Auto Sector – Overweight

News update

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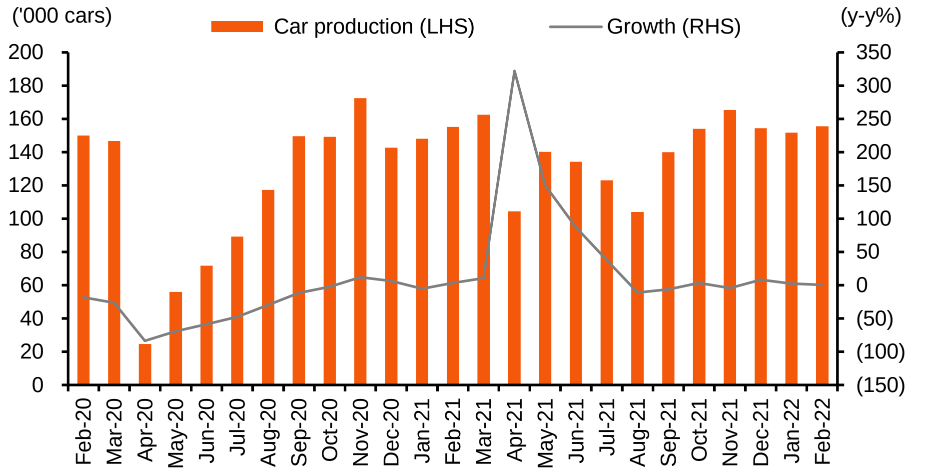
Some chip shortage hit to auto production in February

- **February auto production was flattish (+3% m-m and 0% y-y) …**
- **… due to the chip shortage impact on passenger cars**
- **Production of pickups, on the other hand, saw growth y-y**
- **Exposure to passenger cars: STANLY (35% of revenue), SAT (7%)**

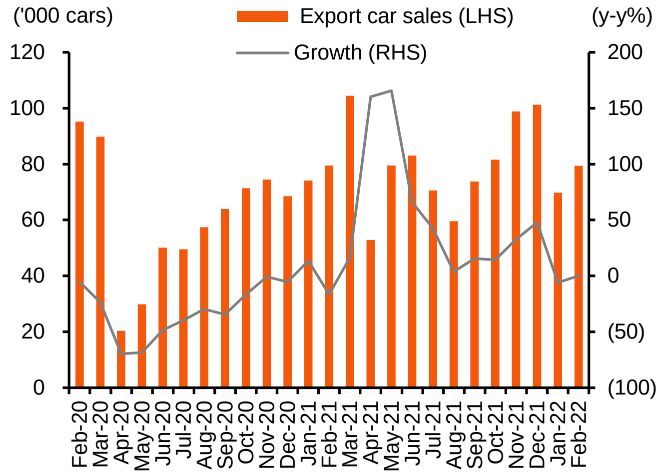
- The Federation of Thai Industries (FTI) maintains its full-year auto production target at 1.8m units (+6% y-y) but is wary over a potential chip shortage due to the Russia-Ukraine war.
- Production of new vehicles was flat y-y and up slightly 3% m-m to 155,660 units (85% of 2019's level) in February 2022. There was due to the chip shortage that had lingered from the COVID crisis and which affected some passenger car models. Meanwhile, pickup production saw growth y-y of 28% for the domestic market and 11% for exports. The flat growth y-y was weaker than we had expected. We will review our full-year production assumption of 1.8m cars (+6% y-y).
- As for sales, exports volume was flat y-y and up 14% m-m at 79,451 units (79% of 2019's level) due to the chip shortage impacting passenger car production. Domestic sales recovered by 26% y-y and 7% m-m on the low base effect to 74,489 units (90% of 2019's level).
- STANLY (BUY; TP Bt270) is more exposed to passenger cars at 35% of revenue vs. our top pick SAT (BUY; TP Bt27) at 7%.

Ex 1: Vehicle Production Continued To Improve In October



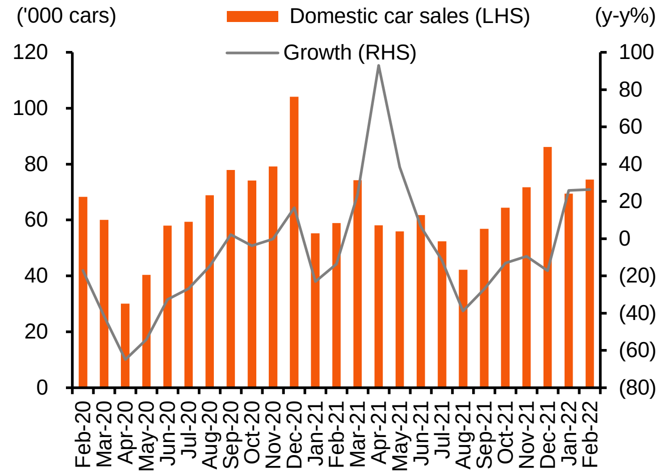
Source: Thai Automotive Industry Association

Ex 2: Car Export Sales



Source: Thai Automotive Industry Association

Ex 3: Domestic Car Sales



Source: Thai Automotive Industry Association

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