

Thai Food & Beverage Business

Agenda

- Global Food & Beverage Industry Overview
- Thai Food & Beverage Industry Outlook
- Thai Food & Beverage Industry : SMEs Business Opportunities

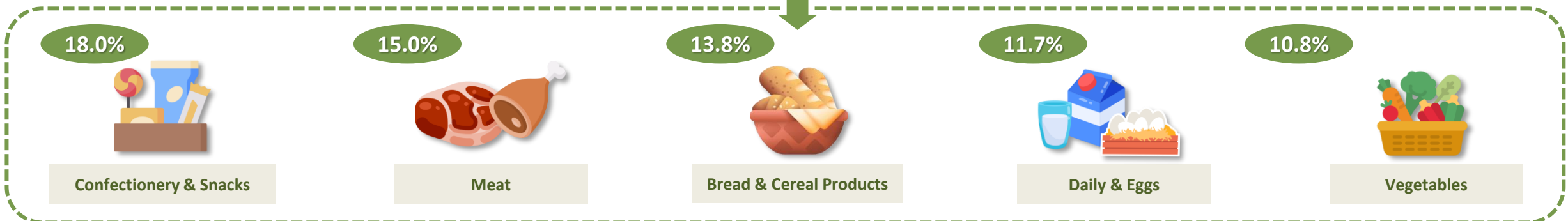
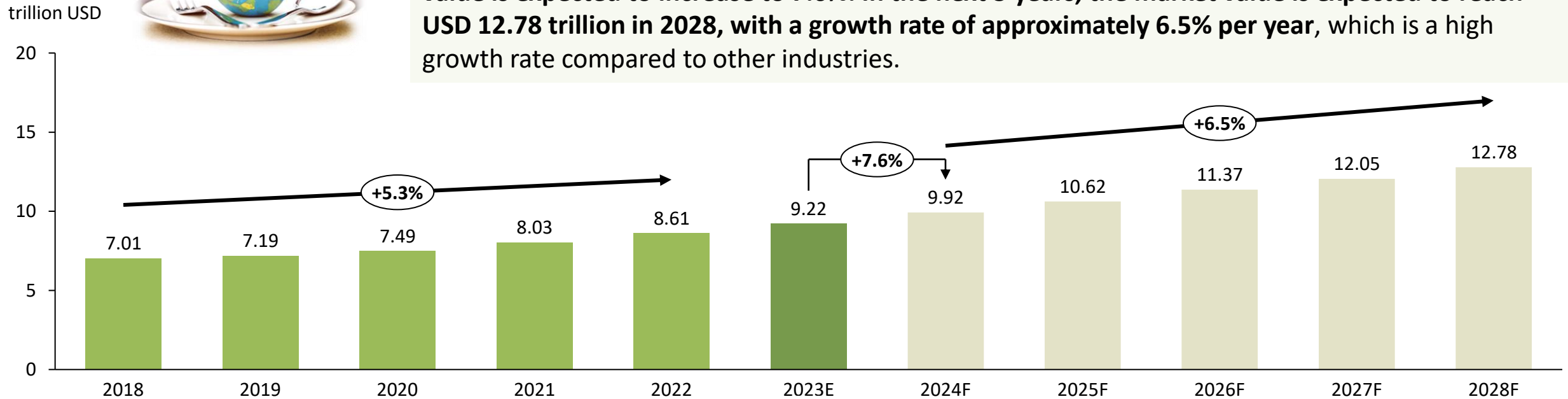


Business Research
November 2023

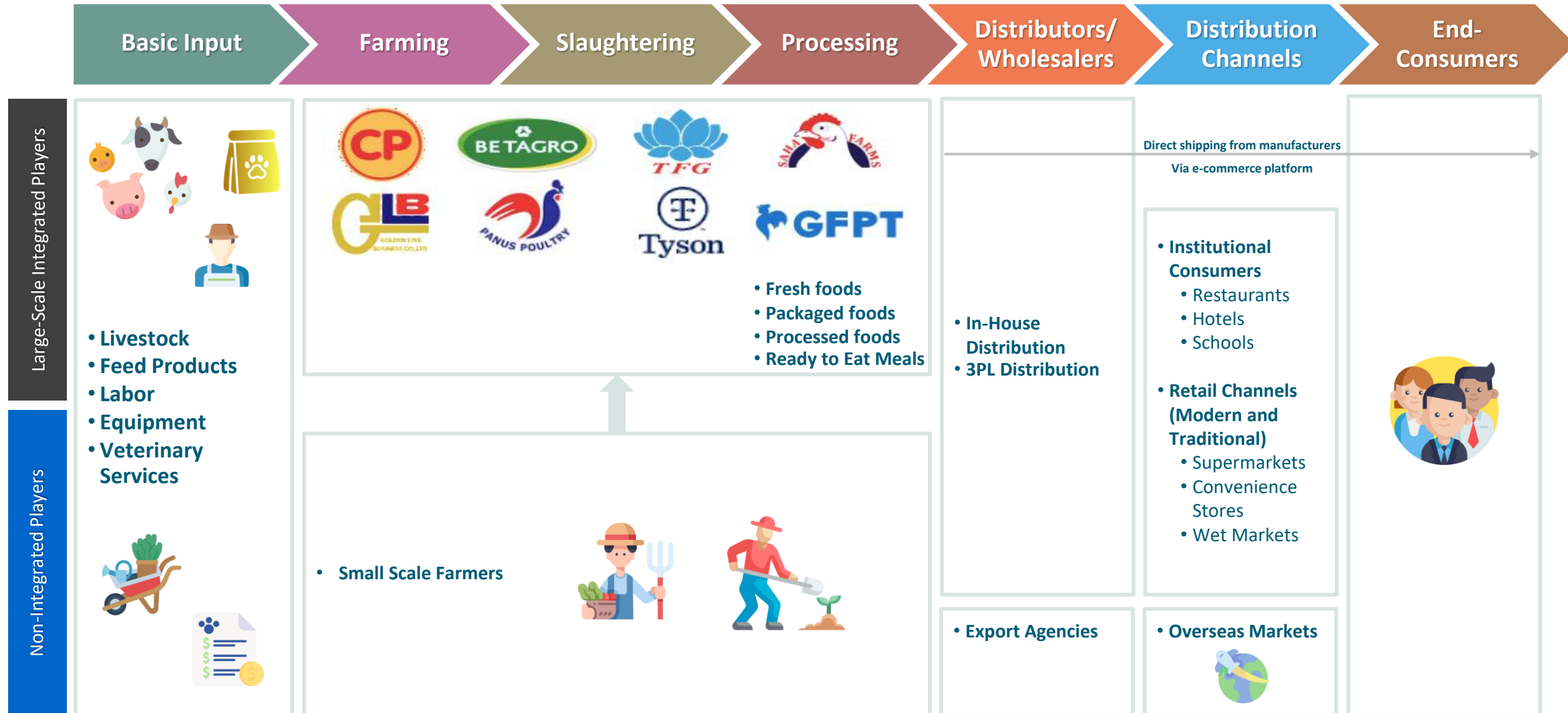
Global 's Food Industry : Overview



The growth rate of the market value of the global food industry tends to increase continuously. During the period **2018-2022**, the average growth rate is approximately **5.3% per year**. In **2024**, the value is expected to increase to **7.6%**. In the next 5 years, the market value is expected to reach **USD 12.78 trillion in 2028**, with a growth rate of approximately **6.5% per year**, which is a high growth rate compared to other industries.



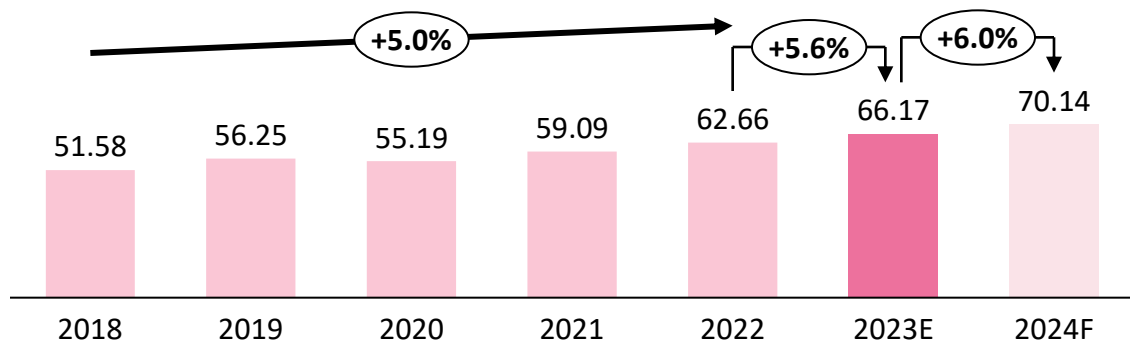
Thailand's Food Industry Value Chain: Overview



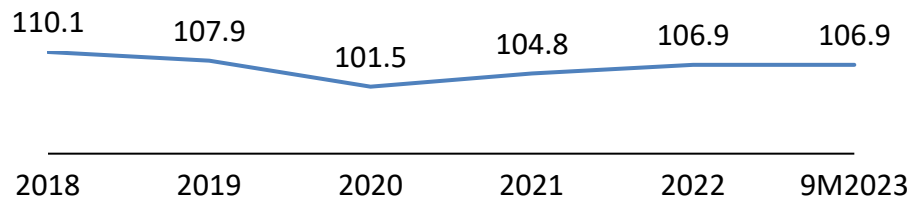
Source: LH Business Research analysis based on data from Speeda.

Thailand's Food Industry : Overview

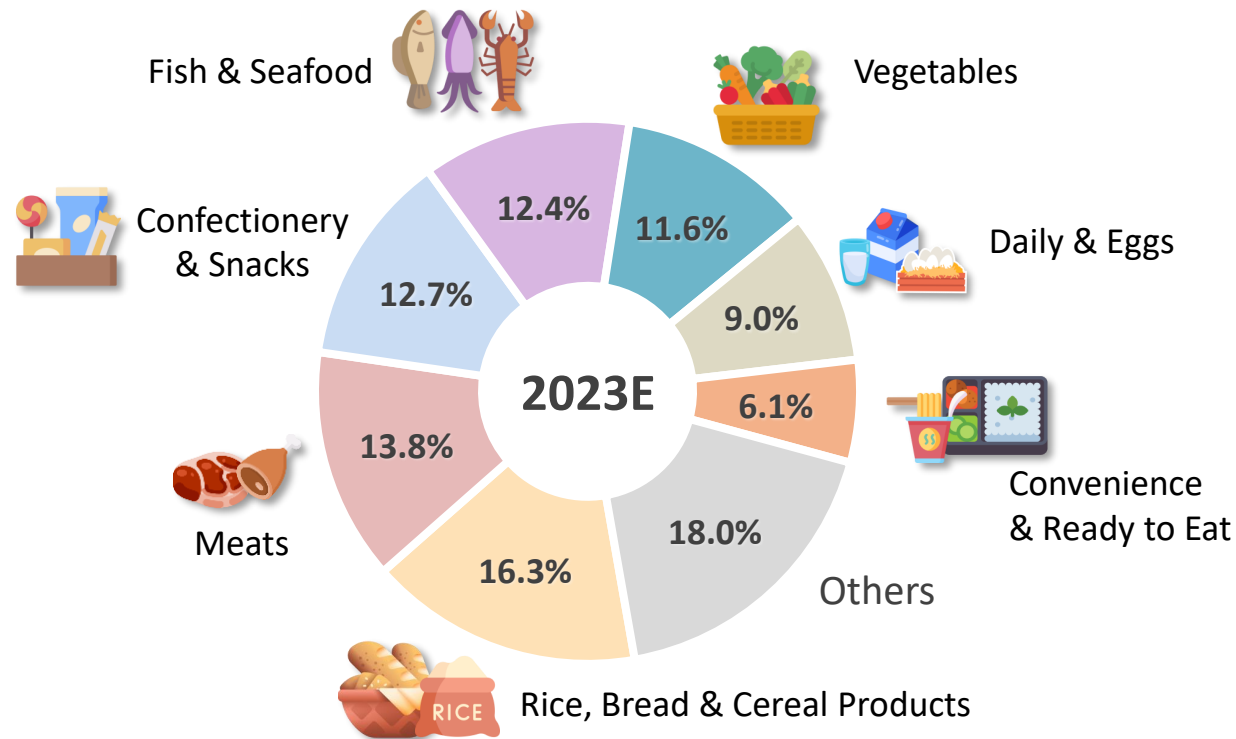
Thailand Food Market (Billion USD)



Thailand Food Production Index



Share by Segment



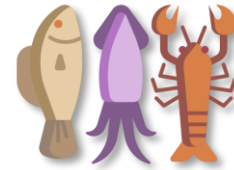
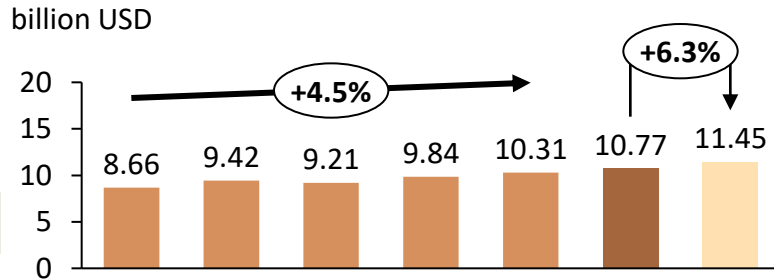
- Thai food industry is expected to grow by about 6% in 2024, continuing from 2018-2022, with an average growth rate of 5.6% per year. In 2024, the Thai food industry will also benefit from the recovery of the tourism sector. It is also expected that the number of inbound tourists will recover to more than 90% of 2019 or before the outbreak of COVID-19.
- However, the problem of cost of living has increased over the past year. There is a tendency to pressure consumers to choose cheap food products over premium products. or choose alternative product groups, such as turning to consume chicken instead of pork because it's cheaper, etc.

Thailand's Food Industry : Overview

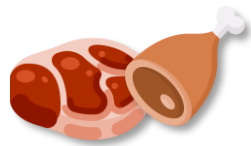
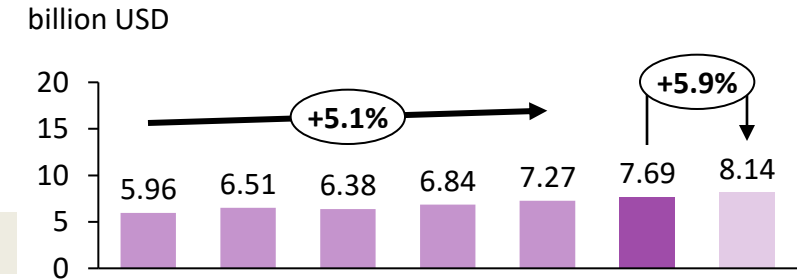
- The 6 major food groups in Thailand continue to grow. Especially Confectionery & Snacks. It is expected to grow as high as 7.8% in 2024, and staple food groups such as rice and bread, meat, daily and eggs are also expected to grow above 6%.



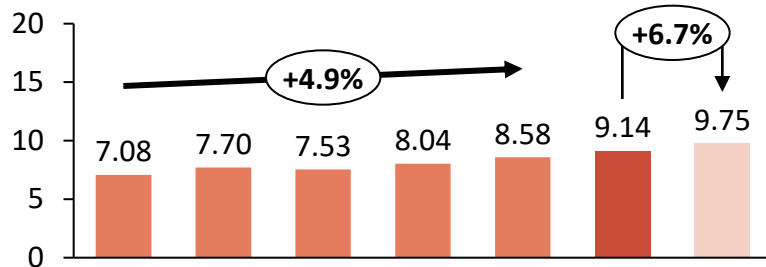
Rice, Bread & Cereal



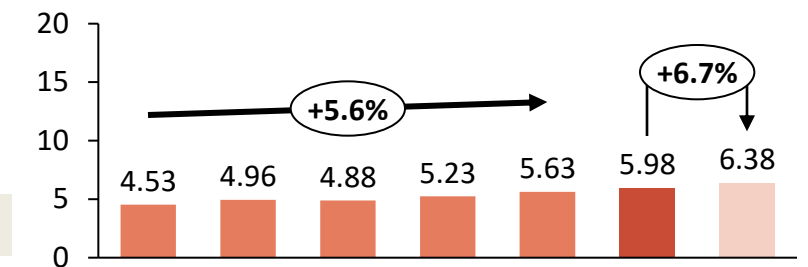
Fish & Seafood



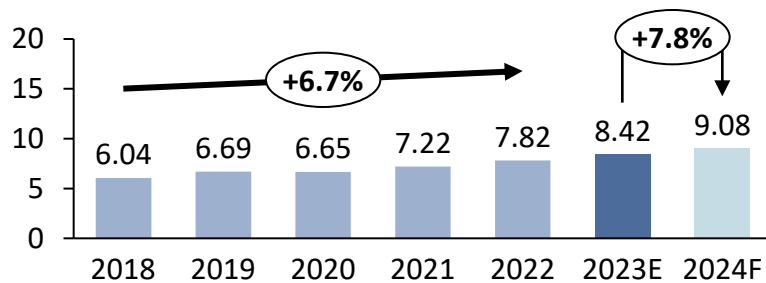
Meat



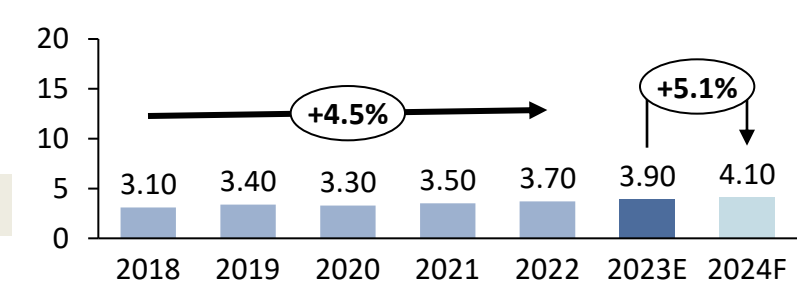
Daily & Eggs



Confectionery & Snacks



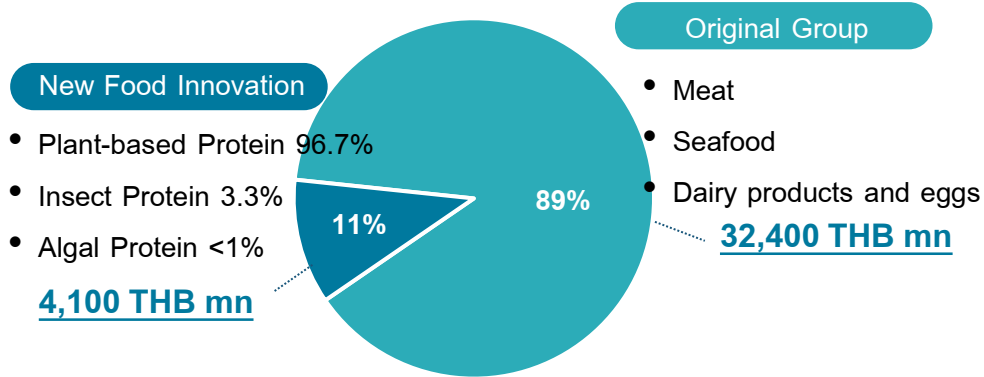
Ready to Eat Meals



Thailand's Food Industry : Alternative Protein Business

Alternative Proteins are expected to gain popularity as consumers become healthier. They are becoming more aware of environmental impact and sustainability. These factors have led to the expansion of companies producing alternative protein foods and beverages, particularly the plant-based group.

The Market Value of Plant-Based Meat in 2022 = 4,100 THB mn



	Made from	Example	Price (THB)	Place of sale
BEYOND MEAT	Green peas	Beef Burger	299 บาท	VILLA MARKET
	Potato Rice	227 g.		
Harvest Gourmet	Soybean	Beef Burger	120 บาท	B2B Sales
	Beetroot Carrot	ไม่เปิดเผยราคา		-Contact us directly
Meat Avatar	Soybean	Crispy Pork	120 บาท	TOPS market, VILLA MARKET, TESCO LOTUS, SANGHVI
	Wheat Paddy	200 g.		makro
MORZ MEAT	Soybean	Minced Meat	85 บาท	TOPS market, VILLA MARKET, makro
	Mushroom	-200 g.--		
NEVER MEAT	Soybean	Minced Meat	120 บาท	TOPS market, VILLA MARKET
		280 g.		
AMG Meat	Green peas	Crab dumplings	110 บาท	
	Soybean			
VITA	Not specified	Pork and basil	49 บาท	makro, 7-Eleven
		-- rice		

Challenges of The Plant-Based Meat Market

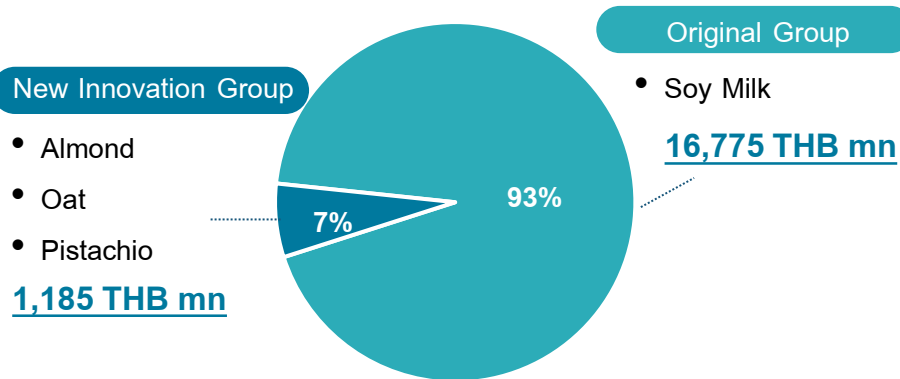
- Increased production costs due to soybean prices lead to an increase in the price of plant protein foods.
- The response to the product by consumers in foreign countries is a somewhat higher than the domestic market. As a result, focusing on the export market will help to solve the problem in the plant-based meat market.

Main export market segments for plant-meat products

(Export Value: ~628.7 USD mn)

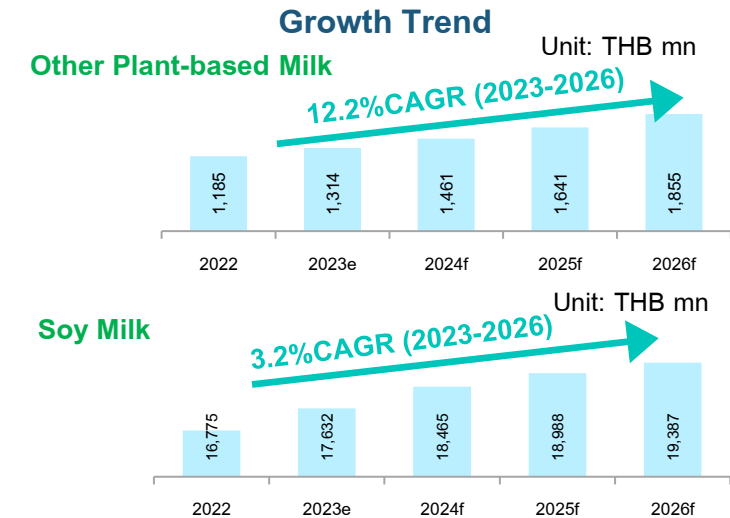
Major export market: US China Japan

The Market Value of Plant-based Milk in 2022 = 1,185 THB mn



Key Market Players (2022)

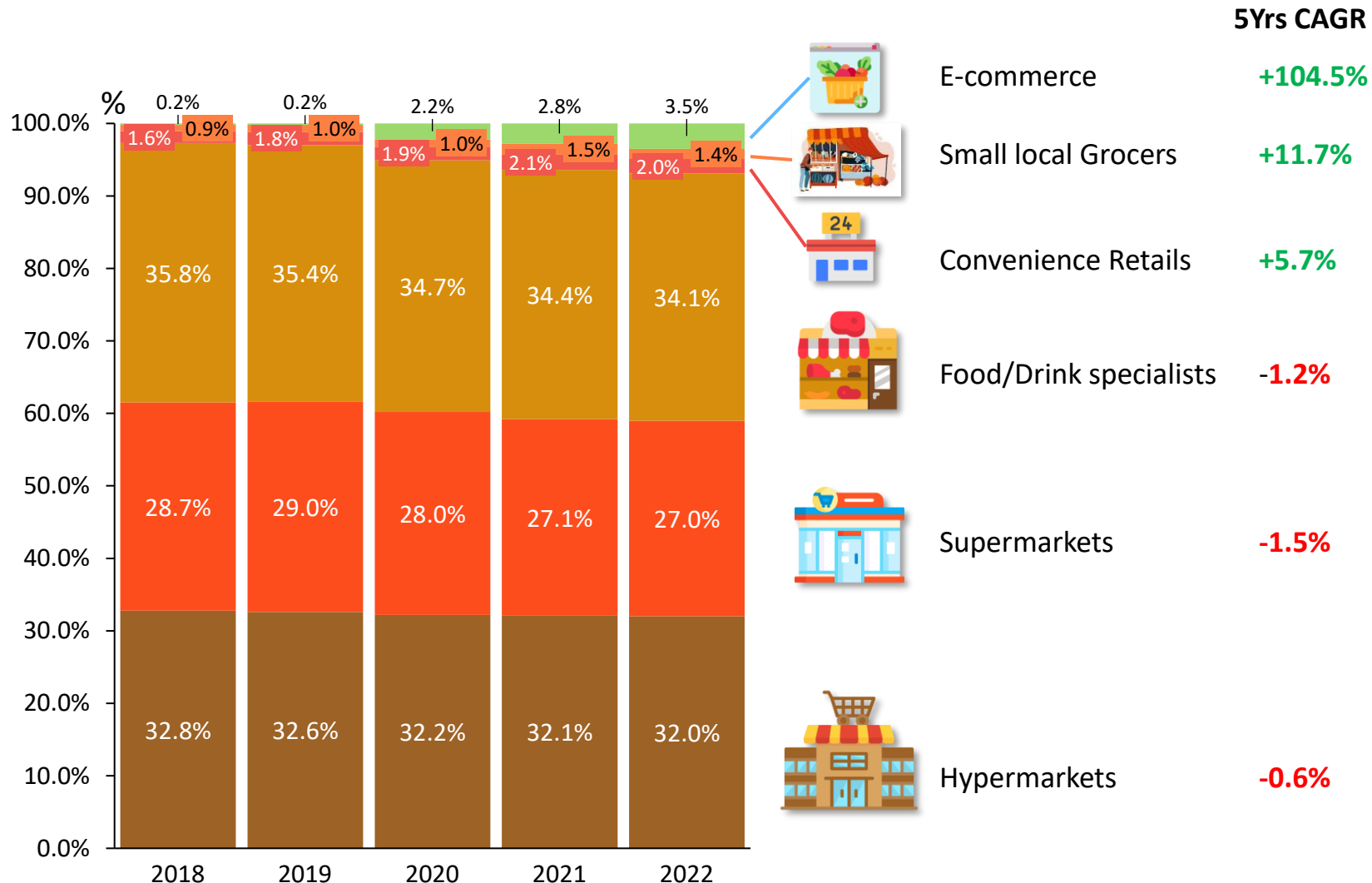
Lactasoy	Lactasoy Co. Ltd.	38.9%
VITAMILK	Green Spot (Thailand) Co. Ltd.	25.3%
Oni	Dairy Plus Co. Ltd.	18.5%
TOFUSAN	Tofusan Co. Ltd.	3.1%
Almond breeze	Heritage Snacks & Food Co. Ltd.	2.0%
137	Simple Foods Co. Ltd.	1.6%



Source: Compiled by LH Bank Business Research, Kasikorn Research.

Thailand's Food Industry : Food Retail Channels

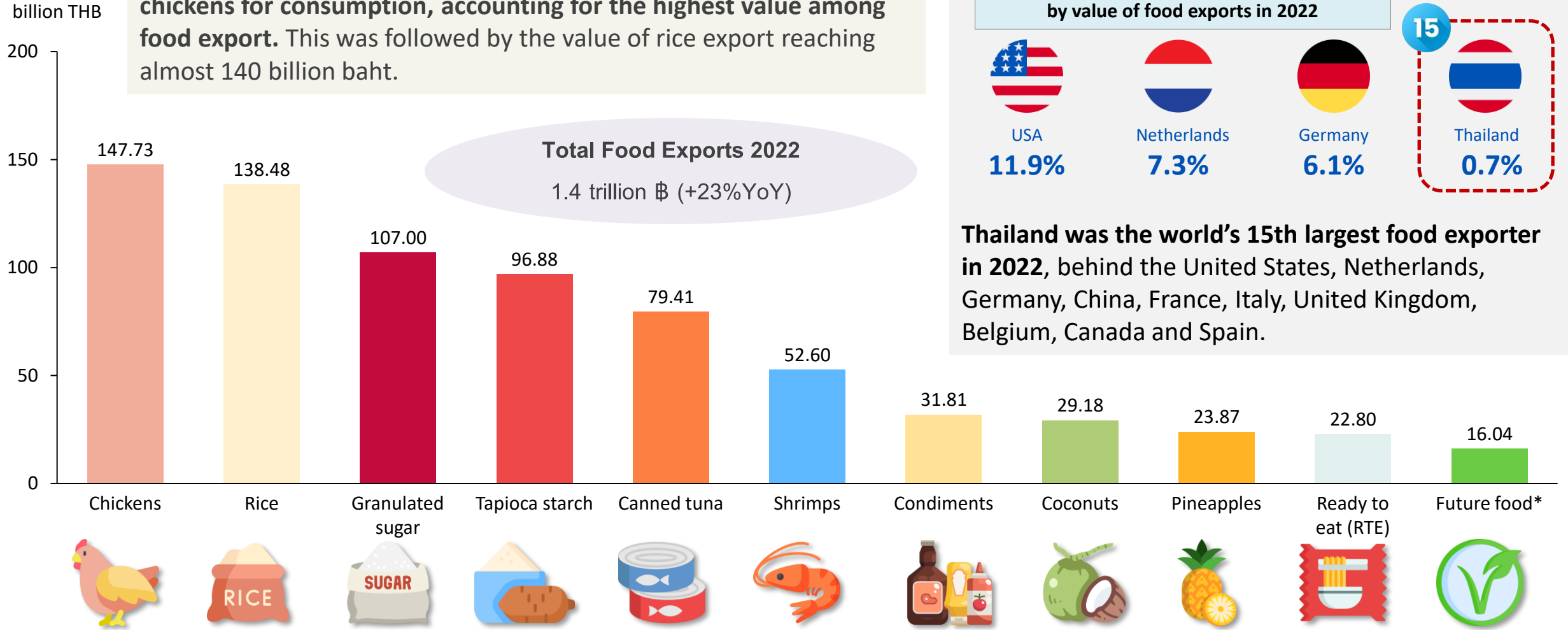
Thailand % share of food retail channels



- In 2022, food/drink specialty stores have the largest share of total retail channels in Thailand, followed by modern trade (hypermarket, supermarket).
- **Small size shops/stores** (convenience retailers / local grocers) have much smaller shares but **show positive signs of growth at over 5% annually**.
- **Convenience store players are focusing more on food and beverage destination strategies** and adding more SKUs for fresh foods, ready-to-cook meals and freshly prepared meals.
- **After the COVID-19 pandemics in 2020, food sales through e-commerce and online channels grew strongly from 0.2% share in 2019 to 3.5% share in 2022, with a 5-year CAGR of 104.5%.**

Thailand's Food Industry : Food Exports

In 2022, Thailand exported approximately 147.7 billion Thai baht of chickens for consumption, accounting for the highest value among food export. This was followed by the value of rice export reaching almost 140 billion baht.



Total Food Exports 2022
1.4 trillion ฿ (+23%YoY)

Top 3 countries by value of food exports in 2022



USA
11.9%



Netherlands
7.3%



Germany
6.1%

15

Thailand
0.7%

Thailand was the world's 15th largest food exporter in 2022, behind the United States, Netherlands, Germany, China, France, Italy, United Kingdom, Belgium, Canada and Spain.

Export value of food products Thailand 2022, by category

Thailand's Beverage Industry Value Chain: Overview

Raw Material

Planning & Development

Manufacturing & Packaging

Storage & Transportation

Distributors

Consumers

Brand Manufacturers (Bottling Partners)

Carbonated Beverages

Major Brands



End Consumer

Other Non Carbonated Beverages

- Water
- Sugar
- Sugar Substitutes
- Flavor Agent
- Other Ingredients

ThaiNamthip
HAADTHIP



SUNTORY
PEPSICO

Third-Party Distributors
HAADTHIP
ThaiNamthip

Off Premise Retailers

- Hypermarket
- Convenience Stores
- Supermarket
- Grocery Stores
- Online Stores



On Premise Retailers

- Restaurants
- Cafes
- Hotels

Energy Drinks



Alcohol

- Water
- Ethanol
- Other ingredients



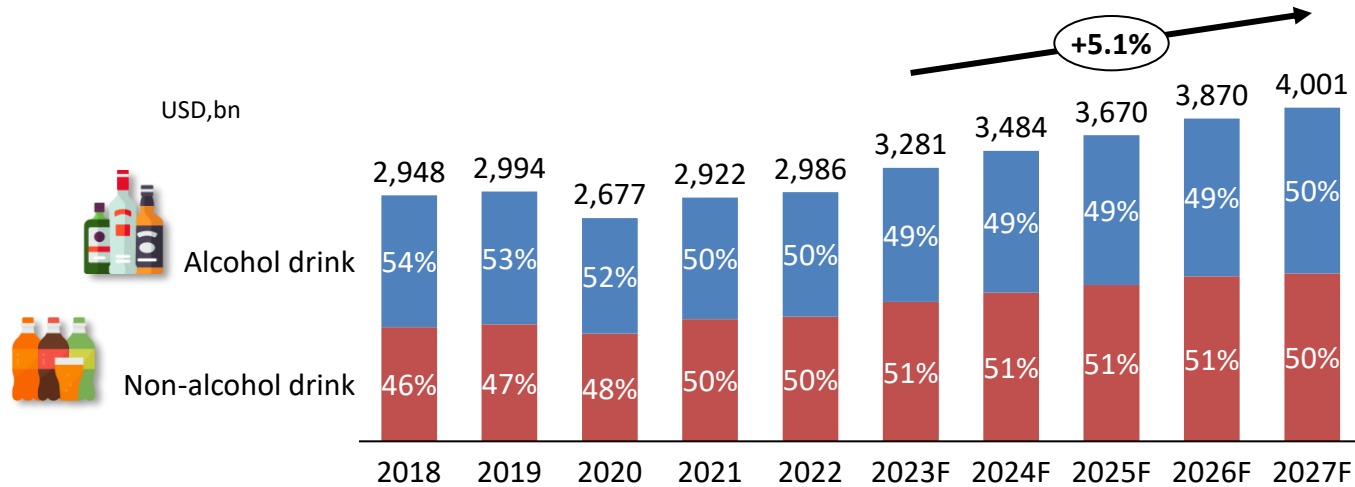
DIAGEO

- Inhouse distribution
- Third party distributors

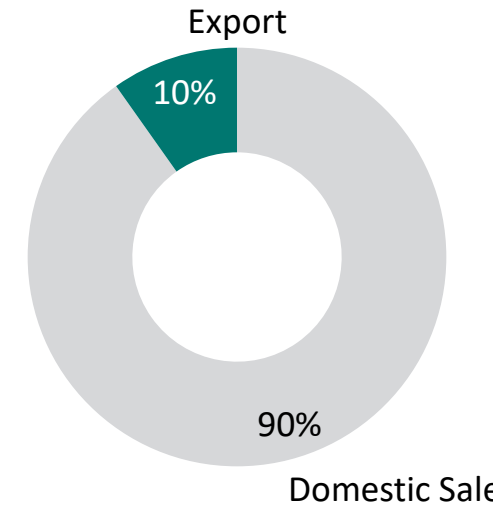
Source: LH Bank Business Research analysis based on data from Speeda and global data.

Beverage Industry : Overview in Worldwide

Global revenue from the sale of alcoholic and non-alcoholic beverages

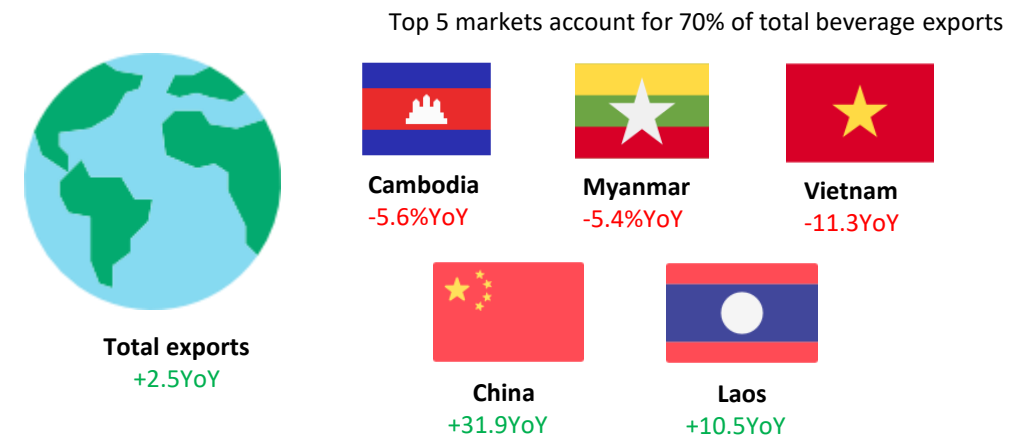


Thai revenue from the sale and export of beverages



- The global beverage market is expected to grow at a CAGR of 5.1% from an initial value of USD3,281bn in 2023F and to reach a market size of USD4,001bn in 2027F. The introduction of new non-alcoholic products, such as low-sugar drinks, fruit-based drinks and energy drinks, is expected to create several opportunities.
- However, **Thailand's benefits from the expansion of the global beverage market may be limited, as exports account for only 10 % of total beverage production.**
- The top 5 export markets for Thai beverages are concentrated in the CLMV and China, accounting for about 70% of the total export value. In 9M23, the value of beverage exports still grew by 2.5%YoY, outpacing total exports which declined by 3.8%YoY.
- In 9M23, the value of alcoholic beverage exports to China increased by 267.3%YoY, especially whisky and wine.

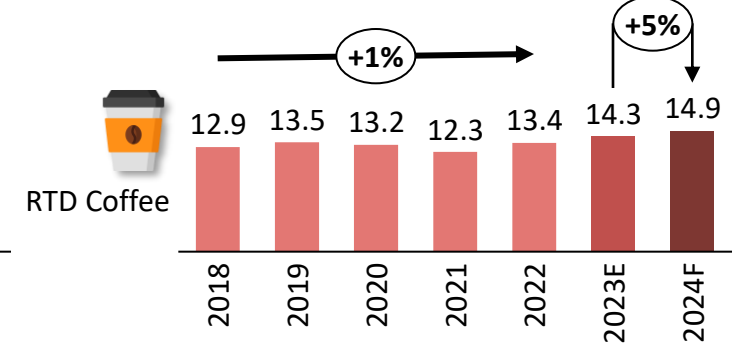
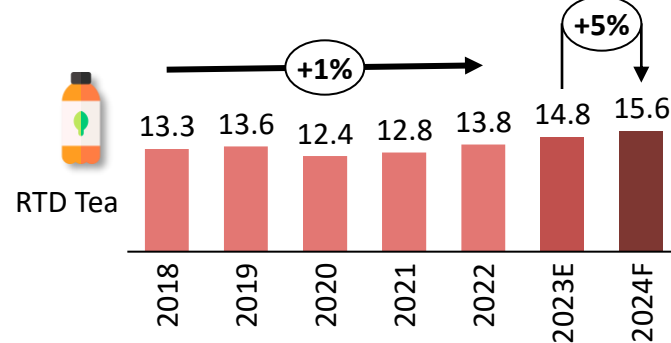
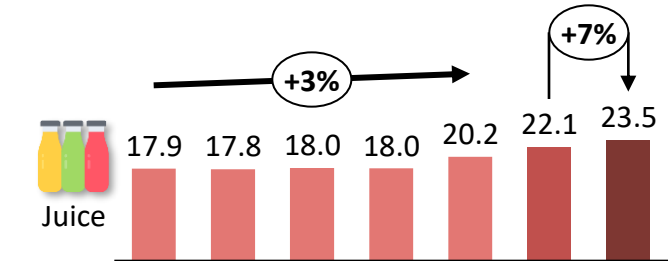
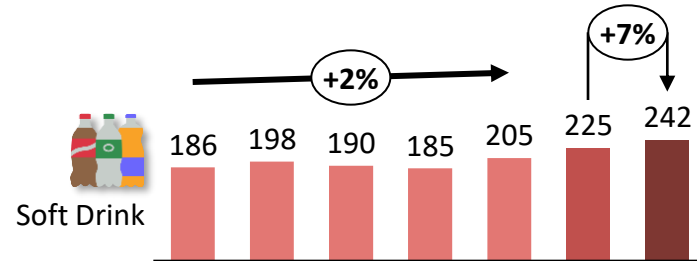
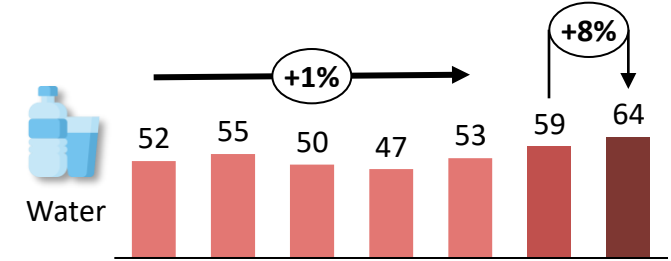
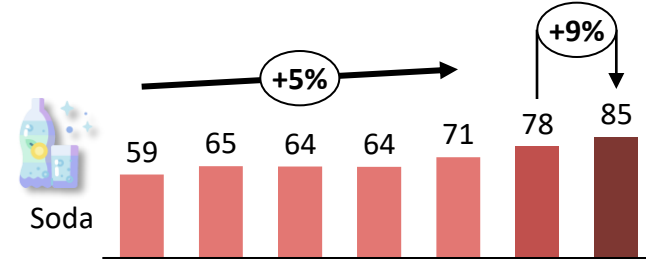
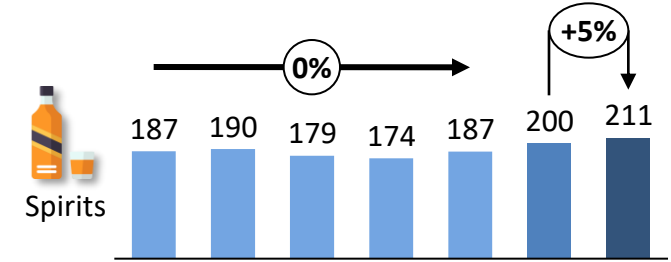
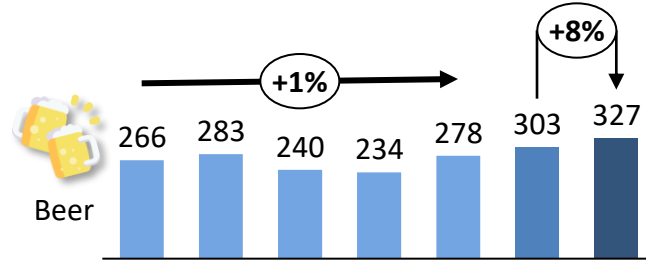
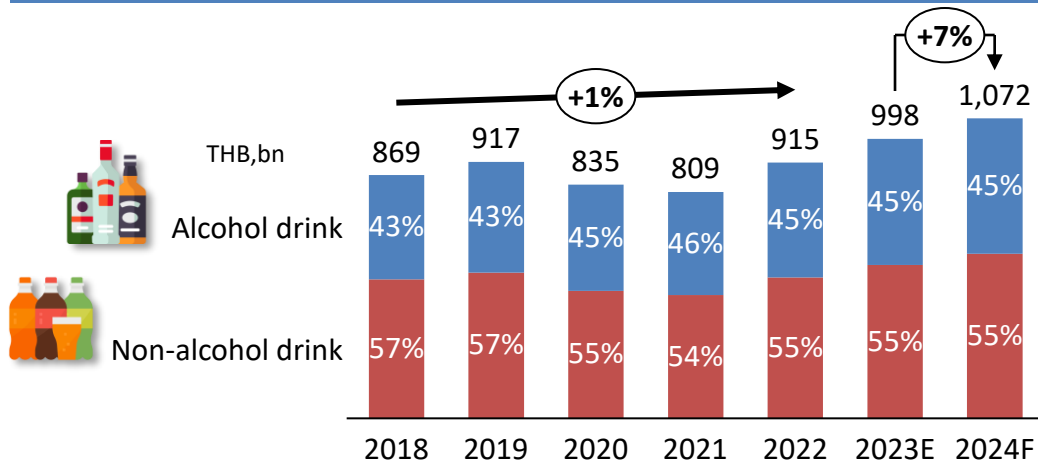
Thailand's major beverage exports in 9M23



Beverage Industry : Industry Outlook

THB, bn

Forecast sale value of beverages by Category



- The recovery of Thai economy will contribute to an increase in demand for both alcoholic and non-alcoholic beverages. **In 2024F, demand for beverages is likely to accelerate as domestic consumers benefit from the government's consumption stimulus and the return of foreign tourists.**
- **The value of beverage sales is expected to grow at 7% between 2023 and 2024**, led by soda, water, soft drinks and beer, while juice, tea, coffee and spirits will continue to grow at a slower rate.
- **Beverage prices are likely to rise due to higher production costs and sugar taxes.** However, manufacturers may launch new products or adapt to healthier products to maintain margins.

Source: LH Business Research analysis based on data from Statista.

The government is strengthening the food industry as a soft power and developing the food supply chain for the long term.

Food Processing Industry Development Action Plan, Phase 1 (2019 - 2027)



- **Creating a new breed of food warriors:** Encouraging farmers to grow industrial crops by using technology in the production process to meet the needs of the supply chain, and supporting entrepreneurs to use the knowledge base and skills to create value-added, jobs, income and growth for the Thai economy. **The focus will be on the production of future foods such as healthy foods, biotech foods and novel foods, etc.**



- **Creating future food innovations:** Upgrading future food innovations from using domestic raw materials to commercial production, through **creating important infrastructure for developing the food industry and being a center for processing**, such as the Food Industry Transformation Center (ITC), Center of Food Excellence (CoFE), and Future Food Lab, to increase the science, technology, and innovation capabilities of entrepreneurs especially Food Tech Startup and SMEs.



- **Create a new marketing platform:** to enable Thai food industry producers to play a role in the global market, linking the production and trade sectors to the international level, including linking food products to tourism, such as **organizing national/regional food festival activities to showcase Thai food potential, developing a digital value chain to link SME food entrepreneurs to the global value chain.**



- **Creating the basic factors to facilitate industrial development:** **To create factors that contribute to the development of Thailand's food industry and reduce barriers to doing business.** This consists of infrastructure to support development in various areas such as design, educational services, technology and innovation services, legal and regulatory systems services, financial services, market entry, and providing necessary information services.

Note: "Novel food" is any substance used as food or food ingredients that either has been used widely for human consumption for less than 15 years or has undergone a production process not currently used, where that process gives rise to significant changes in the composition or structure of the food (Food and Drug Administration of Thailand)

3 Soft power with government support

- **The current government policy is to support the creation of the country's creative or soft power.** Therefore, the Ministry of Industry aims to promote and develop 3 soft power industries consisting of:



✓ Pad Thai ranks 5th out of the 50 most popular foreign foods in the US. (Reader's digest 2022)

✓ Thai food ranks 3rd out of the 10 most popular foreign foods in the UK. (Chef's Pencil 2022)

✓ Thai food is ranked 2nd out of the 10 most popular foreign foods in Australia. (Omi Melbourne 2022)

Food



Fashion



Fairs

- The government has assigned the Department of Industrial Promotion to organize a **delicious community menu project to develop good community chefs in 22 communities across the country to promote the local ingredients and link them to the Thai tourism industry, which is expected to generate an economic value of up to THB25mn.**
- Thailand was ranked 35th out of 120 countries in the 2022 Global Soft Power Index, down from 33rd in 2021.

BOI's Investment Incentives for 'Agricultural and Food Industries'

Provide tax exemptions for investment in the following activities:

- Manufacture or preservation of food, beverages, food additives, food ingredients or dietary supplement products using modern technology
- Manufacture of future food including healthy food, novel food, organic food, medical food

Factors influencing Thailand's Food & Beverage Industry

Food Industry



Tailwind



Abundance of natural resources and raw materials, It is rich in various crops such as rice, palm oil, sugar cane, rubber, pineapples, coconuts, etc. These raw materials are an important basis to produce various foods and beverages.



Skilled and trained workforce with expertise in food processing. Transfer of knowledge and technology from abroad.



Facilitated infrastructure Transport system that is conveniently and quickly connected to countries around the world, helping to efficiently export Thai food and beverages.



Government policies that continue to support and promote the food industry, such as providing tax incentives developing food safety standards and promoting food innovation



The growing demand for food consumption by the world's population is likely to continue. As a result, the demand for food consumption will also increase.



Expanding food export markets around the world, particularly in China, India and the Middle East.



Develop food innovation to add value and differentiate Thai food products.

Headwind



COVID-19 outbreak affecting the food industry, in particular the lockdown of the country and various travel control measures. This is delaying the transport of goods and the import/export of international food products and increasing costs. As a result, manufacturers face higher production costs and reduced demand.



Competition from food manufacturers in various countries, especially China and India, which have rapidly developed the food industry and are able to produce low-cost, high-quality food products.



Labor problems such as the shortage of highly skilled workers, the return of migrant workers to their home countries, and workers' lack of discipline in their work all affect the production and export of Thai food products.



Causes environmental impacts such as water, air and noise pollution. These environmental problems can affect the image of the Thai food industry and cause consumers to choose to consume food from other producers.



The cost of animal feed is likely to increase due to low crop production in 2023/2024 because of El Niño and the impact on higher food prices.

Factors influencing Thailand's Food & Beverage Industry

Beverage Industry



Tailwind



The growth of the working age population and continued income growth. As a result, demand for beverages will also increase.



The beverage market in Asia is expected to continue to grow, supported by population and income growth, urbanization and the acceptance of foreign beverage products.



Government policies that support the beverage industry, particularly the beverage export industry, such as excise tax reductions, tax incentives, etc.



Beverage companies are embracing innovation and new technologies. To improve beverage quality and taste and reduce production costs.



Changing behaviors to consume more diverse beverages In addition to soft drinks and green tea. There are also other alternative beverages. These include health drinks, functional drinks, cannabis-infused drinks, etc.



Tourism growth is an important factor in stimulating beverage consumption. Especially green tea and coffee drinks, which are popular with foreign tourists.



A wider variety of beverage distribution channels. This includes both offline and online channels, giving consumers easier access to beverages.

Headwind



The main raw materials used in the production of beverages, such as sugar, milk, coffee, green tea and fruit, have prices that fluctuate according to economic and weather conditions. As a result, the cost of producing beverages increases.



The beverage industry is a highly competitive industry. There are many players in the market. As a result, operators must compete on price, marketing and innovation to maintain market share.



Consumers are becoming more health conscious. This has led to a decline in the popularity of drinks high in sugar, fat and sodium, which can affect the sales of companies that produce these types of drinks.



Tax measures on sugary drinks can lead to an increase in the price of these types of drinks. As a result, consumers will reduce their consumption. Or measures to control beverage quality may require operators to invest more to improve product quality.

Food & Beverage Industry : Market Overview

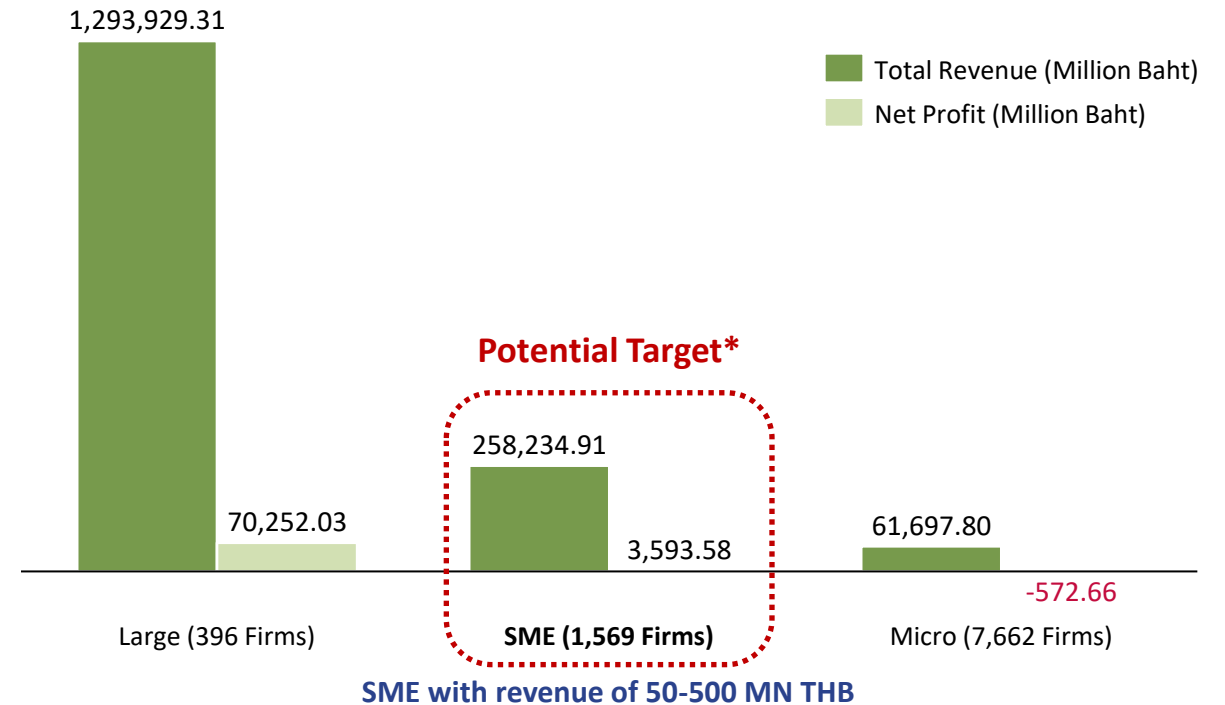
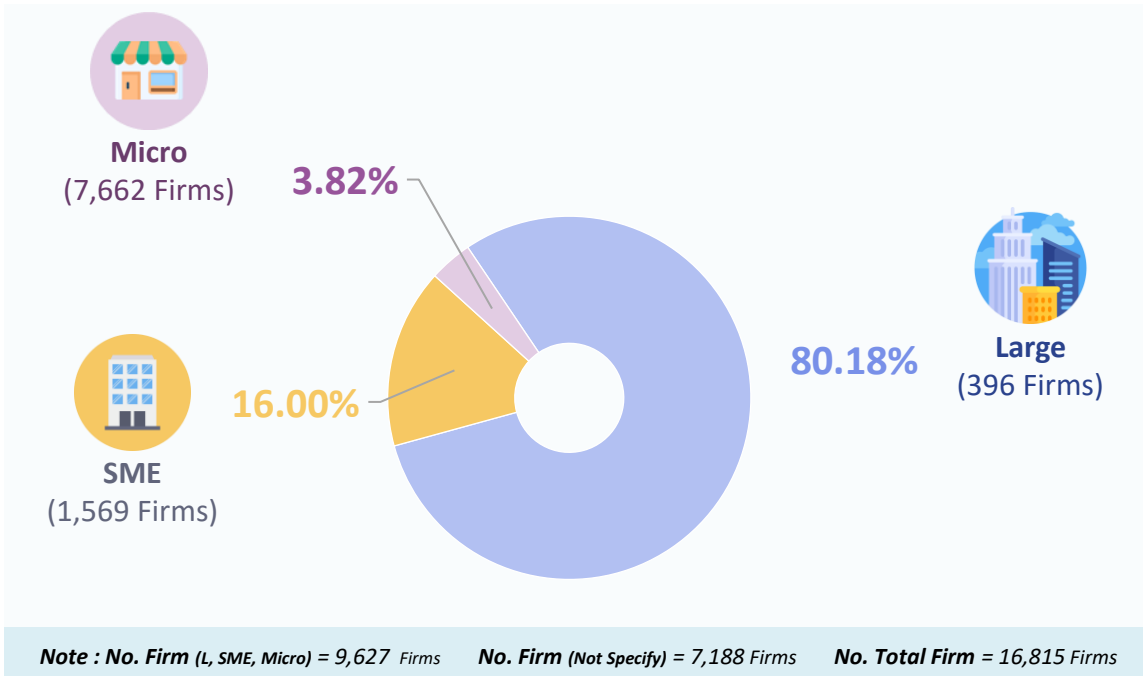
Based on selected TSIC groups (in 2022), Thailand's Food & Beverage Industry was valued at **1,613,862.03 million baht**, with large enterprises accounting for 80.18% of the market share. This is followed by SME with 16.00% and micro with 3.82%.

Share of Food & Beverage Industry Value by firm size

(10617, 10761, 11049, 46318, 46319, 47219, 46311, 46314, 46321, 47211, 47221, 47222)

Market Value (L, SME, Micro) = 1,613,862.03 Mn THB

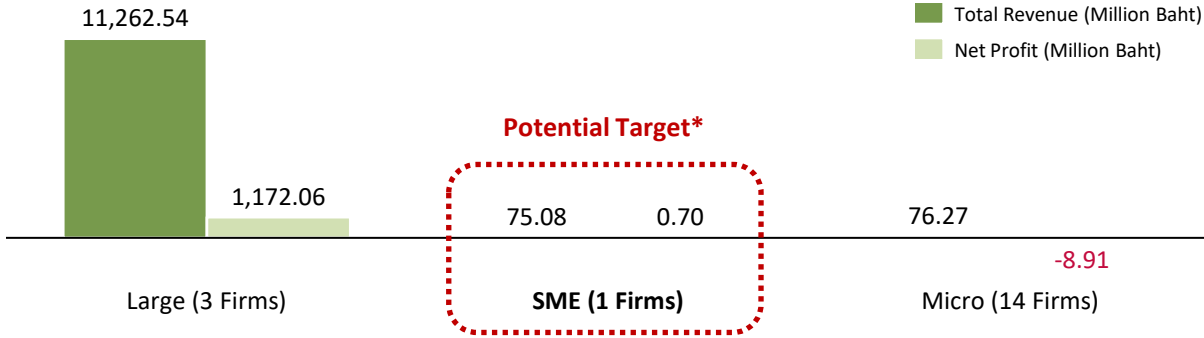
Total Firms = 16,815 Firms



Food & Beverage Industry : Market Overview

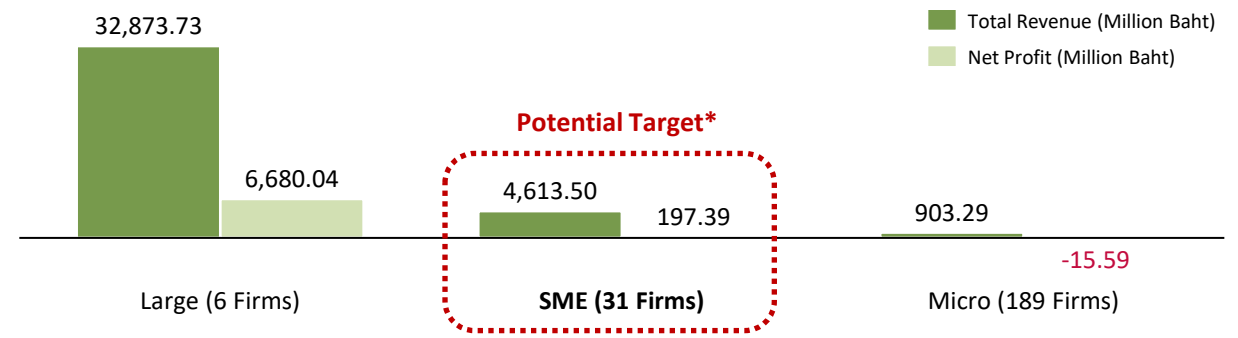
10617 : Manufacture of grain juice

Market Value = 11,413.89 Mn THB
Total Players = 30 Firms



10761 : Manufacture of coffee

Market Value = 38,390.52 Mn THB
Total Players = 387 Firms



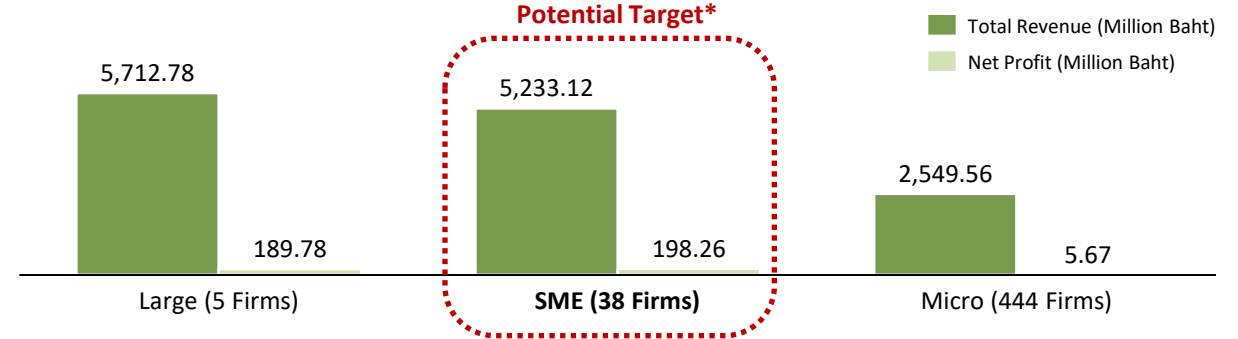
11049 : Manufacture of other soft drinks

Market Value = 57,281.39 Mn THB
Total Players = 384 Firms



46318 : Wholesale of coffee, tea and cocoa

Market Value = 13,495.46 Mn THB
Total Players = 866 Firms



Food & Beverage Industry : Market Overview

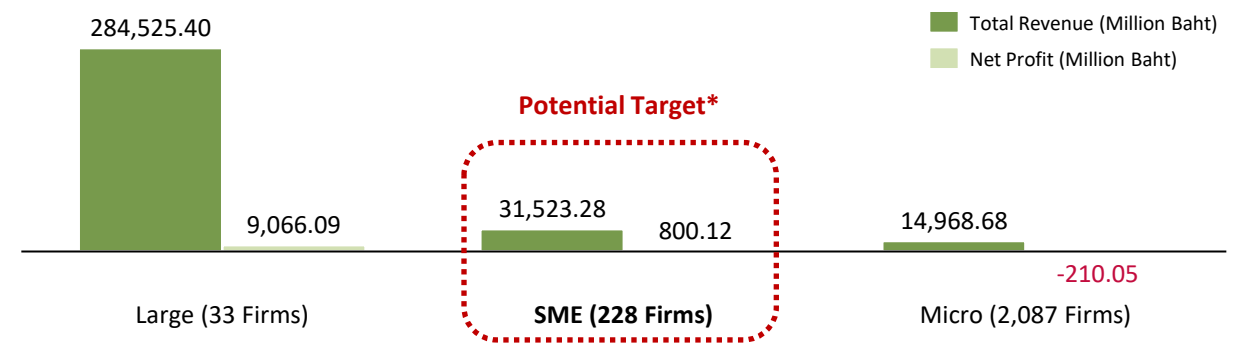
46319 : Wholesale of other food products

Market Value = 303,416.36 Mn THB
Total Players = 4,477 Firms



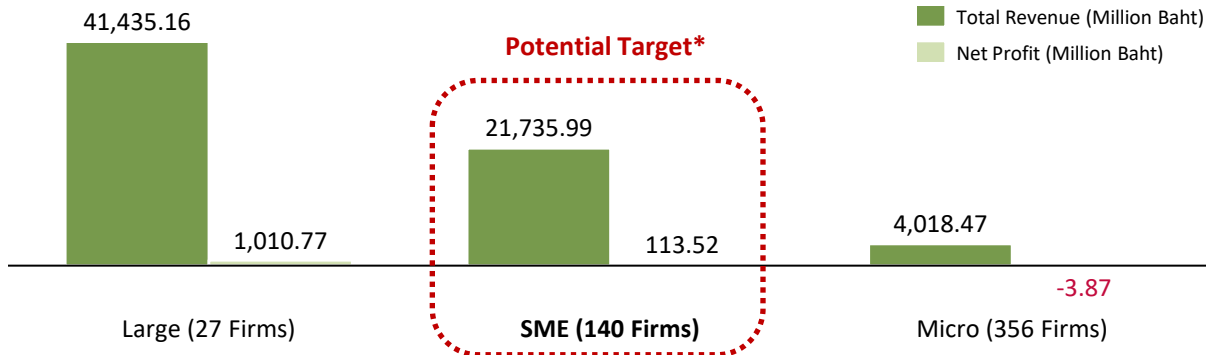
47219 : Retail sale of other food products in specialized stores

Market Value = 331,017.37 Mn THB
Total Players = 4,346 Firms



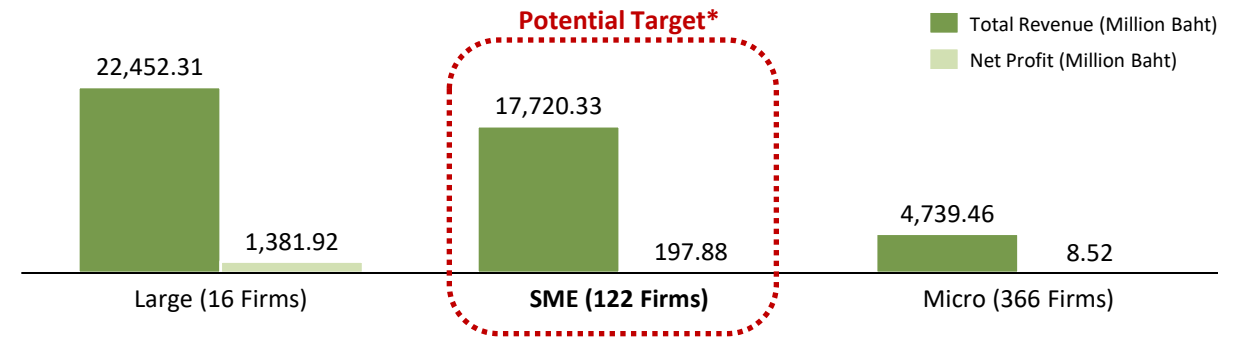
46311 : Wholesale of meat and meat products

Market Value = 67,189.62 Mn THB
Total Players = 1,046 Firms



46314 : Wholesale of dairy products

Market Value = 44,912.10 Mn THB
Total Players = 727 Firms



Food & Beverage Industry : Market Overview

46321 : Wholesale of alcohol beverages

Market Value = 491,369.58 Mn THB
Total Players = 1,419 Firms



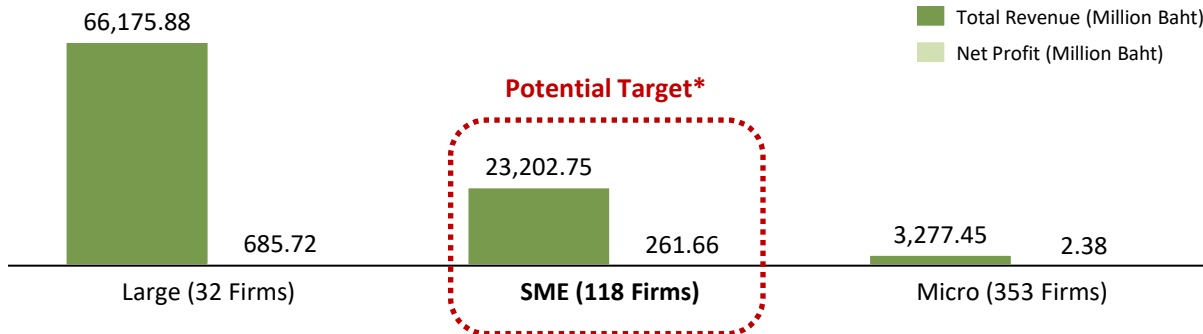
47211 : Retail sale of meat and meat products in specialized stores

Market Value = 119,926.27 Mn THB
Total Players = 820 Firms



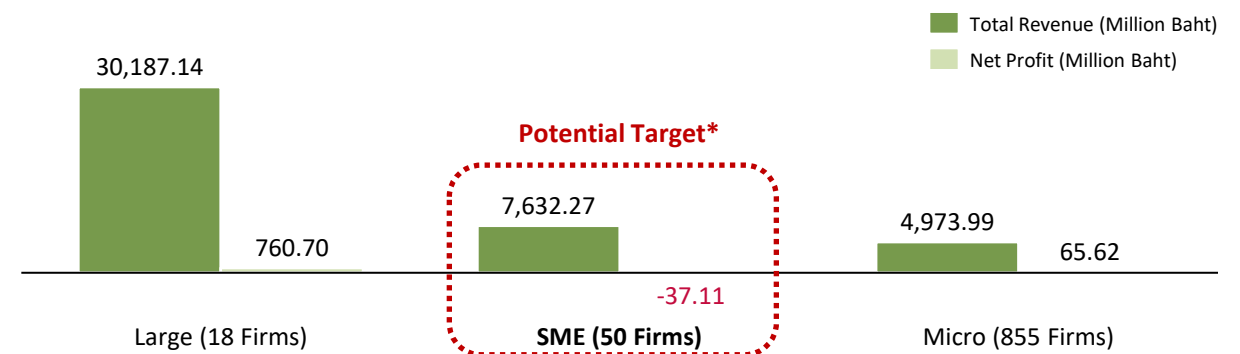
47221 : Retail sale of alcohol beverages in specialized stores

Market Value = 92,656.08 Mn THB
Total Players = 790 Firms



47222 : Retail sale of non-alcohol beverages in specialized stores

Market Value = 42,793.40 Mn THB
Total Players = 1,523 Firms

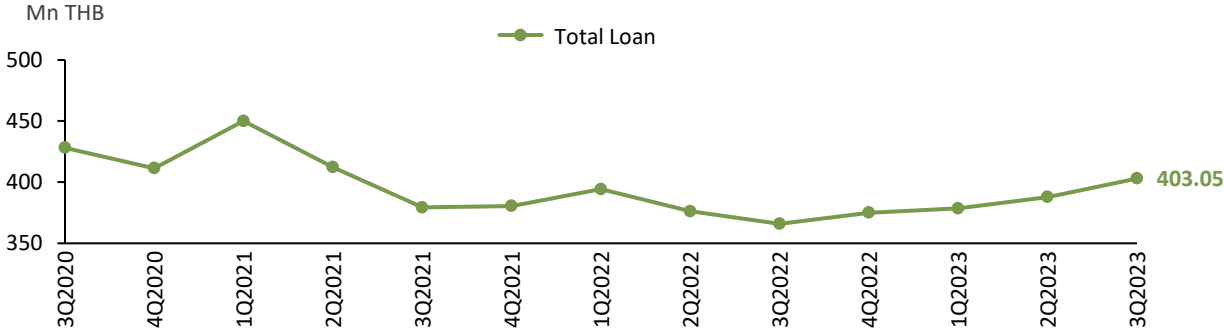


Food & Beverage Industry : Loan Outstanding

10617 : Manufacture of grain juice

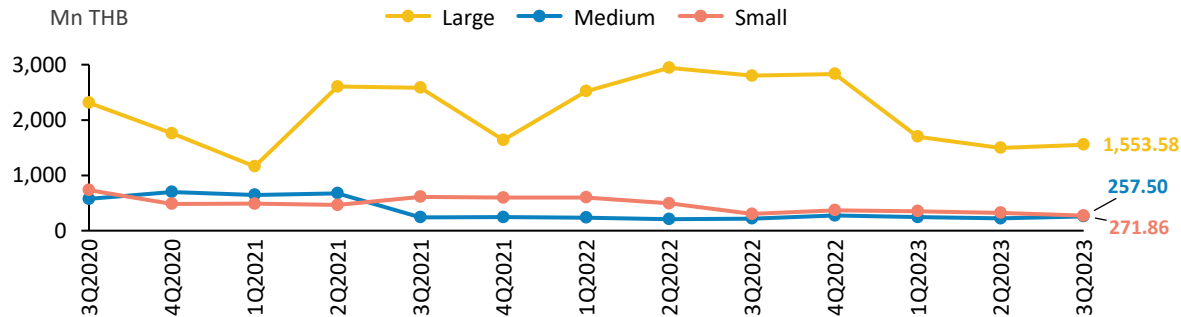
Loan Size* = 403.05 Mn THB

(Data on BOT database is not divided by size.)



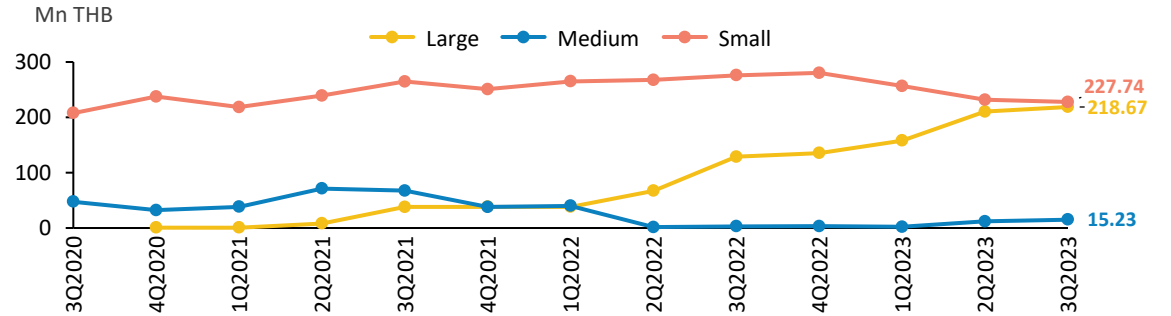
11049 : Manufacture of other soft drinks

Loan Size* = 2,082.94 Mn THB



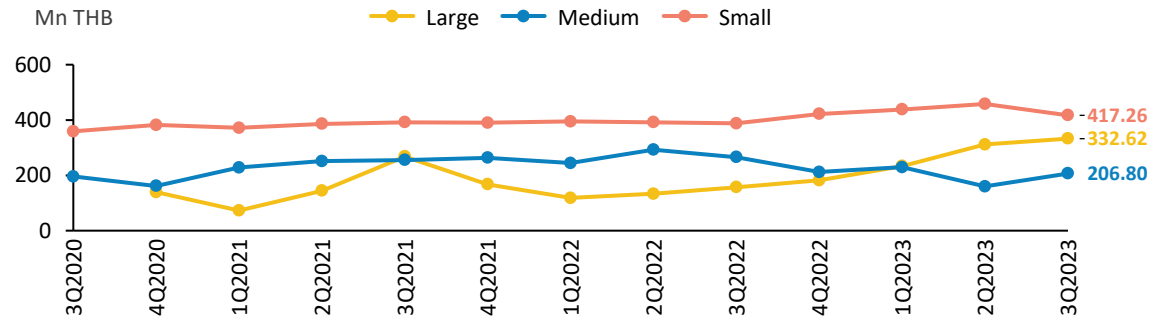
10761 : Manufacture of coffee

Loan Size* = 461.63 Mn THB



46318 : Wholesale of coffee, tea and cocoa

Loan Size* = 956.68 Mn THB

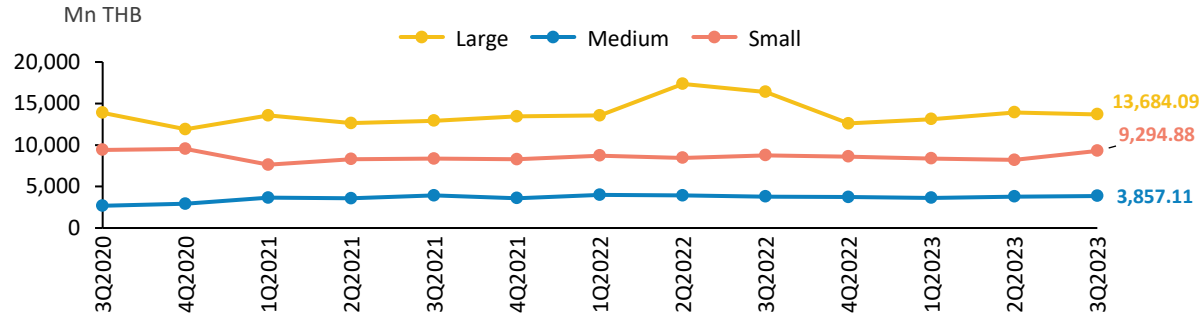


* Data as of 3Q2023

Food & Beverage Industry : Loan Outstanding

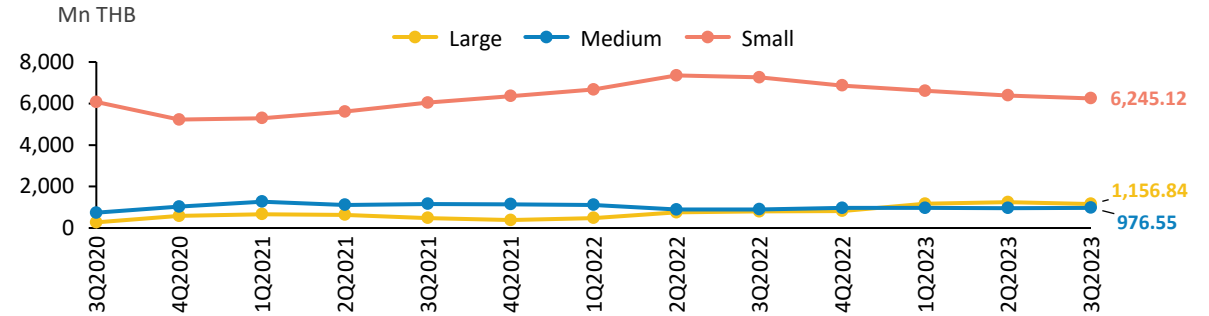
46319 : Wholesale of other food products

Loan Size* = 26,836.08 Mn THB



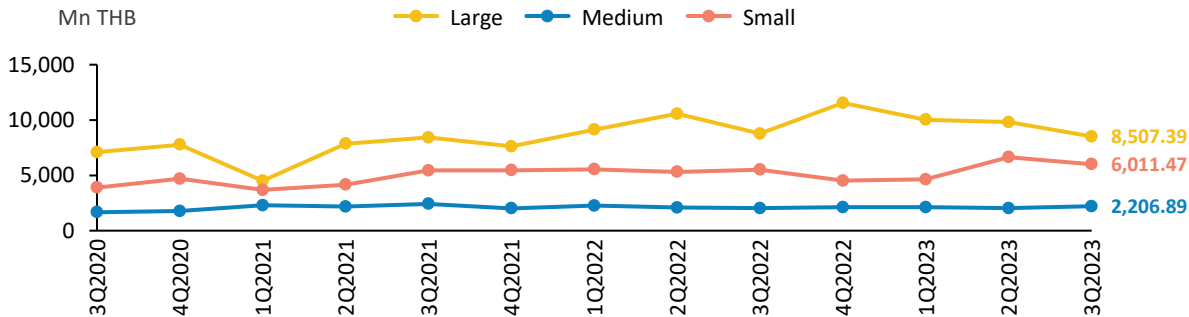
47219 : Retail sale of other food products in specialized stores

Loan Size* = 8,378.50 Mn THB



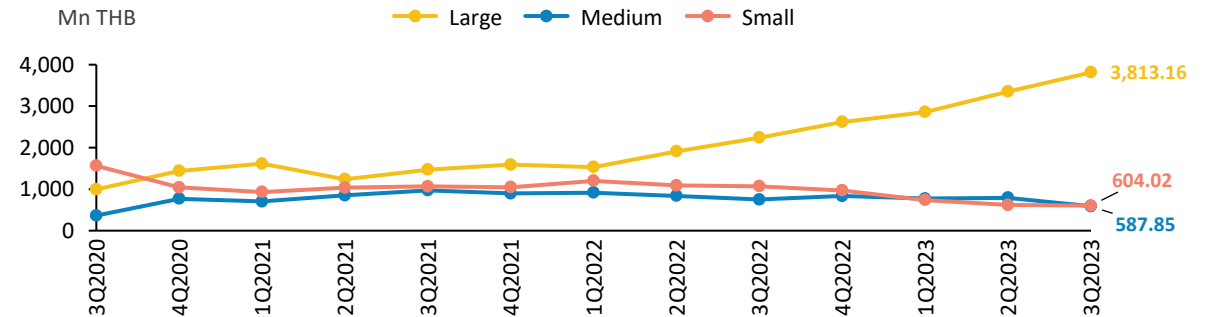
46311 : Wholesale of meat and meat products

Loan Size* = 16,725.74 Mn THB



46314 : Wholesale of dairy products

Loan Size* = 5,005.03 Mn THB

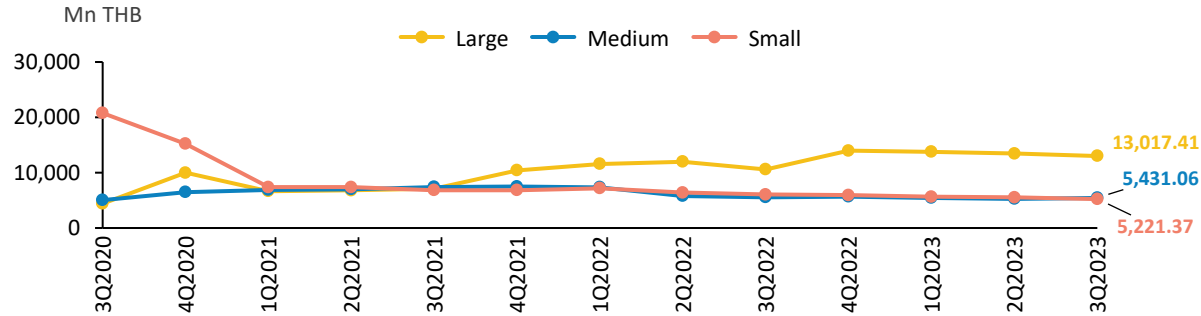


* Data as of 3Q2023

Food & Beverage Industry : Loan Outstanding

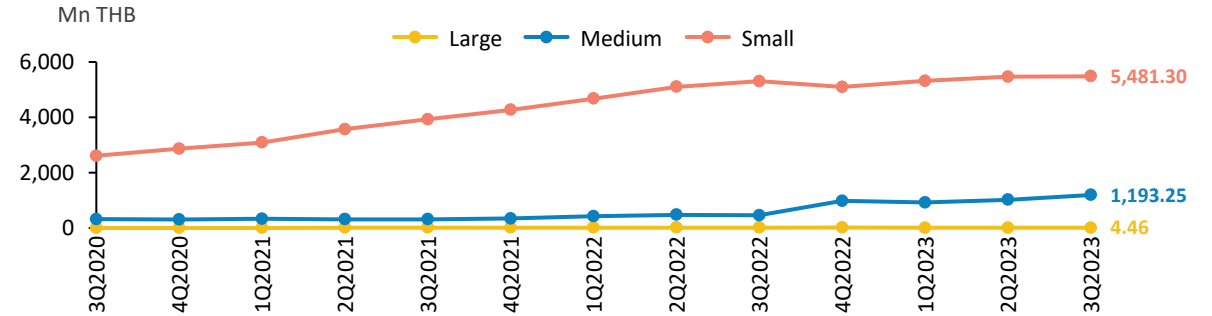
46321 : Wholesale of alcohol beverages

Loan Size* = 23,669.84 Mn THB



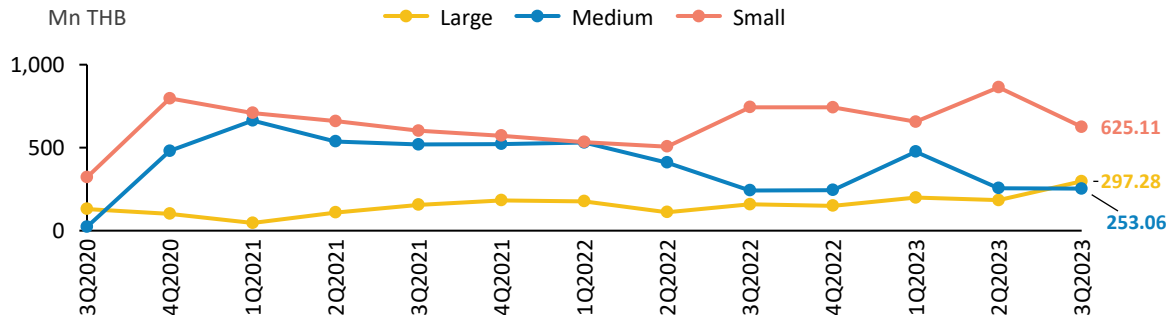
47211 : Retail sale of meat and meat products in specialized stores

Loan Size* = 6,679.01 Mn THB



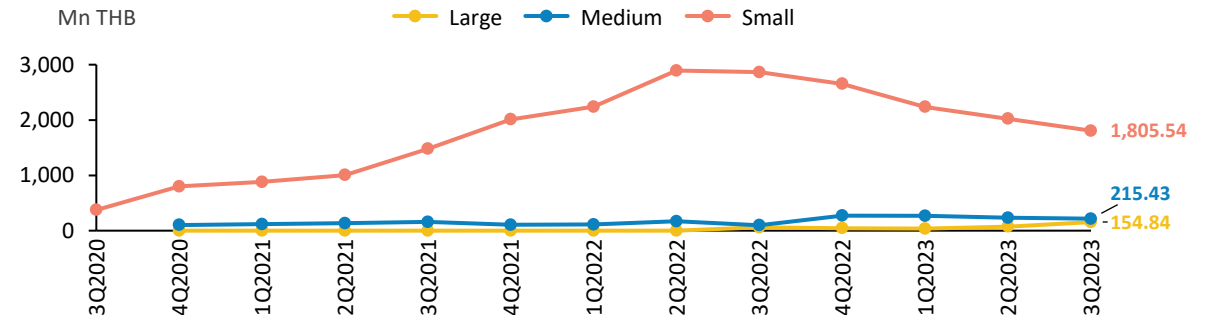
47221 : Retail sale of alcohol beverages in specialized stores

Loan Size* = 1,175.45 Mn THB



47222 : Retail sale of non-alcohol beverages in specialized stores

Loan Size* = 2,175.82 Mn THB



* Data as of 3Q2023

End of Presentation

Disclaimer

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