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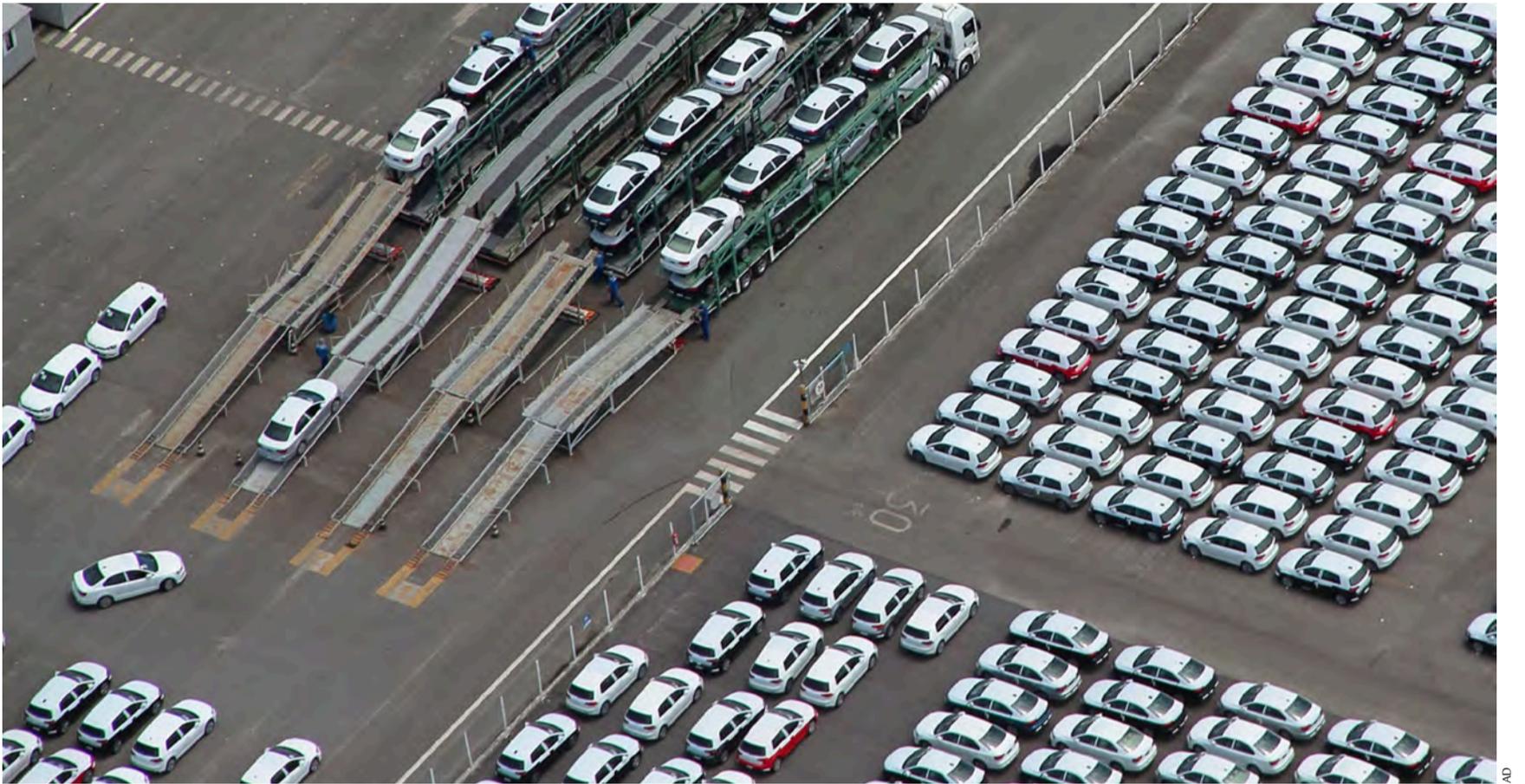
This change, along with a smaller volume of imported vehicles, led to the improved production estimate: from 11.9% to 21.5%, representing 2.62 million units. The domestic market sales forecast remained unchanged.

According to Antônio Megale, president of Anfavea, the revision was necessary essentially because of the positive result of exports:

“Our initial idea for exports was already quite relevant, but with the consecutive monthly increases, it became necessary to revise our numbers upward, which is extremely important for the automotive sector, since it directly impacts production. However, the domestic market still shows stability, which is not enough to occupy the current idle capacity.”

Megale said vehicle license registrations may still be conducted shortly: “We noted that sales of cars and light commercial vehicles exhibit a positive bias, but it must be greater than our 4% increase projection. But the lack of clarity in the macroeconomic and political scenarios have caused us to wait. As a good Minas Gerais citizen, I am cautious. Let’s wait another month.”

Anfavea estimates sales of 2.133 million vehicles in 2017, representing an increase of 4% in comparison to 2016. Until June, according to Anfavea, new vehicle license registrations had increased 3.7%: “At the beginning of the year, other industry associations estimated that this volume would increase less than 4%. Now, they have revised their expectations and are closing in



on our original estimate. We started ahead, and we're going to continue ahead again, with the new estimate that should be presented soon.

But trucks and buses sales estimates should be reviewed downwards: "The performance in the first semester didn't go as we expected. The bias is negative," stated Megale.

According to Anfavea, growth estimate is currently around 6.4%, representing a volume of 65,600 units.

During the AutoData Outlook 2017 Revision Seminar, held on Monday, 3, Roberto Cortes, president of MAN Latin America, had already revised his trucks and buses sales estimates. According to him, to reach the same level of license registrations as last year, the second semester should grow 33% over the first semester of the year. As a result, he projects a market of 50,000 trucks and 11,000 buses: "Is that good? No. We're experiencing the same numbers as in 1999, with figures from the last century, far away from those we would like."

Anfavea's projections for the agricultural and construction machinery segments remain unchanged.

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Production continues accelerated

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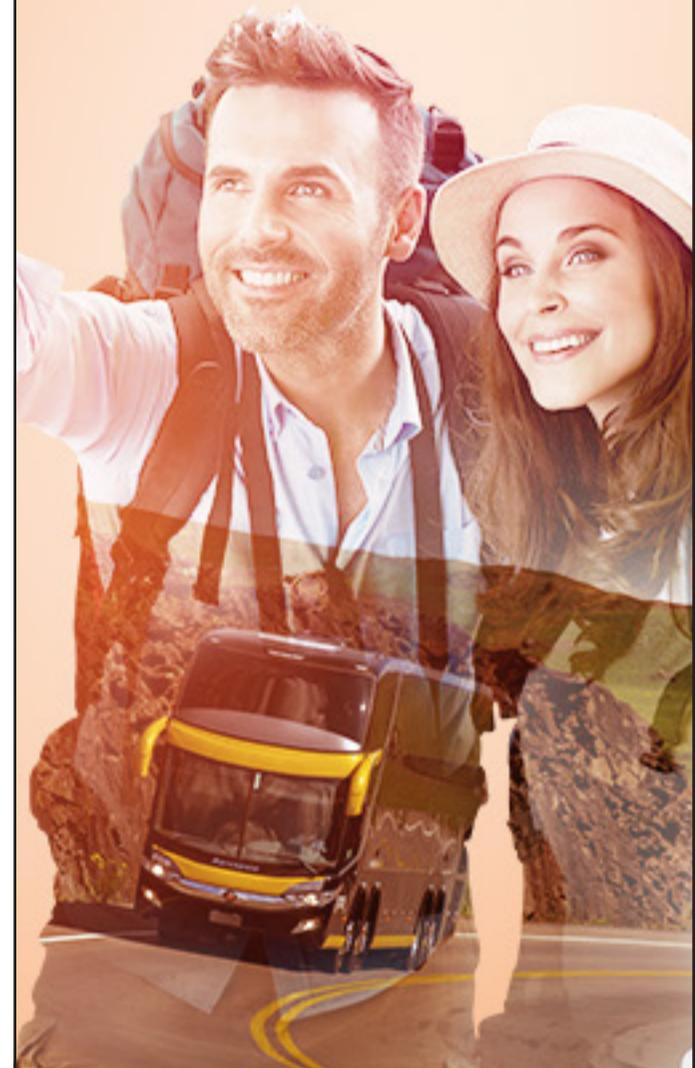
The vehicle manufacturers installed in Brazil are working at full speed. Vehicle production grew by 23.3% in the first semester of the year, reaching 1,263,000 units, still below the average of the last ten years, 1,503,000 vehicles, close to 2015. The information was divulged on Thursday, 6, by Anfavea, the Brazilian association of automotive vehicle manufacturers.

In June, vehicle production totaled 212,281 units, representing an increase of 15% when compared to the same month last year. According to Antônio Megale, president of Anfavea, the impetus for growth at the assembly lines was the 2-percentage points drop in the volume of registrations of imported vehicles and increased exports:

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"When we look at the data in May, there was a drop of 15%, but this is easily explained by two fewer working days in June, in addition to three manufacturers implementing collective vacations to adjust their assembly lines for new products."

With the adjustments in production, in June, inventories at automakers and dealerships totaled 222,000 units, equivalent to 34 days of sales: "We are very close to the ideal level of inventory, which is 30 days. The plants are adjusting production because, historically, sales in July are better than June. So, we may see the turnover drop even further."

Megale also highlighted that this adjustment in production at some automakers helped maintain employment stable last month. According to Anfavea, the industry's workforce stood at 121,600 employees: "The sector has 12,542 workers in some type of production adjustment program, including 9,754 placed under the PSE, employment insurance program, and 2,788 on lay-off."

MAN Latin America announced last week that it returned to a five-day workweek, ending the four-day workweek schedule implemented in 2015. Nissan announced it will open a second work shift to produce the Kicks and the hiring of 600 direct and 1200 indirect workers. **WE**

Another Brazilian arrives with a new Silva

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With the launch of the locally-produced Nissan Kicks, Nissan also took advantage of the timing to introduce its new president: Marco Silva. Like the SUV, Silva is Brazilian. He was born in São Paulo, is 50 years old and, after travelling to many places in the world, he received the task from his countryman, Carlos Ghosn, to conduct Nissan's Brazilian operation. With that, after averaging nine trips to Japan per year, he has already participated in five meetings at headquarters up to June. Almost one per month:

"The biggest challenge is to explain to the board what is happening in the Brazilian economy. Now, as Carlos leaves the presidency of Nissan, I have more work. He understood the behavior of the Brazilian market and politics. But the interesting thing is that even with the turbulence we are living in Brazil, Nissan is keeping all of its projects. Proof of this is the opening of the second shift at the Resende plant for the Kicks."



In his trips to Japan, in addition to trying to decipher the political and economic events in Brazil, Silva is also negotiating the new investment plan for Latin America. He is also responsible for financial planning of the countries in the region, except for Mexico. The current plan, valued at US\$ 2.5 billion, ends in mid-2018, and Brazil is its major destination, with the construction of the plant in the state of Rio de Janeiro, which demanded resources of R\$ 2.6 billion, plus R\$ 750 million for the Kicks:

“The value of the new cycle should come out in two or three months. It is a five-year plan, up to 2022. Brazil should receive most of the resources. Here, our strategy will be to invest in the plant and products.”

Silva wouldn't elaborate on whether the resources would be spent on a new product line, but said he hopes to reach the unit's production capacity, 200,000 vehicles per year, by 2022:

“We came to be big. Brazil represents 45% of the market in Latin America, despite the drops of recent years. This year, we will produce almost 90,000 vehicles in Resende. the best output ever for this unit.

In 2016, output totaled 55 thousand cars, there.

Part of the performance of production in Brazil is attributed to the Kicks, which will go into production this month. To prepare itself, Nissan opened a second work shift and hired 600 additional employees. Silva pointed out that another 1200 indirect employees will be integrated to this line: “The transfer of production from Mexico was in our plans. That's because we wanted to launch the car during the Olympics and Brazil was the first to see the Kicks, despite being produced in Mexico up to then. We sold the entire import quota of around 20,000 cars. With domestic production, the estimate is that the model should reach registrations of 30,000 units in the first year. It is a Nissan success.”



The executive said that Nissan will now increase imports of the new Frontier pickup from Mexico, until the factory in Córdoba, Argentina, starts to produce the model: “We have an annual quota of US\$ 100 million per year from the automotive agreement between Brazil and Mexico. As we stop imports of the Kicks, we have already increased the imports of the Frontier. This is a long-term strategy.”

Currently, Nissan brings the Frontier and the Sentra sedan from Mexico.

While Nissan believes that the Kicks is a success in Brazil, the company is also betting on a repeat performance in sales in Latin America. Marco Silva stressed that the plan is to export first to Argentina and then dispute other markets with the Mexican operation: “We are able to ship the model to all countries in which we operate. We’re going after this.”

Today, Nissan ships the March and Versa to every country in South America, Costa Rica and Panama.



Kicks already expands family

The Nissan Kicks, its best-selling model in Brazil, extends the number of versions, and will be equipped with new items from series, unique equipment for the segment, and more color choices, in two tones.

Still this month, the new S version, equipped with a five-speed manual transmission and a starting price of R\$ 70,500, should arrive at the stores – the new version offers an interesting range in series items. The Kicks S, equipped with a CVT automatic transmission containing a Sports mode, will arrive at the dealerships priced at R\$ 79,200. The Brazilian crossover will also gain an SV version - different from the limited-edition SV Limited, brought to Brazil from Mexico - equipped exclusively with the XTronic CVT Sport mode transmission, which will be priced at R\$ 85,600. This new version has the same equipment as the S CVT version, with the addition of a rear camera with the image integrated to the radio's screen image.

Completing the national line, the SL version will have new equipment, which will distinguish it from the model imported from Mexico: chrome door handles, Nissan Multi-App multimedia system, mirrors with automatic electric retraction, which fold inwards as the engine shuts down and opens with the activation of the ignition, and four new exterior 2-Tone paint combinations, in addition to the already-known gray and orange rooftop.

This version comes equipped with the intelligent chassis control, which contains electronic systems such as the curve control, intelligent body control, and engine brake control. It is also equipped with 360-degree vision device with intelligent system of cameras, monitoring of blind spots and TFT instrument panel. The suggested retail price is R\$ 94,900.

Nissan will also release a version intended for disabled persons, which offers tax discounts provided for by law. No price available, yet.



Made in Taubaté

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The Volkswagen Gol model will be produced only at the plant in Taubaté, SP, starting at the end of this month. As a result, the unit will concentrate the production of three of the leading export models: the leader, Gol, the Voyage, which is in the second position, and the up!, which occupies the fourth place.

The Anchieta unit, in São Bernardo do Campo, SP, will consequently focus on the production of upcoming releases: the new Polo model, which should arrive in the market in the last quarter of the year, and the Virtus, which should be released in the first half of 2018. The unit will retain production of the Saveiro, which is VW's third top export model.

The changes are part of the new brand positioning plan in Brazil, according to David Powels,

President and CEO of Volkswagen Brazil and South America, who spoke at an event held at the Taubaté plant on Wednesday, 5:

“(The year of) 2017 represents a new page for Volkswagen Brazil. We’re reinventing the brand with several initiatives and a forward-looking and relevant portfolio for the South American market.”

According to him, the portfolio includes new products manufactured in Brazil and premium imported products, with the objective of reaching more customers. Powels said that Volkswagen will launch two new SUVs in the coming years.

The company is investing R\$ 7 billion from 2016 to 2020 in the Brazilian market, for product development and plant restructuring. The launches are an attempt to regain the sales leadership: nobody likes losing market share: “We want a repositioning of the brand in Brazil. The first changes will occur in six months.”

Proof of this is that the company does not intend to increase production of the Gol. According to Powels, Volkswagen plants have an idle capacity of 45%. The Taubaté plant, for example, has a production capacity of 1300 units/day, but produces 900. Employees are working on two shifts.

To boost sales, the company has been betting on exports: 125,000 vehicles were shipped last year. The export projection for this year is 160,000 units. The Gol accounts for half of the export shipments, which are made mainly to Argentina and Mexico.

Gol – The company celebrated the production milestone of 8 million units of the Gol – the car that holds the all-time records for production, sales, and export volumes, according to Anfavea, the Brazilian association of automotive vehicle manufacturers. Every minute, one Gol is produced.

Of the 8 million units produced to date, 6.6 million were delivered to the domestic market and the remainder exported to more than 60 countries. The compact was the sales leader in the automotive industry for 27 years, and was succeeded in 2014 by the Chevrolet Onix. **WE**