



# Chinese Internet Giants' Car Manufacturing Report, 2016

Nov. 2016

## **STUDY GOAL AND OBJECTIVES**

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

## **REPORT OBJECTIVES**

- ◆ To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- ◆ To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- ◆ To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- ◆ To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- ◆ To help company to succeed in a competitive market, and

## **METHODOLOGY**

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

## **INFORMATION SOURCES**

The primary information sources include Company Reports, and National Bureau of Statistics of China etc.

## Abstract

Starting in 2014, Internet giants like LeEco, Alibaba, Tencent, Google, and Baidu announced to set foot in the field of intelligent connected cars successively. Moreover, the emerging internet firms that venture into car manufacturing such as ZHICHEAUTO, Xiaopeng Motors, NextEV, and WM Motor were successively established, which obviously paces up the development of Internet giants' car manufacturing. In 2016, various news about Internet giants' car manufacturing aroused public concern. First, senior executives of traditional automakers left for internet companies that venture into car manufacturing, and then LeSEE was released and NextEV and JAC signed OEM agreements.

So far, however, the car manufacturing of most internet companies has been still in planning and conceptual phase, but only a few have made substantial progress, which is reflected in the following:

In terms of product, most players have launched concept cars. In July 2016, Alibaba and BAIC jointly rolled out Roewe RX5, a connected car model that can be mass produced, with the order volume of 25,000 units in the first month after the release.

As for the footprint of auto plants, some Internet giants that venture into car manufacturing has started construction of their independent manufacturing factories, such as LeSEE's Zhejiang Base, Chehejia's Changwu Base in Changzhou, WM Motor's Wenzhou Base, and LingyunIntelligent's Hefei Base; others have confirmed their OEM plants, including NextEV (with JAC), Xiaopeng Motors, and ZHICHEAUTO.

With regard to financing, most Internet giants that venture into car manufacturing have achieved A-round of financing, such as LeSEE (USD1.08 billion), WM Motor (USD1 billion), and Chehejia (USD780 million); only a few companies are conducting B round of financing.

In terms of automotive manufacturing qualification, only a small number of Internet firms have gained qualification for the production of new energy vehicles through M&A or cooperation, these companies including Dearcc (cooperation withSoueast Motor) and Harmony Futeng (through the holding of Zhejiang Green Field Motor). As yet, there has been no individual Internet company that has obtained the qualification for manufacturing new energy vehicles.

In the short run, restricted by basic manufacturing of automobiles and layout of production line, the development of Internet giants that venture into car manufacturing is pessimistic, and they still need to put fund into the development of telematics products, ADAS, and other Internet technological products.

But in the long run, according to the strategic planning for Internet giants' car manufacturing, Internet giants that venture into car manufacturing happen to share the development direction with traditional car makers. Development of electricity-driven, intelligent, and internet-connected auto products helps make it possible to mutually fuse Internet companies' hardware-oriented development with internet-connection of traditional auto makers, at length leading to a gradual fusion development. This mainly comes out of the following factors: (1) favorable polices on Internet Plus and new energy vehicles; (2) the increase in demand for personalized and customized automobiles; (3) With Internet technical superiority, Internet giants that venture into car manufacturing could easily make layout in Internet-connected vehicles in advance.

The report mainly includes three sections:

- (1) Industry policies, development history, development path, financing, and development trend, etc. of China's Internet giants' car manufacturing industry;
- (2) Current situation, enterprise presence, and development trend, etc. of intelligent, electricity-driven, and Internet-connected automobiles in China
- (3) Core talents, financing, plants, strategic planning, and development layout, etc. of 13 Chinese Internet giants that venture into car manufacturing

Company	Product Positioning	Progress of Manufacturing Plants	Vehicle Production Qualification	Model Release
LeSEE	Electricity-driven, intelligent, Internet-connected, and socialized	Both Deqing Plant (Zhejiang) and Faraday Future Plant at Las Vegas are under construction.	No	Concept car
NEXTEV	Electricity-driven, intelligent, and Internet-connected, etc.	Motor production base in Nanjing is under construction and the company has constructed auto works with a British company; moreover, it has built OEM production base in cooperation with JAC.	No	No
Harmony Futeng	It operates EV business under the two brands of Edison and iCar, of which the former is mainly involved in high-end products and the latter economical ones.	The on-going EV plant is expected to be put into operation in 2019	Yes	No
Chehejia	Electricity-driven, intelligent, and Internet-connected; it is positioned to complete in small yet pretty economical EV.	Auto plants in Wujin, Changzhou, and its supporting battery factory are under construction	Yes	No
WM Motor	It makes layout in the following four aspects: electricity-driven, intelligent, popularized, and limited customization	Auto manufacturing plant in Wenzhou (under construction)	No	No
YudoAuto	It makes layout in four aspects, i.e., electricity-driven, intelligent, internet-connected, and lightweight; it focuses on battery electric SUV	New energy vehicle manufacturing plant (under construction)	No	No
Youxia Motors	Electricity-driven, high-performance, and lightweight	Hefei auto plant (under construction); acquiring aluminum alloy mould factory	No	Concept car
Baidu's Driverless Car Division	It makes layout in electricity-driven, sharing, and intelligent; it focuses on 'driverless'.	No manufacturing plants; cooperation with BMW, Ford, Mercedes-Benz, Audi, and BAIC BJEV	No	No
Xiaopeng Motors	Crossover SUV, intelligence and interconnection, and EV; it makes layout centering on battery, motor, electronic control, and large-screen intelligent interaction system.	It has reached a OEM agreement with a Chinese automobile manufacturer; by 2020, it will achieve a supply capacity of 50,000-100,000 units/a electric vehicle.	No	Concept car
ZHICHEAUTO	An average household can afford an EV at a moderate price	It has decided on the auto maker with which it intends to cooperate for OEM, but has not yet disclosed its name.	No	Concept car
Dearcc	With A-class /A 0-class products as its mainstay, it produces fashionable, intelligent, internet-connected, economical, and practical BEV with high technological content.	No manufacturing plants; it has cooperated with Zotye Auto and Soueast Auto	No	Concept car
Alibaba	It mainly operates Banma, a YunOS-based brand, in an effort to make cars more electricity-driven, intelligent, and internet-connected.	No manufacturing plants; cooperation with SAIC and others	No	Mass-produced car
Beijing Lingyun Intelligent Technology	Two-wheeled EV; making them smaller and more electricity-driven and lightweight.	OEM mode	No	Concept car

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