

# AutoData

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# Brazil, 9th producer and 7th market in the world in 2015

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Last year, Brazil registered total vehicle production of 2.4 million units, a drop of 23% when compared to 2014, causing the country to close in the 9th position of the biggest vehicle producers in the world. As a result, the country lost one position in the global ranking, being surpassed by Spain.

The figures were revealed by Oica, the international organization of automobile builders, which encompasses representatives from vehicle industry associations throughout the world.

During the past two years, Brazil lost one position per year. In 2013, it closed in the 7th position. In 2014, it was surpassed by Mexico, closing in the 8th position. Now, it lost this position to Spain, which last year registered production of 2.7 million units, representing an increase of 13.7% compared to the previous year.

Among the Top 10, three countries registered negative performances when compared to 2014: in addition to Brazil, Japan, 3rd in the overall ranking,

## Global Vehicle Production - 2015

Source: Oica

	Country	Passenger	Light Commercial Vehicles	Total	% change (2014)
1°	China	21 079 427	3 423 899	24 503 326	3,3%
2°	United States	4 163 679	7 936 416	12 100 095	3,8%
3°	Japan	7 830 722	1 447 516	9 278 238	-5,1%
4°	Germany	5 707 938	325 226	6 033 164	2,1%
5°	South Korea	4 135 108	420 849	4 555 957	0,7%
6°	India	3 378 063	747 681	4 125 744	7,3%
7°	Mexico	1 968 054	1 597 415	3 565 469	5,9%
8°	Spain	2 218 980	514 221	2 733 201	13,7%
9°	<b>Brazil</b>	<b>2 018 954</b>	<b>410 509</b>	<b>2 429 463</b>	<b>-22,8%</b>
10°	Canada	888 565	1 394 909	2 283 474	-4,6%

registered a production drop of 5%, similar to Canada's ratio, which closed in the 10th position - preventing Brazil from dropping an additional position, at the limit of the Top 10.

Spain was the only one among the seven countries that registered positive performances to register a 2-digit increase in 2015 when compared to 2014.

China, once again, was by far the leader of the Oica global ranking with an impressive output of 24.5 million units last year, representing an increase of 3%. It was followed by the United States, in the 2nd position, with 12.1 million units, representing an increase of almost 4%, while Japan, 3rd, registered production of 9.3 million units in 2015.

The ranking continues in the following order: Germany, with 6 million units, South Korea, 4.5 million units, India, 4.1 million units, Mexico, 3.5 million units, Spain, Brazil, and Canada.

Global automotive production in 2015, according to Oica, totaled 90.6 million units, representing a growth of 1%.

In terms of sales, while Brazil ranked as the 4th most important vehicle market in the world in 2014, behind only China, US, and Japan - despite a drop when compared to 2013 - the drop in 2015 was delivered with interest rate: from one year to another, the country lost three positions in the global ranking, closing last year only in the 7th position, being surpassed by Germany, India, and the United Kingdom.

The numbers take into account total sales of vehicles last year, that is, passenger and light commercial vehicles, trucks, and buses.

The worst performers among the Top 10 were

Brazil and Russia, two of the four BRICS. While the country dropped from the 4th to the 7th position, the Russians experience a worse performance: from the 8th position in 2014, it moved down to the 12th position in 2015, according to Oica. Russia lost positions, in sequence, to France, Canada, South Korea - which made it to the Top 10 list - and Italy.

These other countries practically maintained their positions when compared to the previous year, with exception to the positions inherited thanks to Brazil's and Russia's negative performance.

China was the global vehicle sales leader once again, with a comfortable gap: 24.6 million units, against 17.5 million units sold in the United States, which closed the ranking in the 2nd position. In a distant 3rd position, Japan, with 5 million units sold last year.

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### Global Sales Ranking - 2015

	Country	Units
1º	China	24 597 583
2º	United States	17 470 659
3º	Japan	5 046 511
4º	Germany	3 539 825
5º	India	3 425 336
6º	United Kingdom	3 061 406
<b>7º</b>	<b>Brazil</b>	<b>2 568 976</b>
8º	France	2 345 092
9º	Canada	1 939 949
10º	South Korea	1 833 786

Source: Oica

# Sales indicate slight improvement in March, but not enough to save the quarter

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The Brazilian passenger and light commercial vehicles, trucks, and bus chassis market closed the 1st quarter of this year with sales of 481.4 thousand units, representing a drop of 28.6% against the same period in 2015, when Brazilians acquired 674.4 thousand units. This was the lowest sales volume in the domestic market since 2006, when 417.6 thousand vehicles were licensed - also closing slightly below first quarter sales in 2007, 493.2 thousand units.

The figures were divulged by Fenabrave on Friday afternoon, April 1, and indicate a slight improvement in the average daily number of vehicle license registrations: 8.1 thousand units. In March of last year, the ratio closed at 10.7 thousand units. In January and February, the average number of vehicles licensed per day stood at 7.5 thousand units.

Last month, 179.3 thousand vehicles were licensed, slightly above retail expectations of 170-175 thousand units. The volume represented a drop of 23.6% when compared to March 2015, when sales totaled 234.7 thousand vehicles. However, the volume represented an increase of 22% when compared to February, a month with fewer working days and 146.8 thousand license registrations.

All segments registered decreases in March 2016

when compared to the same month in 2015, and their respective quarters. In passenger and light commercial vehicles, the 173.3 thousand units licensed in March represented a drop of 23.3%, while the 465 thousand units licensed during the quarter represented a drop of 28.3%.

The 4.8 thousand trucks licensed in March represented a drop of 25.9%, while the almost 13.0 thousand units licensed during the quarter represented a drop of 32.9%. The 1.2 thousand bus chassis licensed in March represented a drop of 45.4%, while the 3.3 thousand units licensed during the quarter represented a drop of 47.7%.

The motorcycle market registered a drop of 12.5% during the 1st quarter, totaling 286.2 thousand units. In March, 103.3 thousand motorcycles were sold, representing a drop of 17.1% when compared to the same month in 2015.

Brands - General Motors once again led the market in March, and, as a result, remained in the 1st position of the ranking, with sales of 75.8 thousand vehicles, representing a 16.3% market share. With 70.1 thousand units sold, a market share of 15.1%, Fiat closed in the 2nd position of the ranking, followed by Volkswagen, with 13.6% of the market and 63.2 thousand units licensed.

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# PSA Latin America: profit at last.

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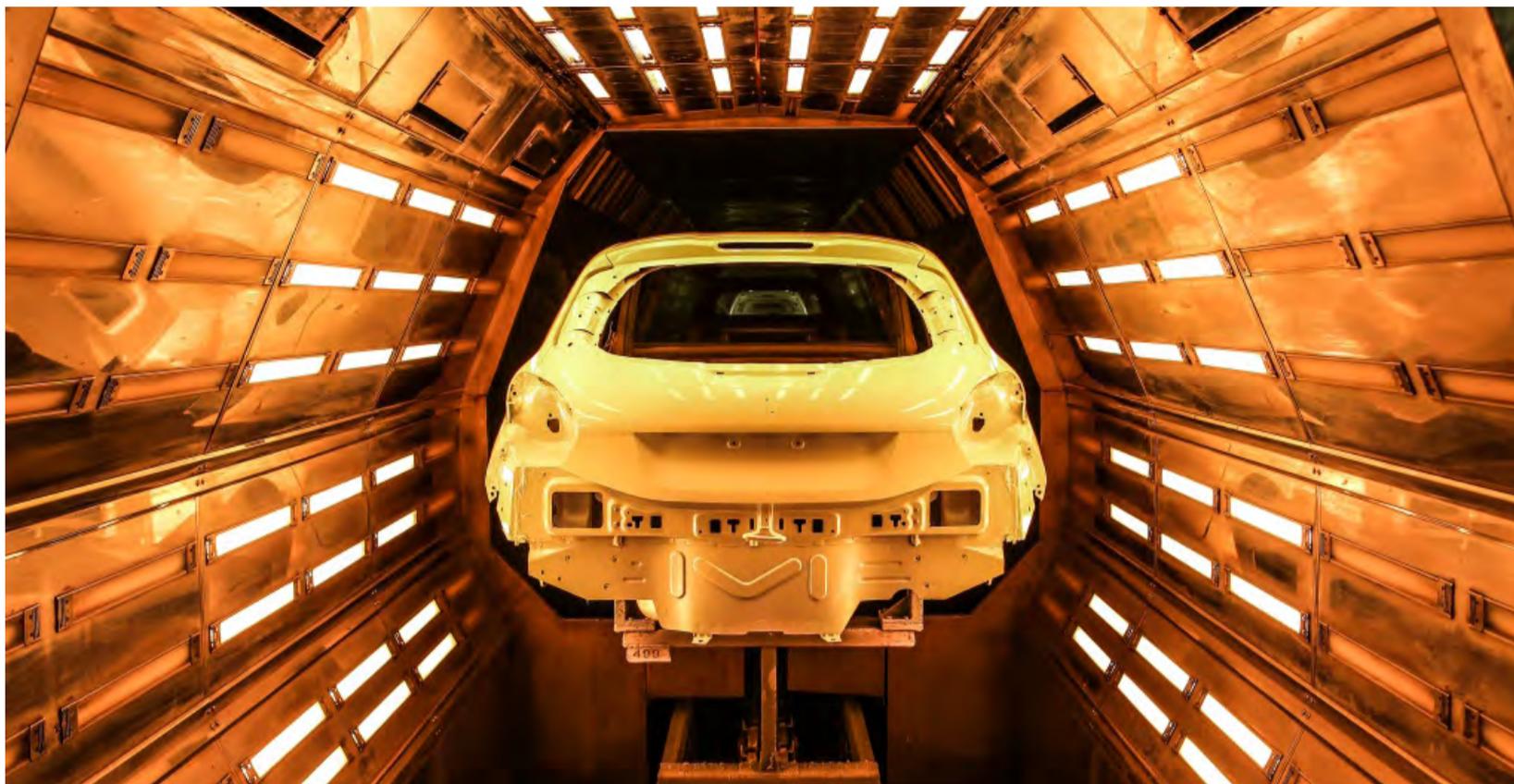
The strategy of getting more done with less worked. In 2015, PSA's Latin American operation returned to profitability. This is the first time in its 15-year history that the division registers profits. Carlos Gomes, president for Brazil and Latin America of the PSA Group, did not reveal the regional figures, stating only that the global margin was 5%, a result that had been projected by the conglomerate to be achieved only within another 2 years.

Gomes, however, highlighted that the Brazilian operation, the biggest in the region, still remained in the

red, although it contributed decisively to the reduction of fixed and variable costs. "This work was done at all levels, in every operation. Our point of equilibrium, which previously demanded production and sales of 400,000 vehicles, has now dropped to 150,000 (units)," he explained.

The executive added that, among other measures such as the increase in local content, the company also eliminated production of vehicles that did not offer profitability in order to rationalize production also. Today, for example, all vehicles have the same metallic





Image/PSA

seat structure and the number of trips made by staff was reduced by 90% thanks to virtual meetings or personnel reallocation.

Despite the positive result, Gomes prefers not to speak about new investments. He says only that the momentary profitability ensures the continuity of plans. The resources, according to him, should be forthcoming as markets and projections demand. However, it is certain that the company will continue pursuing the highest local or regional content ratio possible. “The new projects should have approximately 90%.”

This rigor with the investments had a practical example on Tuesday, 29, in São Paulo. The company presented a new engine for the Brazilian market at its Design Center: the PureTech 3-cylinder, bi-fuel. Considered PSA’s most modern engine, it will initially equip the Peugeot 208 produced in Porto Real, in the state of Rio de Janeiro - Gomes does not hide that it should also equip the Citroën C3 in the future -, the brand’s best selling model, almost half of all Peugeot sold in Brazil.

Even so, the PureTech will be imported, despite

Gomes having ensured that the development of the flex version and the facelift of the 208 that should arrive in the market at the beginning of May cost approximately R\$ 200 million. “Producing here is a natural idea. However, the current economic moment requires prudence and we have chosen to bring a faster answer to the Brazilian consumer,” stated the president of the operation, who calculates that in order to justify the local production of the 3-cylinder engine, a scale ranging from 80,000 to 100,000 units per year would be required.

PSA closed 2015 with sales of approximately 160,000 vehicles in Latin America, representing a market share of 3.2%. In Brazil, the company sold 58,000 units, representing even less: 2.4% of the domestic passenger and light commercial vehicles market. Gomes projects a slight growth to 3.9% in the region in 2016, as well as in Brazil, a market that, according to him, should remain slightly below 2 million passenger and light commercial vehicles.

“But what we really want is to increase our profitability even further.”

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# Reed confirms Auto Show move to São Paulo Expo

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Six months were needed in order to Reed Exhibitions Alcantara Machado make the change of address of the São Paulo Auto Show from the Anhembi Fairgrounds to the São Paulo Expo official. The information was confirmed at an event for the press that took place on Wednesday, 30.

The fact had already been known by the market at least since early September, when Autodata news agency revealed it with global exclusivity.

According to Juan Pablo de Vera, president of Reed Exhibitions Alcantara Machado, the delay in the confirmation occurred "due to the need to show to the partners (exhibitors) the new proposal of the location and receive their approvals. This is not a process that we do alone, by ourselves." However, at the same time, the company's vice president,

Paulo Octávio Pereira de Almeida, revealed that 27 brands have already confirmed their participation in the event, in "a process of negotiation that involves many people, departments, headquarters, and which takes a long time to be closed." That is: in practice, the companies and associations that will participate should have already been informed of the changes months ago, way before this official confirmation by the organization.

According to the executive, the following companies have already confirmed their presence at the event: Audi, BMW, Chevrolet, Chrysler, Citroen, Dodge, Fiat, Ford, Honda, Hyundai, Jaguar, Jeep, Kia, Land Rover, Lexus, Mercedes-Benz, Mini, Mitsubishi, Nissan, Peugeot, Porsche, Renault, Subaru, Suzuki, Toyota, Troller, and Volkswagen.

Reed ensures the new location will provide a higher level of comfort to the visitors because there is air-conditioning and a more practical and nearby parking building - the value was not revealed. The company expects the amount of visitors to remain the same as in Anhembi, that is, 750,000.

One thing is for sure, the prices to the public will be higher: the least expensive tickets, for the first day of the event, November 10, will cost R\$ 40. In the 2014 edition, the same ticket was priced at R\$ 30. Values for the weekend were increased from R 60 to R\$ 95, and, during the week, from R\$ 45 to R\$ 70. **WE**



# Volvo Cars projects same performance as 2015

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The political and economic crisis in Brazil should not have such a major impact on Volvo Cars in 2016. The only manufacturer in the premium segment to not invest in a local manufacturing facility - Audi, BMW, and Mercedes-Benz have already inaugurated their facilities, and Jaguar Land Rover should inaugurate its facility next month - the company registered a growth of 35% in sales last year, representing approximately 4000 units licensed.

The company's CEO, Luiz Rezende, expects to reach the same volume this year: "Our performance is in line with what we projected for the premium segment, which should repeat last year's numbers. We should gain market share, since the overall market should drop to something around 2 million units."

The executive, who was elected vice president of Abeifa, considers it possible to increase market share since the average 5% price increase applied to its models remained below the increases implemented by its competitors, which increased the values around 10%.

The increase in the US dollar exchange rate was responsible for the decision to readjust prices, according to Rezende. It also limits, even more than the Inovar-Auto quotas for importers, the growth of Volvo Cars: "We reached 4000 units, which we consider a good size for the current moment."

The company's record, however, was achieved

in 2011, with sales of 5000 units. That year, the Inovar-Auto program and the quotas of up to 4.8 thousand vehicles exempt of the 30-percentage points increased IPI tariff for those who joined the program was announced, which ended up impacting imports. Rezende confesses the company considered investing in a local manufacturing facility but, after studies, chose to build a unit in North Carolina, in the United States, which should be inaugurated in 2018.

"The possibility of building a plant in Brazil, given the current conditions, is discarded."

Meanwhile, investments are being made by the dealer network, which, by 2018, should be in compliance with the VRE, Volvo Retail Experience, the standard global store, customer service, and garage structures. The first unit in São Paulo City was inaugurated on Wednesday, 30 - but it is not the first one in Brazil: there already are seven in operation.

Autostar Santo Amaro had to import furniture from Sweden and adapt the floor, walls, and decorations to the standard demanded by the company. The value of the investment was not revealed, but, according to Rezende, this is proof of Volvo Cars' commitment to its Brazilian operation.

"An investment of this level, in such an economically unfavorable scenario, and having to import parts from Sweden, shows credibility."

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# Flávio Padovan leaves Caoa Group

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The career of Flávio Padovan as vice president of sales and marketing of the Caoa brands - Hyundai, Ford, and Subaru - lasted exactly one month. On Friday, April 1, the company issued a press release informing the executive left the company "to dedicate himself to a new project." He arrived at Caoa slightly less than 2 years ago, in June 2014, as president of Subaru.

According to the press release, "Padovan decided to interrupt his activities at Caoa during this initial phase of his new job since his exit will not impact the implementation of the actions needed for the results to start to appear."

The executive also added, in the press release, that he perceived that "my new plans could happen a lot quicker than what I had imagined and I would've had to leave Caoa sometime during 2016. This would have interrupted the schedule of implementation of the actions that had been planned, and I believe that it would be more correct and adequate if I left now. I can guarantee it was a difficult, but correct, decision,



since Caoa leaders and the market know my trajectory and know that I would not leave the job incomplete. This is why I thought this would be the best moment, despite not having my new project entirely concluded."

In the same release, Antonio Maciel Neto, president of Caoa, who had already worked with Padovan at Ford, stated: "I have known Flávio for the past 15 years and I know how much he is dedicated, responsible, and ethical. To stay would have meant to remain in the position for at least 2 years, and this would prevent him from following his personal plans. We will lose one of the most recognized and highlighted professionals of the automotive sector."

Before joining Caoa, Padovan was CEO of Jaguar Land Rover for Latin America, between 2010 and 2014, when he was also president of Abeifa. He was also vice president of sales and marketing at Volkswagen Brazil, between 2007 and 2010. He also occupied leadership positions at Ford Trucks. **WE**