

UPDATE

THAILAND STEEL REPORT

BY IRON AND STEEL INSTITUTE OF THAILAND

MARCH 2017

THAILAND STEEL INDUSTRY 2016



Consumption **19.29** MT **+15.4%**
Production **7.97** MT **+23%**



Import **12.6** MT, hits new high in 2016, **+10.3%** YoY



Capacity Utilization ratio
~ **30-40** percent



Finished Steel Inventory Index up by **20%** YTD



Domestic steel average price decreased by **-6%** YoY



Downstream industry demand seem softer in 2016 (Production)

Cement **-1.9%**

Car production **+0.2%**

Canned Fruit **-7.2%**

Canned Seafood **-4%**

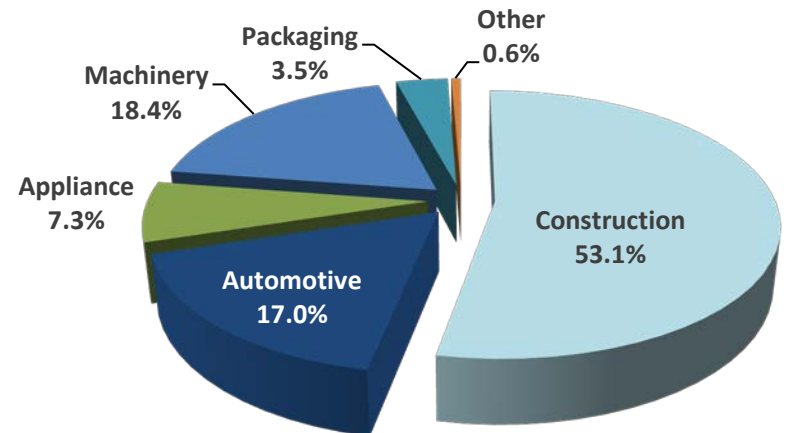
Compressors **-7.8%**

Refrigerator **+1.0%**



Demand per capita is **294** Kg.

Demand Breakdown



Thailand Steel Industry Consumption 2016

■ Finished Steel Consumption

		Production	Import	%y-o-y change	Export	%y-o-y change	Consumption	%y-o-y change
Total Apparent Finished Steel Consumption		7,977,591	12,614,629	10.30%	1,294,821	8.10%	19,297,398	15.38%
Long Product Finished Steel Consumption		5,301,246	3,125,418	6.21%	816,505	-1.25%	7,610,160	23.95%
Long Product	Bar	4,773,604	718,792	10.37%	197,857	-6.38%	5,135,423	34.20%
	HR section	-	196,767	42.31%	355,882	4.67%		
	Wire rod	527,642	1,691,168	6.21%	5,095	-31.51%	2,213,716	9.59%
	Cold-drawn bar	-	61,200	4.96%	20,514	-4.80%	40,686	10.68%
	Steel wire	-	216,634	16.10%	189,126	2.25%	27,509	1583.52%
	Seamless pipe	-	240,856	-23.79%	48,031	-22.01%	192,825	-24.23%
Flat Product Finished Steel Consumption⁽¹⁾		2,676,344	9,489,211	11.72%	478,317	28.95%	11,687,239	10.40%
Flat Product	HR plate	175,016	504,545	47.83%	3,554	-9.91%	676,007	37.12%
	HR sheet	2,501,328	4,477,483	14.05%	15,155	56.30%	6,963,657	11.89%
	CR sheet	1,841,584	1,265,921	2.20%	155,763	47.11%	2,951,742	5.75%
	Coated	1,419,788	2,721,861	3.54%	124,772	36.98%	4,016,877	1.72%
	Cold-formed section	-	20,419	393.09%	3,526	11.40%	16,893	1630.82%
	Welded pipe	-	498,982	40.61%	175,547	11.69%	323,435	63.59%

Remarks : (1)Total flat steel consumption does not include CR sheet and Coated steel production amount since both products use HR sheet as their base materials, they are already counted in HR sheet consumption amount.

Source : Iron and Steel Institute of Thailand (ISIT), March 2017

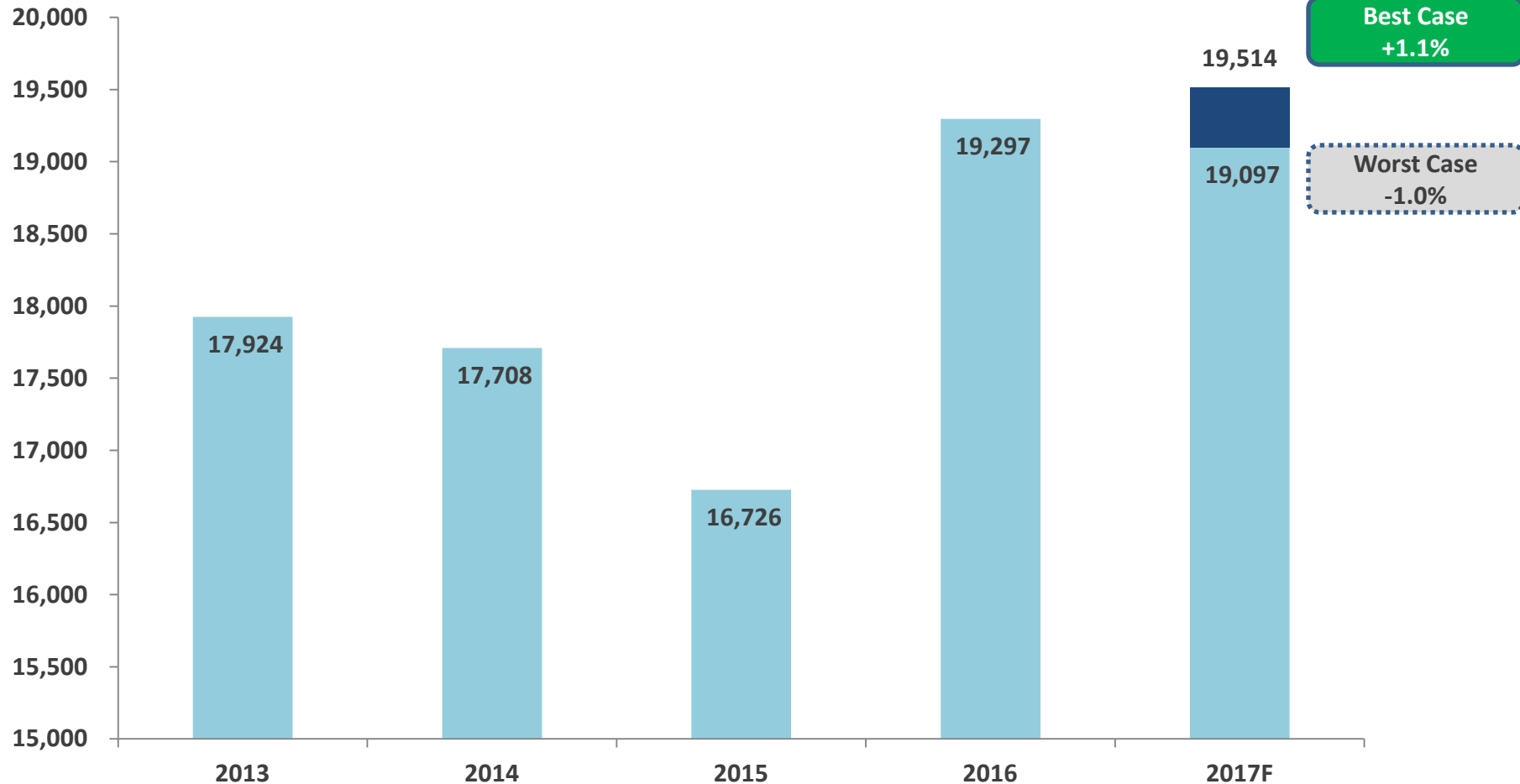
Thailand Steel Industry Consumption 2016

■ Crude Steel Consumption

Jan-Dec 16		Production	Import	%y-o-y change	Export	%y-o-y change	Consumption	y-o-y change
Apparent Crude Steel Consumption		3,825,120	4,940,218	55.55%	145,678	3941%	8,619,661	25.38%
Ingot	Carbon Steel	-	24,160	1127.01%	63	-4%	29,249	-77.88%
	Stainless steel	-	47	-33.56%	1	-		
	Alloy steel	-	5,107	-96.08%	0	-100%		
Semi Product	Billet	3,825,120	1,914,789	30.77%	5	-	8,590,412	27.41%
	Slab		1,290,315	23.40%	28,011	-		
	Billet/Slab C >= 0.25%		726,721	117.60%	115,351	4222%		
	Other Semi		979,079	390.06%	2,247	873%		

THAILAND STEEL OUTLOOK 2017

Thailand steel demand ('000 tonnes)



Assumption

GDP growth 3-4%

Automotive growth 2-6%

Machinery & Industrial growth 0-1%

Construction growth 3-5%

Appliance growth 1-3%

Packaging growth 1-2%

Source : Iron and Steel Institute of Thailand (ISIT), March 2017

THE GOVERNMENT POLICY OF THAILAND

❑ **The Thailand 4.0** development plan is focused on 10 targeted industries, which can be divided into two segments; developing existing industrial sectors by adding value through advanced technologies for five industries: Next-Generation Automotive; Smart Electronics; High-Income Tourism and Medical Tourism; Efficient Agriculture and Bio-technology; and Food Innovation. The government has targeted five additional growth engines to accelerate Thailand's future growth: Automation and Robotics; Aerospace; Bio-Energy and Bio-chemicals; Digital; and Medical and Healthcare.

❑ Investment Promotion Measure in the Eastern Economic Corridor Development (EEC)

Targeted Industries in the EEC

(Chachoengsao, Chonburi, Rayong)

- Next-Generation Automotive
- Smart Electronics
- Eco-friendly Petrochemicals and Bio-Chemicals
- Automation and Robotics
- Aviation
- Medical Hub
- Affluent, Medical & Wellness Tourism
- Food for the Future
- Digital

➤ Emphasize on projects that will enhance competitiveness in the EEC such as:

- Targeted industries that utilize advanced technologies
 - Infrastructure development
 - Development of tourist destinations
 - R&D and high-value services
- Projects eligible for CIT exemption (Group A) shall be given an additional 50% CIT reduction for 5 years
- Incentives will be granted in line with the Competitiveness Enhancement Act for Strategic Projects located in the EEC special zones including a maximum CIT exemption of 15 years + grants
- Incorporate supporting tools from various agencies as well as eliminate barriers, rules and regulations in order to generate real, high-value investments
- One Stop Service to facilitate investment in the area

EASTERN ECONOMIC CORRIDOR DEVELOPMENT (EEC) - TARGET

Combined Public and Private Investments at least

1.5 Trillion baht (\$43 Billion USD) in the first 5 years



Source : "Eastern Economic Corridor Development project" Driving Forward...,15th February 2017, Ministry of Industry

5 HIGH PRIORITY PROJECTS TO START IN 2017



U-Tapao Airport

- 3 million tourists
- MRO (Maintenance Repair & Overhaul center)
First phase by Thai Airways and strategic alliances
- Start constructing 2nd runway
- Grant concession for new city airport

Laem Chabang Port

- Provide PPP for bidding 3rd phase

High Speed Rail

- Provide PPP for bidding to connect 3 airports

Target Industries

- Acquire lead investors for target industries
 - Bioeconomy
 - Auto, Auto part, Electronics, and Robotics
 - Aviation, Maintenance and Related Businesses
 - Medical Hub

New Cities

- Develop city planning and identify location
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Thank you for your attention.

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