

Auto Sector – Overweight

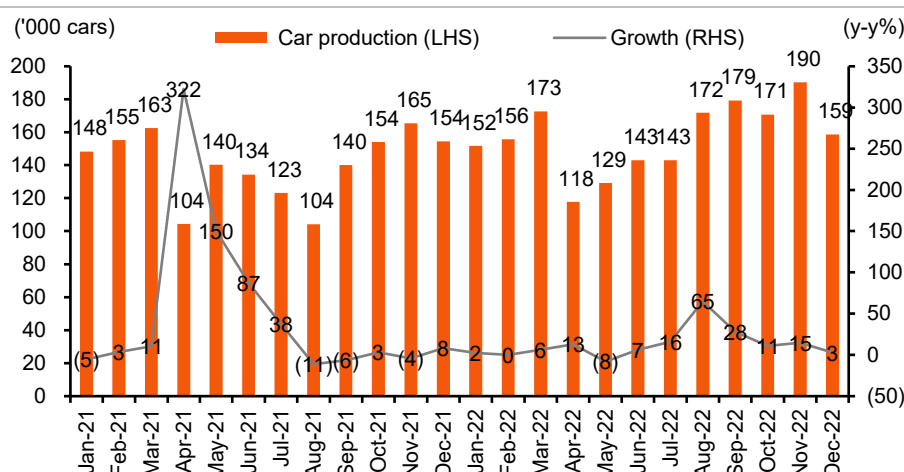
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News update

Stronger-than-expected December auto production

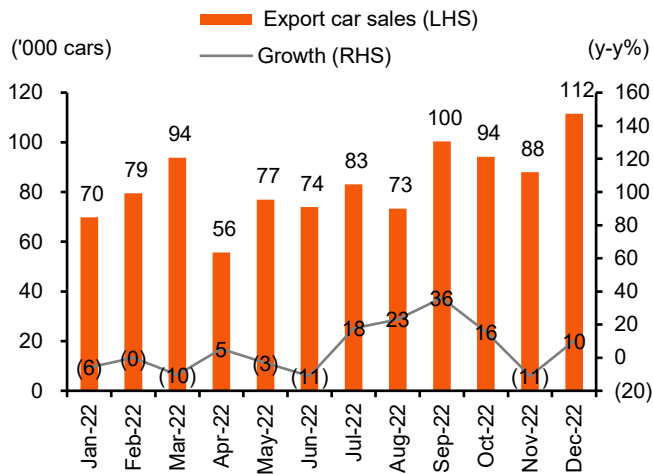
- **Better-than-expected production in December**
 - **...due to improving semiconductor chip shortage situation**
 - **2022 number beats us by 6% on the export markets**
 - **We like SAT**
- According to the Federation of Thai Industries' (FTI) data, new auto production was reported at 158,606 units, rising by 3% y-y but falling 17% on seasonality in December 2022. This was better than we'd expected on the back of an overall improving semiconductor chip shortage supply situation, especially for export models. Note that there was some semiconductor shortage for domestic models. Production for exports (54% of total production) grew by 11% y-y, and production for the domestic market (44% of the total) dropped by 5% y-y in December 2022. 12M22 new auto production rose by 12% y-y to 1.88m units (94% of 2019's level), accounting for 106% of our full-year forecast. For 2023, FTI targets new auto production growth at 3.5% to 1.95m units. We maintain our view of relatively flat growth for 2023F.
- As for sales, December export volume increased by 10% y-y and 27% m-m to 111,605 units on the improving semiconductor chip shortage situation. The 12M22 figure was 1m units, (95% of 2019's level), accounting for 104% of our full-year forecast.
- Despite the domestic economic turnaround from the tourism recovery, domestic auto sales dropped 9% y-y (but rose 21% m-m due to the annual big sales event, the Motor Expo 2022) to 82,799 units in December. The 12M22 domestic sales figure was up by 12% y-y to 0.85m units (84% of 2019's level), or 99% of our full-year forecast.
- Our top pick is SAT (BUY; TP Bt25) as a play on falling steel costs.

Ex 1: Monthly Vehicle Production



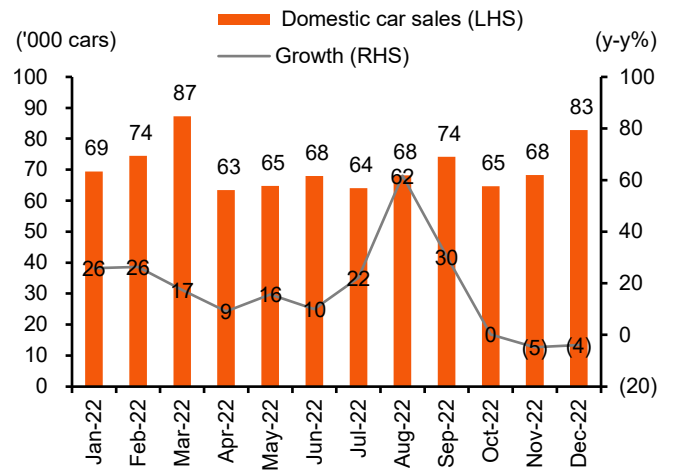
Source: Thai Automotive Industry Association

Ex 2: Monthly Car Export Sales



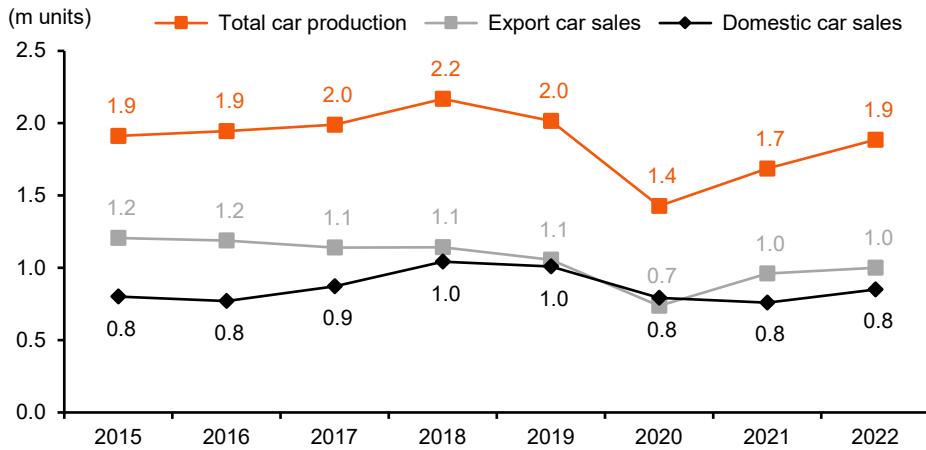
Source: Thai Automotive Industry Association

Ex 3: Monthly Domestic Car Sales



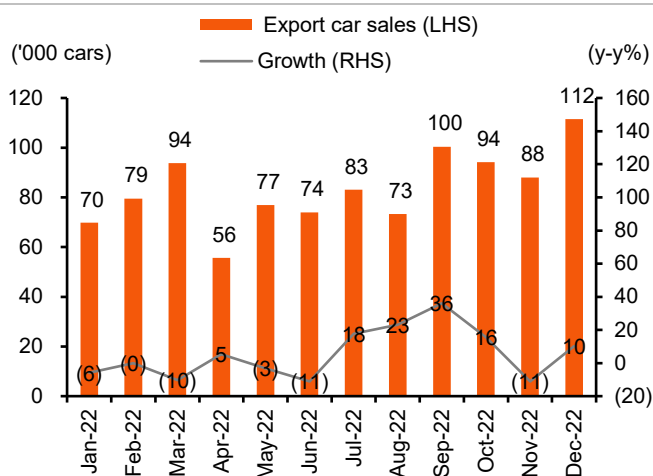
Source: Thai Automotive Industry Association

Ex 4: Annual Vehicle Production And Sales



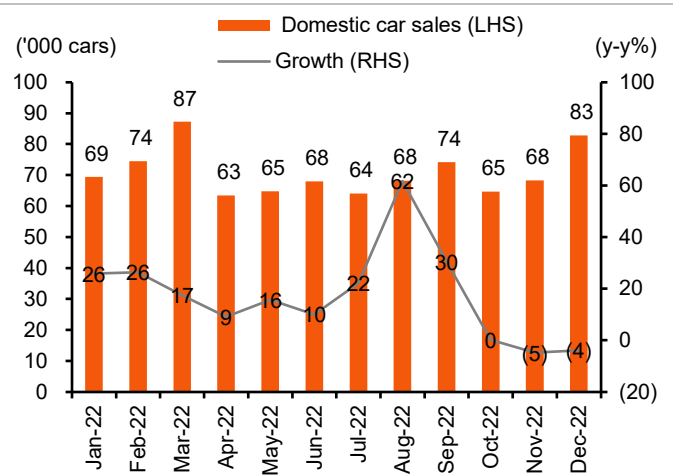
Source: Thai Automotive Industry Association

Ex 5: Monthly Car Export Sales



Source: Thai Automotive Industry Association

Ex 6: Monthly Domestic Car Sales



Source: Thai Automotive Industry Association

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