

Automobile

7 June 2018

## Geely Automobile (175 HK)

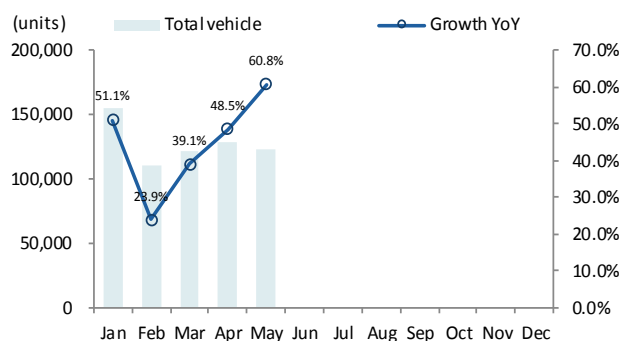
### May sales volume jumped 61% YoY

- ⊖ **May sales volume beat:** Geely reported robust May sales volume after market close on 6 May. May sales volume rose 61% YoY/fell 4% MoM to 123,068 units. As May is traditionally a low month, the MoM drop was in line with expectations. Nevertheless, the 61% YoY growth was much better than market expectation. YTD sales volume rose 44% YoY to 638,181 units and accounted for 40% of its full-year target of 1.58m units. Most of the key models (Boyue, Emgrand GS/GL and Vision SUV) continued to deliver strong volume in May. The sales volume of Lynk & Co 01 remained largely flat at 9k units.
- ⊖ **Borui GE officially launched in May, a big step in NEV development:** Geely officially launched Borui GE at an MSRP of RMB136.7k-199.8k in May. Borui GE comes with eight different models will PHEV and MHEV versions. This is a major step for Geely in NEV market. Meanwhile, Lynk & Co 02 is also available for sale in June. We expect these new models to continue to fuel its sales volume in the coming months.
- ⊖ **Maintain Buy:** We maintain our **Buy** rating with TP of HK\$35.00. We believe the success of Lynk & Co and Geely brand's new models will be key factors for re-rating. Key risks include lower-than-expected sales volume growth of new models and intensified competition in the SUV market, which may drag earnings.

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Figure 1: Total sales volume



Source: Company data

Figure 2: Sales volume by model

(Units)	Jan 18	Feb 18	Mar 18	April 18	May 18
Boyue	30,381	20,238	21,919	23,025	21,292
Emgrand GS	20,087	11,008	12,243	12,425	12,777
Vision SUV	10,004	10,251	10,046	10,983	10,285
Emgrand GL	15,163	10,105	12,352	12,749	12,822
Lynk 01	6,173	4,012	8,507	9,079	9,234

Source: Company data

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Broad market benchmark for Hong Kong is **the Hang Seng Composite Index**, for China A-shares is the **MSCI China A Index**, for US-listed Chinese companies is **S&P US Listed China 50 (USD) Index**.

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