

Auto Sector – Overweight

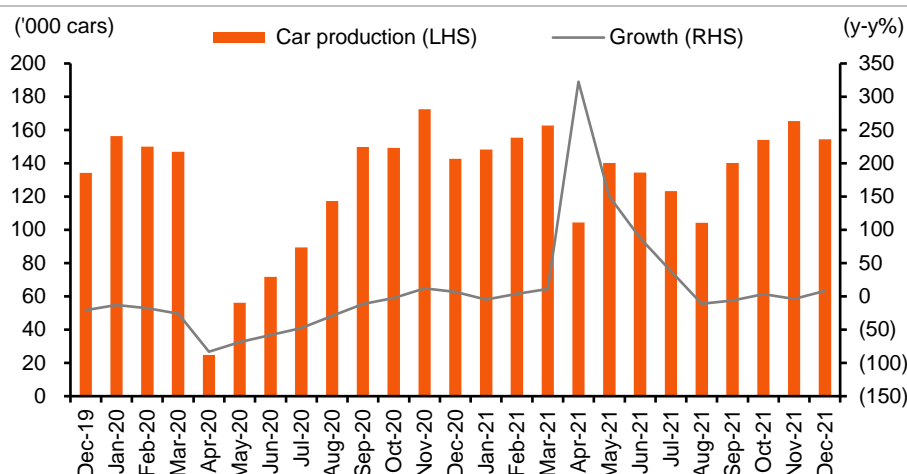
News Update

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December vehicle production recovers, as we'd expected

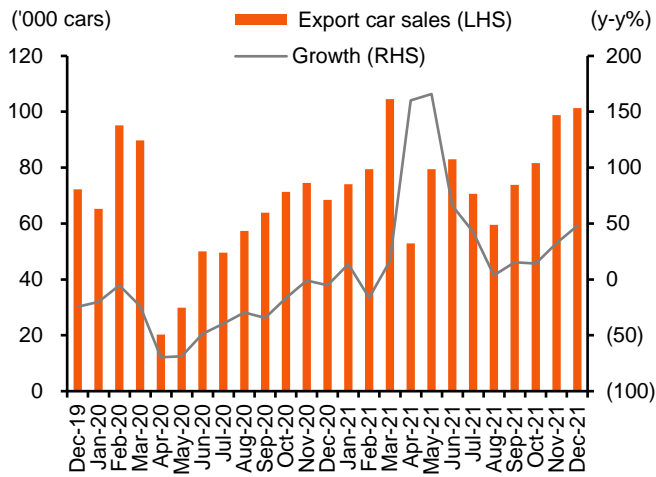
- December auto production has recovered, as we'd anticipated
 - 2021 production therefore grew by 18% y-y to 1.685m units, in line
 - We expect 2022F growth of 7% and pre-COVID level by 2023F
 - We like SAT, followed by STANLY
- The Federation of Thai Industries (FTI) reported production of new vehicles in December 2021 of 154,368 units, recovering as we'd expected by 8% y-y but dropping 7% q-q on the seasonality impact. For the full-year number, Thailand's car production registered 1,685,705 units (102% of our estimate) in 2021, growing by 18% y-y. As the December number came in stronger than the FTI expected, mainly on exports, it has now lifted its 2022 car production guidance from 1.7m-1.8m to 1.8m units, on par with our estimate.
- As for sales, vehicle exports in December continued their growth momentum at 48% y-y and 3% m-m to 101,307 units. The recovery was seen in all markets. This brings full-year export sales to 959,194 units, growing 30% y-y.
 - Monthly domestic sales registered a 17% y-y drop due to high base but improve 20% m-m to 86,145 units in December. For the full year, 2021 domestics sales dropped 4% y-y to 759,119 units and accounted for 75% of 2019's level.
 - We maintain our OVERWEIGHT stance on the auto sector. SAT (BUY, TP: Bt28) is our top pick, followed by STANLY (BUY, TP: Bt260).

Ex 1: Vehicle Production Continued To Improve In October



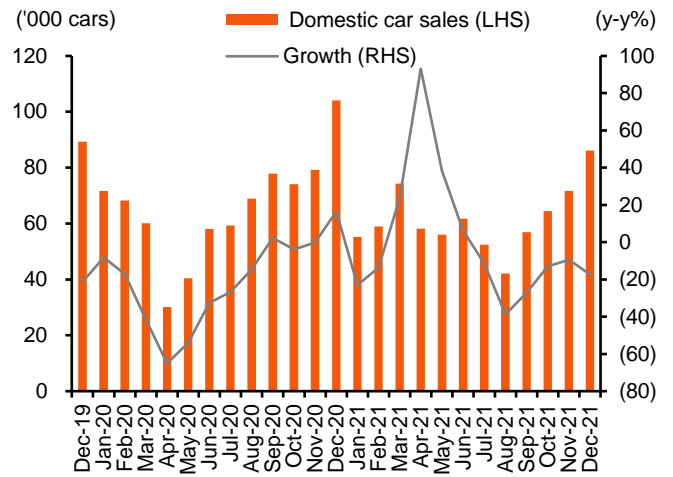
Source: Thai Automotive Industry Association

Ex 2: Export Car Sales



Source: Thai Automotive Industry Association

Ex 3: Domestic Car Sales



Source: Thai Automotive Industry Association

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