Press Release

20 July 2015

A Month-on-Month Rise in ASEAN Sales Does Not Yet Signal a Recovery

Overall vehicle sales in the ASEAN region declined by 11% in May in year-on-year (YoY) terms, but rose by 4% from the preceding month. Although sales picked up in Thailand and Malaysia, leading to the month-on-month (MoM) increase, this should not be seen as a positive signal, or an indication that either market has started to recover.

The MoM growth in Malaysia came on the back of low sales in April – a knock-on effect of the buying rush that preceded the implementation of the new goods and services tax (GST). In Thailand, the long holiday in April affected sales as consumers postponed vehicle purchases to the following month.

Despite the rise, May's volumes dipped below the average rate seen in Q1 2015, when 55,299 and 64,017 units sold in Malaysia and Thailand, respectively. In May, sales amounted to 50,764 units in Malaysia and 54,862 units in Thailand.

Malaysian consumers are increasingly cautious when it comes to purchasing big ticket items, such as new vehicles, in light of the higher cost of living and price hikes on essential goods in the wake of the new tax scheme.

The Thai market is expected to improve, boosted by Toyota's launch of the all-new version of the Hilux on 21 May. Last year, the model was responsible for 17% of total vehicle sales. That being said, the Hilux is aimed primarily at the rural market, which is struggling with drought. Indeed, the government has requested that farmers and growers suspend or delay crop planting, and the rice crop, in particular. While the Hilux will bolster volumes in the Thai market, the drought will limit sales to some extent, particularly in rural areas.

Indonesia has not escaped the effects of the drought either. The prolonged dry season has led to crop failures, a drop in farmers' incomes, inflation and higher food prices throughout the country.

It is worth noting that, according World Bank statistics, the percentage of the population living in rural areas in Thailand and Indonesia was 51% and 47%, respectively, in 2014.

No solution has been found to reverse the depreciation of the Indonesian rupiah. The resulting higher fuel prices and dwindling demand for new vehicles persist as sales in May tumbled by 6% YoY and 2% MoM. To stimulate vehicle sales, the authorities have reduced the required minimum down payment for Passenger Vehicles (PVs) from 30% to 25%, leaving that for Commercial Vehicles unchanged at 20%.

In contrast to the three largest ASEAN markets, Light Vehicle demand rose in both the Philippines and Vietnam. Economic indicators in the Philippines suggest an improving picture as both inflation and the rate of unemployment fell, added to which, new model launches and more flexible financing terms boosted sales in May by 13% YoY and 8% MoM.

In Vietnam, sales in May rose by 18% YoY, with particularly strong growth in the CV sector, which showed an impressive 88% rise in the January-May 2015 period versus the same period last year. The stricter regulations on vehicle overloading have forced businesses to invest in Pickups and other Light Commercial Vehicles (LCVs) to meet the growing transportation needs in Vietnam's booming economy.

The risk that the devaluation of the Vietnamese currency could trigger higher inflation remains a concern, along with the potential for the Greek debt crisis to dampen the country's export outlook given that the EU is Vietnam's largest export market.

ASEAN Top Lines

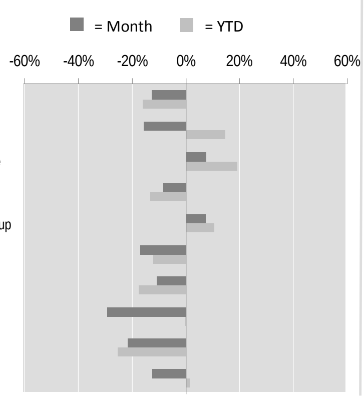
	May	Growth	YTD	Growth	2015	Growth
Sales	231,962	-11%	1,228,996	-8%		
PV	162,403	-13%	860,927	-9%	2,077,142	-8%
LCV	59,037	-5%	311,451	-4%	759,026	-4%
M&H CV	10,522	-13%	56,618	-15%		
Production	341,246	7%	1,738,172	2%		
PV	220,925	8%	1,120,026	3%	2,594,771	-5%
LCV	107,158	8%	544,235	1%	1,299,214	-16%
M&H CV	13,163	-3%	73,911	2%		

Market Performance

		May	Growth	Share	YTD	Growth	Share
Thailand	PV	30,097	-19%	55%	162,576	-16%	54%
	LCV	24,765	-18%	45%	136,510	-17%	46%
Malaysia	PV	45,671	-8%	90%	234,927	-4%	90%
	LCV	5,093	-14%	10%	27,486	-5%	10%
Indonesia	PV	57,439	-20%	77%	316,921	-18%	77%
	LCV	17,533	0%	23%	95,753	-1%	23%
Philippines	PV	19,887	11%	78%	93,460	15%	78%
	LCV	5,611	22%	22%	25,790	20%	22%
Vietnam	PV	9,309	-1%	61%	53,043	43%	67%
	LCV	6,035	66%	39%	25,912	88%	33%

Group Sales Performance

ASEAN GROWTH RATE



YTD VOLUMES

	Asean Volume	Asean Growth	Thailand Volume	Thailand Growth	Malaysia Volume	Malaysia Growth	Indonesia Volume	Indonesia Growth	Philippines Volume	Philippines Growth	Vietnam Volume	Vietnam Growth
Toyota Group	415,787	-16%	101,294	-26%	32,478	-27%	211,798	-19%	47,947	20%	22,270	50%
Honda Group	158,092	15%	46,885	23%	34,925	17%	66,372	7%	6,785	43%	3,125	13%
Perodua Automotive	92,373	19%	0	N/A	92,373	19%	0	N/A	0	N/A	0	N/A
Mitsubishi Motors	80,300	-13%	19,930	-26%	4,646	-26%	33,817	-11%	20,124	1%	1,783	31%
Renault-Nissan Group	73,694	11%	22,698	-14%	19,784	10%	25,807	41%	4,064	27%	1,341	106%
Isuzu Motors	71,080	-12%	54,107	-17%	3,678	-9%	5,071	-16%	7,533	44%	691	121%
Suzuki Group	69,081	-17%	8,857	0%	1,539	-34%	53,078	-23%	3,959	67%	1,648	11%
Hyundai Group	44,103	0%	1,859	6%	5,185	-38%	2,167	-60%	12,838	-1%	22,054	41%
DRB-Hicom	40,703	-25%	98	-57%	40,486	-25%	119	-49%	0	N/A	0	N/A
Ford Group	37,523	1%	11,670	-31%	5,604	7%	2,151	-38%	8,557	19%	9,541	122%

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