

AutoData

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Worst 1st quarter output since 2003

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Cash sales represent practically half of all deals'

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Exports grow 24% during the first quarter

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Truck segment appears to be growing

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Worst 1st quarter output since 2003

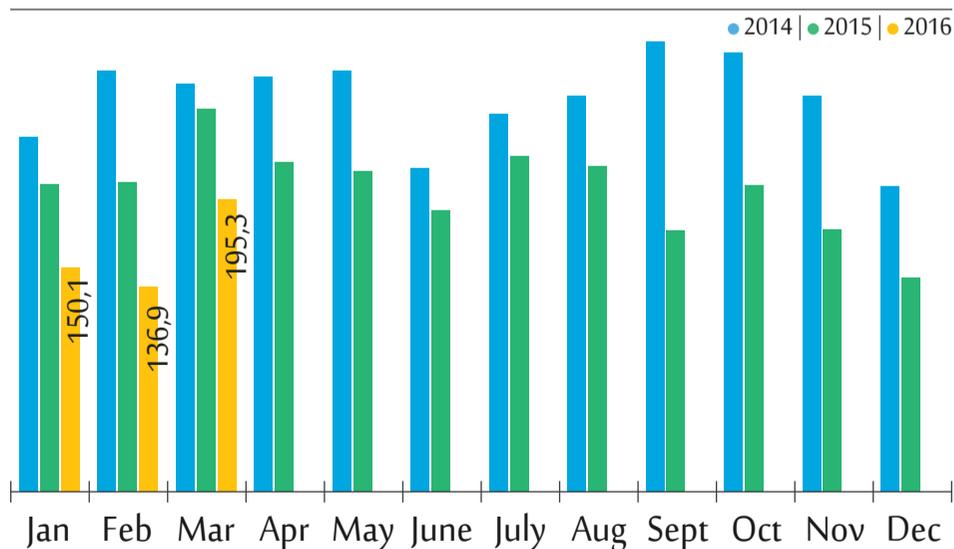
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Manufacturers of automobiles, light commercial vehicles, trucks, and bus chassis registered production of 482.3 thousand units in Brazil during the 1st quarter of this year, according to figures divulged by Anfavea on Wednesday, 6. This represents a drop of 27.8 % when compared to the same period last year, and it is the lowest volume since 2003, when the industry produced 400.8 thousand units during the first 3 months.

The drop in production volume occurs

Production - Monthly (thousand units)

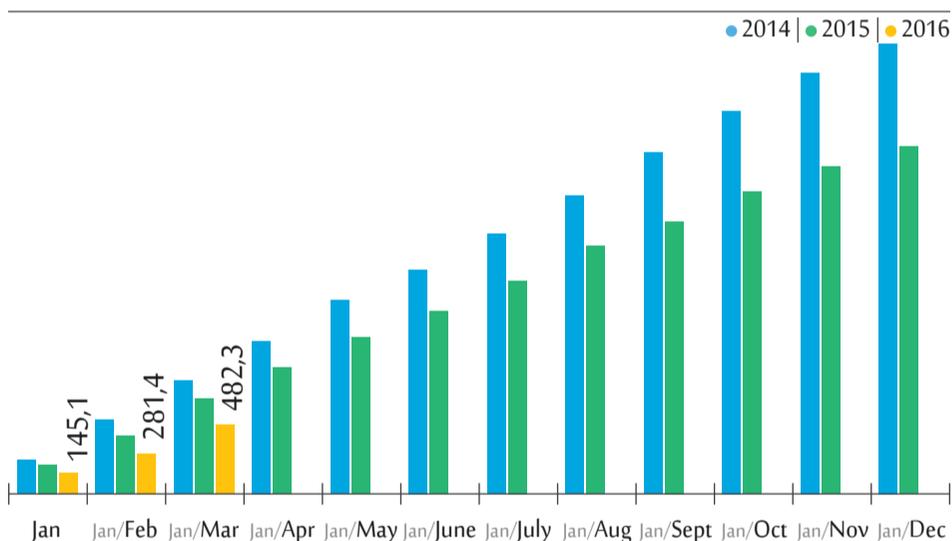


only because of the need to keep pace with the domestic market. In order to adjust inventories, manufacturers reduced the speed of their assembly lines and are increasing the number of days workers are off work. According to Luiz Moan, president of Anfavea, 8.2 thousand metalworkers are being kept on layoff, while another 35,000 workers are working reduced shifts in accordance to the PPE, the federal government's Employment Protection Program.

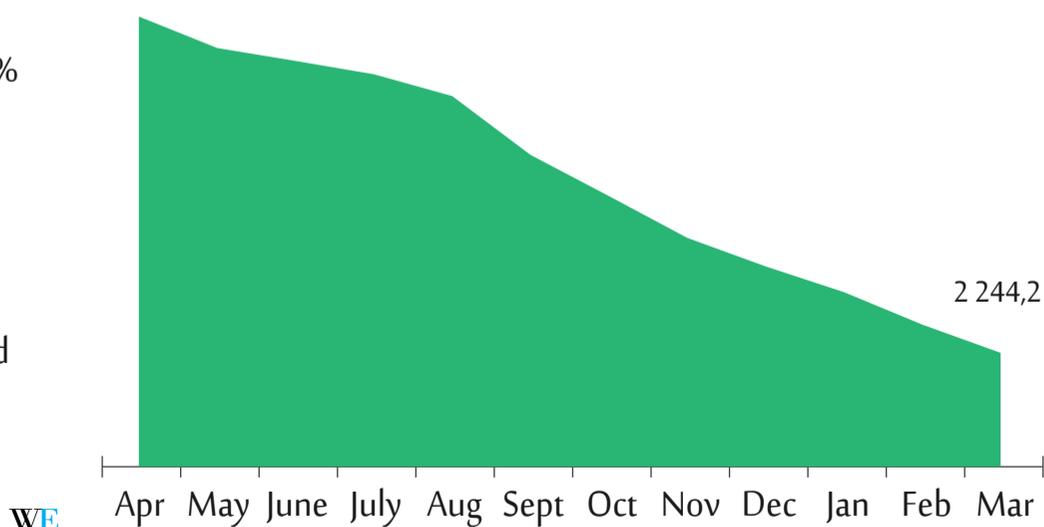
In March, vehicle production totaled 195.3 thousand units, the biggest volume this year, representing an increase of 42.6% when compared to February, a month that presented fewer working days due to the carnival holiday. However, compared to March of last year, production dropped 23.7% - the worst result of the third month of the year since 2004.

Anfavea decided to keep its optimistic 0.5% production growth estimate for the year, at least for another month, which would represent a volume of 2.44 million vehicles. During the past twelve months, however, production totaled 2.24 million units.

Production - Year-to-date (thousand units)



Production - 12-month periods (thousand units)





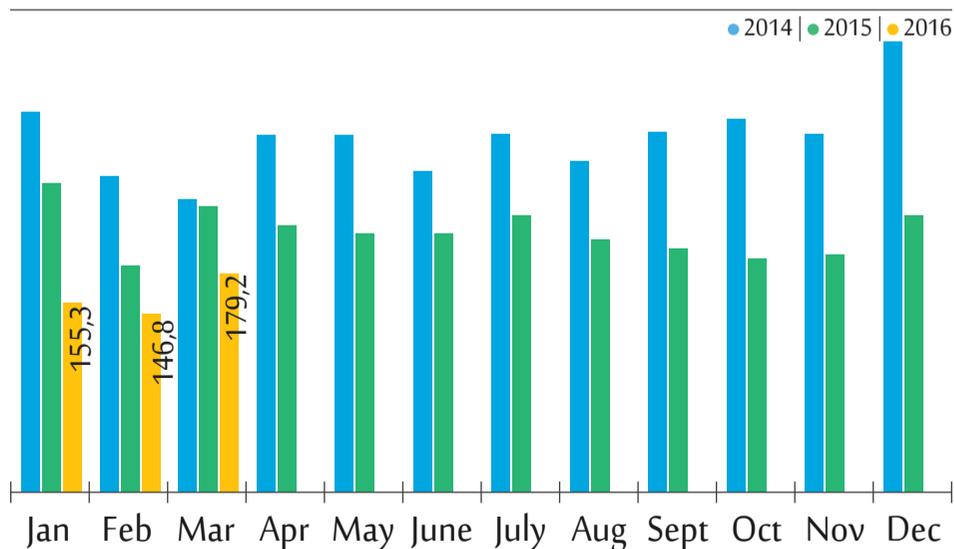
Cash sales represent practically half of all deals

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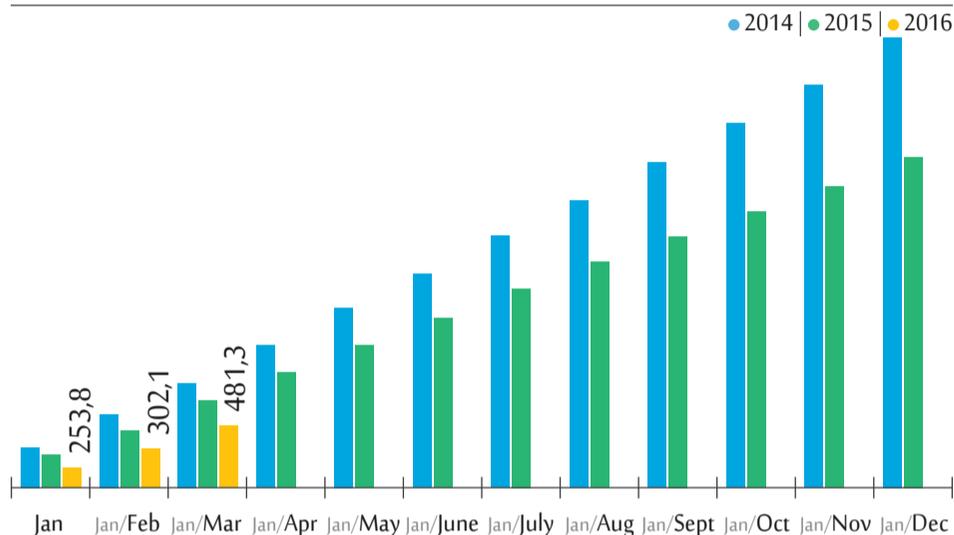
Practically half of all of the sales of passenger and light commercial vehicles in Brazil, in March, was paid for in cash, that is, 48.6%. Sale of involving financing - with the exception of consortiums - represented only 51.4%, according to Luiz Moan, president of Anfavea, during the monthly press conference regarding the Brazilian automotive industry's performances.

According to Moan, this is the lowest ratio since the calculations began in 2005, and it reflects the rigor banks are imposing on

License registrations - Monthly (thousand units)



License registrations - Year to date (thousand units)



Despite the negative performance, Moan remembered that the market is experiencing an apparent recovery curve: in January, the number of vehicles licensed was 39% lower than the volume of vehicles licensed in January of last year. During the first two months of the year, this number was 31% lower than the same period last year, and now, it is 28.6% lower during the quarter.

Inventories, however, registered a slight increase when compared to February, closing at 259,000 units in March. This volume is composed of 184.6 thousand units at the dealers, and 74.4 thousand units at the plants. Last month, inventories closed at 246.3

making finance available. "Credit is only available to older customers, those who are known and have a good history."

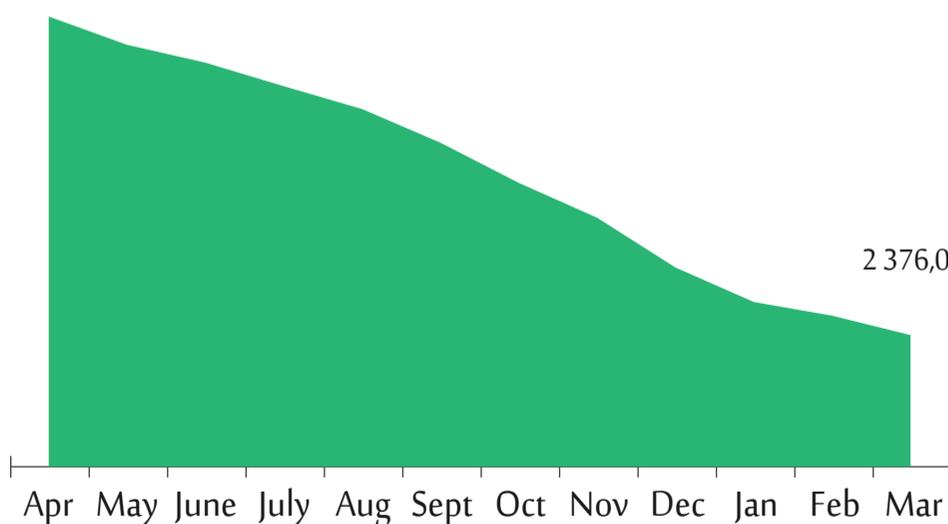
The number of vehicles licensed in March totaled 179.2 thousand units, representing a drop of 23.6% when compared to the same month last year, and an increase of 22.1% when compared to February. During the first quarter, 481.3 thousand vehicles were licensed, representing a drop of 28.6% when compared to the 674.4 thousand units licensed during the same period in 2015, when sales were still under the influence of inventories with lower IPI tax.

Between the twelve-month period ranging between April 2015 and March 2016, 2.38 million vehicles were licensed in the country, representing a drop of 29.3% when compared to the immediately preceding twelve-month period, when 3.36 million vehicles were licensed.

thousand units.

The volume is equivalent to 43 days of sales, that is, 31 days of sales at the dealers, and 12 days of sales at the vehicle manufacturers, when compared to 41 days, 30 and 11 days, at the end of February. "This is a very difficult level for the segment," stated Moan. **WE**

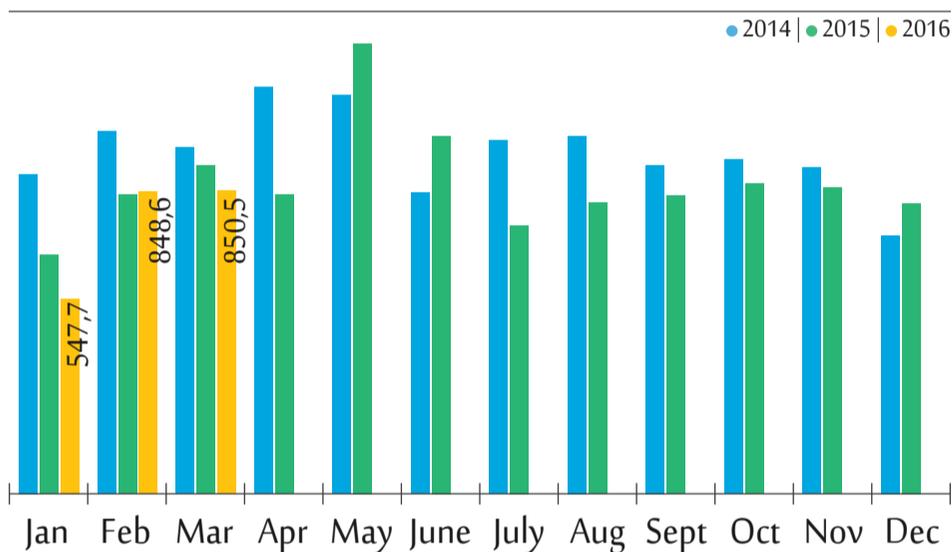
License registrations - 12-month period (thousand units)



Exports grow 24% during the first quarter

George Guimarães | gguimaraes@autodata.com.br

Exports - Monthly (US\$ million)

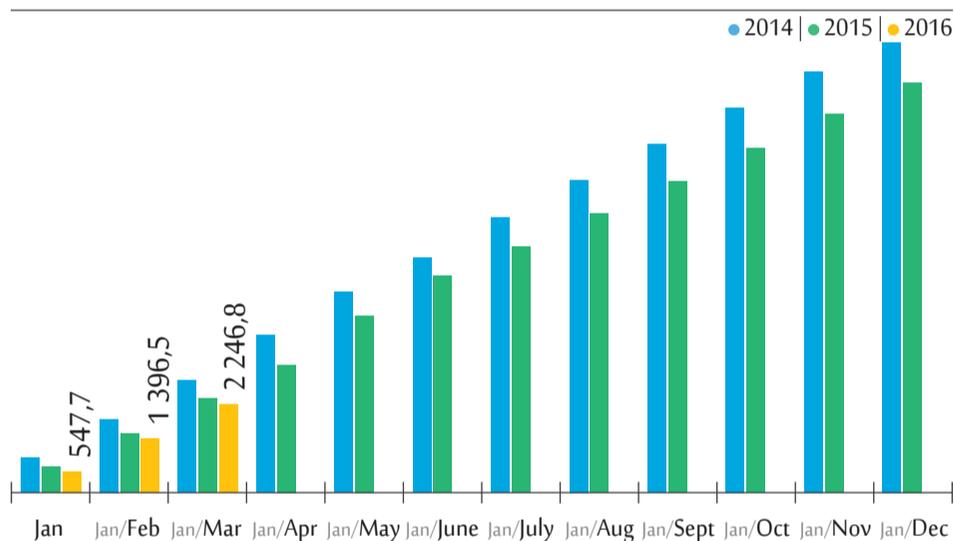


The Brazilian automobile industry closed the first quarter with export shipments of 98.9 thousand units. Although far from offsetting the drop in domestic sales, this represents an increase of 24% when compared to the 79.8 thousand units shipped abroad during the same period last year. This is the best quarterly result since 2013, when the industry in Brazil exported 111.1 thousand units between January and March.

In March, 38.6 thousand vehicles were shipped abroad, the biggest monthly volume



Exports - Year to date (US\$ million)



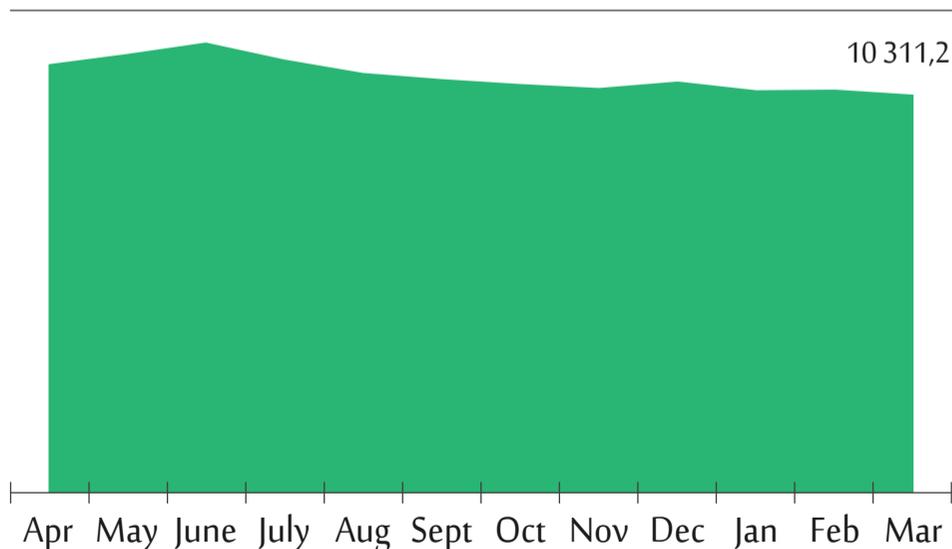
said the Brazilian industry may gain an extra pull from foreign markets. A commercial delegation from Iran is scheduled to arrive in Brazil in two weeks to discuss the purchase of approximately 227,000 vehicles, that is, 145,000 passenger vehicles, 65 thousand trucks, and 17,000 buses. The negotiations are still in the early stage and Iran is also negotiating with other countries. "But we already have members interested in participating in the negotiations who are capable of fulfilling the orders in their entirety," stated the president of Anfavea. **WE**

this year, and a 19.8% increase compared to the same month in 2015. The volume of trucks shipped abroad stood out, having dropped 6.5% when compared to the same month last year, totaling only 4.1 thousand units.

In value, however, the performance is still below when compared to last year. During the first quarter of this year, revenues from exports totaled US\$ 2.2 billion, representing a drop of 7.6% when compared to US\$ 2.4 billion in 2015.

Luiz Moan, president of Anfavea,

Exports - 12-month period (US\$ million)



Truck segment appears to be growing

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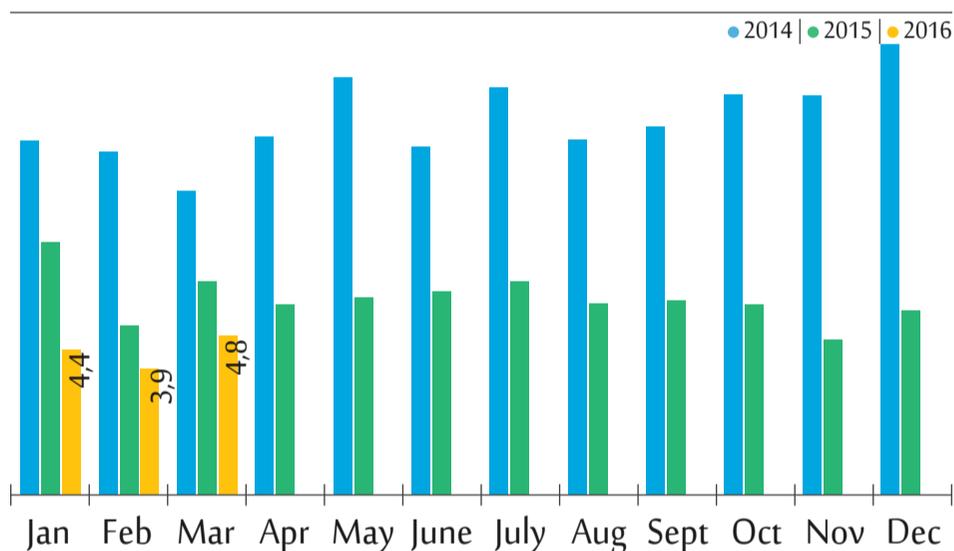
Surprisingly, truck sales in March registered an increase of 25.8% when compared to February. However, the result is far from being celebrated. “The numbers from the segment still reflects the precarious situation of the Brazilian economy,” lamented Luiz Moan, president of Anfavea, during the monthly press conference of the Brazilian automotive industry performance, which was held on Wednesday, 6. “It is an apparent growth and, unfortunately, it does not reveal any sign of recovery. The result is due more to an increase in the number of working days in March when compared to February, when there was carnival.”

The comparisons confirm Moan’s observation. During the first 3 months of this year, 13,111 trucks were sold in the domestic market, representing a drop of 32.1% when compared to the 19,306 units sold during the same period last year.

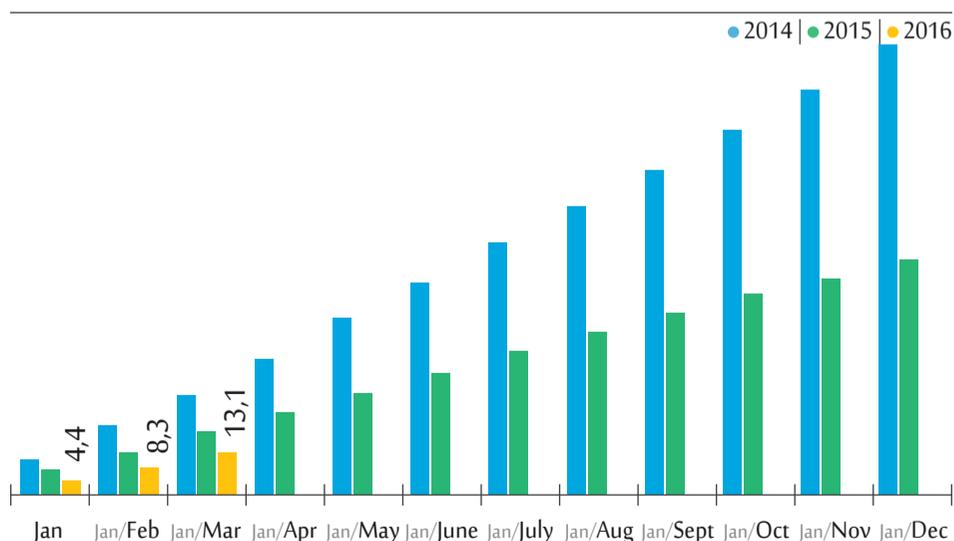
In March, the 4843 trucks sold represented a drop of 25.4% when compared to the same month in 2015.

The level of investment in the sector is still very low due to the complete lack of confidence of the transporter,” stated Marco

Heavy trucks - Monthly (thousand units)



Heavy trucks - Year to date (thousand units)



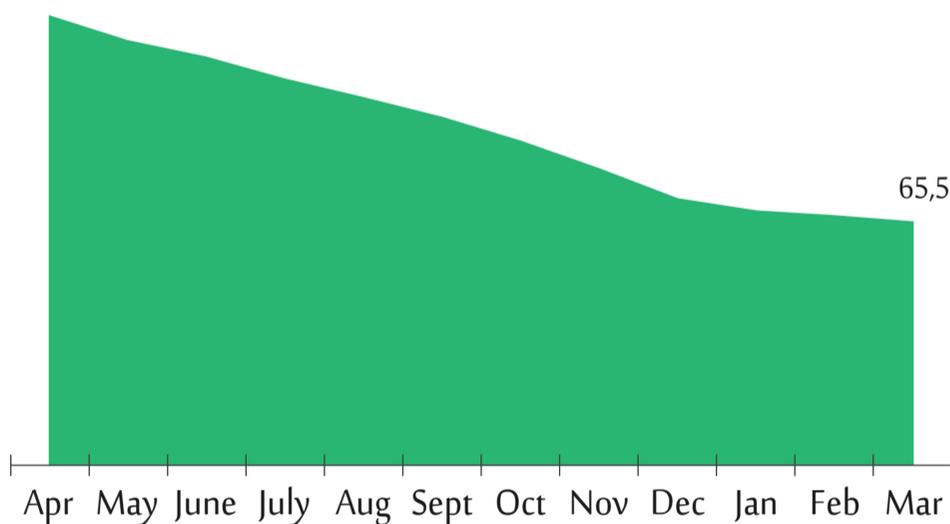


Saltini, vice president of Anfavea. “Today, only the ones who need are buying trucks. When the operational cost of a new model becomes more attractive, for example. The average monthly volume during the first three months stood at 4000 units, and it should remain this way until the end of the year.”

Similar to the number of trucks licensed, the 6.9% growth in truck production in March when compared to February should not be seen as a recovery. According to Moan, “The industry is still attempting to adjust production. In order to have an idea of how serious the situation is, manufacturers of heavy trucks used only 18% of their capacity during the first quarter.”

During the first three months of the year, truck production in the country totaled 15,113 units, representing a drop of 35.2% when compared to the same period last year. In March, production totaled 5294 units, representing a drop of 23.2% when

Heavy trucks - 12-month period (thousand units)



compared to the same month in 2015.

Exports also continued to register negative numbers. During the first quarter, shipments totaled 4104 units, representing a drop of 6.5% when compared to the same period last year. In March, shipments totaled 1587 units, a drop of 11.5% when compared to the same month last year.

WE

Bus chassis sales reflect low investment

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The performance of the bus segment continues not being good and, similar to the truck segment, reflects the situation of the Brazilian economy and shows the current low level of investment by transportation sector players. During the first three months of the year, sales of bus chassis totaled 2720 units, representing drop of 47.8% when compared to the same period last.

Sales performance in March also registered a significant drop. The 987 units sold represented a drop of 45.8% when compared to the same month in 2018, when sales totaled 1804 units. When compared to February, however, the result represented a positive performance of 41%.

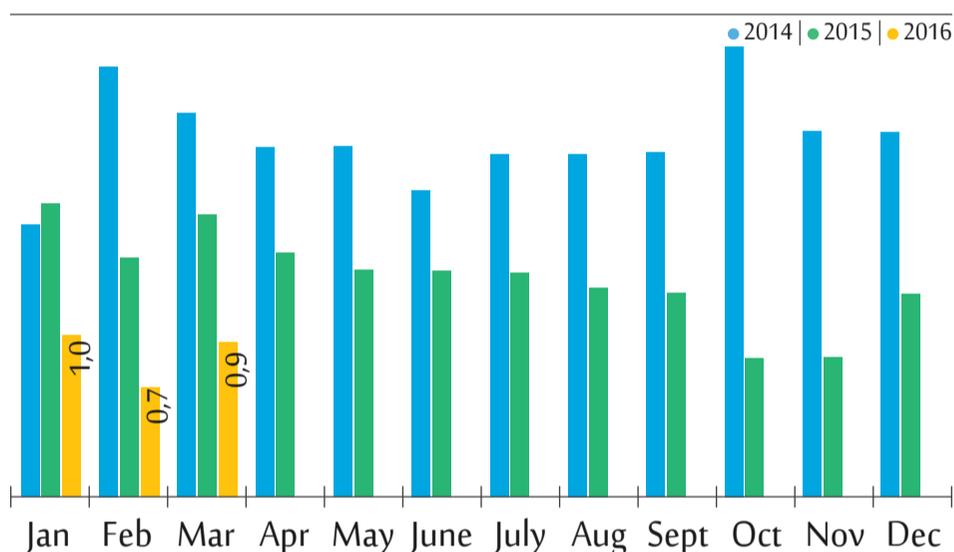
Production kept pace with the drop in sales. During the first quarter of the year, production totaled 4339 units, representing a drop of 43.5% when compared to the 7686 units produced during the same period in 2015.

Production in March totaled 1604 units, a drop of 40.6% when compared to the 2786 bus chassis produced in March of last year.

Once again, there was an increase when compared to February, 9.6%.

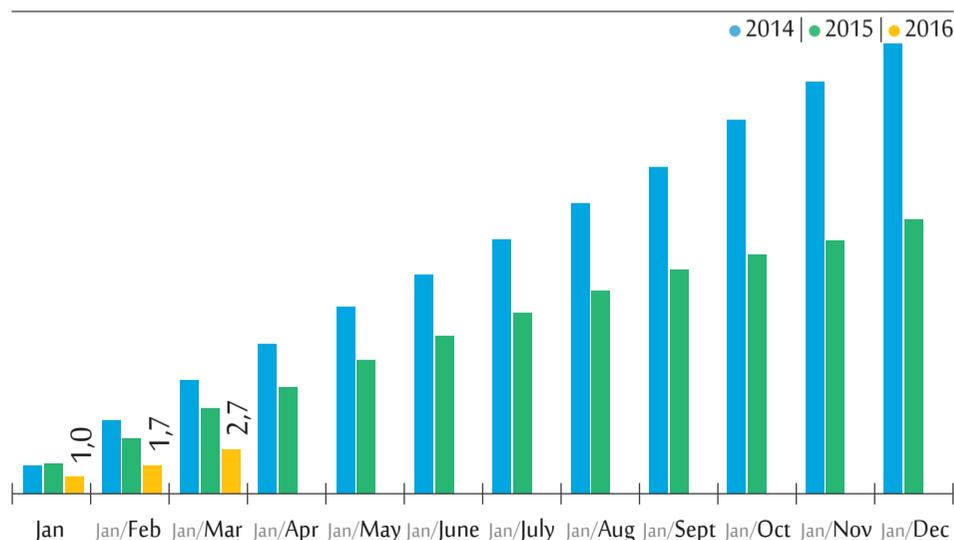
Exports provided the good news in the bus segment. During the first quarter, shipments of bus chassis totaled 1574 units, an increase of 8.4% when compared to the 1452 units shipped abroad during the same period last year.

Bus - Monthly (thousand units)



Shipments in March registered a lower increase, 1%, totaling 726 units. However, there was a good increase of 38% when compared to February. **WE**

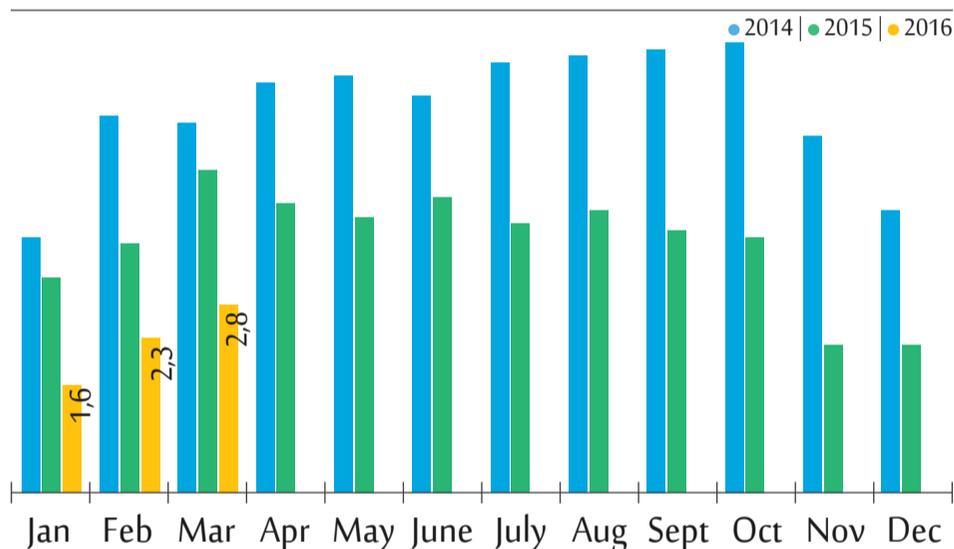
Bus - Year to date (thousand units)



Machinery segment digs into 2018 vacations

André Barros | andreb@autodata.com.br

Machinery - Monthly (thousand units)



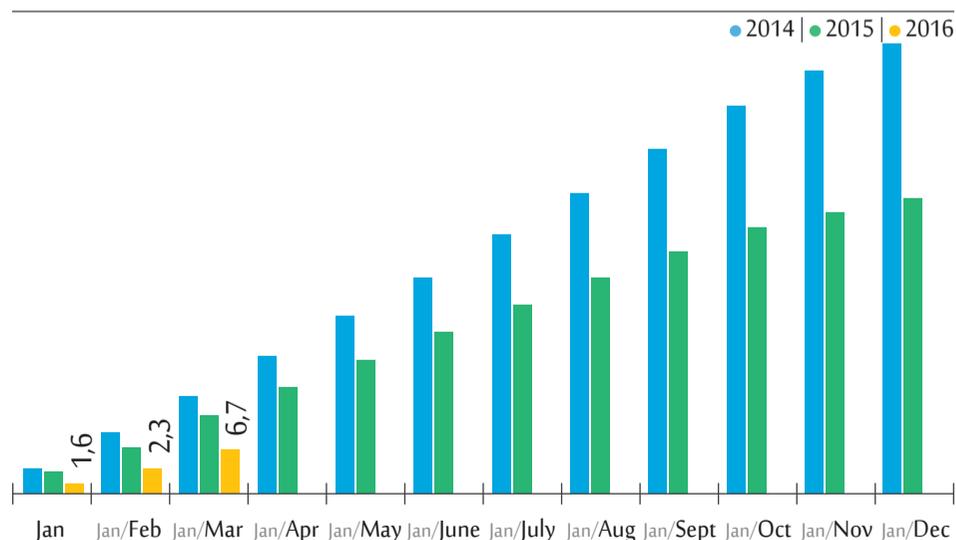
“It is very onerous for companies to face such a high idle capacity level,” stated Ana Helena de Andrade, vice president of Anfavea, during the monthly press meeting held on Wednesday, 6, in São Paulo. “The machinery sector has never before experienced more than two consecutive years of retraction. Demand dropped in 2014, 2015, and is dropping again in 2016.”

Production totaled 7.3 thousand units during the first quarter, a drop of 52.2% when compared to the same period in 2015. In March, only 2.8 thousand machines were

Agricultural and road machinery manufacturers are adopting the most creative solutions to face the low demand for their products in the Brazilian and foreign markets, which caused production to drop 52.2% during the first quarter of the year when compared to the same period last year, generating more than 70% idle capacity.

In addition to paid leave, PPE, and layoffs, mechanisms the entire automotive industry has been using in order to avoid firing workers, companies are adopting collective vacation leaves..... of 2018.

Machinery - Year to date (thousand units)



produced, a drop of 52.6% when compared to the same month last year.

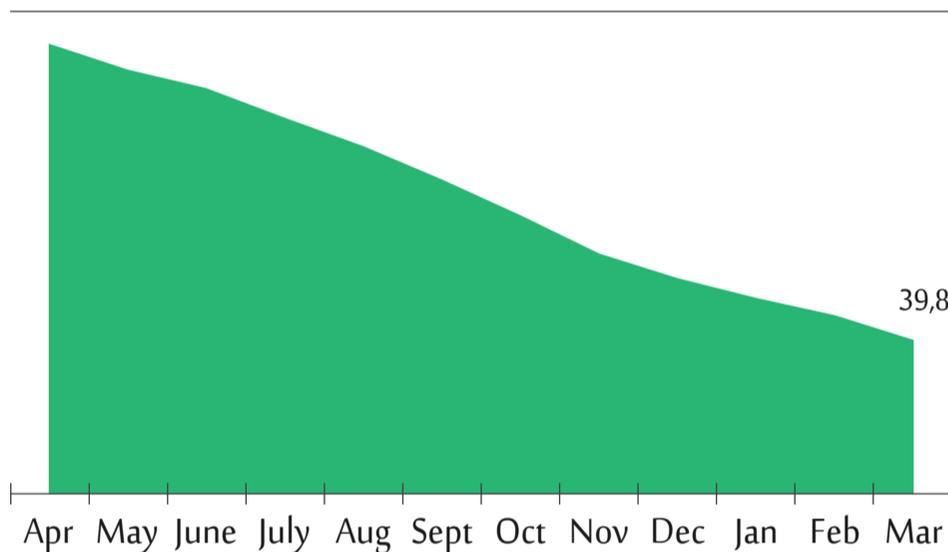
The small production rhythm keeps pace with the weak demand from the Brazilian market, which consumed only 6.7 thousand machines during the first quarter, a drop of 44% when compared to the same period in 2015. “Despite an extremely positive harvest, investments from farmers have contracted extremely.”

In March, sales totaled 2.8 thousand units, 43% below the same month last year. When compared to February, which had fewer working days, there was an increase of 17.3%.

Ana Helena de Andrade hopes Agrishow, the most important agricultural sector trade show in the country, which will take place at the end of April in Ribeirão Preto, in the state of São Paulo, will help leverage tractor sales a bit. Financing lines with special conditions should be offered at the event, especially under the Protrator program, from the government of the state of São Paulo.

Another possible positive scenario is expected

Machinery - 12-month period (thousand units)



to occur in export markets, especially in the African continent, which receives products under the Mais Alimentos Internacional program. The expectation is already becoming a fact: exports totaled 979 units in March, representing an increase of 93.9% when compared to February.

However, shipments during the quarter, which totaled 1811 agricultural and road machines, are still performing negatively, representing a drop of 23.2% when compared to the same period last year. **WE**