

Accelerating smart & sustainable manufacturing webinar

Date: Tuesday 8 August 2023

Time: 10:00 a.m. to 11:30 a.m.

Speakers



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กรรมการบริหาร ฝ่ายที่ปรึกษาธุรกิจ
และหัวหน้าฝ่ายอุตสาหกรรมการผลิต
เคพีเอ็มจี ประเทศไทย



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กรรมการบริหาร ฝ่ายสอบบัญชี และ
ฝ่ายการเปลี่ยนแปลงสภาพภูมิอากาศ
และความยั่งยืน
เคพีเอ็มจี ประเทศไทย



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เคพีเอ็มจี ประเทศไทย



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กรรมการบริหาร ฝ่ายที่ปรึกษา
การซื้อขายกิจการ
เคพีเอ็มจี ประเทศไทย

Manufacturing Prospects

Thailand GDP
2023
+2.7-3.7%
Growth Forecast

Global Supply Chain
Restructuring
+ Impact of
Electronic & EV industries

Environmental
Concern/ Climate
Change

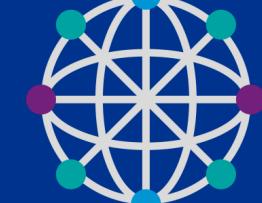
AI
is Transforming
The Creative Industry

Challenge
Uncertainty

Accelerating Smart & Sustainable Manufacturing



Rethinking
Supply Chains



Building Blocks
of Transformation



Zeroing in on
ESG Goals



Digits and People



Rising Value
of Skills

Rethinking Supply Chains



Supply chain relocation



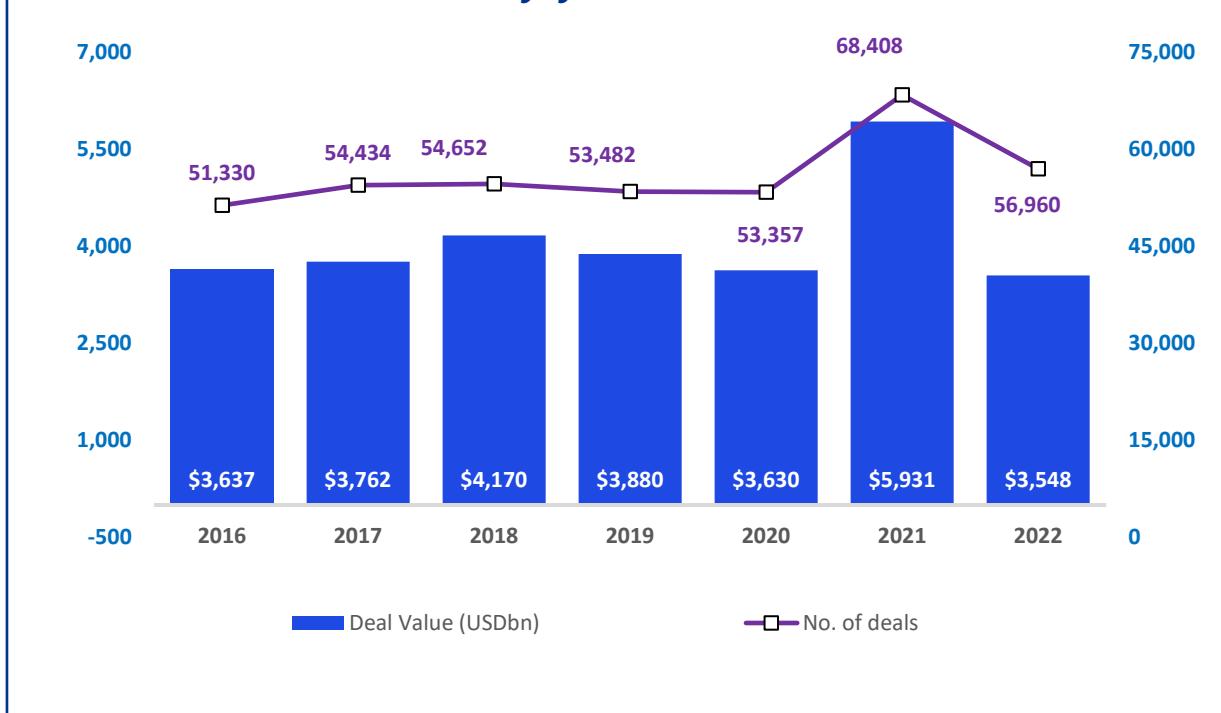
Reconsider investment strategies



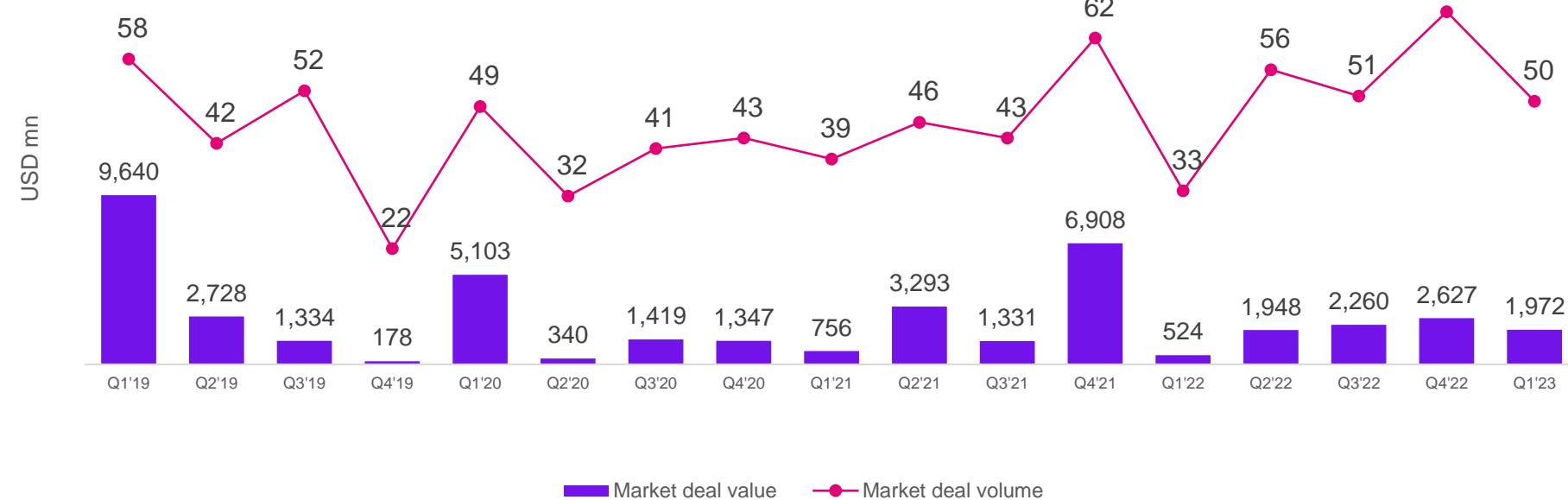
Adjust risk management procedures in light of geopolitical risk

M&A environment

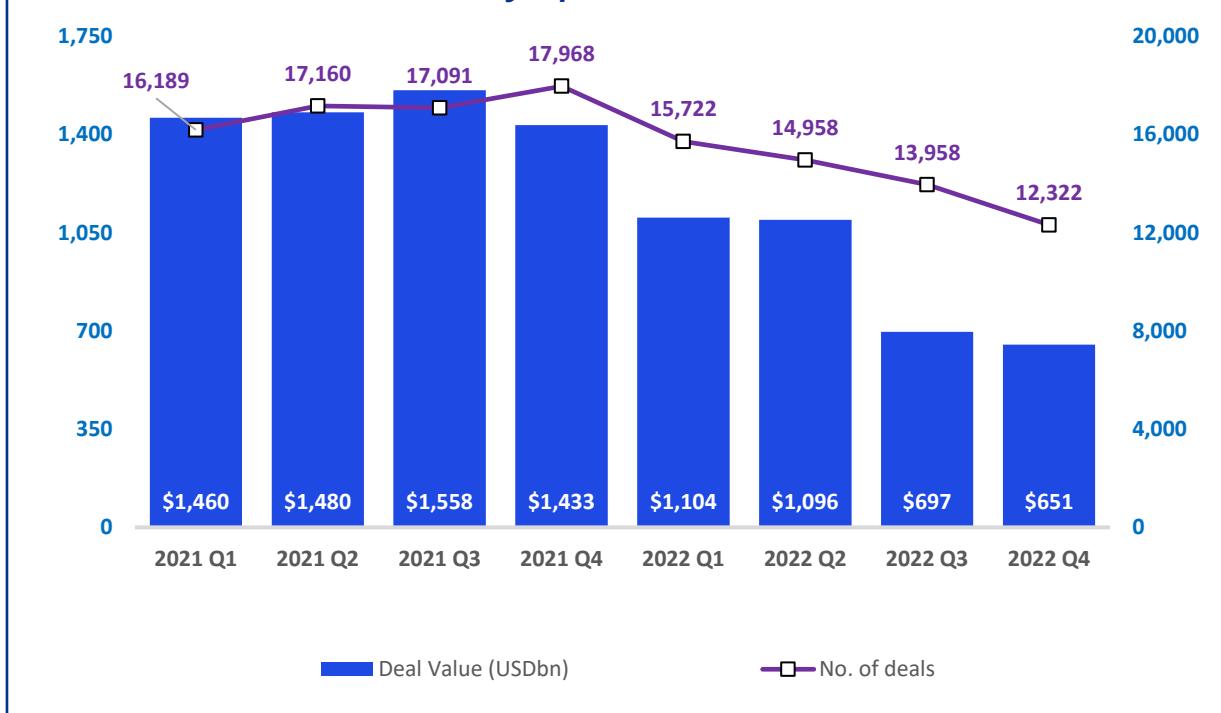
Global M&A activities by year



Number of transactions in Thailand is on a rising trend in the mid of global recession.



Global M&A activities by quarter



Amid COVID-19

Monetary stimulus
Businesses seek diversification
Rising TMT, Healthcare
High valuation

M&A strategy

Diversification; new biz, new markets
HCLS is hot sector
Technology infrastructure
Time for startups

Post COVID-19

Rising costs
Pressure on margins
Excessive resources
Anticipation of recession
Market corrections

M&A strategy

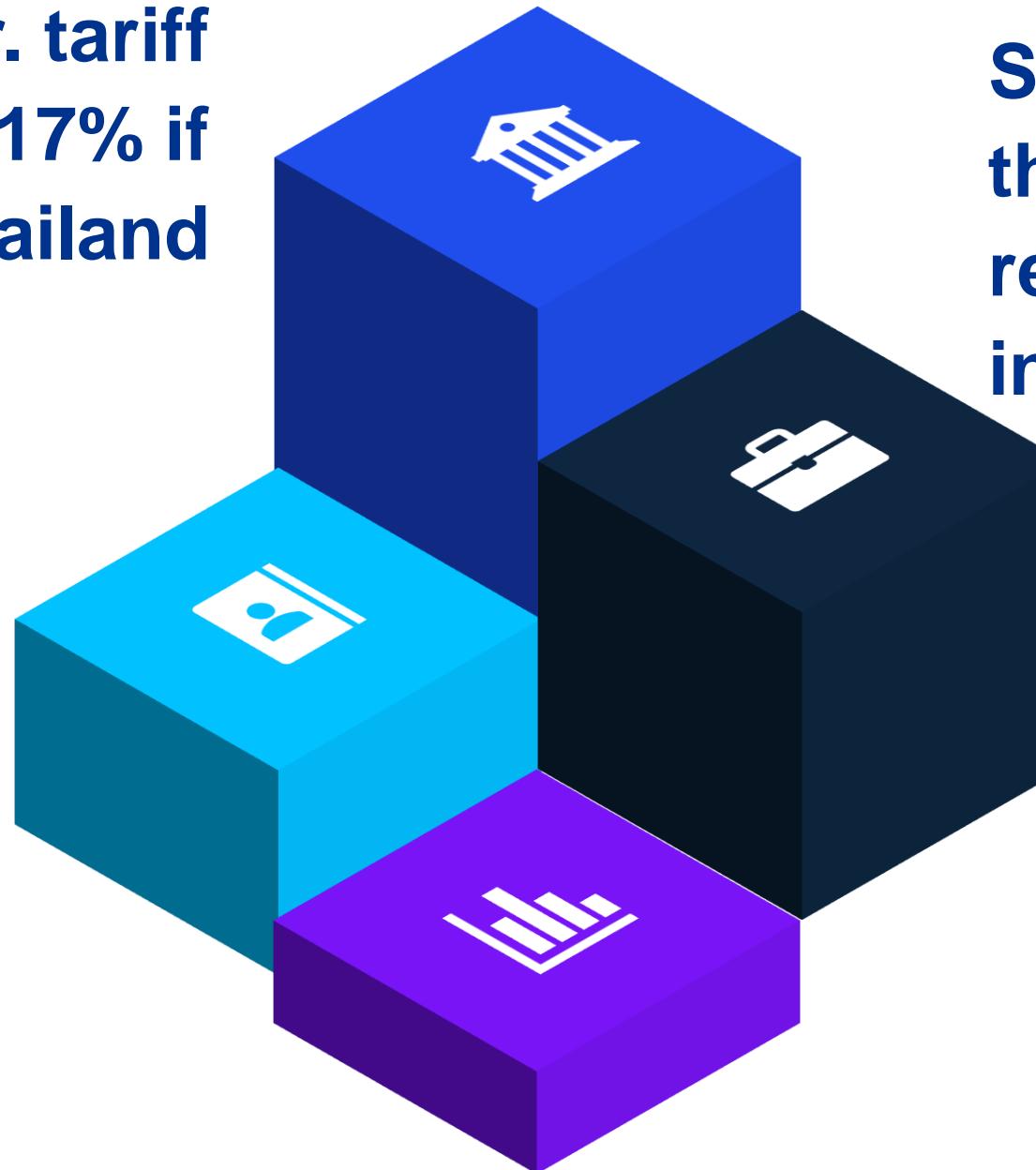
More rationalizing
Integration/separation
Supply chain integration
Technology capability
Partnering

Source: Refinitiv as of January 15, 2023; KPMG analysis

Relocation of production base to Thailand

China - US trade war. tariff lower from 25% to c. 17% if moved to Thailand

Third largest market in the SEA



Strategic location in the center of the SEA region with developed infrastructure

Availability of skilled workforce at reasonable cost

Merger & Acquisition

BUY ASSETS



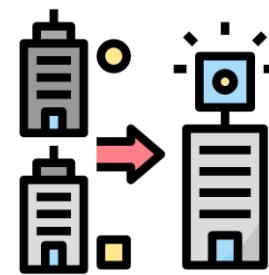
Partial Business Transfer
(PBT)

BUY SHARES

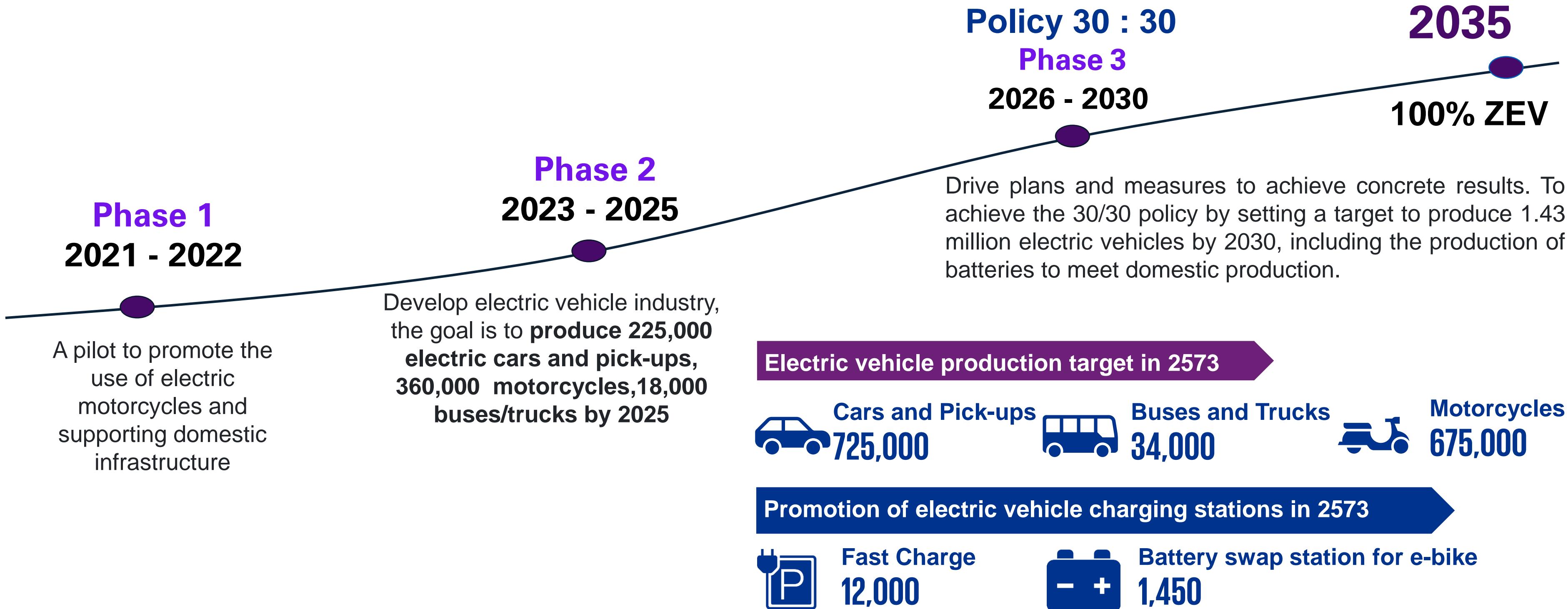


Entire Business Transfer
(EBT)

AMALGAMATION



Policy of the National Electric Vehicle Policy Committee (EV Board) No. 2/2021



Source: Resolution of the National Electric Vehicle Policy Committee No. 2/2021 on May 12, 2021

EV Tax Incentives Packages under Ministry of Finance

Year 2565-2568

Passenger cars

CBU : (RRSP ≤ 2 million baht or 2-7 million baht)

Duty rate reduction for CBU imported under FTA (From 80% to 0% - 60%)

- ✓ RRSP ≤ 2 million baht
- ✓ Battery capacity ≥ 10 kWh

 No FTA utilization
Duty reduced to 40%

 FTA utilized with FTA rate more than 40%
Duty further reduced for 40%

 FTA utilized with FTA rate less than 40%
Duty exempted

- ✓ RRSP 2-7 million baht
- ✓ Battery capacity ≥ 30 kWh

 No FTA utilization
Duty reduced to 60%

 FTA utilized with FTA rate more than 20%
Duty further reduced for 20%

 FTA utilized with FTA rate less than 20%
Duty exempted

CBU & CKD :

Excise tax reduction from 8% to 2%

Subsidy :
70,000 baht for battery size 10 – 30 kWh
or
150,000 baht for battery size > 30 kWh

Motorcycle

(RRSP ≤ 150,000 baht)

No duty reduction / exemption

Excise tax reduction from 5% to 1%

Subsidy
18,000 baht

CBU & CKD

pick-ups

(RRSP ≤ 2 million baht)

No duty reduction / exemption

Excise tax reduction from 10% to 0%

Subsidy
150,000 baht

Locally-produced CKD only

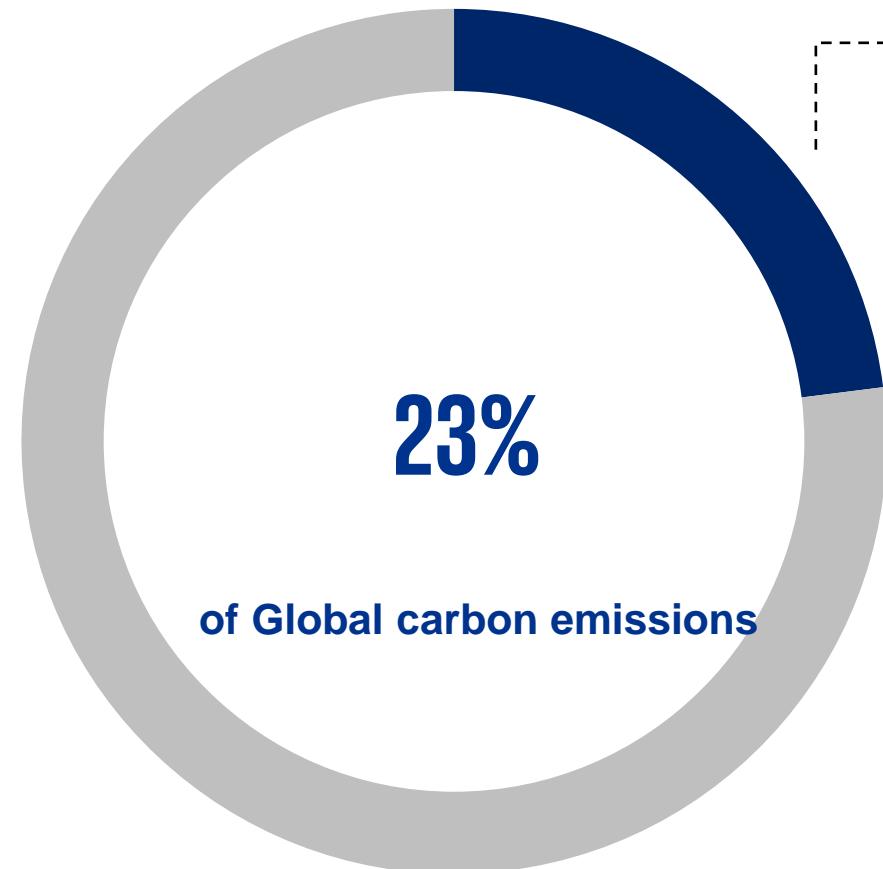
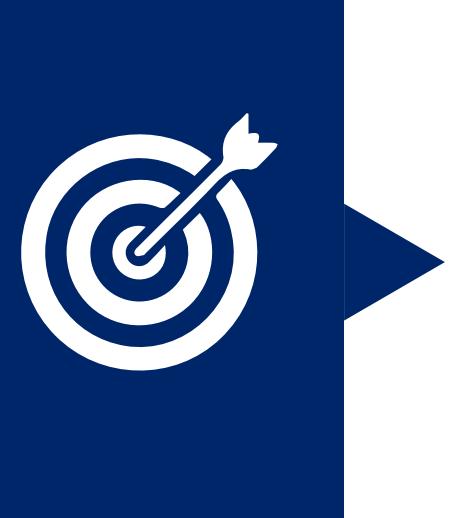
Conditions

- CBU must be imported during 2565 – 2566 / CKD must be produced from 2565 – 2568
- Must sign MOU or agreement with the Excise Department
- Must obtain letter certifying eligibility for EV tax incentive issued by Excise Department

- Manufacturer must place bank guarantee
- Must offset the imported CBU with local production at the ratio of 1:1 or 1:1.5 in order to obtain excise subsidy
- After 1 Jan 2569, must use locally-produced battery

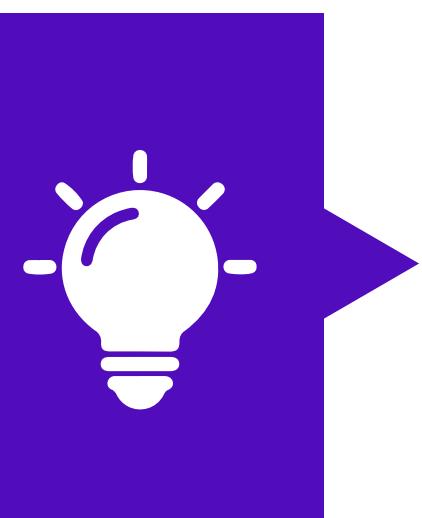
Influence of Climate Change Towards Manufacturing

Reducing the carbon emissions from the manufacturing sector will play **a vital role in reaching global climate targets** – while for the manufacturers themselves, the benefits of carbon management extend beyond sustainability.



• **The industrial sector accounts for 23% of Global CO2 Emission.**

Manufacturers that effectively manage their carbon emissions will stay compliant with existing and future legislation, minimize waste, and increase efficiency.



The manufacturing industry fuels consumption and production around the globe, is dependent on complex global supply chains, and demands one third of the world's energy usage.

Source: [Global energy-related CO2 emissions by sector – Charts – Data & Statistics - IEA](#)

Overview of Climate Regulation & Drivers

European Union



Target

2030: 55% net reduction in GHG emissions

2050: Net zero emissions



Regulations (Example)

- European Climate Law
- European Green Deal
- EU Taxonomy
- CBAM

USA



Target

2030: 50-52% reduction in GHG emission from 2005 BAU

2050: Net zero emissions



Regulations (Example)

- Inflation Reduction Act (New Climate Bill)
- Clean Air Act
- Clean Water Act
- An Integrated U.S. Climate Strategy

Thailand



Target

2030: 40% reduction in GHG emission from 2005 BAU

2050: Carbon neutral

2065: Net zero emission

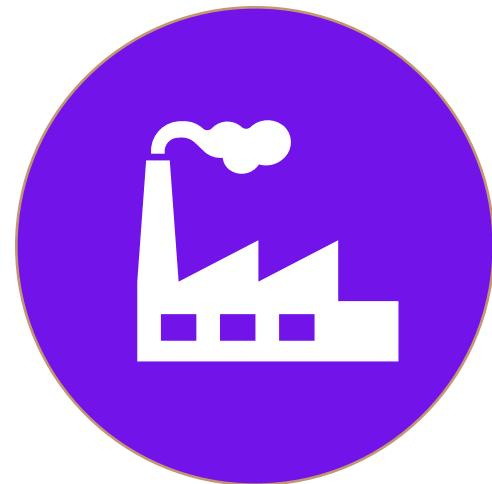


Regulations (Example)

- Climate Act (Draft)
- National Energy Plan
- Thailand Taxonomy



How to Transform Manufacture Towards Net Zero Target



Manufacturers need to be couple existing and new technologies for smart and sustainable manufacturing to efficiently regulate energy consumption.



Data and digital technologies to monitor carbon footprint across products' lifecycle, optimizing energy and material use, transforming manufacturing processes, and value chains.

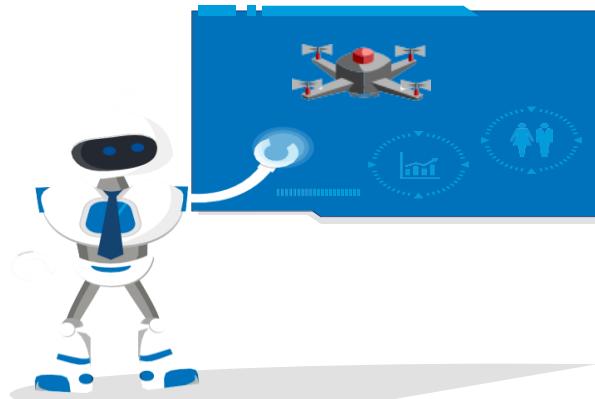


Forward-looking businesses commit to net zero targets by 2050, anticipating upcoming regulations and government pressure to reduce carbon footprint due to manufacturing's economic significance.

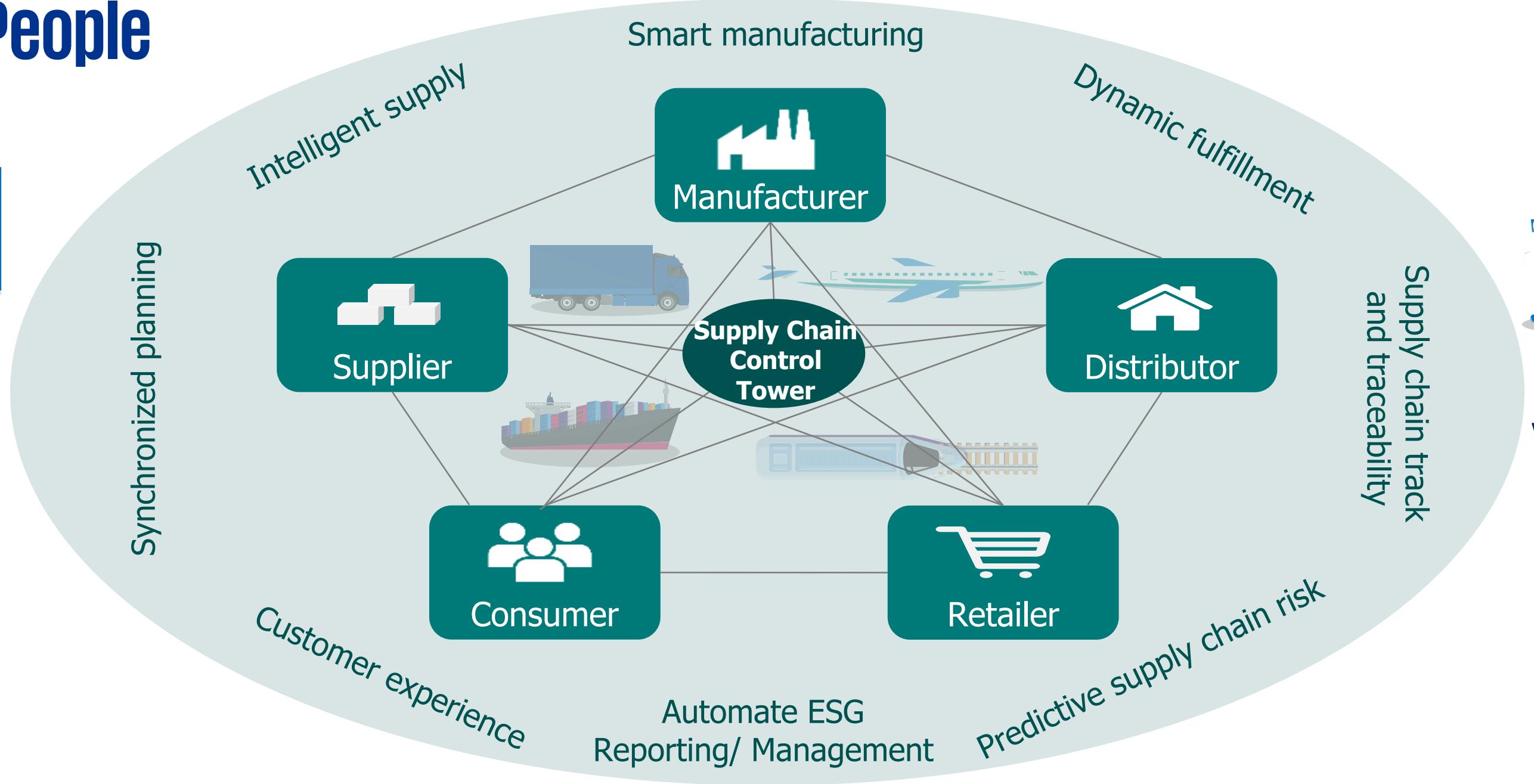


Companies design decarbonization plans, assess levers for energy and process efficiency in the circular economy. By doing so, some businesses are capitalizing on first-mover advantages in the space.

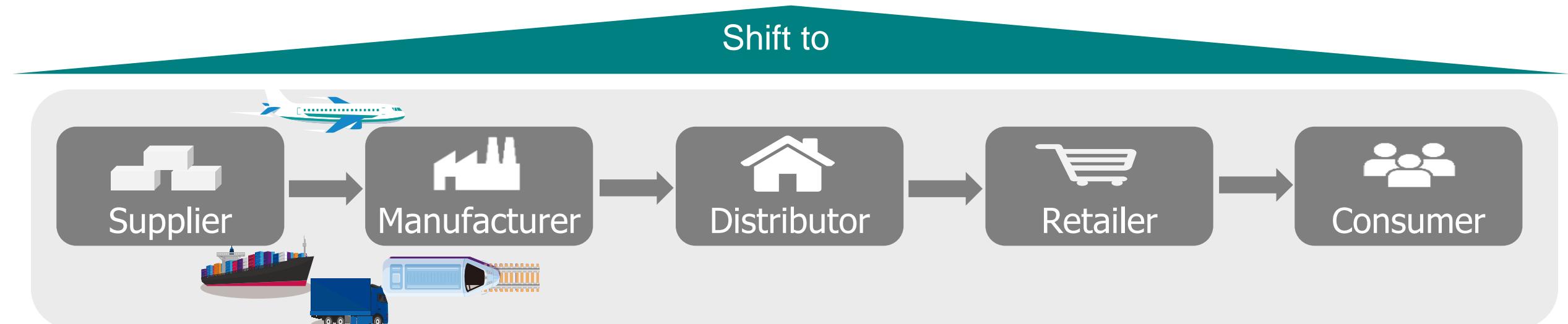
Digits and People



Be quicker to invest in digital opportunities
e.g. AI, Data Analytics



Integration of humans working alongside robots and IoT devices in the automated industrial environments of the future.



Rising Value of Skills



Alignment of workforce attitudes with company's goals



Attract and retain talent



Match the existing workforce with new roles for future innovation



Flexibility (e.g. working location, hours, benefit)

M&A Preparation

01

M&A Strategy

Set objectives
Prioritize projects
Planning; funding, approach, measurement

02

Exploring options

Universe lists
Longlists, shortlists
Confidential approach

03

Clear synergy

Business plan with partners / targets
Possibility of integration
Cost – benefits analysis

04

Integrated due diligence

FTDD, CDD, Market DD, Technology DD, HR DD, ESG DD

Accelerating Smart & Sustainable Manufacturing - Key Takeaways

Do Now!!!



Changing Global Supply Chains

- Supply chain relocation
- Reconsider investment strategies
- Adjust risk management procedures in light of geopolitical risk



Partner Selection for M&A

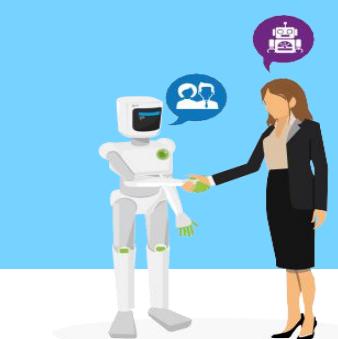
- Chemistry
- Credibility
- Capability

Zeroing in on ESG Goals

- Integrate existing & new technology for sustainable, energy-efficient production
- Data & technology optimizing carbon footprint and manufacturing

Digits and People

- Be quicker to invest in digital opportunities
- Integration of humans working alongside robots and IoT devices in the automated industrial environments of the future



Tax Optimization

- Considering tax in any business activity to maintain financial stability, legal compliance, and long-term success

Q&A

Please give us the feedback to
improve our services.





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