BERNSTEIN
SOCIETE GENERALE GROUP

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Asian Autos

Chinese Autos: Golden September Loses its shine – Domestic sales -26.8% YoY, EV penetration 65.0%; Export +64.2% YoY



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China auto wholesale -9.6% YoY in September, with domestic retail volume -26.8% and export +64.2%. We track mandatory first-time auto insurance volumes in China, which we believe gives the most accurate read on retail sell-through. September retail passenger vehicle sales totaled 1.67mn units, -26.8% yoy. The steep YoY decline reflects subdued consumer sentiment and a high comparison base, as September 2025 benefited from stronger government subsidy support.

September retail SAAR reached 18.7mn units only, trending lower than 19.4mn in August 2026 and below our estimate of normalized annual demand of c.22mn units. "Golden September" was overshadowed by weak consumption and last year's subsidy-distorted base, suggesting seasonality is becoming less reliable as a demand catalyst. Early October trends remained soft, with CPCA data showing retail sales down 24% YoY in the first 11 days of October, covering the Golden Week holiday. Looking ahead, sales comparisons should begin to ease from December 2026 and reset more fully in Q1 2027. *(Links to monthly sales volume trackers: Wholesale, and Retail.)*

September EV penetration reached 65%, with BEVs accounting for 45.9% and PHEVs 14. EV sales declined -16.5% YoY, with BEVs down -9.7% and PHEVs down -29.3%. PHEV demand remains under more pressure as improving BEV technology and reduced policy support erode its value proposition. On the other hand, **ICE sales -40.4% YoY.**

BYD's China EV market share reached 23.1% in September, easing from 23.7% in July-August but remaining well above its 21.5% average in 2026 1H. BYD maintained its position as China's largest EV manufacturer, delivering 250k units across its BYD, Fangchengbao, Denza, Yangwang, and Linghui brands. Demand for its latest fast-charging models remains strong and 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 132k units and 14.4% share, followed by Leapmotor at 78k units (5.3%).

Premium brand sales saw -21.3% yoy decline in September and mass market brand cars plunged -27.8% yoy, reflecting ongoing weakness driven by a high comparison base and demand pulled forward by last year's subsidies. Among major traditional premium brands, Mercedes sales fell 45% YoY, Audi 43%, and BMW 29%, while Lexus and Porsche declined 27% and 17%, respectively.

Exports grew +64.2% yoy in September, with ICE +1% and EV +164%. Exports made up 36% of total PV wholesale, partially offsetting the weak domestic demand. BEV & PHEV exports contributed c.55% of total export volume. Chery continued to lead with 205k units (+48% yoy), followed by BYD with 176k (+154%) and Geely with 106k units (+161%).

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

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BERNSTEIN TICKER TABLE

			16 Oct 2026		TTM	Reported EPS				Reported P/E (x)	
Ticker	Rating	Cur	Closing Price	Price Target	Rel. Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
1211.HK (BYD)	O	HKD	73.75	130.00	(44.3)%	CNY	3.58	4.12	5.50	17.6	15.3	11.4
002594.CH (BYD)	O	CNY	82.72	114.00	(35.5)%	CNY	3.58	4.12	5.50	23.1	20.1	15.1
1810.HK (Xiaomi)	O	HKD	26.66	35.00	(60.2)%	CNY	1.62	0.89	1.29	0.9	1.0	0.9
175.HK (Geely)	O	HKD	15.01	25.00	(34.9)%	CNY	1.67	2.09	2.29	7.7	6.1	5.6
LI (Li Auto)	M	USD	11.46	14.50	(65.3)%	CNY	1.13	(5.24)	1.08	67.8	(14.6)	70.7
2015.HK (Li Auto)	M	HKD	44.76	57.00	(62.1)%	CNY	0.57	(2.62)	0.54	67.5	(14.6)	70.4
XPEV (XPeng)	M	USD	9.63	18.00	(71.0)%	CNY	(1.20)	(4.80)	(0.57)	(53.8)	(13.4)	(112.4)
9868.HK (XPeng)	M	HKD	37.46	71.00	(67.6)%	CNY	(0.60)	(2.40)	(0.29)	(53.4)	(13.3)	(111.5)
NIO (NIO)	M	USD	3.50	5.00	(64.8)%	CNY	(6.85)	(1.73)	(1.03)	(3.4)	(13.5)	(22.8)
9866.HK (NIO)	M	HKD	27.40	39.00	(57.2)%	CNY	(6.85)	(1.73)	(1.03)	(3.4)	(13.5)	(22.7)
2333.HK (Great Wall-H)	M	HKD	7.05	10.00	(67.2)%	CNY	1.16	0.98	1.25	5.2	6.1	4.8
2238.HK (GAC)	M	HKD	2.16	2.00	(49.9)%	CNY	(0.85)	(0.74)	(0.15)	(2.2)	(2.5)	(11.9)
600104.CH (SAIC)	M	CNY	10.87	12.00	(48.1)%	CNY	0.89	0.72	0.85	12.3	15.2	12.8
ASIAX			1,820.54									
SPX			7,744.06									

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

1810.HK valuation is EV/Sales (x);

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

We maintain a cautious outlook for the sector overall. The reduction in subsidies have slowed market momentum, following strong demand pulled forward into 2024-2025 and a high comparison base, while macro headwinds and weak consumer sentiment persist. We expect industry wholesale volumes to reach c.29 mn units, representing -2-4% yoy growth. We forecast domestic retail demand of 19-20mn units, declining 15-17% yoy. Exports should remain a growth driver, arriving at 9.5-10mn units, growing 50-60% yoy.

The long term secular growth outlook for EVs remains intact and outperform the broader market even though EV transition has come to the mass adoption phase in China, we forecast domestic EV sales growth will be c.-3-5% yoy for 2026 and drive EV penetration to 60%. EV exports is going from strength to strength and projected to grow c.90-100% yoy in 2026, bringing overall EV wholesale shipment to +15-17% 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**.

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VALUATION COMPS TABLE

EXHIBIT 1: **Global autos comps sheet**

		Market cap	EV	Cars Sold	P/E			EV/EBITDA			EV/SALES			Dividend yield			FCF Yield	EBIT%	ROCE	Net debt / EBITDA		
		$m	$m	m	CY	NTM+1	NTM+2	CY	NTM+1	NTM+2	CY	NTM+1	NTM+2	CY	FY+1	FY+2	FY+2	FY+1	FY+1	CY	FY+1	FY+2
BYD		101,856	114,061	4.6	17.6x	13.6x	11.3x	5.9x	5.0x	4.3x	0.9x	0.7x	0.7x	1.6%	1.6%	1.6%	7.2%	5.9%	15.4%	0.0x	-0.1x	-0.3x
Xiaomi		87,628	76,241	0.4	23.0x	17.4x	13.7x	16.3x	12.7x	9.7x	1.2x	1.0x	0.8x	0.0%	0.0%	0.0%	5.9%	6.6%	11.3%	-0.3x	-0.8x	-0.7x
Li		11,872	6,798	0.4	n.a.	29.6x	14.5x	n.a.	8.5x	4.6x	0.4x	0.3x	0.3x	0.1%	0.1%	0.1%	5.8%	-0.1%	-0.1%	34.6x	-13.0x	-7.9x
XPeng		9,240	9,726	0.4	n.a.	n.a.	28.5x	n.a.	36.0x	14.1x	0.7x	0.6x	0.5x	0.0%	0.0%	0.0%	10.2%	-0.7%	-1.7%	5.7x	-6.4x	-3.5x
NIO		8,770	8,197	0.3	n.a.	30.4x	13.6x	8.1x	5.5x	4.4x	0.4x	0.4x	0.3x	0.0%	0.0%	0.0%	11.5%	0.7%	3.0%	-1.8x	-1.8x	-2.1x
China EVs		**219,365**	**215,023**	**6.2**	**25.8x**	**16.7x**	**12.8x**	**8.8x**	**6.9x**	**5.6x**	**0.9x**	**0.7x**	**0.7x**	**0.7%**	**0.7%**	**0.7%**	**6.9%**	**4.8%**	**10.9%**	**-0.6x**	**-0.7x**	**-0.8x**
Geely		20,629	19,291	3.0	6.5x	5.4x	4.5x	3.6x	3.1x	2.7x	0.3x	0.3x	0.2x	4.7%	4.7%	4.7%	18.7%	5.8%	21.9%	-1.5x	-1.7x	-1.9x
SAIC		18,692	15,930	4.5	11.7x	10.3x	9.0x	3.1x	2.9x	2.8x	0.2x	0.2x	0.1x	2.5%	2.5%	2.5%	6.1%	3.0%	3.9%	-2.4x	-2.4x	-2.6x
Great Wall		15,199	14,325	1.3	11.7x	9.8x	8.6x	5.4x	4.8x	4.4x	0.4x	0.4x	0.3x	5.3%	5.3%	5.3%	9.6%	4.7%	9.5%	-0.4x	-0.5x	-0.6x
GAC		6,286	5,732	1.7	n.a.	n.a.	n.a.	n.a.	n.a.	12.7x	0.4x	0.3x	0.3x	0.0%	0.0%	0.0%	-19.6%	-7.8%	-6.4%	1.9x	12.1x	-4.0x
China OEMs		**60,807**	**55,278**	**10.6**	**12.7x**	**9.5x**	**7.6x**	**4.4x**	**3.8x**	**3.3x**	**0.3x**	**0.2x**	**0.2x**	**3.7%**	**3.7%**	**3.7%**	**8.6%**	**3.4%**	**5.5%**	**-1.8x**	**-1.8x**	**-1.9x**
Mercedes-Benz	§	44,679	19,660	2.2	8.2x	6.9x	6.0x	1.2x	1.1x	1.1x	0.1x	0.1x	0.1x	7.6%	7.6%	7.6%	9.6%	5.8%	3.6%	-1.9x	-1.8x	-1.8x
BMW	§	39,568	-7,801	2.5	8.9x	7.0x	5.8x	-0.5x	-0.4x	-0.4x	-0.1x	-0.1x	-0.1x	4.3%	4.3%	4.3%	10.2%	5.4%	3.3%	3.5x	2.2x	0.7x
Volkswagen	§	39,068	37,546	9.0	10.4x	3.6x	3.0x	0.8x	0.7x	0.7x	0.1x	0.1x	0.1x	6.1%	6.1%	6.1%	13.7%	4.7%	3.1%	-0.5x	-0.5x	-0.5x
Stellantis	*	12,679	4,872	5.5	11.2x	4.5x	2.6x	0.5x	0.4x	0.3x	0.0x	0.0x	0.0x	0.3%	0.3%	0.3%	2.0%	2.5%	4.2%	-0.6x	-0.6x	-0.6x
Renault	§	9,188	-576	2.3	4.9x	4.9x	4.6x	-0.1x	-0.1x	-0.1x	0.0x	0.0x	0.0x	8.0%	8.0%	8.0%	14.4%	4.5%	2.8%	-1.3x	-1.5x	-1.6x
Volvo Cars	&	4,290	3,971	0.7	10.5x	6.2x	4.3x	1.4x	1.1x	1.0x	0.1x	0.1x	0.1x	0.0%	0.0%	0.0%	17.7%	2.6%	4.5%	-0.7x	-0.6x	-0.7x
EU OEMs		**149,473**	**57,671**	**22.1**	**8.7x**	**5.2x**	**4.3x**	**0.6x**	**0.5x**	**0.5x**	**0.1x**	**0.1x**	**0.1x**	**5.5%**	**5.5%**	**5.5%**	**11%**	**4.5%**	**3.3%**	**-0.1x**	**-0.4x**	**-0.6x**
GM	*	73,408	71,378	6.2	6.4x	6.0x	6.1x	3.2x	3.0x	2.9x	0.4x	0.4x	0.4x	0.9%	0.9%	0.9%	13.9%	8.3%	9.1%	-0.2x	-0.4x	-0.4x
Ford	*	49,087	46,241	4.4	6.7x	6.3x	6.0x	3.3x	3.1x	2.9x	0.3x	0.2x	0.2x	4.9%	4.9%	4.9%	4.9%	5.9%	6.0%	-0.1x	-0.2x	-0.3x
US OEMs		**122,495**	**117,619**	**10.6**	**6.5x**	**6.1x**	**6.0x**	**3.2x**	**3.0x**	**2.9x**	**0.3x**	**0.3x**	**0.3x**	**2.5%**	**2.5%**	**2.5%**	**10%**	**7.1%**	**7.6%**	**-0.1x**	**-0.3x**	**-0.3x**
Tesla	*	1,431,474	1,404,691	1.6	261.9x	188.6x	131.5x	102.2x	81.3x	58.3x	13.2x	11.7x	10.0x	0.0%	0.0%	0.0%	-0.7%	4.9%	5.5%	-1.6x	-0.6x	-0.2x
Rivian	*	18,851	20,345	0.0	n.a.	n.a.	n.a.	n.a.	n.a.	431.7x	2.7x	1.7x	1.3x	0.0%	0.0%	0.0%	-17.4%	-26.3%	-31.7%	1.1x	5.5x	-151.1x
Lucid	*	1,379	7,181	0.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.7x	2.2x	1.1x	0.0%	0.0%	0.0%	-176.0%	-80.2%	-42.2%			
Polestar	*	701	3,533	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.1x	0.9x	0.7x	0.0%	0.0%	0.0%	-185.3%	-22.2%	72.6%	-5.5x	-7.7x	-10.7x
US EVs		**1,452,405**	**1,435,750**	**1.7**	**n.a.**	**1,425.5x**	**241.3x**	**179.3x**	**104.6x**	**63.4x**	**12.1x**	**10.3x**	**8.5x**	**0.0%**	**0.0%**	**0.0%**	**-1.1%**	**-0.5%**	**-0.6%**	**-2.4x**	**-0.8x**	**-0.2x**
Toyota	%	285,875	243,726	9.6	12.1x	11.2x	10.4x	6.6x	6.0x	5.5x	0.7x	0.7x	0.7x	3.3%	3.3%	3.3%	4.0%	8.1%	5.2%	3.5x	3.3x	2.9x
Honda	%	51,583	107,138	2.7	14.0x	9.4x	8.1x	10.9x	8.1x	7.3x	0.7x	0.7x	0.7x	4.0%	4.0%	4.0%	1.7%	5.1%	4.7%	5.6x	4.5x	4.3x
Suzuki	%	26,340	29,684	3.6	9.1x	9.4x	8.7x	5.5x	5.0x	4.7x	0.7x	0.6x	0.6x	2.5%	2.5%	2.5%	6.0%	9.0%	13.0%	-0.6x	-0.7x	-0.8x
Subaru	%	12,002	3,155	0.9	12.3x	10.1x	9.2x	1.4x	1.3x	1.2x	0.1x	0.1x	0.1x	4.6%	4.6%	4.6%	11.9%	4.0%	6.6%	-1.8x	-1.9x	-1.9x
Nissan	%	6,616	3,444	2.4	32.1x	7.4x	5.5x	0.9x	0.8x	0.7x	0.0x	0.0x	0.0x	0.0%	0.0%	0.0%	12.4%	2.1%	1.9%	11.4x	10.3x	9.3x
Mazda	%	4,480	2,429	1.1	6.9x	6.0x	5.4x	1.3x	1.2x	1.2x	0.1x	0.1x	0.1x	4.9%	4.9%	4.9%	11.7%	3.0%	6.1%	-1.0x	-1.0x	-1.2x
Mitsubishi	*	3,280	4,215	1.0	18.0x	11.2x	9.2x	3.8x	3.5x	3.3x	0.2x	0.2x	0.2x	2.8%	2.8%	2.8%	-1.2%	3.1%	7.5%	-0.6x	-0.7x	-0.9x
Japanese OEMs		**390,177**	**393,791**	**21.3**	**12.1x**	**10.5x**	**9.6x**	**6.4x**	**5.6x**	**5.2x**	**0.6x**	**0.5x**	**0.5x**	**3.3%**	**3.3%**	**3.3%**	**4.3%**	**6.2%**	**5.1%**	**3.6x**	**3.3x**	**2.9x**
Hyundai	*	47,651	161,260	4.1	6.8x	6.1x	5.6x	13.3x	12.1x	11.2x	1.1x	1.1x	1.1x	3.4%	3.4%	3.4%	0.1%	6.1%	4.2%	9.9x	8.9x	8.3x
Kia	*	32,295	18,608	3.1	5.3x	5.0x	4.6x	1.9x	1.8x	1.7x	0.2x	0.2x	0.2x	6.2%	6.2%	6.2%	17.1%	8.0%	16.8%	-1.8x	-1.8x	-2.0x
Korean OEMs		**79,946**	**179,868**	**7.3**	**6.1x**	**5.6x**	**5.1x**	**8.3x**	**7.6x**	**7.1x**	**0.8x**	**0.7x**	**0.7x**	**4.6%**	**4.6%**	**4.6%**	**7%**	**6.8%**	**6.4%**	**4.7x**	**4.2x**	**3.8x**
Ferrari	§	70,057	63,959	0.014	36.0x	32.6x	30.3x	19.1x	17.3x	16.1x	7.5x	6.9x	6.5x	1.1%	1.1%	1.1%	2.7%	30.5%	35.3%	0.1x	0.0x	-0.1x
Porsche AG	§	43,543	43,455	0.3	22.3x	22.8x	16.6x	6.1x	5.9x	5.1x	1.1x	1.1x	1.1x	2.5%	2.5%	2.5%	4.8%	6.9%	6.1%	0.4x	0.1x	-0.1x
Aston Martin	&	494	2,505	0.005	n.a.	n.a.	n.a.	6.8x	5.5x	4.7x	1.2x	1.2x	1.2x	0.0%	0.0%	0.0%	-23.3%	-1.5%	-1.2%	5.4x	4.7x	4.2x
Luxury OEMs		**114,094**	**109,919**	**0.3**	**31.8x**	**29.9x**	**23.9x**	**10.1x**	**9.6x**	**8.5x**	**2.2x**	**2.2x**	**2.1x**	**1.6%**	**1.6%**	**1.6%**	**3.4%**	**11.0%**	**10.1%**	**0.4x**	**0.3x**	**0.1x**
Global OEMs (ex EV)		**916,992**	**914,145**	**72.2**	**10.2x**	**8.3x**	**7.4x**	**3.8x**	**3.4x**	**3.2x**	**0.4x**	**0.4x**	**0.3x**	**3.5%**	**3.5%**	**3.5%**	**8%**	**5.6%**	**4.9%**	**1.2x**	**0.9x**	**0.7x**
Global EVs		**1,671,770**	**1,650,773**	**7.9**	**294.0x**	**118.0x**	**72.1x**	**50.8x**	**36.7x**	**27.1x**	**4.5x**	**3.8x**	**3.3x**	**0.1%**	**0.1%**	**0.1%**	**0%**	**3.1%**	**5.4%**	**-1.0x**	**-0.7x**	**-0.6x**

Pricing date: Oct 16, 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

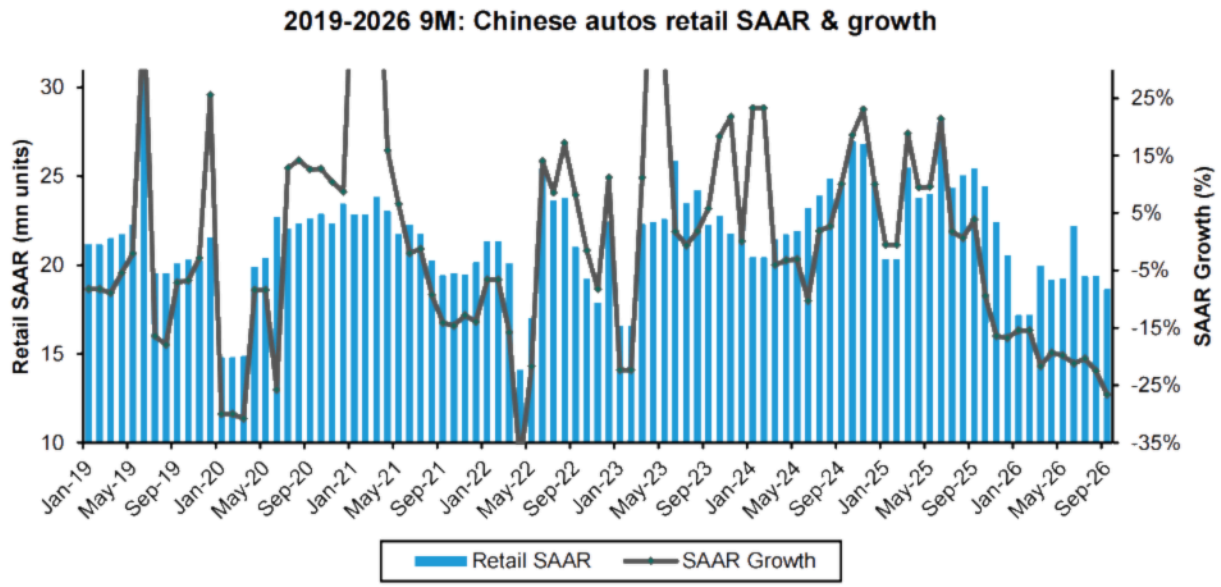
DETAILS

SEPTEMBER 2026 CHINESE AUTOS RETAIL SELL-THROUGH 1.67MN UNITS, -26.6% YOY

Chinese autos retail sales, as measured by mandatory first-time insurance volumes, came in at 1.67mn units in September 2026, down 26.8% YoY. Retail SAAR registered at 18.7mn units, lower than 19.4mn in August 2026 and 25.4mn in September 2025. It was also below our estimate of normalized annual demand of c.22mn units. (Exhibit 2) September 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.

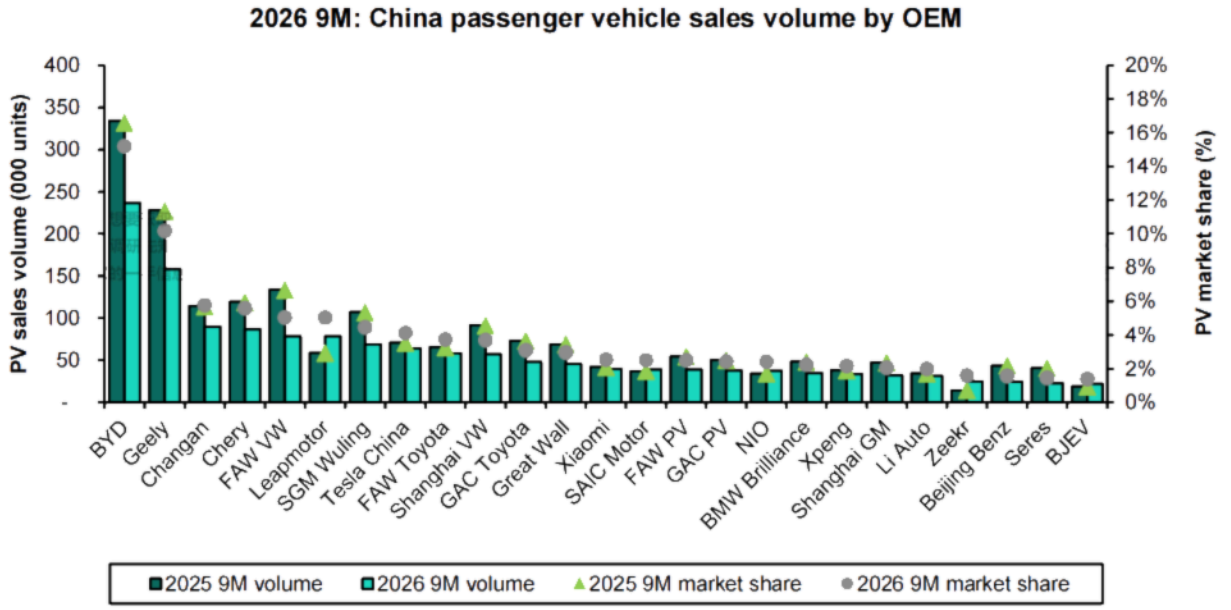
Across OEMs, mass-market makers recorded some of the steepest declines, with Geely (excluding Zeekr) -30.6% YoY and BYD -27.4%. Performance among premium EV brands diverged: Zeekr brand +74%, NIO brand +55% YoY, while Li -9% and Xiaomi -5%, Meanwhile, major traditional premium brands also weakened, with Mercedes -45%, Audi -43%, and BMW -29%, while Lexus and Porsche declined 27.2% and 17.4%, respectively. JV brands continued to post steep declines, with Honda -50.9%, VW-38.4%, and Toyota -23.6%.(Exhibit 3 - Exhibit 4)

EXHIBIT 2: **Chinese autos retail sales came in at 1.67mn units in September 2026, -26.8% YoY**



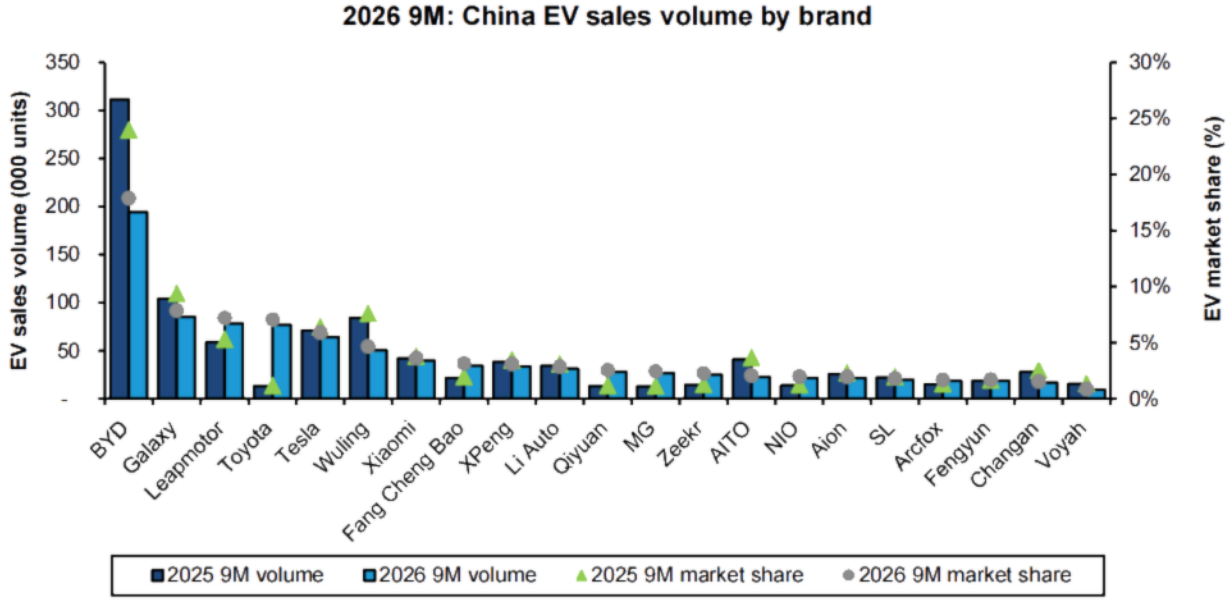
Source: C.A.D. and Bernstein analysis

EXHIBIT 3: **BYD Group (incl. BYD, Denza, Fangchengbao, Yangwang, and Linghui) maintained the top spot with 250k units and a 16.1% passenger vehicle market share, followed by Geely Group (incl. Galaxy, Geometry, Zeekr, and Lynk & Co) with 183k units and an 11.8% share, and Changan with 90k units and a 5.8% share**



Source: C.A.D. and Bernstein analysis

EXHIBIT 4: **BYD Group remained China's largest EV seller in September 2026, with volume rising to 250k units while share edged down to 22.9%; Geely Group ranked second with 132k units and 14.4% share, followed by Leapmotor at 78k units (5.3%).**



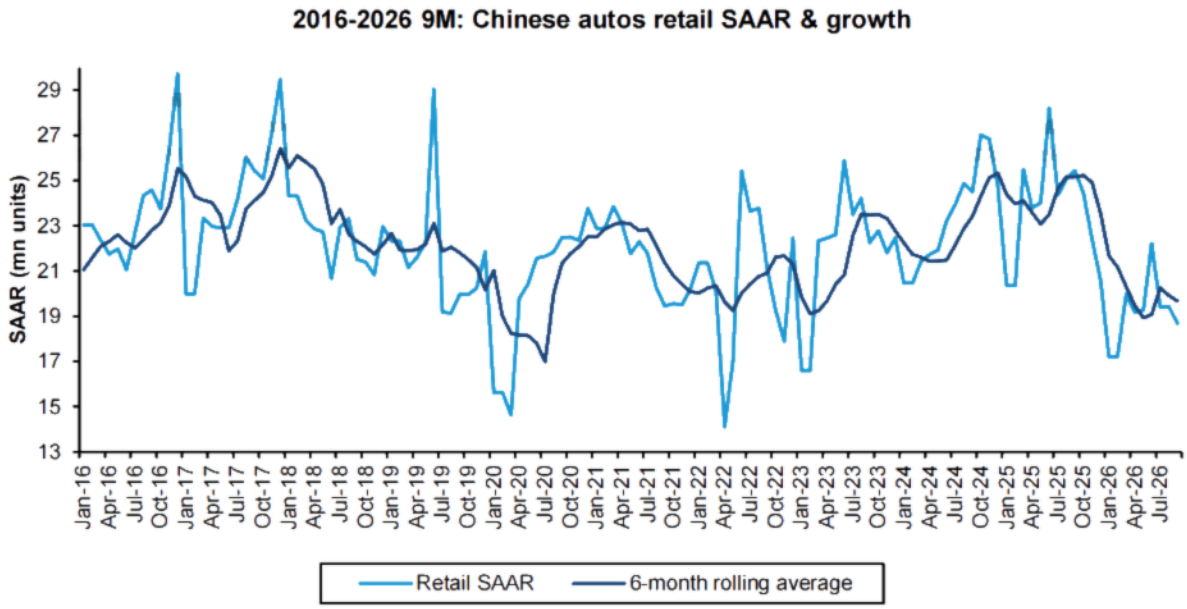
Source: C.A.D. and Bernstein analysis

18.7MN UNITS OF RETAIL SAAR FOR SEPTEMBER 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 this month came in at 18.7mn units (Exhibit 5), lower than 19.4mn

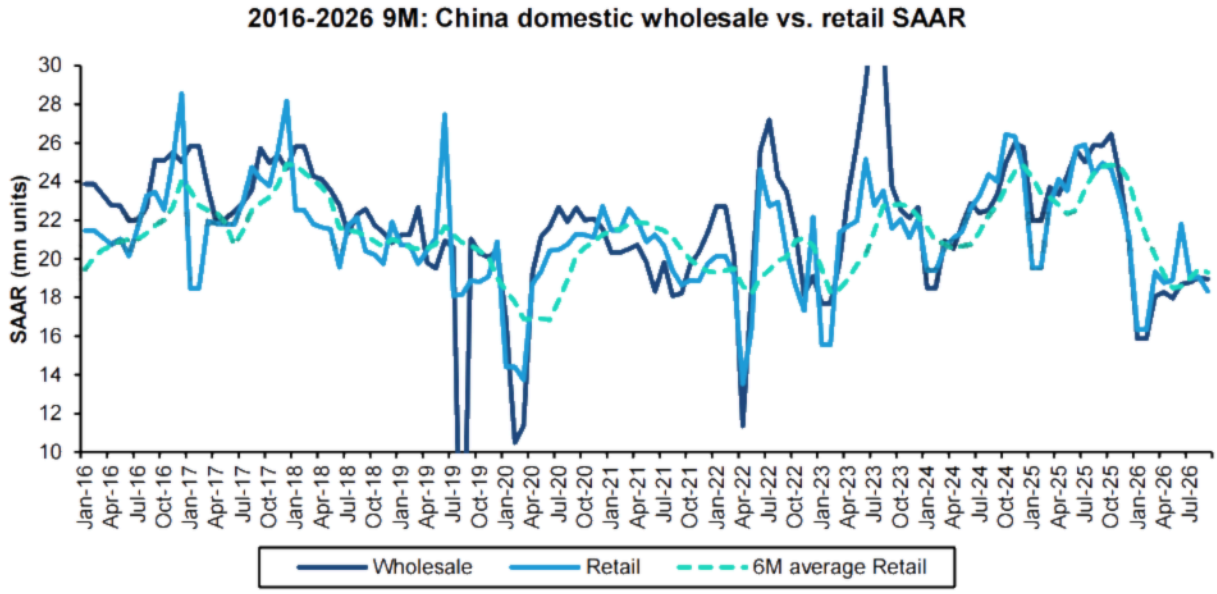
units last month, and trending below our estimate of c.22mn units for normalized annual Chinese autos demand. Excluding both imports and exports, we estimate domestic-only wholesale SAAR reached 18.9mn units this month, above domestic-only retail SAAR of 18.3mn units (Exhibit 6). On a 6-month rolling basis, our estimate for domestic-only wholesale SAAR was 18.6mn units, lower vs. domestic-only retail SAAR of 19.3mn units.

EXHIBIT 5: **Retail SAAR for Sep 2026 registered at 18.7mn units, lower than the 19.4mn in Aug 2026 and 25.4mn units in Sep 2025.**



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 18.9mn units this month, higher than the domestic retail SAAR of 18.3mn units**

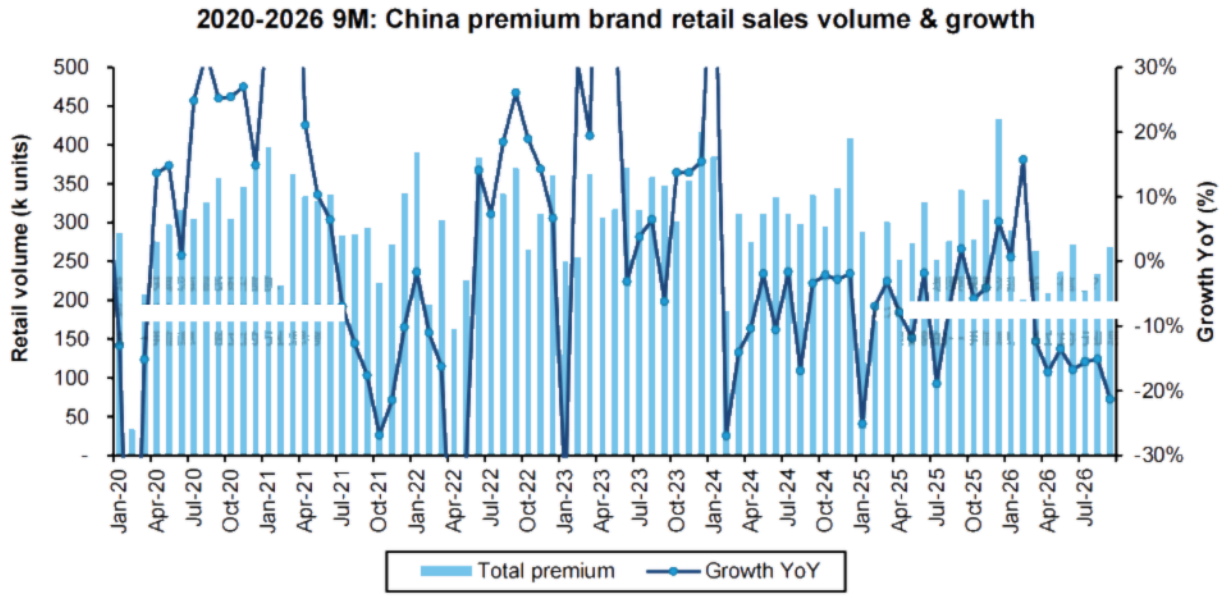


Note: For January and February of each year we've shown aggregate 2M retail SAAR, to minimize the volatility driven by Lunar New Year timing.
Source: CAAM, C.A.D., and Bernstein estimates and analysis

PREMIUM BRAND SALES -21.3% VS. MASS MARKET -27.8% YOY IN SEPTEMBER 2026

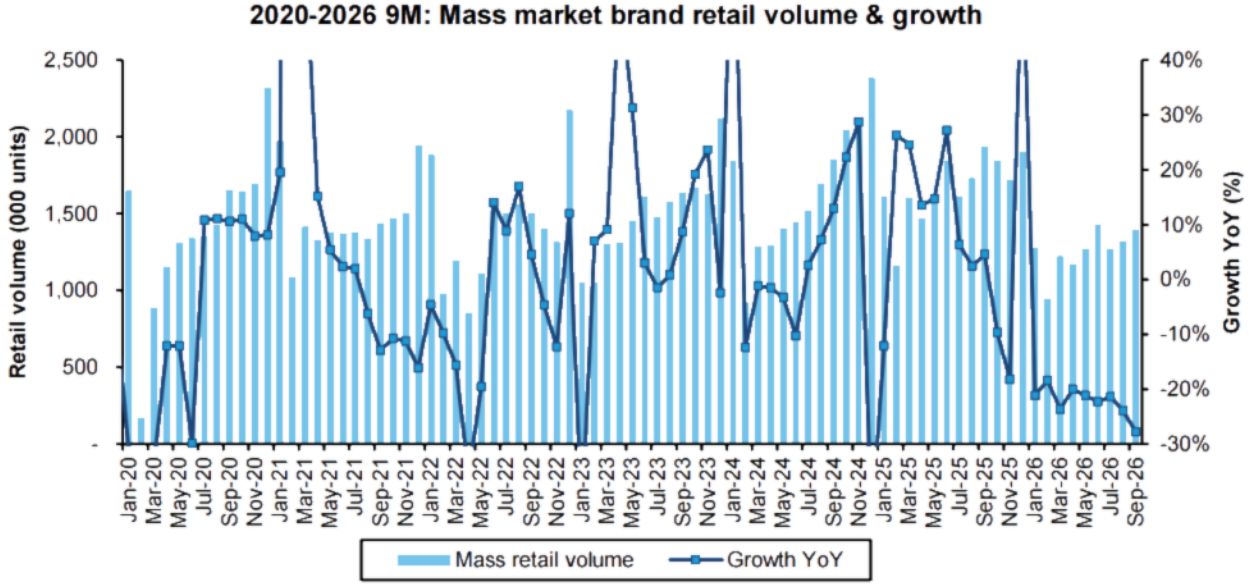
Premium brand sales saw a -21.3% yoy decline in September (Exhibit 7). Overall premium penetration increased to 16.2% in September from 15.1% in August 2026, and higher than 15% in September 2025. Retail sales volume of mass market brand cars plunged -27.8% yoy, reflecting ongoing weakness driven by a high comparison base and demand pulled forward by last year's subsidies. The sales of locally-built premium brand cars dropped by -18.9% yoy and import premium retail sales tumbled -38.4% yoy in September 2026 (Exhibit 8).

EXHIBIT 7: **Retail volumes of premium market brand cars declined by -21.3% YoY this month**



Source: C.A.D. and Bernstein analysis

EXHIBIT 8: **Retail sales volume of mass-market brand cars plunged -27.8% YoY in September 2026**



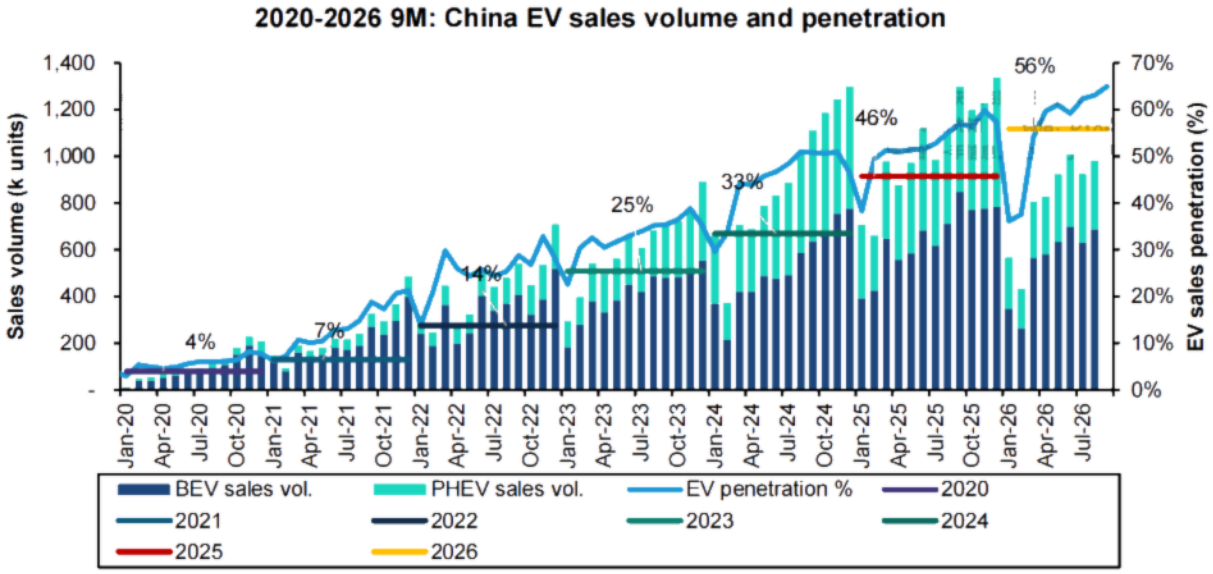
Source: C.A.D. and Bernstein analysis

OVERALL EV SALES PENETRATION REACHED 65% IN SEPTEMBER 2026

Overall EV sales (BEV & PHEV) fell -16.5% YoY to 1.08mn units in September, partly reflecting a high comparison base, as September 2025 benefited from a more generous level of government subsidies. Both BEV and PHEV sales weakened, with BEV sales down -9.7% YoY and PHEV sales falling -29.3% YoY. Overall EV sales penetration grew to 65% in September 2026, with BEV penetration reaching 45.9% and PHEV at 14%. As of September 2026, BEV penetration rates in tier 1, 2, and 3 cities came in at 51%, 47%, and 41%, respectively; and PHEV penetration maintained ~20% across Tier 1, 2, and 3 cities. (Exhibit 9– Exhibit 12)

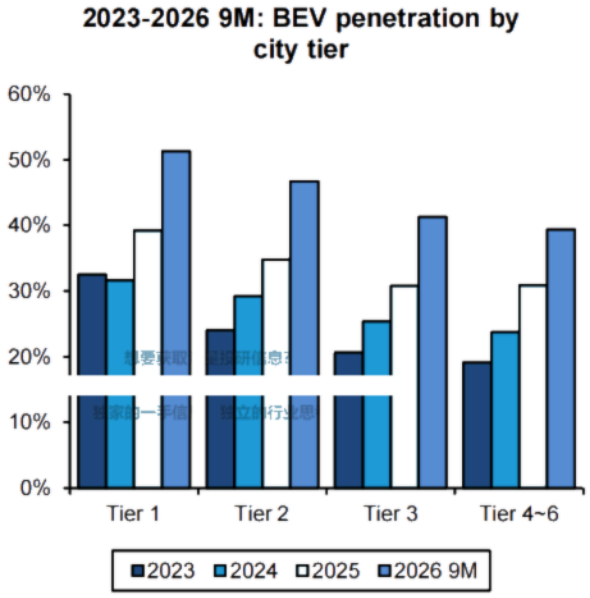
BYD maintained its position as China's largest EV manufacturer, delivering 250k units across its BYD, Fangchengbao, Denza, Yangwang, and Linghui brands. Geely Group ranked second with 132k units and 14.4% share, followed by Leapmotor at 78k units (5.3%). Other EV pure-plays included Xiaomi 40k (3.7%), Li Auto 31k (2.9%), Tesla 64k (5.9%), XPeng 33k (3.1%), AITO 23k (2.1%) and NIO 22k (2.0%).(Exhibit 4)

EXHIBIT 9: **Overall EV sales penetration grew to 65% in September 2026, with BEV penetration reaching 45.9% and PHEV at 14%.**



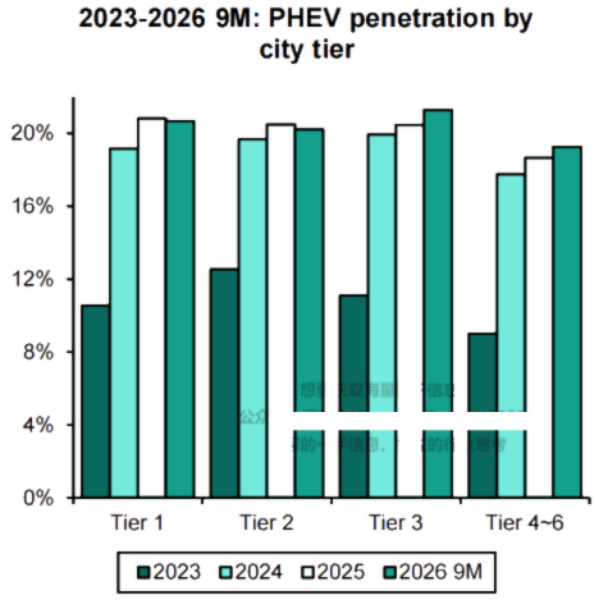
Source: C.A.D. and Bernstein analysis

EXHIBIT 10: **By city tier, BEV penetration rates in Tier 1, 2, and 3 cities came at 51%, 47%, and 41% as of September 2026**



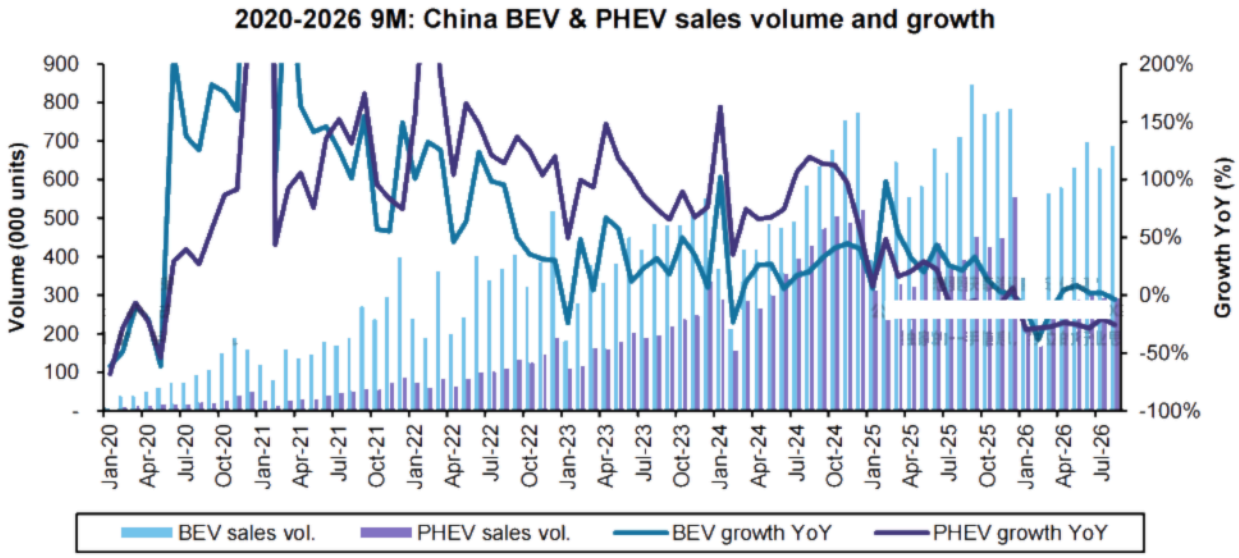
Source: C.A.D. and Bernstein analysis

EXHIBIT 11: **PHEV penetration was 21%, 20%, 21% for Tier 1, 2, and 3 cities respectively**



Source: C.A.D. and Bernstein analysis

EXHIBIT 12: **Both BEV and PHEV sales weakened, with BEV sales down -9.7% YoY and PHEV sales falling -29.3% YoY**



Source: C.A.D. and Bernstein analysis

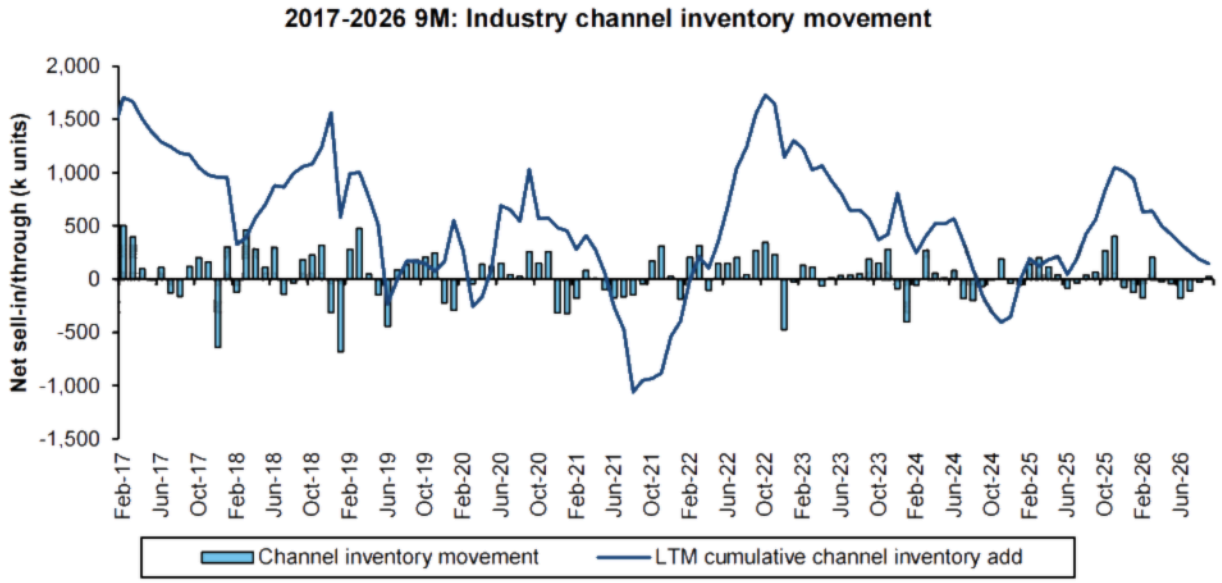
INVENTORY LEVELS IN CHECK

September retail volume stood at 1.64mn units, vs. 1.66mn units of domestic wholesale volumes reported by CAAM, which implies 20k units of net channel inventory re-stocking in September (vs. 30k de-stocking in August). On the other hand, EVs saw a restocking of 168k units during the same period. (Exhibit 13 - Exhibit 14)

Like-for-like retail pricing declined 1,147 bps yoy in September 2026, compared with a 1,044 bps decline in August 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)

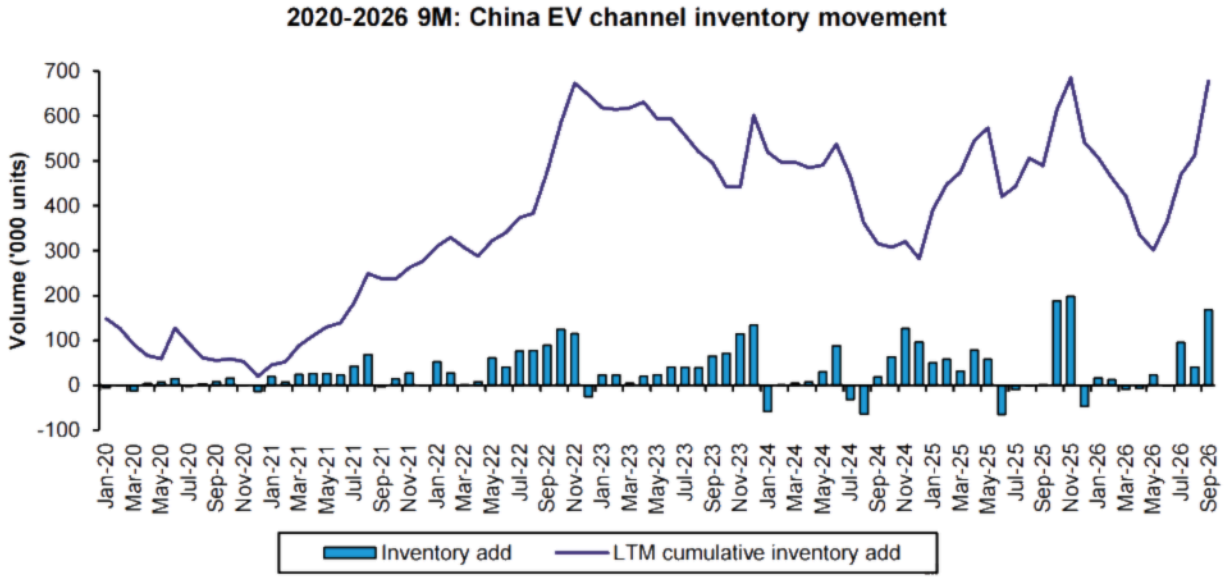
SGM Wuling, Dongfeng Nissan, and GAC PV have seen the most restocking on a cumulative LTM basis. Among EV pure players, Ora, Denza, and BYD's channel inventory levels are relatively high. (Exhibit 18 — Exhibit 19)

EXHIBIT 13: **September retail volume implies 20k units of net channel inventory re-stocking in September (vs. 30k de-stocking in August)**



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

EXHIBIT 14: **EVs saw a restocking of 168k units during the same period**



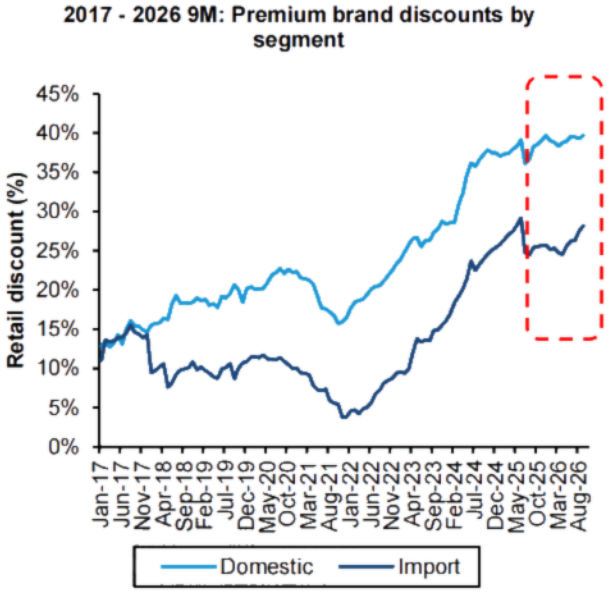
Source: CAAM, C.A.D., and Bernstein analysis

EXHIBIT 15: **Retail pricing sees moderate pressure due to the weak end-market demand; like-for-like pricing was -1,147 basis points in September, vs. -1,044 basis points yoy in August 2026**



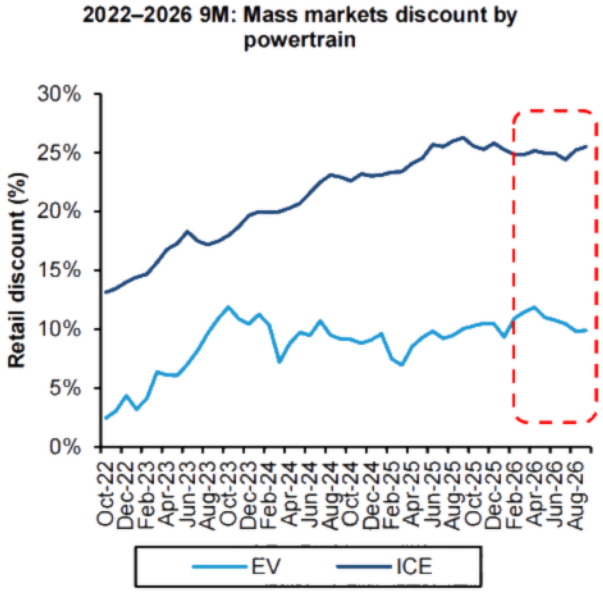
Source: C.A.D. and Bernstein analysis

EXHIBIT 16: **Both imported and domestic premium brand discounts increased slightly in September**



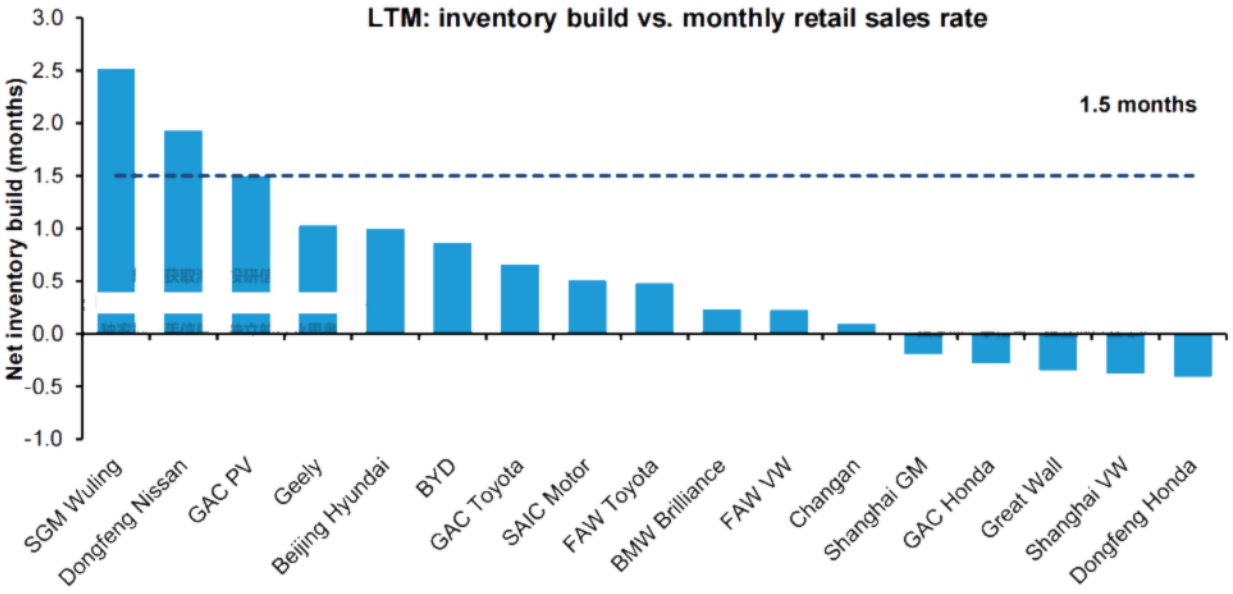
Source: C.A.D. and Bernstein analysis

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



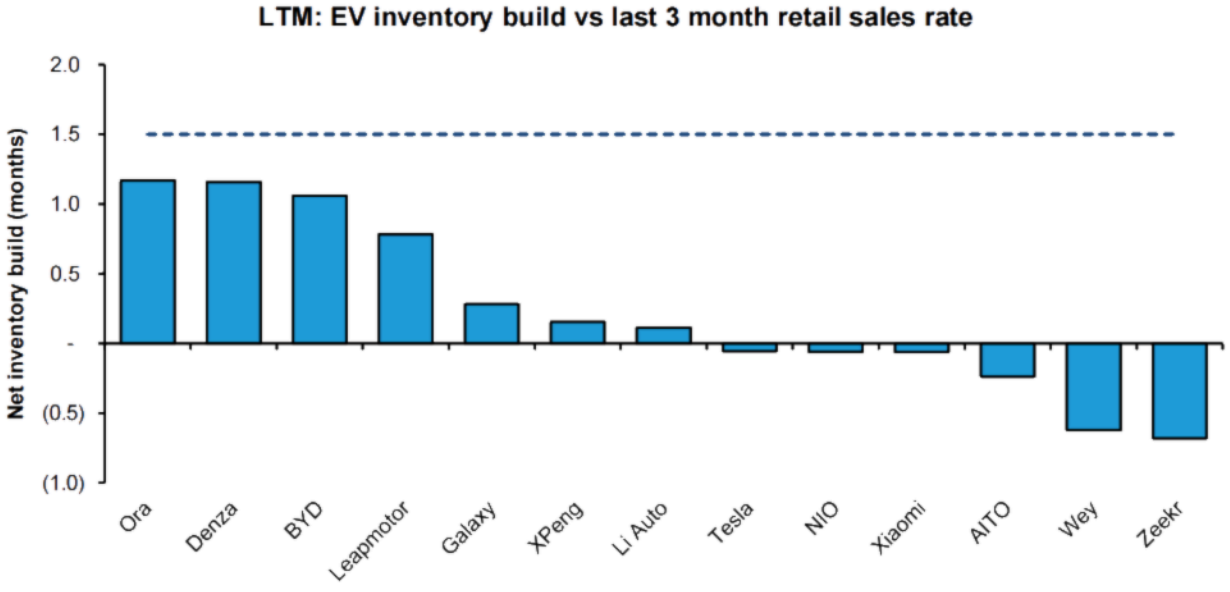
Source: C.A.D. and Bernstein analysis

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**

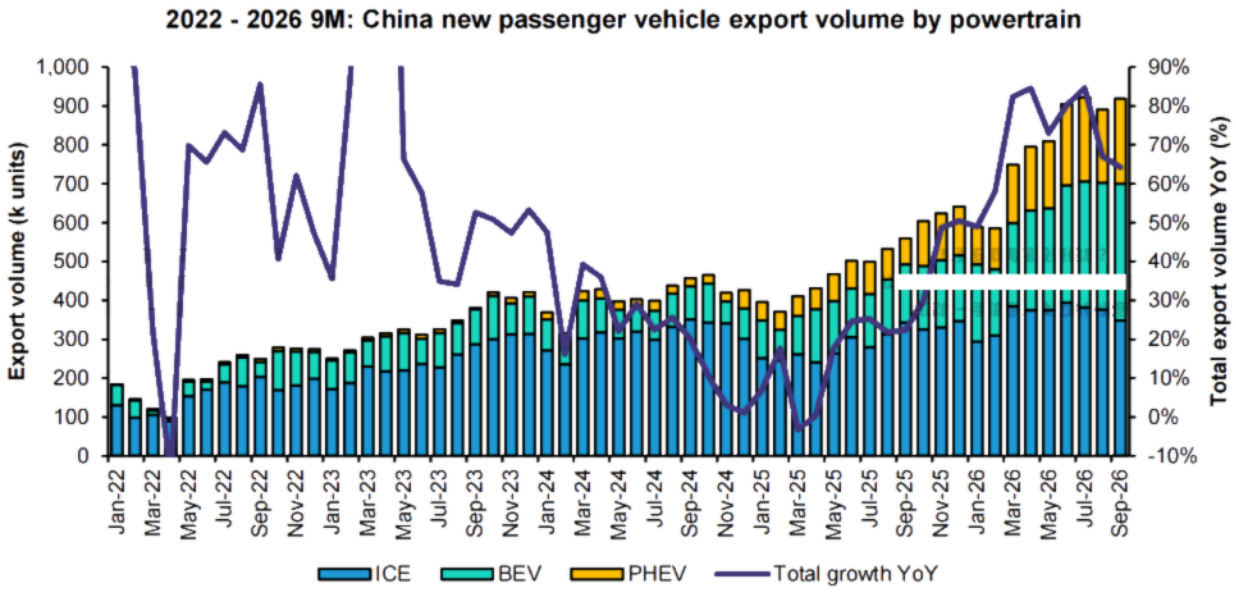


Source: CAAM, C.A.D., and Bernstein analysis

CHINA EXPORT MOMENTUM REMAINED STRONG, +64.2% YOY IN SEPTEMBER

China's passenger vehicle exports grew +64.2% yoy in September, with ICE exports +1% and EV exports +164% (BEV +135% and PHEV +227%) (Exhibit 20). Exports made up 36% of total PV wholesale, partially offsetting the weak domestic demand. BEV & PHEV exports contributed c.55% of total export volume. Chery led with 205k units (+48% yoy), followed by BYD with 176k (+154%). Geely maintained the third place with 106k units (+161%), while SAIC ranked fourth with 73k units (+35%) and Great Wall exported 51k units (+14% yoy).

EXHIBIT 20: **China's passenger vehicle exports grew +64.2% yoy in September, with ICE exports +1% and EV exports +164% (BEV +135% and PHEV +227%)**

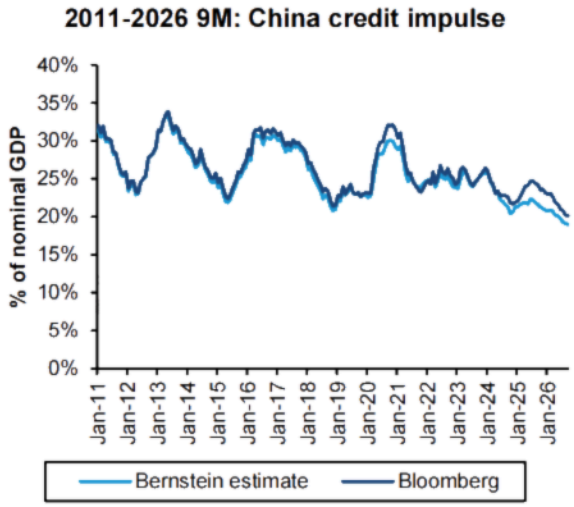


Source: CAAM and Bernstein analysis

CREDIT IMPULSE REMAINS WEAK

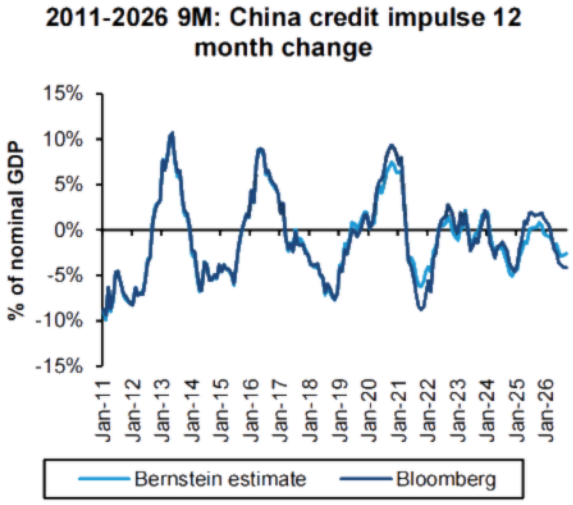
Our estimate for China's credit impulse came to 19.0% in September 2026, declining from 21.6% a year ago. 12 month change in Bloomberg's credit impulse deteriorated further to -4.1% this month, marking a continued downturn after its first negative print in March, which ended an 11-month period of positive 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. On the other hand however, China auto loan ABS issuance accelerated in 2026, driving the six-month trailing average to its highest level since 2022.

EXHIBIT 21: **We estimate China's credit impulse was 19.0% in September 2026...**



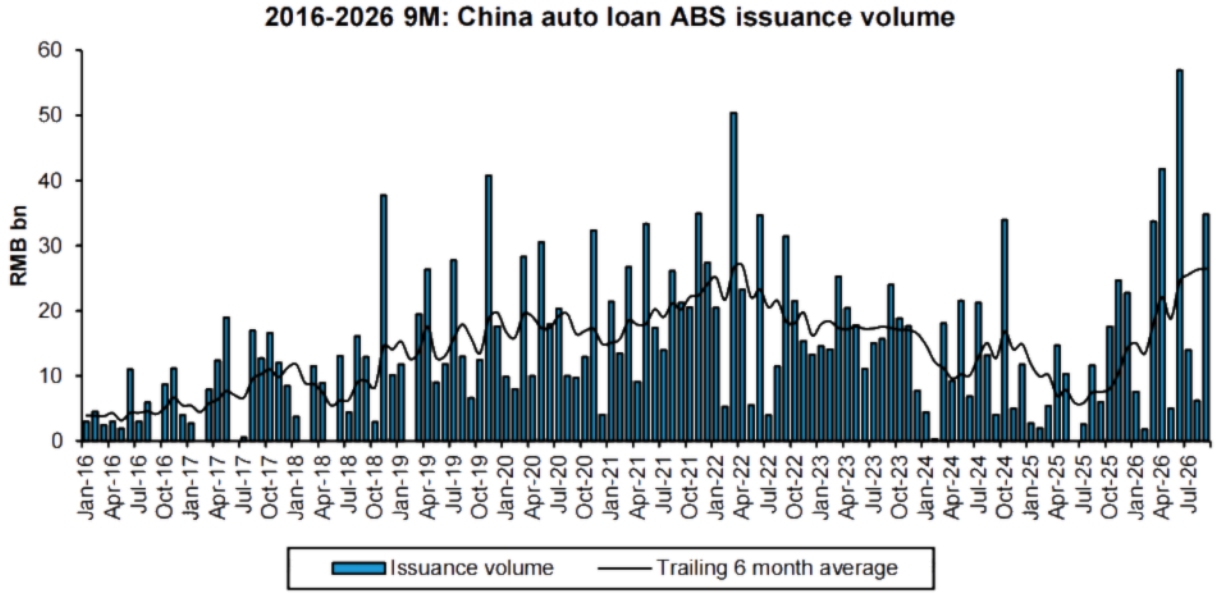
Source: PBOC, Bloomberg L.P., and Bernstein analysis

EXHIBIT 22: **... declining from 21.6% 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: **After a period of weakness in 2024-25, China auto loan ABS issuance accelerated in 2026, driving the six-month trailing average to its highest level since 2022.**



Source: Wind and Bernstein analysis