

# Transport and Logistic Activities Business



## Agenda

- Thailand Road Transportation Business: Overview
- Thailand Road Transportation Business: Outlook
- Thailand Road Transportation Business: SMEs' competition and business opportunities





Business Research  
January 2024

# Transport and Logistic Activities Business Overview & Outlook

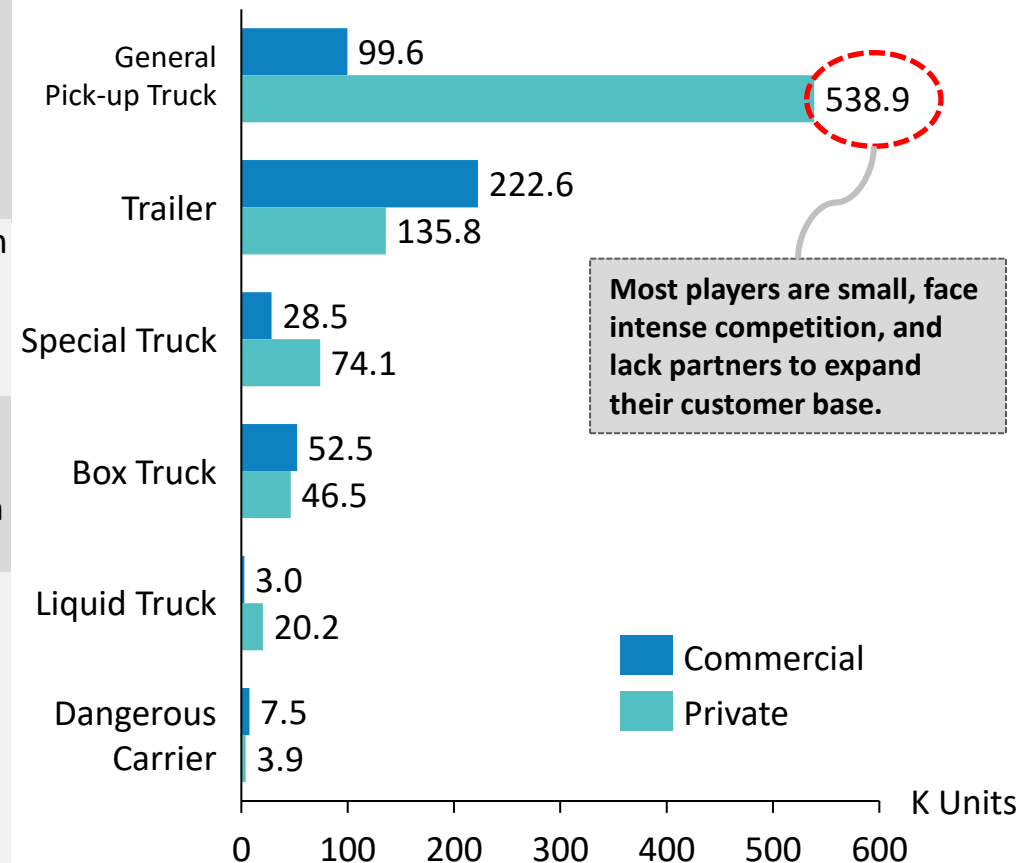
# Transport and Logistic Activities Business – Overview

Road transportation services is a business that has an important role in the distribution of products to markets both in local and neighboring countries. Road transportation accounts for about 80% of domestic freight transportation because Thailand has given more importance to road infrastructure development than other forms of transportation, resulting in road distance covering more than 90% of the country's transportation routes. Moreover, due to the nature of road transportation, goods can be delivered as door-to-door transportation and can be connected with other forms of transportation such as water, rail and air to transport goods to the destination receiver.

## Truck Types and Service Features

- 
**General Pick-up Truck:** General transportation services that are not specific to the type of product, such as the transportation of agricultural products during the harvest season or general transportation in the local area. **The business has many operators and is likely to continue to grow, resulting in a group with intense competition.**
- 
**Trailer:** Transportation of bulk or large cargo, including containerized goods, with revenues largely dependent on growth in the commercial, industrial, and construction sectors. Operators often enter into long-term transportation contracts to reduce the risk of income uncertainty.
- 
**Liquid, Dangerous and Special Truck:** Requires expertise, particularly in transporting fuels, gases, and chemicals, including specialized transport like cement mixers, vehicle carriers, waste trucks, etc. **This results in a business with a specific market and negotiating power on service fees.**
- 
**Box Truck:** It can be split into two different 1) **Refrigeration truck** with services for moving fresh, chilled, and frozen foods. **Transport volume is influenced by demand from specific customer segments and seasonal crops.** 2) Trucks are used to transport consumer and miscellaneous goods, often follow regular routes and have established trading partners. **Some operators have adapted to partner with parcel express businesses to capitalize on the growth of E-commerce.**

## Number of Trucks Registered by Type (as of 30 Sep 2023)



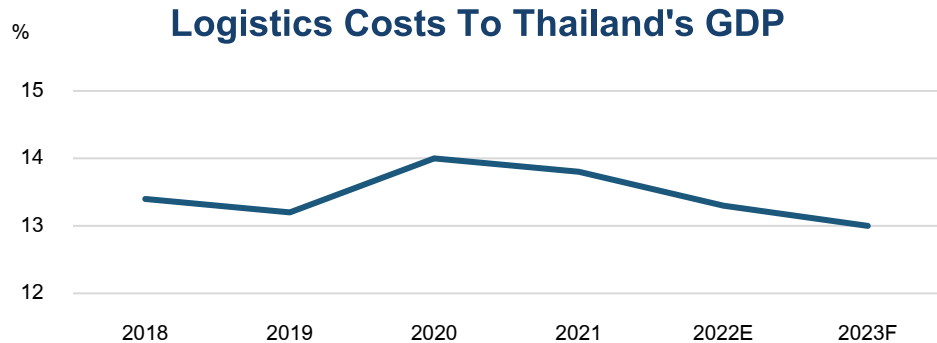
Most players are small, face intense competition, and lack partners to expand their customer base.

# Transport and Logistic Activities Business – Supply Chain

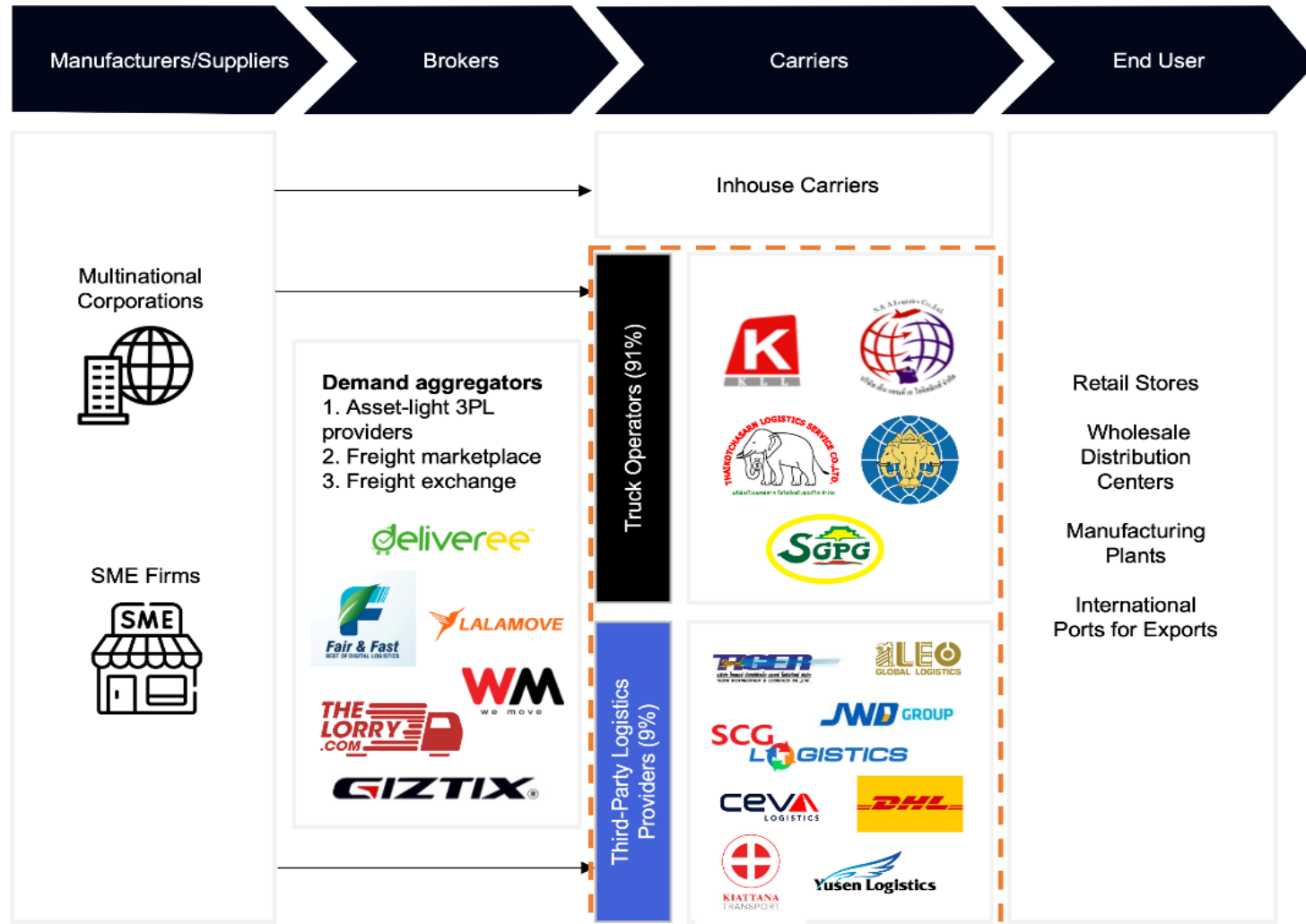


## Road Transport

**Road Transport** is expected to continue to grow in 2023, expanding by around 4-5% per year, supported by growth in manufacturing, trade and government infrastructure investment. In addition, there is a trend towards improvement in the production of agricultural products. Businesses are also benefiting from border and cross-border trade, which continues to grow, including online trade transactions, which have become much more popular. Transport costs, which have fallen since last year, also have a positive effect on overall business in the next period.



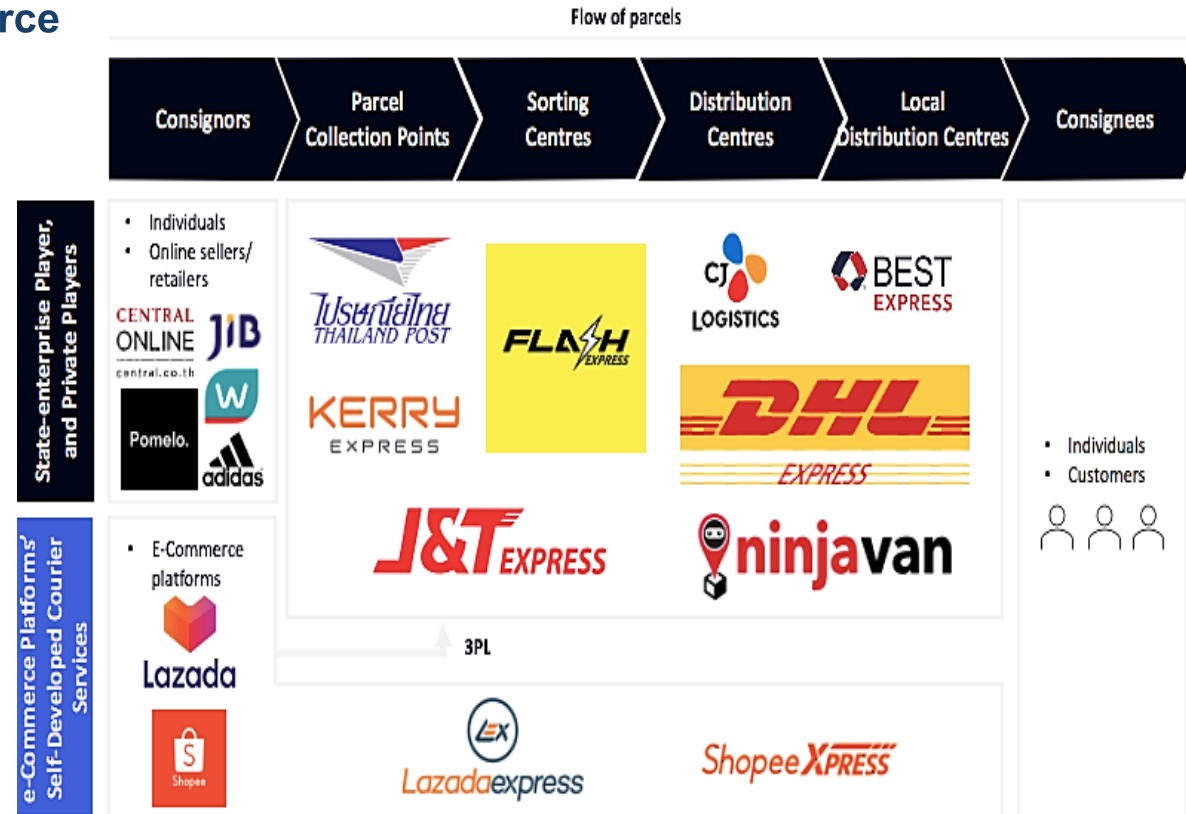
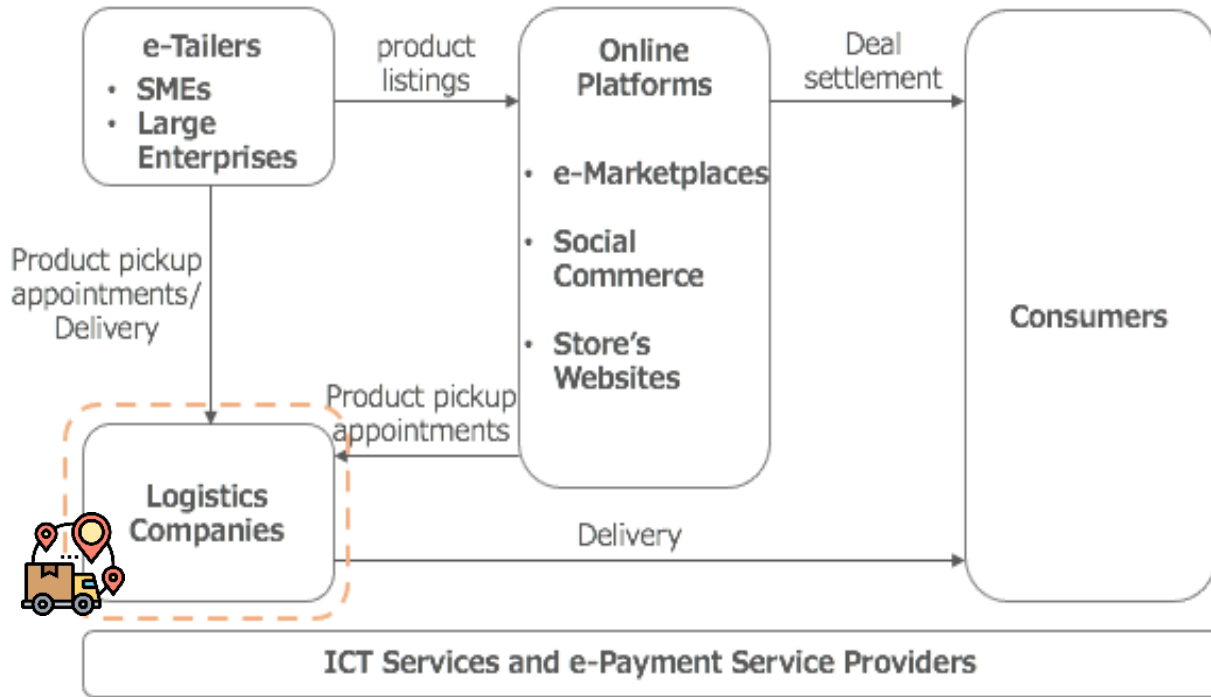
## Major Players In Road Transport



Area of Focus

# Transport and Logistic Activities Business – Supply Chain – E-commerce

## Road Transport has benefited from the growth of E-commerce

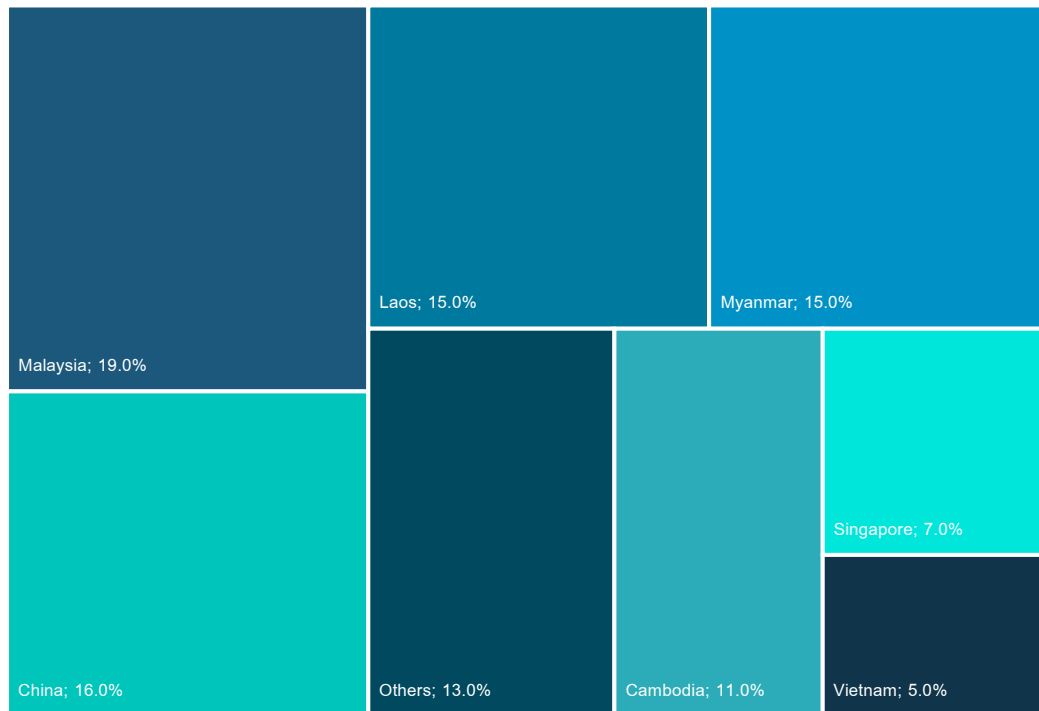


Road transport has benefited from the growth of e-commerce, including the transport of refrigerated or frozen goods. Petroleum products, liquid or gaseous (except natural gas), goods in containers and other products not elsewhere classified, such as the transport of furniture (including removal of furniture), dry bulk goods such as grain, flour, cement, sand, coal, livestock, waste and materials (excluding storage and destruction), concrete and bitumen macadam, motor vehicles, parcels and mail, and other transport of goods by vehicles using human or animal labor.

# Transport and Logistic Activities Business – Cross Border Trade

**Border trade and cross-border trade** are expected to continue to grow in 2023, after the situation with the opening of checkpoints has started to improve. The acceleration of checkpoint openings will increase trade and benefit from China's easing of COVID-19 control measures.

Share Of Trade Structure (2022)



Value Of Border Trade By Product (2022)

Order	Malaysia		Order	Myanmar	
	Exports Goods	Imports Goods		Exports Goods	Imports Goods
1	Rubber	Magnetic tape and disc	1	Diesel fuel	Natural gas
2	Computers and equipment	Electrical equipment for processing	2	Other refined oils	Cereals
3	Vehicles and equipment	Plastic pellets	3	Non-alcoholic beverages	Aquatic animals
4	Electrical circuit board	Computer parts	4	Cosmetics and perfumes	Cattle, buffalo, pigs, goats, sheep
5	Vehicle tyres	Industrial machinery	5	Vegetables and garnishing	Vegetables and garnishing

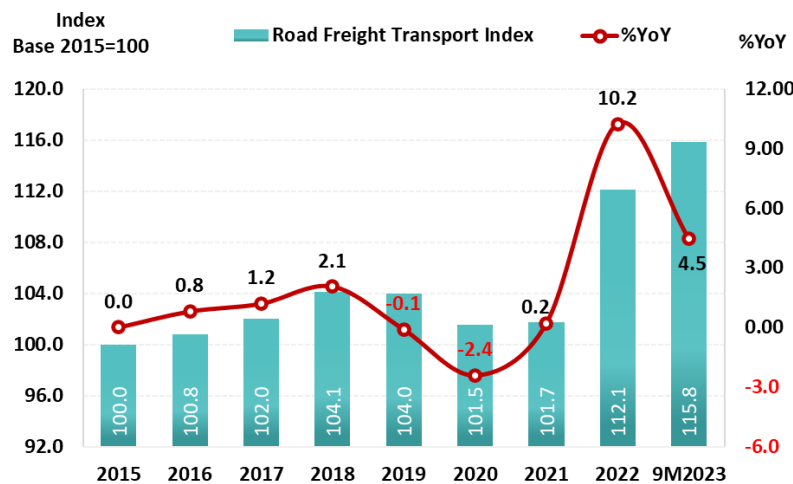
  

Order	Cambodia		Order	Laos	
	Exports Goods	Imports Goods		Exports Goods	Imports Goods
1	Vehicles and equipment	Vegetables and garnishing	1	Diesel fuel	Other fuels
2	Non-alcoholic beverages	Aluminum Products	2	Other refined oils	Vegetables and garnishing
3	Motorcycles and parts	Insulated wire and cable	3	Unmolded gold	Installation equipment and transmitters
4	Reciprocating internal combustion engine	Copper Products	4	Granulated sugar	Copper Products
5	Cloth and thread	Components and equipment	5	Vehicles and equipment	Cement

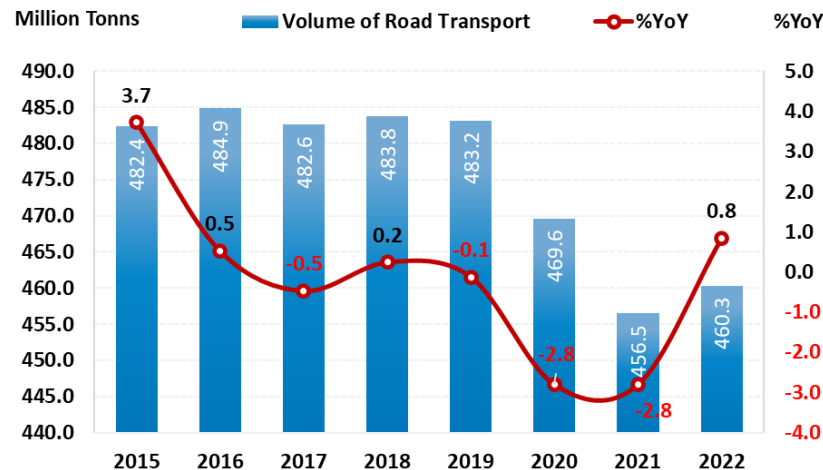
# Transport and Logistic Activities Business – Industry Situation

Road transport is on an upward trend, supported by the increasing demand for shipping products from e-commerce businesses and the ongoing expansion of the Thai economy, including the growth of the tourism sector leads to a higher consumption and uses of transportation services. In addition, border and cross trade returned to expand after the easing of the COVID-19 outbreak situation.

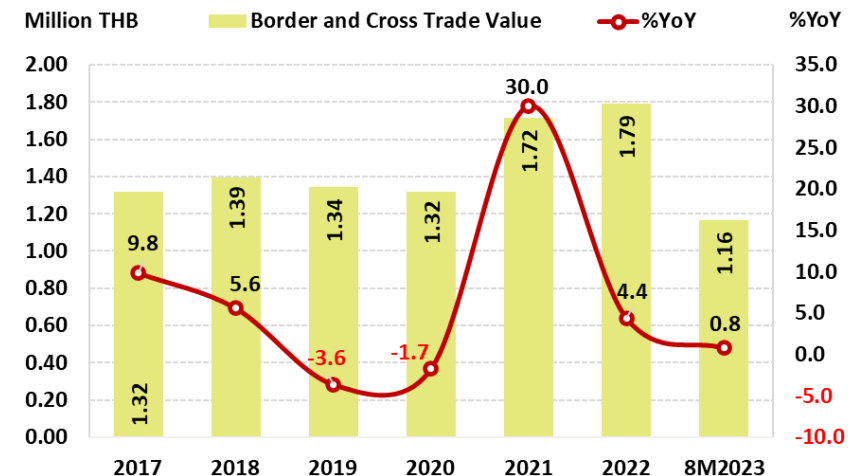
## Road Freight Transport Index (RFTI) Classification of Vehicle Types



## Volume of Road Transport



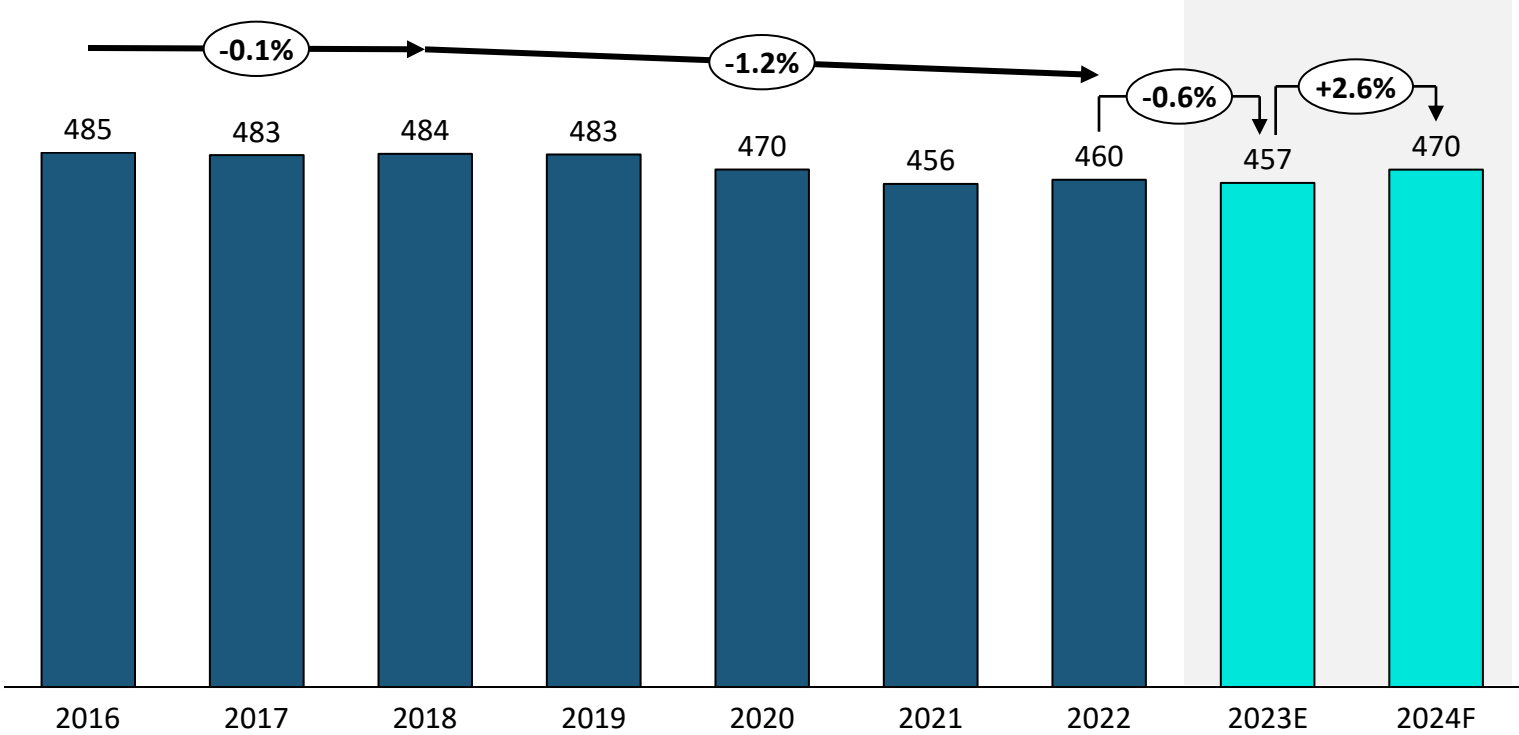
## Border and Cross Trade Value



**Note:** Road Transportation business market value is determined by aggregating the total revenue of enterprises listed under TSIC codes 49331, 49332, 49333, 49334, 49339 and 53200.

# Transport and Logistic Activities Business – Outlook

Thailand’s Road Transportations Volume  
(Unit: Million Tons)



- **Road transportation volume in 2024 is expected to expand at 2.6%YoY**, which is recovering by strong domestic consumption and the returning of foreign tourists. There is also positive impact from the government that is fully resuming on spending in mega projects after forming the new government.
- **The shipments to China are likely to shift some orders from sea to road** for connecting with the Laos-China railway system due to the shortened delivering time, and the Fifth Thai-Laos Friendship Bridge is expected to be completed in 2023.
- **However, the agriculture production is expected to decrease** due to the super El Niño situation during 2023 – 2024.

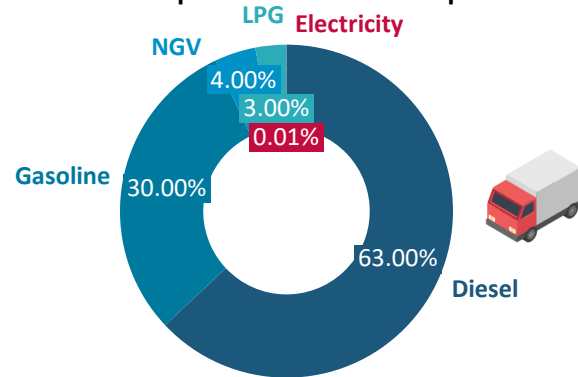


# The government is emphasizing the development of infrastructure in order to reduce transport costs and facilitate international trade.

Diesel prices are often capped to control the rising production costs of goods and services.

- ✓ Diesel had the highest share of use in the land transport sector, accounting for 63% of fuel used in land transport in 2022.

Share of fuel consumption in the land transport sector in 2022



- ✓ The government usually keeps the cap on retail diesel prices at 30 baht per liter to cushion the high cost pass-through to consumers.
- ✓ The previous government had approved a diesel tax cut from February 2022 to July 2023 amid a sharp rise in global crude oil prices.

The current government announces a reduction in the retail price of diesel to 30 baht per liter from 32 baht per liter. They will reduce the diesel tax by 2 baht per liter from Sep to Dec 2023.

The National Logistics Development Plan in 2023-2027 aims to reduce logistics costs.

Establish a comprehensive network of transport and logistics systems between ports, railways, roads and airports, linking economic areas, important industrial areas and border crossings

- ✓ Develop transportation routes between cities and bypass roads
- ✓ Speed up the development of the double-track railway project

Develop logistics service centers and improve important border crossings

- ✓ Develop a logistics service center to support being a transport hub in the region
- ✓ Improve customs checkpoints or border crossings with commercial potential

*The ultimate goal of the new plan is to reduce national logistics costs from 13.8% of GDP in 2021 to 5% by 2027.*

“Seamless logistics (focus on land and maritime)” is one of five strategies in the Master Plan for ASEAN Connectivity 2025.

**Strategic Objective:**

1. Lower supply chain costs in each ASEAN member state
2. Improve speed and reliability of supply chains in each ASEAN member state

**Initiative:**

- ✓ Strengthen ASEAN competitiveness through enhanced trade routes and logistics
- ✓ Enhance supply chain efficiency through addressing key chokepoints



**BOI's Investment Incentives for Logistics Industry**

Provide tax exemptions for investment in the following activities

- ✓ Mass transit systems, transportation of bulk goods and loading/unloading facilities i.e. Container yards or inland container depots (ICD)
- ✓ Logistics service centers i.e. distribution centers with smart system





## Freight by Containers

### Tail Wind

- **The manufacturing sector is expected to increase as domestic consumption expands**, thanks to the government's economic boost efforts and the return of foreign visitors.
- **Demand for transporting construction materials is likely to go up as construction expands**, which is expected to benefit from accelerated government investment.
- **Border trade is expected to increase after the COVID-19 situation improves**, boosted by the RCEP agreement that promotes higher trade volumes between neighboring nations.

### Head Wind

- **The export sector is likely to bounce back at a slow pace since there's a possibility of the global economy entering a recession** due to interest rate hike by central banks worldwide.
- **Transportation costs** are often high due to the fluctuating global oil prices.
- **Competing with cheaper rail transportation** following the launch of the China-Lao PDR railway route.



## Freight of Petroleum Products, Liquids and Gases

### Tail Wind

- **Domestic demand for oil and gas is expected to increase in the transportation and domestic sectors, due to measures to stimulate the economy and revive tourism.**
- The business has minimal competition due to the need for specialized expertise in the transportation of fuels, gases and chemicals. In addition, with a stable market and long-term contracts, business owners are able to generate a steady stream of profits.

### Head Wind

- **Oil prices are likely to remain high** as OPEC+ continues to cut oil production and the conflict between Russia and Ukraine continues. This will lead to increased business costs.

# Transport and Logistic Activities Business – Supporting factors and challenges



## Freight by Refrigerator Vehicles

### Tail Wind

- **Foreign demand for fresh Thai fruit is expected to continue to rise, particularly in the shipment of durian to Chinese markets.**
- The sale of chilled and frozen food through online channels is expected to continue growing, partly due to changes in consumer behavior resulting from the COVID-19 outbreak, led consumers to avoid traveling to purchase products.

### Head Wind

- **El Niño may lead to reduced production of agricultural goods, particularly fruits and vegetables.**
- Labor shortage in the fishing and ornamental plant business may decrease demand for refrigerated transport in this group.



## General freight by Road

### Tail Wind

- The growing demand for consumer goods in the country is receiving a significant boost from the government's economic stimulus package.

### Head Wind

- **Business is competitive because the market is accessible and most operators are small business owners. It's hard to raise service fees, even though businesses are facing higher costs due to rising oil prices.**
- SMEs have difficulty competing in the market because they have a limited customer base or a specific service area, such as focusing on local short-haul or last-mile delivery in areas not covered by large operators. As a result, SMEs profit margins are low.



## Parcel Express

### Tail Wind

- **Continuous growth of the E-Commerce business as consumers shift towards online ordering of products.**
- Government economic stimulus measures are expected to increase the domestic purchasing power.
- **Consumer trust in online payment and parcel delivery services** has a positive impact on the growth of E-Commerce.

### Head Wind

- **The business has low profitability due to intense competition, and market players choose to use price competition strategies to fight for market share.**
- E-commerce may grow more slowly as customer behavior adjusts to normal conditions after the COVID-19 outbreak.

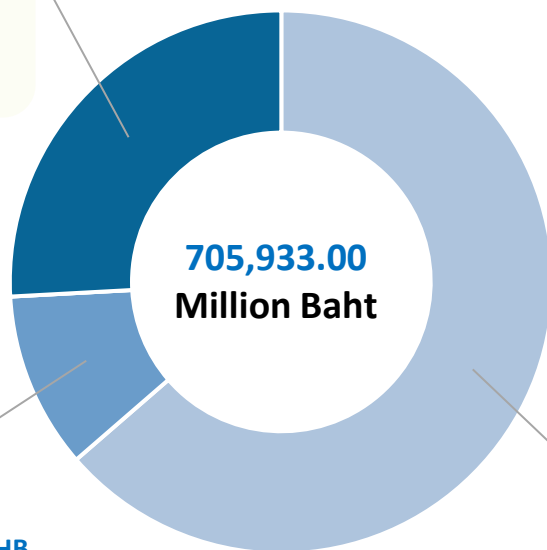
# Transport and Logistic Activities Business – Market Overview

In 2022, Thailand's transport and logistic activities market was valued at 705,933.00 Million Baht, with the large firm size accounting for 63.6% of the market share. Furthermore, The most road transport and logistic activities firms operate as services of freight forwarding and customs agent activities.

## Share of Market Value by firm size

SME with revenue of 50-500 MN THB

SME  
182,537.25 Mn THB  
25.9%  
(1,222 firms)



Micro  
74,173.86 Mn THB  
10.5%  
(8,828 firms)

Large  
449,221.88 Mn THB  
63.6%  
(217 firms)

Note : No. Firm (L, SME, Micro) = 10,267 Firms No. Firm (Not Specify) = 7,060 Firms No. Total Firm = 17,327 Firms

## Market Value by firm type

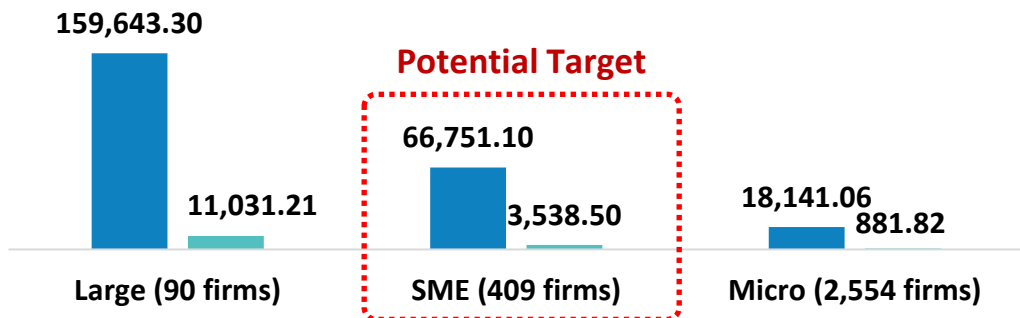
Rank	TSIC	Category	No. of firms	Total Revenue (Million Baht)
1	52292	Freight forwarding and customs agent activities	4,932	244,535.46
2	52291	Logistics activities	1,588	177,058.70
3	49339	Freight by other goods	7,529	148,437.43
4	53200	Courier activities	1,444	46,178.83
5	52109	Other warehousing and storage	694	46,068.04
6	53100	Postal activities	64	20,205.80
7	49332	Freight by Petroleum products	280	11,333.39
8	49334	Freight by Intermodal containers	459	8,424.68
9	49331	Freight by Refrigerator vehicles	291	2,759.52
10	49333	Freight by Other bulk liquids or gases	46	931.14
<b>Total</b>			<b>17,327</b>	<b>705,933.00</b>

# Transport and Logistic Activities Business – Key Financial Performance

## 52292 Freight forwarding and customs agent activities

Market Value = 244,535.46 Mn THB Total Player = 4,932 Firms\*

■ Total Revenue (Million Baht) ■ Net Profit (Million Baht)

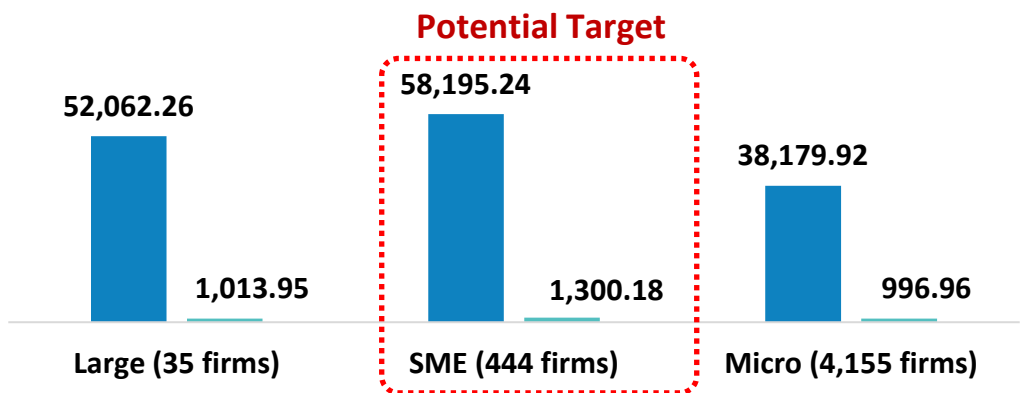


Note: \*No. Firm (Not Specify) = 1,879 Firms

## 49339 freight by other goods

Market Value = 148,437.43 Mn THB Total Player = 7,529 Firms\*

■ Total Revenue (Million Baht) ■ Net Profit (Million Baht)



Note: \*No. Firm (Not Specify) = 2,895 Firms

## 52291 Logistics activities

Market Value = 177,058.70 Mn THB Total Player = 1,588 Firms\*

■ Total Revenue (Million Baht) ■ Net Profit (Million Baht)

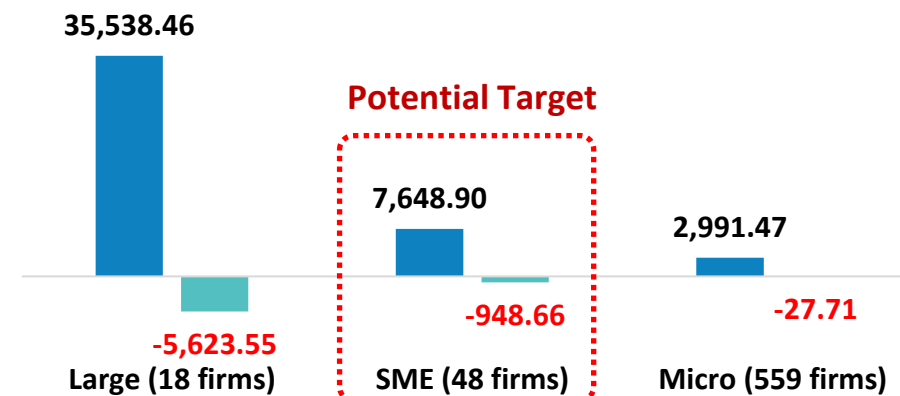


Note: \*No. Firm (Not Specify) = 182 Firms

## 53200 Courier activities

Market Value = 46,178.83 Mn THB Total Player = 1,444 Firms\*

■ Total Revenue (Million Baht) ■ Net Profit (Million Baht)

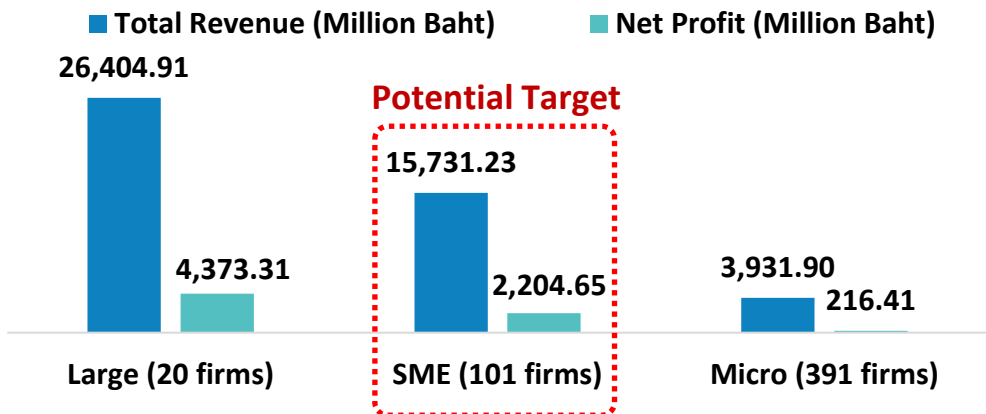


Note: \*No. Firm (Not Specify) = 819 Firms

# Transport and Logistic Activities Business – Key Financial Performance

## 52109 Other warehousing and storage

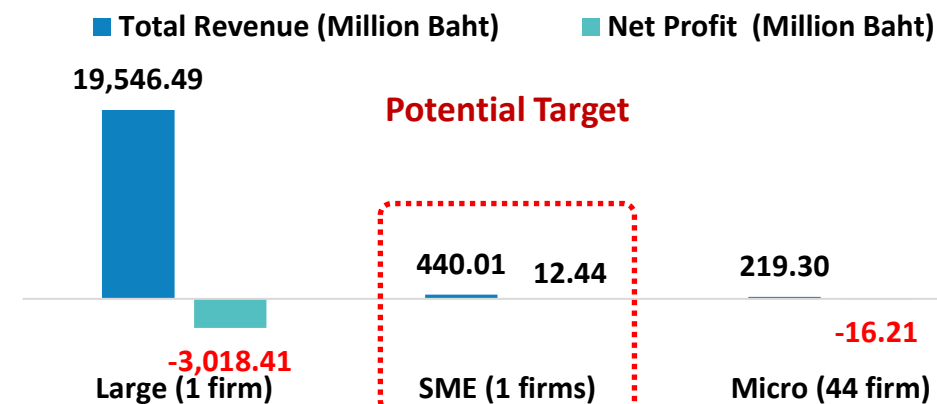
Market Value = 46,068.04 Mn THB Total Player = 694 Firms\*



Note: \*No. Firm (Not Specify) = 182 Firms

## 53100 Postal activities

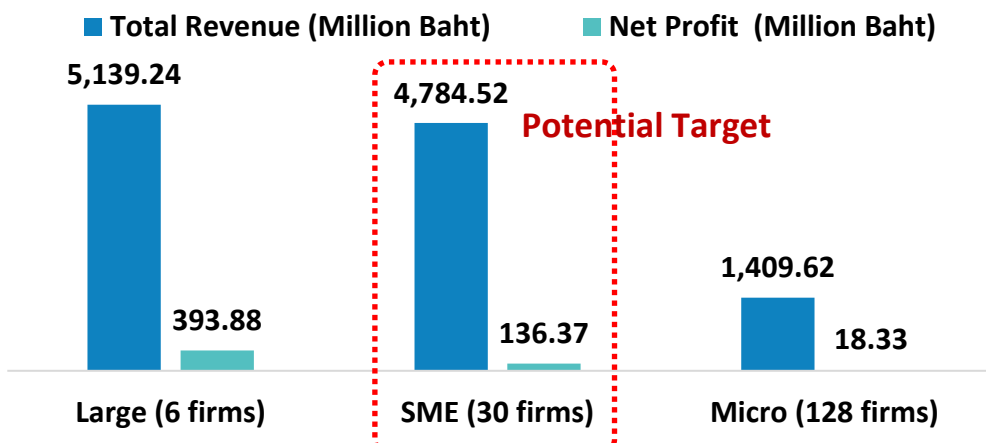
Market Value = 20,205.80 Mn THB Total Player = 46 Firms



Note: \*No. Firm (Not Specify) = 182 Firms

## 49332 freight by petroleum products

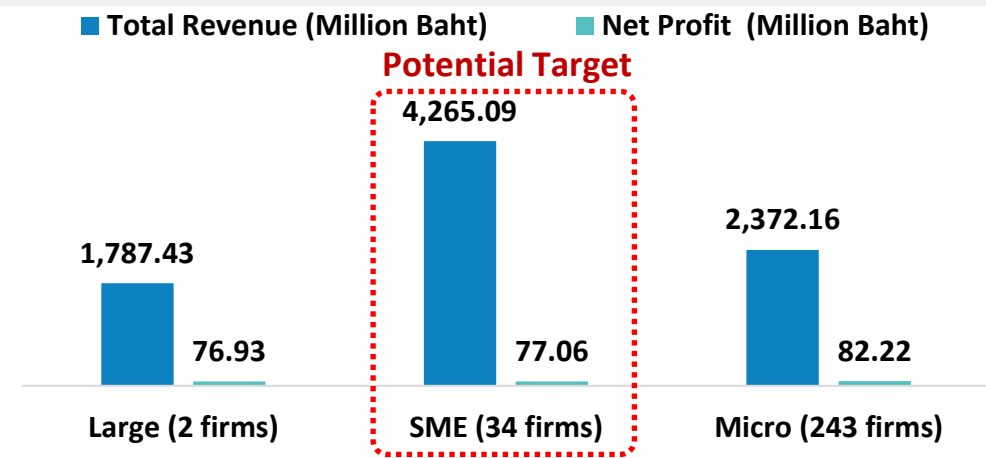
Market Value = 11,333.39 Mn THB Total Player = 280 Firms



Note: \*No. Firm (Not Specify) = 116 Firms

## 49334 freight by intermodal containers

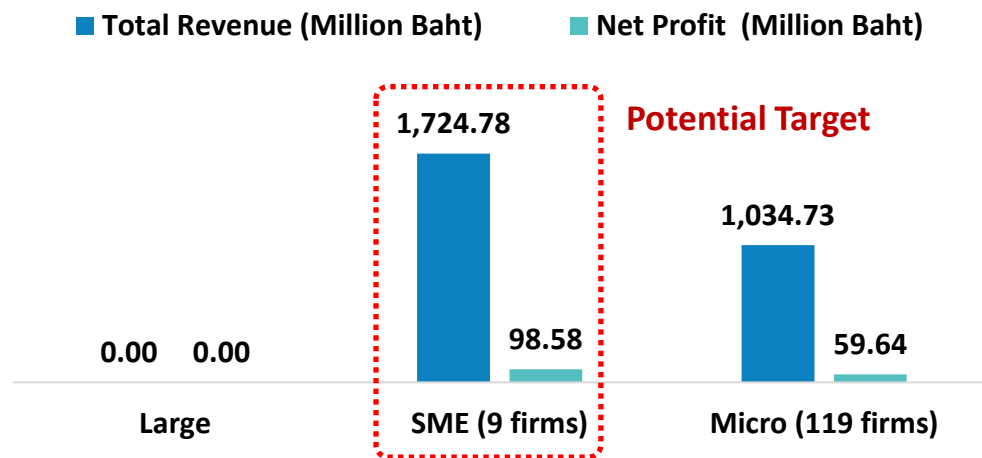
Market Value = 8,424.68 Mn THB Total Player = 459 Firms



Note: \*No. Firm (Not Specify) = 180 Firms

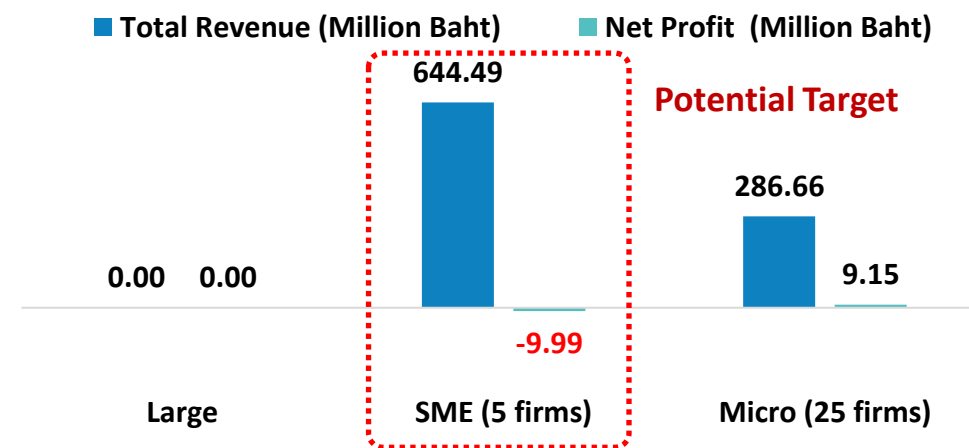
# Transport and Logistic Activities Business – Key Financial Performance

**49331** freight by refrigerator vehicles  
**Market Value = 2,759.52 Mn THB Total Player = 291 Firms\***



Note: \*No. Firm (Not Specify) = 163 Firms

**49333** freight by other bulk liquids or gases  
**Market Value = 931.14 Mn THB Total Player = 46 Firms\***

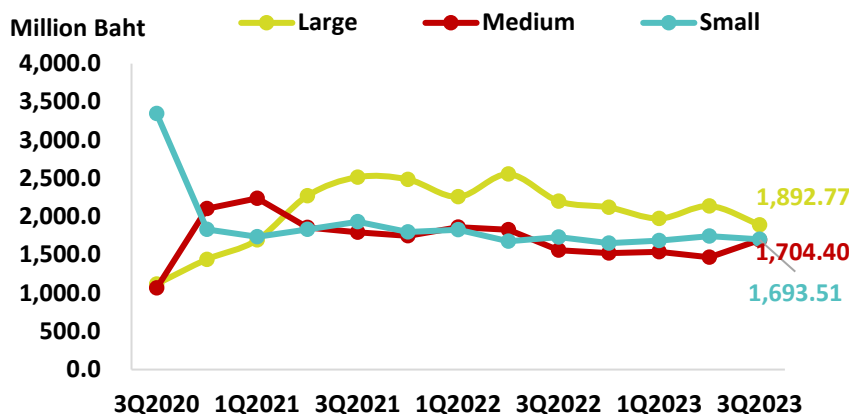


Note: \*No. Firm (Not Specify) = 16 Firms

# Transport and Logistic Activities Business – Loan Outstanding

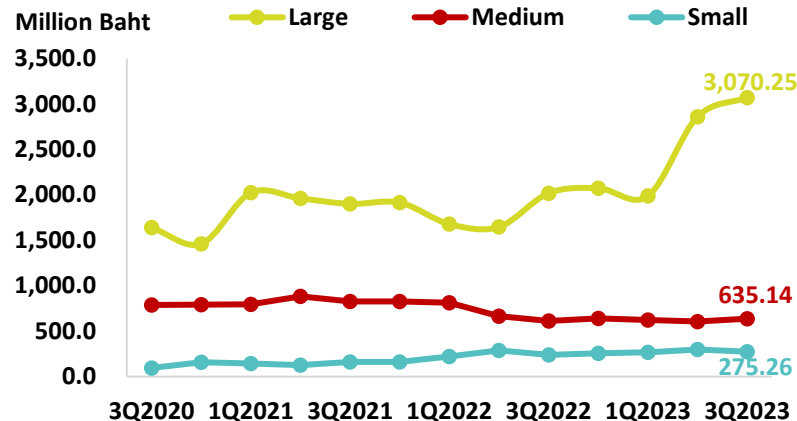
## 52292 Freight forwarding and customs agent activities

Loan Size\* 5,290.67 Mn THB



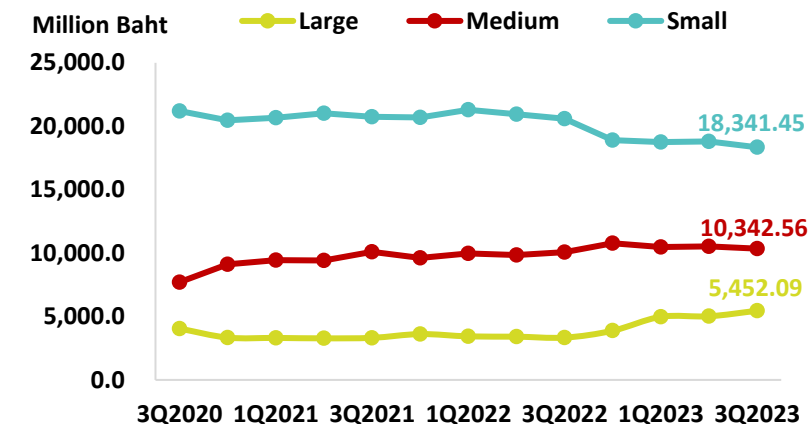
## 52291 Logistics activities

Loan Size\* 3,980.65 Mn THB



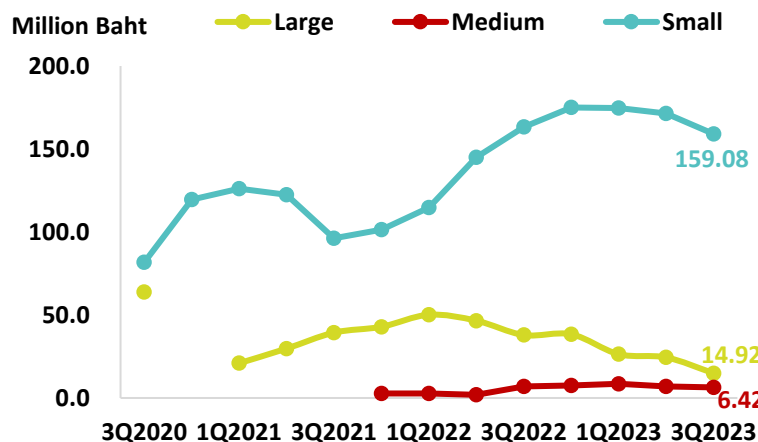
## 49339 freight by other goods

Loan Size\* 34,136.10 Mn THB



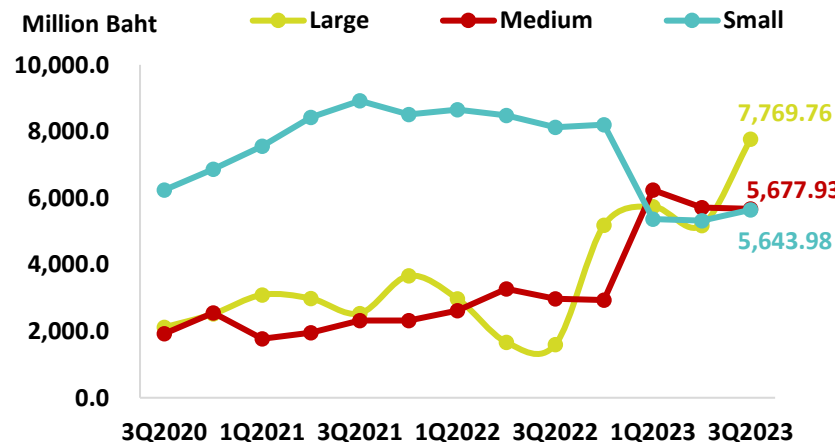
## 53200 Courier activities

Loan Size\* 180.42 Mn THB



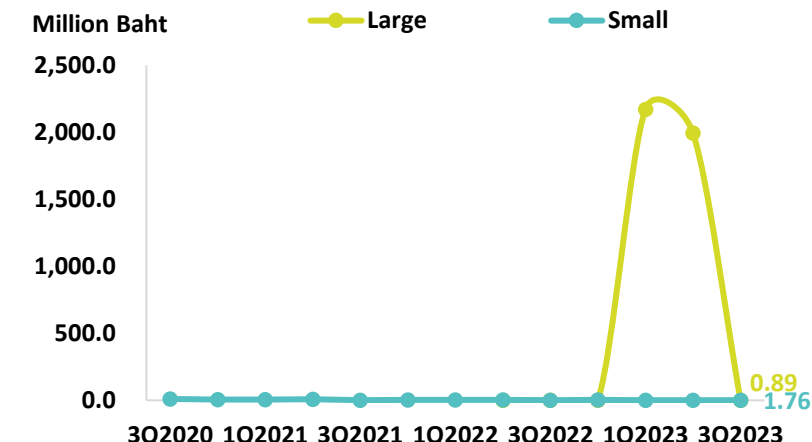
## 52109 Other warehousing and storage

Loan Size\* 19,091.67 Mn THB



## 53100 Postal activities

Loan Size\* 2.66 Mn THB



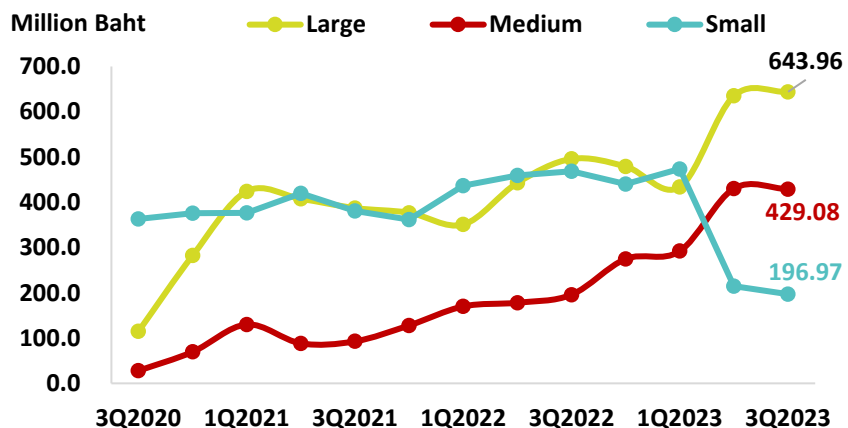
\* Data as of 3Q2023



# Transport and Logistic Activities Business – Loan Outstanding

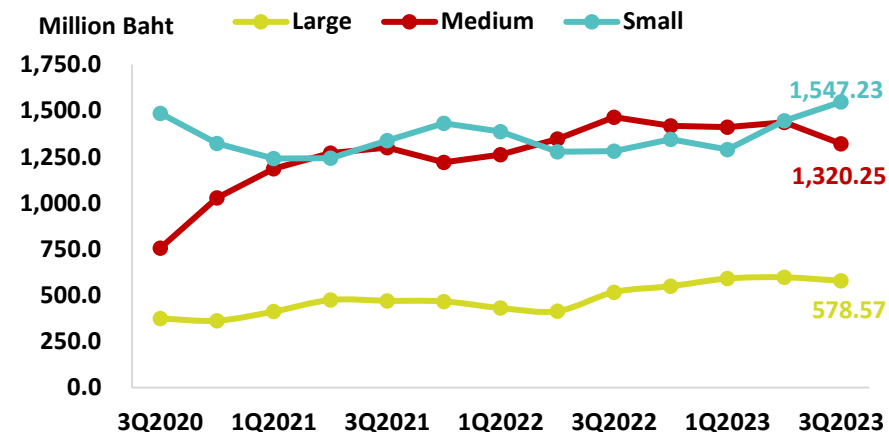
49332 freight by petroleum products

Loan Size\* 1,270.01 Mn THB



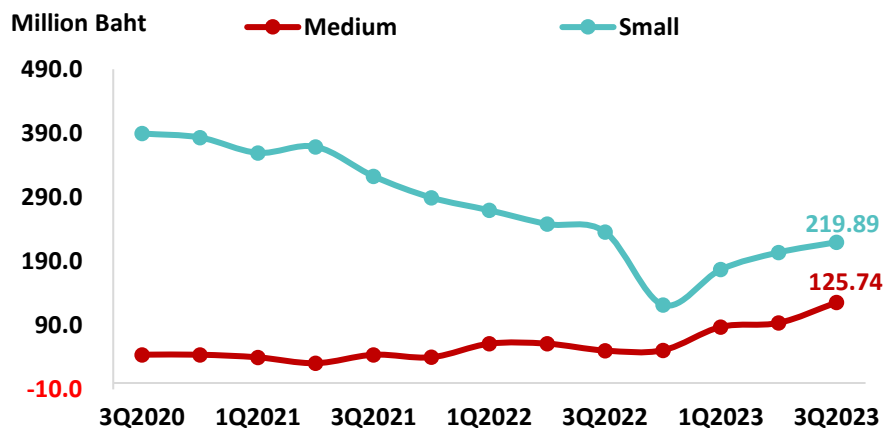
49334 freight by intermodal containers

Loan Size\* 1,279.85 Mn THB



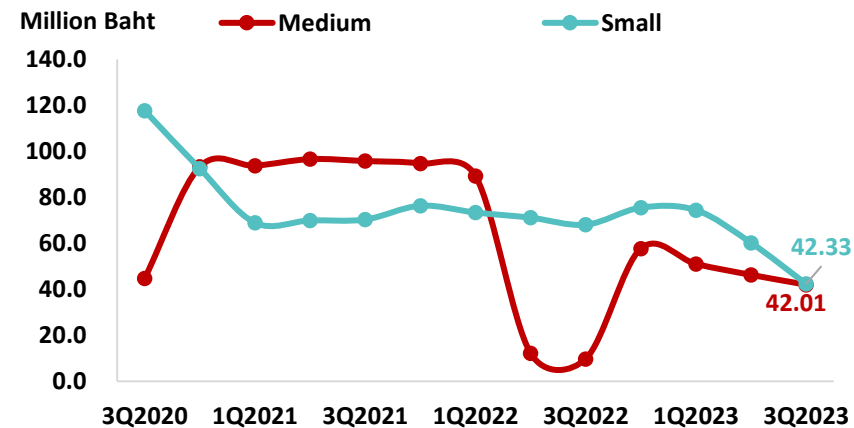
49331 freight by refrigerator vehicles

Loan Size\* 345.63 Mn THB



49333 freight by other bulk liquids or gases

Loan Size\* 84.34 Mn THB



# End of Presentation

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## Disclaimer

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