

Thailand Automotive

Gradual recovery amid challenges

- Vehicle production remains weak, but EV output is rising sharply.
- Domestic sales stabilized after a steep 2024 decline, with positive y-y momentum since April 2025, driven by passenger cars and EVs, though pickup sales remain weak.
- Auto-parts makers delivered resilient earnings on strict cost controls; with valuations already de-rated, we upgrade the sector view from Underweight to NEUTRAL.

Vehicle production weak, EV output rising

Thailand's vehicle production in July 2025 continued to decline, totaling only 110,616 units (-11.4% y-y), driven mainly by a 13.3% y-y drop in exports following the discontinuation of certain ICE passenger car models and the ongoing slowdown in pickup exports. However, we observed a clear shift toward EV production this month, with BEV output surging 554.0% y-y to 3,610 units. For 7M25, total vehicle production reached 835,331 units (-5.7% y-y), including 531,883 units for export (-11.7% y-y), while domestic sales stabilized at -0.7% y-y after a steep contraction (-26.2% y-y) in 2024.

Domestic sales stabilizing, EV driving momentum

Domestic car sales in 2024 plunged 26.2% y-y due to weak purchasing power and tighter credit conditions. In 7M25, sales stabilized, down only 0.7% y-y, at 351,796 units. On a monthly basis, momentum has turned positive since April 2025, with y-y growth continuing through July at 49,102 units (+5.8% y-y), marking the fourth straight month of expansion. The recovery was led by passenger cars, particularly EVs, while pickup sales remained in decline for the 31st consecutive month.

Auto-parts profit resilient on cost controls

For the four auto-parts companies under our coverage (AH, IRC, SAT, STANLY), combined 1H25 sales revenue was THB 25.1b, down 5.9% y-y in line with industry trends. However, core profit rose 5.3% y-y, with growth across all companies, supported by strict cost and expense controls as well as lower chemical costs. Some firms, such as IRC and STANLY, also benefited from plant consolidation, which helped enhance production efficiency.

Hope for recovery despite challenges; upgrade to NEUTRAL

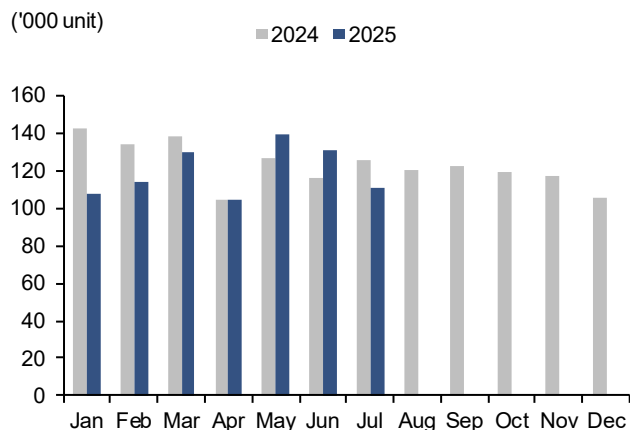
Although the auto industry still faces challenges and domestic purchasing power remains fragile, intensified price competition among automakers to make vehicles more affordable, along with strict cost controls and government stimulus measures, gives us hope for a gradual recovery in 2H25. At present, the four stocks under our coverage have largely priced in the negatives and are trading at 2025E P/BV of 0.5–0.6x. However, with limited upside to our target prices, we upgrade our sector view from UNDERWEIGHT to NEUTRAL.



Jitra Amornthum

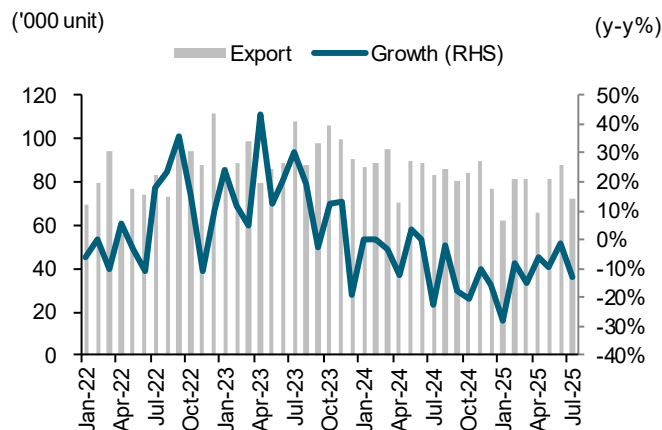
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Exhibit 1: Thailand car production in 2024-25



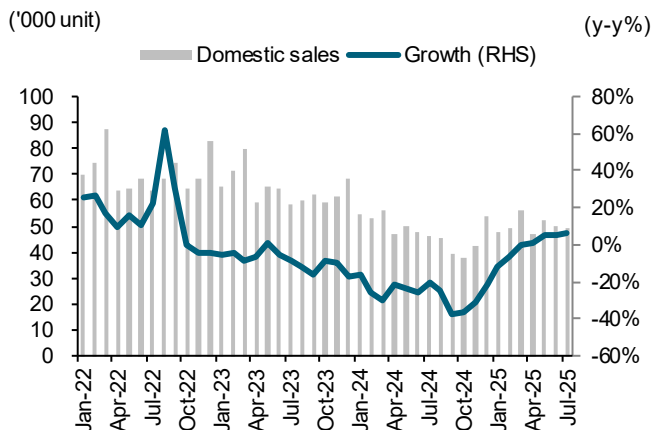
Sources: The Federation of Thai Industries, FSSIA's compilation

Exhibit 2: Monthly car exports



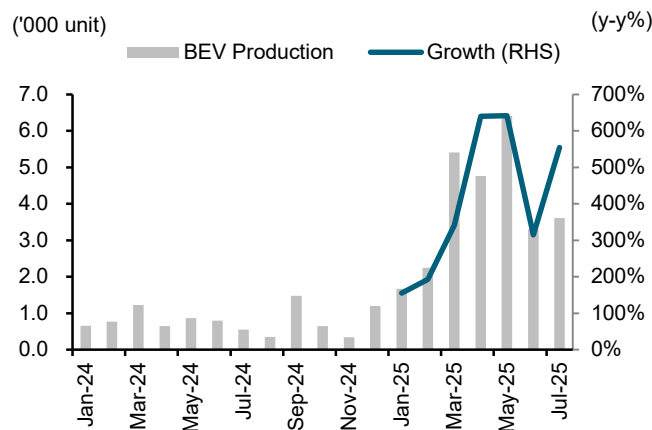
Sources: The Federation of Thai Industries, FSSIA's compilation

Exhibit 3: Monthly domestic car sales



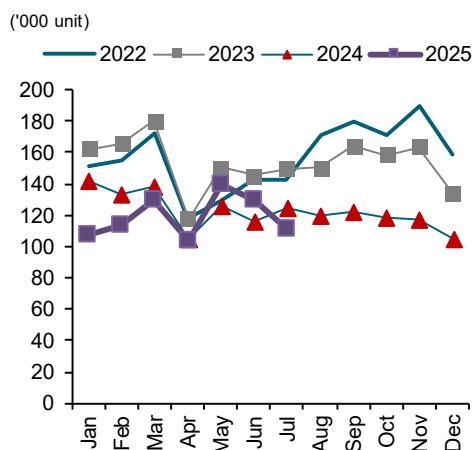
Sources: The Federation of Thai Industries, FSSIA's compilation

Exhibit 4: Monthly BEV passenger production



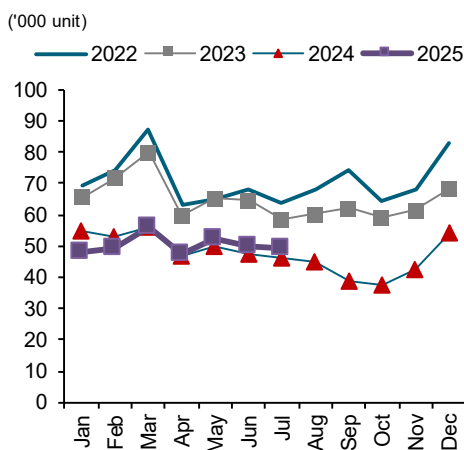
Sources: The Federation of Thai Industries, FSSIA's compilation

Exhibit 5: Car production



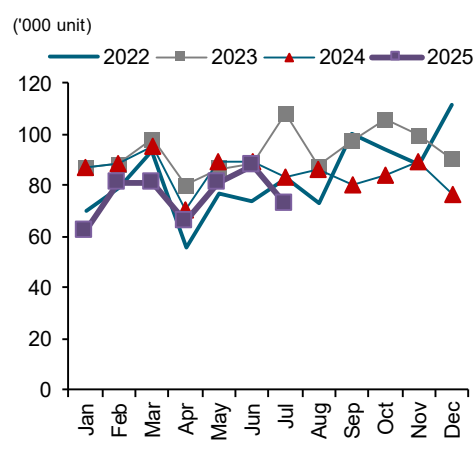
Source: The Federation of Thai Industries

Exhibit 6: Domestic car sales



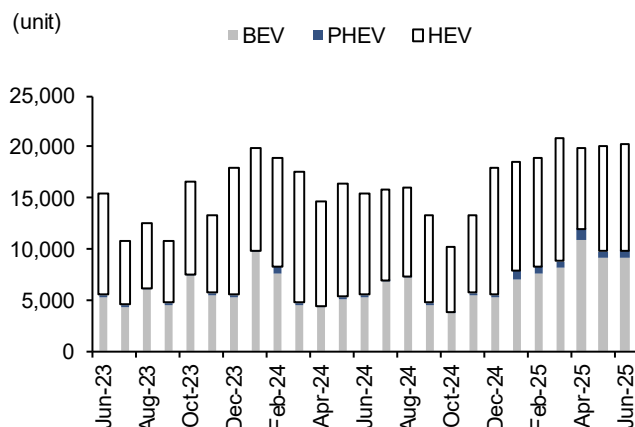
Source: The Federation of Thai Industries

Exhibit 7: Car exports



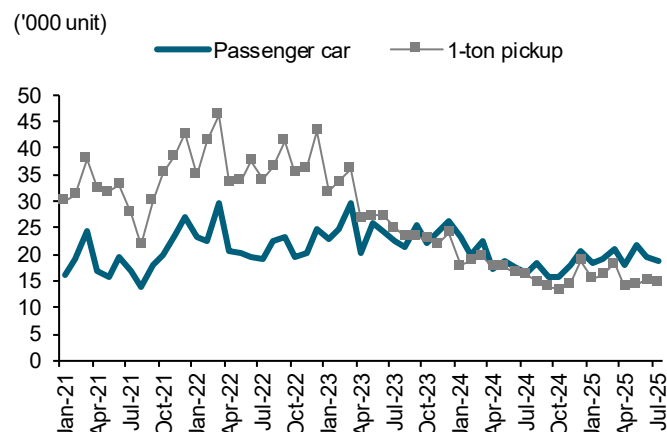
Source: The Federation of Thai Industries

Exhibit 8: BEV, PHEV, and HEV domestic sales



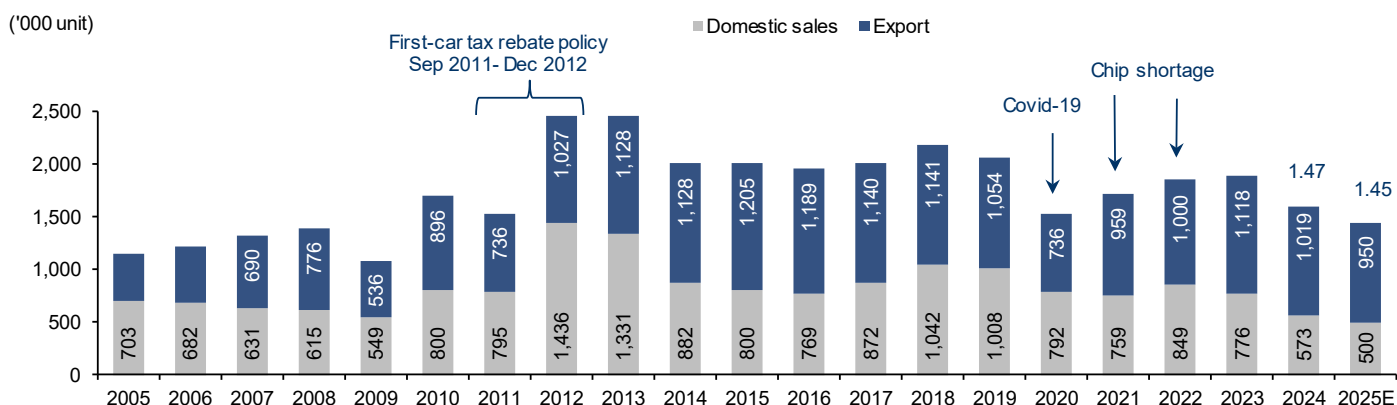
Source: The Federation of Thai Industries

Exhibit 9: Passenger car & 1-ton pickup sales



Source: The Federation of Thai Industries

Exhibit 10: Thailand car production, yearly



Source: The Federation of Thai Industries

Exhibit 11: Aggregate auto industry – Sales revenue

	2018	2019	2020	2021	2022	2023	2024	-----1H25-----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y%)
AH	16,738	18,389	17,172	20,433	27,967	30,034	26,588	13,268	(4.5)
IRC	5,562	5,430	4,364	5,297	5,883	5,417	4,581	2,373	2.7
SAT	8,194	8,006	5,883	8,598	8,931	9,089	7,429	3,467	(7.7)
STANLY	13,220	14,635	15,150	11,728	13,582	14,448	14,380	5,985	(10.9)
Industry sales revenue	43,715	46,459	42,569	46,056	56,364	58,988	52,977	25,093	(5.9)
Growth (y-y%)	2.1	6.3	(8.4)	8.2	22.4	4.7	(10.2)		

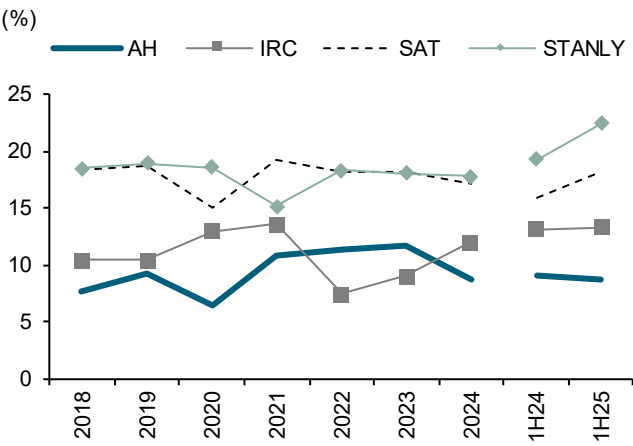
Sources: Company data, FSSIA's compilation

Exhibit 12: Aggregate auto industry – Core profit

	2018	2019	2020	2021	2022	2023	2024	-----1H25-----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y%)
AH	1,314	941	146	792	1,708	1,771	721	418	4.3
IRC	359	237	219	340	110	160	312	114	10.3
SAT	912	894	384	955	948	979	701	341	5.6
STANLY	1,639	2,027	1,981	1,034	1,496	1,742	1,724	820	5.0
Industry core profit	4,224	4,098	2,730	3,121	4,262	4,651	3,457	1,693	5.3
Growth (y-y%)	9.7	(3.0)	(33.4)	14.3	36.6	9.1	(25.7)		

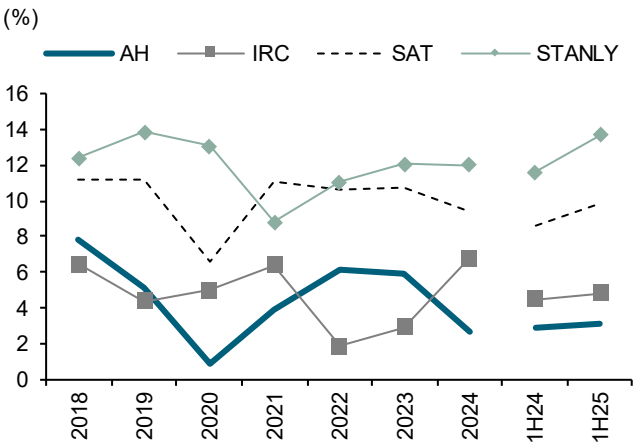
Sources: Company data, FSSIA's compilation

Exhibit 13: Gross margins of Auto companies



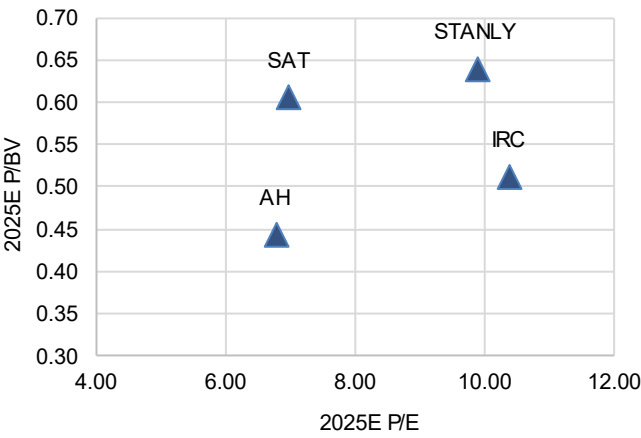
Sources: Company data, FSSIA's compilation

Exhibit 14: Net margins of Auto companies



Sources: Company data, FSSIA's compilation

Exhibit 15: 2025E P/E vs P/BV



Source: FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for SETESG inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETESG Index is extended from the SET ESG Ratings companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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All share prices are as at market close on, unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.