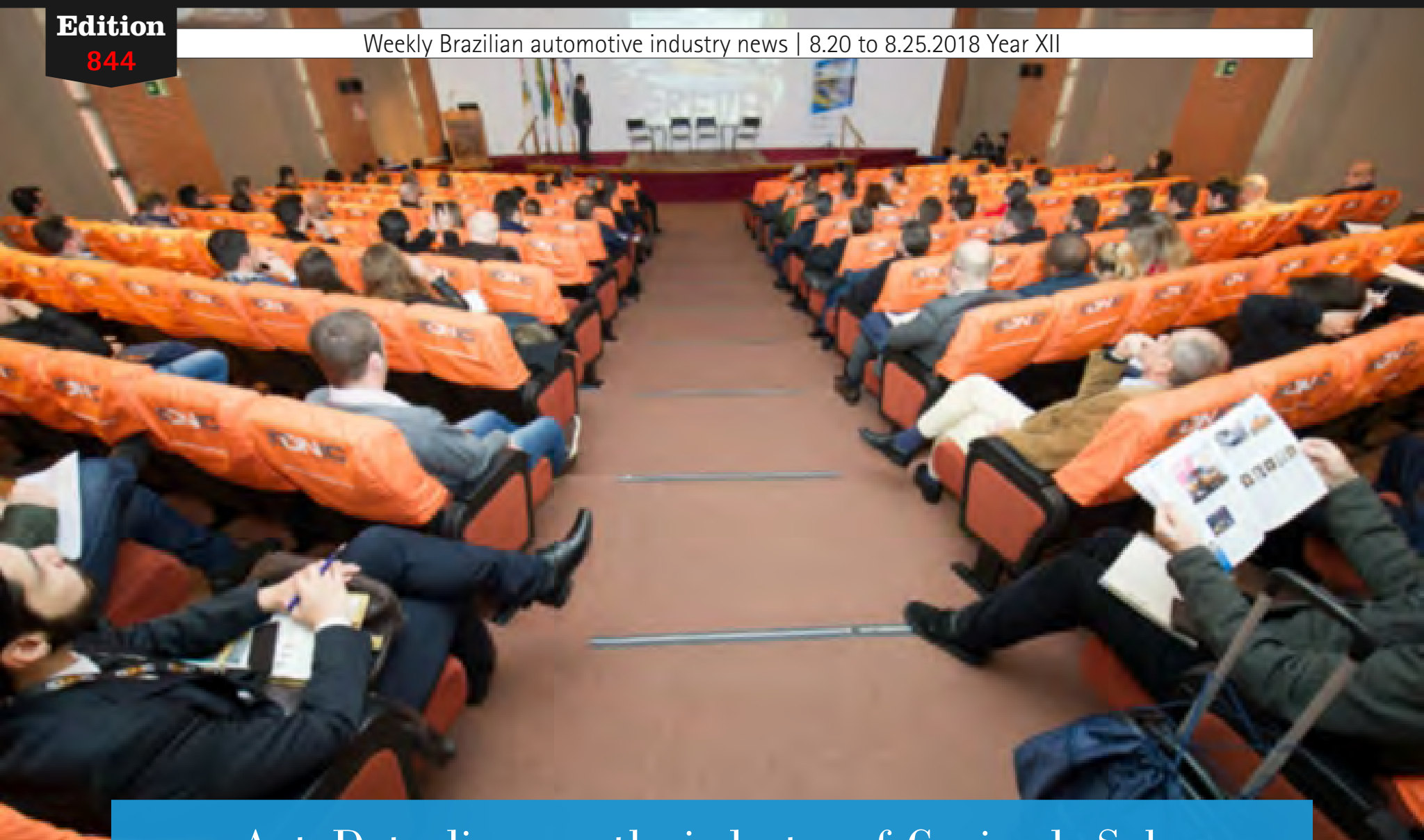


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AutoData discusses the industry of Caxias do Sul

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AutoData discusses the industry of Caxias do Sul


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Photos: Julio Soares

Caxias do Sul, RS - About 200 people attended the AutoData Commercial Vehicles Perspectives Caxias do Sul Forum on Monday, at the CIC headquarters, Chamber of Industry, Commerce and Services. The Forum's synthesis was that the truck and bus markets' recovery helped to pull the local industry, heavily damaged by the crisis that has knocked down heavy vehicles sales in recent years.

The economist Rogério Gava, consultant of Simecs (Union of Metallurgical, Mechanical and Electrical Material Industries of Caxias do Sul) presented data that point to a 16,4% growth in the



local industry's billing in the first semester, comparing the first six months of 2017. The automotive revenue increased 20% in the period, separately.

"The sun started to come out, but we still have a lot to do", he said, referring to the crisis period. "From 2014 to 2016, industry's revenue decreased 43.5%. From 2016 to 2017 there was an 8.5% increase, but the industry still works with 39% lower revenues [than the pre-crisis period]."

In 2014, according to data from the union, the industry of the city billed R\$ 20.9 billion. The expectation is to reach R\$ 14 billion this year, a growth of 9.5% over 2017: "In the first half of the year, revenues were R\$ 7 billion. We have a cautious projection, it is possible that growth will reach double digits."

Due to this reduction in revenue, 18.5 thousand jobs were closed from 2014 to 2016. Last year the level of employment was stable and during the first semester the industry of Caxias do Sul hired 4 thousand people. Gava feels sorry for the job losses: "Many people ended up by leaving the region or working in other sectors".

The atmosphere of the event was optimistic because the growth in the first half, even with a high percentage, also means a recovery from the losses regarding last years. The full coverage of the event will be published by AutoData on Tuesday, 21. **WE**

Truck manufacturers close their order book for the year

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Caxias do Sul, RS - Problems in the automotive chain, especially regarding imported electronic components, have been an obstacle to an even more consistent growth of the truck market in Brazil. Even so, manufacturers like Volvo and Iveco have their order books virtually closed for this year and have been starting negotiations for deliveries for the first quarter of 2019. The current and future scenario were released by Alcides Cavalcanti, Volvo's national truck sales manager, and Idam Stival, commercial truck manager for Iveco, during a speech

at the Commercial Vehicles Forum, held by AutoData, on Monday, 20, at CIC, Chamber of Industry, Commerce and Services, in Caxias do Sul, RS.

From January to July, according to data from Anfavea, 26 thousand 122 heavy and semi-heavy trucks were sold, a 70% increase over the same period last year, which had total sales of 32 thousand 289 models above 16 tons. In the heavy and extra-heavy sectors the increase has reached 90% and volume 17 thousand 991 units sold, from January to July of 2018, it is only 9% lower than last year. For Cavalcanti this segment is expected to reach almost 33 thousand sales until December, a 75% increase. The Volvo manager highlighted the sales performance of the model FH 6x4, which was the best seller in the entire national market from the 3.5 ton range. The strong increase meant that in February, Volvo opened the second production shift in Curitiba, PR.

In Cavalcanti's opinion, the numbers should keep increasing next year, influenced by the



Photo: Julio Soares.

agricultural harvest, although possibly lower than the previous ones, expectation of GDP by 2.5% and reduction in transportation cost, associated with an increase of revenue in the sector, which tends to become more concentrated. Data from ANTT, National Agency of Land Transport, indicate a reduction of 25% of transport companies and 40% in the number of autonomous drivers. He cited political uncertainties, the exchange rate, for interfering in imported content costs, the increase in interest rates in the United States, increase in raw materials and input cost as well and climatic influences on crop yield performance as obstacles.

Ideco Stival, of Iveco, estimated that the entire segment of trucks will close this year with a 25% increase over last year, reaching around 60 thousand units. He believes that, by 2019, at least these numbers will be repeated, with a tendency to be better. Facing the positive scenario, he said the company has not yet decided if there will be holidays at the factory by the end of the year.

He also projected that models below 16 tons, with a current performance lower than the medium and heavy trucks, will

have more representative increases in 2019: “We have a positive outlook for this year’s closure and for next year’s results”.

He confirmed the launch of another Iveco vehicle this year and another three scheduled to 2019.

Norberto Fabris, president of Anfir, National Association of Road Equipment, has projected 78 thousand to 83 thousand units to be sold this year, representing an increase from 28% to 37% over the volume regarding 2017. The biggest boost will come from the segment of trailers and semi-trailers, varying from 56% to 64%, and totaling 39 thousand to 41 thousand units. The performance of bodies over chassis will be lower, ranging from 10% to 18%, with sales of 39 thousand to 42 thousand vehicles. Up to July, 23 thousand 411 trailer trucks and 23 thousand 263 semi-light trucks were sold.

He highlighted the reversal in the sectors’ share in sales of road equipment. Heavy vehicles, which had an average of 35% in the previous years, reaching 40% in 2017, should be close to 50%. For 2019, Fabris bets on the growth continuity, regardless of the October elections’ result. **WE**

Bus demand will remain high next year

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Photo: Julio Soares

Caxias do Sul, RS - The need for fleet renovation, which already is in the middle age, new bids, norms and regulations are factors that must determine the continuity of the bus market resumption in Brazil, in 2019. The view was shared by Marco Portes, regional sales manager at Volvo, Alan Frizeiro, manager of bus sales operations at Scania, and Wilson Pereira, vice president of BYD, on the bus market panel discussion during the Forum of Commercial Vehicles conducted by AutoData in Caxias do Sul, RS, on Monday, 20.

After recalling Volvo's sales increase until June in Brazil, of 113% over the same period last year, totaling 174 chassis, with the exception of the very low previous base, Portes estimated that demand for 2019 will increase from 10% to 15%. The models with the highest sales number were heavy city buses, such as padron, articulated and bi-articulated, and the 8x2 road buses of 15 meters long. In Latin America, in six months, the company had a 29% increase in bus sales.

Frizeiro, of Scania, highlighted that the company has advanced 34.6% in the last seven months in Brazil, with a total of 389 units, while the market grew by 19.8%, with 5 thousand 564 sales. For the closing year Scania projects an increase of 32%. The manager also mentioned the excellent acceptance of the 15-meter 8x2 model: since its launch in November 2016 until July, almost three hundred units have been sold. He also commented on the expectation that Scania has regarding the increase of powered by NGV and biomethane vehicles, in addition to the use of connected services.

Wilson Pereira emphasized the job that BYD is doing in Brazil for the consolidation of electric models. Installed in Campinas, SP, where it employs 460 people, it has an installed capacity of 350 chassis/year. He told that having its own factory is a goal for the next year and, for the period 2020/2022, the objective is to reach 70% of national content in buses. For this year the projection is to sell sixty units:

"We believe in an increasing demand for the next two years, especially with the bidding that should be defined for the city of São Paulo."

WE

Etios sustains Toyota's exports to Argentina

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São Bernardo do Campo, SP - The crisis that shook the pillars of the Argentine market and cooled down domestic consumption reduced the expectations of Brazilian vehicle exporters. Toyota, on the other hand, projects a different scenario and affirms that there will be an increase in its vehicle shipments arriving there. The

trust is due to Etios entry model which, for some time, has been the best –selling car in Argentina.

Toyota believes that the model will be responsible for the increase expected in its exports, at least until the end of the year, according to the executive vice president in



Disclosure

Brazil, Miguel Fonseca: “The offer abroad, especially in Argentina, will be more robust with Yaris next year.”

The company exported 31.2 thousand units to Argentina until July, which represents a 10% increase over the first seven months of last year. By the end of the year the volume should reach 57,7 thousand units, mostly the compact model. Toyota also exports the mid-sized Corolla sedan.

While Yaris does not arrive in the Argentine market - it should arrive by the end of November - the protagonist is the entry model, Etios: up to July, 23 thousand 342 units were sold according to data from Acara, an entity that corresponds to NADA in Argentina. This represented a growth of 24% compared to the same period in 2017 - the volume surpassed those reached by Ford Ka, 21 thousand 635, and Chevrolet Onix, 21 thousand 372 units.

Fonseca pointed to the characteristics of the models as factors that made their sales increase in Argentina: “The Argentine is a consumer who values mechanical performance a lot, and we noticed that sales had a great leap from the moment we started exporting the model equipped with the automatic transmission”.

Besides Argentina, Paraguay, Peru and Uruguay are Etio’s destinations, a model launched in the second half of 2012.

Its performance in exports has led Toyota to schedule the opening of the third shift at the Sorocaba factory, SP, where the compact is produced. Still, Fonseca noted, the demand for the model in Brazil and in the markets where it is exported to, continues higher than the installed production capacity. The company’s production was 4% higher compared to the same period last year until July, a possible scenario for the increase in exports.

This situation made the company execute a planning articulated by the factory and aftermarket to avoid a non-supplying in the markets: “We had to calculate the production pace, basically, since the demand for Etios is also increasing in Brazil. The third shift is something that emerged specifically to meet the exports”.

Until 2020, another fifty stores should be part of the company’s dealers chain in Brazil, totaling 250 units: “Storage control and our presence in important regions, the two factors combined, help us balance our vehicles’ deliveries in this scenario in which the demand is bigger than our capacity to produce”.

WE

M-B: 350 trucks for Africa and the Middle East

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São Bernardo do Campo - In 2015, Mercedes-Benz started to explore regions such as the Middle East and Africa to increase its exports, a solution to sustain part of its production in a Brazilian market crisis. This year, the company projects a 40% increase in the volume exported to twenty countries of the region, according to Roberto Leoncini, sales, marketing, parts and bus and truck services vice president:

“We want to export 350 trucks to countries in Africa and the Middle East this year, before the 26

vehicles that were shipped last year. From next year on I believe that we will have a more robust growth, starting to close bigger sales”.

Of the total projected by the company for this year, 250 units were exported until July. Since 2015, when it started to prospect new customers, Mercedes-Benz has already exported 1 thousand vehicles to countries of the region.

To improve its operations in the region, the company had to revise its export logistics. Atego, for example, started being exported in Flat Rock containers, generating economy from 16% to 20% compared to the roll-on-roll off system. Accelo is shipped in standard containers, which two units can be placed in it, reducing the cost of the traditional system. The transit time was lowered in 25% on the same basis of comparison.

Accelo and Atego are the truck models produced in São Bernardo do Campo, SP, target of exports to Africa and the Middle East and compete basically with several brands of vehicles produced in China. Although Chinese trucks are cheaper, Leoncini said that Mercedes-Benz is able to conquer the market due to greater robustness in the company's vehicles, the most interesting characteristic for customers of the region: “In addition to the robustness we have been able to conquer new customers by offering unique technical support and the Mercedes-Benz brand itself has its relevance in the market.”

The trucks go through some adaptations before being exported, such as the Arabic language on the dashboard, vertical exhaust, special tires for desert operations and frontal protection device. In the region, applications for water transport, military, garbage compacting and rescue platform predominate.

Mercedes-Benz, eventually, installs road implements and, depending on the case, offers training for third parties that do the job. In order to serve the region, the company maintains two offices with trained employees in the sales areas and aftermarket.

WE