

# Automotive Industry



## Agenda

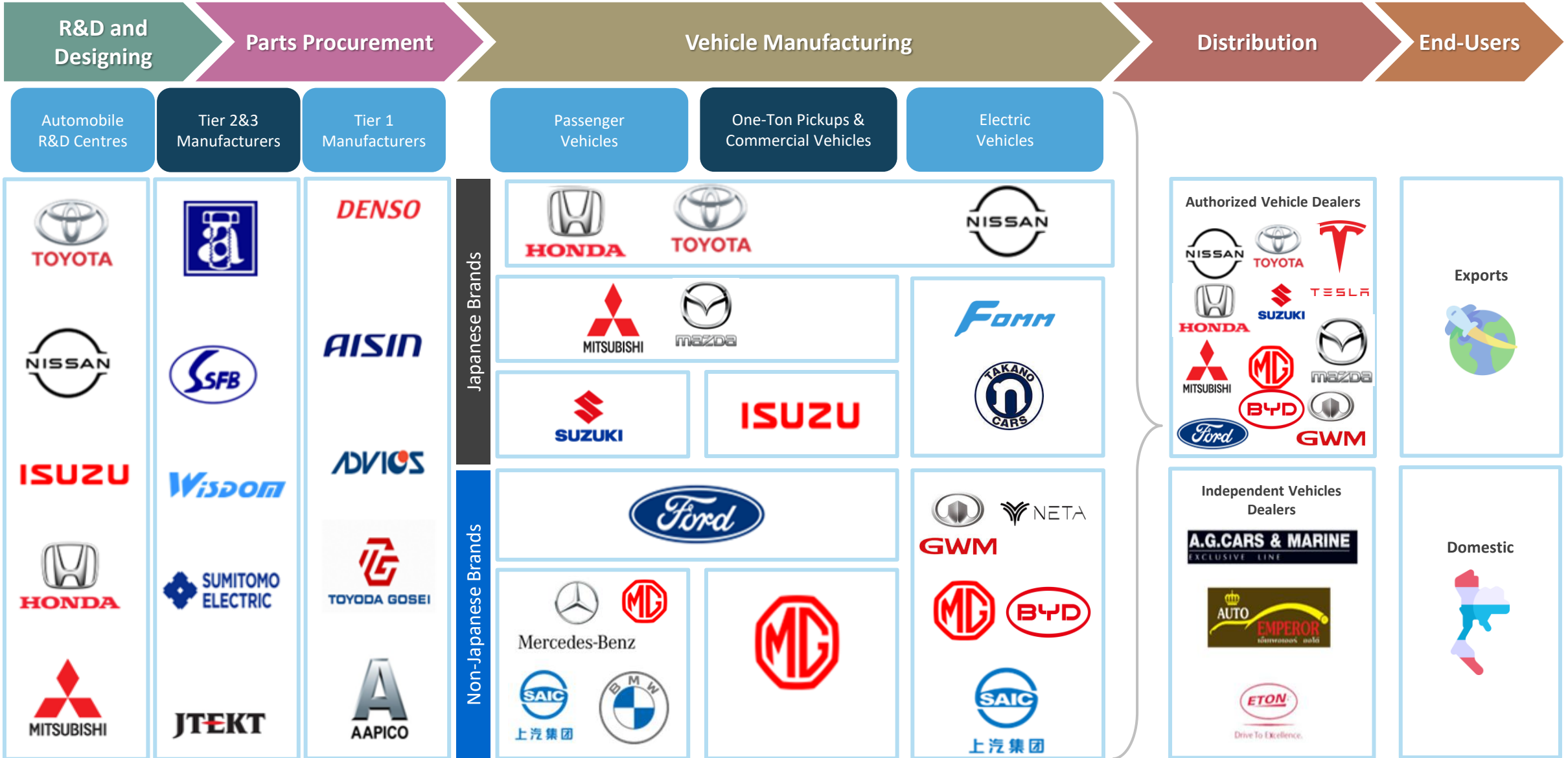
- Automotive Industry Outlook: Motor Vehicles
- Automotive Industry Outlook: Motorcycles
- Automotive Industry Outlook: Part Suppliers
- Thailand Automotive Industry Sector:  
SMEs' competition and business opportunities

**Business Research  
November 2023**

# Automotive Industry Outlook



# Automotive Industry - Motor Vehicle Supply Chain Overview

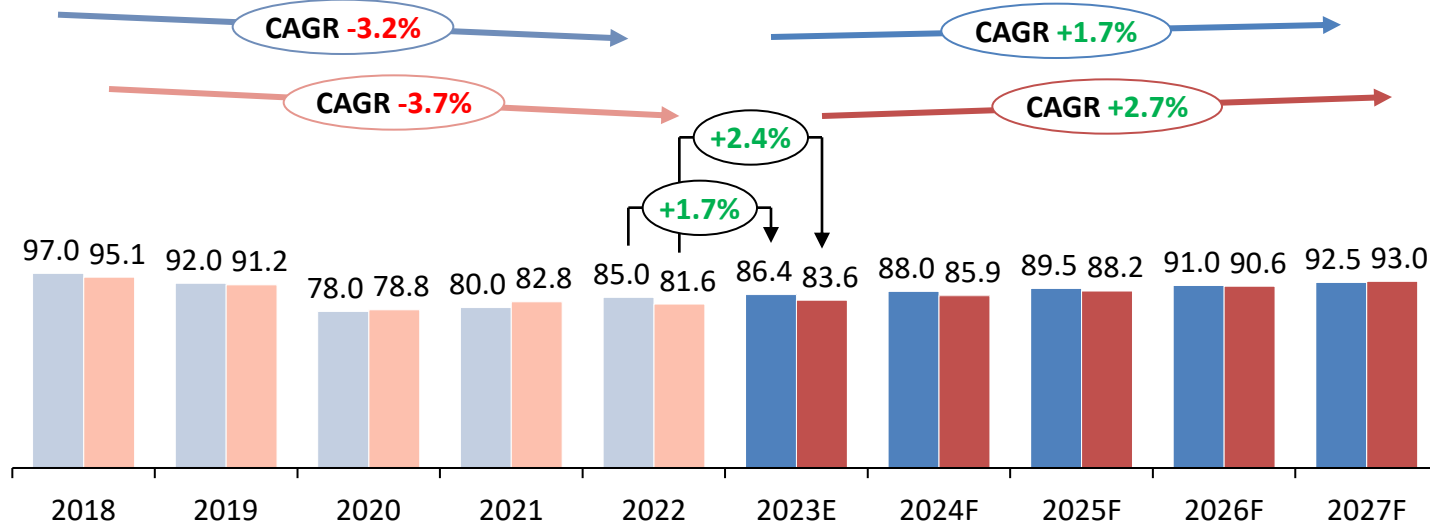


# Worldwide motor vehicle production and sales



(million units)

Production Sales

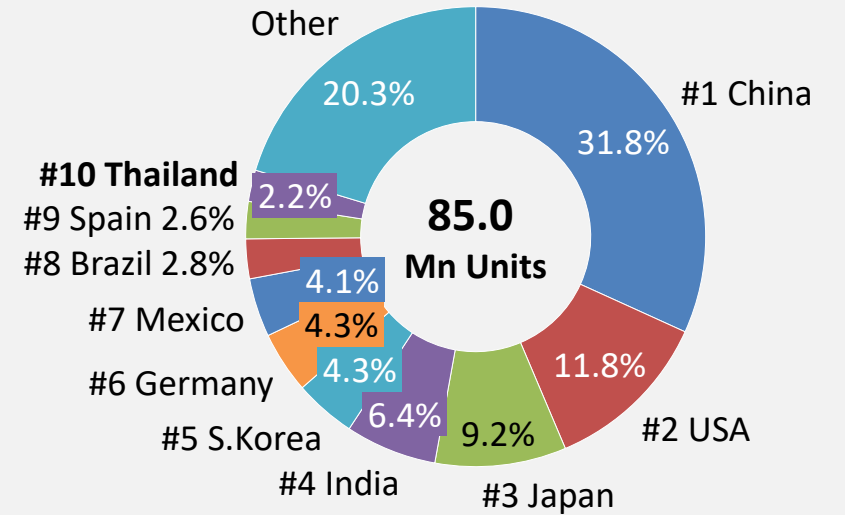


• **In 2023, global motor vehicle sales is expected to increase by 2.4%YoY.** Continue to recover from the huge drop during the pandemic in 2020. The semiconductor shortage issue is also recovering and likely to be overed by 2024.

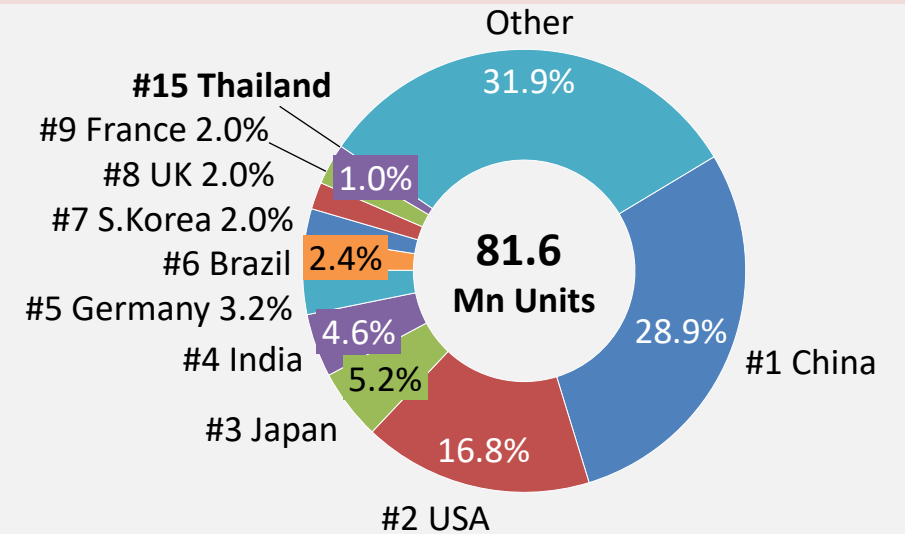
• **Global sales in 2024 is also recovering in the same pace by 2.7%YoY** from global economic recovering but the high inflation, high interest rate and high household debts still impact to consumer purchasing power.



# 2022 motor vehicle production



# 2022 motor vehicle sales

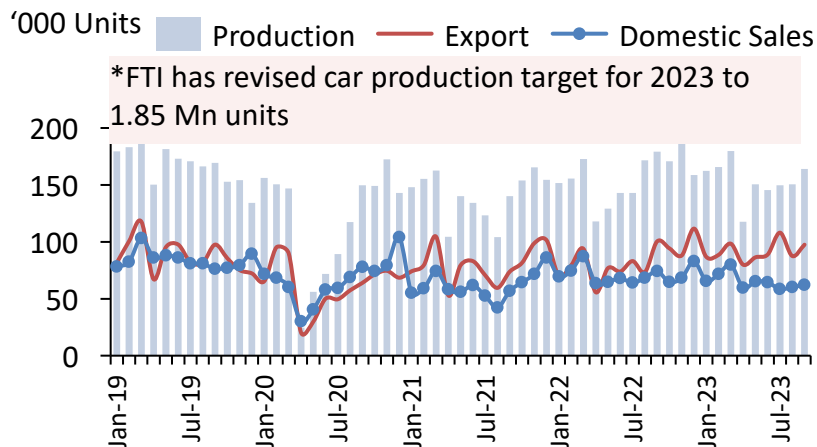




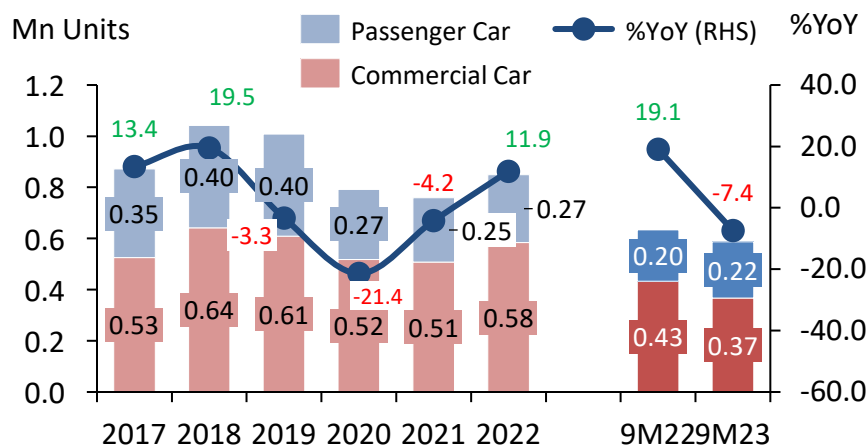
# Motor Vehicle Indicators - Thailand

Car production in 9M2023 was 1,385,971 units, down 1.6%YoY. Domestic sales amounted to 586,870 units, down 7.4%YoY, due to a significant drop in sales of pick-up trucks as a result of high household debt and tighter loan approvals by financial institutions. Meanwhile, exports amounted to 821,899 units and USD 14,625 billion, up 16.3% and 8.7% respectively. The main markets are still growing.

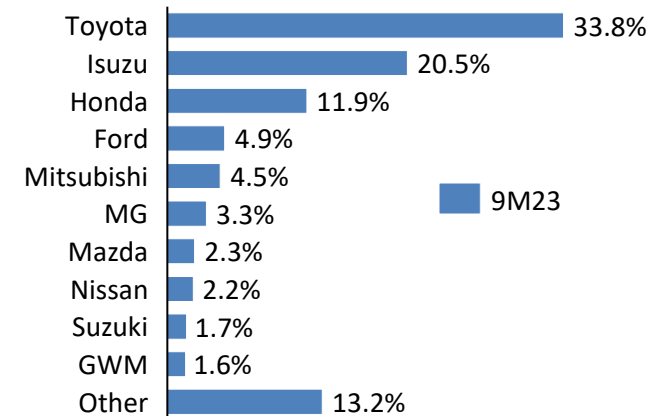
## Production and Sales



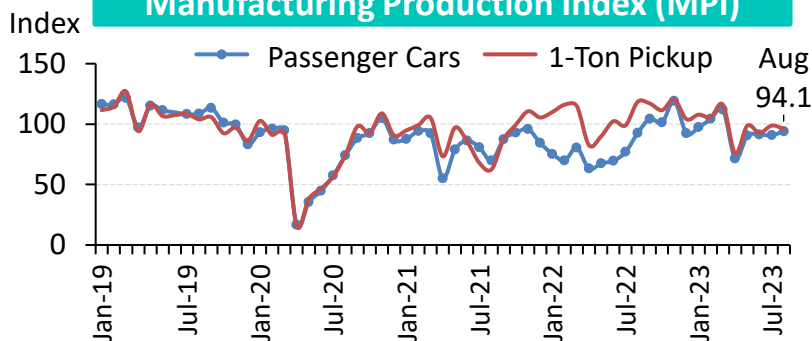
## Domestic Sales



## Domestic Share by Automaker (%)

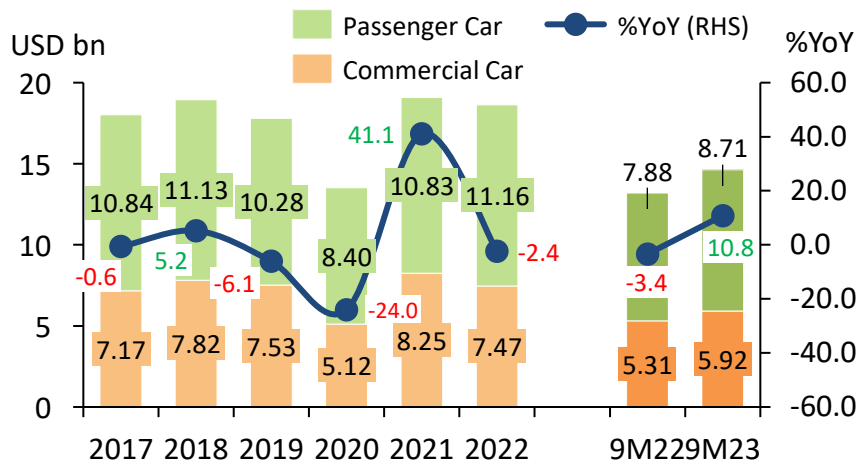


## Manufacturing Production Index (MPI)

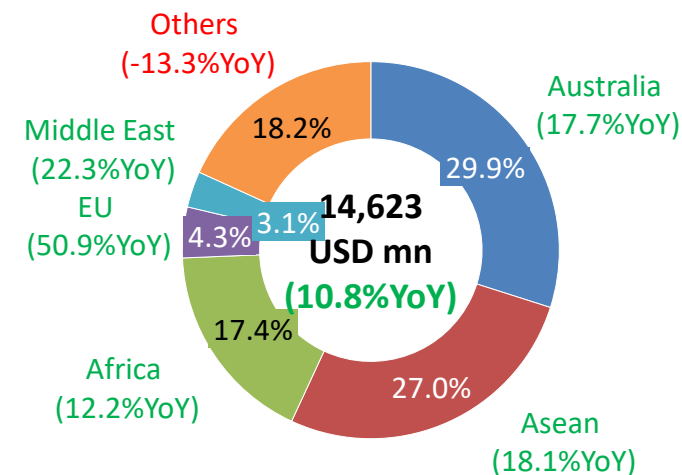


MPI	Index			%YoY		
	2021	2022	8M23	2021	2022	8M23
Passenger Cars	83.8	84.4	93.9	13.6	0.7	26.2
1-Ton Pickup	90.7	107.2	98.9	19.8	18.1	-5.0

## Car Export Value



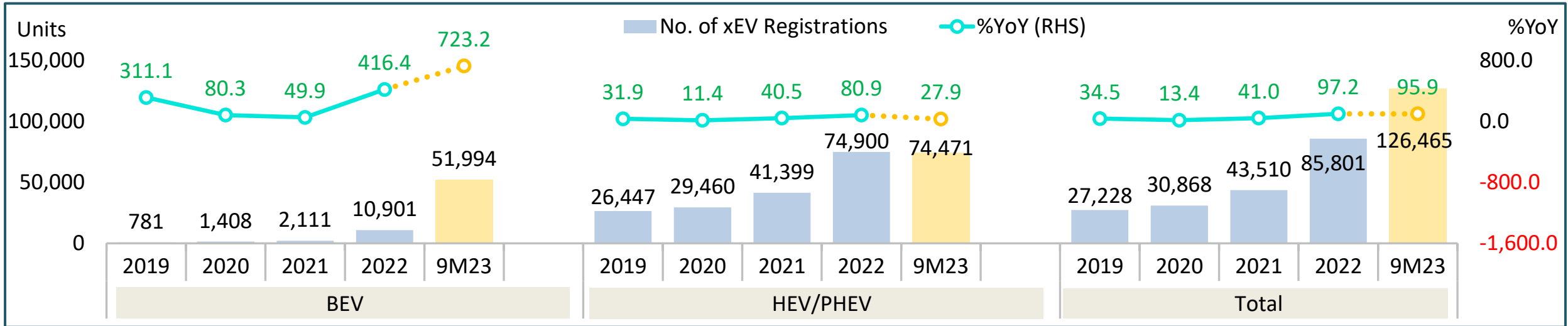
## Share of Car Export Value by Market



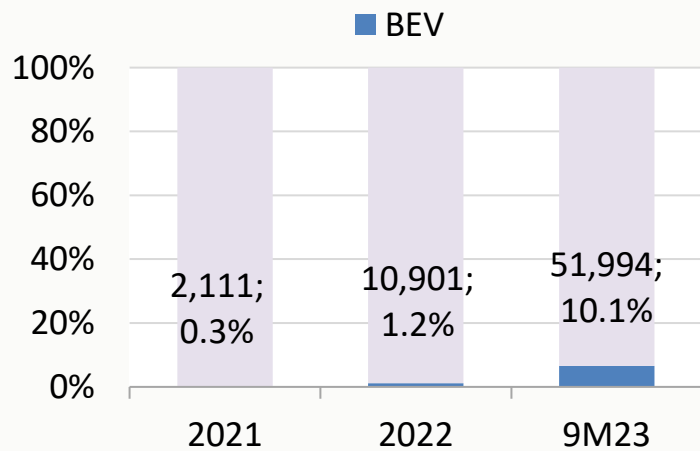


# Electric Vehicle Sales

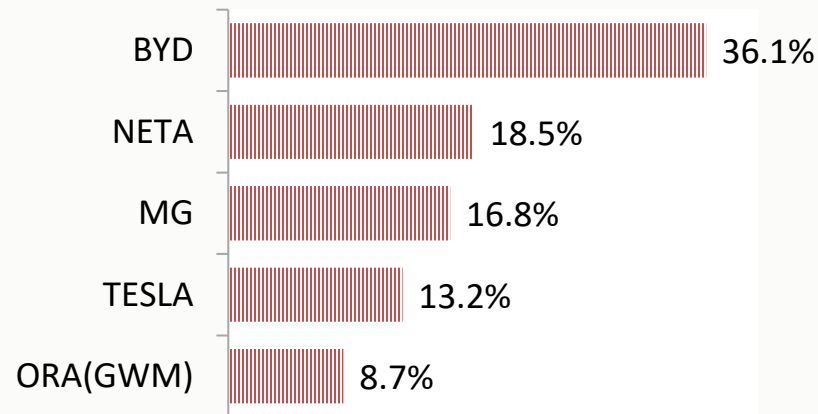
The electric vehicle car sales business is expected to continue to accelerate in 2023. In particular, the BEV segment is expected to grow exponentially, supported by government subsidies for buyers of electric vehicles and tax measures that will be in place until 2025.



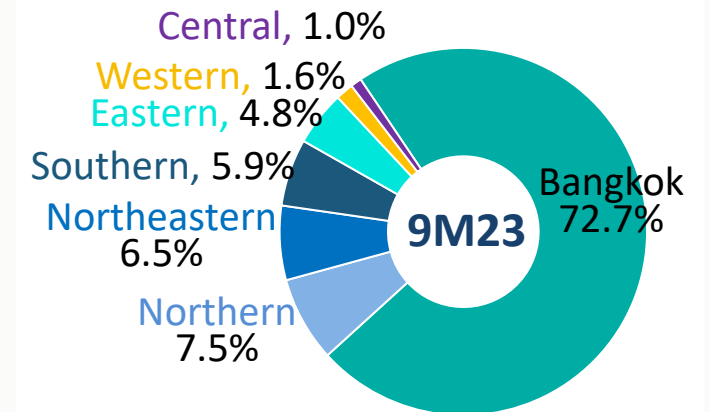
## Share of BEV in The Total Market



## Top 5 BEV Registrations (9M23)



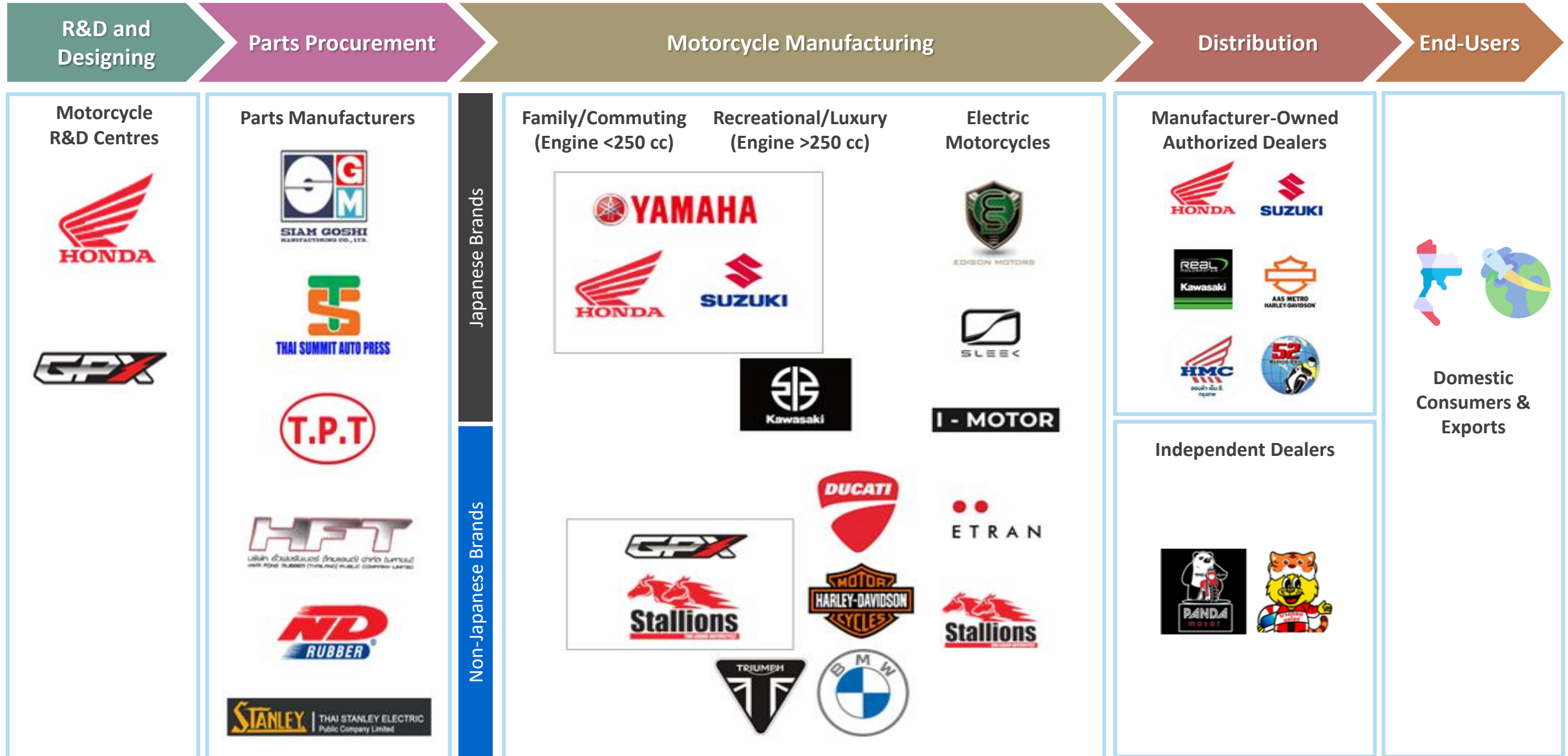
## Share of EV classified by area







# Automotive Industry - Motorcycle Supply Chain Overview



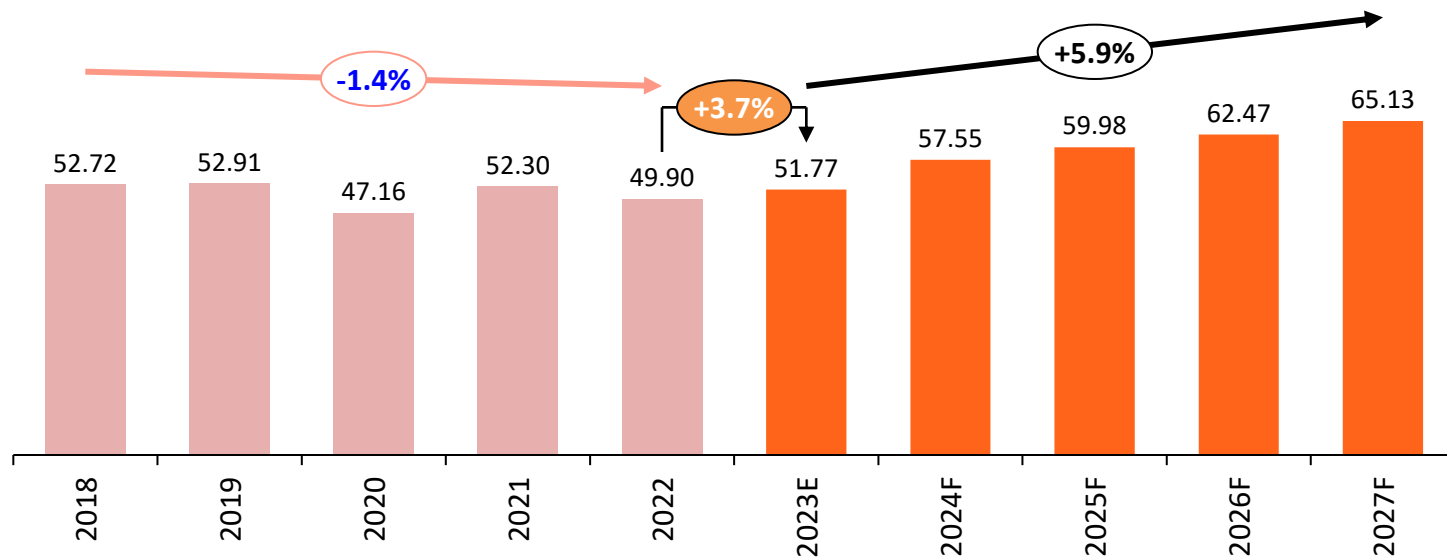


# Worldwide Motorcycle Sales



## Worldwide motorcycles sales

(million units)



### Global Outlook

Global motorcycles market is expected to be fully recovered in 2023-2024 from the growing demand in top 2 markets, China and India which is accounted for 70% of total market. China is also shifting to electric motorcycle as 35% of 2022 sales.

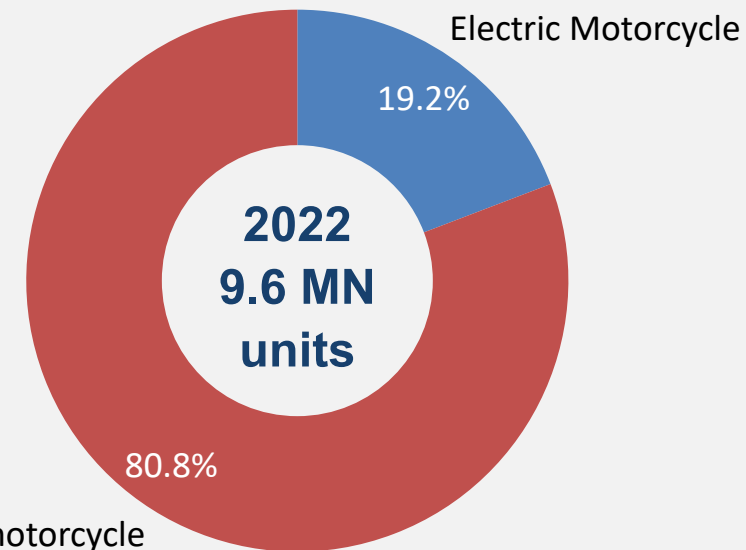
### 5 Major Markets

2022: China 19 M / India 15.9 M / Indonesia 5 M / Vietnam 4 M / Thailand 1.8 M

### 5 Major Producers

2022: India 19.5 M / China 19 M / Indonesia 6 M / Vietnam 4.5 M / Thailand 2.6 M

## Worldwide Electric Motorcycles



Electric Motorcycle in 2022 accounted for 19.2% of new worldwide motorcycle sales. The largest market is in China at 8.2 mn units or 85% of total sales worldwide, follow by India and Vietnam.



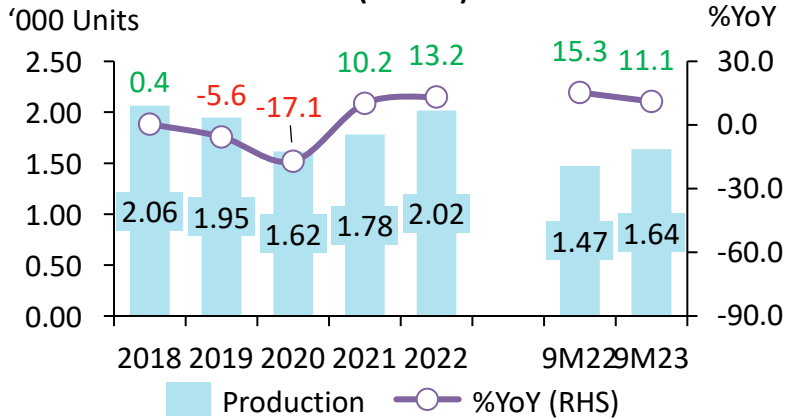


# Motorcycle Indicators

Motorcycle production in 9M2023 was 1,638,051 units, increasing 11.1%YoY. Domestic sales were 1,446,338 units, an increase of 6.1%YoY. And expect to reach above 1.8 mn units in 2023-2024. Export were 351,548 units, valued at US\$ 2,179 million, an increase of 22.8%YoY and 5.7%YoY respectively. Important markets that are still growing include Japan, ASEAN and Australia.

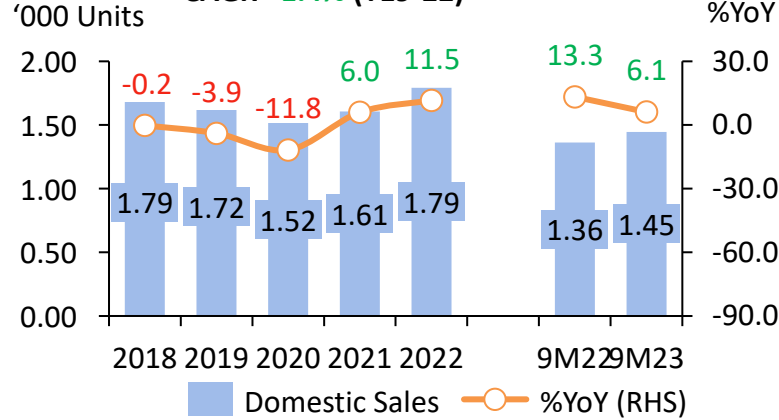
## Production

CAGR +1.1% (Y19-22)



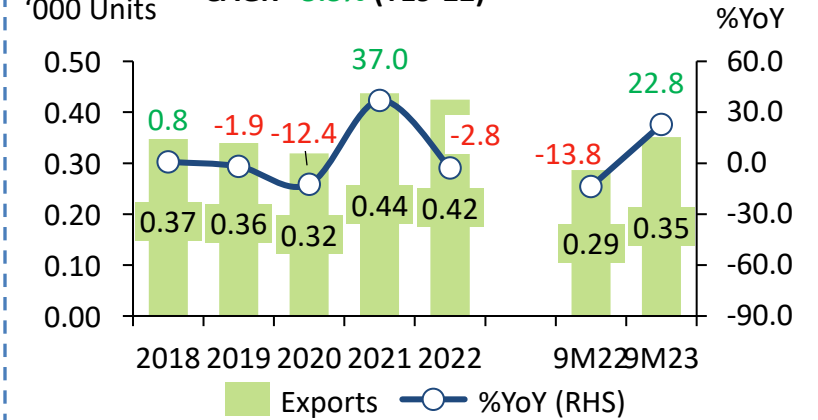
## Domestic Sales

CAGR +1.4% (Y19-22)

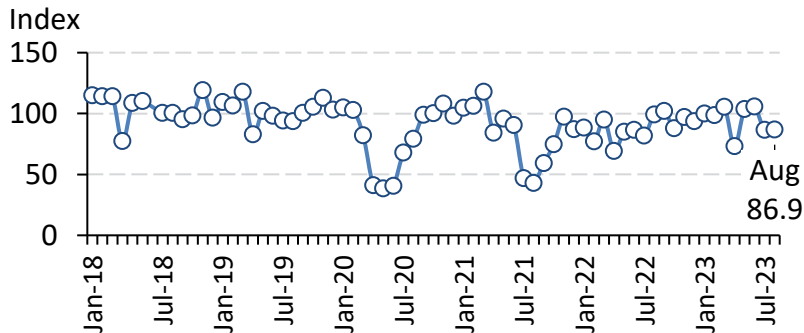


## Export

CAGR +5.3% (Y19-22)

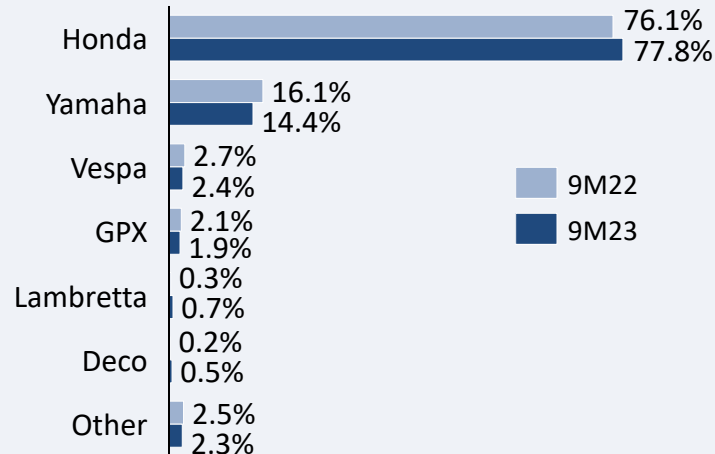


## Manufacturing Production Index (MPI)

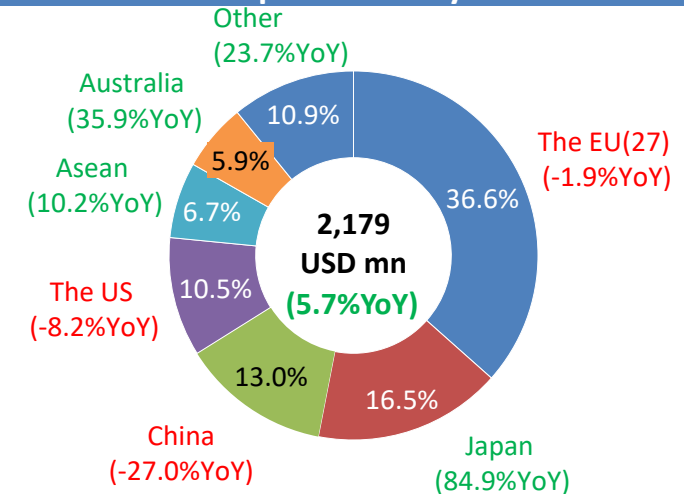


MPI	Index			%YoY		
	2021	2022	8M23	2021	2022	8M23
Motorcycle	83.9	88.6	95.0	4.7	5.6	11.4

## Domestic Registered by Brand (Unit)



## Share of Export Value by Market



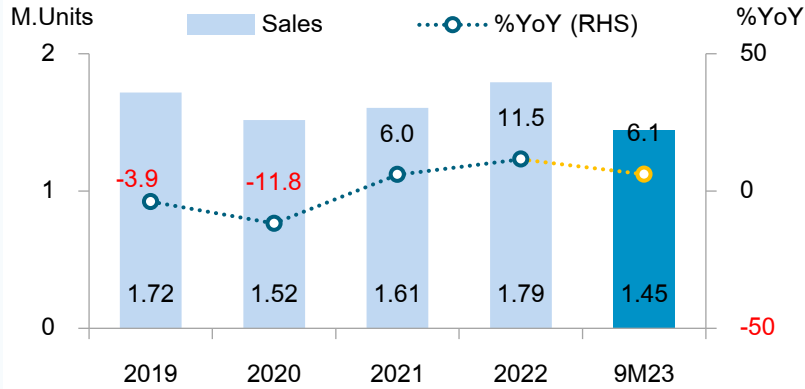


# Electric Motorcycles Sales

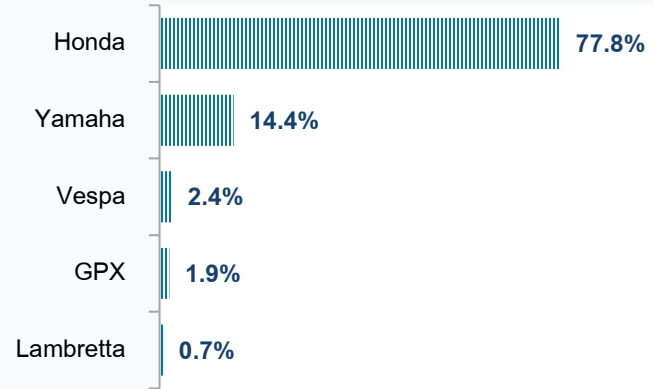
The electric motorcycle sales business in 2023 is expected to continue to grow as the popularity of electric vehicles increases, and concerns about the problem of high energy prices encourage people to pay more attention to electric power. In addition, the government is encouraging the use of electric vehicles through tax measures and subsidies.

## Motorcycle Overview

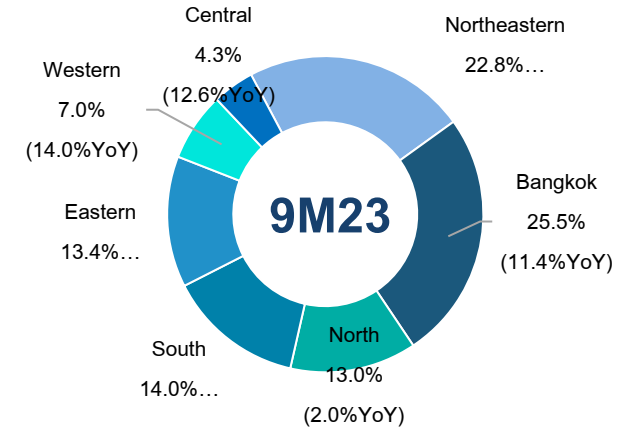
### Motorcycle Sales



### Top 5 Motorcycle Registrations (9M23)

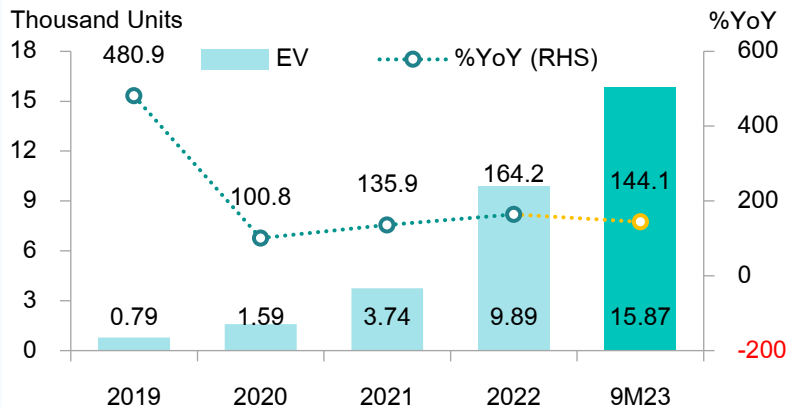


### Share of total registrations classified by area

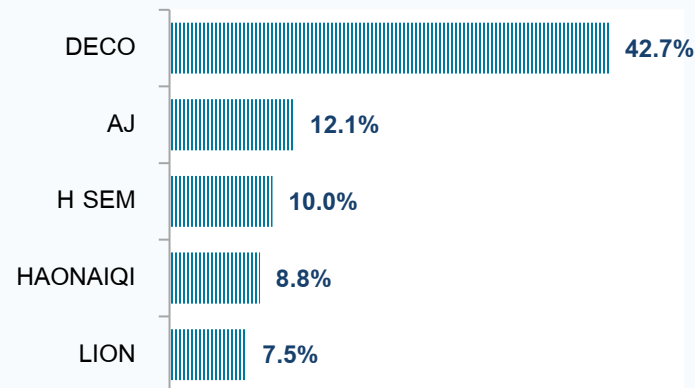


## Electric Motorcycle Overview

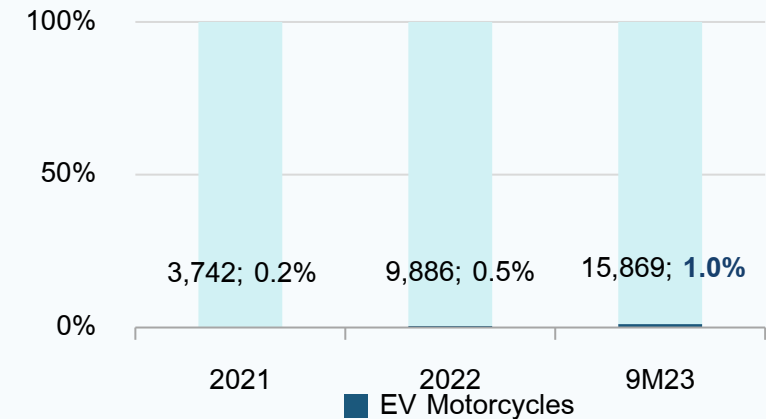
### Total Number of New EV Motorcycle Registrations



### Top 5 EV Motorcycle Registrations (9M23)

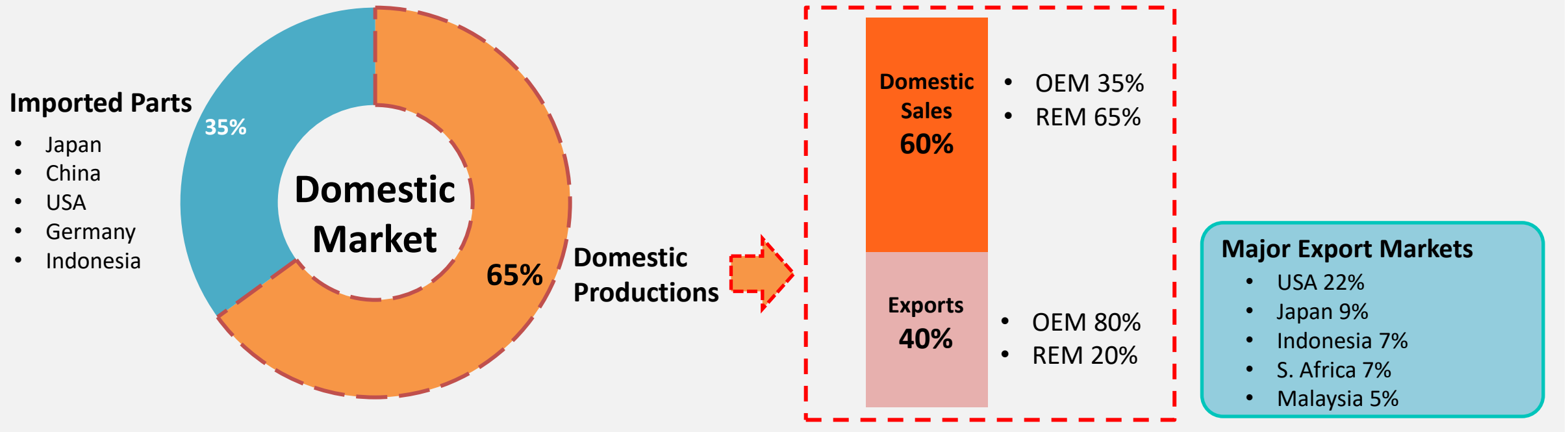


### Share of EV Motorcycles in The Market





# Automotive Industry – Auto Parts Overview



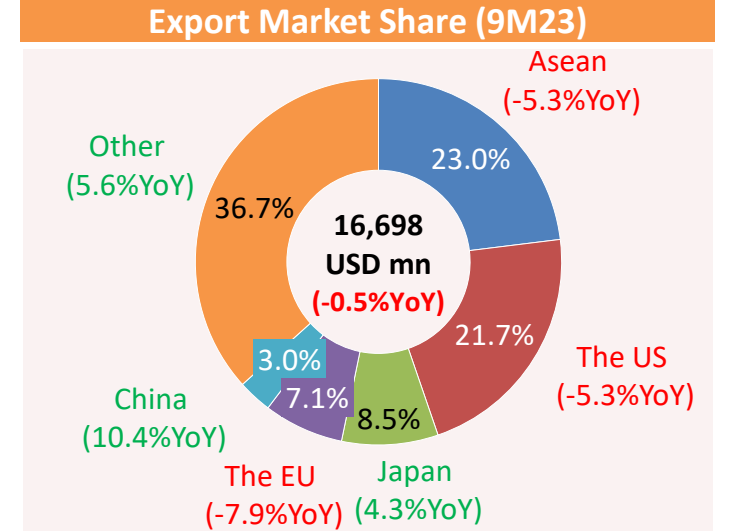
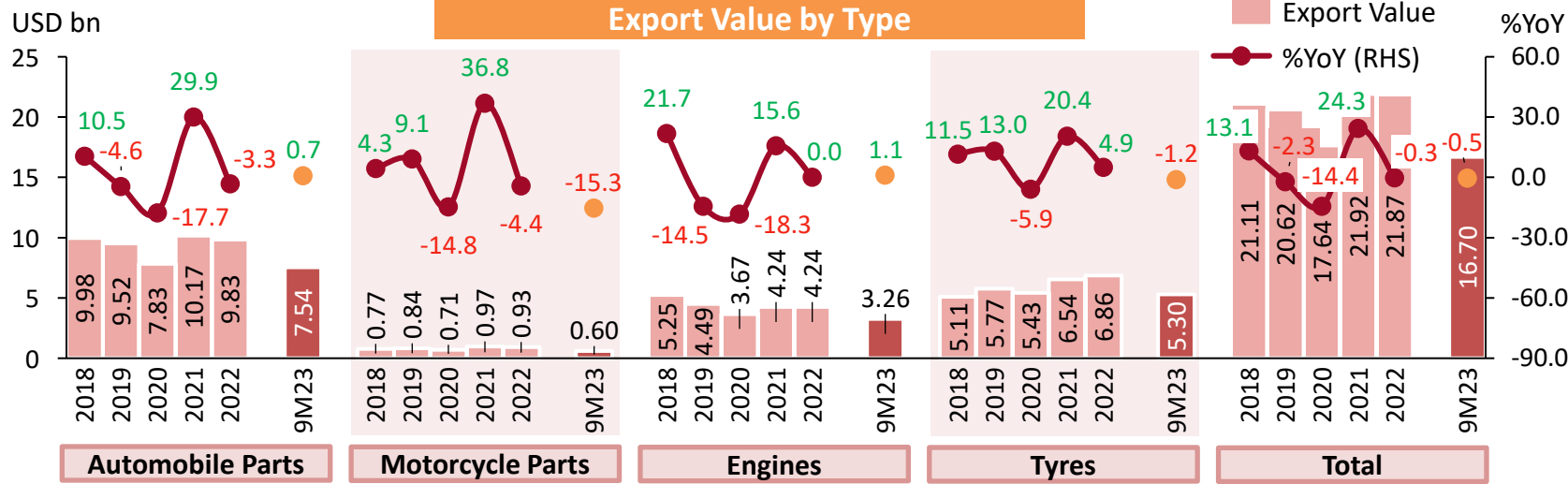
- **Thai car manufacturers are mainly using local parts (more than 80%),** and the rest are high-tech parts that have to be imported from the parent companies abroad.
- **Almost all imported auto parts (about 90%) are used in the production of vehicles,** while the remaining 10% are sold in the spare parts market (REM)

- Therefore, since the main market of Thai auto parts entrepreneurs is the domestic spare parts market, they are not much affected by the competition from imported auto parts from abroad.
- **Total Sale Ratio between OEM:REM for local auto parts players is around 56:44**
  - OEM parts are for car production/assembly
  - REM parts are for maintenance / replacement

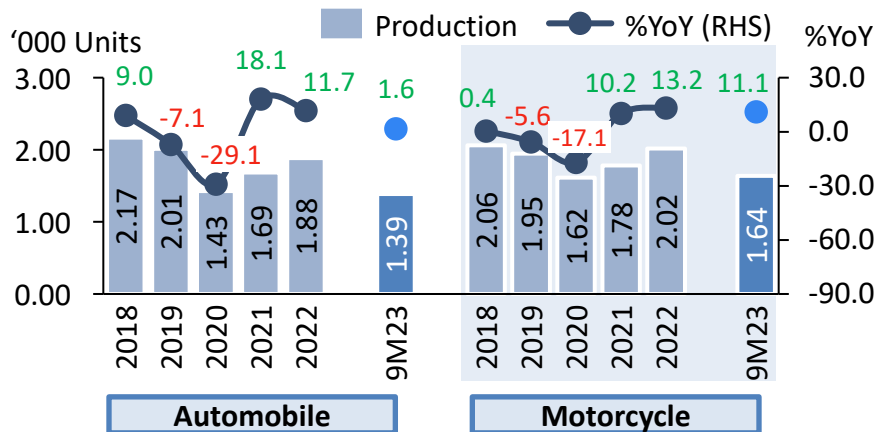


# Auto Parts Indicator

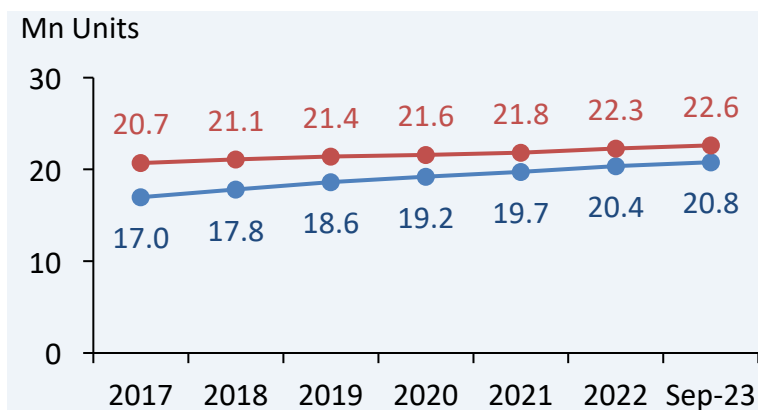
In 9M2023, auto parts exports totaled USD 16,698 million, declined 0.5%YoY due to declining exports of motorcycle parts and tyres. Major markets that declined include ASEAN, the US and Europe. As automobile production continues to expand, the increasing number of registered vehicles especially for vehicle over 7 years old will have a positive impact on the auto parts market (REM).



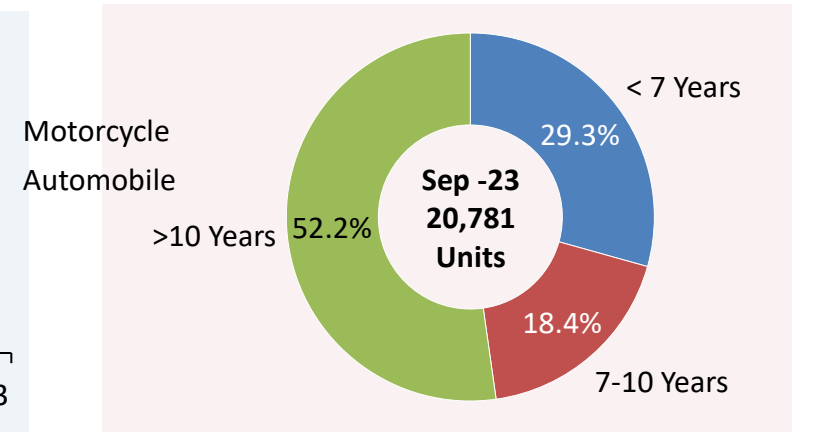
### Vehicle Production (OEM Market)



### Accumulative Registered Vehicles



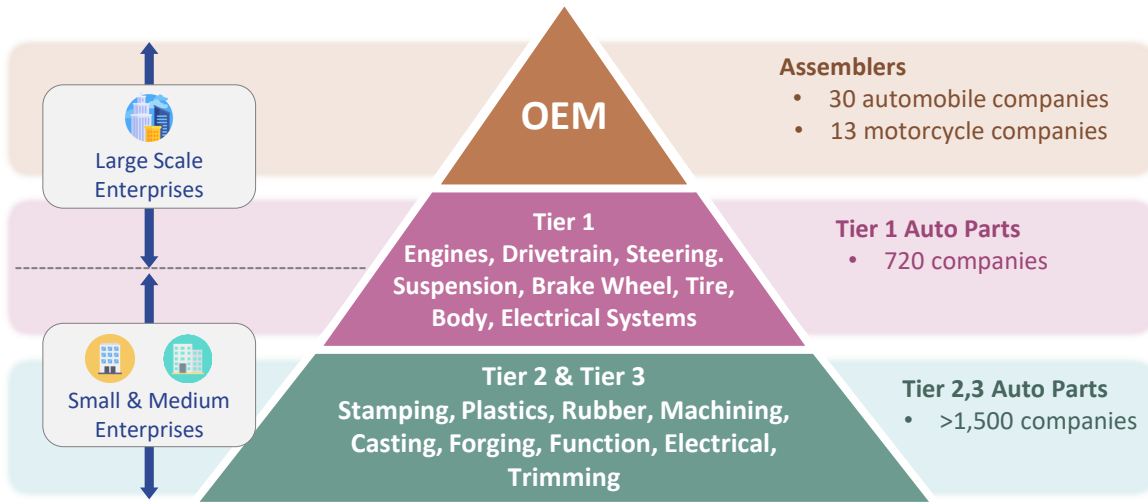
### Age of Accumulated Registered Automobiles





# EV impact on Thai auto parts

## Structure of Thai Automotive Industry



- The government aims to make EVs **at least 30% of total car production by 2030, rising to 50% by 2035**, which will lead to a gradual decline in the production of ICE cars.
- Production of EVs will require far fewer parts than ICE vehicles, **especially for the powertrain, where parts will be reduced from 2,000 to 20.**

Major Auto Parts	Auto Parts and Components	
	Impact	No impact
<b>Engines</b>	Diesels, Benzene	
<b>Engine Components</b>	Pumps, Filters, Hoses, Gears, Flywheel	
<b>Transmission</b>	Gears, Rear Axles, Drive Shafts, Propeller Shafts	
<b>Brake Systems</b>		Master Cylinders, Drums, Discs, Pads, Linings
<b>Steering Systems</b>		Steering Wheels, Gears, Columns, Pumps, Linkages
<b>Electrical/electronics</b>	Alternators, Starters, Speedometers	Lamps, Motors, Flasher Relays
<b>Suspensions</b>		Shock absorber, Coils, Ball joint
<b>Body parts</b>		Chassis, Bumpers, Fenders, Hoods, Door panels
<b>Interiors/Exteriors</b>		Seats, Mats, Weather Strips, Console Boxes
<b>Others</b>	Fuel System, Exhaust System	Air Conditioning System

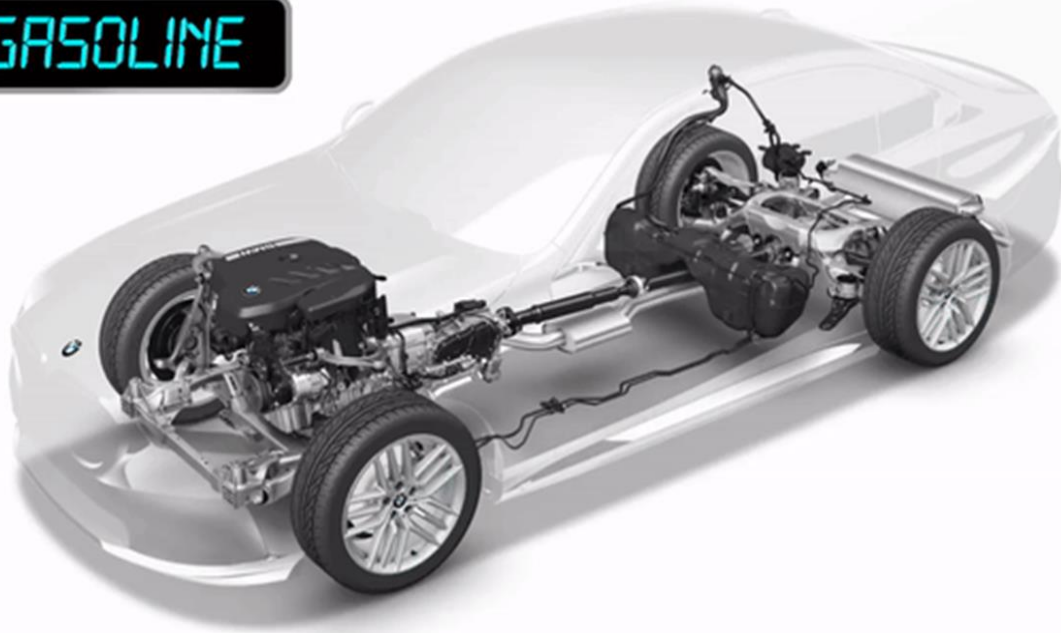
- As a result, demand for some **OEM parts, such as engines, fuel systems and fuel tanks, will decline over time**, while demand for lighting system parts and interiors will continue.
- While **Tier 2 and Tier 3 manufacturers are expected to be less affected in the short-medium term as they are mainly in the replacement market and not related to the powertrain.** As a result, there is still a supporting factor from cars older than 5 years, which tend to increase.



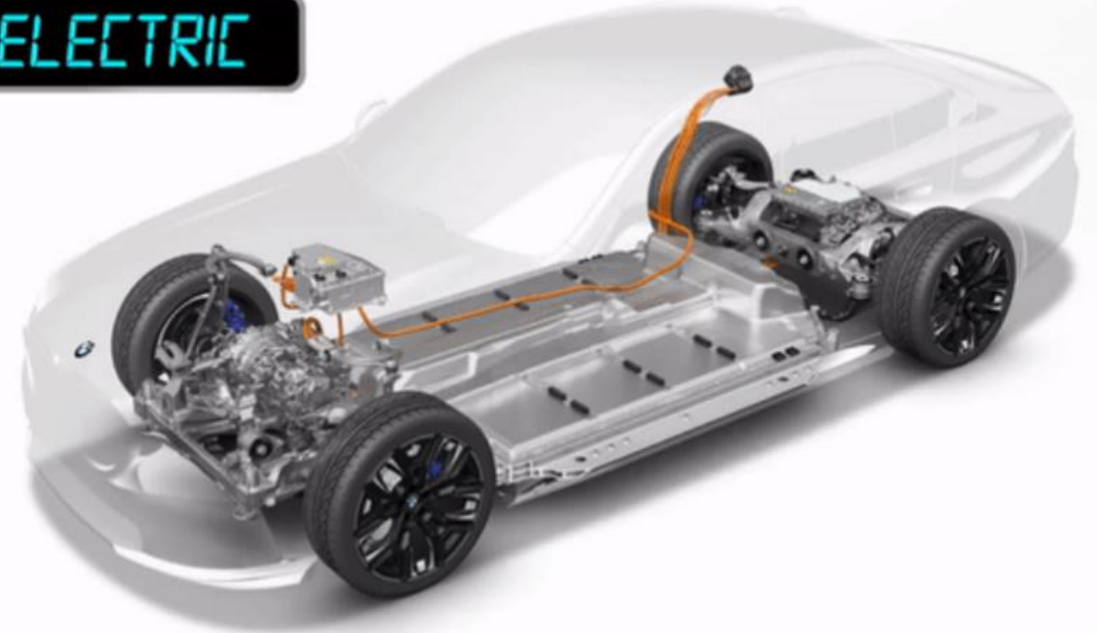
## EV impact on Thai auto parts

G60 BMW 5 Series / i5 chassis & powertrain goes from gas to EV model:

GASOLINE



ELECTRIC





# Government policies are helping to support Automotive Industry



1997-2008

The production of 1-tonne pickup trucks

In 1997-2008, the government promoted the production of **1-tonne pickup trucks** (a type of commercial vehicle that uses diesel engines) and designated them as the country's first product champion. As a result of the above-mentioned government measures, the production and sales of 1-tonne pickup trucks increased significantly during this period.



2009-present

The production of passenger cars as Product Champion

Year 2009-present The government supports the production of **passenger cars as Product Champion**, following the promotion of the production of 1-ton pickup trucks.

2009-2015

Measures to support the production of small, energy-efficient passenger cars or eco-cars, As the country's second product champion

2016-2036

Measures to support the production of 3 types of electric vehicles (EV) Hybrid Electric Vehicle (HEV), Plug-in Hybrid Electric Vehicle (PHEV) and Battery Electric Vehicle (BEV) is the third product champion in Thailand

Policy 30@30

support for electric vehicles ZEV (Zero Edition Vehicle)

01

Phase 1 (Urgent) : 2021-2022

Pilot to promote the use of **electric vehicles** and supporting infrastructure across the country.

02

Phase 2 : 2023-2025

Target production of EV vehicles by **2025**, divided into 225,000 cars and pickups, 360,000 motorcycles, 18,000 buses/trucks, including battery production to meet domestic production.

03

Phase 3 : 2026-2030

Promote the **30@30 policy** or set a **30% production target** to produce 725,000 electric cars and electric pickups, 675,000 motorcycles, and produce batteries to match domestic production.

# Factors influencing Thailand's Automotive Industry

## Motor Vehicle Manufacturing & Related



### Tailwind

- **Economic recovery, especially income from the export sector** as a result, the purchasing power of non-agricultural workers has recovered.
- **Inflation is gradually decreasing and becoming more stable.**
- **Government policy**
  - Provision of tax incentives for Investment
  - Ongoing policy to subsidize the use of battery electric vehicles
- Subsidized electric car importers will **start producing electric cars in the country by 2024.**
- **Accelerated investment in numerous government infrastructure projects and the continued expansion of online retail** are supporting demand for pickup trucks and logistics, as well as the recovery of the tourism business following the country's opening. will support demand for commercial vehicles.

### Headwind

- The **purchasing power of trading partners remains sluggish.**
- **Policies to reduce the use of ICE cars** both in Thailand and abroad, especially in Europe.
- **Oil prices remain high.**



## Motorcycle Manufacture & related

### Tailwind

- **Economic recovery, especially income from the export sector** as a result, the purchasing power of non-agricultural workers has recovered.
- **Inflation is gradually decreasing and becoming more stable.**
- **Measures to stimulate the grassroots economy**
  - State welfare card project to help low-income people
- Promotional activities by motorcycle manufacturers Launch of a new motorcycle model
- **Loan/installment service by dealers** to stimulate sales
- **Investment in electric motorcycle assembly plants** by foreign investors
- Electric motorcycle subsidy up to 10,000 THB till 2027.

### Headwind

- **El Niño phenomenon** may lead to a decrease in agricultural income. Affects the purchasing power of farmers.
- **Bank of Thailand's policy to control over lending by non-commercial financial institutions** by end 2023.

# Automotive Industry : Market Overview

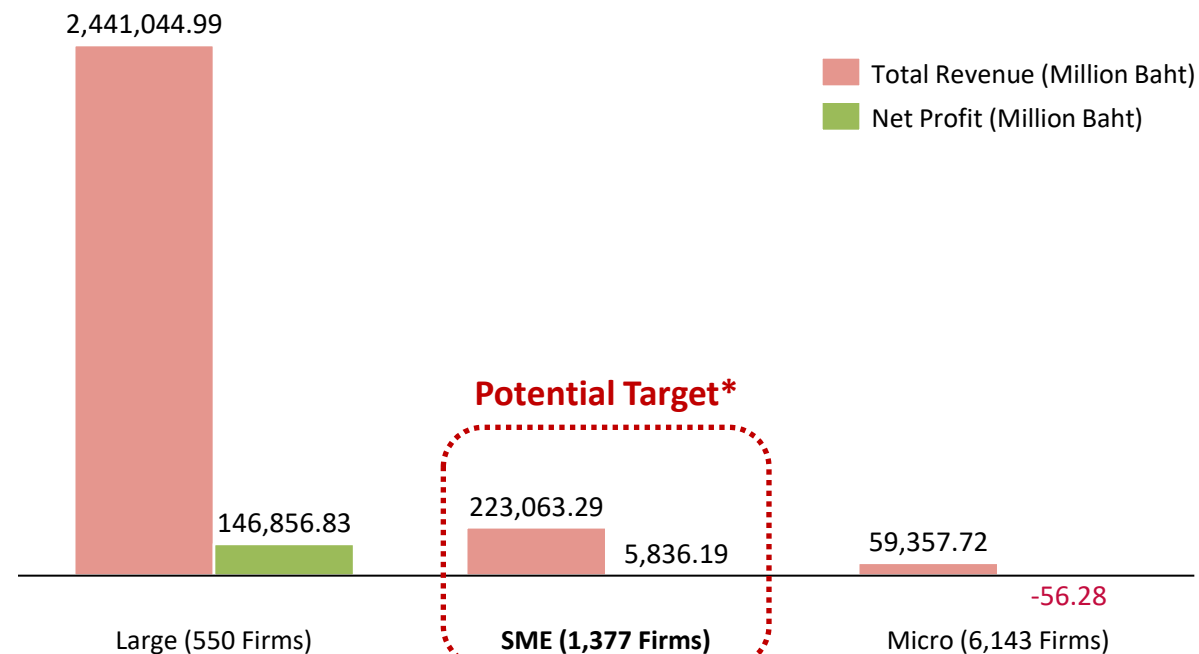
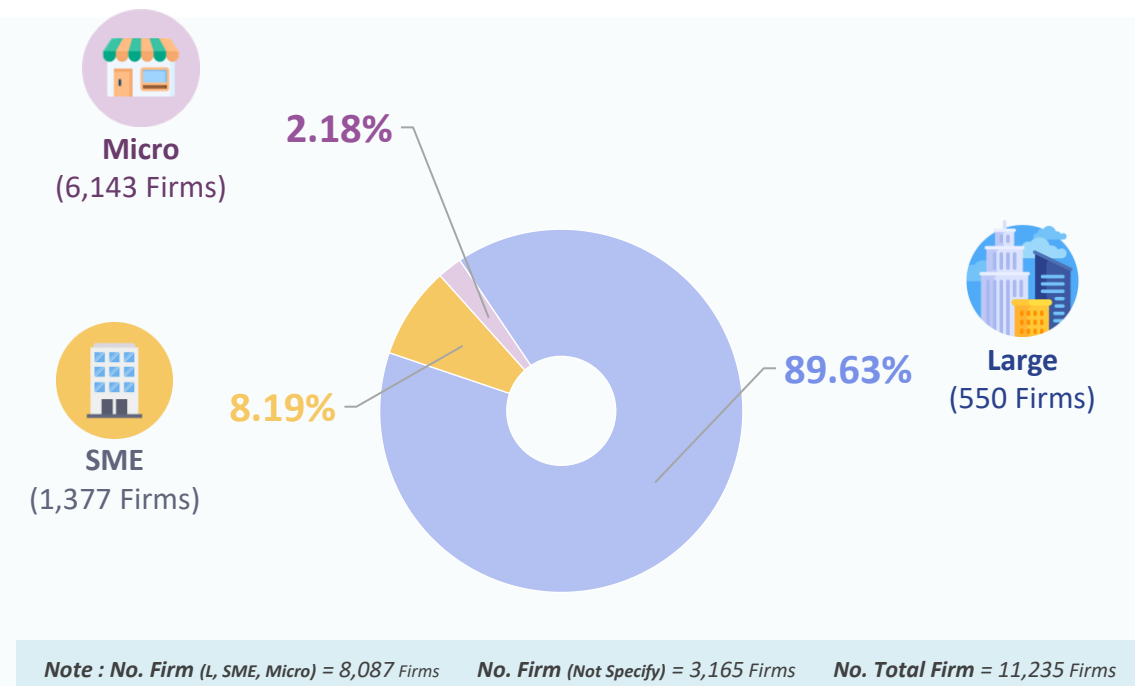
Based on selected TSIC groups (in 2022), Thailand's Automotive Industry was valued at **2,164,716.52 million baht**, with large enterprises accounting for 89.63% of the market share. This is followed by SME with 8.19% and micro with 2.18%.

## Share of Automotive Industry Value by firm size

(30911, 29109, 29301, 29302, 29309, 30912, 45401, 45302)

Market Value (L, SME, Micro) = 2,723,466.00 Mn THB

Total Firms = 11,235 Firms

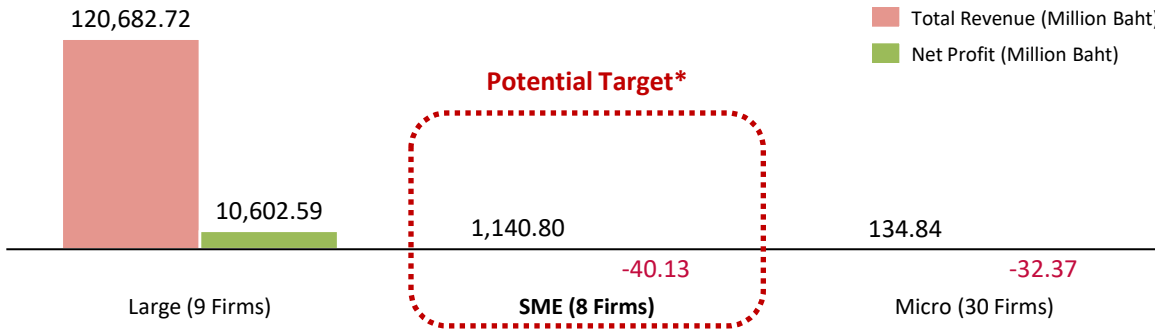


SME with revenue of 50-500 MN THB

# Automotive Industry : Market Overview

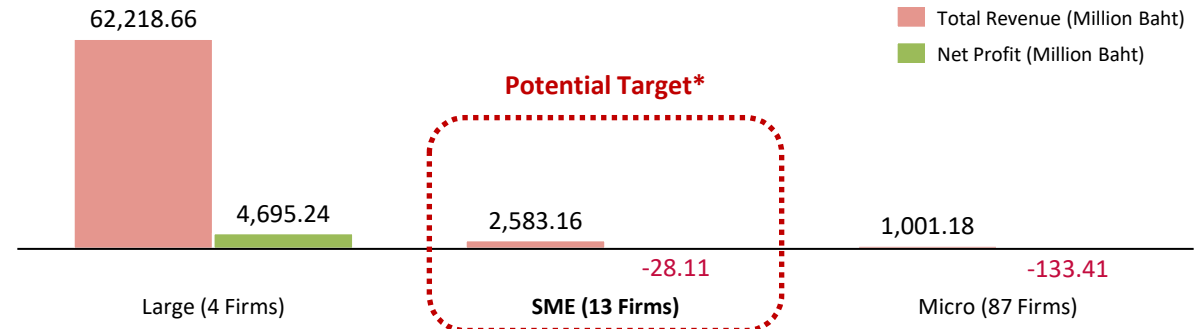
## 30911 : Manufacture of motorcycles

Market Value = 121,958.35 Mn THB  
Total Players = 95 Firms



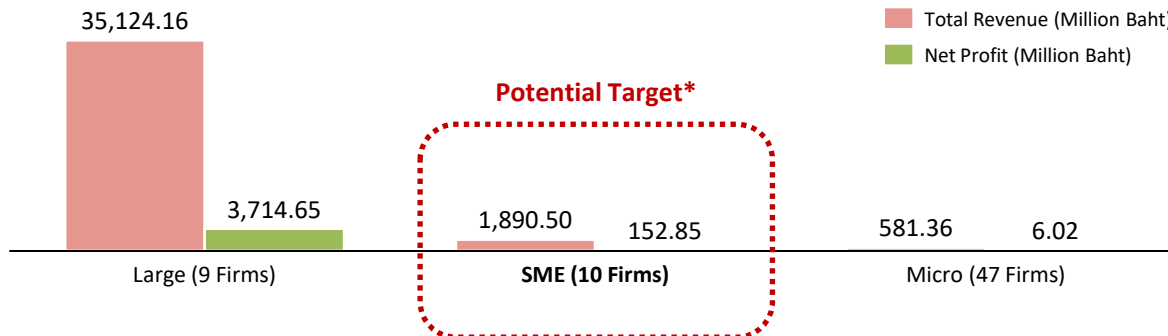
## 29109 : Manufacture of other motor vehicles, not elsewhere classified

Market Value = 65,803.00 Mn THB  
Total Players = 184 Firms



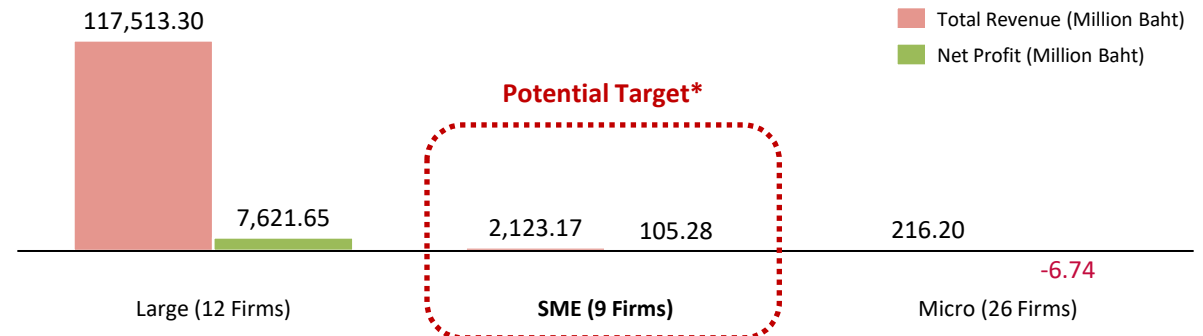
## 29301 : Manufacture of motor vehicle seats

Market Value = 37,596.02 Mn THB  
Total Players = 90 Firms



## 29302 : Manufacture of electrical equipment for motor vehicles

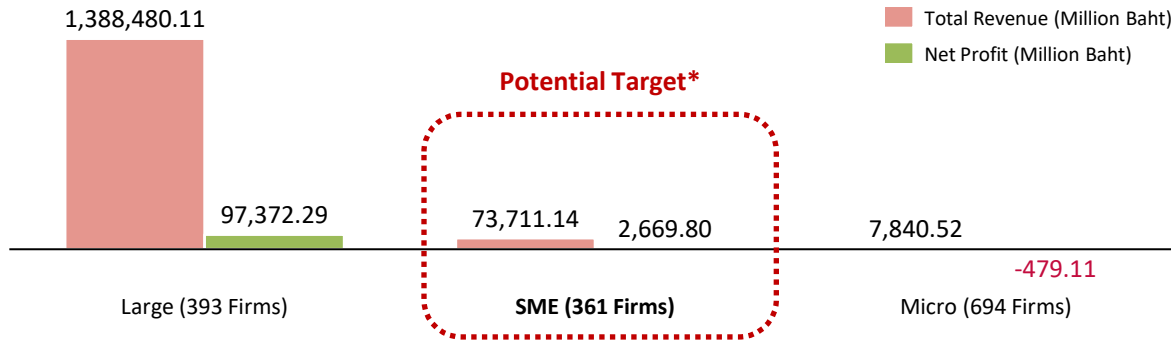
Market Value = 119,852.67 Mn THB  
Total Players = 68 Firms



# Automotive Industry : Market Overview

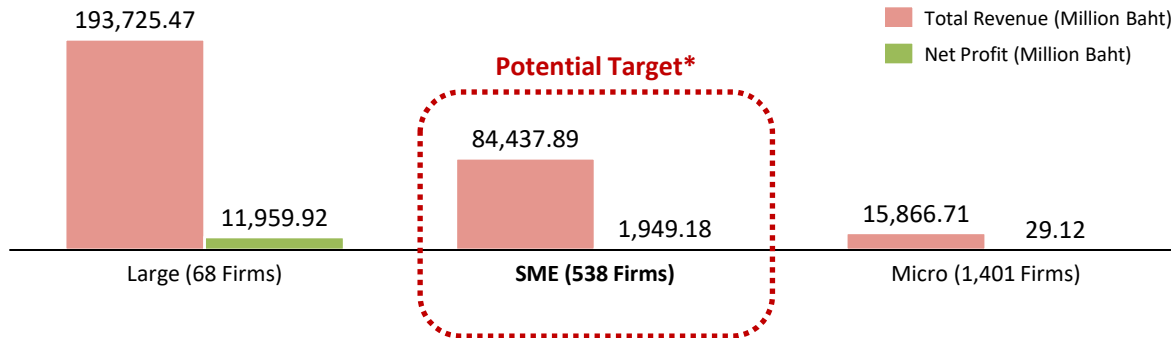
## 29309 : Manufacture of other parts and accessories for motor vehicles

Market Value = 1,470,031.77 Mn THB  
Total Players = 1,865 Firms



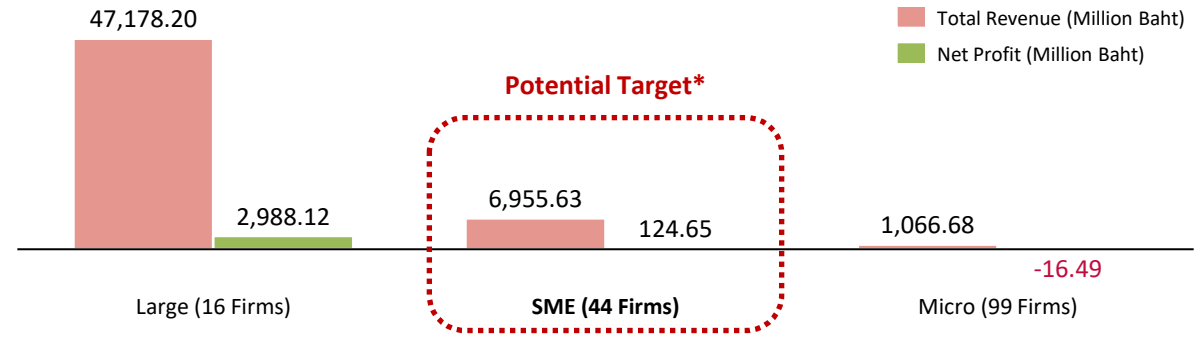
## 45401 : Sales of motorcycles

Market Value = 294,030.08 Mn THB  
Total Players = 2,824 Firms



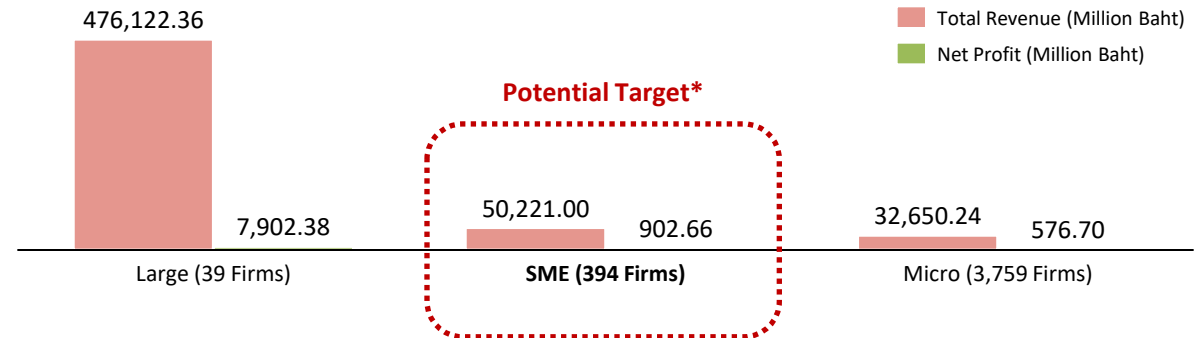
## 30912 : Manufacture of engines, parts and accessories for motorcycles

Market Value = 55,200.50 Mn THB  
Total Players = 205 Firms



## 45302 : Retail of new motor vehicle parts and accessories

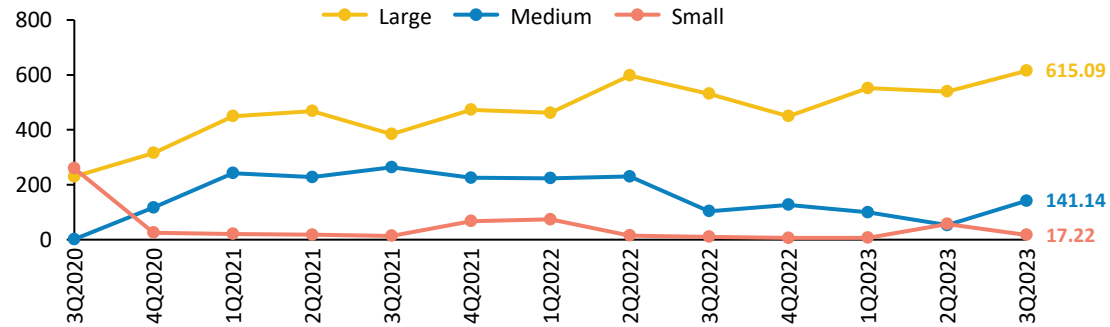
Market Value = 558,993.60 Mn THB  
Total Players = 5,904 Firms



# Automotive Industry : Loan Outstanding

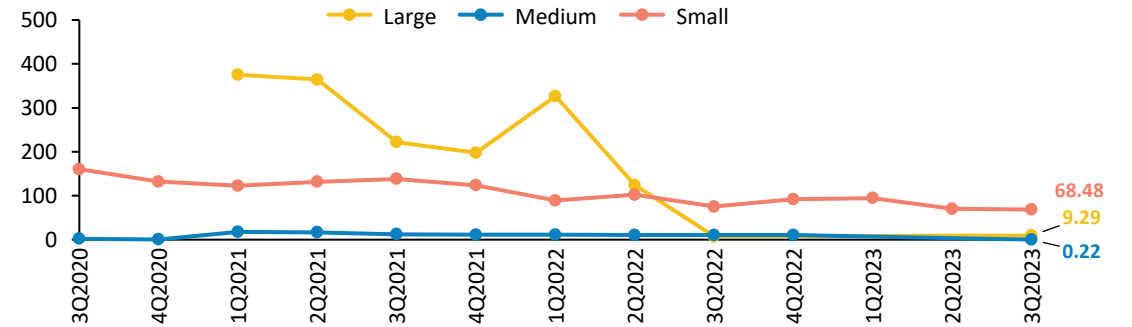
## 30911 : Manufacture of motorcycles

Loan Size\* = 773.45 Mn THB



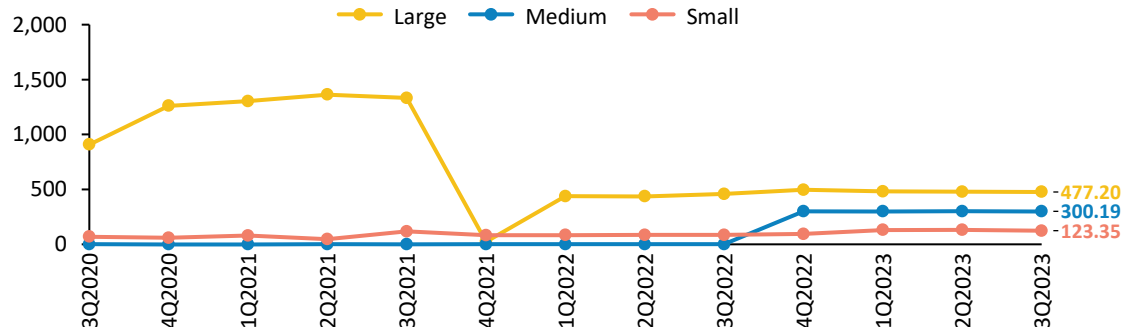
## 29109 : Manufacture of other motor vehicles, not elsewhere classified

Loan Size\* = 77.99 Mn THB



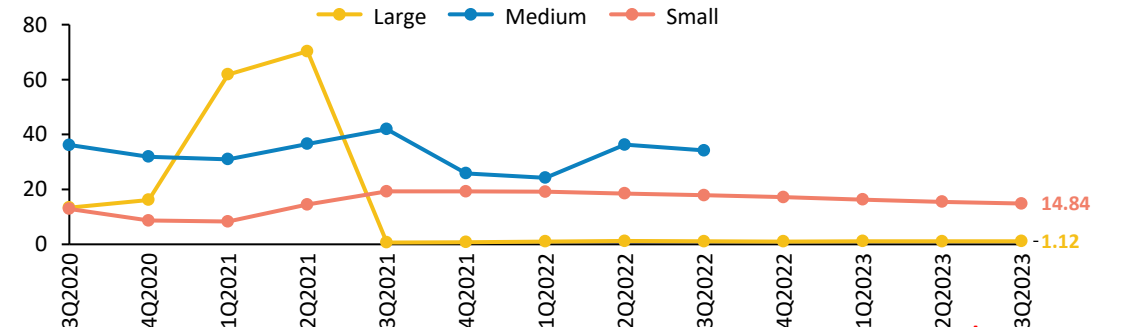
## 29301 : Manufacture of motor vehicle seats

Loan Size\* = 900.74 Mn THB



## 29302 : Manufacture of electrical equipment for motor vehicles

Loan Size\* = 15.96 Mn THB



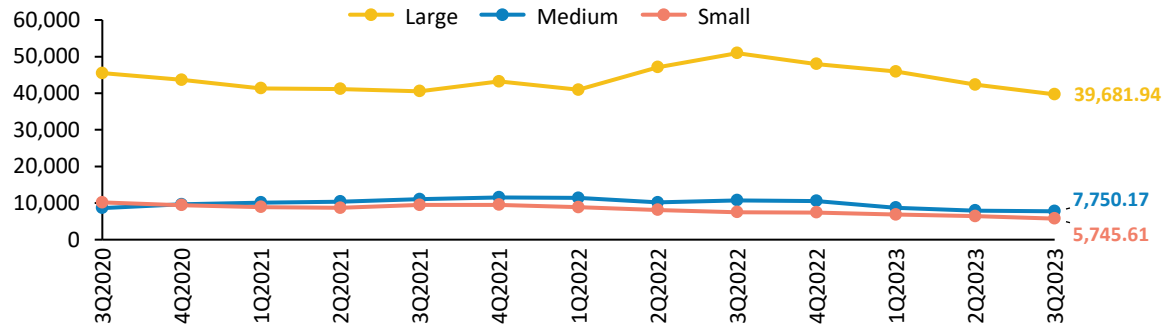
\* Data as of 3Q2023



# Automotive Industry : Loan Outstanding

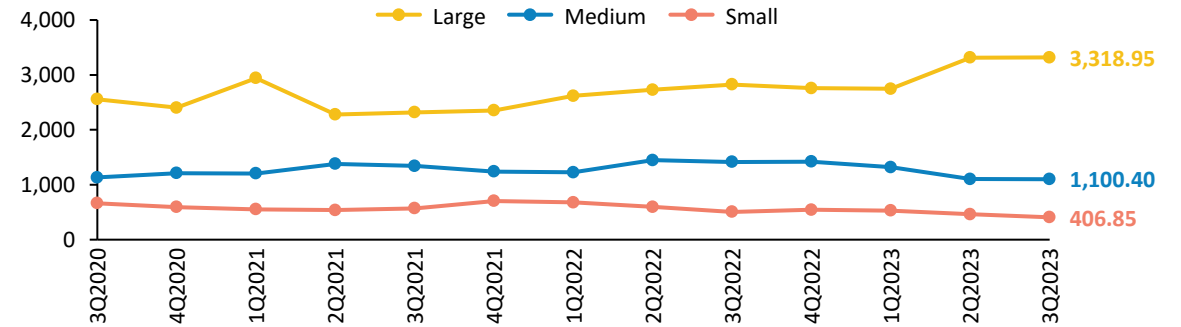
## 29309 : Manufacture of other parts and accessories for motor vehicles

Loan Size\* = 53,177.72 Mn THB



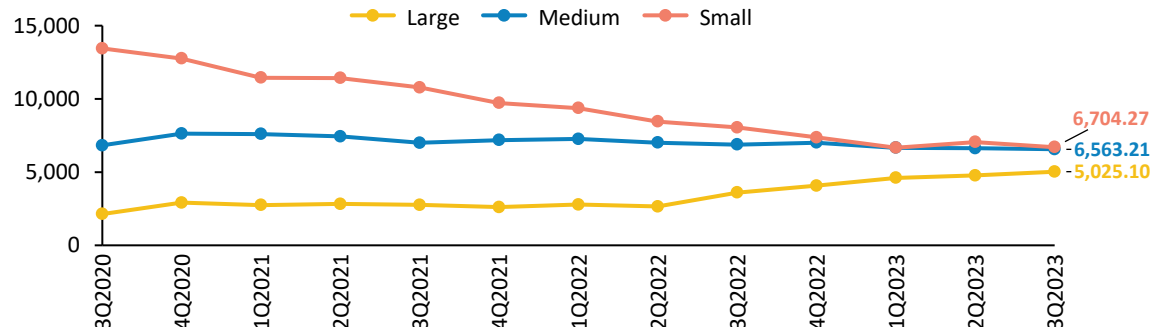
## 30912 : Manufacture of engines, parts and accessories for motorcycles

Loan Size\* = 4,826.20 Mn THB



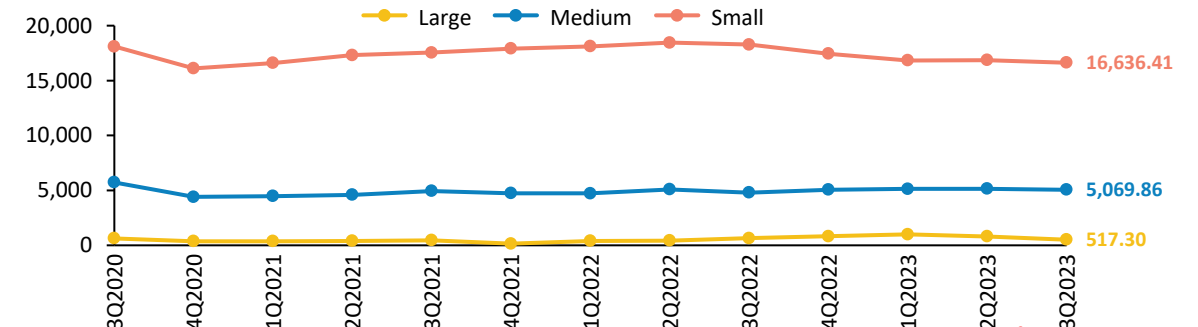
## 45401 : Sales of motorcycles

Loan Size\* = 18,292.59 Mn THB



## 45302 : Retail of new motor vehicle parts and accessories

Loan Size\* = 22,223.56 Mn THB



\* Data as of 3Q2023

# End of Presentation

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## Disclaimer

ข้อมูล บทวิเคราะห์ และการแสดงความคิดเห็นต่างๆที่ปรากฏอยู่ในรายงานฉบับนี้ ได้จัดทำขึ้นบนพื้นฐานของแหล่งข้อมูลที่ได้รับมาจากแหล่งข้อมูลที่เชื่อถือได้ เพื่อใช้ประกอบการวิเคราะห์ภาวะเศรษฐกิจและอุตสาหกรรมซึ่งเป็นเอกสารภายในของธนาคารแลนด์ แอนด์ เฮ้าส์ จำกัด (มหาชน) เท่านั้น ทั้งนี้ธนาคารฯ จะไม่รับผิดชอบความเสียหายใดๆทั้งปวงที่เกิดขึ้นจากการนำข้อมูล บทวิเคราะห์ การคาดหมาย และความคิดเห็นต่างๆ ที่ปรากฏในรายงานฉบับนี้ไปใช้ โดยผู้ที่ประสงค์จะนำไปใช้ต้องยอมรับความเสี่ยง และความเสียหายที่อาจเกิดขึ้นเองโดยลำพัง

# LH BANK BUSINESS RESEARCH



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