Auto Sector – Overweight

News Update

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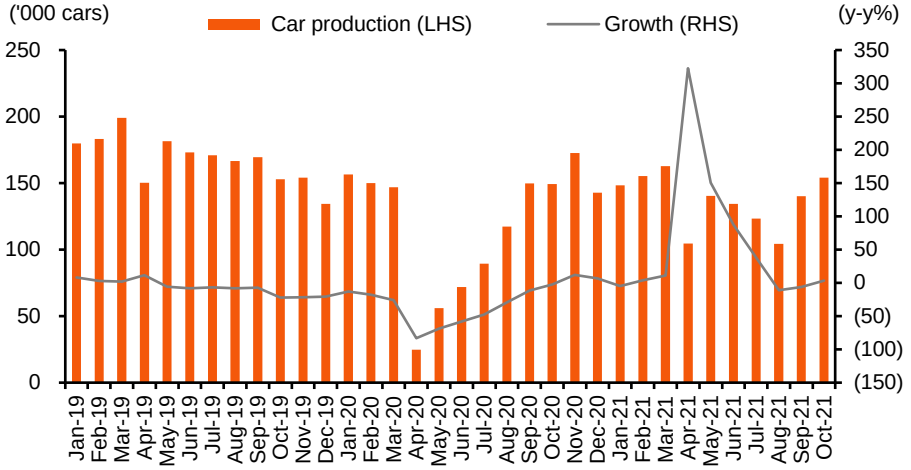
October vehicle production continues to recover

- **October production recovered 10% m-m and 3% y-y**
- **Both domestic sales and exports rebounded well**
- **Maintain view of 4Q21F auto production turnaround**
- **Overweight stance. Our top BUY is SAT, followed by NYT**

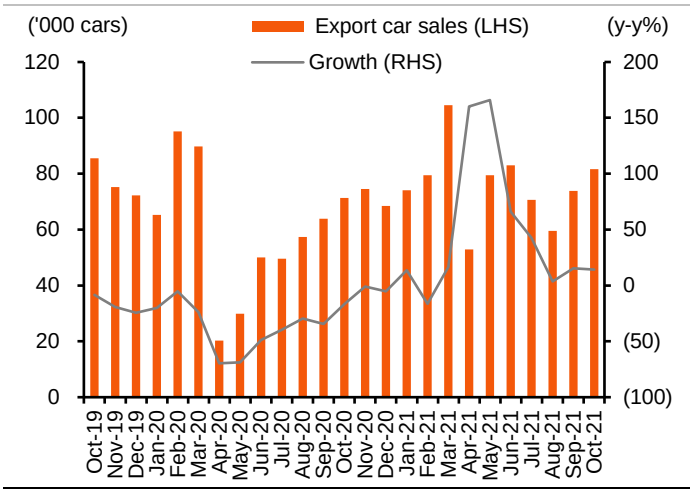
- According to the Federation of Thai Industries (FTI), production of new vehicles continued to recover as expected by 10% m-m and 3% y-y in October. This is the second month of recovery after supply-chain hiccups due to the chip shortage and COVID-19 hammering July and August figures. 10M21 production grew by 23% y-y (79% of 2019's level) and came in at 83% of our full-year assumption of 1.65m units for 2021. We expect the recovery to continue into November and a strong soft season in December.
- Export sales volume picked up by 10% m-m and 14% y-y to 81,577 units in October. Improvements were seen in all markets except Australia and Africa. 10M21 export volume grew by 28% y-y and was at 84% of 2019's level.
- Domestics sales recovered by 13% m-m (-13% y-y) in October to 64,462 units, the highest level since April to August that was hit by the new round of COVID. The pickup was due to less cautious consumer spending and less strict auto lending after the domestic lockdown easing from 1 September, plus there were more cars available for sale due to supply chain issues easing. 10M21 domestic sales volume dropped by 5% y-y and was at 69% of 2019's level.
- We maintain our OVERWEIGHT stance on the automotive sector. We like SAT (BUY, TP: Bt29), followed by NYT (BUY, TP: Bt5.3).

Ex 1: Vehicle Production Continued To Improve In October



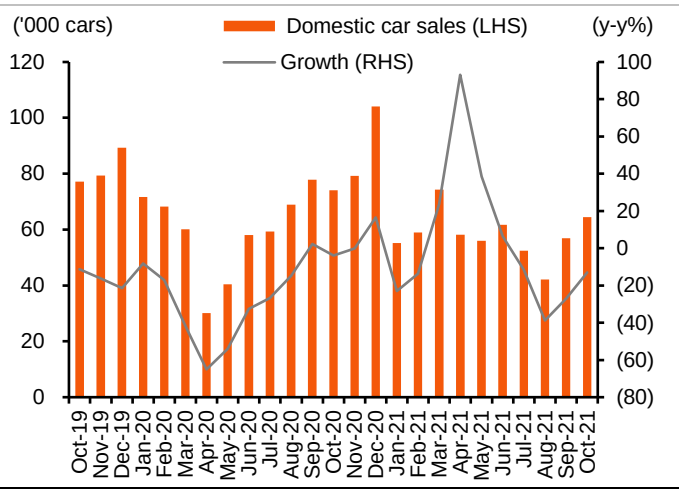
Source: Thai Automotive Industry Association

Ex 2: Export Car Sales



Source: Thai Automotive Industry Association

Ex 3: Domestic Car Sales



Source: Thai Automotive Industry Association

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