Deloitte.

Vietnam Automotive Industry Overview

October 11th 2024

Contents

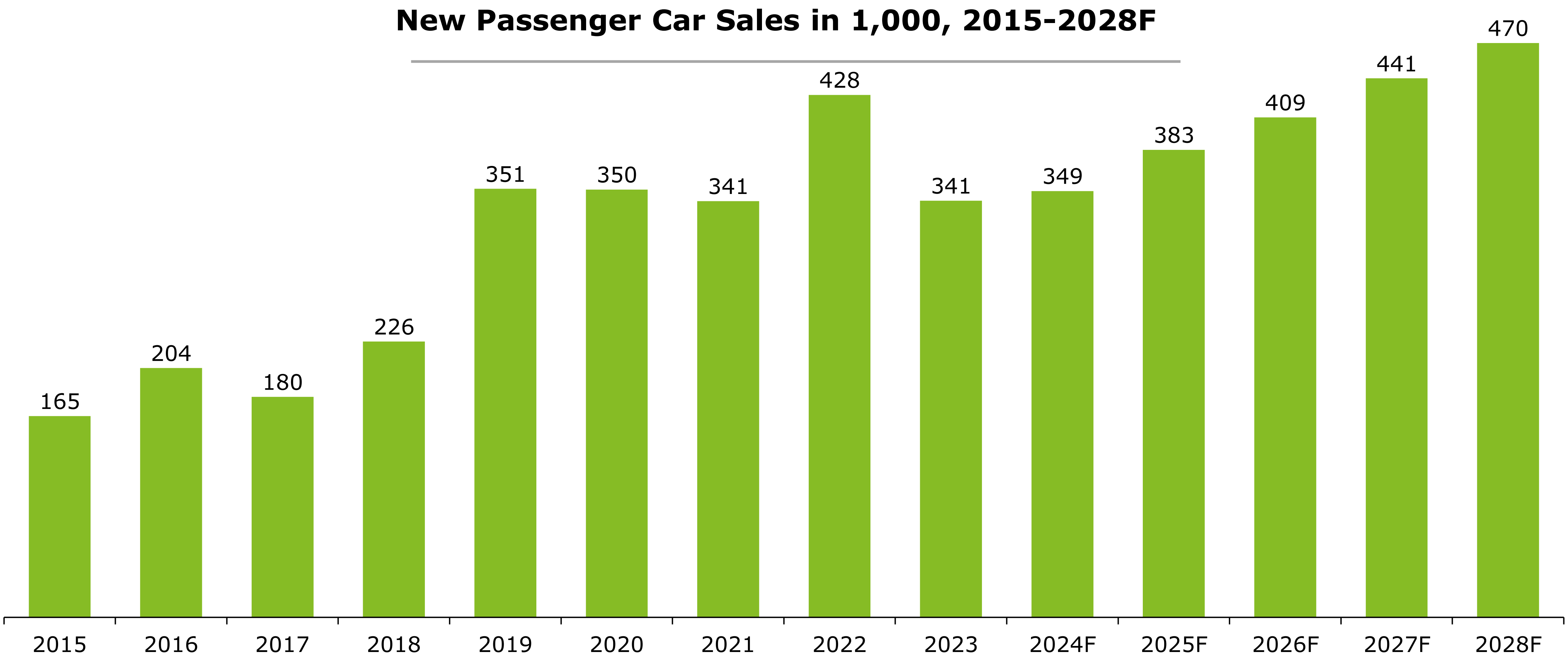
1

Vietnam Market Overview

Vietnam Automotive Market Overview

Vietnam market is growing after the CBU import tax from ASEAN region has become 0% in 2018

The market is expected to keep the momentum in the future thanks to the stable economic growth



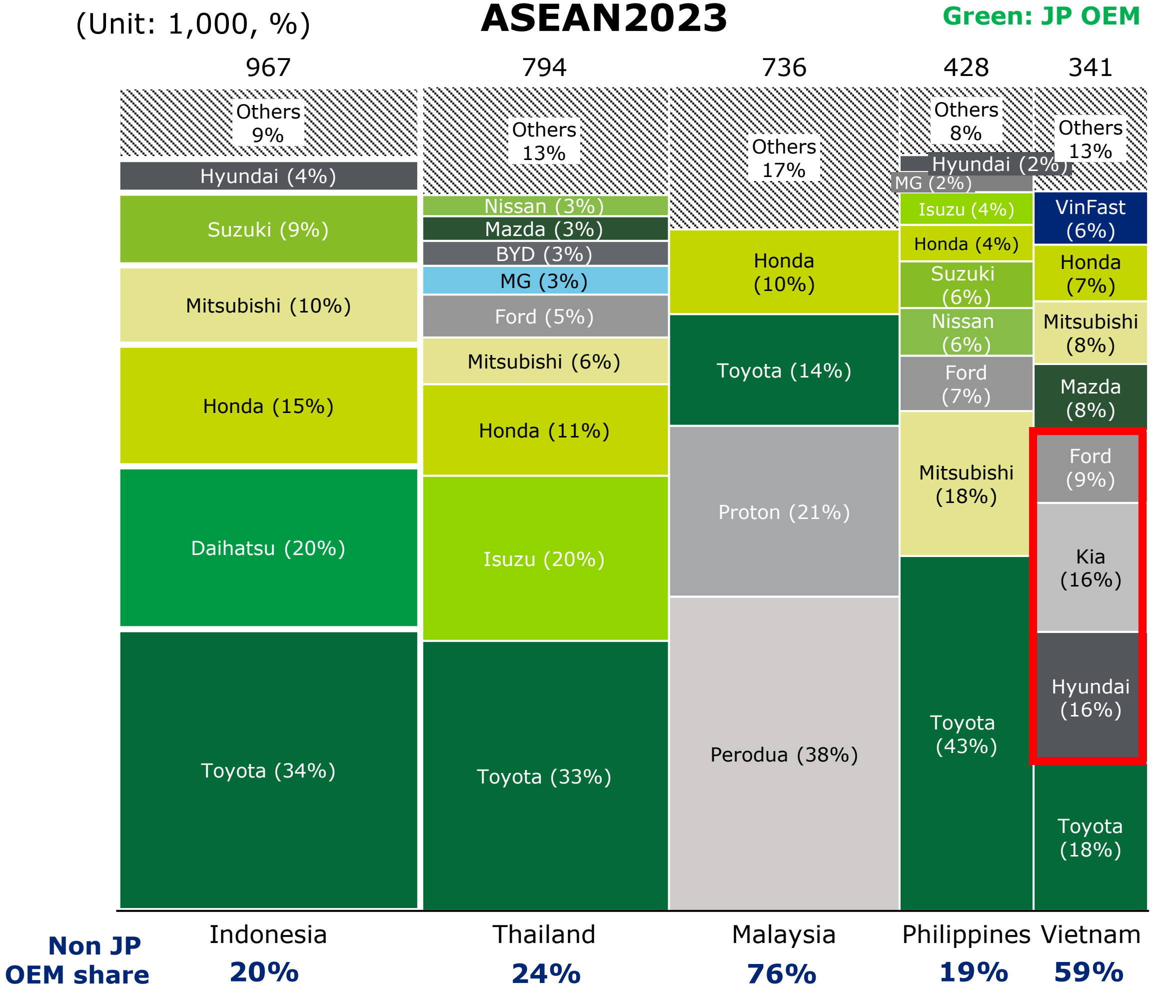
Source: GlobalData

Vietnam Automotive Market Overview

Vietnam has the uniqueness of non-Japanese OEM showing high presence

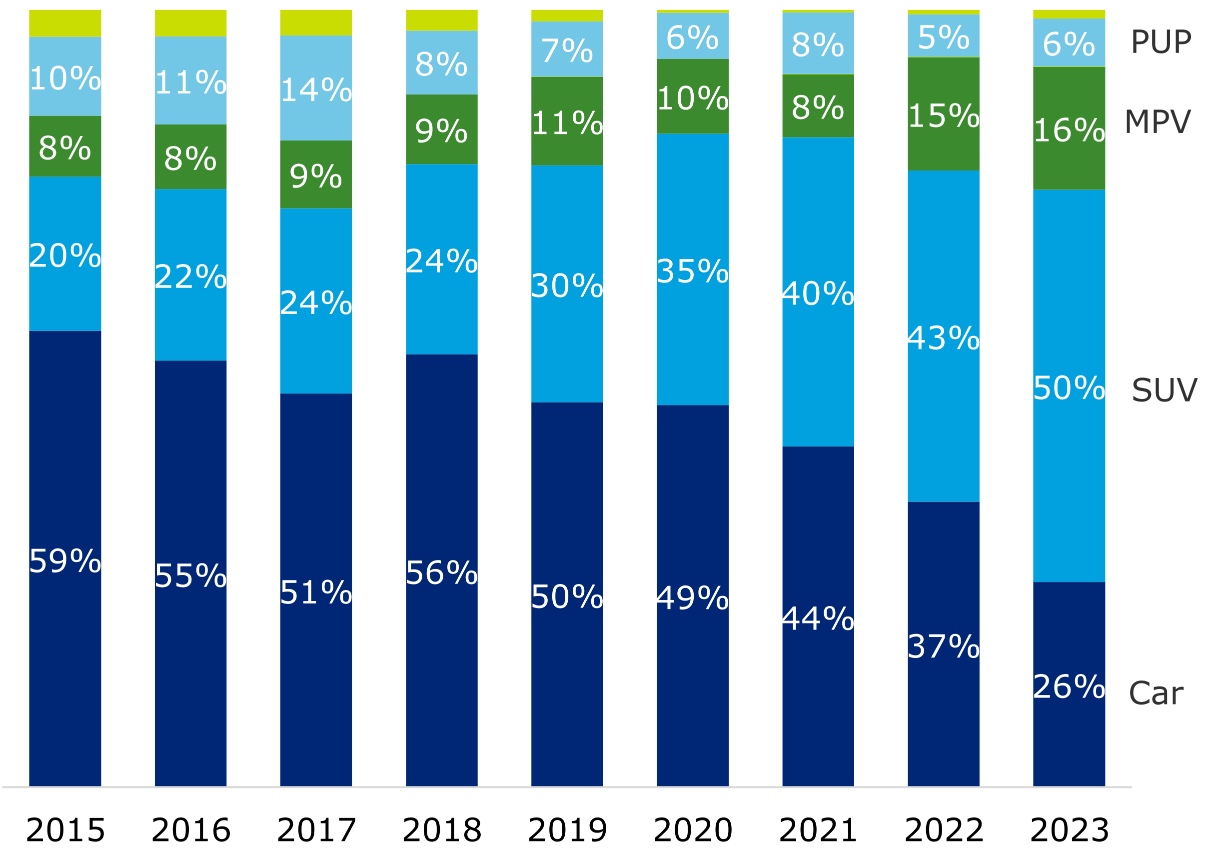
Sales trend towards SUV is the same with global trend

Market Share in ASEAN2023



Source: GlobalData, Deloitte Analysis

New Passenger Car Sales by Segment, 2015-2023

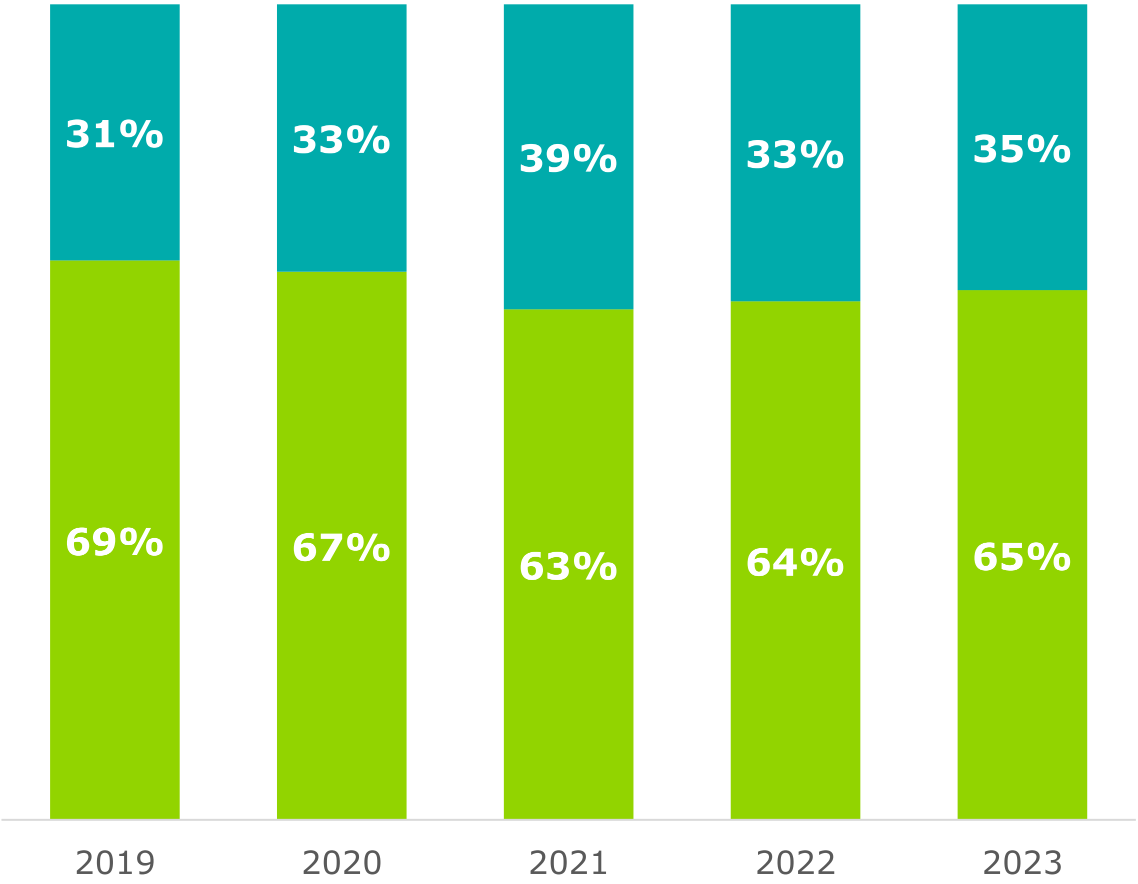


Vietnam Automotive Market Overview

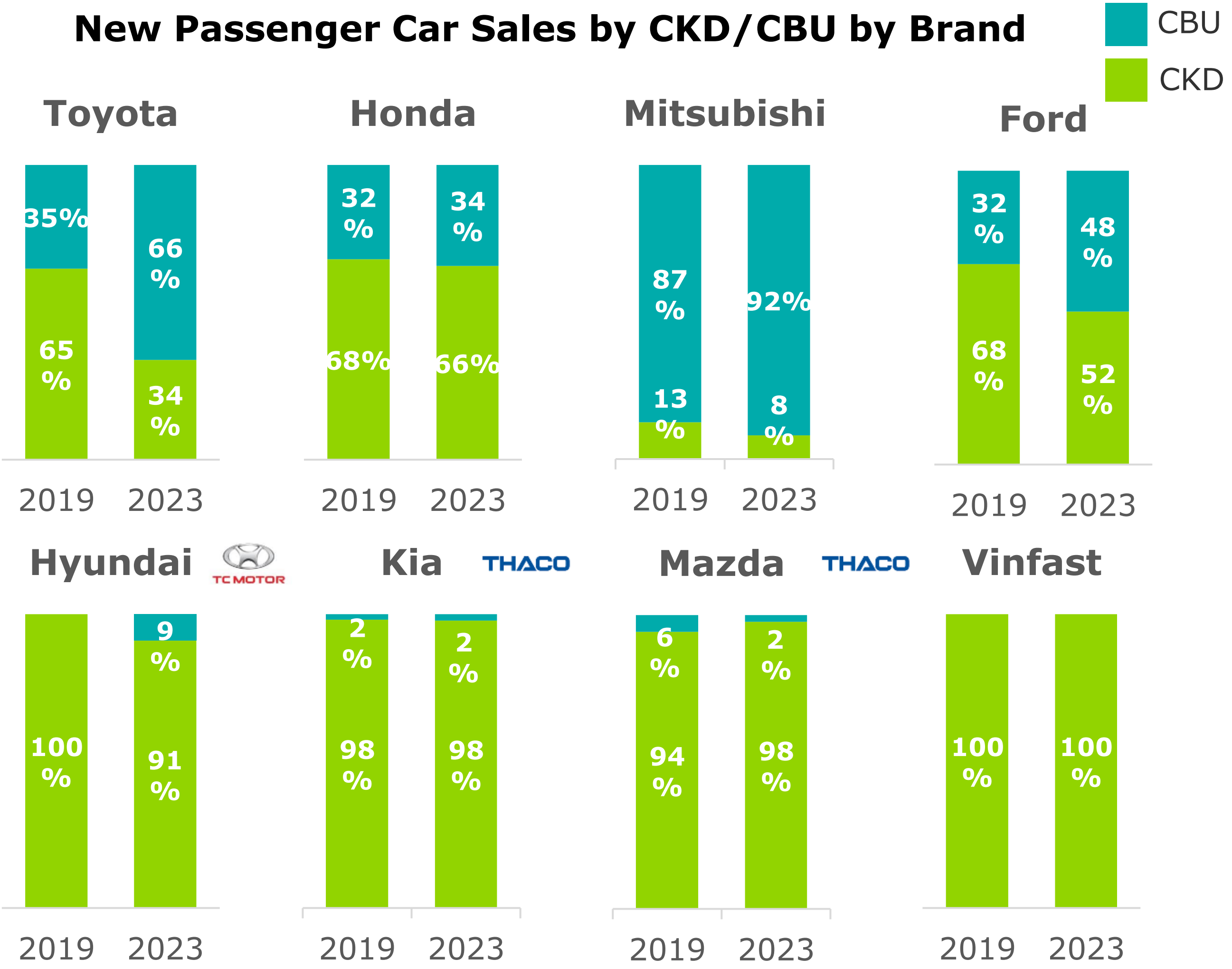
Total market is slightly shifting to CBU models though not yet a big trend

Japanese OEMs are shifting more to CBU while Local JV brands keeping CKD majority

New Passenger Car Sales by CKD/CBU 2019-2023



New Passenger Car Sales by CKD/CBU by Brand



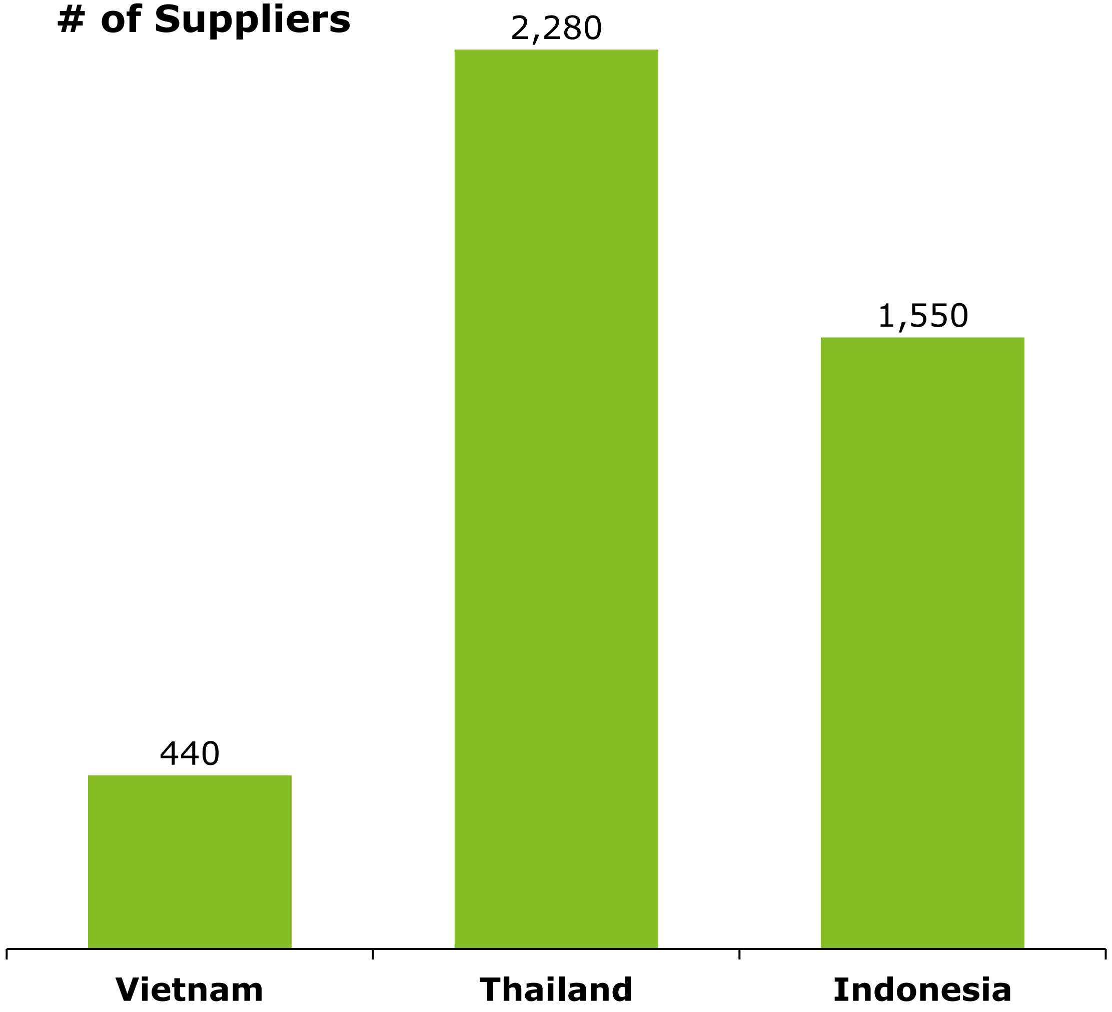
Source: GlobalData, Deloitte Analysis

Vietnam Automotive Market Overview

Compared to automotive industry leaders in ASEAN, the supply industry is yet to develop

Lack of per model volume making suppliers difficult to invest in Vietnam

# of Suppliers



Source: JETRO, Marklines

Best Selling Model in 2023

	Vietnam	Thailand	Indonesia
#1	Xpander 19,740	D-Max 127,790	Innova 66,460
#2	Accent 17,452	Hilux 114,585	Avanza 62,275
#3	CX-5 16,808	Yaris 55,527	Sigra 61,752
#4	Ranger 16,085	City 43,262	Brio 61,279
#5	Vios 13,521	Ranger 28,848	Cayla 45,801

Source: JETRO, Marklines

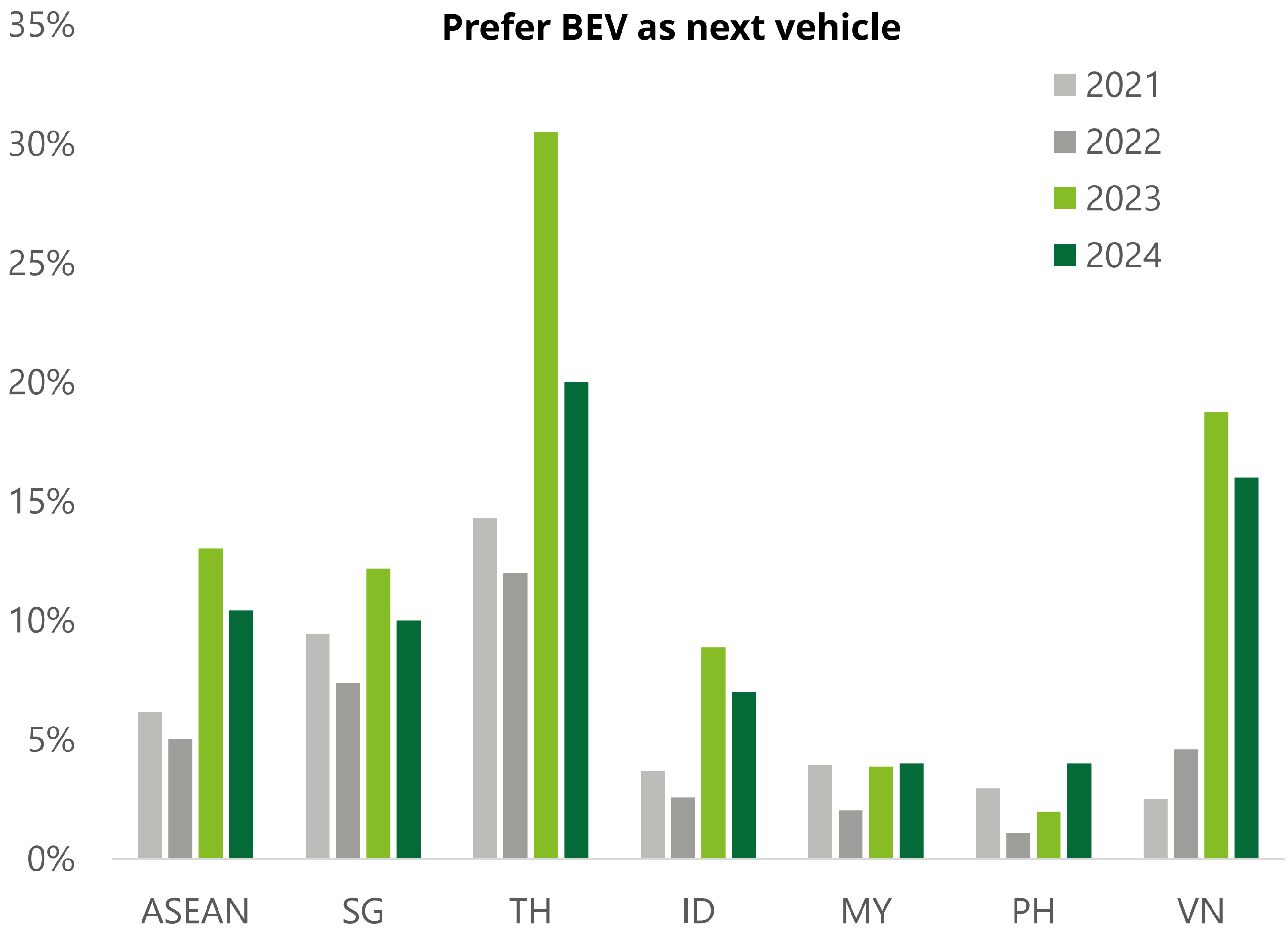
2

BEV Trend

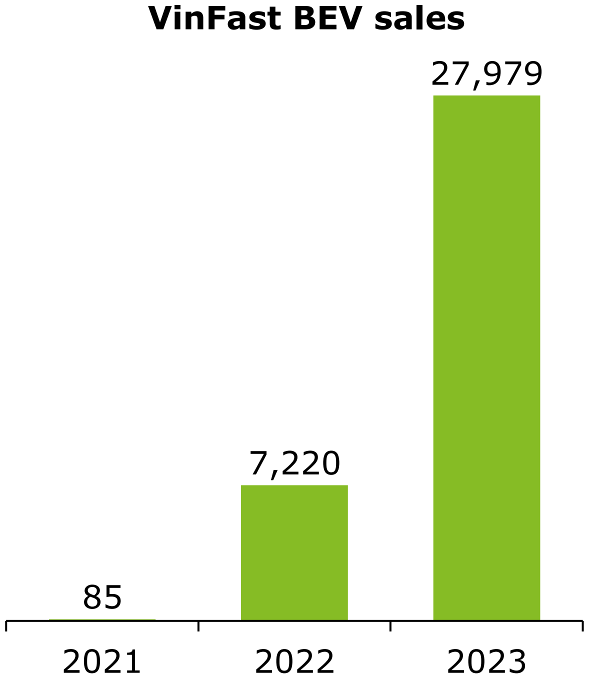
EV Trend

Customer’s interest to BEV is one of the highest in region

VinFast showing high sales though mainly in own eco-system, while Chinese brands enter



Source: Deloitte Global Auto Consumer Survey



Source: Global Data

Introduced in 2021

VF e34

Introduced in 2022

VF5

VF8

Introduced in 2023

VF6

VF7

VF9

Chinese OEM players newly entered

BYD GAC MOTOR CHERY

EV Trend

Cost efficiency and care of environment lead customers to select EV

Inconvenience of EV charging compared to ICE make customers concerned towards EV

Top **5 reasons** for choosing an EV for next vehicle

- **#1** Lower fuel costs
- **#1** Concern about environment
- **#3** Concern about personal health
- **#4** Better driving experience
- **#5** Government incentives

Sample size: n= 368 [Vietnam]

Top **5 concerns** for choosing an EV for next vehicle

- **#1** Driving range
- **#2** Time required to charge
- **#3** Lack of knowledge to EV
- **#4** Lack of alternate power source at home
- **#5** On going charging and charging cost

Sample size: n= 865 [Vietnam]

Source: Deloitte Global Auto Consumer Survey 2024

3

Connectivity

New Technology

Vietnam customers are willing to select a new vehicle with latest technology

Similar with other countries, less hesitation in trying something different

Important reasons for switching to another brand	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
I just want to try something different	**51%**	**53%**	**57%**	**44%**	49%	**48%**
New brand has technology/features I want	45%	45%	53%	32%	**52%**	**48%**
Upgrading to a premium brand	35%	30%	26%	21%	21%	36%
Current brand lacks greener vehicle models that I want	17%	13%	8%	16%	21%	29%
Incentives offered by the intended brand	21%	18%	14%	14%	11%	23%
Cost/affordability	30%	30%	30%	33%	36%	22%
Cost of servicing the current brand is too high	21%	15%	12%	16%	21%	19%
Poor customer experience with the current brand	14%	6%	4%	7%	11%	14%
Lack of readily available vehicle	22%	8%	5%	8%	7%	8%
Other	2%	2%	1%	2%	2%	1%

Sample size: n= 114 [Indonesia]; 516 [Malaysia]; 360 [Philippines]; 370 [Singapore]; 477 [Thailand]; 510 [Vietnam]

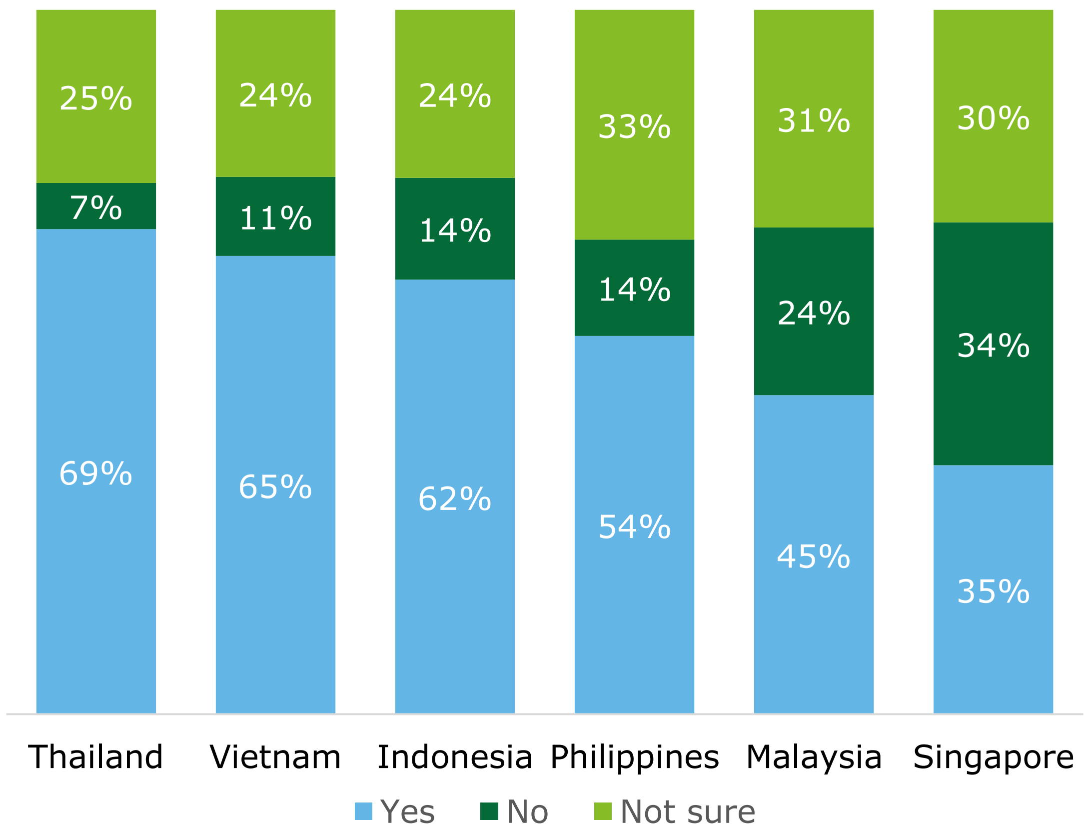
Source: Deloitte Global Auto Consumer Survey 2024

New Technology

Vietnam customers are willing to pay more for the connective service

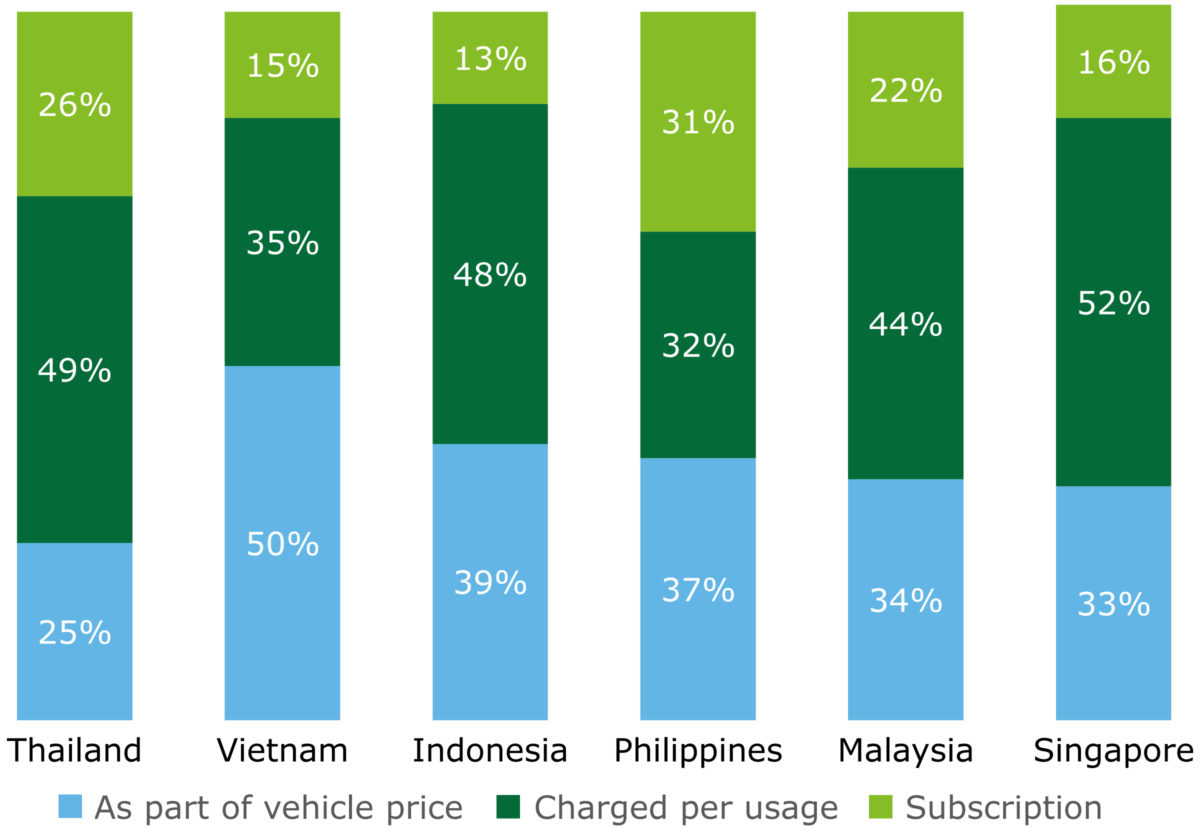
However, they would like for a one-time payment

Willingness to pay extra for connectivity features



Sample size: n= 739 [Indonesia]; 858 [Malaysia]; 834 [Philippines]; 769 [Singapore]; 920 [Thailand]; 865 [Vietnam]

Preferred way to pay for additional connectivity technologies



Sample size: n= 823 [Indonesia]; 932 [Malaysia]; 861 [Philippines]; 764 [Singapore]; 967 [Thailand]; 917 [Vietnam]

Source: Deloitte Global Auto Consumer Survey 2024

Source: Deloitte Global Auto Consumer Survey 2023

4

Summary

Today's Summary

1	**Market growth to be expected**	• Market is forecasted to grow steadily in the coming years thanks to the economic growth expanding the mid income range • High competition by many brands, though open for new brands entering the market
2	**Local Production facing challenges**	• Local production is being led by local entities having JV with global brands • Lacking the volume benefit making suppliers difficult to invest in VN • CBU import to be more beneficial for brands having bigger production plants within the region
3	**Interest in EV**	• Consumer interest in EVs is growing as consumers look to lower their operating costs • However, some challenges remain, including availability of charging infrastructure, charging time, and a lack of alternate power sources to charge at home.
4	**Subscriptions to connected vehicle services could be a challenge**	• Customer's interest in connected vehicle features that provide suggestions for alternate routes, updates for traffic/road safety, and maintenance are relatively high among the region • Customers are ready to pay for connected technologies, however, as part of the upfront cost of the vehicle or on a per use basis compared to a subscription.

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