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VW projects market 40% higher. Until 2020.

The new president of Volkswagen in Brazil, the Argentinian Pablo Di Si, has been in the country for just a week, but already has in his mind a projection of growth in the market of 10% annually until 2020. To follow this development, the path of the company will reach the realignment of dealership networks to the characteristics of the new portfolio – there will be twenty new launches in the next three years – and also the evaluation by the suppliers to see if the network has the proper structure to fulfill the appetite for the projected growth...

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MAN estimates growth up to 20%

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The potential for growth of the truck and bus market, here, is 20% in the next years, evaluated Roberto Cortes, president of MAN, during the first day of Auto Data Perspectives Congress 2018: "In our sector, what sells truck and bus products is the PIB. There is nothing more certain than that."

In order to sustain his thought Cortes showed a correlation of the PIB downfall with the sales from the past years – "In 2017 the situation started to change", he stated after presenting data that reveals the re-launch of

PIB growth, the increase of negotiations in the stock market, reduction of Brazil's risk, the stability of Real compared to the Dollar, the decrease of interest rates and re-gain of consumer trust.

Cortes believes the sales, this year, will reach closer to the 2016 results, when 50,6 thousand trucks and 11,2 thousand buses were commercialized, according to Anfavea data: "In the first trimester the PIB fell as well as the sales, but picked up again. The truck market was on 2,7 thousand a month, then

went up to 3,7 thousand and is now is on 4,4 thousand."

Regarding exportation MAN expects a 24% increase for this year.

2018 – Another hope MAN has is to see the PIB, in 2018, grow from 2,5% to 3%, possibly reaching 3,5% or maybe 4%. Cortes highlighted the importance of improvements in the country's political situation to reach higher goals: "If, in spite of political problems, the economy grows, what could happen with political stability?"

The answer, he said, is similar to what took place in Argentina, which lived through a period of political and economical struggle until the beginning of the current government, in 2015: "Argentina is a benchmark for the Brazilian market. There was stability and will be growth of 60% this year."

According to Cortes the next Brazilian president must be pro-business, keep amendments and economic politics, accomplish "the necessary infrastructure shell work as well as privatizations", and keep an eye out for the fleet renewal: which is, currently, twice as old as what it should be. "We're far from what happened in 2010 and 2011, but the path is of optimism" confirmed Cortes revealing that MAN works with a two

digit growth for 2018 scenario – the company has already hired previously laid off staff, cancelled end of the year collective vacations and is in the process of hiring 300 new employees.

Regarding exportation MAN is working with a 30% production rate to accommodate external markets: "The past, when we destined 10% of production to exportation, shows that is not beneficial to put all chips in one market. We hope, now, to have our production reach up to 32 thousand units".

Conditions – To boost even more sales Cortes believes some measures to be fundamentals, such as drastic reduction of interest rates, the full recapture of FINAME, its extension to used trucks and pass through for new financing, strengthening of the program for renewal fleet and increase of the line of credit for exportation: "The interest rates have been falling but for investments 14% is still too high."

In other markets, he shows, these rates don't exceed 2%.

Also he expects the Rota 2030 program not to stop, in spite admitting delays: "It's the first time I see a program being done with the direct participation of all interested parties. It may face delays due to lack of agreement, but without changing its essence". **WE**

GM promotes more investment. Coming soon.

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The financial contributions from General Motors in Brazil should grow. According to Carlos Zarlenga, its president for Mercosul, the company prepares “more investment announcements”, being that one of them should happen soon.

The information was revealed during a presentation of Zarlenga at the first day of Auto Data Perspectives Congress 2018. Recently GM detailed a contribution of R\$ 4,5 billion, part of a broader package of R\$ 13 billion for the period of 2014-2020: R\$ 1,2 billion for the São Caetano do Sul, SP factory. R\$ 1,4 billion for Gravataí, RS and R\$ 1,9 billion for Joinville, SC unit dedicated exclusively to production of motors and transmissions.



Zarlenga did not make it clear if this new investment announcement will represent money 100% or if it will be a part of the package already known, of R\$ 13 billion. But, in any case, he clearly indicated the GM idea is not to leave resources sitting in a vault: "As current market leaders in Mercosul its natural that we are also leaders in electrification of vehicles in the region. This is a challenge that General Motors accepts. We want to lead the market also in this new scenario."

An excellent reason for that was revealed by a very interesting executive in calculus: today the sale of a 0Km car, added with additional products such as insurance, financing etc. means something like US\$ 20 thousand to US\$ 30 thousand profit for the manufacturer. As an electric car, considering the sale added to services such as refueling and others, throughout its useful life, could represent up to 12 times higher.

Maybe, exactly because of that, the presenter had been so emphatic when guaranteeing, in his presentation, that the electrification represents "the biggest opportunity for the industry since its creation".

Projections – When it comes to Brazilian market, in particular, Zarlenga attests that the growth has begun; it's sustainable and will continue. The company estimates an internal market for 2018, in a scale of 2,4 to 2,6 million, possibly closer to 2,6 than to 2,4.

For the closing of this year the prediction is 2 million and 250 thousand commercialized units, which means the growth for 2018 may vary, based on GM's calculations, from 7% to 16%. From 2019 to 2021 the prediction is a constant elevation around 8% a year, reaching 3,3 million in 2021.

For Argentina GM sees 2017 with a market of 900 thousand units, and same for 2018, a shy increase to 910 thousand for 2019, 940 thousand for 2020 and 970 thousand for 21021. WE

Sector is in resumed mode, but requires sustainability.

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The automotive sector is on the road of resumed growth and, for Rogerio Golfarb, vice president of corporate affairs for Ford, the market shows signs of improvement: "A reform agenda, economic advances, more solid institutions, better administration of the state-owned enterprises and a larger production of waved cardboard are factors that illustrate the resumed growth".

However, even in this scenario, some factors still worry the industry: "The default in families is decreasing but the rate is still low and the same goes for interest rates for individuals and also the for the unemployment rate".

Even in the path of resuming, it is necessary to seek sustainable growth, which does not yet

happen because the good numbers have, for basis, two factors that don't cross the final consumer: direct sales and exportations. According to data released by Golfarb in the first day of Auto Data Perspectives Congress 2018, the total sales increased 24,5% from January to September but only 4% were automobiles sold to individuals and 20,5% were direct sales, like new businesses for rental companies. In the case of exportations, production also received an impact, of 27% growth with 14,8% of the volume being exported:

"The numbers show that direct sales are helping the market, but also make it clear that individual sales still struggles to grow. Out of 14,8% of the increased production that was exported, 9,8% had Argentina as a destination and the question is for how long will Argentina have this volume of growth".

For the industry to grow with sustainability Golfarb believes the solution of a few questions is essential: "The release of credit is still selective and restrictive, we need to resume the creation of jobs, and with that, increase the power of consumption for the families, which will be less in debt and better prepared to pay loans which will become more flexible in case the re-launch actually happens".

To illustrate the impact of the rise of unemployment and lack of credit had on the sector, the executive used data from the segment that most requires credit, the compacts and sub-compacts: "This segment represents more than 2 million cars sold in 2012. Now, in 2017, this volume is of 180 thousand, dropping 46,2% and directly affected by the lack of credit in the market and rise of unemployment rates".

Another question discussed by Rogerio Golfarb is the legislation and taxation that changes from country to country, affecting the competitiveness and rising the costs of production: "If these two factors were the same in all South American countries it would be easier to manufacture a local product through reduction of intrinsic costs. This is the issue the automotive sector companies are trying to resolve so the industry becomes more competitive in these markets with lesser costs". [WE](#)



Truck market should grow 2 digits in 2018

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The three speakers from the Truck panel, that took place during the first day of the Auto Data Perspectives Congress 2018, João Pimentel, president of Ford Trucks, Bernardo Fedalto, commercial director of Volvo Trucks, and Ricardo Barion, marketing director of Iveco, work with two digit growth for the sector in 2018.

Fedalto, from Volvo, believes the increment of sales in the acting segment, commercial vehicles semi-heavy and heavy will be from 10% to 20%, and Barion, from Iveco, works with 5% to 10% additions – “but the realistic indication should be 10%”.

Other than the expectations for 2018 the executives debated themes such as market sustainability, exportation processes, the use of alternative materials, supply chain, the adoption of Euro 6 and fleet renewal.

They also revised the expectations from 2016 related to 2017. At the time the majority believed in resuming the market this year, with the economy detaching from political facts faster, like Barion from Iveco recalled: "Nobody believed it could drop even further but the political situation has become far worse".

Today, with the apparent detachment, the analysis becomes more realistic.

João Pimentel's opinion, president of Ford Trucks, is that the industry, today, is small and growing 20% means a 60 thousand units per year market: "To become network sustainable it needs to reach 80 thousand, 90 thousand".

Sustainable market. To reach sustainability means increase sales, and for Fedalto, from Volvo, the ideal number is 120 thousand to 130 thousand units per year. Pimentel, from Ford, believes that in 2020 the market should reach approximately 100 thousand vehicles: "In 2024 there is a sales possibility in the order of 120 thousand, 130 thousand maybe reaching 150 thousand".

As for Iveco, in normal conditions, the industry can reach 100 thousand units sold in the next five years.

Regarding exportations Fedalto, from Volvo, noticed the company was born 40 years ago, with the goal of exporting 30% of its production: "We have this in the company's DNA, and today external sales represent almost 50% of the business".

Barion, from Iveco, confirms the company felt the need to export with the crisis. According to him 30% is the rate that makes sense, but depending on the exchange fluctuation. As at Ford Pimentel stated they always had exportation as an objective: "But we cannot reach markets beyond South America, due to lack of competitiveness".

According to Pimentel Ford is able to export 35% of its production of trucks, and even more, intends to grow its South American operations with the launch of sales in Colombia.

Aluminum. The use of alternative materials was also debated at the panel and the executives admitted that there are still too little amount of aluminum in its products, like Barion, from Iveco, said: "With the crisis the consumer's pockets became sensitive to pricing and they cannot see the benefits of the aluminum use in vehicles".

Another theme covered by the panel was the capability of supply chain to resume sales and production. Pimentel, from Ford, believes in the time of recovery everyone will work together to accommodate the demand, in spite of the supply chain problem as a whole. Barion, from Iveco, told that every week he finds more suppliers needing help, that's why he believes some will have issues adjusting to growth demands.

Set in the calendar to go live in 2022, the Euro 6 standard of restrictions and pollutant emission by automotive vehicles was also debated, as well as the fleet renewal. Pimentel, from Ford, said the legislation is welcome but before that it is necessary to inspect and remove old trucks, with more than 30 years of usage, from circulation. The way to reach this goal is through fleet renewal, which in Pimentel's vision should be done by private sector, partnership with automakers, suppliers and financial institutions: "The government will not do much, so the private sector needs to act on it".

Pimentel pointed out that only half of the Euro 5 vehicles currently use Arla. According to him lots of them adopted the clandestine chip which cheats the system: "This field requires a lot more controlled supervision".

Barion, from Iveco, and Fedalto, from Volvo, agreed with the president of Ford. To Barion "there are lots of Euro 0 trucks driving around. We need fleet renewal and also discuss the go live date for Euro 6".

"All automakers have Euro 6 already, therefore production is not the problem", said Fedalto. "But there has to be controlled supervision and fleet renewal through the process."

WE

QUANDO TUDO PARECE PERDIDO, SUA AJUDA VAI FAZER A DIFERENÇA

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To machines, growth cannot be too fast

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The manufacturing companies of agriculture and construction machinery predict a 2018 with little growth – and that, as incredible as it sounds, is good news. The reason is in the supply chain, made incredibly fragile due to the crises of the market in the past three years: the sales numbers of construction machinery, for example, fell from 45 thousand units in 2013 to estimated 7 thousand in 2017.

That tremendous volume reached before the crisis attracted new manufactures from the segment to build plants here: the companies with local production jumped from four to more than a dozen. The mixture of double clients associated with a dramatic downfall of orders was cruel for the supply chain, which now has no way of reacting rapidly to a possible more cheering scenario.



Maurício de Paiva

That confirmation was unanimous by the participants of the panel which gathered representatives of the segment in the first day of the Auto Data Perspectives Congress 2018. The stage was shared by Afrânio Chueire, from Volvo CE, Paulo Beraldi, from AGCO Valtra, Roberto Marques, from John Deere, and Roque Reis, from CNHi. On average the speakers estimated an elevation of numbers around a high digit, close to 8%, for 2018.

“Considering the low base represents very little”, stated Chueire. “Even if the growth was 30% it would mean 2 thousand machines more, which would still be a low number.”

A realistic parameter for the national market, he calculated, would be 12 thousand to 20 thousand machines per year.

Marques, from John Deere, brought up another issue: the considerable rise of the Chinese capital in infrastructure constructions countrywide. “At first the tendency is to opt for Chinese contractors, which may represent also the usage of Chinese machinery”.

Another question remains as far as contractor companies investigated by Lava Jato operation: will they be able to participate in new contracting bids? If not who will, if anyone?

In any case the panorama ahead has all the elements to be positive. Beraldi, from AGCO Valtra, confirmed that South America has the highest agriculture potential in the world. He also pointed out China, but in another perspective: that country has a shortfall in available land for planting, which may become good news for Brazilian agriculture exportations.

As for the market the speaker estimated a 5% to 10% wheel truck sales in 2017, followed by the new elevation of 10% in 2018. For the combined harvesters the projection is a 5% fall this year and 15% growth for next year.

Reis, from CNHi, added that the exportations have been adjusting the factories to face the scenario of abrupt reduction in the local market, even if “it’s not a tillage’s salvation”. In any case, estimated sales in the country should not fall further than already had, which means, rock bottom has already been reached.

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Cummins, FPT and MWM project high in trucks

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Maurício de Paiva

The major motor truck supply companies, Cummins, FPT and MWM believe that 2018 will be of growth, since its expansion expectations for PIB is over 2%, which should reflect directly on the segment. To Luís Pasquotto, president of Cummins Brazil, some factors other than PIB are responsible for next year's growth:

"The exchange rates and Selic forecasted for 2018 are within the industry's expectations for continues growth. But it's important to realize that the unemployment rate, today at 14 million, has to drop".

For Amauri Parizoto, director of sales at FPT, other factors will help the market in 2018: "IPCA in

fall, as well as Selic rates, added to the PIB growth and industrial production are factors that will lead the market to grow”.

The director of MWM Cristian Malevic also believes in the segment expansion: “We need a sustainable growth, and some measures that have been taken by the government will help the sector next year, like the reform of employment regulations. The resumed of employment is also necessary to sustain the growth”.

The three executives are optimistic for next year, but each one has different expectations. Pasquotto, for Cummins, believes “in 2018 the truck market will be at 74 thousand to 78 thousand units sold”.

The director of MWM, Malevic, is more optimistic: “If the industry continues in this path of recovery we will reach 84 thousand units in 2018”.

The only one that did not define a number, or a rate, was Parizotto, from FPT, but did not hide his optimism: “The market is on the road of recovery and we have everything to reach great numbers next year”.

For this year they agree the sector is resuming its growth, but has different expectations: Cummins believes the market will close near 73,3 thousand units, MWM expects higher growth for this year, with 76 thousand units – and FPT did not release its expectations but noted the resumed growth overall.

Luís Pasquotto took the opportunity to speak about the economic situation and the political crisis in Brazil: “There’s talk about the detachment of the economy related to politics, but I don’t believe this is actually happening. I think, momentarily, the economy is being less affected by the political scandals, specially if we compare the impact felt last year”.

WE



VW projects market 40% higher. Until 2020.

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The new president of Volkswagen in Brazil, the Argentinian Pablo Di Si, has been in the country for just a week, but already has in his mind a projection of growth in the market of 10% annually until 2020. To follow this development, the path of the company will reach the realignment of dealership networks to the characteristics of the new portfolio – there will be twenty new launches in the next three years – and also the evaluation by the suppliers to see if the network has the proper structure to fulfill the appetite for the projected growth.

There's a fear that, with the crisis effect, many have reduced their capability to produce to the point of not being able to meet VW's demands.

Search for leadership – The executive affirmed, during the first day of the Auto Data Perspectives

Congress 2018, the plan in hands is to take the company to recover the highest position in the Brazilian market, currently occupied by General Motors for seventeen years, it's the continuation of the baseline constructed by his predecessor, David Powels – executive that, among his main actions as president, articulated with headquarters the contribution of R\$ 7 billion destined to national production of new vehicles and arrival of the module platform MQB, based on which VW intends to build cars from now on: "It wouldn't be possible to maintain our plan to obtain the market leadership further without the work of the team before me. We are ready to keep it up".

The launch of the new Polo, in the end of September, is considered the fundamental step-stone of the new Volkswagen, term used frequently by executives of the company in public presentations. With a model, and others to come, the company wants to increase its business profitability here, since the volume is considered a target long-term due to its relationship with market's health and its balance with indicators of the macro economic scenario. If on one hand Anfavea, the manufacturer association, projects a market of 3 million vehicles for 2018, VW sees in the same direction a much more conservative number: 2,8 million, in 2020.

"I'm afraid of the inflation and fiscal deficit, two indicators that provoke more impact in the company's business. Even if the internal sales have grown back we have a pragmatic view because not all indicators signal the maintenance of a favorable scenario."

Once defined the size of the market the company intends to gather more profitability with the sales of vehicles that have larger margin, as the case of the new Polo e the Vitrus, with launch foreseen for January. In theses the company will keep seeking volume in sales with consolidated models, such as Gol and Fox, and more profitability with new vehicles, which fall under the category above entry level:

"We want to compete in segments which we were not active yet. With the new 20 launches this will be possible and will produce important return in terms of profit for the company. They are new products, made for new client profiles which will demand a lot of work from our sales team, and distributors".

A new network – In this direction the management of the new executive of Volkswagen will focus on a new configuration of his dealership network. He confirmed there is a plan in discussion along with Assombrav, the Brazilian Association of Volkswagen Distributors, to have retail go through a re-adequacy process to the new reality of offer the company has in Brazil:

“It’s a natural movement when you build a new portfolio. Automaker and representatives should speak the same language so a bigger slice of the market can be gained. Volkswagen will lead again eventually and they should be ready for that moment”.

Di Si did not get into details about how he plans to conduct the transformation of the network because his arrival in the country is recent; therefore, he needs to know more about the partners.

Currently the dealership network is formed by 530 stores, 10% less volume than what existed in 2013, year the country and market reached its highest peak in production and sales. To Luiz Eduardo Guião, president of Assombrav, Volkswagen should approximate the design of its network to the reality of the current market: “The amount of stores, today, is practically the same as the time we sold 3,5 million vehicles in the country a year. Volkswagen should reduce its structure as a way of cutting costs, but that doesn’t mean that will be de-accreditations. There are other ways to do that, like reducing the space of larger stores, for example”.

Guião, which is also known in the market as Dado, said that 60% of the network is composed by multi-brands, and the arrival of new vehicles will allow VW to recover representatives lost in the past few years, especially with Hyundai’s arrival: “There wasn’t a product to compete with HB20, but now we have”.

About the R\$7 billion destined to lines of production preparations of new models, the new Volkswagen president said the current situation “goes according to plan”. He estimates, without a doubt, the company factories in Brazil, today, operate at around 55% of their capacity, with some changes upward starting the manufacturing of Polo and Vitrus. However, the bigger issue in the productive context is related to the operational situation from the supply chain. Di Si was emphatic when relating the company growth in Brazil is directly linked to the usage of company capacity that supplies the VW lines with components:

“It is what worries me the most at the moment, because the auto-parts sector had its size reduced so dramatically by the fall of sales in the internal market. So, if I need to increase my production at a certain moment my suppliers should be ready to meet my demands. We want to maintain the components production here”.

Personal life. Pablo Di Si joined Volkswagen in 2014, after working for FCA Automobiles and companies that operate in other sectors, like Kimberly Clark. He graduated in finances at the Loyola University, in the United States, where he was granted scholarship due to the fact that he played soccer in Argentina.

Though a fan of River Plate, it was at the base categories of Huracán, a modest Buenos Aires club, that Di Si started his career at the fields: “I had the opportunity to study at an important university out of the country due to playing soccer and that was the way I chose. I don’t know if I would have been a great player...”

WE



Market returns from the bottom of the barrel, FCA believes

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To the FCA group, the automotive sector did not have a leg to stand on, and now, starts to see the light at the end of the tunnel, stated its COO, chief of operations officer of Latin America, Davide Mele, during the first day of Auto Data Perspectives Congress 2018: “We reached the bottom of the barrel and started a process of discrete recovery”.

To finalize the retraction of the market and resume growth, he indicated a few changes: “The economy appears shielded when it comes to political scandals, detaching a bit from this scenario. The measures taken by the government are also helping the market”.

The FCA’s expectations for the automotive market this year is of 2,2 million units sold, with more

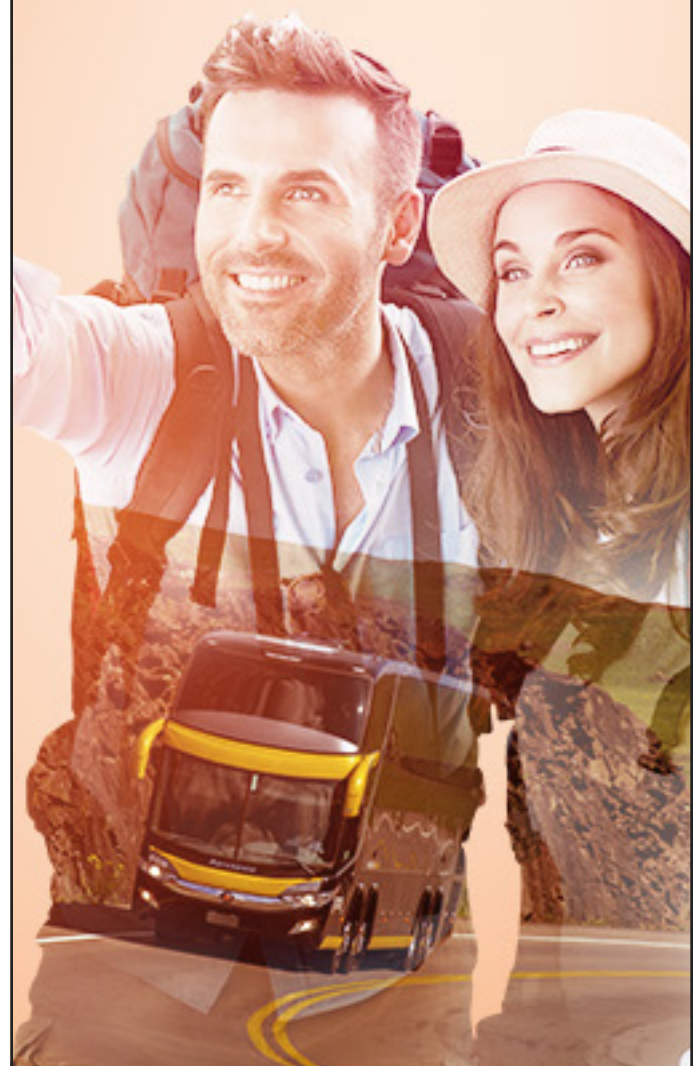


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growth for 2018: "The market can reach up to 2,5 million automobiles sold next year, but we need political and economical balance to make it happen".

According to Mele, even during the crisis the sector became more competitive and Inovar-Auto was one of the accountable players that brought more investments and increased the quality level and technology embedded in national vehicles. Within these crisis scenario Mele highlighted the company's investments: "The FCA group invested R\$21,9 billion from 2012 to 2017 in Brazil".

The investment was directed to several areas, like development of important vehicles for FCA, like the Renegade Jeep and Compass, produced in Goiana, PE, increasing the participation of the group in the SUV segment, the pick-up Toro, that launched a brand new segment, Argo, the most important launch of the company last year, and Mobi, in the hatch entry level segment.

Mele also promised news for the Brazilian market in the next six months: "These cycle of new models will be closed in the next six months, with two launches in different segments".

Part of this investment was also used in the modernization of FCA factories in Brazil, like the Betim, MG, updated to produce Argo, closing up to the 4.0 industry and getting a new painting cabinet, with 105 m of extension. The Jeep factory was developed to be the most modern in the group, with more than seven hundred robots as part of production. **WE**



The dealership's optimism

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Internal sales for touring vehicles and light commercials, next year, should present growth of 8% to 10%, according to Fenabrave. The vice-president Gláucio José Gears released the projection, during the first day of Auto Data Perspectives Congress 2018. According to Gears this projection should materialize if no other economy issue arises due to political crisis.

“The political problems have detached from the economy and we have to move on.” Gears also presented Fenabrave’s expectations for this year, with numbers also positive, in spite of being far distant from the ones reached in 2012. For touring vehicles Fenabrave estimates sales up to 1 million and 869 thousand units, rising 10,7% over 2016, and retracting 40% over 2012. As for light commercials the results should be at 313 thousand units, 5,3% more than 2016 and 41,2% below 2012.

In the truck segment, sales should reach 49 thousand units, retraction of 2% over 2016, and the

bus sales should be at 14 thousand vehicles, rising 8% from 2016. Geara said: “the truck market is back to where it was eighteen years ago, and the bus market is back to 22 years ago”.

In order to boost sales, Geara put his finger on the same injury: credit is a much bigger issue: “For every ten applications filed to credit companies, two are approved. And when the subject is motorcycle only one application moves forward”.

One solution for this obstacle is, according to Geara, the adoption of positive application, because with that “the spread falls”. Other conditions to boost sales are, according to Geara, the modernization of the de-bureaucracy recapture of goods law: “In other countries the recapture takes place in 2 hours”.

Debate – The remaining participants of the debate, Luis Eduardo Guião, president of Assobrav, Carlos Spochiado, president of Abrac, and João Batista Saadi, president of Assobens, agreed with Geara. Guião, from Assobrav, pointed out that interest rates should drop even more: “All the signs are positive. The bottom of the barrel is behind us”.

He even said the dealerships did their homework and reduced costs, took care of cash flow and made operations leaner.

Moreover Guião has news in the form of new products to boost sales next year: “At Volkswagen we will have a number of new products, from the new Polo launched last month, a new SUV, to the T-Cross, coming the end of the year”.

Carlos Spochiado, president of Abrac, highlighted the effort of Chevrolet in service sales during the years of crisis: “We focused on the quality of the post sales with a premium system of service”.

And to attract more clients and businesses Spochiado highlighted the Equinox launch, an SUV premium that arrives in the market this year, with a 20 turbo motor of 262 cv” and a very competitive price, R\$ 149 thousand and 990 hundred”.

In the truck and bus segments João Batista Saadi, president of Assobens, listed a number of factors that justifies the market growth of 20% in 2018. The first one is harvest 2017-2018, which will

reach 250 million tons – “Ten years ago the harvest was 130 million tons”.

He recalled that Brazil counts has a 1,1 million truck fleet and, if renewal happens for only 7% in 2018, it will represent sales of more than 70 thousand units. “It’s been three years since clients have been buying, therefore I bet on a market of 65 thousand units next year.

Consumption – The technology has changed the characteristics of population consumption, and online shopping, connected vehicles and autonomous were also themes of the dealership debates. Guião, from Assombrav, told the institution to prepare a technical mission to Silicon Valley, in California, with all Volkswagen dealers: “The goal is to have a technology immersion so the network can be more connected”.

According to him VW will be prepared for electric and autonomous. In case of Abrac, Spochiado said he is hiring consultants to evaluate the changes in consumer characteristics because he is certain the “network will change a lot”. He recalled the OnStar program, from Chevrolet, that opened several channels of communications from automakers with consumers and expanded the connectivity of vehicles with smartphones.

Direct sales are not a controversial theme at the distributors arena, in the opinion of the panel participants: “The final point of vehicle delivery is the dealership”, confirms Gláucio Geara, vice president of Fenabrave, when saying that every brand has a convention with respected representatives.

In Guião’s opinion, from Assombrav, “the new automakers made conversions of brand more modern with its networks, and the older ones need upgrades”. Saadi, from Assobens, believes the “Ferrari law is perfect for distribution”.

With the modernization of vehicles, electrification and automation auto-part sales and services should drop down. However, in the eyes of the dealers, like Guião, from Assombrav, that shouldn’t be a problem: “The old fashioned vision is no longer the same. In the past we sold automobiles and the rest was a necessary evil, but now it is good business”.

Spochiado, from Abrac, agreed: “Post sales is as important as the sale of a 0Km. Today it saves the day”.

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Automakers resume projects, Sindipeças points out

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To Sindipeças, association that represents the auto-parts manufactures in the country, 2018 has everything to be positive. The institution projects a high of 6% in profitability in Reais, to R\$ 79,6 billion, and of 3,8% in dollars, to US\$ 24,6 billion. In other indicators elevation is also expected, like the 3,4% in investment in Reais and of 32,2% in dollars, also of 5% more in job creation in the segment. The numbers were presented by Flávio Del Soldato, advisor of Sindipeças,

during the second day of the Auto Data Perspectives Congress 2018, at Transamérica Hotel, in São Paulo, Tuesday the 10th.

To him the automakers are “resuming projects”. A great example of that, he considered, was the announcement of an investment of R\$ 2,4 billion from Mercedes-Benz, done on Monday the 9th.

Another positive factor revealed by Sindipeças

at the event was the rate of usage of installed capacity at the auto-parts companies, which in August reached 67%, the best for this year. Comparing to May last year the rate was 48%, meaning, less than half of the total capacity.

Sindipeças estimates the national production of auto-vehicles will resume volume of 3 million units in 2021, after growth highs of 6% in 2018 and 4% in 2019, 2020 and 2021. In 2022 we would reach 3,1 million units produced here. Del Soldato recalled it will “be a long road, about eight years, to go back to rates pre-crisis. But it’s good news in any case”.

He still believes that next year the rate of deficit of trade balance in auto-parts will rise from US\$ 5,9 billion projected to 2017 to US\$ 7,6 billion, 28,5%, besides: “If the market grows we have to bring more parts from abroad, specially for new releases”.

The director still presented an internal research showing the majority of interviewees, 70%, considers that Rota 2030 will be better than Inovar-Auto, under the point of view of each company heard – 63 associated companies participated, small, medium and large, which represent 26% of the segment profit last year.

The research also pointed out that 20% consider that Rota 2030 will not be better or

worse than Inovar-Auto, and no interviewee believes it will be worse. Still in that research 34,9% indicated that Inovar-Auto was indifferent – not positive or negative – for its operation, for 30,1% were partially positive and for 20,6% partially negative. During his presentation Del Soltado considered the traceability, one of the most important control factors for the local content, had despicable results.

In his speech he confirms that the current understanding of the department of treasury is that the “noventena” for Rota 2030 will not be necessary, even if this is not an official position, he said. With that, the program, in theory, would not be delayed. Del Soltado confirmed there are no prediction of any kind to control the local auto-parts content, one of the issues brought up by the OMC inside Inovar-Auto:

“This discussion of local content is behind us. We cannot talk competitiveness if there’s a legal obligation to buy parts in a less competitive environment. The game has now changed”.

The advisor of Sindipeças finalized his presentation bringing up negotiations of Mercosul with the European Union. To him an agreement is “very close” and should be considered in future plan for the segment companies based in Brazil.

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Mercedes-Benz projects a high of 20% in truck sales


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Mercedes-Benz projects a 20% growth in the truck market for 2018. According to Roberto Leoncini, sales and marketing vice-president of the company, the expectation brings grasp to the sector: “We hadn’t seen the future with good eyes for awhile, said the executive during the lecture at the Auto Data Congress.

“Business are detaching from politics and that is becoming a reality for the truck market. The big logistics operators are thinking more of growth than the next political scandal.” The low interest rate and with the tendency to fall further, the prediction of growth of the PIB over 2% and the political and economic favorable scenarios will also help in the market’s recovery.



According to the executive, there is a lack of will to take further the fleet renewal. “To start the inspection of trucks in bad shape not a lot of investment is necessary. There’s no need to pick anyone’s pocket. All it takes is control the truck traffic with more than 30 years to find braking problems, lighting and emissions. “According to Leoncini, this inspection would lead to a necessary fleet renewal, since these trucks are high maintenance for circulation. There are 3,1 million trucks over 20 years old circulating in Brazil.

The business model should also change in the future, detaching a little from Finame: “In some countries, the transporter doesn’t always want to be the owner of the fleet. He wants the truck to perform the transport and then return it back to be company that owes it. I believe this model should come to Brazil. The agro-business should be the first to operate in this model”.

Leoncini also highlighted the exportations could change its route. Instead of crossing the Atlantic, a way out through the Pacific would be more affordable to negotiate with the Chinese market: “With the current exportation model, we cannot be very competitive in China”. According to the executive, to take further the idea it would be necessary to negotiate with South-American countries on the Pacific path.

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Toyota: Investments in the country should not stop here

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Fifteen days ago Toyota revealed two important plans of investment in Brazil: R\$600 million dedicated to the Porto Feliz unit, SP, to jump start the motor production capacity there, 108 thousand to 174 thousand a year, and more R\$1 billion to produce the Yaris in Sorocaba, also in SP, dividing the line with Etios.

Hardly, besides, the contribution from the manufacturer in the country will cease there.

That was left to believe in his presentation, the Toyota's executive vice-president, Miguel Fonseca, in the country, in the second day of the Auto Data Perspectives Congress 2018, Tuesday, the 10th, at Hotel Transamérica, in São Paulo.

The executive confirmed the production of Yaris in Sorocaba would not represent, automatically, a significant increase of plant



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production volume, like it would be naturally believed. “The plant volumes will grow a little, but derivatives of continues growth and productivity, not as a structural action. This scenario has ties to another future set of decisions, which we cannot comment right now.”

Another point brought up between the lines Toyota’s intentions is in the projected volumes by the company for next year: total market growing 11% to 2,5million, production in high of 10%, to 2,8 million, and exportations advancing at 8%, to 805 thousand units. However to Toyota of Brazil, in isolation, the expected rates are more modest: elevation of 7,1% in sales in the internal market, from 203,6 thousand, production 7,4% more, 205,9 thousand, and exportations advancing 7,3%, to 53,1 thousand. There’s only one reason: “We are at capacity limit”.

As if that wasn’t enough, Fonseca supplied the audience with two more important clues. The first one is that Toyota sees it segment of higher sales volume in the country, the medium sedans, losing participation from now on in our market, from 6,5% in 2016 to 5,5% in 2018 and 4,8% in 2020. At the same time the entry line compact recover, from 8,8% in 2016 to 11,9% in 2020, and high in popularity – guess whom? Right! – The compact SUV’s segment in which the automaker is not active at the moment,

from 10% in 2016 to 14,9% in 2020.

The second is the automaker understands as an irreversible factor of the Brazilian market the rise of direct sales participation in the wholesome, in substantial jump from 25% in 2013 to 41% in 2017. “We understand this variation as a Brazilian market tendency, linked to elements such as management and reduction of risk, and that how it should stay”. According to Fonseca Toyota’s participation in this segment is still modest, even with the 15% evolution in 2013 from 21% in 2017, and that way “we will seek tools to participate in a balanced manner in this market segment. We will look for our solutions”.

In the end, the executive reinforced the importance the manufacturer gives the electrics: your projection for the segment sales in the country is that of 3,5 thousand units, of which 3,1 thousand would be Prius, in 18% elevation. “At the moment we cannot meet the demands per model, since we don’t have prompt delivery offer”, he revealed.

Fonseca believes that electrification will arrive in full force also in Brazil, reaching more significant levels “short term” and with adapted technology to local reality, like flex hybrids. Globally the company works on a goal to reduce CO2 emissions in 90% on its models in the 2010 to 2050 period. **WE**



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Reactions in bus only for next year

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The bus sales in the Brazilian market should close the year with numbers similar than 2016, when 11,2 thousand units were commercialized. Therefore Gilberto Vardânea, Volvo's bus commercial director, defined 2017 like a "lost year". But for 2018 executives from the sector that participated in the second day of the Auto Data Perspectives Congress 2018 expect 10% to 15% superior results.

In spite of the growth expectation of 2-digit from the panel participants, Gustavo Serizawa, Iveco Bus marketing manager in Latin America, Walter Barbosa, bus sales director from Mercedes-Benz in BRasil, Jorge Carrer, executive sales manager of MAN, agreed with Vadânea, from Volvo. To them the market demonstrates recovery signs but it is still far from ideal, like Serizawa said: "We can grow 2-digits next year, but the base is still too weak".

According to him the ideal sales numbers varies from 18 thousand to 22 thousand units sold.

Challenges – In order to increase sales the executives listed a series of challenges that need to be overcome. One of them is the recovery of investment power of transportation companies of urban passengers that depend on the value of the fare to turn operations viable. According to Barbosa, from Mercedes-Benz, “there is an enormous economical and financial imbalance in concession contracts that need to be resolved, and that is public power’s obligation”.

Carrer, from MAN, revisited the idea that there is repressed demand in the bus acquisition due to the rise of operational costs that were not passed along to the fare: “The technology exchange to Euro 5, the inflation that is close to 10%, and other factors makes the operation more expensive, while the fares were frozen”.

Other challenges are the unemployment rate reduction, that reached a rate over 12%, the political instability and lack of credit. To Carrer “there is a complicated vicious cycle that affects the system as a whole”.

However the scenario is a bit more positive than negative, in the executive’s opinions, once the macroeconomic panorama shows signs of recovery. According to Barbosa, from Mercedes-Benz, the list gathers itens like PIB growth, under control inflation, Selic rate reduction, ripening of Refrota, bidding of concession contracts of São Paulo, renewal of the highway bus market and consolidation of school market.

Ideal Market – If 2018 numbers in fact materialize the executives believe that in five, six years the bus market in Brazil will go back to a sustainable baseline, which for Iveco, Mercedes-Benz and Volvo is of 20 thousand vehicles per year, on average.

Refrota – Launched last year as a way to broaden the bus sales, the credit line Refrota, from Caixa Econômica Federal, did not have make the desired impact in the beginning of the year. With severe criticism towards the financial operator, the executives of the manufactures see it now, as a solution.

Barbosa, from Mercedes-Benz, noted that in the beginning of the year the Selic rate was 13% and “by inexperience by the transport sector from Caixa, Refrota took awhile to be effective”.

Plus, added Vadânega, from Volvo: “Besides the negative context also had an influence”.

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PSA and CAOA bet there is light at the end of the tunnel

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The growth seems inevitable for the automotive industry in 2018, and some companies talk about growth above 2 digits while others expect a less expressive growth – but nobody spoke about the fall for automobiles and light commercials during the second day of the Auto Data Perspectives Congress 2018.

Fabrizio Biondo, marketing and product

director of the PSA group, is part of the optimistic crowd: “We are ending the year with good news and will start next year with the right foot. I believe the growth will be of 2-digits”.

He recalled that 2018 will be a political year – and will not be easy, since in Brazil anything can happen – but pointed out the scenario that will lead the market to growth:

“The risk of a scenario change due to politics exists, since Brazil is a crystal ball, but I believe the sector is detaching from politics and may not be affected by pre-election instabilities. There are also other factors that may lead the market to a spiral growth, like the PIB growth prediction, fall of interest rates and inflation. It’s necessary to remember that the baseline of growth is still small and the volume of years like 2012 and 2013 are far from here”.

During the automotive panel the executive of PSA shared the stage with the CAOA automaker, Mauro Correia, which also believes in growth for next year but with less optimism:

“We long for 5% to 6% growth for next year, with the volume of cars sold close to 2,5 million, maybe a little more. We are a little more cautious because of the elections”.

The reasons that make CAOA wait for growth as the same as stated by PSA, added a favorable exchange rate.

To face the market in growth each company adopted different plans. The CAOA renewed a big part of its network, renovating dealerships

and opening new sales points, with twelve new ones in 2016 and 2017, reaching a total of 126 stores. The company also brought new models to Brazil, like the new Tucson and New Elandra, and prepared its post-sales area to better serve the clients. And those changes have already started to reflect on the market participation of the company, that closed last year with 0,58% and is already at 1,07% in the total of the year.

The PSA action also betted on the renewal of its dealership network, renovating some and opening 28 new Peugeot stores from 2015 until September 2017, reaching 106 sales points and modernization of post-sales system with new customer service programs.

As far as new products the PSA plan is a little different, aiming for a light commercial model market with the launch of Expert and Jumpy vans, the renewal of Partner and arrival of Boxer and Berlingo.

For 2019 Fabricio Biondo believes in a 3 million sold vehicle market, but “for the market to get to this volume it’s necessary to create new jobs and have other ongoing favorable conditions”.

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Supply chain concerns sistemists

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The government's role is a recurring theme when discussing the Brazilian auto-parts universe. The sector was on that most suffered with the fall of the volumes provoked by the downfall of the vehicles market. Systemists and all the supply chain complained of the lack of public policies to modernize the segment. Not even Rota 2030, program that will define the rules of the game for the next years, foresees a solution to the problems faced by the companies. In the fiscal realm, they defend that the state creates a

re-finance program for debt specific for the sector so that companies can re-gain strength and then keep up production.

The drop in market sales for automobiles and heavy vehicles triggered important changes in auto-part companies structures. Overall the ones that did not succumb to debt and shut down had to launch a process to reduce production capability. If the state keeps the sector out of topic; executives believe that will be little changes in the scenario in 2018.



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Besaluel Botelho, president of Bosh in Brazil, said on Tuesday the 10th, during the Auto Data Perspectives Congress 2018, in São Paulo, that there are partners missing in Brasília for questions related to the survival of auto-parts: “There were three hard years, but before the supply was already abandoned by financial policies to sort out debt”.

Botelho, who also occupies a seat at Sindipeças, revealed that proposals were made to the government to facilitate the life of the supply chain, with no success. Even with the union being part of the groups that discussed the industrial policies, the Rota 2030, the executive believes the program constitutes one more will of the companies other than a country's desire, once the sectors connected to the political sector, like the secretary of treasury and Oil and Gas were not heard to build a milestone for the automotive sector.

“The Inovar-Auto did have its focus on supply chain, but on automakers. We thought the program would bring recognition and volume, but what took place was a market rupture. Because of that we face the reality that some were left hanging, and had to close the doors”, confirms Botelho. He fears that with the difficulties that are considered preventive for the sector growth, the big systemists are facing 2018 with the possibility of importing components: “If the volume rises suddenly how will my chain behave? Import or go national

will be an issue to discuss”.

Amaury Rossi, business director at Eaton, also sees the supply chain with concern if the market starts growing again: “The volume of our segment can move mountains. With the crisis all the small players did their homework and cut meat and bone to survive”. Rossi tells the company monitors its 29 suppliers closely. A lot of them needed our help to stay in the market. We even had to buy raw material, for example”.

A tool seen as fundamental to help the auto-parts, according to systemists representatives, is the making of a federal program to part the debt, the Refis. The measure was taken by the federal government to relieve the fiscal pressure on the states of the federation that had high fiscal deficit. The idea of the auto-part segment is that it can join the route of the program, since lots of companies do not have enough margins to absorb the origin of the fiscal debt and keep the cash flow to maintain production:

“We need Refis, without a doubt. We need some way to have the companies get out of debt which prevents their growth. We need government view. It could be through Refis or other sort of support. We're missing clarity as to how what the government wants from the sector in the future. We want modernization? 4.0 industries? We need leverage. With the weight of the fiscal debt is hard”, said Botelho. **WE**



Services will increase its presence in the company revenues

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The automotive industry should prepare to gather revenue from services, through technology, outside of the profit from sales volumes. This is the vision of KPMG consulting related to the future of the sector for the next years, presented at the second day of the Auto Data Perspectives Congress 2018.

Ricardo Bacellar, director of the automotive sector from the consulting, said there are ways to obtain revenue that are not being explored by the industry lately, and that practicing models of business based on digital world, today, more than explore alternative revenues is preparing for a reality that is closer and will define major roles in a new industry long term.

“Who makes money with the development of infotainment these days? There’s a lot of talk about

connectivity, but which companies really noticed business opportunities in this area that is going through real growth.”

His question referred to services that offer navigation, media content and lots of other functions on LCD screens that are more popular in vehicles from different categories, even among the entry levels.

Bacellar confirmed that the rupture point, for the automotive sector is the fact that vehicles are integrators of digital services. Reason for that is, he said, the change in which the vehicle client profile went through, more integrated to technology. KPMG’s global research done in 2016 pointed out the massive usage of Internet goes from the purchase of automobiles to the way the individual behaves in the urban space.

“The revenue potential with services in the automotive sector is enormous. The worldwide growth could be of 204% in the next five years, from US\$ 45,2 billion to US\$ 137 billion, with connectivity growth and possibilities of entertainment in the vehicles project. We close a contract that involves cyber-security project with a manufacturer in Brazil, a job that will last from four to five years. It’s a beginning but the industry needs to pay more attention to possibilities.”

Bacellar said the technology is redefining the shape of the industry in a global scale, which runs against time to make vehicles more digital and connected. To Brazil this movement will come soon: “We already see, abroad, companies forming alliances with others that, historically, acted outside the automotive sector. Here some is already happening to universities, which currently participate in some projects. It’s a start”.

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Itaú sees tendencies towards spending and vehicle consumption

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Interest rates falling and inflation controlled, facts that mark the economic panorama this year, make a favorable scenario for the credit market, generating a spending tendency in 2018, and accordingly a reflex in vehicles sales. According to Fernando Machado Gonçalves, economist from Itaú Bank, exhibitor during the second day of the Auto Data perspectives Congress 2018, the performance of the economy in 2017 simple responded to the industry's expectations.

"It was clear, in the country, during this year, a favorable scenario to the credit market, which should grow in 2018. However, in order to create important impact in the automotive industry, approved reforms are necessary. Next year will be better, in this aspect, being an election year."

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The perspective of the economist is that the labor reform, considered urgent so the country starts showing growth in different sectors, has an approval process finalized in 2019. Only after that it will be possible to affirm, assertively, how the industry will behave long term: "Whoever the president is, elected next year, should deal with labor reform so the companies can have more business predictability".

Even if Gonçalves considers that 2018 will be marked by elections and it will affect our businesses is unknown, he believes the period will be marked by bigger cuts in Selic rates: "Today we have a cut of 6,5% rate. The lower interest we had in Brazil was 7,25%. It's possible that at least this barrier will be broken and in 2018 will be a benefit to reboot investments".

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Time to open the vaults

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The national automotive sector is highly dependent on credit, and unless depending on this only pre-requisite, the growth is guaranteed. This opinion was shared by three representatives of financial institutions that formed the panel on the subject at the second day of the Auto Data perspectives Congress 2018: Luís Montenegro, president of Anef, Paulo Roberto Rossi, president of Abac, and Vilmar Carneiro, superintendent of Itaú Bank. The numbers of Anef, presented by Montenegro, said a lot:

in all 2016 R\$ 82,4 billion were released to finance automobiles in the country. In 2017, until August, there were R\$ 63 billion, with the expectation of reaching R\$ 91 billion until December – a high of approximately 10%.

For 2018 Anef works with the expectation of credit volume available for vehicle finance to reach, from January to December R\$ 112 billion, a 25% growth: “The total from the two years would reach, therefore, a 35% elevation, which is very relevant”.



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Carneiro, from Itaú, shared a more positive vision but reminded that up until now a big part of resources has been used to finance semi-new and used models, “which means the value of the installment fits, today, in the consumer’s pocket”. He recalled that until 2013, when the market lived in glorious times, a big part of the credit was destined to OKm entry-level models, with practically 100% of the value financed long term.

“Recently the profile has changed: the consumer already has a vehicle to use as down payment, which makes the credit more responsible.”

According to Itaú the noncompliance is under control, around 4% - number that “requires carefulness but it’s a good result, since it has been up to 7%”.

The representative of the bank counter the criticism of some automakers professionals, specially from the sales department, that point to exaggerated selective approvals, with some 3 approvals per 10 submitted: “It all depends on the segment. In the OKm, for example, this rate is 6 approvals per 10”.

Montenegro added that in a specific case of automakers banks the comparison is even higher, with 7,5 per each ten.

Carneiro also observed that in 2018 the tendency is a reduction in the generous offers from promotional rates by the automakers banks, which leads to “more equality in the commercial bank dispute overall with the automakers”.

To the dealerships the panorama is very similar, confirmed Rossi, from Abac; 2017 have already registered growth in new quotes hires, from 14% in light vehicles and 12% in heavy, from January to August comparing to last year.

Today there are 7 million active dealerships in the system, confirmed, being 6 million in the automotive sector. The leader reminded that, facing the crisis, a good part of groups had extended deadlines due to smaller installment values, like up to 84 months for the lights, 114 months for the heavy and seventy months for motorcycles.

Another important scenario, he revealed, is that a lot of dealerships were contemplated but opted out of getting the good, specially in the heavy, considering the scenario up until now being less motivating for fleets. Then, according to Rossi, from Abac, “today there is an enormous repressed demand, even for the fleet renewal of commercial vehicles”.

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Low motorcycle stock affects results

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The motorcycle industry is cautious when it comes to the future and Abraciclo just reviewed, downwards, its expectation for this year. The production should be similar to last year's, 885 thousand units, with wholesales of 813 thousand, 5,4% less than 2016, and with 860 thousand in retail sales, 4,4% less than 2016. Previously the institution projected 2,5% superior production, or 910 thousand, 825 thousand units in wholesale, a 4% drop, and 890 thousand units in retail, a 1,1% drop.

Marcos Fermanian, president of Abraciclo, believes that one of the motives for the sales performance below prediction is the low stock number. During the motorcycle panel carried out at the second day of the Auto Data Perspectives Congress 2018, he said: "the level of stock determined by models in dealerships is insufficient to meet the market's demands, which could have contributed to limit the growth in retail sales".

In spite of that Fermanian believes that, with the arrival of the summer and the 13th salary pay out, the sector may present more favorable results: “Historically this time of the year is always better”.

Even with non favorable general numbers Fermanian highlighted the good results from scooter and naked niches, which grew up to 60% in the year: “For scooter we had the best September ever, with expectations to achieve 50 thousand units this year”.

2018 – Faced with the current conjuncture Fermanian recognized that 2018 is still an incognito: “The market is not great, but we could have gotten better if it wasn’t for the lack of products”.

Oscar Pires de Castro Neto, Yamaha’s commercial manager, and Marcos Paulo Monteiro, general commercial manager from the motorcycle sectors of Honda and Suzuki, whom also participated in the debate, share Abraciclo’s president opinion. To them the market tends to show signs of gradual recovery with the economy’s stability.

According to Monteiro, from Honda Suzuki, “our planning seeks a gradual recovery, because the market is nor saturated”. He still believes the consumer has buying intentions but cannot access the product due to lack of credit.

However, for Castro, from Yamaha, the idea is to break the paradigm with the extension of motorcycle consumer numbers: “Lots of people still believe the motorcycle to be a dangerous vehicle, but it’s always possible to raise the average consumer age”.

Rota 2030 – The two-wheel sector is absent from the Rota 2030 program, which was build, like the Abraciclo president recalled, by government option, exclusively to the automotive industry.

But Fernamian brought up the fact that companies from the sector have been investing constantly in security technologies, like inclusion of CBS and ABS breaks, and reduction of level of emission to meet the Promot 4 standard – “And we are already studying the Promot 5 adoption”.

Another question that circled the debate was the motorcycle sharing. In spite of not having it, in

Brazil, the defined model, Monteiro, from Honda Suzuki, and Castro Neto, from Yamaha, are in favor: "Whichever the client may be, we have to be ready to serve".

"The tendency is not possession, but sharing, and the business is mobility", observed Monteiro. "The motorcycle has to be attractive inside the mobility."

The panel participants did not believe the electric models to be priority to Brazil. According to Fermanian, from Abraciclo, this is a distant reality, and Monteiro, from Honda and Suzuki, recalled that there are already motorcycles with bio-combustive in the market: "Ethanol is an alternative".

To Castro Neto, from Yamaha, there is still space for improvements in motors and internal combustion.

Financing – The panel participants were unanimous on another point: the sector growth and the accessibility to consumer credit. According to Fermanian, from Abraciclo, only 20% of the financing applications are approved today by the banks, which contrasts with the dealership experiences, highlighted on Monday the 9th, with one approval per ten submitted.

The important issue is, depending on the credit, production and sales can grow, Monteiro, from Honda Suzuki summed up: "In a moderate growth we can estimate an increase in production of 4% to 5% next year. And up to 2 digits in some segments, like the scooters".

Regardless of that all believes that this is the bottom of the barrel – like Castro Neto from Yamaha declared, the change-over has been reached". And this is the opportunity that can, still, open new doors for sales, because not every commercial bank work with motorcycle financing.

According to the president of Abraciclo the financing, today represent a little over a third of all motorcycle sales in the Brazilian market: "It's already the main way out of our product in the market".

The remaining modalities of sales, by order, are by full payment or leasing.

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