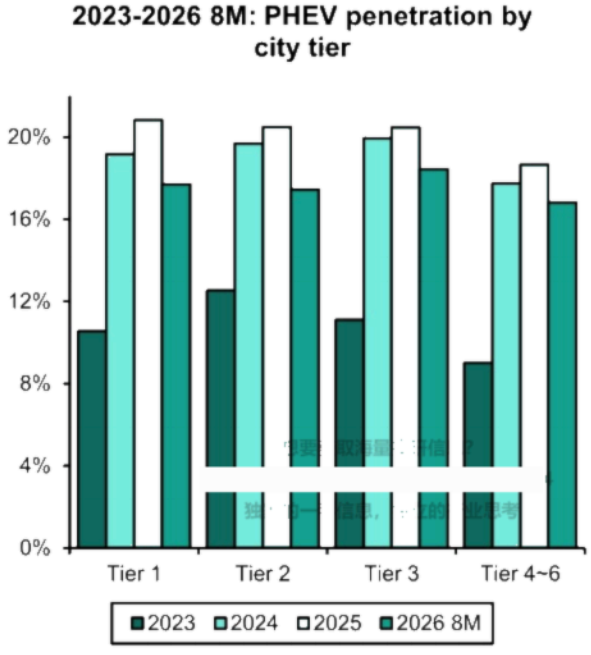
Source: C.A.D. and Bernstein analysis

EXHIBIT 10: **By city tier, BEV penetration rates in Tier 1, 2, and 3 cities came at 44%, 40%, and 35% as of August 2026**



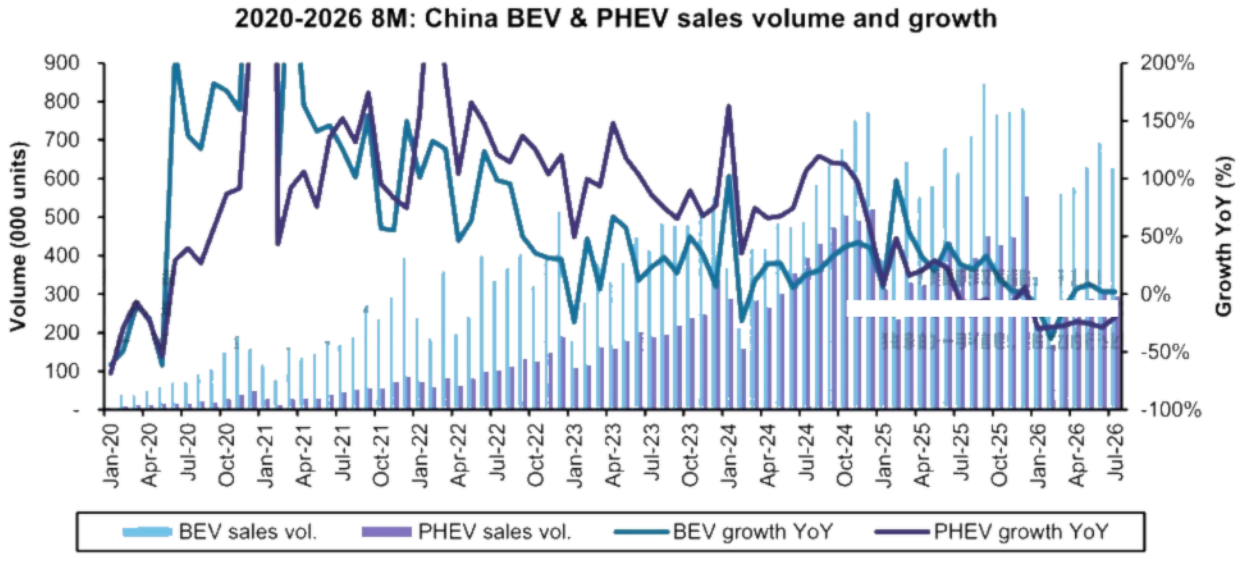
Source: C.A.D. and Bernstein analysis

EXHIBIT 11: **PHEV penetration maintained 17% across Tier 1, 2, and 3 cities**



Source: C.A.D. and Bernstein analysis

EXHIBIT 12: **In August 2026, BEV sales declined -3.4% yoy and PHEV decelerated to -25.6% yoy**



Source: C.A.D. and Bernstein analysis

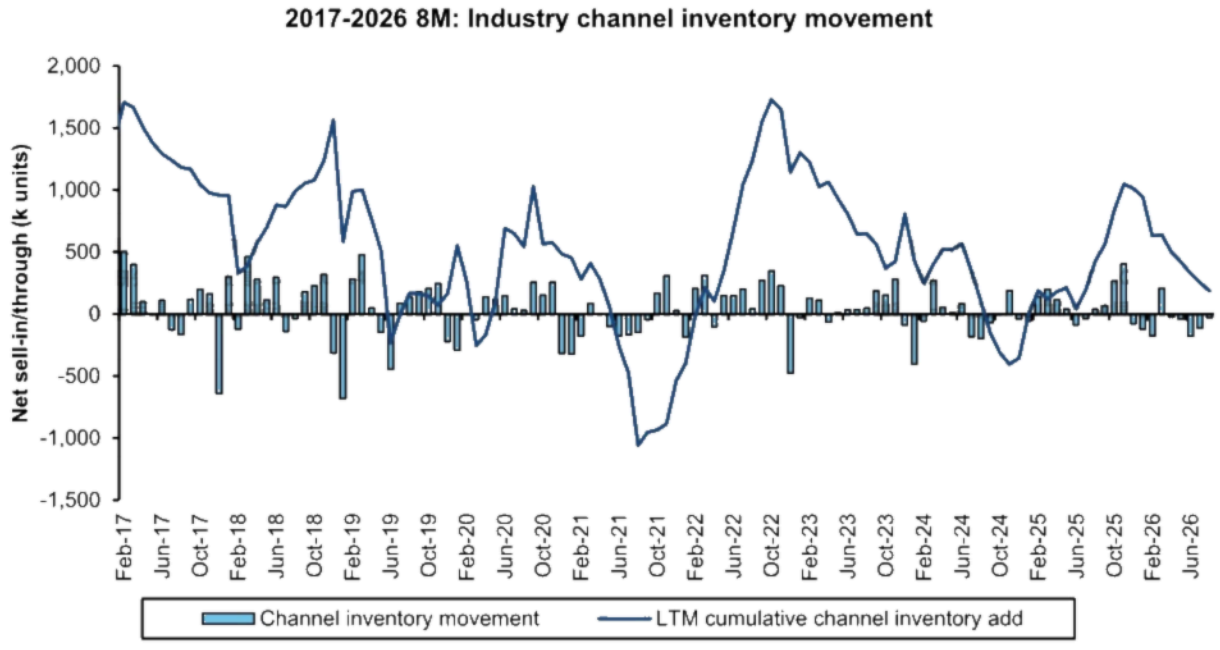
INVENTORY LEVELS IN CHECK

August retail volume stood at 1.53mn units, vs. 1.50mn units of domestic wholesale volumes reported by CAAM, which implies 30k units of net channel inventory de-stocking in August (vs. 112k de-stocking in July). On the other hand, EVs saw a restocking of 136k units during the same period. (Exhibit 13 - Exhibit 14)

Like-for-like retail pricing declined 1,044 bps yoy in August 2026, compared with a 1,122 bps decline in July 2026, likely due to competition pressure and de-stocking activities. We anticipate a moderation in pricing pressure in the longer term, supported by the government's anti-involution position and newly introduced rules that prohibit OEMs from pricing vehicles below cost (LINK). (Exhibit 15 - Exhibit 17)

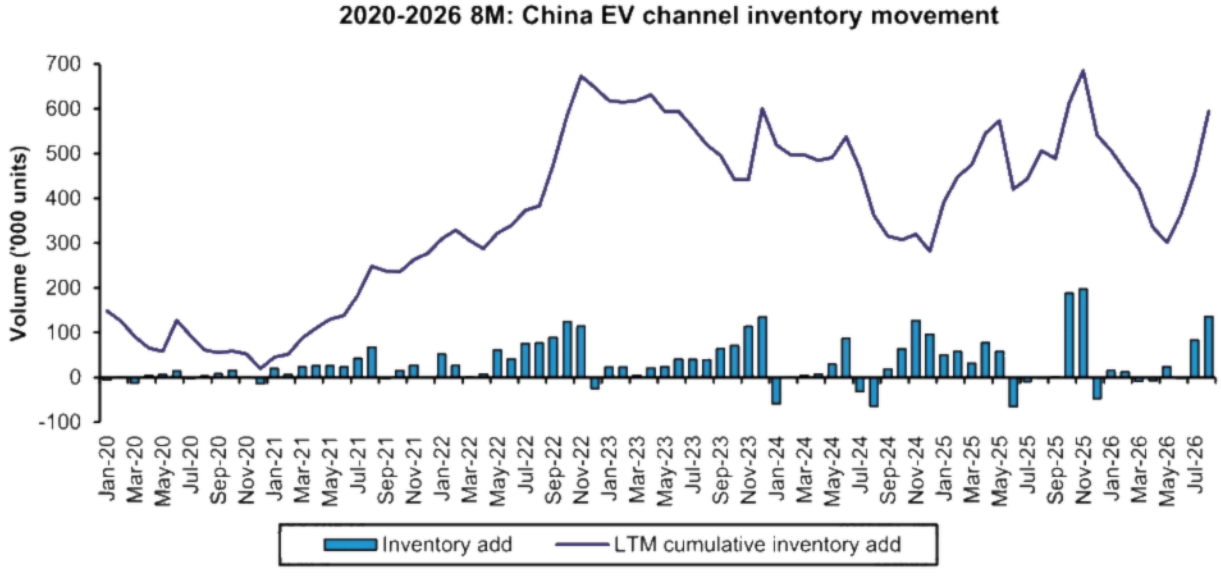
SGM Wuling, Dongfeng Nissan and GAC PV have seen the most restocking on a cumulative LTM basis. Among EV pure players, Ora, Denza, and BYD's channel inventory levels are relatively high. (Exhibit 18 — Exhibit 19)

EXHIBIT 13: **There were 30k units of net channel inventory destocking in August, compared to 112k net destocking in July**



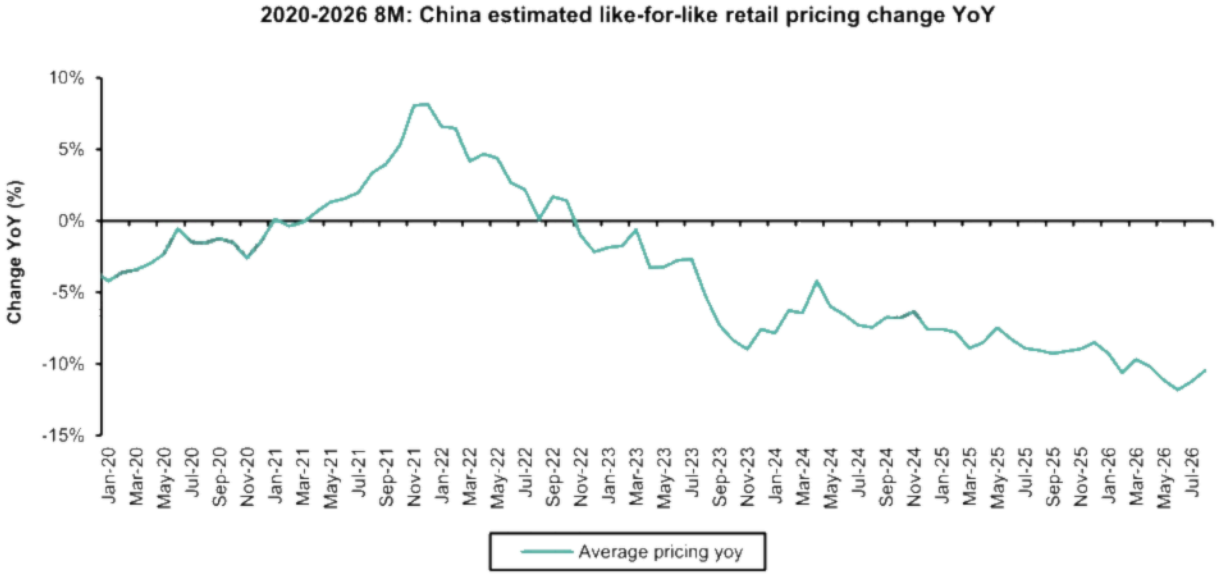
Source: CAAM, C.A.D. and Bernstein analysis

EXHIBIT 14: **EV net channel inventory increased by 136k units in August**



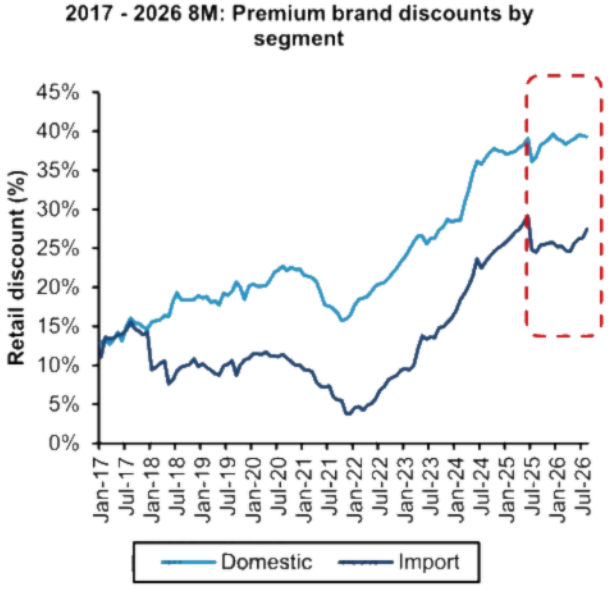
Source: CAAM, C.A.D., and Bernstein analysis

EXHIBIT 15: **Retail pricing sees moderate pressure due to the weak end-market demand; like-for-like pricing was -1,044 basis points in August, vs. -1,122 basis points yoy in July 2026**



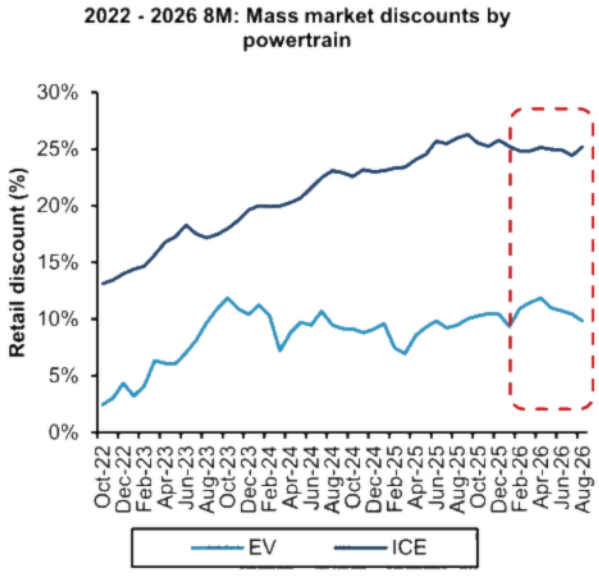
Source: C.A.D. and Bernstein analysis

EXHIBIT 16: **Both imported and domestic premium brand discounts remained flat in August**



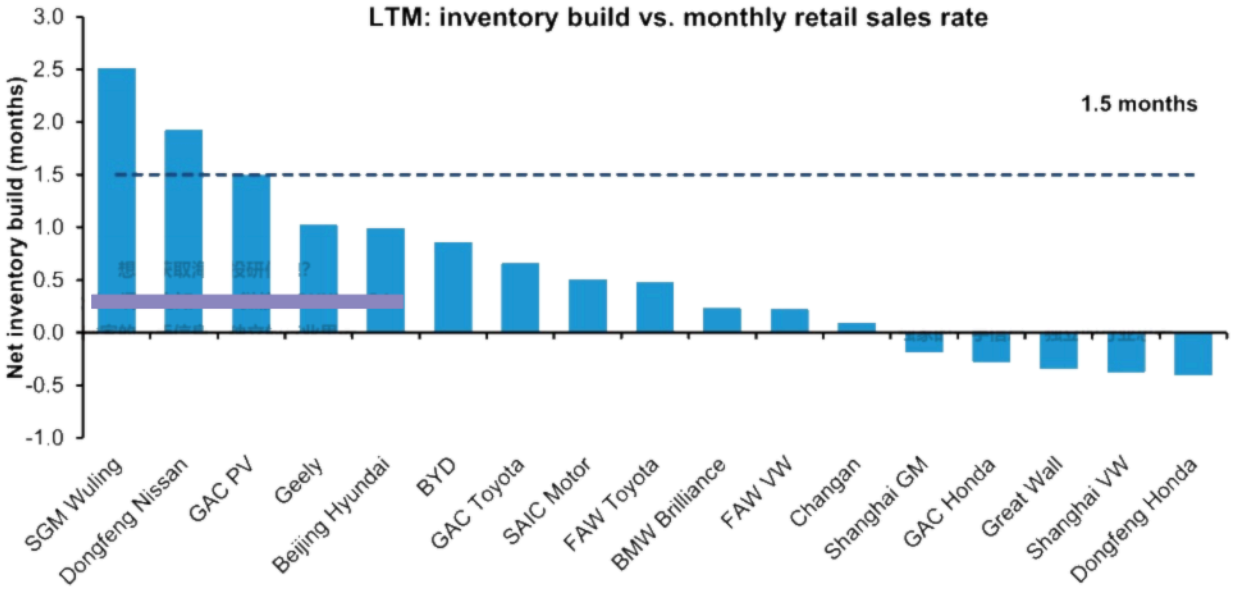
Source: C.A.D. and Bernstein analysis

EXHIBIT 17: **EV discounts eased further in August 2026; ICE rebounded**



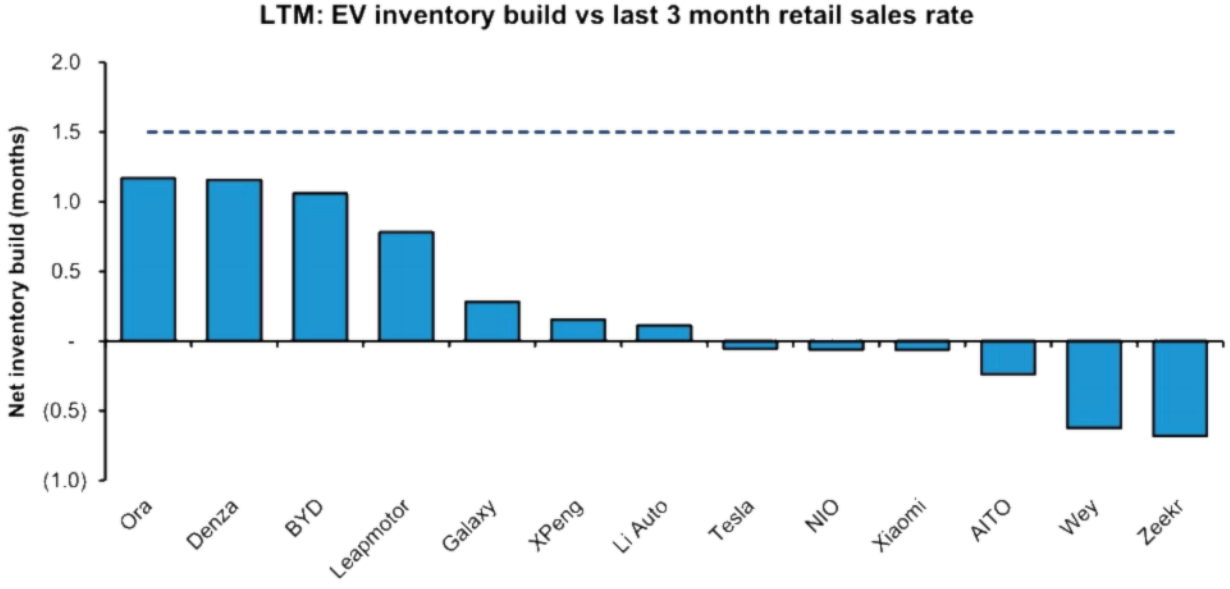
Source: C.A.D. and Bernstein analysis

EXHIBIT 18: **SGM Wuling, Dongfeng Nissan and GAC PV have seen the most restocking on a cumulative LTM basis**



Source: CAAM, C.A.D., and Bernstein analysis

EXHIBIT 19: **EV pure players' channel inventory levels are largely in check**

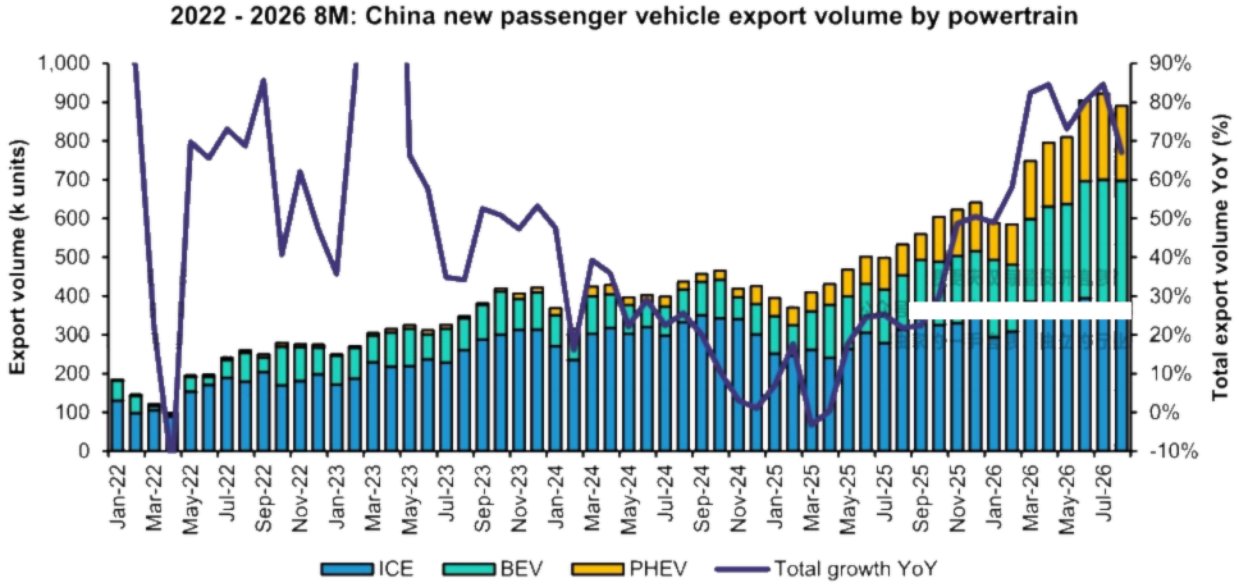


Source: CAAM, C.A.D., and Bernstein analysis

CHINA EXPORT MOMENTUM REMAINED STRONG, +67.1% YOY IN AUGUST

China's passenger vehicle exports grew +67.1% yoy in August, with ICE exports +17% and EV exports +139% (BEV +137% and PHEV +143%). Exports made up 37% of total PV wholesale, partially offsetting the weak domestic demand. BEV & PHEV exports contributed c.59% of total export volume. Chery led with 194k units (+53% yoy), followed by BYD with 184k (+122%). Geely maintained the third place with 109k units (+203%), while SAIC ranked fourth with 68k units (+48%). Great Wall exported 56k units, +40% yoy. (Exhibit 20)

EXHIBIT 20: **Export volume in August 2026 grew +67.1% yoy – ICE +17%, EV +139% (BEV +137% and PHEV +143%)**

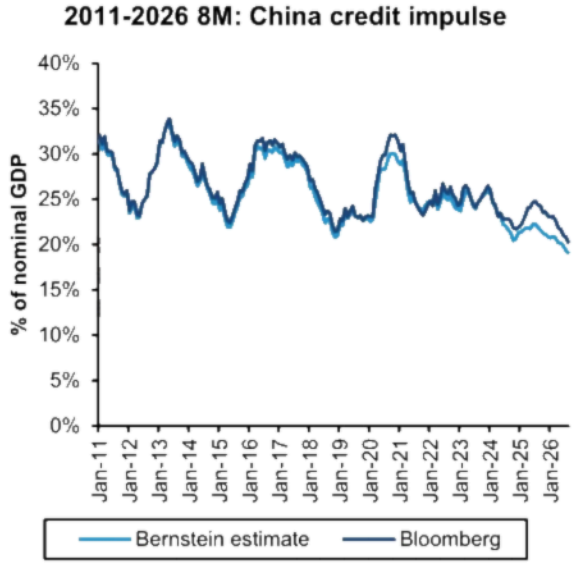


Source: CAAM and Bernstein analysis

CREDIT IMPULSE REMAINS WEAK

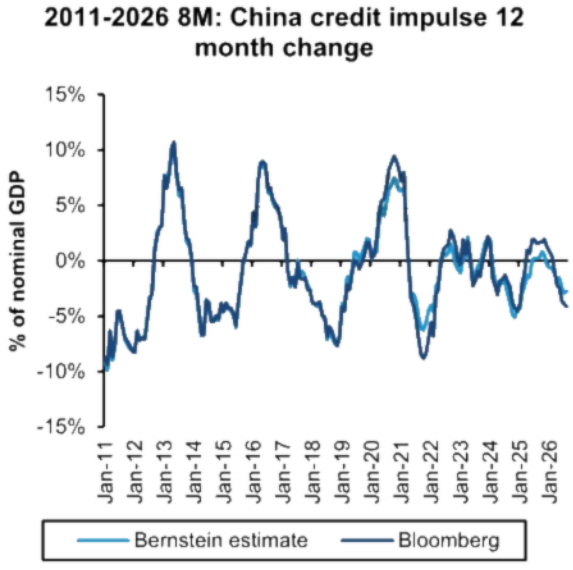
Our estimate for China's credit impulse came to 19.1% in August 2026, declining from 21.9% a year ago. 12 month change in Bloomberg's credit impulse deteriorated further to-4.1% this month, marking a continued downturn after its first negative print in March, which ended an 11-month period of positive momentum. (Exhibit 21 and Exhibit 22). We encourage monitoring credit levels closely. Historically, we have measured a meaningful positive correlation (c. 0.6) between China's auto demand and credit availability.

EXHIBIT 21: **We estimate China's credit impulse was 19.1% in August 2026...**



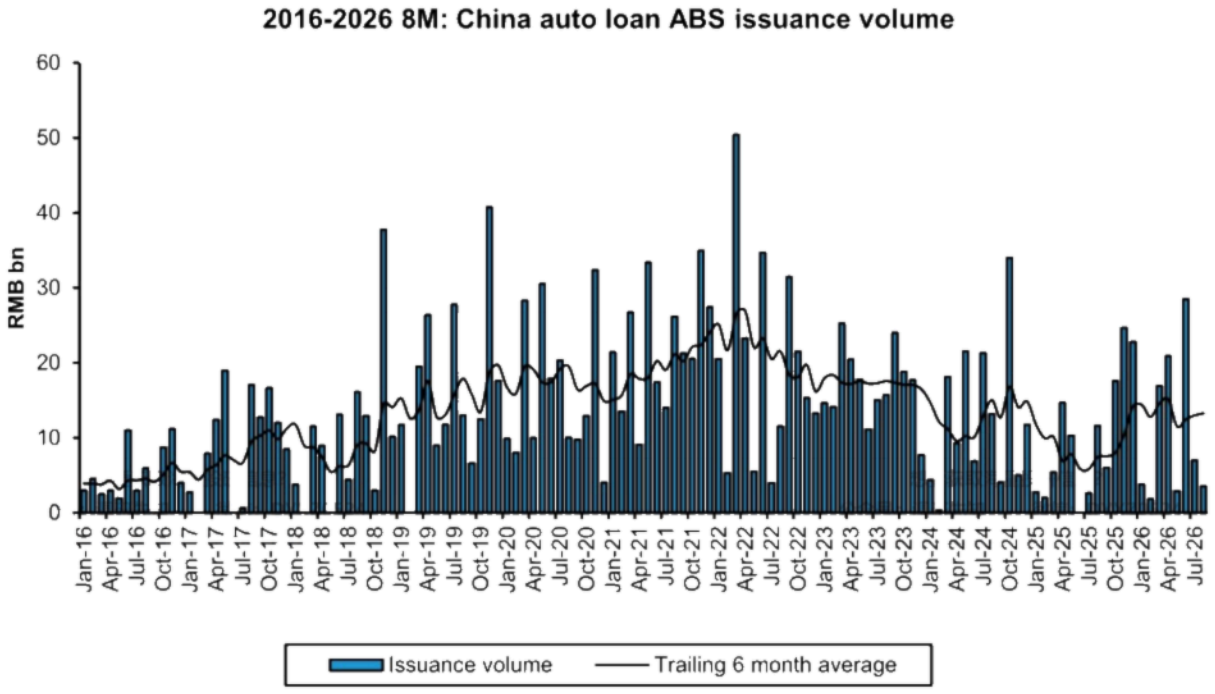
Source: PBOC, Bloomberg L.P., and Bernstein analysis

EXHIBIT 22: **... declining from 21.9% a year ago. 12 month change in Bloomberg's credit impulse maintained at -4.1% this month, marking a continued downturn after its first negative print in March, which ended an 11-month period of positive momentum**



Source: PBOC, Bloomberg L.P., and Bernstein analysis

EXHIBIT 23: **Auto loan issuance volume rebounded in June 2026**



Source: Wind and Bernstein analysis