

## Electronics

### Industry Outlook

ISIC: 52261000 Electronic components and boards

ISIC: 52262000 Computers and peripheral equipment

ISIC: 52263000 Communication equipment

The electronics industry in 2025–2026 is expected to exhibit a “Neutral (+)” outlook, supported by the upswing in the global electronics cycle and strong domestic investment—particularly in the Smart Electronics segment. The semiconductor market is projected to expand in line with growing demand from emerging technologies such as AI, EVs, and cloud computing. Meanwhile, the hard disk drive (HDD) segment is likely to see healthy growth in enterprise markets, especially among data centers seeking cost-effective storage solutions. This outlook is further reinforced by capacity expansions from major HDD manufacturers operating in Thailand.

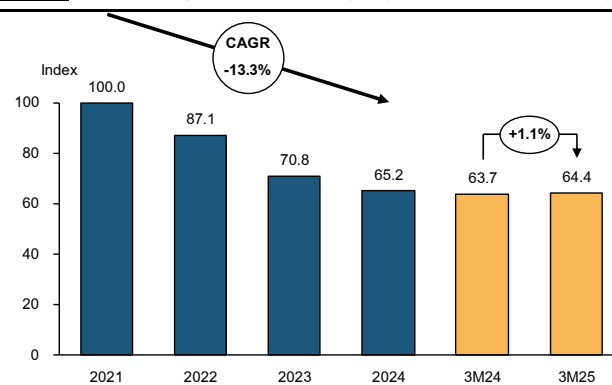
Nonetheless, the industry continues to face downside risks stemming from uncertainties in U.S. trade policy—particularly the reciprocal tariff measure, which is expected to take effect in the second half of 2025. Although semiconductor products are currently exempt from import tariffs under a temporary arrangement, they remain exposed to potential tariff enforcement in the future. Additionally, concerns persist over a potential global economic slowdown and volatile input costs, especially rare earth elements that are heavily influenced by geopolitical tensions. On the demand side, consumers are tending to use smart devices for longer periods due to improved performance and expanded storage capacity, which could result in the consumer electronics market growing at a slower pace than previously expected.

### Industry Overview

The overall performance of Thailand’s electronics industry in the first quarter of 2025 showed signs of improvement compared to the previous year, as reflected in a 1.1%YoY increase in the Manufacturing Production Index (MPI) for the sector. This growth was primarily driven by higher output in semiconductors and hard disk drives (HDD), supported by a global rebound in demand for technology-related products—particularly in the digital economy, such as data centers and AI servers, which have fueled greater need for high-speed processors and storage solutions. Additionally, the recovery of demand in the electric vehicle (EV) market and the launch of new consumer electronics have led downstream manufacturers to increase their orders for key components. On the supply side, domestic production efficiency has improved thanks to

new investment projects initiated in late 2023 and continuing into early 2025. Notably, Western Digital (WD) received Thailand Board of Investment (BOI) approval for an investment worth over THB 23.5 billion to expand its HDD and related equipment manufacturing facilities in Ayutthaya and Prachinburi provinces. This expansion aims to accommodate rising demand from the Cloud Computing, Data Center, Generative AI, and 5G markets. Overall, this early recovery marks a positive development following a previous downcycle and market stagnation that weighed heavily on the industry last year.

**Figure 1** Manufacturing Production Index (MPI) of the Electronics Industry



Source: LH Bank Business Research analysis based on data from OIE

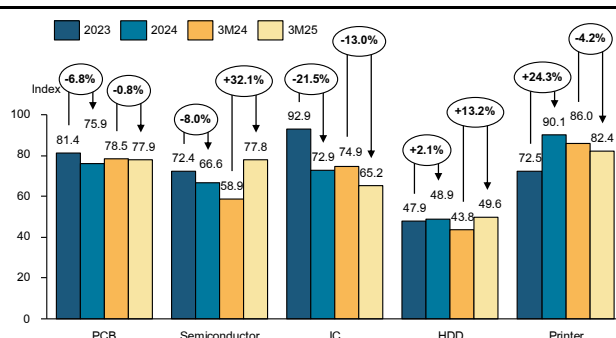
### Production Overview

In the first quarter of 2025, the production of key electronic products in Thailand showed a mixed trend, with certain categories recording strong growth while others saw a decline. Notably, production of semiconductors and hard disk drives (HDD) expanded significantly by 32.1%YoY and 13.2%YoY, respectively. This reflects the ongoing recovery in global demand across advanced technology sectors, particularly in data centers, AI servers, and enterprise PC markets, where companies are investing in hardware upgrades to accommodate more complex applications and greater processing power. The uptrend is further supported by accelerated global investment in digital infrastructure and the rising demand for high-capacity data processing and storage solutions, driven in part by the rapid adoption of Generative AI technologies.

On the other hand, production declined in several product categories, including printed circuit boards (PCB), which dropped by 0.8%YoY, integrated circuits (IC) by 13.0%YoY, and printers by 4.2%YoY. The IC segment remained under pressure due to the sluggish recovery of certain semiconductor subsectors, particularly chips used in internal combustion engine (ICE) vehicles, where demand has weakened amid the industry’s transition toward

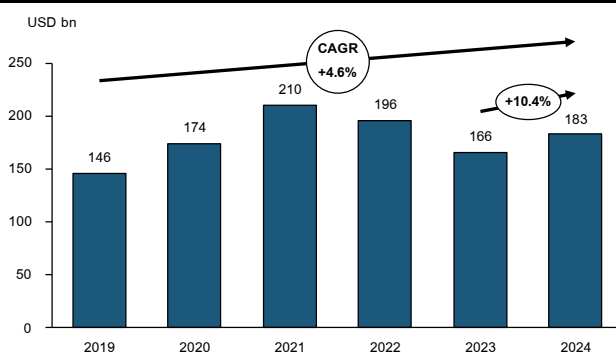
electric vehicles (EVs). Although ICs for EV applications are experiencing healthy growth, this has not yet been sufficient to offset the broader decline in demand for legacy ICs. For PCBs, the modest decline in production reflects softened orders from downstream industries, especially in home appliances manufacturing. Meanwhile, printer production remained in a downward cycle, reflecting structural shifts driven by digital transformation and accelerated ESG policies across enterprises. These factors have contributed to a sustained decline in paper usage, particularly among large corporate offices and financial institutions.

**Figure 2** Manufacturing Production Index (MPI) of Key Electronic Products



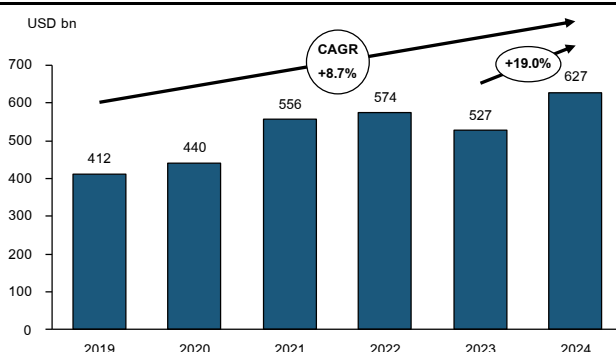
Source: LH Bank Business Research analysis based on data from OIE

**Figure 3** Global Export Value of Computers



Source: LH Bank Business Research analysis based on data from Trademap

**Figure 4** Global Semiconductor Sales Value



Source: LH Bank Business Research analysis based on data from World Semiconductor Trade Statistics

## Export Situation

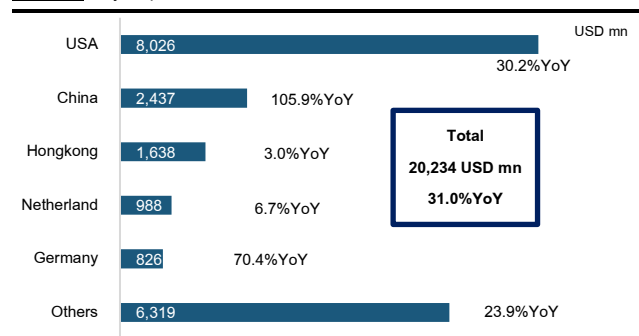
In the first four months of 2025, Thailand's electronics exports totaled USD 20.23 billion, marking a robust 31.0%YoY increase, driven primarily by higher shipments of electronic components, hard disk drives (HDD), and computers. Computer exports surged by 79.2%YoY, supported by a recovery in global demand and increased enterprise investment in system upgrades amid the ongoing technology transition. HDD exports also continued their upward trend, growing 42.4%YoY, reflecting strong demand from data centers and cloud service providers. Exports of integrated circuits (IC) rose 28.1%YoY, fueled by rising demand for smart devices and advanced processing systems. However, part of the export acceleration can be attributed to frontloading—early shipments made to avoid potential trade disruptions from the United States' Reciprocal Tariff policy, which is expected to take effect in the second half of 2025. This trend is consistent with the strong performance observed in key export markets, with exports to the U.S. and China expanding by 30.2%YoY and 105.9%YoY, respectively. Meanwhile, other destinations such as Germany, the Netherlands, and Hong Kong also showed solid growth, presenting opportunities for Thai exporters to diversify their market exposure and reduce over-reliance on the U.S. and China—particularly in light of escalating global trade tensions that may persist going forward.

**Table 1** Export Value of Electronic Products by Category

Product	Export (USD mn)			Change (%YoY)		
	2023	2024	4M25	2023	2024	4M25
IC	9,702	8,687	3,453	4.2	-10.5	28.1
Computer (exc. HDD)	9,615	14,309	7,061	6.8	48.8	79.2
HDD	8,205	10,302	3,820	-29.8	25.6	42.4
Telecommunication	6,441	7,963	2,120	19.0	23.6	-7.5
Semiconductor	5,240	3,708	932	53.3	-29.2	-37.2
PCB	1,316	1,326	472	-10.9	0.8	14.3
Others	5,761	6,645	2,375	20.0	15.3	22.3
<b>Total</b>	<b>46,279</b>	<b>52,940</b>	<b>20,234</b>	<b>2.6</b>	<b>14.4</b>	<b>31.0</b>

Source: MOC

**Figure 5** Key Export Markets for Electronics in 4M2025



Source: MOC

## Industry Players Situation

In the first quarter of 2025, major listed electronics manufacturers in Thailand showed signs of improvement despite ongoing economic and trade policy uncertainties. All key players returned to positive net profit margins (NPM), reflecting more efficient cost management and their ability to realign operations with shifting order structures during the ongoing technological transition. DELTA remained the market leader, reporting revenue of THB 43.04 billion, up 11.8%YoY, with a strong net profit margin of 12.8%. Other companies such as HANA, KCE, and SMT also maintained healthy profitability, even though their revenues had yet to return to pre-slowdown levels. Their performance was supported by disciplined cost control and a shift in sales strategy toward higher value-added markets, particularly clients in advanced digital industries such as electric vehicles (EVs) and intelligent control systems, which demand more complex and higher-margin products compared to the broader electronics market. The return to profitability across all firms signals a positive recovery for Thailand's electronics sector. Several manufacturers have begun receiving orders in the Smart Electronics segment, driven by investments and BOI-promoted projects initiated over the past 1–2 years. These include products related to power control units, processing components, and connectivity systems for smart vehicles and automated industrial systems, many of which have started entering production and delivery phases in 2025. Looking ahead, the outlook for the electronics industry in the second half of 2025 will depend largely on how well manufacturers can absorb the impact of U.S. import tariff measures and sustain production efficiency while developing products that meet the demands of next-generation technologies. These capabilities will be critical in securing long-term competitive advantages in an increasingly complex and technology-driven global market.

**Table 2** Performance of Listed Electronics Companies

Company	Revenue (THB mn)		Revenue (%YoY)		NPM (%)	
	2024	1Q25	2024	1Q25	2024	1Q25
CCET	148,103	34,840	-2.1	8.8	1.7	1.7
DELTA	167,022	43,038	13.1	11.8	11.3	12.8
HANA	25,443	5,592	-4.3	-13.5	-2.5	8.6
KCE	15,210	3,426	-8.8	-12.7	11.0	6.9
METCO	16,562	3,855	-3.1	19.9	2.4	5.4
SMT	2,140	451	-19.1	-15.6	-7.8	9.7
SVI	22,076	4,216	-3.4	-17.2	6.3	3.4
TEAM	2,976	677	-8.1	-15.1	7.6	6.9

Source: LH Bank Business Research compiled data from SET

## Industry Growth Outlook

Over the next year, Thailand's electronics industry is expected to continue its recovery in line with the global technology cycle and a significant increase in domestic investment. A key driver is the ongoing expansion of the global semiconductor market, which the World Semiconductor Trade Statistics (WSTS) forecasts will grow by 11.2%YoY in 2025, supported by rising demand for logic ICs, memory, and power electronics driven by emerging technologies—particularly in data centers, AI servers, and electric vehicles (EVs). Domestically, growth is further bolstered by the ramp-up of EV production under the government's EV 3.0 policy, in tandem with robust private-sector investment. In 2024, the BOI approved THB 260 billion in electronics-related investment, with the majority directed toward the Smart Electronics segment, which focuses on producing high-value, complex components for next-generation technologies.

The hard disk drive (HDD) segment also continues to demonstrate strong growth potential. Despite the rapid expansion of SSDs in the consumer market, HDDs remain essential for enterprise users, especially data centers and cloud service providers that require cost-efficient, high-capacity storage. This is particularly relevant for archive and backup systems, which do not demand high-speed access. Hybrid storage architectures—combining SSDs with HDDs—continue to be deployed to optimize cost-performance ratios. Furthermore, capacity expansions by key players such as Western Digital are expected to positively impact Thailand's production ecosystem in the second half of 2025 and support export growth in storage-related product categories.

Nevertheless, several downside risks remain. These include uncertainties surrounding international trade policy—particularly the U.S. reciprocal tariff, which is expected to come into effect in the second half of 2025 and could impact Thai exports if bilateral negotiations fail to yield tariff relief. Although semiconductor products, including ICs and semiconductor manufacturing equipment, are currently temporarily exempt from U.S. import tariffs, there is a risk that these exemptions could be lifted. Other headwinds include the potential for a global economic slowdown and volatility in input costs—especially for rare earth elements (REEs) that are critical for semiconductor manufacturing and remain subject to geopolitical tensions. Additionally, consumer behavior presents further uncertainty, as many are now extending the use of existing smart devices due to improved durability and performance, which may dampen growth prospects in the consumer electronics segment.

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