

**January 14, 2019**

**Nio Inc (NIO)** - Nice candle today with stock up +3.8% and technically moving out of the base. JP Morgan today is comparing Nio's ES8 sales to Tesla's Model X in China:

- **NIO (NIO; Neutral):** We hosted NIO's CFO Louis Hsieh at the J.P. Morgan Tech Forum. *Key takeaways include:* (1) NIO logged stronger than expected ES8 deliveries in 4Q, but noted December benefitted from some pull-ahead of sales, suggesting January will likely be softer; and (2) Demand for the ES8 is significantly outpacing that for the Tesla Model X, and management feels good also about the value proposition for its upcoming ES6 relative to the Tesla Model 3; (3) NIO updated on the prospect of a wholly-owned assembly plant, suggesting new rules make it potentially easier to obtain a license, but it is in no rush, given ability to expand existing capacity and bevy of alternative options; and (4) Experience with battery-swapping program has not proven problematic, differentiates NIO from the competition via reduced charging time and extended practicable range.

**December 10, 2018**

**Nio (NIO)** - News hitting wires. NIO delivered 3,089 ES8 electric cars in November, which is almost two times more than in October. Total volume since introduction this summer reached 8,030, which is not a bad figure at all - InsideEV

<http://bit.ly/2Urxuc9>



NIO ES8 Sales skyrocket in November

**November 28, 2018**

## **Nio Inc (NIO) - Email Sent ...**

Nio Inc

Ticker: NIO

Sector: "Tesla of China"

Current Price: \$7.90

Target: More the Merrier

Stop Loss: \$5.60

Time Duration: 1 year

### **Trade Idea – Buy NIO Common Stock at \$7.90 or less.**

Funded with \$1 billion startup capital provided by tech giant Tencent, Nio the "Tesla of China" has buyers of 1,100+ January 8 calls for up to \$1.00 offer. Approx \$110,000 bullish bet. Nice candle with stock up +5.7% and looking to breakout here. See chart below.

**Biggest Takeaways from Q3 Earnings Report** - This still remains a concept stock with much to prove. Could be massive winner with Chinese aggressive push for adoption of clean air technologies. Highlights from November 6 earnings report:

--- Using 0.14 USD to RMB exchange rate, NIO Q3 sales were \$205.8M. A year ago same quarter sales were just \$6 million. It was a concept last year. Now it has rapidly growing sales.

--- In 3Q18 total vehicle production was 4,206. That is up over +800% QoQ sequentially from just 500 production in 2Q18. A remarkable growth in just 3 months that even Tesla cannot match in the US.

--- For 4Q18 company guided 7,000 vehicle shipments which implies +114% sequential QoQ growth rate. Naturally there would be some moderation in this growth rate but still ridiculously strong set of numbers.

**ES8 Top Selling Electric Vehicle in China** - The biggest driver of growth currently is ES8 SUV (see picture below) though there is also a roadster that is selling well. Made in China and sold in China and still this ES8 costs \$69,790 starting price before additions and features ratchet the price up to \$80,000 (yes that is in USD). It is size of Audi Q7 that seats 7 adults, 322 HP, 0-60 mph in 4.4 seconds and full charged battery is good for 190 miles. Intel's Mobileye EyeQ4 chip powers a full suite of autonomous driver assist features. Just to add NIO Pilot autonomous feature adds another \$6,000 to price tag. Gadgetry is where the ES8 impresses most. The front seats are cossetting thrones that massage, heat, and ventilate. How about Artificial Intelligence? NOMI Mate, an AI companion, sits on top of the dash and swivels to greet passengers when prompted. The system links to the cloud and functions like Siri, except it also controls vehicle features (e.g., "Hey NOMI, open the sunroof!").

The climate control displays PM2.5 levels and filters air accordingly, while the center console fits handbags and stilettos.

**How About Batteries?** - In 2016, China's State Grid embarked on a national infrastructure project to build 120,000 DC fast chargers at 10,000 locations across the country by 2020. According to NIO's app, 20,556 State Grid-networked DC fast chargers are available for use today. The stations accept WeChat Pay, the most commonly used mobile payment system in the world. The ES8 is also capable of battery swapping, which takes three minutes to complete. NIO says they will operate 1,100 battery swapping stations in China by 2020, with a minimum density of one station per 3-kilometer (1.9-mile) radius in major cities. That's another concept unheard of in the US. To be fair, battery swapping was tried by Tesla before. Tesla had one such station in Coalinga, CA but it didn't get traction or the scale planned by NIO. This works nicely for NIO "battery subscription business" which it sells for \$199/month, which is yet another idea that we have not even explored in the US yet.

**Aggressive Push to Build Showrooms** - NIO is pouring money into showrooms, delivery centers, service centers, and NIO Houses (co-working/community spaces for owners) across China. At current count, six cities are covered: Beijing, Shanghai, Nanjing, Guangzhou, Shenzhen, and Chengdu, with more underway. All facilities are owned and operated by NIO, not as dealership franchises which have been a drag on US legacy producers like GM and Ford. The goal is to reach 20 NIO Houses by end of 2018 which could really accelerate adoption rate in 2019.

**Economies of Scale** - Similar to Tesla that ran heavy losses previously but was able to turn profitable last quarter with economies of scale with Model 3 superb success rate, in last earnings call NIO management stated that they expect 4Q18 gross margins to turn positive.

*NIO had practically zero sales in year 2017. In 2018 it is expected to finish with \$596 million in sales. Then expected to rise to \$2.4 billion in 2019 followed by increase to \$4.8 billion in 2020. Over next 2 years NIO annual vehicle production should increase by 9 folds from 9,568 to 85,000+ vehicles. A common person may not believe China is so far ahead in the race to build autonomous electric cars fully of bells and whistles, but they are.*

**Short Term Catalyst** - A much better and lower priced version of ES8 called ES6 is launching in December. I expect to hear grand announcement of that via press release soon in coming weeks



NIO ES8 - Exterior



NIO ES8 - Interior





NIO rapid buildout of charging stations

**November 19, 2018**

**Nio (NIO)** - Company is far away from profitability and actually having any reliable product in the market right now. But eventually it will get there. Directionally Citron is correct but likely way too early. An interesting video to go along from Bloomberg issued last week:

China Is Leading the World to an Electric Car Future. New emission rules will force global carmakers to redraw their road maps.

<https://goo.gl/cn88VX>

**Nio (NIO)**- Citron is out with a Bullish note today, price tag of \$12 and up to \$24 if valuation is compared to **Tesla's (TSLA)** early Model S days. Interesting to note that the short float, once Baillie Gifford, Vanguard, and Morgan Stanley holdings are removed, theoretically stands at over 100%.

Link to file: <https://goo.gl/TCqHje>

**October 9, 2018**

**NIO Inc (NIO)** - Baillie Gifford & Co disclosed a 11.4% stake in the newly listed Chinese electric vehicle company. The 44-partner investment management firm is also the largest stakeholder in **Tesla (TSLA)**.

**September 13, 2018**

**Nio Inc (NIO) - From F-1 filing:**

*"We are a pioneer in China's premium electric vehicle market. We design, jointly manufacture, and sell smart and connected premium electric vehicles, driving innovations in next generation technologies in connectivity, autonomous driving and artificial intelligence. Redefining user experience, we aim to provide users with comprehensive, convenient and innovative charging solutions and other user-centric service offerings. Our Chinese name, Weilai ( LOGO ), which means Blue Sky Coming, reflects our commitment to a more environmentally friendly future."*

Holdings include Founder vehicles (17.2%), Tencent (15.2%) and Hillhouse (7.5%). Tesla is named as main competitor.

Here is F-1 Filing with SEC: <https://goo.gl/H1jVCN>