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Honda postpones indefinitely beginning of activities in Itirapina

In a surprising, and laconic, press release issued in the middle of Friday afternoon, 30, Honda Automóveis informed it decided to postpone the beginning of operations at its new plant in Itirapina, in the interior of the state of São Paulo...

More on pg. 2

Claes Nilsson leaves presidency of Volvo Latin America

Exactly one year after the announcement of his move to Brazil, the president of Volvo Latin America Group, Claes Nilsson informed he will leave the position...

More on pg. 4

Volkswagen admits it may need to pay a fine for fraud also in Brazil

Volkswagen will bear the possible consequences of fraud of its diesel engines in Brazil, such as the payment of possible...

More on pg. 5

ThyssenKrupp inaugurates plant in Poços de Caldas

ThyssenKrupp inaugurated a modern automotive components plant on Thursday morning, 29, in the city of Poços de Caldas...

More on pg. 6



Honda postpones indefinitely beginning of activities in Itirapina

Marcos Rozen | rozen@autodata.com.br

In a surprising, and laconic, press release issued in the middle of Friday afternoon, 30, Honda Automóveis informed it decided to postpone the beginning of operations at its new plant in Itirapina, in the interior of the state of São Paulo.

The inauguration of the facility was originally scheduled to take place at the end of this year. Pre-series production of the Fit was set for September. In the middle of this year, the company indicated the manufacturing activities at this plant would occur only starting during the first semester of 2016.

The press release goes on to state that “Honda Automóveis do Brasil reviewed its plans for the beginning of operations at its second automobile plant in the

country, located in the city of Itirapina.” The vehicle manufacturer did not provide any details regarding when the inauguration will eventually take place: in the text, it only states that “the new date will be defined according to the evolution of the market.”

The release, however, hints that the delay will not exactly be short: “The company is alert given the current difficulties of the automotive sector and, for 2016, the expectation is to maintain the same level of volume as this year, which can be supplied by the plant in Sumaré.” Apparently, therefore, the plans might have been delayed for one year.

The vehicle manufacturer ensures that “the planned investments for the Itirapina project are maintained and



will continue being rigorously applied according to the established schedule. The unit should be ready to begin mass production as soon as there is an improvement in the predictability of the market. The brand also reaffirmed the maintenance of investments on renewal and updating of its line of products.”

This week, the vehicle manufacturer informed it will produce the new generation of the Civic equipped with a 1.5 turbo direct injection engine in Brazil.

The announcement of the R\$ 1 billion investment plan in the unit took place in August 2013, and the foundation rock was laid only three months later, marking the official beginning of the activities. The beginning of activities was estimated to take place, therefore, two years later.

In April of this year, Honda symbolically received the key to the unit from the construction company, marking the end of the construction phase. The capacity was estimated at 120,000 units/year, the same as in Sumaré. Plans called for 2000 employees at the unit, when in full operation.

Honda is the only top 10 brand in the country in 2015 to register a positive result: during the first nine months of the year, sales volume increased 17.4%, jumping from 95.9 thousand units last year to 112.5 thousand units this year, largely due to the HR-V, launched a few months ago.

Market - October should close with sales of 186.7 thousand passenger vehicles in Brazil, according to preliminary Renavam data obtained by AutoData news agency.

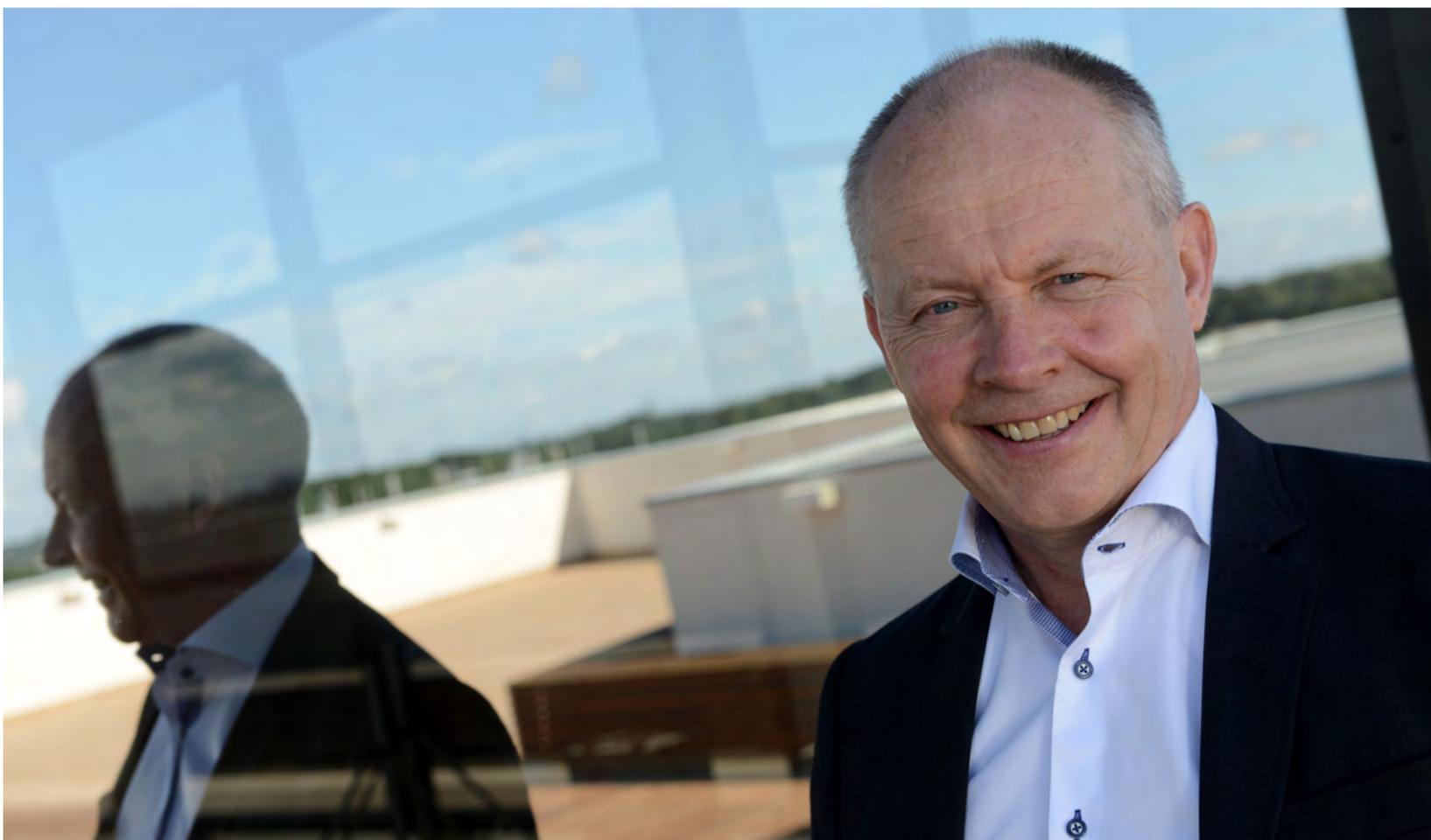
The volume represents the number of new vehicle license registrations up to Thursday, 29, but, with the transfer of the Public Servants Day Holiday to Friday, 30, the license registration authorities, Detrans, were closed, therefore contributing to maintaining the same volume, or even changing it slightly.

The average daily sales volume during the month, also impacted by the holiday on Monday, 12, should be one of the lowest volumes this year: 8.9 thousand units, below the rhythm registered for a number of months this year, close to 10,000 units.

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Claes Nilsson leaves presidency of Volvo Latin America

AutoData Newsdesk | redacaoad@autodata.com.br



Exactly one year after the announcement of his move to Brazil, the president of Volvo Latin America Group, Claes Nilsson informed he will leave the position he had taken over in January, returning to Sweden by the end of this year.

According to the company's press release, divulged on Friday afternoon, 30, "the executive's decision is personal and involves family issues."

His successor was not announced and, according to the release, should be divulged soon.

During his short stay in Brazil, according to the

Volvo release, Nilsson led the commercial introduction of the brand's new line of trucks in the continent and strengthened the investments in service and after-sales. The executive will remain in the group, becoming the leader of a strategic commercial project linked to the company's truck division in early 2016.

Claes Nilsson was president of Volvo in the region since January 1 of this year, when he substituted Roger Alm, who also returned to headquarters in Sweden. Before coming to Brazil, Nilsson was president of the Volvo Trucks division of the Group.

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Volkswagen admits it may need to pay a fine for fraud also in Brazil

AutoData Newsdesk | redacaoad@autodata.com.br

Volkswagen will bear the possible consequences of fraud of its diesel engines in Brazil, such as the payment of possible fines involving the case. The information was revealed by Antônio Megale, the manufacturer's director of government affairs, to Agência Brasil.

According to Megale, also first vice president of Anfavea and should be elected as the next

president of the association, which begins during the second quarter of next year, "the software has a significant complexity. It identifies when the test is being conducted and adjusts the engine to emit less pollutants under these conditions. When driving, it modifies the engine's operation and assigns priority to the vehicle's performance.

In addition, the executive told Agência Brasil the news of fraud was received with surprised by Volkswagen do Brasil, and that the first step was to verify whether the Amarok equipped with the engine involved in the case, sold in Brazil, also had the system - the model is produced in Argentina. "The study we conducted indicated that this was the case, Brazil has a significant portion of vehicles that are equipped with this software."

The vehicle manufacturer admitted a few days ago that 17,000 units sold in Brazil have the program that frauds the emissions tests. It added that it will implement changes in the software early next year, and is waiting for a solution that is being developed in Germany, voluntarily advising only the owners located in that country. According to information obtained by AutoData news agency, however, the Ministry of Justice should force the vehicle manufacturer to issue a recall for the model.

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ThyssenKrupp inaugurates plant in Poços de Caldas



André Barros, from Poços de Caldas, state of Minas Gerais | andreb@autodata.com.br

ThyssenKrupp inaugurated a modern automotive components plant on Thursday morning, 29, in the city of Poços de Caldas, in the state of Minas Gerais. The crisis of the country's automotive market, which registers a drop of more than 20% this year, did not make the German company pull back on its plans, although it reduced the original project by half.

Designed to meet demand from Volkswagen, the unit produces command valve axles that are integrated

to the cylinder head. Initially, the volume is estimated at 1 million units per year, including the complete line of engines produced by the vehicle manufacturer in São Carlos, state of São Paulo. The scenario of reduced demand, however, drove the company to shrink the plant: it was inaugurated with a capacity to produce 500,000 parts.

This does not scare Michael Höllermann, CEO for ThyssenKrupp South America: "Brazil knows how to deal with the highs and lows of the market. I believe



that demand should return within the next two or three years. It remains to be seen whether it will be a fast or more organic growth.”

The R\$ 60 million investment was decided approximately 2 years ago, following Volkswagen’s plans to upgrade its engines. The technology employed in the component, which integrates the axles of the command valve to the cylinder head into a single part, is unheard of in Brazil - and employed only in two other markets by ThyssenKrupp: Germany and China.

“It is a lighter, stronger, and more efficient set,” explained Sven Sitte, project manager responsible for the plant’s project in Brazil. The 40% weight reduction contributes to lower fuel consumption and pollutant emissions. “The parts also became more compact. Today, the vehicle manufacturers are after more space, reducing the size of the engine, and we are contributing to this.”

Sitte guaranteed that many components are

produced locally and others, although still being imported, are being developed with suppliers. He was unable to determine the exact percentage of local content, but guaranteed that the search is for reducing imports, especially also due to the negative effect from the current exchange rate.

On the other side, the increased value of the real may collaborate to expand the plant’s production volume. When asked about the possibility of exporting to other markets, the manager stated: “We follow the consumers. If they believe that the Brazilian plant will better meet the needs, we will supply from it.”

Höllermann added, without offering details, the company is negotiating with other potential customers. He mentioned the location of the plant - in the southern region of the state of Minas Gerais, close to the interior of the state of São Paulo, but not very distant from Betim and Rio de Janeiro - as an asset at the time of closing the deal. WE



Michael Höllermann (left) and Sven Sitte

Brazil reduces taxes for electric, hybrid and hydrogen cell-powered vehicles

André Barros | andreb@autodata.com.br



Production and sales of electric, hybrid, and hydrogen cell-vehicles received a government incentive on Tuesday, 27, by lowering import taxes, whether the models are assembled or knocked down. The Foreign Trade Chamber, Camex, lowered the import tax applied to electric and hydrogen vehicles to 0%, from the full 35% tariff.

In the case of the hybrid vehicles, equipped with combustion and electric engines, the tariff could

reach 7%, depending on the power of the engine and the energy efficiency ratio. These models had already benefited from the measure a year ago, but the so-called plug-in models, which are equipped with a plug that can be connected to the electric network, were not included.

Now, all have been contemplated: hybrid, equipped with engines ranging from 1.0-liter to 3.0 L, depending on the level of energy efficiency, had their tax reduced to zero or up to 7%, with or without the plug.

Electric and hydrogen vehicles will no longer suffer the import taxation, reduced to zero.

Last year, when the government granted the tax discount to the hybrid vehicles, electric vehicles were not included because of the impending electric crisis: sources told our reporters the government concluded that the incentives to electric models could generate public opinion discomfort.

Now, however, the government changed its mind. In a statement published at the site of the Ministry of Development and Foreign Trade, Camex said: “The decision was taken after significant debate about the issue, and the measure intends to make Brazil become part of the new technology routes, offering vehicles with high energy efficiency, low fuel consumption, and low pollutant emissions to the consumer.”

Still according to Camex, these measures are part of the policy of incentive for new propulsion technologies and attraction of new investments for the local production of electric, hybrid, or hydrogen cell-powered vehicles.

According to Luiz Moan, president of Anfavea, the resolution represents a significant advancement for Brazil. “It enables the consumer to have access to the most modern technology in the world and enables the local development of technologies, thereby inserting Brazilian engineering into the major global technology routes, among them, the opportunity to create solutions that utilize ethanol.”

The presence of electric vehicles in Brazil - between January and September, a total of 664 units were licensed - is still timid. During 2014, sales totaled 855 units. **WE**



Federal Police arrests vice president of Anfavea and interrogates the founder of Caoa

Marcos Rozen, with the collaboration from Vicente Alessi, filho | vi@autodata.com.br

Monday, October 26, 2015, became marked as the day in which the Brazilian automotive industry left the realm of the business news and ended up in the area dedicated to police coverage. This is because the Federal Police began a new phase of the Zelotes Operation, the investigation into the manipulation of processes and the results of decisions made within Carf, the country's Internal Revenues administrative authority.

According to the press release issued by the Federal Police, "this new phase of the operation

points to a consortium of companies, in addition to promoting the manipulation of processes and rulings within the Carf, and negotiated fiscal incentives in favor of companies in the automobile sector."

It goes on to state that "processes indicate the probable occurrence of traffic of influence, extortion, and even corruption of public agencies in order to produce legislative rulings that later became approved, benefiting these companies." The companies, in this case, are MMC and Caoa Group, which would have benefited from a Provisional Measure that extended



the fiscal benefits valid for vehicle manufacturers installed in the Center-West and Northeastern regions of Brazil, from 2011 to 2015 - both are located in the state of Goiás: Mitsubishi is in Catalão, while Caoa is in Anápolis.

According to the O Globo and O Estado de São Paulo newspapers, the Federal Police preventively arrested Mauro Marcondes Machado, vice president of Anfavea, under the condition of being the representative of MMC, the Brazilian Mitsubishi. He is president of one of the companies that is being investigated, Marcondes & Mautoni Empreendimentos. O Globo divulged that Machado's partner and wife, Cristina Mautoni, was also arrested.

Through a statement signed by Luiz Moan, Anfavea's president, the association said that "these cases refer to the individuals themselves." However, Machado was temporarily suspended from the association's roster of directors, under the allegation that the initiative occurs "in defense of the collective and the interests of the members." The statement also says that the suspension will last as long as "necessary for the defense and conclusion of the investigative process by the institutional authorities."

Still according to the O Estado de São Paulo newspaper, the Federal Police also searched and obtained documents and equipment at the headquarters of MMC, in São Paulo.

In addition, the founder of Grupo Caoa, entrepreneur Carlos Alberto de Oliveira Andrade, was



also involved in the Federal Police operation, having been brought in for statements.

In a statement, Grupo Caoa confirmed that Andrade, who today is president of the board, "was at the Federal Police in São Paulo for statements." According to the company, however, this happened "only as a witness-informer." Also according to the Group, the entrepreneur "fulfilled his duty as a citizen and complied with the summons." **WE**