

## China Light Vehicle Sales Update

January 2016

### 2015 Closes on a Surprising Note for China's Light Vehicle Market

In December 2015, China's Light Vehicle (LV) market exceeded our prior expectations as the results indicate that sales of locally-produced models increased by 16.4% year-on-year (YoY) to 2.70 mn units. The SAAR of total LV sales in the month reached 29.3 mn units, virtually on par with November, a month during which sales peaked by a considerable margin to reach an all-time high. Once again, the Passenger Vehicle (PV) sector led the charge, with sales of locally-made models totaling 2.36 mn units, an astonishing rise of 19.5% YoY. LV production in December 2015 showed further growth of 17.1% YoY to around 2.20 mn units.

For 2015 as a whole, locally-made PVs posted YoY growth of 9.4% to 20.13 mn units, while PV output grew by 7.6% YoY to 20.08 mn units. In terms of actual registrations of PVs, the data reveal a rise of 10.8% YoY in the first eleven months of 2015.

Meanwhile, according to the CPCA, the dealer-level inventory index in December 2015 reflected a level of just 1.02 months, a reduction of 27% on November's level. When compared to December 2014, the decline amounts to 33%. In short, it would appear that, in December 2015, dealers came under relatively little pressure from stocks.

Looking back at 2015, the largest contribution to overall market growth came from locally-produced SUVs, sales of which rose by an impressive 51.2% YoY. The locally-produced MPV sector performed well, too, with growth of 16.2% to 2.12 mn units. In sharp contrast, sales of sedans/hatchbacks amounted to just 11.78 mn units, marking a decline of 669,000 units from the volume seen in 2014.

China's new energy vehicle (NEV) sector continues to thrive, with registered sales in Q3 2015 (including both imported and domestic NEVs) surging by 184% when compared to the same period in 2014 to reach 43,610 units. This exceptionally high growth was the result of thriving sales of PEVs (PHEVs and BEVs), which fall within the Chinese government's official definition of new energy vehicles.

Sales of Chinese-branded SUVs accounted for nearly 53% of total SUV sales in 2015, with YoY growth in excess of 77%. Indeed, this vehicle type has become the main driver of growth for China's carmakers. New model activity was largely behind this success as most of the new models that hit the market were well received by consumers. However, domestic manufacturers face competition from both European and Japanese rivals as they, too, strive for dominance in the booming SUV market.

Looking ahead to 2016, we have increased our full-year projection for the PV market to 22.96 mn units, while our long-term forecast remains essentially unchanged.

(Please note a change to LMC Automotive's classification structure. In line with the CAAM classification, the Wuling Hongguang and the Changan Honor are now defined as MPVs (PVs); Mini Buses remain in the LCV category.)

Market Top Lines						
	Dec	Δ	YTD	Δ	2015f	Δ
<b>Sales</b>	<b>2,906,988</b>	<b>16%</b>	<b>25,832,916</b>	<b>4%</b>		
PV	2,468,362	19%	21,273,443	8%	22,960,780	8%
LCV	337,203	-1%	3,644,958	-8%	3,755,302	3%
M&H CV	101,423	1%	914,515	-21%		
<b>Production</b>	<b>2,665,752</b>	<b>16%</b>	<b>24,594,536</b>	<b>3%</b>		
PV	2,243,941	21%	20,082,077	8%	21,815,749	9%
LCV	328,234	-2%	3,608,447	-9%	3,755,303	4%
M&H CV	93,577	-4%	904,012	-22%		

Best Selling Models						
	Dec	Δ	Share	YTD	Δ	Share
<b>PV</b>						
Wuling Hongguang	76,744	1%	3.1%	655,531	-13%	3.1%
Volkswagen Lavida	44,478	58%	1.8%	472,832	-3%	2.2%
Haval H6	37,447	19%	1.5%	344,740	9%	1.6%
<b>LCV</b>						
Wuling Mini Truck	24,550	60%	7.3%	242,399	10%	6.7%
Foton Light Truck	19,728	4%	5.9%	241,307	-7%	6.6%
Wuling Sunshine	16,407	-20%	4.9%	227,995	-26%	6.3%

Top Brands (Sales)						
	#	Brand	Dec	Δ	YTD	Δ YTD Share
Passenger Vehicle	1	Volkswagen	237,325	33%	2,721,014	-3% 12.8%
	2	Toyota	113,074	-3%	1,086,014	6% 5.1%
	3	Hyundai	128,859	10%	1,071,824	-5% 5.0%
	4	Buick	128,246	36%	1,037,104	13% 4.9%
	5	Honda	152,290	6%	992,881	25% 4.7%
	6	Changan	68,413	34%	938,439	32% 4.4%
	7	Ford	101,999	37%	899,908	8% 4.2%
	8	Nissan	121,379	37%	891,927	4% 4.2%
	9	Wuling	79,244	3%	678,938	-10% 3.2%
	10	Haval	78,989	41%	662,475	54% 3.1%
	11	Kia	88,873	29%	638,318	-6% 3.0%
	12	Chevrolet	78,920	-17%	636,789	-17% 3.0%
	13	Audi	53,040	-9%	574,976	-3% 2.7%
	14	Dongfeng	65,613	31%	533,462	22% 2.5%
	15	Geely	58,509	0%	532,384	25% 2.5%
	16	Beijing	93,656	58%	519,388	65% 2.4%
	17	Baojun	83,958	127%	502,872	177% 2.4%
	18	BMW	40,657	16%	451,347	2% 2.1%
	19	BYD	52,893	0%	441,930	1% 2.1%
	20	Chery	52,314	-19%	428,952	-2% 2.0%
	<b>Passenger Vehicle Total</b>		<b>2,468,362</b>	<b>19%</b>	<b>21,273,443</b>	<b>8% 88.0%</b>
Commercial Vehicle	1	Wuling	75,285	44%	858,196	-2% 23.5%
	2	Foton	34,863	5%	397,760	-5% 10.9%
	3	Changan	13,734	-46%	363,656	-14% 10.0%
	4	Jinbei	34,202	-23%	313,615	-5% 8.6%
	5	Dongfeng	23,203	-31%	236,132	-29% 6.5%
	6	JAC	11,311	-12%	187,802	-7% 5.2%
	7	JMC	22,367	1%	180,670	-5% 5.0%
	8	Lifan	16,999	24%	162,897	37% 4.5%
	9	Great Wall	10,372	17%	99,463	-16% 2.7%
	10	Isuzu	5,680	12%	69,242	15% 1.9%
	<b>Commercial Vehicle Total</b>		<b>337,203</b>	<b>-1%</b>	<b>3,644,958</b>	<b>-8% 12.0%</b>

Top Manufacturers (Production)						
	#	Manufacturer	Dec	Δ	YTD	Δ YTD Share
Passenger Vehicle	1	SAIC Volkswagen	173,859	17%	1,803,583	3% 9.0%
	2	SAIC GM	186,297	21%	1,728,052	0% 8.6%
	3	FAW Volkswagen	148,333	19%	1,636,834	-9% 8.2%
	4	SAIC GM Wuling	135,735	23%	1,165,234	19% 5.8%
	5	Beijing Hyundai	112,550	-7%	1,052,001	-6% 5.2%
	6	Dongfeng Nissan	126,050	37%	1,020,398	9% 5.1%
	7	Changan Ford	102,178	34%	919,365	11% 4.6%
	8	Changan Automobile Grc	81,459	27%	884,171	31% 4.4%
	9	Great Wall Motor	84,414	23%	766,829	26% 3.8%
	10	Dongfeng Peugeot Citroee	75,394	15%	695,277	-3% 3.5%
	11	Dongfeng Yueda Kia	77,979	23%	614,407	-4% 3.1%
	12	FAW Toyota	67,037	22%	603,745	3% 3.0%
	13	Geely Group	60,690	2%	552,841	29% 2.8%
	14	GAC Honda	59,396	15%	551,102	8% 2.7%
	15	Chery	60,140	37%	487,827	14% 2.4%
	16	BYD	52,498	3%	446,850	3% 2.2%
	17	BAIC Yinxiang	81,713	48%	410,318	114% 2.0%
	18	GAC Toyota	40,700	1%	403,508	6% 2.0%
	19	Dongfeng Honda	44,500	182%	388,634	21% 1.9%
	20	Jianghuai Automotive	40,368	53%	346,168	76% 1.7%
	<b>Passenger Vehicle Total</b>		<b>2,243,941</b>	<b>21%</b>	<b>20,082,077</b>	<b>8% 87.2%</b>
Commercial Vehicle	1	SAIC GM Wuling	54,110	3%	840,014	1% 23.3%
	2	Beiqi Foton	32,739	15%	395,053	-5% 10.9%
	3	Changan Automobile Grc	39,543	69%	361,534	-17% 10.0%
	4	Brilliance Auto	31,782	-30%	308,333	-8% 8.5%
	5	Jiangling Motors	27,157	-9%	238,210	-6% 6.6%
	6	Jianghuai Automotive	11,644	-3%	184,850	-9% 5.1%
	7	Dongfeng Automobile	12,551	-47%	169,831	-20% 4.7%
	8	Lifan Group	20,211	57%	167,888	43% 4.7%
	9	Great Wall Motor	10,112	7%	102,765	-15% 2.8%
	10	Nanjing Iveco	7,094	-28%	79,375	-20% 2.2%
	<b>Commercial Vehicle Total</b>		<b>328,234</b>	<b>-2%</b>	<b>3,608,447</b>	<b>-9% 12.8%</b>

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### **About LMC Automotive**

LMC Automotive is a market leader in the provision of automotive intelligence and forecasts to an extensive client base of car and truck makers, component manufacturers and suppliers, financial, logistics and government institutions around the world and is highly respected for its extremely responsive customer support. It offers forecasting services covering global sales and production for light vehicles and heavy trucks, as well as forecasts of engine and transmission supply and demand. In addition, LMC Automotive publishes special studies on subjects of topical interest to the automotive industry.

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