



# Automotive Industry Weekly Digest

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## [OEM Highlights] NIO, JAC Group to form EV joint venture in China

### IHS Markit perspective

**Implications** Geely Auto and Volvo Cars announced on 24 February that the two companies have agreed to deepen their collaboration to involve a wide range of core business areas to deliver synergies and tap new growth opportunities.

**Outlook** Compared to a full merger plan, this arrangement in the form of an alliance will help both companies tap into each other's resource pool to cope with rising costs associated with the launch of EVs and new technologies, without potentially going through restructuring.

Chinese electric vehicle (EV) startup NIO and Anhui Jianghuai Automobile Group Corp Ltd (JAC Group) signed an agreement on 4 March to establish a new joint venture (JV) company in Anhui province, China. According a statement published by JAC Group, NIO is to hold a 49% share in the new JV company and contribute a capital investment of CNY245 million (USD37.8 million), while JAC is to hold the remaining 51% of shares and contribute CNY255 million. The board of the JV is to consist of three directors appointed by JAC and two directors appointed by NIO. JAC is to appoint one of the directors of the board as president of the JV. The new company will focus on the development and production of EVs and related components, as well as provide consultation services on EV technologies, services, and technology transfer. According to a Yicai report, a NIO staff member familiar with the matter, said, "This new company will be responsible for the operation of the NIO-JAC manufacturing base. NIO will be able to get more involved in the daily operation of the Hefei manufacturing base once the new company go into operation."

NIO currently produces three models, the ES8, ES6, and EC6, in Hefei, Hefei province, under a contract manufacturing deal with JAC. The plant, built by JAC as part of the contract manufacturing deal, was designed specifically to meet the production requirements of NIO models. During the startup's fourth-quarter earnings call with analysts last week, NIO CEO William Li said the company has been studying plans regarding the introduction of a new brand positioned lower than NIO brand to appeal to mass-market EV buyers. Local media reports state that the formation of the new JV will enable NIO to obtain the full backing of the local government and JAC as part of preparations for the launch of a new brand.



### Outlook and implications

NIO will deepen its ties with JAC through the new JV. The two companies have had a co-operation agreement since 2016 on contract manufacturing of NIO's new models. The EV startup originally planned to set up its own



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manufacturing base in Shanghai, but later dropped the plan due to the huge capital investment involved. To fund its growth, NIO inked several important deals with the Hefei government during 2020, including an investment deal with a group of strategy investors that will bring in a total of CNY7 billion to NIO on certain conditions. According to NIO's annual report, as part of the agreement, NIO will have to seek an initial public offering in China, otherwise the investors may request NIO to redeem shares they hold in the startup. Additionally, if the company's annual sales are less than 20,000 units for two consecutive years, its investors have rights to request NIO to repurchase shares they hold. In NIO's fourth-quarter 2020 financial results, the company posted a gross profit of CNY1,141.9 million (USD175 million), compared with a gross loss of CNY253.8 million in the same quarter of 2019. NIO's gross margin improved to 17.2% in the fourth quarter of 2020, from minus 8.9% in the fourth quarter of 2019. The company delivered more than 43,700 vehicles in 2020, more than double the figure of 20,565 vehicles in 2019.

According to William Li, the production capacity of the Hefei plant is 10,000 units per month, although the plant is not currently operating at this peak level because of constrained semiconductor and battery supplies. The Hefei plant is currently being expanded. By the end of 2021, the manufacturing facility will be able accommodate production of 150,000 vehicles per annum on a single shift and 300,000 units per annum on a two-shift production schedule, says the company. The announcement of a new JV with JAC also follows NIO's decision to lower its investment in JVs with GAC Motor Group and Chongqing Changan Automobile. In February, the startup only had an equity interest of 4.4589% in GAC NIO New Energy Vehicle Technology Company, compared with 22.5% it originally held in the JV. NIO also lowered its share in Changan NIO New Energy Automobile Technology from 50% to 4.6223%.

## [OEM Highlights] VW launches ACCELERATE strategy to transform into software-driven mobility provider

### IHS Markit perspective

**Implications** Volkswagen (VW) has launched its ACCELERATE strategy to transform into a software-driven mobility provider. The automaker has announced integration of software into the vehicle and the digital customer experience as its core competencies. Software-integrated vehicles will allow VW to establish new data-based business models and offer attractive service packages for the customers. VW will expand its zero-emission line-up and will make automated driving widely available by 2030.

**Outlook** VW has been in pursuit of a digital model for several years, laying the groundwork through a number of initiatives. The company announced in 2019 that it would invest EUR19 billion in e-mobility and digitisation; EUR4 billion has been noted for digitisation investments. VW has formed a new division called Car.Software, which employs more than 5,000 "digital experts", with an intention to create its own operating system and invest in its own cloud-computing centre.

*Volkswagen Project Trinity**Image courtesy of Volkswagen of America*

Volkswagen (VW) has launched its ACCELERATE strategy to transform into a software-driven mobility provider, according to a company statement. The automaker has announced integration of software into the vehicle and the digital customer experience as its core competencies. To support this, VW has established the ID.Digital agile project unit to provide “over-the-air” updates every 12 weeks as this helps to keep the vehicles up to date. VW aims to roll out a fully networked fleet of over 500,000 vehicles in two years. Ralf Brandstätter, CEO of VW brand, said, “We are stepping up the pace. In the coming years, we will change Volkswagen as never before. Now, with ACCELERATE we will give the brand’s digitalization a further push.” Software-integrated vehicles will allow VW to establish new data-based business models and offer attractive service packages for the customers. This will enable VW to generate additional revenue. VW’s ACCELERATE strategy will support it in increasing its efficiency as it targets operating return on sales of at least 6% from 2023. The automaker is also planning to reduce fixed costs by 5% before 2023, increase factory productivity by 5% per year, and optimise material costs by 7%.

### **Accelerate e-mobility adoption**

VW will expand its zero-emission line-up as it plans fully electric vehicles (EVs) to account for more than 70% of its total European vehicle sales by 2030, compared with a previous target of 35%. In China and the United States, VW expects the share of EVs it sells to rise to 50% by 2030. To achieve this, VW will launch at least one new battery EV model every year. The automaker will launch three EVs this year: the four-wheel-drive ID 4 GTX will be followed by the coupé-styled ID 5 SUV, with the China-only ID 6 large SUV revealed next by the end of the year. VW also said that it is working on the next generation of an all-electric drive toolkit for flat vehicles called the Scalable Systems Platform, which will be deployed in VW’s flagship project, Trinity, in 2026.

### **Trinity concept will expand autonomous technology development**

VW has teased an EV sedan planned for 2026, while separately Seat announced investment into its Barcelona, Spain, manufacturing for EV production. VW says its Trinity stands for three themes: a newly developed electronics platform; simplification of the supply structure; and fully networked production at Wolfsburg, where the Trinity will be produced. It says the new vehicle will set new standards for range, charging speed, and digitisation, going as far as to claim charging speed as fast as refuelling. The new sedan is also expected to offer Level 2+ driver assist systems and be technically ready for Level 4. With Trinity, VW plans to establish a neural network across its fully networked vehicle fleet over which vehicles will continuously exchange data. Brandstätter said, “Volkswagen will undergo profound changes. We will epitomize not only climate-friendly e-mobility, but especially fascinating digital customer experiences, new business models and autonomous driving for many people. We have built up a strong basis for this over the last few years. Now, with ACCELERATE we will give digitalization a further push.”

## **Outlook and implications**



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VW has been in pursuit of a digital model for several years, laying the groundwork through a number of initiatives. The company announced in 2019 that it would invest EUR19 billion in e-mobility and digitisation, EUR4 billion has been noted for digitisation investments, and in 2017 the company noted that it expects to gain billions in mobility revenue by 2025. Tightening CO2 emissions targets and government initiatives are encouraging automakers to release EVs. IHS Markit reported 2.5 million EVs sold globally in 2020 and expects the figure to rise to 12.2 million in 2025, indicating annual growth of nearly 52%.



VW has formed a new division called Car.Software, which employs more than 5,000 "digital experts", with the intention to create its own operating system and invest in its own cloud-computing centre. The division aims to increase VW's in-house software development from the current 10% to 60% by 2025. Recently, VW Group has agreed an alliance for its Car.Software organisation to work together with Microsoft on building a new automated driving technology platform. The platform will be cloud based and collaborative, and will be aimed at sharing technology and data that will help VW accelerate its research and development (R&D) times in the area.



## [Sales Highlights] EV startup Xpeng's net loss narrows by 21% y/y in Q4 2020 on improved vehicle sales

### IHS Markit perspective

**Implications** Xpeng posted a narrower net loss in the fourth quarter of 2020 as it ramped up vehicle deliveries during the quarter.

**Outlook** During 2020, EV startups Xpeng and NIO both broadened their product offerings with new models. These new launches, backed by latest battery and automated driving technologies, will continue to bolster their sales in China's growing passenger EV market.

Chinese electric vehicle (EV) startup Xpeng has announced its unaudited financial results for the fourth quarter and full year 2020. The startup's total revenues in the fourth quarter were CNY2.85 billion (USD437 million), an increase of 345.5% year on year (y/y) and 43.3% quarter on quarter (q/q). Xpeng's vehicle sales revenues totalled CNY2.74 billion in the fourth quarter, up 375.7% y/y and 44.1% q/q. The company's gross margin was 7.4% in the fourth quarter, compared with minus 6.6% in the corresponding quarter of 2019 and 4.6% in the third quarter of 2020. Xpeng's vehicle margin was 6.8% in the fourth quarter, compared with minus 8.5% in the corresponding quarter of 2019 and 3.2% in the third quarter of 2020. The company recorded a net loss of CNY787.4 million in the fourth quarter, an improvement of 21% y/y from CNY997.1 million in the fourth quarter of 2019 and 31% q/q from CNY1,148.8 million in the previous quarter. For the full year 2020, Xpeng's revenues totalled CNY5.84 billion, an increase of 151.8%. The company's gross margin was 4.6% for the full year 2020, up from minus 24.0% in 2019. Xpeng's vehicle margin was 3.5% for the full year 2020, compared with minus 25.9% in the prior year. During 2020, Xpeng's research-and-development (R&D) expenses were CNY1.73 billion, down 16.6% from 2019. According to the company, the high R&D expenses recorded in 2019 were related mainly to the development the P7 sedan. Xpeng recorded a net loss of CNY2.73 billion in 2020, a narrowing from a net loss of CNY3.69 billion in the prior year. The company delivered 12,964 vehicles in the fourth quarter and 27,041 vehicles in the full year 2020. Deliveries of the P7 sedan reached 8,527 units in the fourth quarter of 2020, an improvement from 6,210 units delivered in the previous quarter.



For the first quarter of 2021, Xpeng expects its deliveries to reach 12,500 units and its total revenues to be around CNY2.6 billion, up 531% y/y. The company also said it plans to launch its third model, a Lidar-equipped Smart EV model, in the second half of 2021.

### Outlook and implications



Xpeng posted a narrower net loss in the fourth quarter of 2020, after ramping up deliveries of the P7 electric sedan during the quarter. Consumers are showing a growing interest in the P7 electric sedan. The model offers segment-leading Level 2 and above automated driving technologies and features Xpeng's smart connectivity system, Xpeng OS, which can receive over-the-air (OTA) updates. Propelled by growing demand for the P7, Xpeng's deliveries jumped 51% in the fourth quarter of 2020 to 12,964 units. The result means it beat its target set at 10,000 units. According to Xpeng, of the total P7 vehicles delivered in the fourth quarter, 95% were equipped with its advanced driver-assistance systems, the XPILOT 2.5 or the more advanced XPILOT 3.0. The high take rate of these smart driving systems reflect strong consumer interest in highly intelligent EVs that provide performance, range, and a unique driving experience.

During 2020, EV startups Xpeng and NIO both broadened their product offerings with new models. These new launches, backed by latest battery and automated driving technologies, will continue to bolster their sales in China's growing passenger EV market. According to IHS Markit's forecast, the production volumes of passenger EVs in China are set to reach around 2.43 million units in 2022, compared with around 1.01 million units in 2020 and 903,000 units in 2019. Tesla, with the Model 3 and Model Y, is well positioned in the market and is expected to lead the sales of mass-market EVs in the next two years. However, the market will still provide opportunities for startup EV makers with compelling products and strong technology capacities.

## [Sales Highlights] Changan reports sales increase of 465.8% y/y during February

Chongqing Changan Automobile (Changan Auto) has reported sales of 162,708 vehicles in February, up 465.8% year on year (y/y). Of the total, the Chinese automaker's Changan Ford joint venture (JV) posted an increase in sales of 167.4% y/y to 10,932 units in February, while the Changan Mazda JV's sales rose 257.5% y/y to 6,289 units. Combined sales of Chongqing Changan and Hefei Changan, Changan's passenger car subsidiaries, totalled 103,171 units in February, compared with 14,002 units in February 2020. In the year to date (January to February), Changan's sales have increased 153.9% y/y to 414,688 units.



## Outlook and implications





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Changan reported strong February sales thanks to rising demand for its self-owned passenger product lines. On y/y terms, Changan's sales more than fourfolded. Given the fact that auto sales during last February were severely disrupted by the coronavirus disease 2019 (COVID-19) virus outbreak, the jump was largely attributed to a low volume base of comparison of last February. However, Changan still beats its Chinese counterparts during last month in sales volumes. GAC Motor Group, for instance, sold 105,128 vehicles in February. Of this total, sales of GAC's self-owned subsidiaries totalled 16,955 units. In comparison, combined sales of Chongqing Changan and Hefei Changan, Changan's main passenger vehicle subsidiaries, reached over 100,000 units in February.



## [Technology Highlights] Shanghai Motor Show 2021: Arcfox to debut Alpha-S HBT EV powered by Huawei technologies

Arcfox, the premium brand of BAIC Motor, plans to unveil a new model developed jointly with Huawei at the Shanghai Motor Show 2021, which will open on 19 April. The model, said to be named the Arcfox Alpha-S HBT, will be equipped with automotive-grade LiDARs, 6 millimetre-wave radars, 12 cameras, and 13 ultrasonic radars provided by Chinese technology giant Huawei. The new model will also be the first on the market to feature Huawei's latest chips with 352 TOPS of computing power.



### Outlook and implications

Images of the Arcfox Alpha-S HBT published by Chinese media indicate that the model will be a mid-sized battery electric sedan with a driving range of 700 kilometres. According to BAIC, the Alpha-S will be equipped with a range of new technologies provided by Huawei, and the two have been working collaboratively on the Alpha-S HBT over the past two years. The arrival of the Alpha-S HBT will further complete Arcfox's product line-up in the electric vehicle market, although the model is unlikely to deliver volumes for the brand in the short term. Arcfox launched its first premium model, the Arcfox Alpha-T electric sport utility vehicle (SUV), in October 2020. Between November and December 2020, only 709 Alpha-T SUVs were sold in China.

## [Technology Highlights] Bosch partners with GlobalFoundries to develop radar chips for automated cars

German automotive supplier Bosch has partnered with chipmaker GlobalFoundries to develop next-generation automotive radar technology that will power ADAS (advanced driver assistance systems) applications. Under this partnership, GlobalFoundries will develop mmWave automotive radar system-on-chip (SoC) using its 22FDX RF solution. The chips will be manufactured at GlobalFoundries's Dresden (Germany) factory and are delivery is targeted for the second half of 2021. Oliver Wolst, senior vice-president heading Bosch's Integrated Circuit division, said, "Dependable radar and ADAS systems are of paramount importance to drivers and automakers around the world. We chose to partner with GlobalFoundries for their proven leadership in RF and mmWave technology, which is reinforced by their deep expertise in the automotive market. We carefully scrutinized the universe of available semiconductor solutions, and GF's 22FDX RF solution proved to be today's most attractive and most appropriate platform for our next generation of highly efficient and safe automotive radars."



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## Outlook and implications

This collaboration aims to develop radar chips operating at higher frequency to help the radar detect objects further away with greater accuracy. Radar sensors support automated vehicles for object detection and navigation in severe climatic conditions, such as fog, rain, and snow. Bosch could use chips from a third-party company and embed them in a radar module, but the partnership will support the supplier in having its own design custom-made. Bosch develops some of its own chips and recently announced it was building its own plant to make ASICs (application-specific integrated circuit) microchips, also in Dresden.



## [GSP] Japan/Korea Sales and Production Commentary -2021.02

### Japan/Korea sales

#### January 2021: +9.4%: 0.52 million units vs. 0.47 million units

- Japanese light vehicle sales increased 7.4% year on year (y/y) in January 2021. The rise in sales in the last couple of months can be partly attributed to the low base of comparison from 2019, as customers trimmed their spending following the October 2019 consumption tax rise. The recent surge in COVID-19 infections and the government's decision to suspend subsidies for eating out and tourism in areas experiencing outbreaks will likely weigh on consumer spending in the first quarter of 2021. Meanwhile, Japan continues to be in the state of emergency. Key factors that continue to keep consumers cautious and pose downside risks include weak employment conditions.
- The Japanese near-term economic outlook still shows stagnating momentum, reflecting weak business conditions nationwide in the past several months since the COVID-19 pandemic started earlier in 2020. However, the situation shows slightly better-than-expected momentum as some affluent families can afford durable goods such as cars, instead of actively going abroad or taking long holidays to return to their hometowns. The Tokyo 2020 Olympics and Paralympic Games were postponed to summer 2021 owing to COVID-19.
- The environmental performance tax reduction support has been reextended until the end of 2021. This support particularly aims to cope with the effects of the COVID-19 pandemic. Moreover, the eco-car tax breaks have been extended for two more years from April 2021 to 2023, with a more stringent threshold on the fuel economy level, which might also support domestic demand for vehicles with better fuel economy.



- Most domestic OEMs in Japan posted a year-on-year increase in sales in January, except Mitsubishi. Sales at Toyota (including the Lexus brand) increased 13.6% y/y. Sales at Honda were up 1.8% y/y, and sales at Nissan increased 2.6% y/y.
- Owing to the post-recovery effects of the COVID-19 crisis in 2020, the Japanese market's overall domestic sales forecast in 2021 is set at 4.89 million units, up 8.4% compared with 2020.
- South Korea's total light vehicle sales increased 15.5% y/y in January 2021, mainly owing to growth in imported passenger vehicle sales and a higher number of working days compared with January 2020.



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- Most domestic OEMs in South Korea posted year-on-year positive growth in January 2021, except Renault Samsung. Hyundai's sales increased 25% y/y, and Kia's sales were up 12%. Renault Samsung's sales declined 17.9% y/y. Sales of imported vehicles increased 30.7% y/y in January 2021.
- The COVID-19 virus outbreak and the trade friction overseas will take a toll on the South Korean economy. The post-consumption tax relief already ended in 2020. Thus, negative payback effects are gradually expected in 2021. The country's sales of new vehicles in 2021 will likely decrease 4% compared with 2020, to 1.79 million units, after finishing 6.6% up in 2020 from 2019.

## Japan/Korea Production

### January 2021: 4.1%; 0.94 million units vs. 0.98 million units

- The semiconductor shortage is causing a more visible and critical impact on Japan; the accumulated lost volume since December 2020 has reached over 110,000 units, which is the equivalent of the 5% planned volume for the first quarter of 2021. The influence on vehicle production and recovery timings are unique by OEM, depending on the supply chain routes, purchasing power against semiconductor suppliers, vehicle inventory, and demand trend for vehicles.
- The Subaru Forester and XV should be impacted the most, losing 50,000 units—or 30% of the original plan—in the first quarter. Subaru operations should start to recover only late in the third quarter, and the likely inventory shortages of the XV and Forester models that are in high demand in North America will affect real demand.

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## [Supplier Trends and Highlights] Infineon develops new generation of power MOSFET technology in 80V and 100V

The MOSFETs are optimized for both low- and high-switching frequencies



Source: Infineon

Infineon Technologies has developed the StrongIRFET 2, a new generation of power MOSFET technology in 80V and 100V applications, the company said in a press release on 9 March. The MOSFETs are optimized for low- and high-switching frequencies.

The design is highly flexible and can be used for applications including SMPS, motor drives, battery-powered tools, battery management, UPS, and light electric vehicles (EVs). It has an increased current rating that enables higher current carrying capability, eliminating the need to parallel multiple devices, which leads to lower BOM costs and board savings.

### Outlook and implications

The StrongIRFET 2 products can be ordered in a TO-220 package and has higher power efficiency for improved overall system performance. Earlier this week, Infineon developed the 650V CoolSiC hybrid discrete for use in fast switching automotive applications such as On-Board Chargers (OBC), Power Factor Correction (PFC), DC-DC, and DC-AC converters. It has also expanded its newly developed AIROC brand with a 2x2 Wi-Fi 6/6E and Bluetooth 5.2 combo system-on-chip (SoC) for automotive applications.

## [Supplier Trends and Highlights] BlackBerry partners with Desay SV Automotive for dual-screen virtual smart cabin domain controller

Technology is available in Chery's Tiggo 8 Plus and Jetour X90 models



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Source: Getty Images

BlackBerry has announced a partnership with Desay SV Automotive to develop a dual-screen virtual smart cabin domain controller, according to an 8 March press release. The technology will leverage QNX Hypervisor and the QNX Real-time Operating System (RTOS) and will be available in Chery's Tiggo 8 Plus and Jetour X90 models.

“Augmented with secure and reliable BlackBerry QNX technology, together we can address the diverse needs of an auto industry that is undergoing rapid transformation. We are pleased that BlackBerry's technology can provide support to the innovative smart cabin of Chery's Tiggo 8 Plus and Jetour X90 and look forward to providing the automotive industry with a more integrated and powerful smart cabin, as well as additional smart drive solutions in the future,” said John Wall, SVP and co-head, BlackBerry Technology Solutions.

## Outlook and implications

Both Chery's models are equipped with Desay SV Automotive's smart cabin domain controller which is built on the QNX Hypervisor. The QNX Hypervisor allows multiple operating systems (OS) to safely coexist on the same system-on-a-chip (SoC).

“Desay SV Automotive is committed to the integration and innovation of a new human-machine interaction experience in the age of intelligence. Through the creation of advanced smart cabin system solutions, BlackBerry's high-quality, cost-effective products are enabling a safer driving experience with smart drive systems,” said Li Huang, general manager, Technology Center, Desay SV Automotive.



## [VIP ASSET] Automotive Monthly Market Review – China

### Market data

#### Light vehicles

轻型汽车销量						
	2021年1月	2020年1月	增长%	2021年累计	2020年累计	增长%
轿车	2,007,251	1,557,946	28.8	2,007,251	1,557,946	28.8
轻型商用车	288,042	234,196	23.0	288,042	234,196	23.0
轻型汽车*	2,295,293	1,792,142	28.1	2,295,293	1,792,142	28.1

\*包括新能源汽车销量但不包括在内含生产零件的商用车销量（不包括任何以工业用途为目的）

来源：IHS Markit 2021年3月11日

- Sales of passenger cars in China reached over 2.01 million units in January, up 28.8% year on year (y/y).
- Sales of light commercial vehicles (LCVs) increased by 23.0% y/y to 288,042 units in January.
- Sales in China's light-vehicle (LV) market, made up of passenger cars and LCVs, rose by 28.1% y/y to 2.295 million units in January.

#### Passenger cars

乘用车市场细分									
	2021年1月			2021年累计			2021年累计		
	销量	增长%	市场份额%	销量	增长%	市场份额%	销量	增长%	市场份额%
A CAR	60,090	4,653	1191.4	60,090	4,653	1191.4	3.0		
A MPV	27	2	1250.0	27	2	1250.0	0.0		
A SUV	732	15	4780.0	732	15	4780.0	0.0		
B CAR	39,610	30,252	30.9	39,610	30,252	30.9	2.0		
B SPORT	31	0	n/a	31	0	n/a	0.0		
B SUV	119,429	100,623	18.7	119,429	100,623	18.7	5.9		
C CAR	496,857	428,268	16.0	496,857	428,268	16.0	24.8		
C MPV	8,522	10,988	-22.4	8,522	10,988	-22.4	0.4		
C SUV	452,787	380,330	19.1	452,787	380,330	19.1	22.6		
C VAN	41	240	-82.9	41	240	-82.9	0.0		
D CAR	304,110	236,416	28.6	304,110	236,416	28.6	15.2		
D MPV	57,049	46,589	22.5	57,049	46,589	22.5	2.8		
D SUV	344,761	254,616	35.4	344,761	254,616	35.4	17.2		
E CAR	88,651	53,371	66.1	88,651	53,371	66.1	4.4		
E MPV	4,406	3,393	29.9	4,406	3,393	29.9	0.2		
E SUV	30,148	8,190	268.1	30,148	8,190	268.1	1.5		

\* 仅指乘用车销量

来源：IHS Markit 2021年3月11日

#### C segment

The C segment is the largest sales segment in China's LV market. Sales in the C segment, including the car (CAR), sport utility vehicle (SUV), multi-purpose vehicle (MPV), and van (VAN) sub-segments, reached 958,207 units in January, up 17% from 819,826 units in January 2020. The C-car and C-SUV segment both experienced double-digit percentage sales gains in January, while sales of C-MPVs contracted by 22.4% y/y. Only a small number of models are competing in the C-MPV market and automakers are not keen on adding new models to the segment due to lack of demand. However, BYD recently introduced the D1 MPV to the market. The model is targeted primarily at the mobility market and is unlikely to generate high sales in the private vehicle market.

#### C-CAR





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The C-car segment had a strong January as new-car buyers often show high purchase intention before the Chinese Lunar New Year holiday, which fell in February in 2021. Sales volumes of compact cars increased 16% in January to 496,857 units. The C-car segment, with a market share of 24.8% in January, remains the single largest sub-segment in the Chinese LV market. German and Japanese brands remain the dominant players in the segment thanks to steady performance of their classic models. The top five models in the segment are the Volkswagen (VW) Lavida, Toyota Corolla, VW Sagitar, VW Bora, and Nissan Sylphy. The Corolla and Levin have contributed a combined sales volume of 66,276 units in the segment, reflecting strong consumer demand for no-frills compact models introduced by Japanese automakers. Overall, the top-10 best-sellers in the segment all saw sales reach over 20,000 units in January. The all-new Hyundai Elantra, sales of which began in September 2020, had reported sales of nearly 17,000 units in January. The seventh-generation model is expected to strengthen the presence of the Hyundai brand in the passenger car market. Compared to Japanese and German brands, Chinese brands do not have a strong position in the C-car segment. Geely's Emgrand sedan was the only model from a Chinese brand in the top-10 sales rankings with sales of 24,600 units in January.

### C-SUV

Sales of C-SUVs rose by 19.1% y/y in January, representing a market share of 22.6%. Geely's compact SUV, the Boyue, led the segment with sales of 30,197 units in January, up 29% y/y. Sales of the Honda CR-V increased 20% y/y to 26,110 units in January, the second best-selling model in the C-SUV segment. Sales of the Toyota RAV4, the third best-selling model in the segment, rose by 27% y/y to 19,538 units. Among Chinese brands, GAC's Chuangqi GS4 and Changan's CS55 were the seventh and 10th best-selling models in the segment. Changan's CS-series has already been the automaker's main volume driver in the SUV market. Combined sales of the CS35, CS55, and CS77 totalled 37,345 units in January. Changan's UNI-T, the first compact SUV from the automaker's new UNI-series product line, also contributed to Changan's SUV sales. Sales of the UNI-T totalled 11,868 units in January.

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