Outlook

A Policy Driven ASEAN Automotive Outlook

Titikorn L., ASEAN Manager

Global presence with regional expertise

Our Partnerships

Oxford Economics is one of the world's leaders in the field of macro-economic forecasting and provides many of the underlying global macroeconomic forecasts which underpin the LMC Automotive's vehicle forecasts.

J.D. Power is a global market information firm, whose independent and unbiased benchmark studies provide LMC with insights of the carmakers, products and consumers

JATO Dynamics provides LMC with the world's most timely, accurate and up-to-date information on vehicle specifications and pricing, sales and registrations, news and incentives

Marklines, the world's leading on-line strategic automotive portal and B2B Gateway, provides strategic market strategy data, proprietary and custom B2B e-marketing solutions, customized market research, and actionable business intelligence with LMC.

CENO Consulting develops automotive market retail intelligence for the Chinese market. Our alliance provides a comprehensive database of China's regional automobile market.

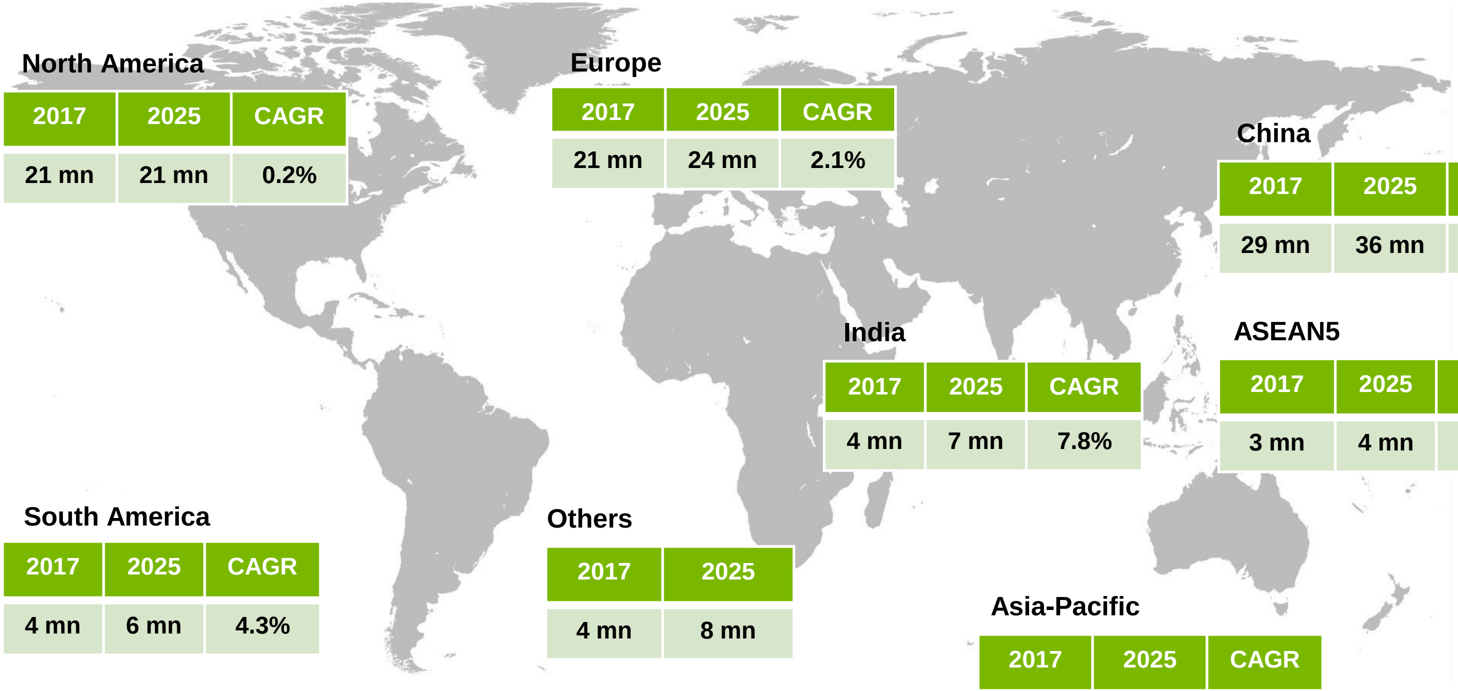
ACT Research, the recognized leader in the provision of data and forecasts for the commercial vehicle industry in North America, co-publish with LMC the Global Commercial Vehicle Forecast.

Global Light Vehicle (LV) Sales 2017 & 2025

ASEAN5: High Compound Annual Growth Rate
Low Vehicle Density and Large Population

World

2017	2025	CAGR
95 mn	114 mn	2.3%



North America

2017	2025	CAGR
21 mn	21 mn	0.2%

Europe

2017	2025	CAGR
21 mn	24 mn	2.1%

China

2017	2025	CAGR
29 mn	36 mn	2.7%

India

2017	2025	CAGR
4 mn	7 mn	7.8%

ASEAN5

2017	2025	CAGR
3 mn	4 mn	4.2%

South America

2017	2025	CAGR
4 mn	6 mn	4.3%

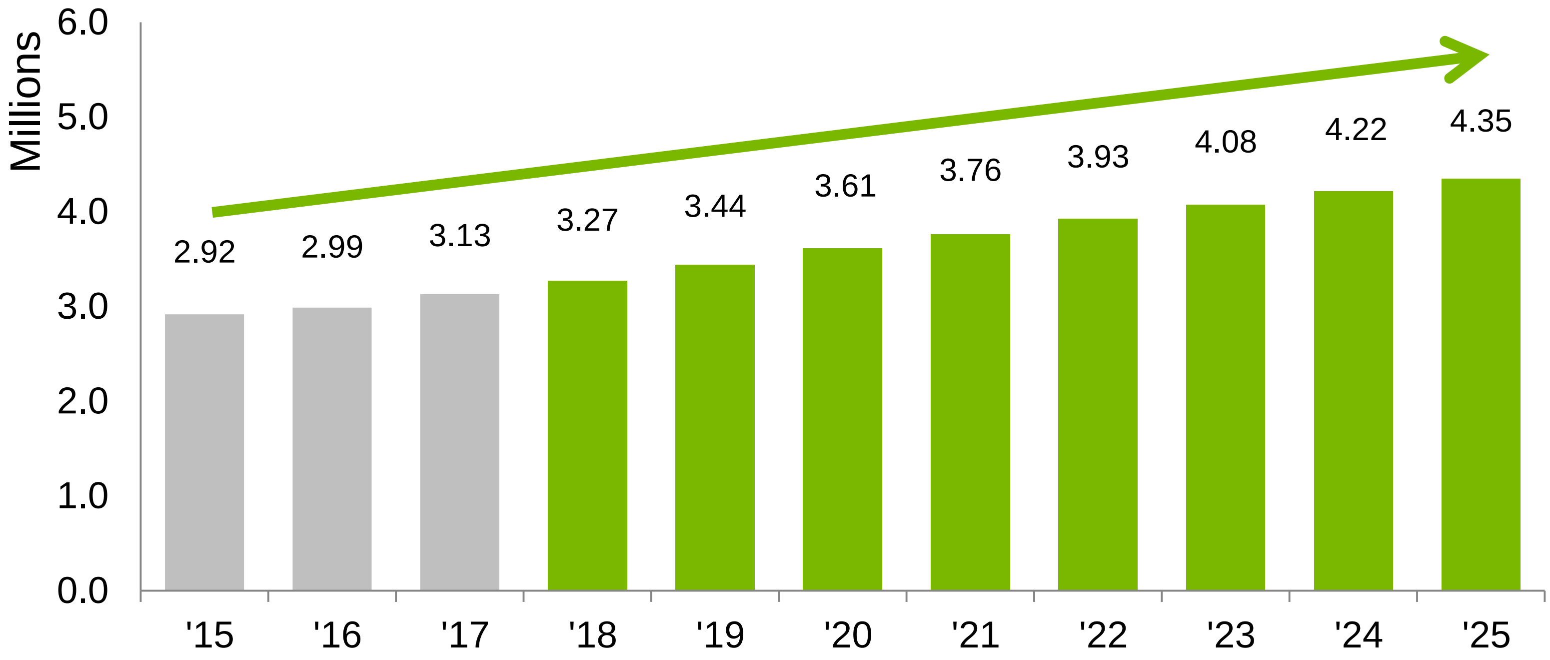
Others

2017	2025
4 mn	8 mn

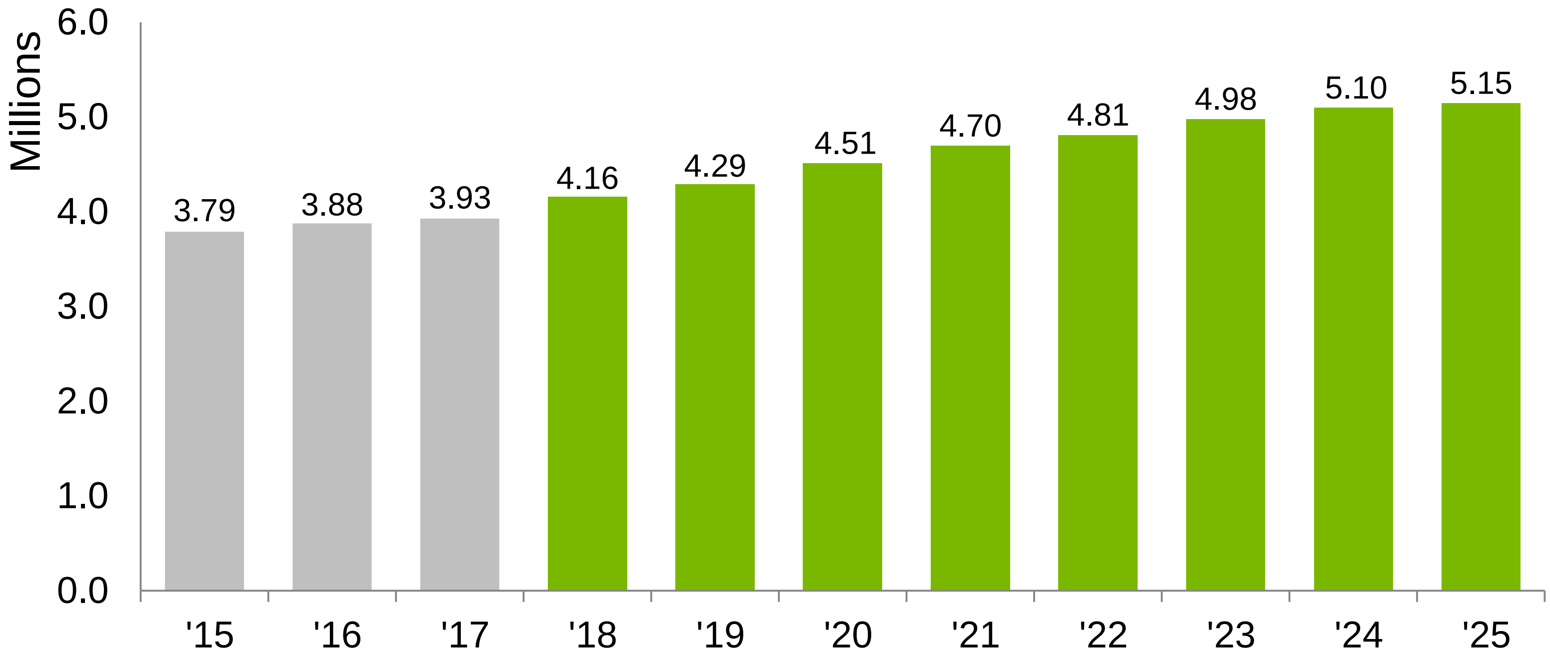
Asia-Pacific

2017	2025	CAGR
45 mn	55 mn	2.7%

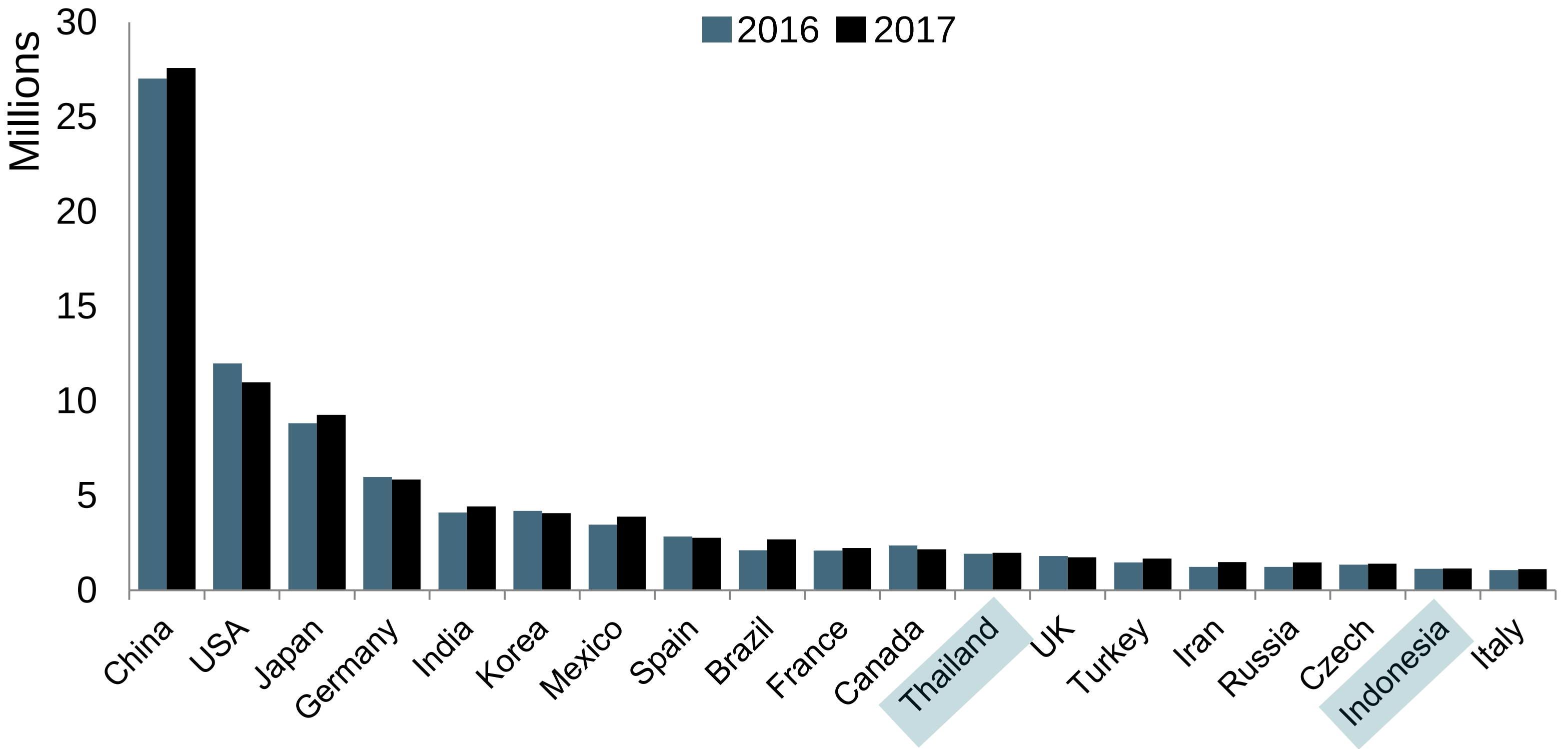
ASEAN Sales: Increasing Trend in LV Demand



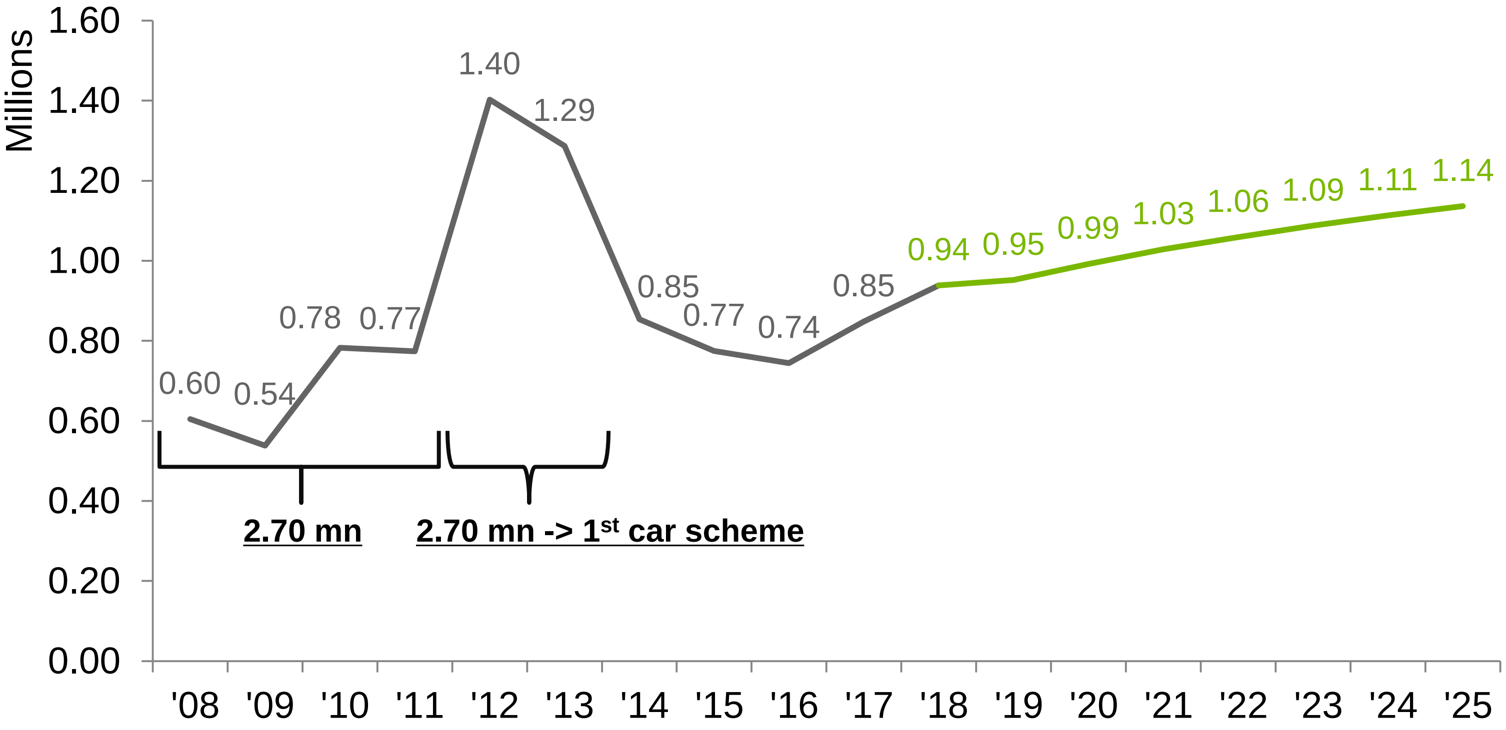
ASEAN Production Surplus Sales



Countries with Output of More Than 1 million units

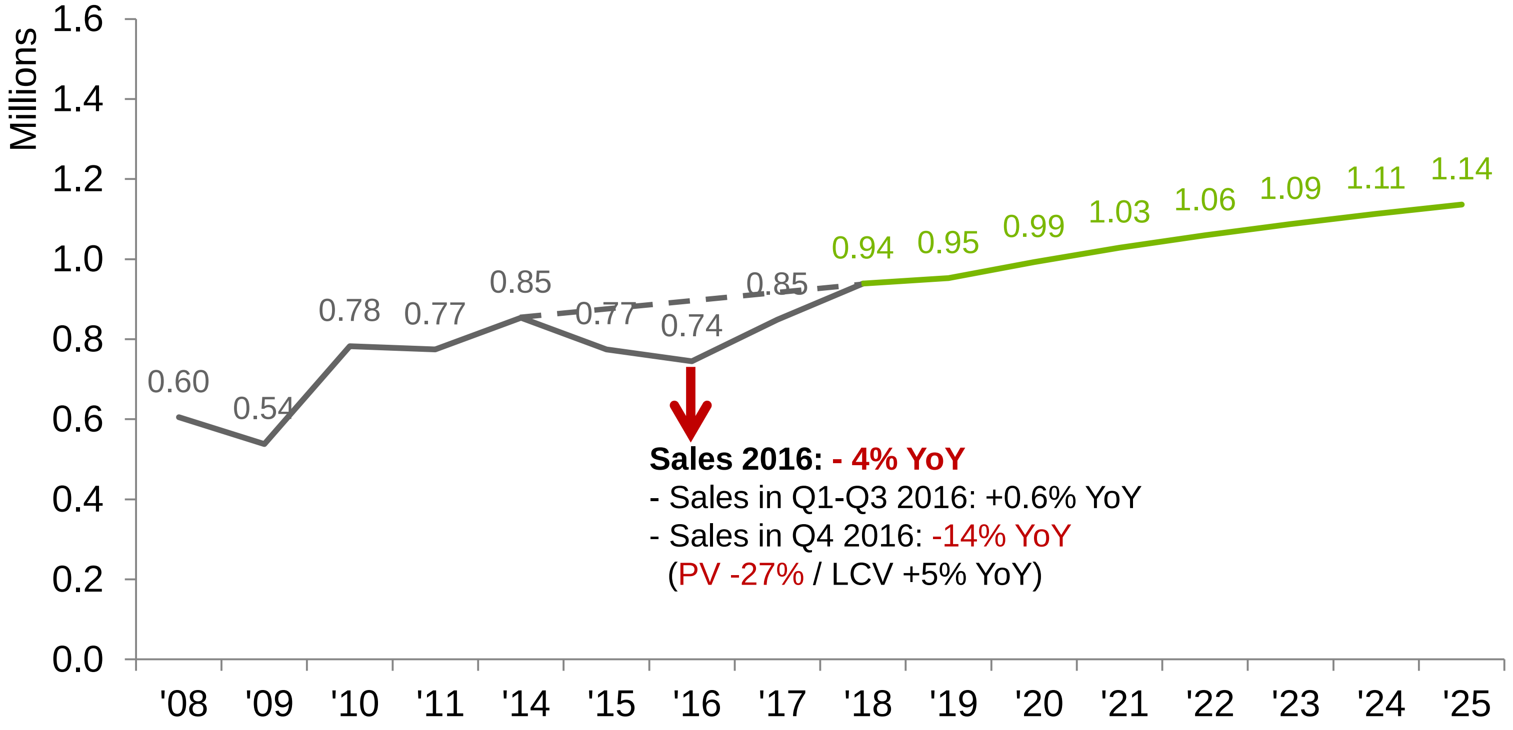


Thai Annual Sales Exceed 1 million units in 2012 -2013

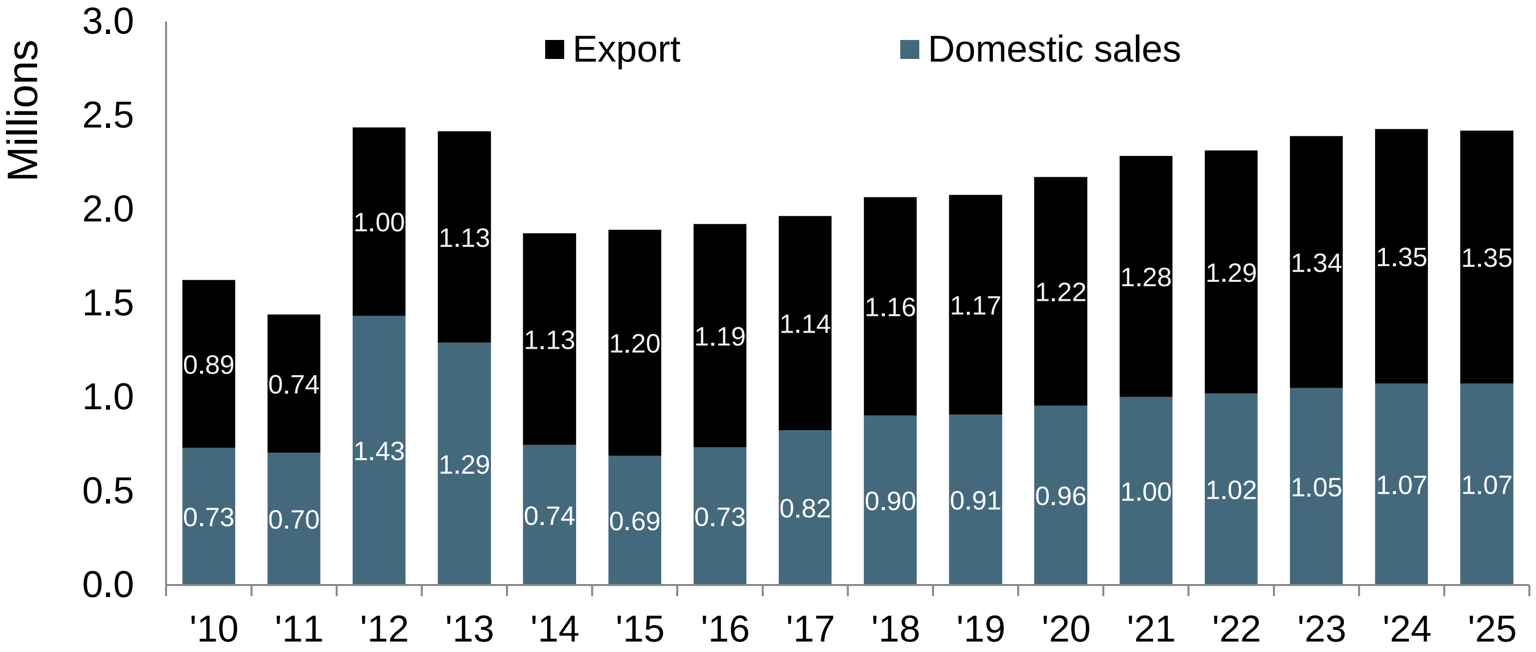


Thai Sales Back On Track

- On a YoY basic, April 18 sales is the 16th consecutive month of growth.



Thailand as an Export Base



Eco Cars – Thailand’s second pillar

Minimum production requirement; 100k units per year

Toyota - Yaris / Yaris Ativ

Honda - Brio and Brio Amaze

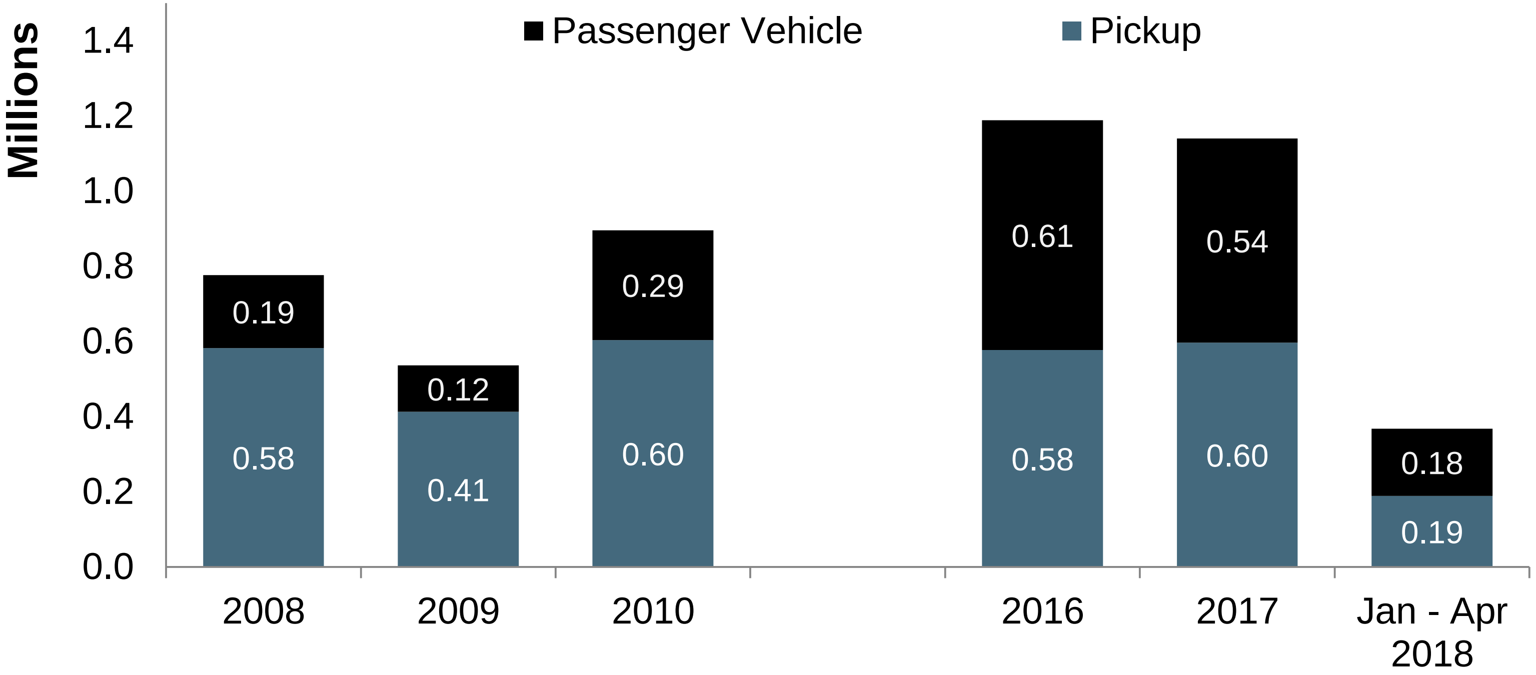
Mitsubishi Mirage and Attrage

Suzuki - Swift, Celerio and Ciaz

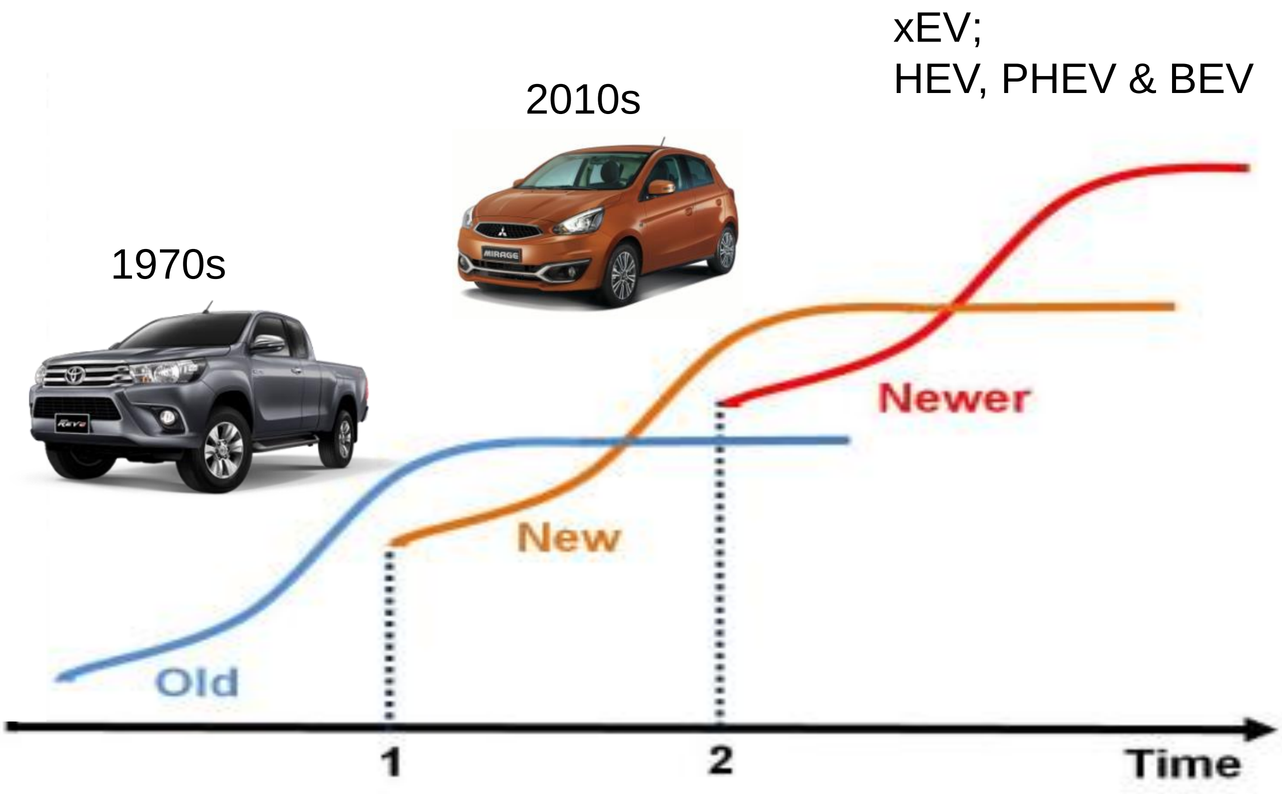
Mazda - Mazda2

Nissan - March, Almera and Note

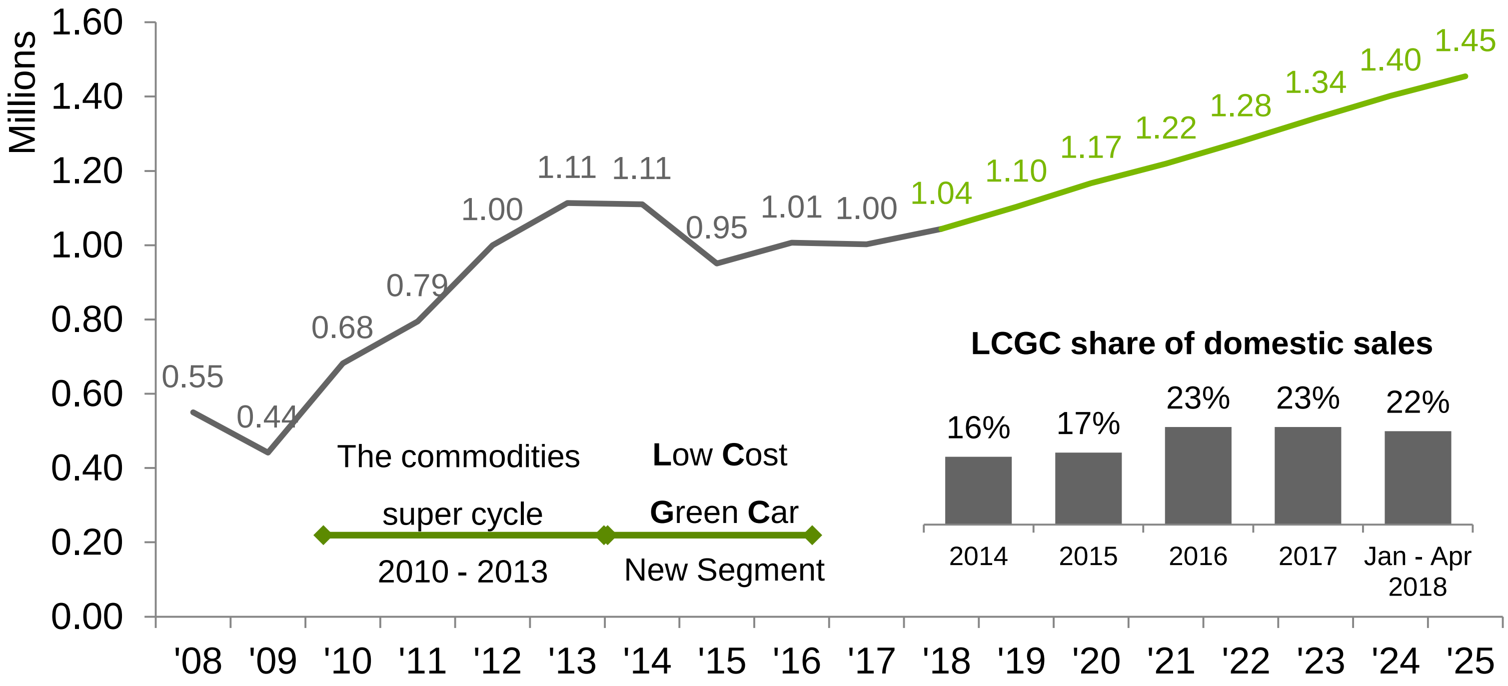
Thailand Export Structure Change



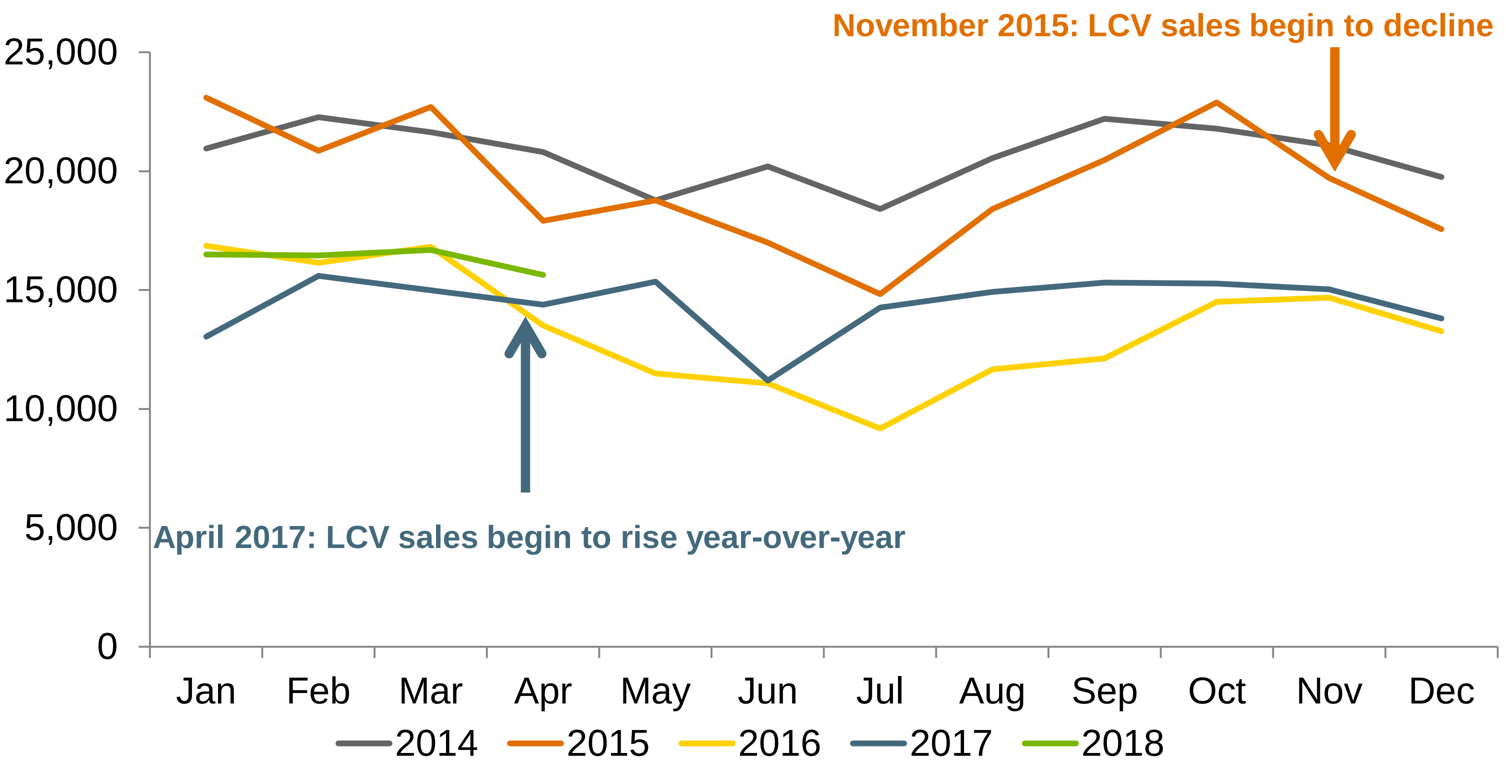
Thailand – maintaining the S Curve



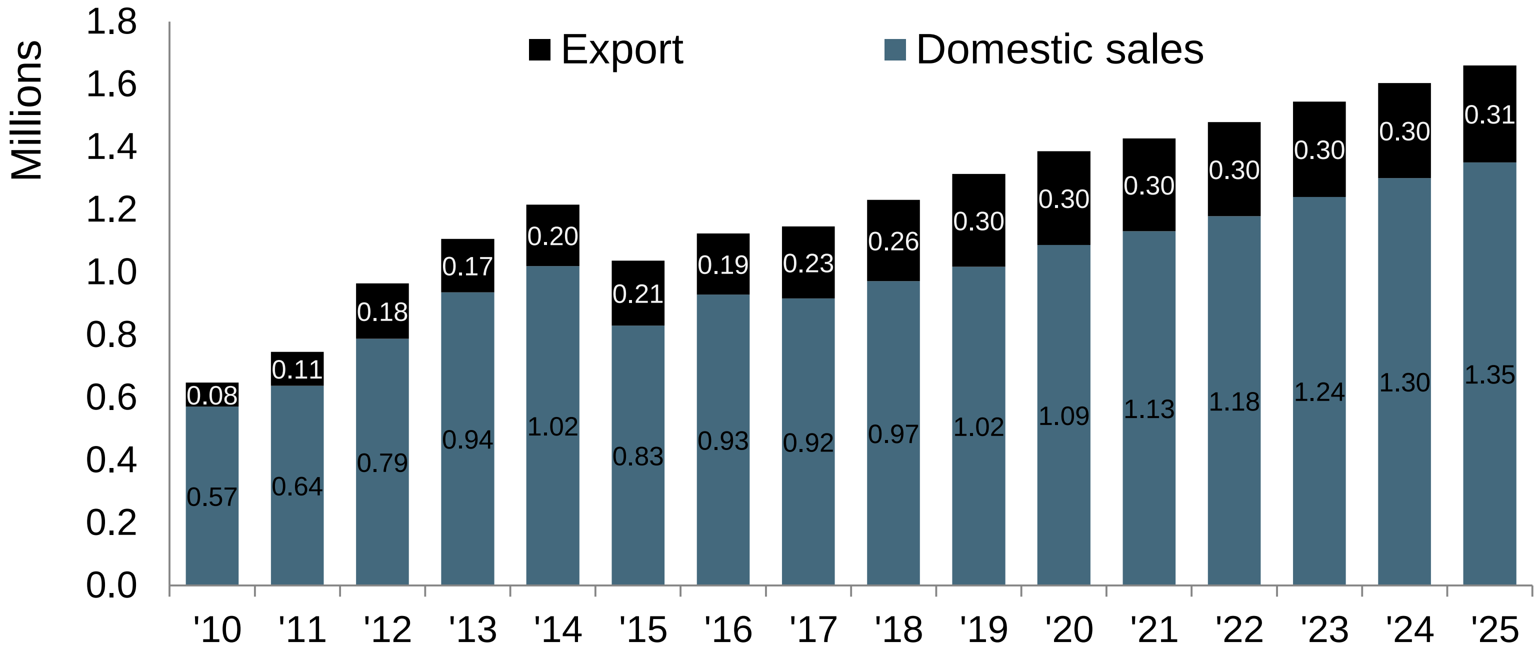
Indonesia Sales: Largest Market in ASEAN



Tight Auto Loans Pressure PV but LCV Saw Growth



Indonesia: Limited Export Due to Unfavorable Tax Structure



Indonesia Automotive Industry Roadmap

2010

MPV, LCV and Environment Friendly Vehicle

2013: LCGC
Low Cost Green Car

2015

MPV, LCV, Environment Friendly Vehicle MHCV, SUV and Small Car

80% Local Content for MPV and LCV

2018-2019: LCEV
Low Carbon Emission Vehicle

2020

MPV, LCV, Environment Friendly Vehicle MHCV, SUV and Small Car, Hybrid Vehicle and Sedan

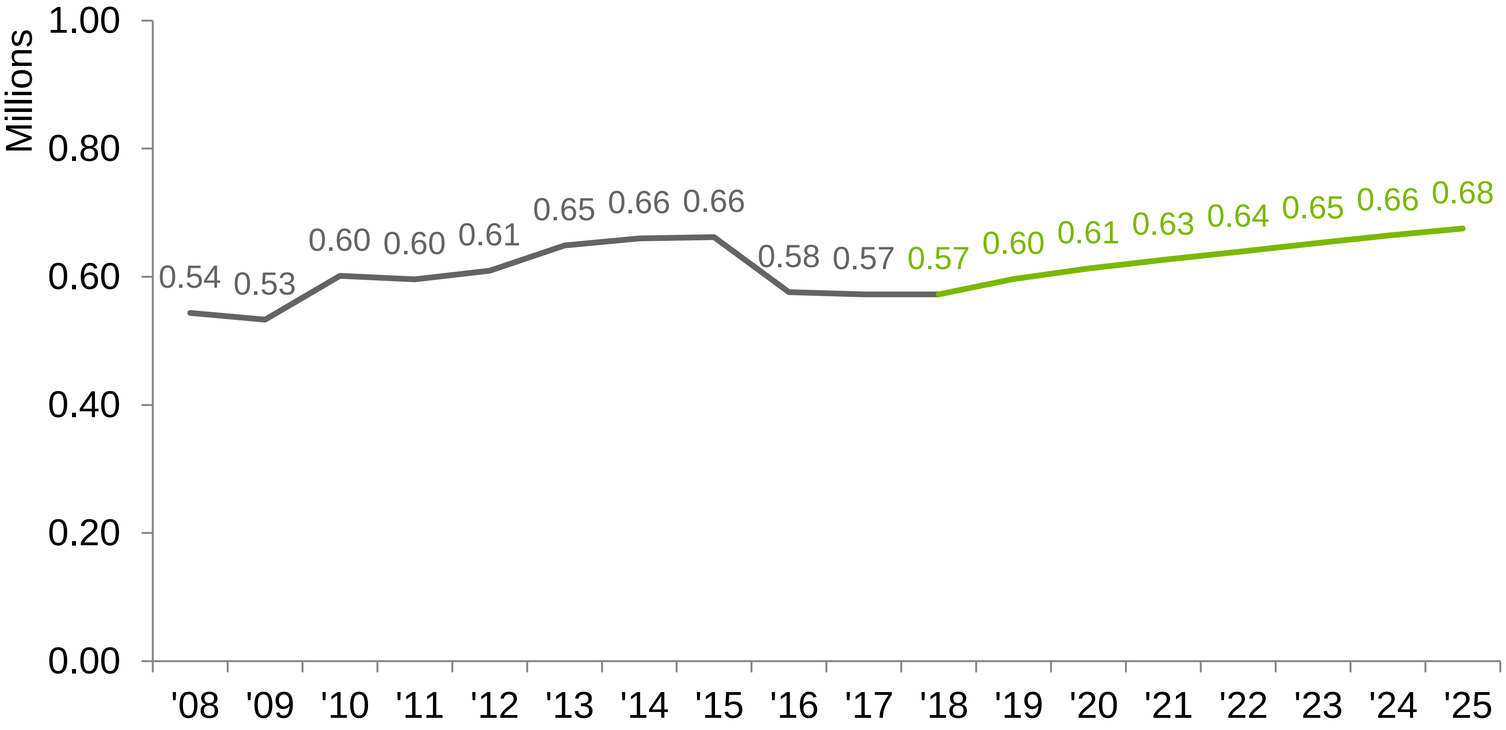
80% Local Content for MPV, LCV, Small Car and SUV

2025

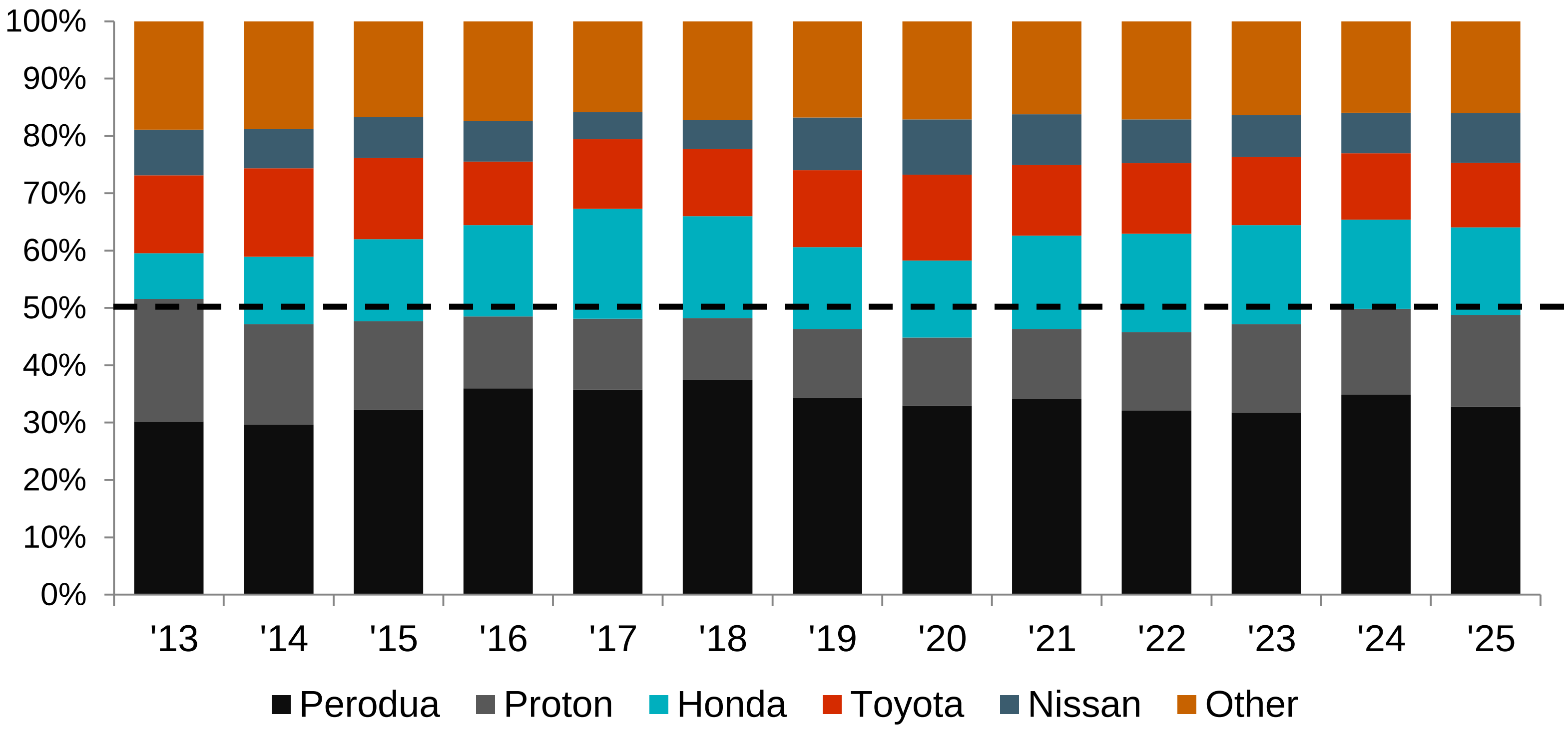
MPV, LCV, MHCV, SUV, Environment Friendly Vehicle, Small Car, Sedan, Hybrid Vehicle and Luxury car

80% Local Content for MPV, LCV, Small Sedan, SUV and Medium Sedan

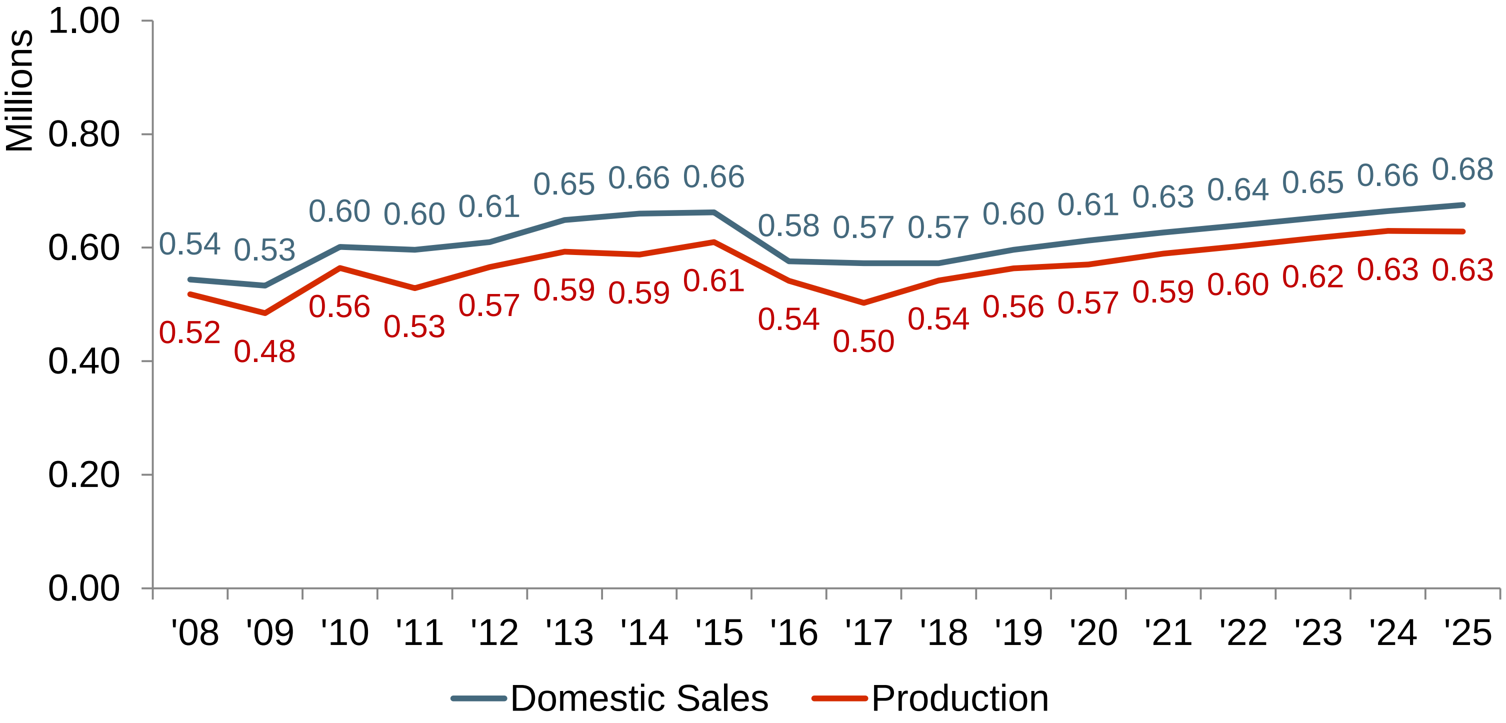
Malaysia: Mature Market



Malaysia: National Brands and Non-National Brands



Malaysian Production Lower Than Domestic Sales



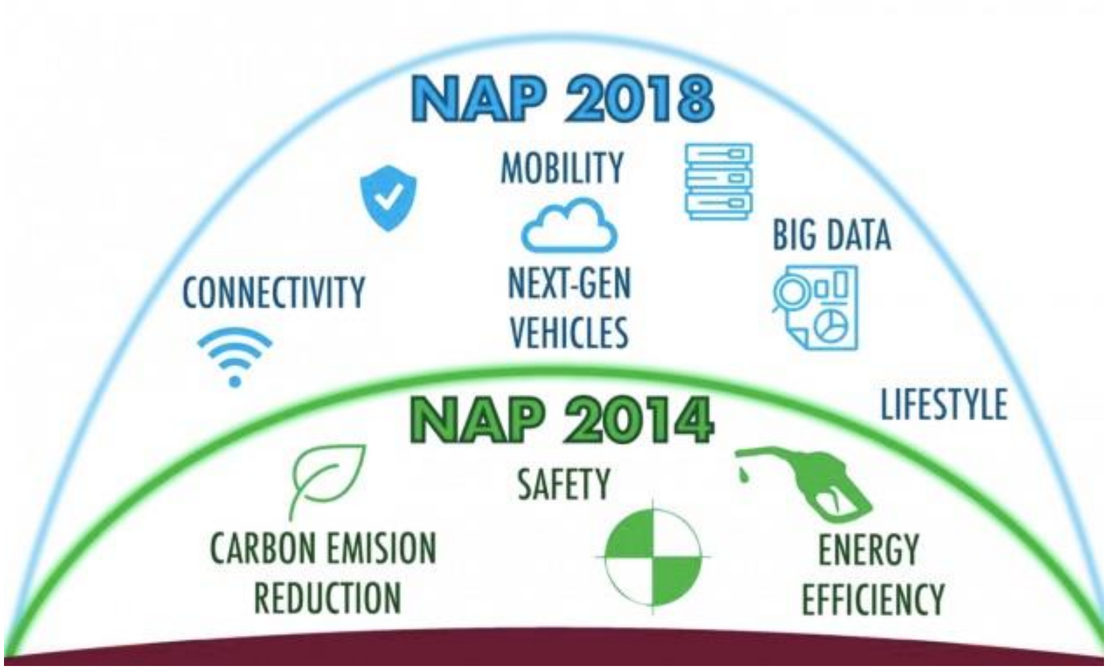
Malaysia: Energy Efficiency Vehicles (EEV)

- EEV is key policy under NAP 2014 (National Automotive Policy)
- Customized incentives based on investments. EEV specs do not require xEV.

Segment	Description	Curb weight (kg)	Fuel Efficiency (L/100km)
A	Micro Car	< 800	4.5
	City Car	801-1000	5.0
B	Super mini car	1001-1250	6.0
C	Small Family car	1251-1400	6.5
D	Large family car Compact executive car	1401-1550	7.0
E	Executive car	1551-1800	9.5
F	Luxury Car	1801-2050	11.0
J	Large 4x4	2051-2350	11.5
Other	Other	2351-2500	12.0

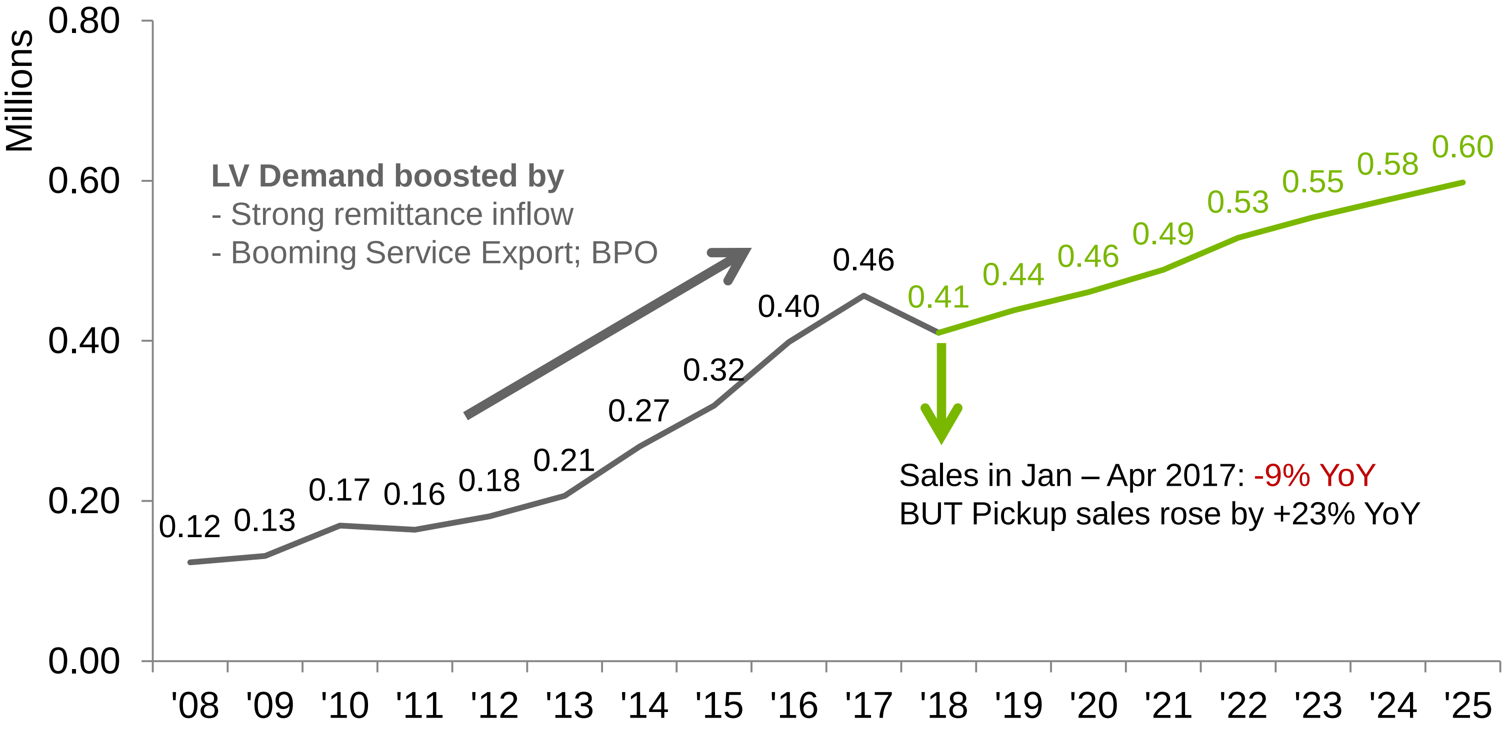
Malaysia: NAP 2018 Could Be Delayed

- NAP 2018 - Connectivity, Mobility, Next-Generation Vehicles, Big Data and Lifestyle.



*Source: https://paultan.org

Philippines: Pull-forward Purchases in 2017



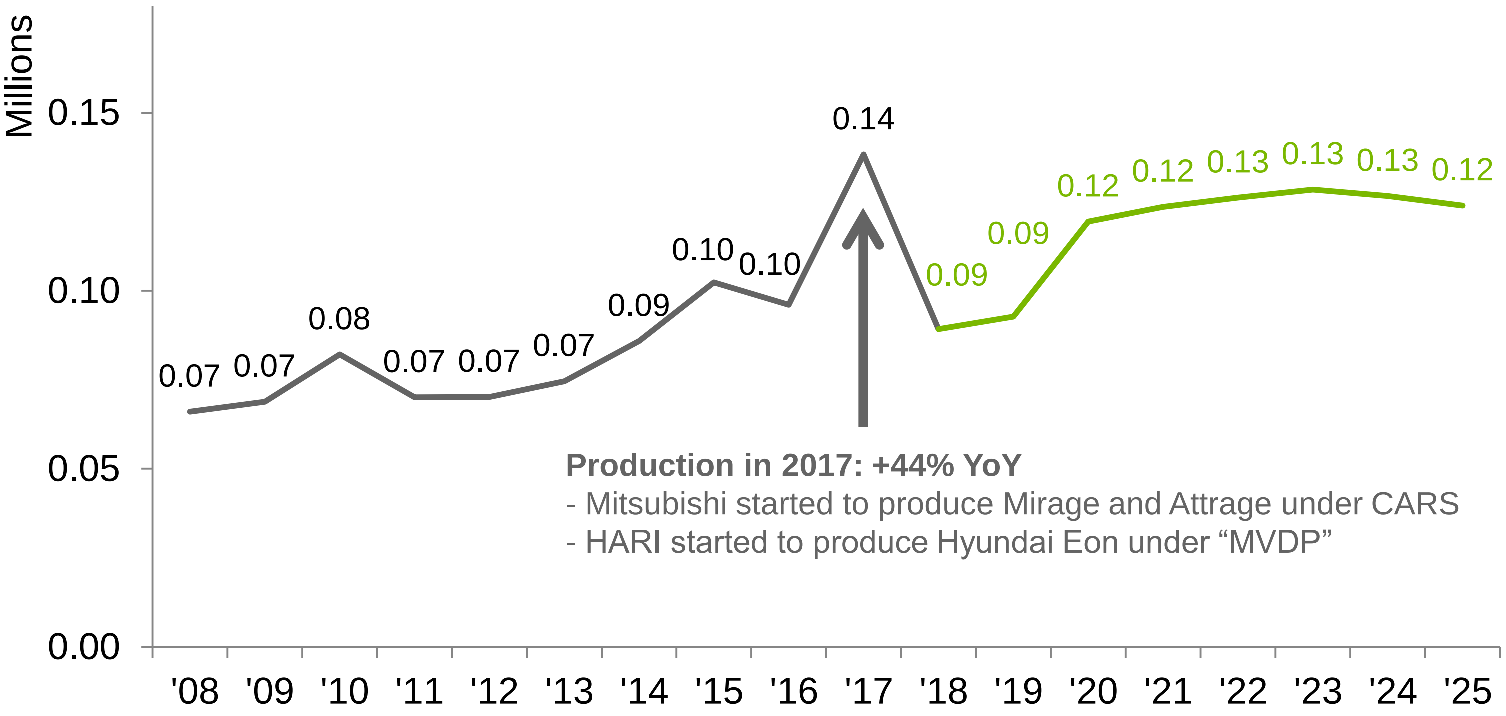
Philippines: Support Electrification and CV

Net Manufacturer's/ Importer's Selling Price	Excise Tax before January 2018
Up to PHP 600,000	2%
600,000 – 1.1 mn	PHP 12,000 + 20% of value in excess of PHP600k
1.1 mn – 2.1 mn	PHP112,000 + 40% of value in excess of PHP1.1 mn
> 2.1 mn	PHP512,000 + 60% of value in excess of PHP2.1 mn

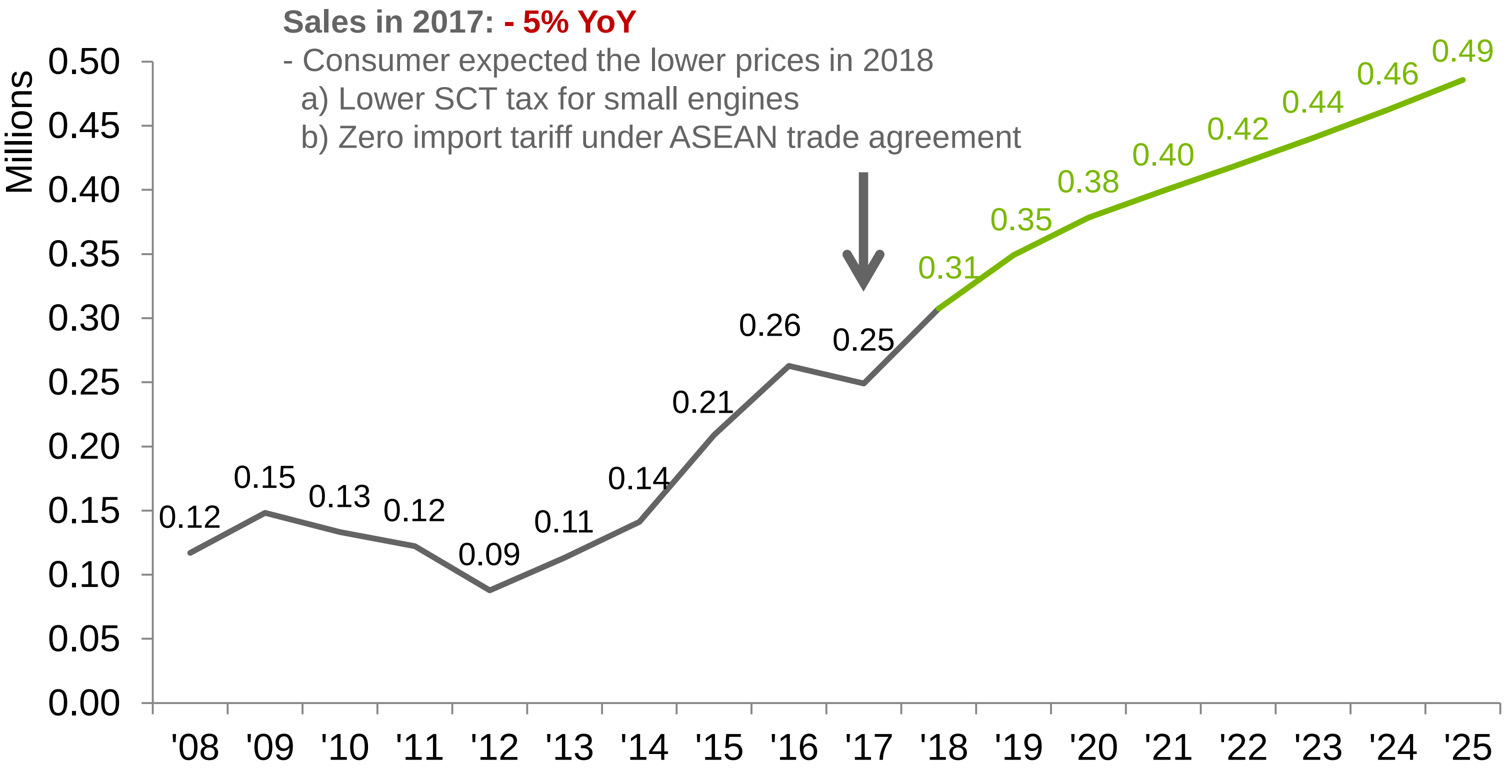
Net Manufacturer's/ Importer's Selling Price	New Excise Tax from January 2018		
	ICE	**Hybrid Vehicle**	**Pickup and BEV**
Up to PHP 600,000	4%	**2%**	**0%**
600,000 – 1.0 mn	10%	**5%**	**0%**
1.0 mn – 4.0 mn	20%	**10%**	**0%**
> 4.0 mn	50%	**25%**	**0%**

Philippines: No More Production of Euro 3 & Older Models

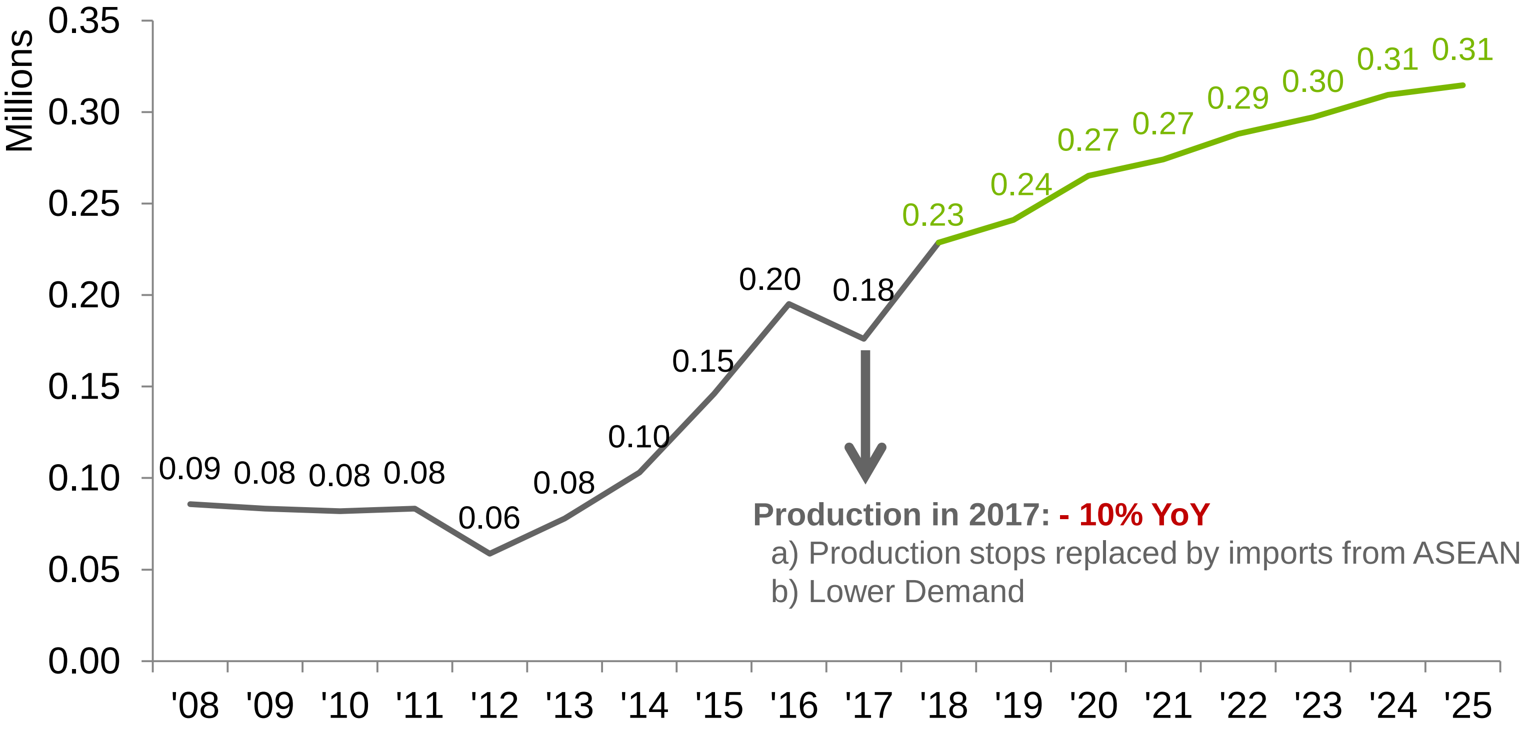
- 2017 production boosted by CARS program.



Vietnam: Anticipation of Zero Tariff Led to 2017 Sales Drop



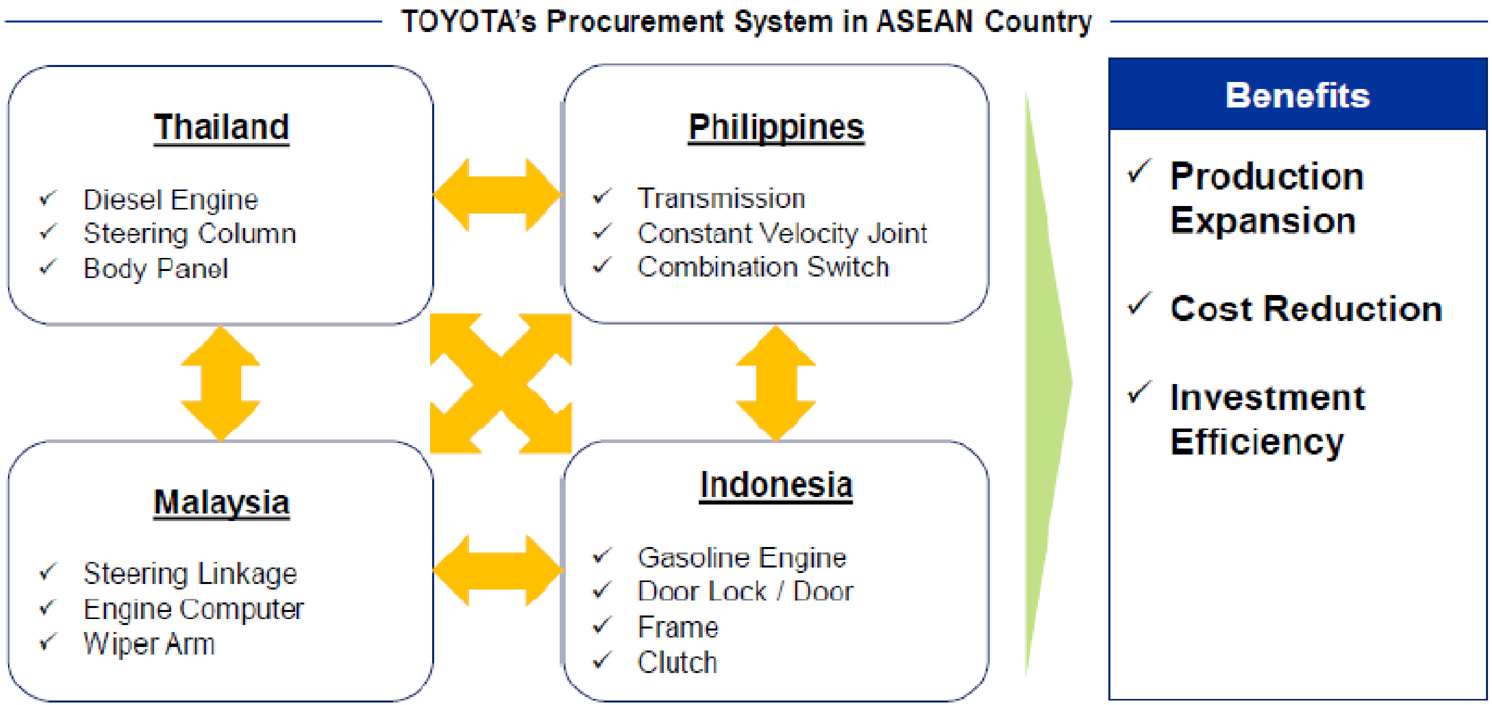
Vietnam Production: Decree 116 (Non-Tariff Barrier)



Vietnam Government Supports Local Industry

Time	Detail
January 2016	Government changed import tariffs calculation from “CIF” to “Wholes sales prices”
April 2016	THACO announced to capacity expansion to 100,000 units per year for Mazda
September 2017	Vingroup announced production of made-in-Vietnam Car or “VinFast” Plant Capacity: - 300,000 units for Motorbike (start production in 2018) - 250,000 units for Sedan and SUV **(start production in Q3 2019)**
October 2017	Government planned to cut import tariffs for auto components to support local car makers.
	Government announced Decree 116: - Require VTA issued by a foreign authorized agency or government - Every batch of CBU Imports must be tested and inspected.
January 2018	- Automakers stopped exporting cars to Vietnam
March 2018	- Automakers resumed exporting cars to Vietnam and increased CBU model prices.

Collaboration Among ASEAN: Toyota's IMV Project



Source: Hideo KOBAYASHI (2015), *Current State and Issues of the Automobile and Auto Parts Industries in ASEAN,* ERIA Discussion Paper Series.

For experts by experts

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Thank you