THAILAND BOARD OF INVESTMENT

Thailand Automotive Industry

As of January 18, 2012

Thailand’s Automotive Industry Overview

Thailand:	Target:	Output:	High local content :
12th largest automobile producer in the world	**Top-10** by 2014, when local capacity projected at **2.3** million units	**16** assemblers with a combined production of **1,645,304** units in 2010 (56% for export)	**80-90%** for pick-up and **30-70%** for passenger car

Factors for Future Direction

“Global Brand use Thailand as their Production Base for export”

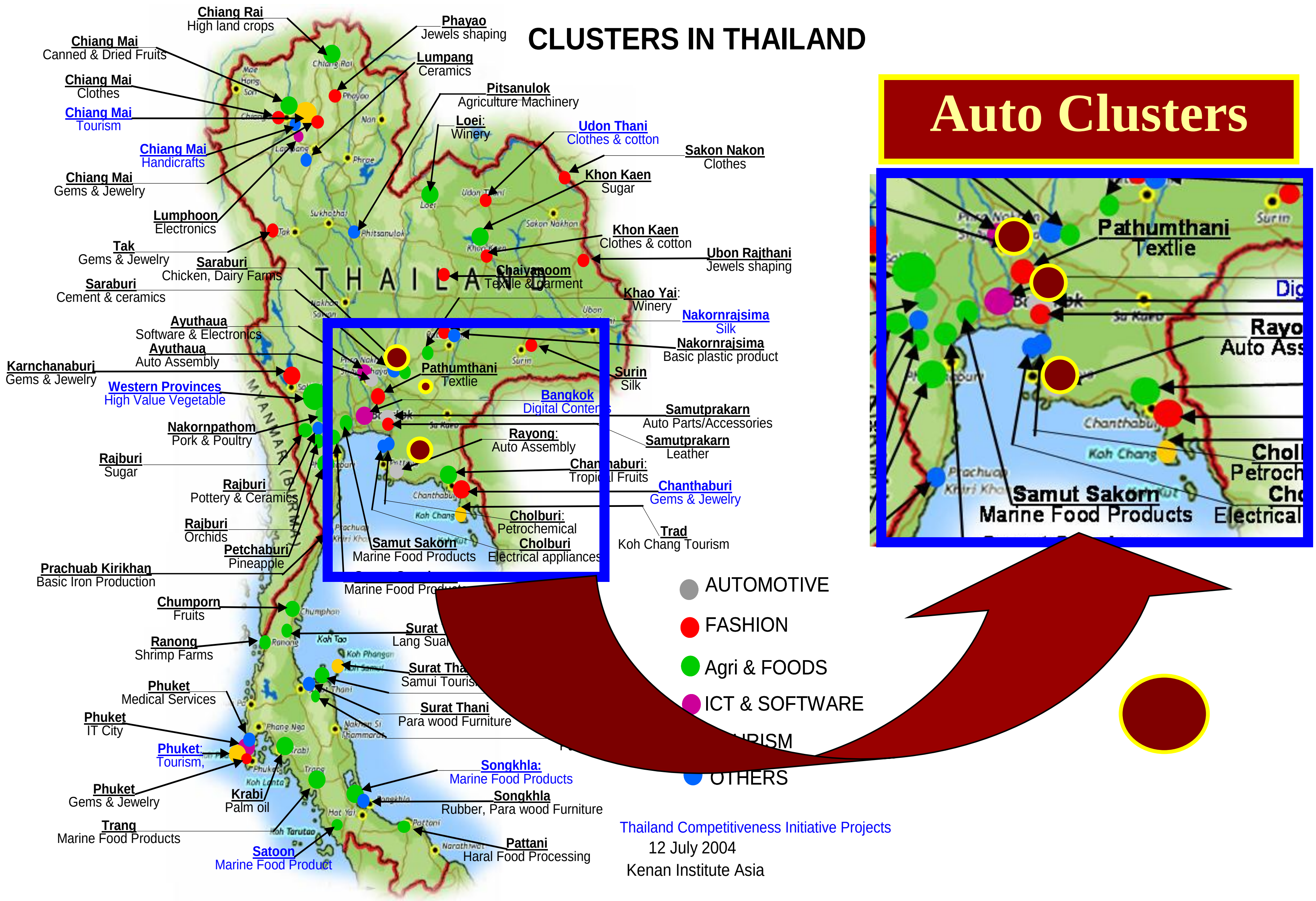
TOYOTA ISUZU MITSUBISHI Ford

HONDA GM NISSAN mazda

- ASEAN and FTAs Agreement

asean

Samples of Clusters in Thailand

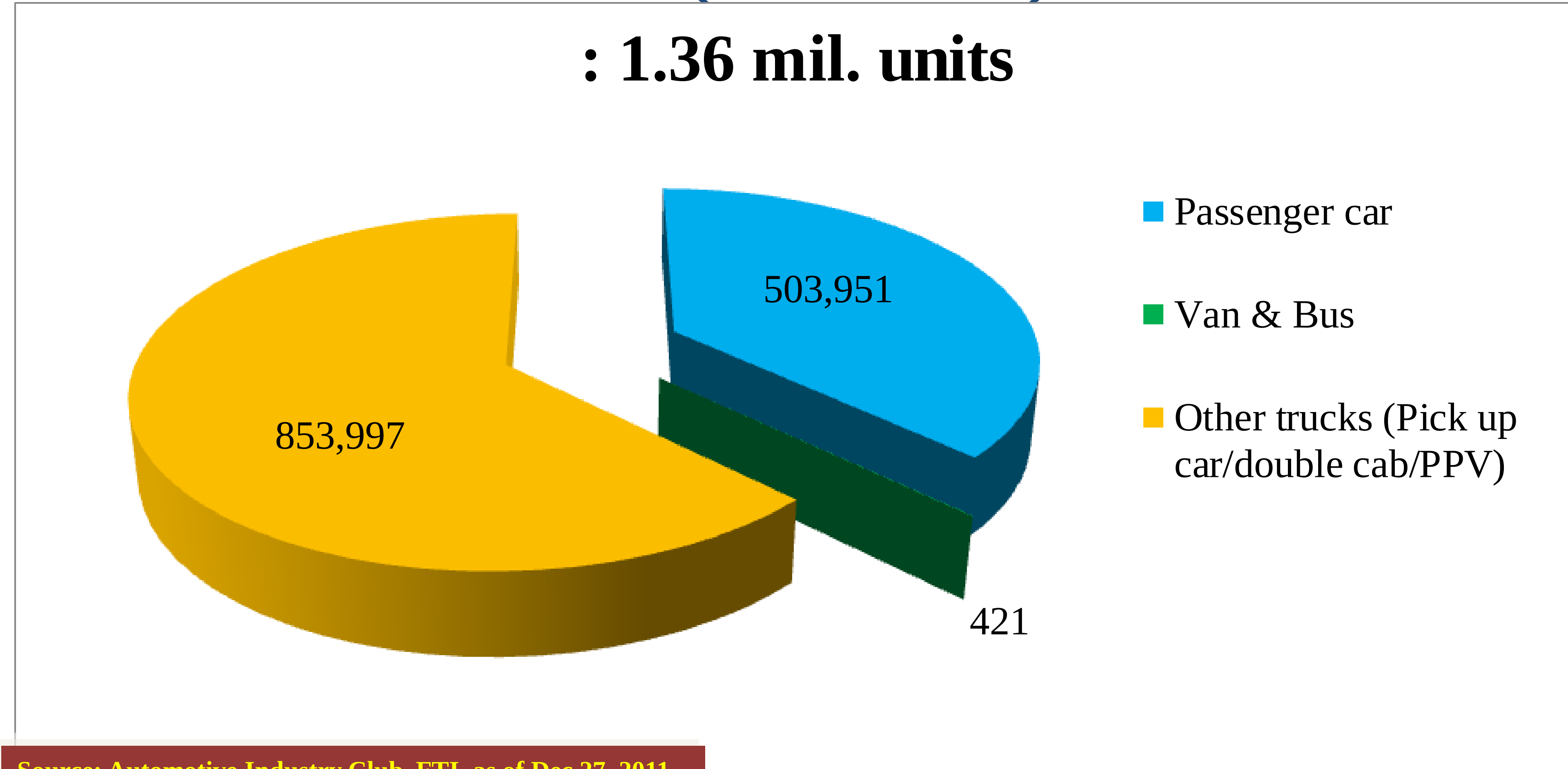


Thailand Competitiveness Initiative Projects

12 July 2004

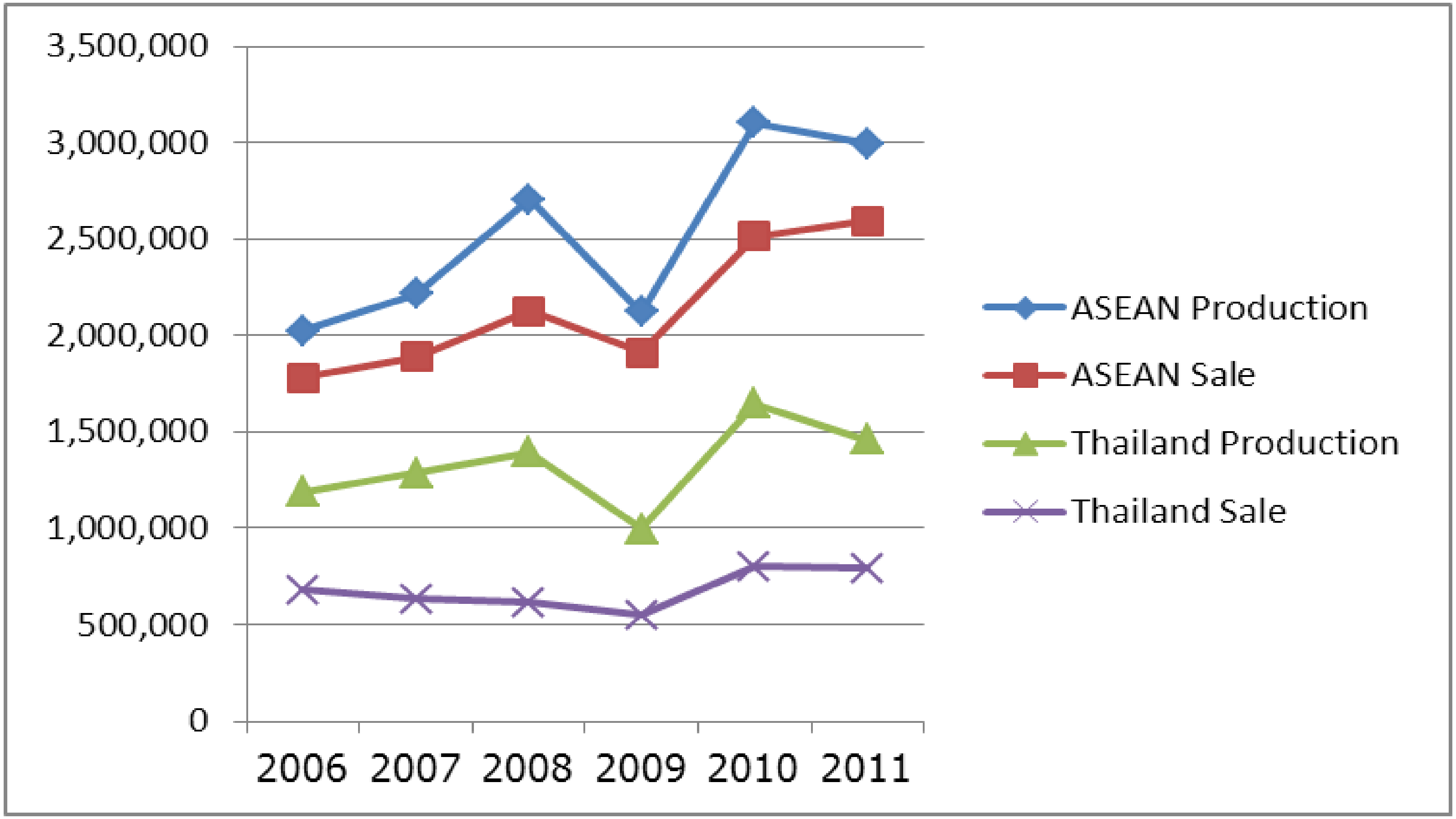
Kenan Institute Asia

Thailand's Automotive Production, 2011(Jan-Nov)

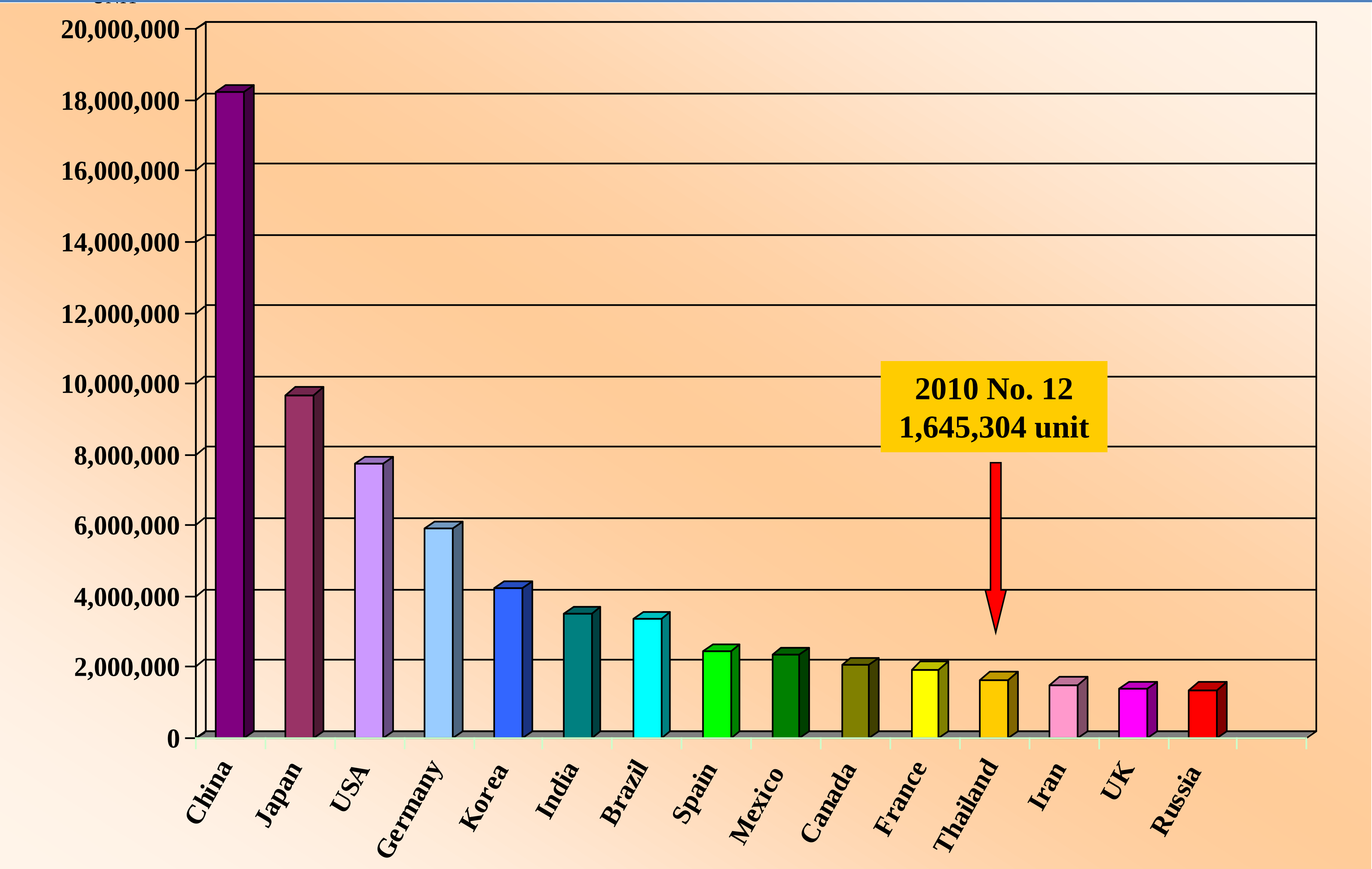


Source: Automotive Industry Club, FTI, as of Dec 27, 2011

ASEAN & Thailand Automotive Production



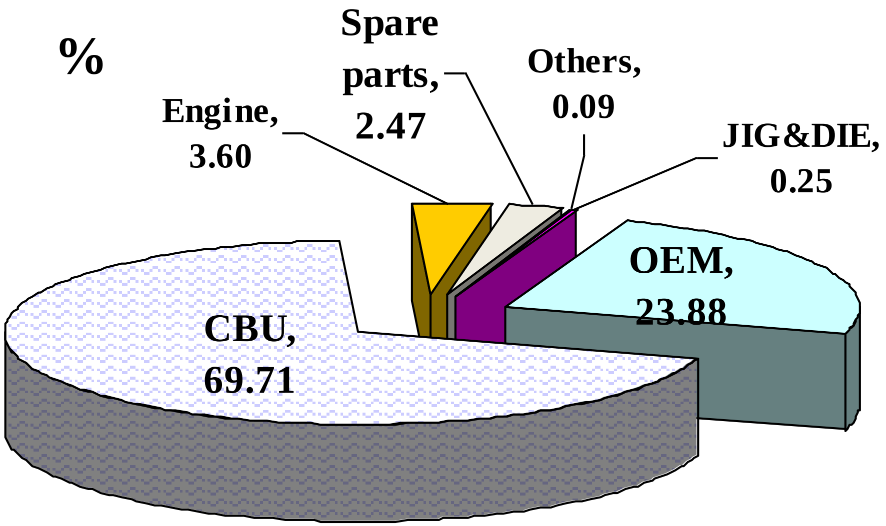
Thailand Ranked #12
2010 Automobile Production



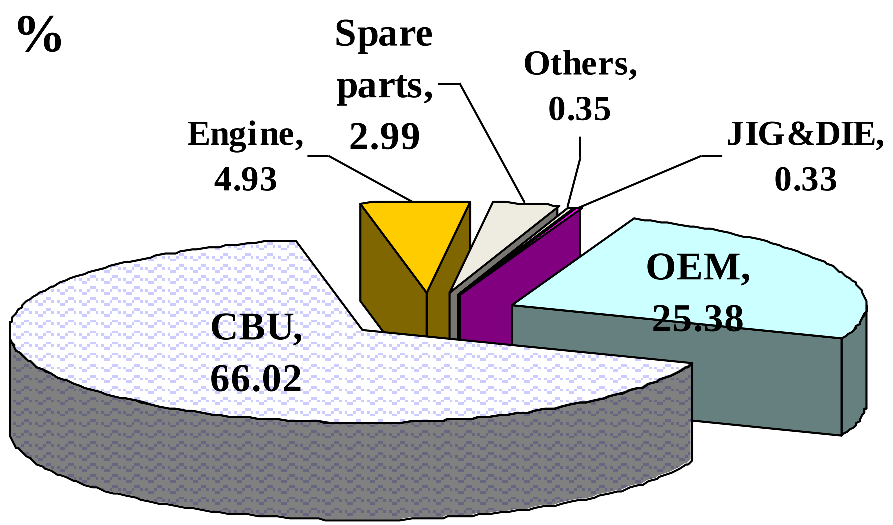
Automotive Export

Thailand's Automotive Exports

Jan – Nov 2010 - CBU automobiles
Units: 825,040
Value: Bt374,787 million



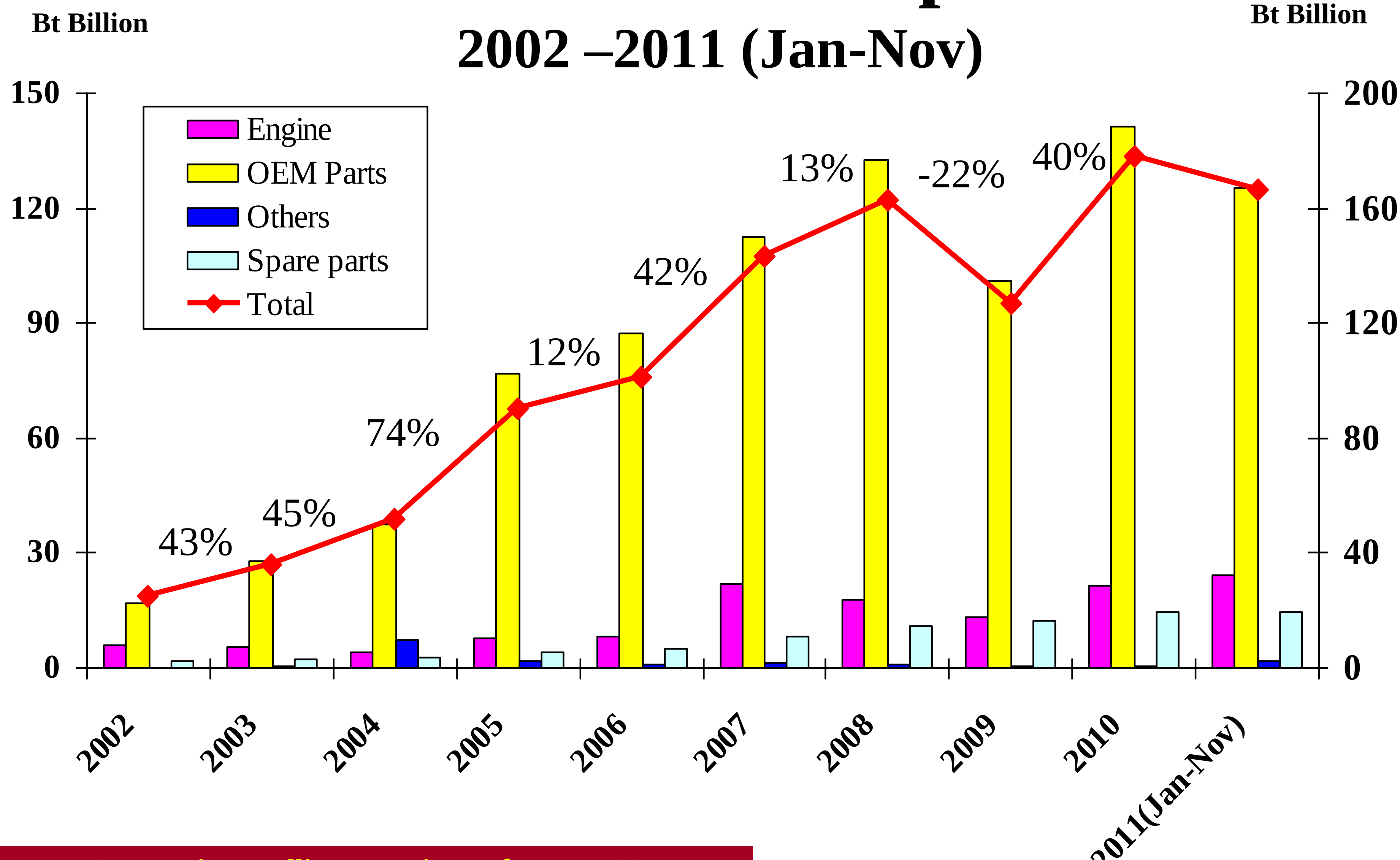
Jan – Nov 2011 - CBU automobiles
Units: 700,581 (-15.08%)
Value: Bt326,335 million (-12.93%)



Source: TAI, as of Nov 29, 2011

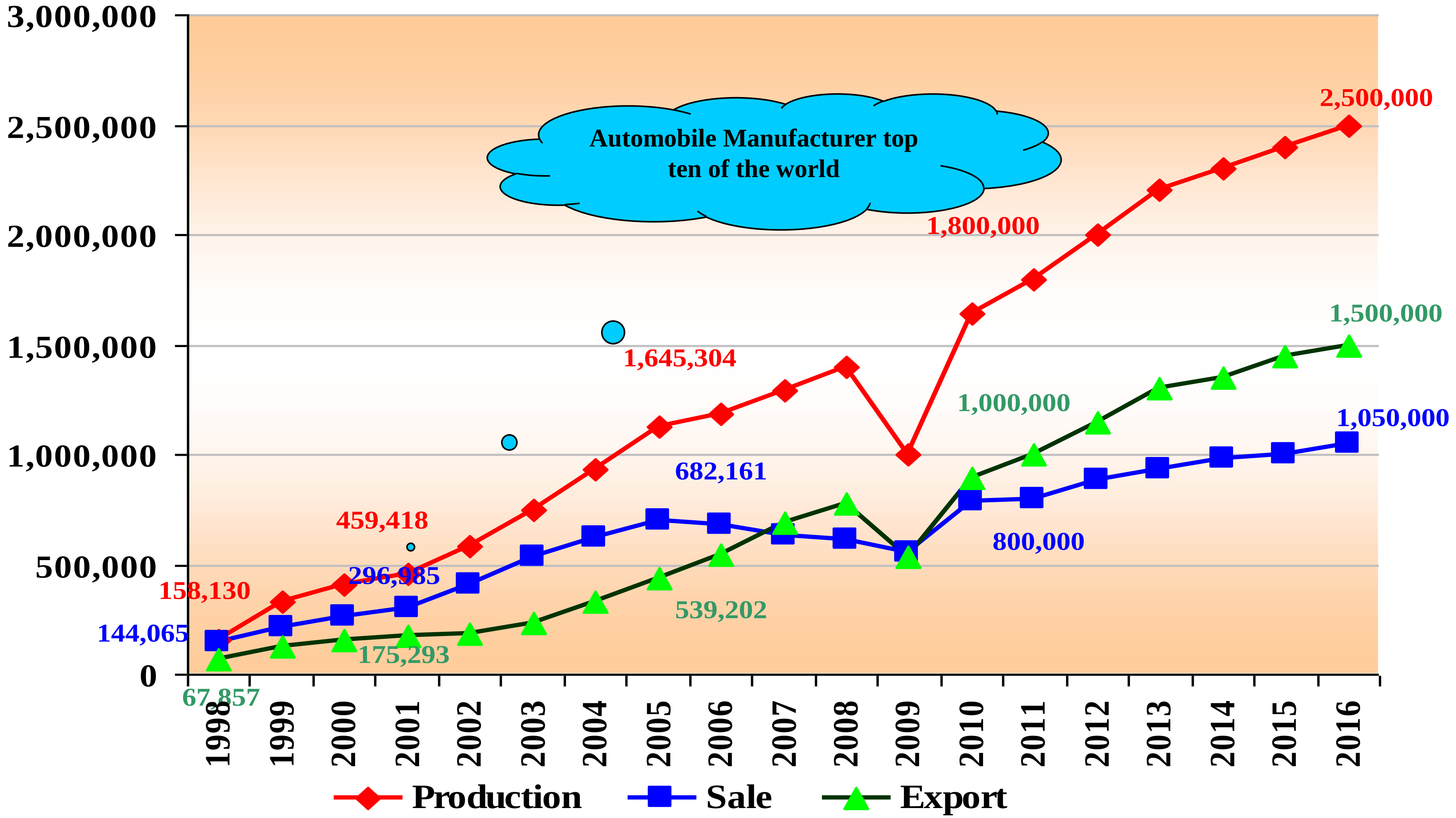
Vehicle Parts Exports

2002 –2011 (Jan-Nov)



Source: Automotive Intelligence Unit, as of Dec 29, 2011

Thailand's Automobile Production, Sale and Export Plan, 2011-2016



Source: Thailand :Automotive Manufacturing Hub of Asia, as of Jan 2011

Automotive Parts and Components

Opportunities:
Components Needed in Thailand

- ✓Automatic Transmissions
- ✓Continuously Variable Transmissions (CVT)
- ✓Traction motors for automobiles; e.g. Hybrid or fuel cell cars
- ✓Regenerative Braking System
- ✓Electronic Stability Control (ESC)
- ✓Rubber tires for vehicles

Source: BoI Announcement No.2/2553, as of April 23, 2010

Structure of Thai Automotive Industry

Assembler

(16 car companies, 7 motorcycle companies)

100,000 workers

Tier 1

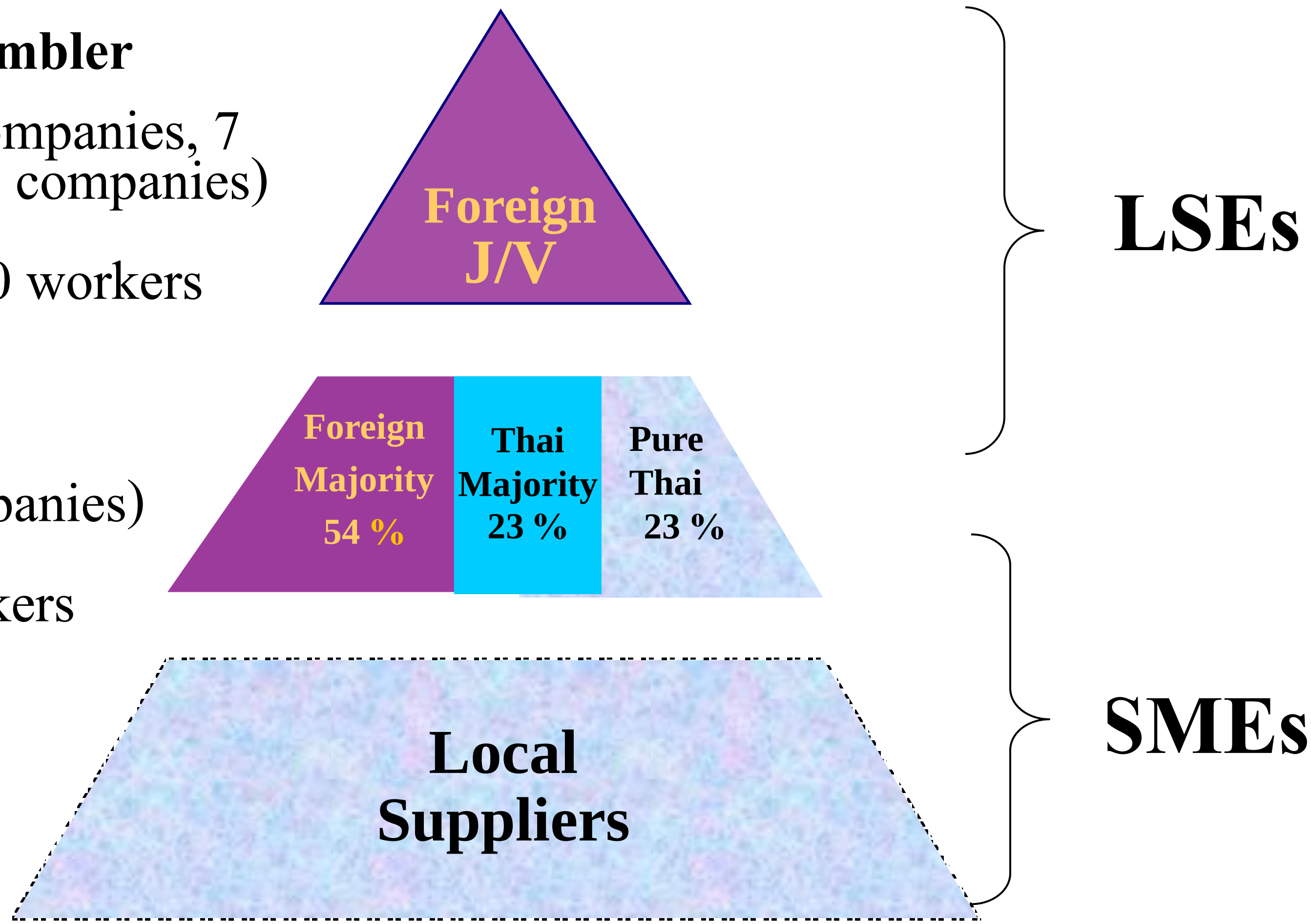
(Total 690 Companies)

250,000 workers

Tier 2,3

(1,700 Companies)

175,000 workers



[* LSEs : Large Scale Enterprises SMEs : Small & Medium Enterprises]

Source: Thailand Automotive Industry Directory 2011

Thailand's Automotive, Parts and Accessories Export Ranking

Unit: Billion Baht

COUNTRY	2008	2009	2010	2010 (Jan-Nov)	2011 (Jan-Nov)
INDONESIA	70.59	44.52	76.48	71.73	77.60
AUSTRALIA	93.02	75.15	104.84	98.56	76.24
JAPAN	45.06	26.05	51.81	46.77	49.51
MALAYSIA	41.96	36.90	48.57	45.73	40.15
PHILIPPINES	26.77	27.91	39.20	36.98	26.80
SAUDI ARABIA	27.03	30.48	35.04	33.04	24.35
OTHERS	340.85	241.03	339.85	315.07	323.52
TOTAL	645.28	482.05	695.79	647.88	618.16
GROWTH (%)	15.86	-25.30	44.34	49.52	-4.59

Source: www.moc.go.th, as of Dec 22, 2011

Automotive Industry Policy from Thai Government

AUTO	**Zone 1**	**Zone 2**	**Zone 3**
Car Assemblers:			
•Duty on Machinery	50% reduction	50% reduction	Exempt
Component Parts Manufacturers:			
• General	Machinery Duty: 50% reduction Corporate Income tax exemption: In IE - 3 years	Machinery Duty: 50% reduction Corporate Income tax exemption: In IE - 7 years Outside IE - 3 years	Machinery Duty: Exempt Corporate Income tax exemption: exempt 8 years
• High-Tech	Exempt from machinery import duties		
	Exempt from corporate income tax for 8 years		
	<u>Examples</u>: Electronic Fuel Injection Systems, ABS Brake Systems, Substrates for Catalytic Converters, NGV Parts, Molds/Dies		

Eco-car Parts : BOI Incentives

4.29 Manufacture of automobile parts for international-standard eco-cars

Investment Incentives

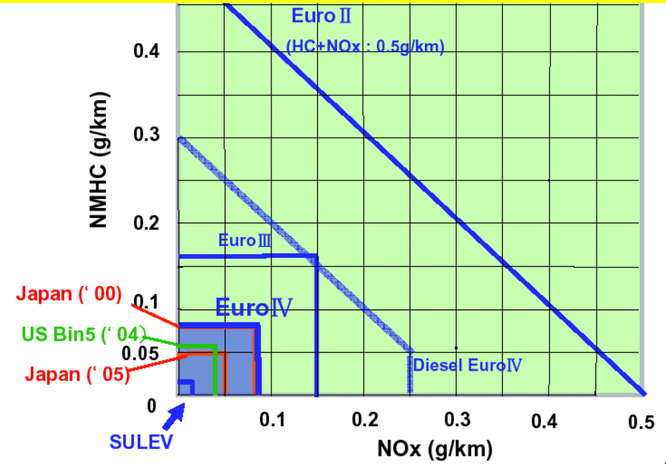
- Exemption from import duty on machinery regardless of zone
- Corporate income tax exemption regardless of zone for not more than 8 years
- Exemption from import duty on the import of raw materials and ready-made auto-parts for up to 90%

Nissan March
(The First ECO Car in Thailand)

2^{nd} "Global Niche" → ECO car

"Promote Investment Promotion for ECO car"

Emission Standard:
EURO IV & CO_2 <= 120g/km.



Energy Saving:
5 liter/100 km.

incl. Hybrid, Alter. Fuel

Classification of All (3,946) Car Models Currently on sales in Europe *(Nov 2004)*	The Lowest Combined Fuel Consumption (Liters/100km)
The Best	3.4
Top 5%	**5.0**
Top 10%	5.5
Top 15%	5.8
Top 20%	6.1
Top 25%	6.5
Top 30%	6.9
Top 40%	7.4
Median	7.9
Top 60%	8.5
Top 70%	9.1
Top 80%	9.8
Top 90%	10.9
The Worst	25.0

Source: Vehicle Certification Agency, UK

Crash Safety:
UN ECE R94&95

Eco Car Investment

Company	Budget Bt Million	Capacity Units/Year
Honda	5,290	120,000
Suzuki	9,500	138,000
Nissan	5,550	120,000
Toyota	4,642	100,000
Mitsubishi	4,711	107,000

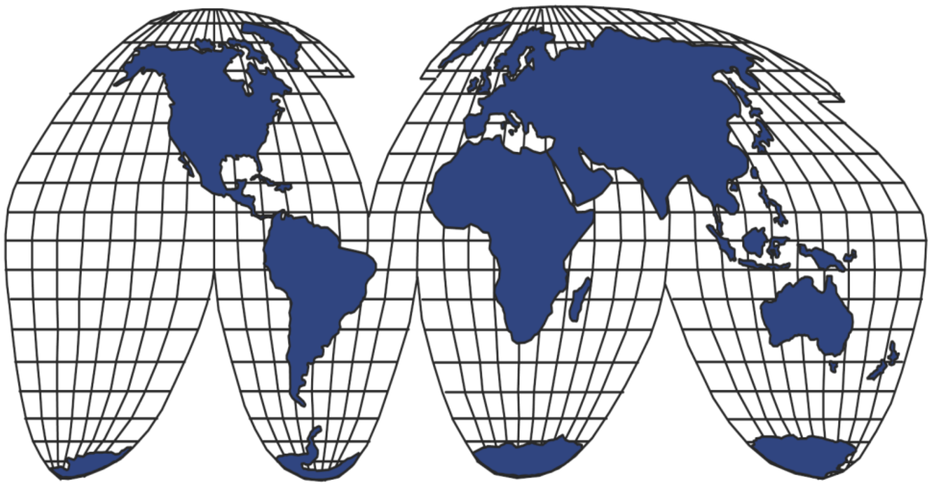
Source: BOI as of July 2010

Contact Us

- Thailand Board of Investment, Frankfurt office
- Investment Section

  Royal Thai Consulate-General
- Bethmannstr 58, 5.OG

  60311 Frankfurt am Main
- Telephone: (49 69) 92 91 230
- Fax: (49 69) 92 91 232
- Email: fra@boi.go.th
- www.boi.go.th



Thank you!