

**December 20, 2023***Name:* NIO Inc. Sponsored ADR Class A*Ticker:* NIO-US*Market Cap (\$mm):* \$14,317*Country:* China*Sector:* Consumer Discretionary*Industry:* Automobiles**Sector Outlook**

Despite recent upticks in inflation on base effects, inflation overall is likely to moderate, reducing a major headwind for economically sensitive categories such as autos, auto components, hotels, restaurants, and retail, which mostly fell more than the market during the 2022 downturn and are likely to perform well as markets recover.

**Company Description**

NIO, Inc. is a holding company which engages in the design, manufacture, and sale of electric vehicles. Its products include the EP9 supercar and ES8 7-seater SUV. It provides users with home charging, power express valet services, and other power solutions including access to public charging, access to power mobile charging trucks, and battery swapping. It also offers other value-added services such as service package, battery payment arrangement, and vehicle financing and license plate registration. The company was founded by Bin Li and Li Hong Qin on November 28, 2014 and is headquartered in Jiading, China.

**Financial Snapshot**

Revenue by Product Segment	%	Revenue by Geographic Segment	%
Vehicle	92%	China	100%
Packages	2%		
Charging Pile	1%		
Automotive Regulatory Credits	0%		
Battery Upgrade Service	0%		
Others	5%		

**Company & Sustainability Analysis**

NIO, one of the leading Chinese electric vehicle manufacturers, is well positioned to benefit from continued electric vehicle adoption in China and a favorable regulatory environment for renewables. The firm stands to gain from its strong brand equity and significant Battery EV (BEV) market share, as well as growth-y drivers such as autonomous driving, software upgrades, subscription services and data sharing capabilities – characteristics we expect to drive outperformance following 2022's growth-driven bear market.

**Sustainability Analysis**

NIO Inc. is rated A by MSCI ESG Research. NIO's strong score is primarily based on the company's product carbon footprint and development of clean tech. As a pure-play producer of EVs, all revenue streams tie back to clean tech and NIO is dedicated to making EVs more accessible to the average consumer. Its dedication to clean tech is bolstered by low estimated fleet emissions. NIO also leads the industry in human capital management, which is a strong positive in a labor-intensive industry like automaking. However, there was controversy surrounding a 2021 crash involving its autopilot system which resulted in a temporary downgrade in its MSCI ESG rating, which has since recovered back to A. NIO's corporate governance merits ongoing monitoring, as the combined CEO/chairman has controlling rights of NIO due to the share class structure. The company also lacks strong pay transparency, and the CEO is on the compensation committee. Taken together, we feel the combination of its strong commitment to clean energy and industry-leading

labor management offset any concerns about corporate governance or the company's still-nascent autonomous technology.

NIO's main initiative of producing EVs at lower costs to consumers puts it in direct alignment with SDG 7 (Affordable and Clean Energy) meant to *"Ensure access to affordable, reliable, sustainable and modern energy for all"*.

Nio Inc. is categorized as a Sustainable Investment aligned with the environmental objectives of the EU's Sustainable Finance Disclosure Regulation (SFDR) as defined by Fisher Investments. In order for a company to be considered a sustainable investment, it must be assessed by Fisher Investments as meeting the following criteria: (i) it must contribute to an environmental or social objective; (ii) it must do no significant harm (DNSH) to any other environmental or social objective; and (iii) it must follow good governance practices.

*\*This write-up is provided to fulfil the requirements of the Austrian Ecolabel and should be considered an 'example point in time analysis'. There is no guarantee that the security remains in the relevant strategy or the analysis remains current beyond the date of analysis.*

**\*\*Sources: Fisher Investments Research, FactSet Research Systems, Company Investor Relations**

*Investment in securities involves the risk of loss. Past performance is no guarantee of future returns. Other methods may produce different results, and the results for different periods may vary depending on market conditions and the composition of a portfolio or index. This information should not be considered a recommendation to purchase or sell the security for you or anyone else. We provide our general comments to meet the requirements of the Austrian Ecolabel, based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; and we may change our views at any time based on new information, analysis or reconsideration. Some of the information we have produced may have been obtained from a third party source that is not affiliated with Fisher Investments and we cannot guarantee its accuracy. Fisher Investments requests that this information not be shared with any other party and is intended for confidential and personal use only.*