THAILAND: AUTOMOTIVE HUB OF ASIA

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September 21, 2012
Thailand in Brief

Population: 65 Million
Labor Force: 39 Million

2nd largest economy in ASEAN

THAILAND is the world’s
• 17th largest manufacturer
• 20th largest exporter of goods
• 33th largest economy

Per capita GDP(2011): €3,882

Thailand is an upper middle income country

Note: €1 = Bt40.16 in Q2, 2012
## ECONOMIC PROJECTIONS 2011-13

<table>
<thead>
<tr>
<th>Economic Projections</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) GDP growth (percent y-o-y)</td>
<td>0.1</td>
<td>5.7</td>
<td>5.0</td>
</tr>
<tr>
<td>2) Export, FOB value (percent y-o-y)</td>
<td>16.4</td>
<td>7.0</td>
<td>10.8</td>
</tr>
<tr>
<td>3) Import, CIF value (percent y-o-y)</td>
<td>24.7</td>
<td>14.0</td>
<td>10.1</td>
</tr>
<tr>
<td>4) Trade account (billion US. dollar)</td>
<td>23.5 (€18.3 bn)</td>
<td>11.0 (€8.6 bn)</td>
<td>13.7 (€10.7 bn)</td>
</tr>
<tr>
<td>5) Current account (billion US. dollar)</td>
<td>12.3 (€9.9 bn)</td>
<td>-0.4 (-€0.3 bn)</td>
<td>0.4 (€0.3 bn)</td>
</tr>
</tbody>
</table>

Note: US$1=Bt31.29 and €1=Bt40.16 in Q2, 2012
<table>
<thead>
<tr>
<th>Product Description</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2011 (Jan-Jul)</th>
<th>2012 (Jan-Jul)</th>
<th>Growth (yoy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor cars, parts and accessories</td>
<td>9.4</td>
<td>14.0</td>
<td>12.7</td>
<td>7.8</td>
<td>9.6</td>
<td>23.06</td>
</tr>
<tr>
<td>Automatic data processing machines and parts thereof</td>
<td>13.6</td>
<td>14.9</td>
<td>12.8</td>
<td>8.0</td>
<td>8.8</td>
<td>9.89</td>
</tr>
<tr>
<td>Refine fuels</td>
<td>5.3</td>
<td>6.1</td>
<td>7.6</td>
<td>3.9</td>
<td>5.8</td>
<td>48.09</td>
</tr>
<tr>
<td>Precious stones and jewellery</td>
<td>8.3</td>
<td>9.1</td>
<td>9.2</td>
<td>6.1</td>
<td>5.2</td>
<td>-13.48</td>
</tr>
<tr>
<td>Rubber</td>
<td>3.6</td>
<td>6.2</td>
<td>9.5</td>
<td>5.6</td>
<td>4.2</td>
<td>-26.09</td>
</tr>
<tr>
<td>Polymers of ethylene, propylene, etc in primary forms</td>
<td>3.8</td>
<td>5.0</td>
<td>6.6</td>
<td>3.9</td>
<td>3.8</td>
<td>-1.95</td>
</tr>
<tr>
<td>Chemical products</td>
<td>3.8</td>
<td>4.5</td>
<td>6.2</td>
<td>3.6</td>
<td>3.8</td>
<td>6.24</td>
</tr>
<tr>
<td>Rubber products</td>
<td>3.8</td>
<td>5.1</td>
<td>6.3</td>
<td>3.5</td>
<td>3.8</td>
<td>6.86</td>
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<tr>
<td>Electronic integrated circuits</td>
<td>5.5</td>
<td>6.4</td>
<td>5.9</td>
<td>3.7</td>
<td>2.9</td>
<td>-21.55</td>
</tr>
<tr>
<td>Machinery and parts thereof</td>
<td>2.8</td>
<td>3.8</td>
<td>4.6</td>
<td>2.4</td>
<td>2.8</td>
<td>13.90</td>
</tr>
<tr>
<td>Others</td>
<td>69.4</td>
<td>78.7</td>
<td>85.5</td>
<td>50.7</td>
<td>50.8</td>
<td>0.17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>129.3</td>
<td>153.8</td>
<td>167.0</td>
<td>99.3</td>
<td>101.5</td>
<td>2.21</td>
</tr>
</tbody>
</table>

Source: MOC, as of September 5, 2012  Note: €1=Bt40.16 in Q2, 2012
Automotive Industry: present situation and future trends
Thailand Ranked #15
2011 Automobile Production

China  USA  Japan  Germany  South Korea  India  Brazil  Mexico  Spain  France  Canada  Russia  Iran  UK  Thailand  Czech Rep.  Turkey

2011 No. 15
1,457,795 unit
Year 2011

Production = 1,457,798 Units
Domestic Sales = 795,250 Units
Export = 735,627 Units

Thailand Automotive Industry Growth

- Production
- Domestic Sales
- Export
- Planned
Structure of Thailand Automotive Industry

High Local Content
- Pick-up trucks 80-90%
- Passenger cars 30-70%

Total 2,355 companies
525,000 workers

Assemblers
- Car: 14 Companies
- MC: 7 Companies
100,000 workers

Tier 1
- 635 Companies
- 250,000 workers

Foreign JV

Foreign Majority

Thai Majority

100% Thai

Tier 2, 3 & lower
- 1,700 Companies
- 175,000 workers

Local Suppliers

Source: Thailand Automotive Institute
### Japanese Global Suppliers

2. Denso  
4. Aisin Seiki  
13. Yazaki  
15. Sumitomo  
16. Toyota Boshoku  
18. Calsonic Kansei  
19. JTEKT  
20. Hitachi  
28. Toyoda Gosei  
33. NTN  
34. NSK  
35. Mitsubishi  
39. NHK Spring  
40. Koito  
41. TS Tech  
43. Takata

46. Bridgestone  
49. Tokai Rika  
57. Showa  
61. Mitsuba  
66. Asahi Glass  
72. Stanley  
74. Akebono Brake  
82. Sanden  
84. F-Tech  
92. Alpine  
94. Pioneer  
98. Omron

28/29 Companies

### Other Global Suppliers

1. Robert Bosch  
3. Continental  
6. Faurecia  
7. Johnson Control  
8. ZF  
11. TRW  
12. Delphi  
14. Lear  
17. BASF  
21. Valeo  
22. Visteon  
23. Autoliv  
25. Mahle  
27. Dana  
31. Borg Warner  
36. Teneco  
44. Federal-Mogul  
47. Michelin  
50. GKN Driveline  
52. Goodyear  
56. Grupo Antolin  
58. Bayer  
59. TI Automotive  
65. Draexlmaier  
67. American Axle  
73. Rieter Auto.  
84. F-Tech  
86. Hayes Lammerz  
93. 3M

29/71 companies
Mapping of Automotive Assemblers

Ayudhaya
- Honda Automobile (Thailand)

Bangkok
- Thai Honda Manufacturing

Chonburi
- Mitsubishi Motors Thailand
- Hino Motors (Thailand)
- Triumph Motorcycle Thailand

Pathumthani
- Thai Suzuki Motor

Samutprakarn
- Toyota Motor Thailand (Samrong)
- Isuzu Motors (Thailand)(Samrong)
- Siam Nissan Automobile
- Thai Swedish Assembly (Volvo Truck)
- Thonburi Automotive Assembly
- Thai Yamaha Motor
- Millennium Motor

Chachoengsao
- Toyota Motor Thailand (Gateway)
- Toyota Motor Thailand (Ban Po)
- Isuzu Motors (Thailand) (Gateway)

Rayong
- Auto Alliance (Thailand) (Ford&Mazda)
- General Motors (Thailand) (Chevloret)
- BMW Manufacturing (Thailand)
- Ford Motors (Thailand)
- Suzuki Motor Thailand
- Kawasaki Motors Enterprise (Thailand)
- Ducati Motorcycle (Thailand)
Pathumthani
Total suppliers: 39
Body Parts: 18%,
Engine Parts; Electrical Parts: 13% each,
Suspension & Brake Parts: 10%,
Drive, Transmission & Steering Parts; Accessories: 8% each,
Other: 31%

Bangkok
Total suppliers: 232
Body Parts: 9%, Engine Parts; Electrical Parts; Drive, Transmission & Steering Parts; Accessories: 6% each
Suspension & Brake Parts: 4%,
Mold & Die: 3%,
Other: 60%

Samutprakarn
Total suppliers: 158
Body Parts: 22%, Electrical Parts: 15%,
Engine Parts; Drive, Transmission & Steering Parts: 8% each, Suspension & Brake Parts: 5%,
Mold & Die: 4%, Accessories: 3%, Other: 36%

Rayong
Total suppliers: 41
Body Parts: 24%,
Engine Parts; Drive, Transmission & Steering Parts: 15% each,
Suspension & Brake Parts: 12%,
Electrical Parts: 10%,
Accessories: 7%,
Mold & Die: 2%,
Other: 15%

Chonburi
Total suppliers: 55
Body Parts: 25%,
Engine Parts: 22%,
Drive, Transmission & Steering Parts: 15%,
Electrical Parts: 9%,
Accessories: 5%,
Suspension & Brake Parts: 4%,
Mold & Die: 4%, Other: 16%
Map of basic infrastructure sites and industrial parks in and around Bangkok
Production Characteristic

- 1 ton pick-up truck is a major product: 71% → 62%
- Passenger car production is growing: 23% → 37%
- Fast recovery in 2010 surpassing 2008
- Strong growth in 2012
CBU Export by Region 2011

Share of CBU Export by Type

- **1 ton P/U** = 491,153 [67%]
- **P Car** = 187,242 [25%]
- **PPV** = 57,232 [8%]
- **Total** = 735,627 [100%]
VEHICLE PARTS EXPORTS, 2002 –2012 (JAN-JUN)

Source: Automotive Intelligence Unit, as of Sept 3, 2012 Note: €1=Bo40.16 in Q2, 2012
## Automobile Production Capacity 2012

<table>
<thead>
<tr>
<th>Factory</th>
<th>Passenger Car</th>
<th>Pick Up Truck</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>250,000</td>
<td>450,000</td>
<td>-</td>
<td>700,000</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>150,000</td>
<td>250,000</td>
<td>-</td>
<td>400,000</td>
</tr>
<tr>
<td>Auto Alliance</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>300,000</td>
</tr>
<tr>
<td>Nissan</td>
<td>140,000</td>
<td>100,000</td>
<td>-</td>
<td>240,000</td>
</tr>
<tr>
<td>Honda</td>
<td>240,000</td>
<td>-</td>
<td>-</td>
<td>240,000</td>
</tr>
<tr>
<td>Isuzu</td>
<td>-</td>
<td>200,000</td>
<td>20,000</td>
<td>220,000</td>
</tr>
<tr>
<td>Ford</td>
<td>200,000</td>
<td>-</td>
<td>-</td>
<td>200,000</td>
</tr>
<tr>
<td>General Motor</td>
<td>40,000</td>
<td>120,000</td>
<td>-</td>
<td>160,000</td>
</tr>
<tr>
<td>Suzuki</td>
<td>135,000</td>
<td>-</td>
<td>-</td>
<td>135,000</td>
</tr>
<tr>
<td>Others</td>
<td>50,000</td>
<td>10,000</td>
<td>20,000</td>
<td>80,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,355,000</strong></td>
<td><strong>1,280,000</strong></td>
<td><strong>40,000</strong></td>
<td><strong>2,675,000</strong></td>
</tr>
</tbody>
</table>

Forecasted by TAI  Feb 2012
<table>
<thead>
<tr>
<th></th>
<th>Production Hub</th>
<th>R &amp; D Hub</th>
<th>Regional Head Office</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Toyota</strong></td>
<td><strong>Toyota Motor Thailand</strong></td>
<td><strong>Toyota Motor Asia Pacific Engineering &amp; Manufacturing</strong></td>
<td><strong>Toyota Motor Asia Pacific Engineering &amp; Manufacturing</strong></td>
</tr>
<tr>
<td></td>
<td>(for Asia, Oceania, Africa, EU, Central &amp; South America Market)</td>
<td>(for Asia Pacific)</td>
<td>(for Asia Pacific)</td>
</tr>
<tr>
<td><strong>Honda</strong></td>
<td><strong>Honda Automobile (Thailand)</strong></td>
<td><strong>Honda R&amp;D Asia Pacific</strong></td>
<td><strong>Asian Honda Motor</strong></td>
</tr>
<tr>
<td></td>
<td>(for Asia, Oceania, Africa, EU, Central &amp; South America Market)</td>
<td>(for Asia Pacific)</td>
<td>(for Asia (except China and Japan) and Oceania)</td>
</tr>
<tr>
<td><strong>Nissan</strong></td>
<td><strong>Nissan Motor (Thailand)</strong></td>
<td><strong>Nissan Technical Center Southeast Asia</strong></td>
<td><strong>Nissan Motor (Thailand)</strong></td>
</tr>
<tr>
<td></td>
<td>(for Asia, Oceania, Africa, EU, Central &amp; South America Market)</td>
<td>(for ASEAN)</td>
<td>(for ASEAN)</td>
</tr>
<tr>
<td><strong>Isuzu</strong></td>
<td><strong>Isuzu Motor (Thailand), Tri Retch Isuzu Sales &amp; Isuzu Operation (Thailand)</strong></td>
<td><strong>ISUZU Technical Center of Asia</strong></td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(for Asia, Oceania, Africa, EU, Central &amp; South America Market)</td>
<td>(for Southeast Asia)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Mitsubishi</strong></td>
<td><strong>Mitsubishi Motor (Thailand)</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Car Production in 2012 (Jan-Jun)

2012 Production Forecast: 2 million units

Source: Thailand Automotive Institute
## Estimated Production Capacity

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>Investment</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>700,000</td>
<td>200,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Ford &amp; Mazda</td>
<td>500,000</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>400,000</td>
<td>100,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Isuzu</td>
<td>220,000</td>
<td>100,000</td>
<td>320,000</td>
</tr>
<tr>
<td>Honda</td>
<td>240,000</td>
<td>-</td>
<td>240,000</td>
</tr>
<tr>
<td>Nissan</td>
<td>240,000</td>
<td>-</td>
<td>240,000</td>
</tr>
<tr>
<td>Suzuki</td>
<td>135,000</td>
<td>65,000</td>
<td>200,000</td>
</tr>
<tr>
<td>GM</td>
<td>160,000</td>
<td>-</td>
<td>160,000</td>
</tr>
<tr>
<td>Others</td>
<td>80,000</td>
<td>-</td>
<td>80,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2,675,000</td>
<td>465,000</td>
<td>3,140,000</td>
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</tbody>
</table>

Forecasted by TAI  Feb 2012
# ECO CAR

<table>
<thead>
<tr>
<th>Company</th>
<th>Capacity (units/year)</th>
<th>Launch</th>
<th>Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nissan</td>
<td>120,000</td>
<td>March 2010</td>
<td>March Almera</td>
</tr>
<tr>
<td></td>
<td></td>
<td>October 2011</td>
<td></td>
</tr>
<tr>
<td>Honda</td>
<td>120,000</td>
<td>Q4 2010</td>
<td>Brio</td>
</tr>
<tr>
<td>Suzuki</td>
<td>138,000</td>
<td>March 2012</td>
<td>New Swift</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>200,000</td>
<td>March 2012</td>
<td>Mirage</td>
</tr>
<tr>
<td>Toyota</td>
<td>100,000</td>
<td>Q1 2013</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>678,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Eco car specifications-emission standard EURO IV & $\text{CO}_2 \leq 120$ g/km, Energy - 5 liters/100 kms, Crash safety UNECE R94&95

Source: BOI as of July 2012
“Eco Car” - Thailand’s 2nd Product Champion

**Energy Saving:**
5 liters/100 km.

incl. Hybrid, Alter. Fuel

**Emission Standard:**
EURO IV & CO₂ ≤ 120g/km.

**Crash Safety:**
UN ECE R94 & R95
## Automotive Industry - New Model Production in Thailand

<table>
<thead>
<tr>
<th>Brand</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>Camry</td>
<td>Yaris Eco Car</td>
<td>Corolla</td>
</tr>
<tr>
<td>Isuzu</td>
<td>Jazz Hybrid CRV</td>
<td>D-Max RF 10 to replace MU 7</td>
<td></td>
</tr>
<tr>
<td>Honda</td>
<td>Jazz</td>
<td>City</td>
<td>Accord Brio Sedan</td>
</tr>
<tr>
<td>Ford</td>
<td>Focus</td>
<td>Everest</td>
<td></td>
</tr>
<tr>
<td>Mazda</td>
<td>Colorado SUV Aveo T300</td>
<td></td>
<td>Mazda 2</td>
</tr>
<tr>
<td>Chevrolet</td>
<td>Eco Car Hatchback</td>
<td>Eco Car Sedan</td>
<td>Triton (E3)</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>Eco Car</td>
<td>New compact sedan to replace Tiida</td>
<td></td>
</tr>
<tr>
<td>Nissan</td>
<td>Eco Car</td>
<td>New small car</td>
<td>Navara</td>
</tr>
</tbody>
</table>

Source: Thai AutoBook 2012: TAI
Automotive Industry - Production Forecast

- Ford/AAT: A 219% increase in 2017 compared with 2011.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ford Group</td>
<td>Ecosport</td>
<td>0</td>
<td>0</td>
<td>11,771</td>
<td>20,532</td>
<td>23,801</td>
<td>22,623</td>
<td>24,871</td>
</tr>
<tr>
<td></td>
<td>Focus</td>
<td>0</td>
<td>14,722</td>
<td>19,975</td>
<td>22,240</td>
<td>22,023</td>
<td>25,271</td>
<td>26,481</td>
</tr>
<tr>
<td></td>
<td>Ford B MPV</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10,471</td>
<td>20,353</td>
<td>22,144</td>
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<tr>
<td></td>
<td>Mondeo</td>
<td>0</td>
<td>0</td>
<td>1,397</td>
<td>4,336</td>
<td>4,851</td>
<td>5,823</td>
<td>6,225</td>
</tr>
<tr>
<td>Ford Group Total</td>
<td></td>
<td>0</td>
<td>14,722</td>
<td>33,143</td>
<td>47,108</td>
<td>61,146</td>
<td>74,070</td>
<td>79,721</td>
</tr>
<tr>
<td>Auto Alliance</td>
<td>Everest</td>
<td>7,235</td>
<td>4,742</td>
<td>7,400</td>
<td>8,153</td>
<td>8,406</td>
<td>9,110</td>
<td>9,801</td>
</tr>
<tr>
<td></td>
<td>Fiesta</td>
<td>46,959</td>
<td>68,678</td>
<td>67,688</td>
<td>65,260</td>
<td>73,007</td>
<td>78,911</td>
<td>83,926</td>
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<tr>
<td></td>
<td>Ranger (Asia)</td>
<td>63,294</td>
<td>67,730</td>
<td>71,868</td>
<td>75,928</td>
<td>77,992</td>
<td>82,273</td>
<td>84,606</td>
</tr>
<tr>
<td>Auto Alliance Total</td>
<td></td>
<td>117,488</td>
<td>141,150</td>
<td>146,956</td>
<td>149,341</td>
<td>159,405</td>
<td>170,294</td>
<td>178,333</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>117,488</td>
<td>155,872</td>
<td>180,099</td>
<td>196,449</td>
<td>220,551</td>
<td>244,364</td>
<td>258,054</td>
</tr>
</tbody>
</table>

- GM: A 374% increase in 2017 compared with 2011.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Motors Group</td>
<td>Aveo</td>
<td>10,532</td>
<td>5,683</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Captiva</td>
<td>9,743</td>
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<td>5,933</td>
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<td>Colorado</td>
<td>10,753</td>
<td>69,258</td>
<td>86,548</td>
<td>96,439</td>
<td>103,466</td>
<td>128,402</td>
<td>126,326</td>
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<td>22,476</td>
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<td>D-Max</td>
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<td>11,260</td>
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<td>Trailblazer</td>
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<td>49,049</td>
<td>54,478</td>
<td>56,958</td>
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<td>General Motors Group Total</td>
<td></td>
<td>65,701</td>
<td>124,447</td>
<td>178,282</td>
<td>193,732</td>
<td>208,094</td>
<td>232,286</td>
<td>246,291</td>
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</tbody>
</table>

Source: Austrade Presentation – June 2012: LMC Automotive
**Automotive Industry - Production Forecast**

- **Toyota:** A 195% increase in 2017 compared with 2011.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Toyota Group</td>
<td>Camry</td>
<td>23,048</td>
<td>32,830</td>
<td>27,911</td>
<td>28,544</td>
<td>29,823</td>
<td>31,167</td>
<td>33,348</td>
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<td>Corolla</td>
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<td>66,850</td>
<td>66,957</td>
<td>66,923</td>
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<td>Dutro</td>
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<td>176</td>
<td>105</td>
<td>159</td>
<td>112</td>
<td>116</td>
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<td>EFC (Asean)</td>
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<td>Fortuner</td>
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<td>46,699</td>
<td>50,558</td>
<td>55,675</td>
<td>56,487</td>
<td>47,871</td>
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<td>Hiace/Hiace Regius</td>
<td>0</td>
<td>3,502</td>
<td>31,814</td>
<td>33,961</td>
<td>34,480</td>
<td>33,626</td>
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<td></td>
<td>Hilux</td>
<td>318,507</td>
<td>438,301</td>
<td>470,157</td>
<td>498,239</td>
<td>535,419</td>
<td>565,159</td>
<td>605,532</td>
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<td></td>
<td>Prius</td>
<td>7,972</td>
<td>9,075</td>
<td>5,510</td>
<td>5,838</td>
<td>5,800</td>
<td>6,220</td>
<td>6,498</td>
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<tr>
<td></td>
<td>Vios</td>
<td>73,080</td>
<td>94,012</td>
<td>50,637</td>
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<tr>
<td></td>
<td>Yaris</td>
<td>24,512</td>
<td>24,615</td>
<td>24,513</td>
<td>23,677</td>
<td>25,520</td>
<td>25,984</td>
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<td>Toyota Group Total</td>
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<td>515,965</td>
<td>718,230</td>
<td>795,867</td>
<td>844,544</td>
<td>903,832</td>
<td>954,007</td>
<td>1,008,932</td>
</tr>
</tbody>
</table>

- **NOTES:**
  - Very significant increases in production are planned.
  - Many new “Passenger Car” models are included in these plans, providing a range of new opportunities for suppliers.

Source: Austrade Presentation – June 2012: LMC Automotive
Opportunities: Components Needed in Thailand

- Automatic Transmissions
- Continuously Variable Transmissions (CVT)
- Traction motors for automobiles
  - e.g. hybrid or fuel cell cars
- Regenerative Braking System
- Electronic Stability Control (ESC)
- Automotive Electronics

Source: BoI Announcement No.2/2553, as of April 23, 2010
ASEAN – Compelling Opportunity

Members: 10 countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam)

GDP Growth: >5%

Car Population: 26 million

No of Cars/1,000 per: less than 50

Note: US$1=Bt31.29 and €1=Bt40.16 in Q2, 2012
ASEAN - to be the World’s 8th Largest Automotive Market

### Automotive Sales

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales 2010</th>
<th>Sales 2015</th>
<th>Sales 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>17,212,891</td>
<td>29,010,852</td>
</tr>
<tr>
<td>2</td>
<td>USA</td>
<td>11,562,701</td>
<td>16,466,283</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>4,891,452</td>
<td>5,788,462</td>
</tr>
<tr>
<td>4</td>
<td>Brazil</td>
<td>3,363,445</td>
<td>5,364,935</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>3,109,641</td>
<td>4,591,476</td>
</tr>
<tr>
<td>6</td>
<td>India</td>
<td>2,712,587</td>
<td>3,850,511</td>
</tr>
<tr>
<td>7</td>
<td>France</td>
<td>2,669,402</td>
<td>3,429,031</td>
</tr>
<tr>
<td>8</td>
<td>ASEAN</td>
<td>2,226,965</td>
<td>3,140,684</td>
</tr>
<tr>
<td>9</td>
<td>UK</td>
<td>2,260,881</td>
<td>2,704,451</td>
</tr>
<tr>
<td>10</td>
<td>Italy</td>
<td>2,128,492</td>
<td>2,563,360</td>
</tr>
</tbody>
</table>

Source: ASEAN-The Final Frontier, Frost & Sullivan
THAILAND, INDONESIA AND THE PHILIPPINES - FAST GROWING MARKETS

Source: ASEAN-The Final Frontier, Frost & Sullivan
An Expanding FTA Regime

Entered into force

Expected to be concluded

Pending

Starts negotiation
Future Plans

- 3rd Product Champion (after one-top pick up trucks and eco cars)
- Focus on eco-friendly products
  - Electric Vehicles
  - Hybrid
  - Renewable energy
  - Raising energy efficiency
- Thailand as a “Big Bikes” Hub
  - Existing players-Triumph, Ducati, Kawasaki
COST - COMPETITIVE LOCATION
TNCS’ TOP PROSPECTIVE HOST ECONOMIES FOR 2012–2014
(percentage of respondents selecting economy as a top destination)

(x) = 2011 ranking
1 China (1)
2 United States (2)
3 India (3)
4 Indonesia (6)
5 Brazil (4)
6 Australia (8)
6 United Kingdom (13)
8 Germany (8)
8 Russian Federation (5)
8 Thailand (12)
11 Viet Nam (11)
12 Mexico (10)
13 Japan (-)
14 Netherlands (-)
14 Poland (6)
14 South Africa (-)
17 Korea, Republic of (-)
17 Sweden (-)
19 France (19)
19 Italy (-)
19 Malaysia (19)

Source: UNCTAD Top host economies for FDI 2012-2012 as of July 12, 2012
AFFORDABLE OFFICE SPACE

€/sq ft/annum

Tokyo 133
Shanghai-Puxi 93
Mumbai-BKC 85
Singapore 83
Guangzhou 49
Ho Chi Minh City 37
Kuala Lumpur 35
Jakarta 35
Bangkok 23
Manila 18

Note: US$1=Bt31.29 and €1=Bt40.16 in Q2, 2012
Source: CBRE MarketView Asia Pacific Office, Q2/2012 as of Aug 14, 2012
ASEAN’S LABOR MINIMUM WAGE RATE

ASEAN Min. Wage Rate

<table>
<thead>
<tr>
<th>Country</th>
<th>€/Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>18</td>
</tr>
<tr>
<td>Malaysia</td>
<td>16</td>
</tr>
<tr>
<td>Philippines (Manila)</td>
<td>8</td>
</tr>
<tr>
<td>Thailand</td>
<td>7</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2</td>
</tr>
</tbody>
</table>

Bt300/Day, effective from April 30, 2012

Note: US$1=Bt31.29 and €1=Bt40.16 in Q2, 2012
Thailand and the BOI Offer:

LIBERAL INVESTMENT REGIME

- No restrictions on foreign currency
- 100% foreign ownership
- No export requirements
- No local content requirements
Corporate income tax
- 0, 10% for regional operating headquarters
- 15-23% for net profits (for firms with capital of \( \leq 5 \) million baht)
- 23% of net profits (for other firms)

VAT – 7%

Remittances: 10% of gross remittances

Withholding: 10-15%

Personal income:
- 0-37% (sliding scale)
- 15% flat rate for expats working for regional operating headquarters
ASEAN CORPORATE INCOME TAX 2013

Source: KPMG
## Tax Package of Regional Operating Headquarters

### For portion of income from OVERSEAS OPERATIONS
- **0% CORPORATE INCOME TAX for 15 years**

### For portion of income from LOCAL OPERATIONS
- **10% CORPORATE INCOME TAX for 15 years**

### Key Conditions
- In 1st fiscal year, have one operating company in another country; a second within 3rd year; a third within 5th year
- Have annual expenses in Thailand of Bt15 million, or have invested at least Bt30 million in Thailand
- By end of 3rd year, 75% of ROH personnel to be qualified staff, and 5 persons earning at least Bt2.5 million annual salary and benefits per person
- All companies must be real operating companies with a physical presence and staff

### For income of EXPATRIATE EMPLOYEES
- **15% PERSONAL INCOME TAX for 8 years**

### Key Conditions

*In addition to conditions for income from overseas and local operations:*
- Income generated from services to overseas companies must be at least 50% of total revenues
Basic BOI Privileges and Measures

**Tax Incentives**
- Corporate income tax holidays up to 8 years.
  - Additional 50% reductions of corporate income tax for 5 yrs
- Import duty reductions or exemptions on machinery and raw materials.
- Double deduction of public utility costs.
- 25% additional deductions for infrastructure construction / installation costs.

**Non-Tax measures**
- Land ownership rights for foreign investors.
- Work permit/visa facilitation for foreign experts and technicians.
  - One-Stop-Shop
  - Visas & Work Permits are issued in 3 hours

---

Unbeatable Thailand, Unparalleled Opportunities
### BOI Zoning and Incentives

**Zone:**
- 1
- 2
- 3

**Incentives:** Lower → Higher

<table>
<thead>
<tr>
<th>Import Duty Privileges</th>
<th>Outside I.E</th>
<th>Inside I.E</th>
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</thead>
<tbody>
<tr>
<td>Zone 1</td>
<td>50% Reduction</td>
<td>50% Reduction</td>
</tr>
<tr>
<td>Zone 2</td>
<td>50% Reduction</td>
<td>Exempt</td>
</tr>
<tr>
<td>Zone 3</td>
<td>Exempt</td>
<td>Exempt</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate Income Tax</th>
<th>Outside I.E</th>
<th>Inside I.E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone 1</td>
<td>No Privilege</td>
<td>3 years</td>
</tr>
<tr>
<td>Zone 2</td>
<td>3 years</td>
<td>7 years</td>
</tr>
<tr>
<td>Zone 3</td>
<td>8 years</td>
<td>8 years</td>
</tr>
</tbody>
</table>
## BOI Incentives for Automotive Parts Industry

<table>
<thead>
<tr>
<th>Zone 1</th>
<th>Zone 2</th>
<th>Zone 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Component Parts Manufacturers:</strong></td>
<td><strong>General</strong></td>
<td><strong>High-Tech</strong></td>
</tr>
<tr>
<td>Machinery Duty: Exempt</td>
<td>Machinery Duty: Exempt</td>
<td>Machinery Duty: Exempt</td>
</tr>
<tr>
<td>Corporate Income tax exemption:</td>
<td>Corporate Income tax exemption:</td>
<td>Corporate Income tax exemption:</td>
</tr>
<tr>
<td>In IE - 3 years</td>
<td>In IE - 7 years</td>
<td>exempt 8 years</td>
</tr>
<tr>
<td>Machinery Duty: 50% reduction</td>
<td>Machinery Duty: 50% reduction</td>
<td>Machinery Duty: Exempt</td>
</tr>
<tr>
<td>Corporate Income tax exemption:</td>
<td>Corporate Income tax exemption:</td>
<td>Corporate Income tax exemption:</td>
</tr>
<tr>
<td>In IE - 3 years</td>
<td>Outside IE - 3 years</td>
<td>exempt 8 years</td>
</tr>
<tr>
<td>Exempt from machinery import duties</td>
<td>Exempt from corporate income tax for 8 years</td>
<td><strong>Examples:</strong> Eco Car Parts, Electronic Fuel Injection Systems, ABS Brake Systems, Substrates for Catalytic Converters, NGV Parts, Molds/Dies, NGV/LNG Cylinder Tanks, Automotive Electronics</td>
</tr>
</tbody>
</table>
BOI SERVICES
BOI SUPPORT SERVICES

- Investment Matchmaking Program
- 1-Stop for visas & work permits: work permits in 3 hours
- Industrial Subcontracting Services Vendors meet customers program (BUILD Unit)
- ASEAN Supporting Industry Database
- Interaction with other govt. agencies on behalf of investors
- Country desks
- Overseas offices
ASEAN SUPPORTING INDUSTRY DATABASE (ASID)

- Information and profiles of companies in supporting industries and manufacturers of parts and components in 10 ASEAN countries
- ASID can be easily accessed via the internet at www.asidnet.org
BOI UNIT FOR INDUSTRIAL LINKAGE DEVELOPMENT (BUILD)

20 YEARS OF SERVICE

display email: build@boi.go.th
SOME OF BUILD’S SUCCESS STORIES
One Start One Stop Investment Center

More Convenience, less time, more efficiency!

18th Floor, Chamchuri Square Building
319 Phayathai Road, Pathumwan
Domestic Call: 0 2209 1100, Inter. Call: (66 2) 209 1100
Email: osos@boi.go.th
SERVICES AT OSOS

- Staff from relevant agencies will also be available for consultations on a range of topics.
- Help investors with applications to make sure investors know what is required to:
  - Register a company
  - Apply for investment promotion privileges
  - Obtain a foreign business license
  - Tax registration
  - Complete an environmental impact assessment
  - Obtain utilities, etc.
- OSOS staff will also accept applications for things such as corporate name registration, corporate tax ID numbers, VAT registration, foreign business licenses, investment promotion incentives, etc.
Frankfurt
Thailand Board of Investment
Bethmann Strasse 58, 5.OG
60311 Frankfurt am Main, Germany

Telephone: +49 (0) 69 9291 230
Fax: +49 (0) 69 9291 2320
Email: fra@boi.go.th

Chanin Kaochan
Director
THANK YOU