Vietnam Battery Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 95 pages | Mordor Intelligence

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Report description:

The Vietnamese battery market is expected to record a CAGR of more than 7% over 2022-2027. In 2020, the COVID-19 pandemic severely impacted the country's economy, which decreased Vietnam's disposable income per capita, resulting in low sales of vehicles and other consumer products using batteries. In 2020, the country witnessed a drop of 6.75% in its passenger vehicle sales. Factors such as declining lithium-ion battery prices and increasing demand for lead-acid batteries are expected to drive the Vietnamese battery market during the forecast period. However, the country relies on pumped hydro storage rather than battery storage systems, which may hinder the growth of battery-based energy storage systems and the battery market in the coming years.

Key Highlights
The lead-acid battery segment is expected to dominate the market during the forecast period.
The rising focus on technologically advanced batteries by end users and manufacturers is likely to create a massive opportunity for the battery companies to invest and redirect their resources to make a breakthrough battery technology.?
The growing demand for lithium-ion batteries in the country is expected to drive the Vietnamese battery market during the forecast period.

Vietnam Battery Market Trends

Lead-acid Battery to Dominate the Market

SLI (Starting Lighting Ignition) batteries are used to start automobiles and other internal combustion engines. Though they are not used for deep discharge applications, they excel in applications requiring a high current for a brief time.?
SLI batteries are mostly lead-acid batteries used in automotive (excluding electric vehicles) applications. A significant fraction of the lead-acid battery is used for SLI applications. ?
The energy-to-weight ratio of a lead-acid battery is low. However, it can supply large surge currents, indicating a high power-to-weight ratio useful for SLI applications. Due to the low cost, lead-acid batteries are preferred when the price is more important than the energy-to-weight ratio. For example, they are used in backup supplies for mobile phone towers, hospitals, and off-grid remote storage.?
Lead-acid batteries in automotive applications contribute to more than 60% of the market. Automotive (excluding electric vehicles) batteries are mostly SLI batteries. A lead-acid battery can also be used for in-vehicle entertainment systems, power steering, power locking, power window systems, etc.?
In a lead-acid battery, plates are made up of lead and lead dioxide, and a chemical reaction occurs when these plates are immersed in the sulfuric acid and water solution, leading to the production of DC voltage in the range of 6 to 12 voltage, which powers the system of the car.??
In 2020, the country recorded sales of 221 thousand units of passenger motor vehicles, 55.4% greater than in 2017.
PINACO is one of the dominant players in the car battery market, accounting for nearly 40-45% of the market share. The company is a battery supplier of automobile and motorbike manufacturers, such as Ford Vietnam, Suzuki Vietnam, Mercedes-Benz Vietnam, Thaco Truong Hai, Kia Motors, Hyundai Vinamotor, Vina Mazda, Honda Vietnam, Mekong Auto, and Samco.
Moreover, increasing telecommunications penetration is driving the demand for telecom infrastructure. The upcoming 5G technology is expected to create additional subscribers, even when the consumers may continue using 4G services, thus creating additional demand for telecommunication towers in the region. ?
Hence, such factors are expected to boost the demand for lead-acid batteries and the Vietnamese battery market during the forecast period.

Growing Demand for Lithium-ion Batteries Expected to Drive the Market

The penetration of electric vehicles is anticipated to provide a massive impetus for the growth of the lithium-ion battery market. Vietnam currently imports a significant share of lithium cells and batteries. ?However, with the growing EV business worldwide, the country is witnessing new developments in EV manufacturing plants and vehicles.?
For instance, in December 2021, Vingroup started building a USD 174-million battery cell plant for its VinFast electric vehicle project on an 8-hectare (20 acres) plot. VinFast's new battery plant might produce 100,000 lithium battery packs annually. ??
Further, VinFast announced the launch of its first EV car in 2021. The car will use LG Chem's battery cells to become the company's first electric car. The electric car model can travel up to 500 kilometers on a single charge.
Vietnam's government is looking to use technology as it develops its major cities into smart cities. Electric automobiles meet the criteria of smart city concepts as more and more people move to urban centers.??
Furthermore, as of 2020, Vietnam's installed rooftop solar PV capacity reached 9,296 MW with 101,029 installations. Battery storage is a necessary part of the solar rooftop power generation process, as solar energy is intermittent and unavailable during the night. Lithium-ion battery-based solar home systems are expected to increase in Vietnam, increasing the demand for stationary batteries in the country.?
In 2020, the Vietnam Business Forum (VBF) launched its Made-in-Vietnam Energy Plan 2.0 (MVEP 2.0), an update over MVEP 1.0. According to the plan, the sustainable energy technologies of the future, such as solar, wind, and lithium-ion battery storage, which were once expected to become economically feasible by the late 2020s or 2030s, saw an exponential reduction in their cost during the last decade, thus making them the frequently used technologies and outcompeting unsubsidized fossil-fuel-based power technologies. Such a trend is likely to continue during the forecast period and attract more investments in the country's energy storage sector.?

Therefore, the growing demand for lithium-ion batteries is expected to drive the Vietnamese battery market during the forecast period.

Vietnam Battery Market Competitor Analysis

The Vietnamese battery market is moderately fragmented. Some of the key players in the market include Vision Group, PINACO, GS Battery Vietnam Co. Ltd, Heng Li (Vietnam) Battery Technology Co. Ltd, and Leoch Battery Corporation.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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